

Consumer Financial Education Body 2010/11 Business Plan



Introduction from our Chairman



I am delighted to have been appointed as the first Chairman of the Consumer Financial Education Body. In the current economic climate it is more important than ever that people can manage their money, address their financial problems and make informed choices about their finances. I am confident that as a newly independent organisation we can build on all the excellent work done to date on financial capability.

Everyone wins from improving financial capability. A population that is able to manage their money better creates a strong foundation for economic growth. Well-informed, confident and proactive consumers increase demand for financial products as well as improving competition in financial services markets. Managing our own financial affairs successfully enables us to take control of our lives, achieve our aspirations, brings us greater freedom, increases our life choices and contributes to our psychological wellbeing.

I am well aware of the significant challenges we face in changing people's attitudes towards their own finances, but I am confident we are making great strides in developing our organisation to enable us to meet these challenges. It is vital that we have a long-term strategy that achieves our statutory objectives, delivers value for money and allows us to create lasting behavioural change amongst the UK's population. Creating this strategy is a key output for this year and I look forward to launching it in March 2011.

One of my first tasks is to ensure we develop a strong corporate identity that is closely aligned to the strategic priorities of the organisation – and that resonates well with consumers. I am working with colleagues, informed by consumer research, to decide on a permanent name and brand for the organisation, which we will launch alongside our strategy next year.

I am also working closely with the Financial Services Authority to appoint the non-executive directors who will, along with our Chief Executive Tony Hobman and myself, form our Board. I expect the membership of our board to be established and in place by January to help us shape our long-term strategic priorities.

The Consumer Financial Education Body is here to help people understand financial issues and better manage their money. If we achieve this aim, we can make a significant impact on the country's long-term economic wellbeing and enhance people's lives because they take control of their money as a matter of course. I am looking forward to working with colleagues in the organisation and our partners and stakeholders outside it to help us meet this important challenge and take this remarkable opportunity.

Gerard Lemos

Introduction from our CEO



This is the first business plan of the Consumer Financial Education Body (CFEB) and sets out our key priorities for the 2010/11 financial year, a year of transition and development for our newly independent organisation.

In his Chairman's introduction, Gerard Lemos highlights both the scale and complexity of the challenge that faces us as well as the real benefits to individuals and to society of fulfilling the role that Parliament has asked us to undertake.

Although we are open-eyed about that challenge, we face the future with a confidence that stems from the strong foundations on which we are building.

This year marks the final phase of the five-year Delivering Change strategy, begun when we were a division of the Financial Services Authority. Over the course of that time a range of targeted interventions have been developed and delivered to people of all ages and all walks of life. This business plan sets out how we will deploy our resources and the reach and impact we aim to achieve in completing the Delivering Change programme.

Without question, our core development priority this year is the launch, next spring, of a UK-wide, multi-channel, financial advice service, incorporating at its heart a financial health check designed to encourage long-term behaviour change.

Together with our programmes of activity geared towards those life-stages and events when individuals are most likely to be most vulnerable to the consequences of poor financial management or understanding, our aim is to deliver free and impartial advice where and when it is most needed.

As a newly created, independent body, it is vital that we have the operational capability to deliver against our strategic objectives. As well as working to achieve operational independence from the Financial Services Authority, we will be focussing on developing those systems, processes and human resource capabilities we will need to achieve our goals. Managing this transition effectively across the year is a key component of our business plan.

Tony Hobman

Who we are

The UK's Consumer Financial Education Body (CFEB) is responsible for helping consumers understand financial matters and manage their finances better.

We are an independent body, established by the Financial Services Authority (FSA) as required by the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2010). Our objectives, set out by the Act, are to enhance the understanding and knowledge of members of the public about financial matters (including the UK financial system); and to enhance the ability of members of the public to manage their own financial affairs.

The FSA began a five-year strategy for improving the nation's financial capability, Delivering Change, in 2006. CFEB is taking forward the final year of this strategy, marking the end of this phase of our work.

Delivering Change aims to develop informed, confident consumers who are better able to take control of their finances. It brings together interested parties from industry, consumer bodies, voluntary organisations, government and the media – all aiming to find ways to improve the nation's knowledge and understanding of personal finance. We set ourselves challenging targets in terms of reach at the beginning of this strategy and our annual report will detail our progress made on these targets over the past five years, and our progress on the additional work we have delivered as our strategy has progressed.

Our four key priorities for this year are to complete our Delivering Change strategy, to set up the national financial advice service, to work towards operational independence, and to develop our long-term strategy which we will deliver from April 2011.

It is vital that our work has impact as well as reach and that people take action as a result of what we do. We aim to give people the knowledge, tools and information to take appropriate actions. Our work over the period of this business plan is geared towards generating at least 1,370,000 key actions. For example, we expect to give some 400,000 people completely new information to help them manage their money.

We also expect to increase the confidence of at least 250,000 people by giving them the guidance and advice they need, and expect to motivate at least 220,000 people to review their financial matters, increase their savings, plan ahead for their retirement and/or reduce their debt.

Furthermore, the evaluation we have carried out across our main programmes and interventions has already demonstrated that our work leads to direct action within the financial services industry, and we expect at least 500,000 people to take out financial products and/or switch to better deals as a result of our work.

1 - Delivering Change

We are continuing to work to deliver interventions to the public through a variety of channels.

In 2006, as part of the FSA, we set out our target of reaching 10 million people through our Delivering Change strategy. We are currently on track to reach over 10 million people by April 2011.



Schools

Our 'Learning Money Matters' programme, delivered by the Personal Finance Education Group (pfeg), helps secondary school teachers in England embed financial education within their school curricula. We are working to support an additional 485 schools to reach our overall target of 4,000 schools who have received our support.

We are also funding officers to work with both primary and secondary schools in Scotland, Wales and Northern Ireland to ensure direct support for teachers is available, and to continue to raise the profile and status of financial capability within national curricula and policy.

By the end of the year we aim to have reached 1,800,000 pupils over the course of Delivering Change.

It's the best support I've had in any of my teaching areas! I'm highly satisfied – they know what customers want (Learning Money Matters evaluation, Sept 09)

Young people

We are working with intermediaries in universities and in the youth sector across the UK, delivering support and training to key practitioners working with young people. By the end of the year we aim to have directly trained 15,000 youth work intermediaries over the course of Delivering Change.

80% of users rated our Money Doctors work in universities as either 'extremely good', 'very good', or 'fairly good' (Money Doctors evaluation Nov 2009)

We are continuing to develop the information on our whataboutmoney website, designed for 16-24 year olds, to ensure it continues to meet the needs of young adults.

Employees in the workplace

Our 'Making the most of your money' workplace presentation and printed guide provides employees with information about managing their money in their place of work. This year, we are distributing further printed guides to employees, meeting our overall target of ensuring that

over 4 million people receive material through their employer or trusted partner. We are also delivering our workplace seminar to a further 35,000 employees, meeting our overall target of 150,000 people attending a workplace seminar since 2006.

We are undertaking a refresh of our current workplace seminars, and reviewing our strategy for delivering financial capability through the workplace channel.

Justice

We are continuing to work with the National Offender Management Service and other key stakeholders in the Justice sector to build support, and raise awareness, for financial capability. We are also developing a coordinated and strategic response to ensure we meet the needs of those in contact with the criminal justice system. This will include training professionals working with offenders, and promoting the provision of free and impartial financial advice.

Health

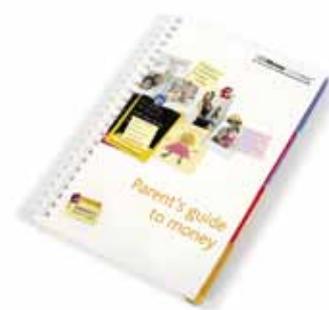
We are continuing to work with key stakeholders in the health sector to promote and embed support for financial capability in the autism, learning disabilities and mental health sectors, which will include launching a microsite aimed at adults with autism and an accompanying workbook to help adults with autism teach themselves. We will also continue to create and implement information and tools to promote financial capability to relevant intermediaries and their clients, including guides on mental capacity and briefings on the role of the national financial advice service in supporting professionals and mental health service users. We are working to adapt the 'On Your Own Two Feet' resource to meet the needs of youth and support workers working with young people with learning disabilities.

Moving an individual from low to average levels of financial capability reduces the likelihood of anxiety and depression by 15% (FSA Occasional Paper 34 Financial capability and wellbeing May, 2009)

New parents

We are continuing to distribute our Parent's guide to money to ensure we meet our overall target of reaching over 1,500,000 parents. We continue to ensure the content and online tools are up to date, relevant, and engaging for new parents.

55% of readers felt more confident regarding financial issues after receiving our Parent's guide to money (evaluation, Feb 2008)



Families

We are raising awareness of our Moneymadeclear Divorce and Separation website, primarily by partnering with key intermediaries in the family support and law arena, and communicating with their

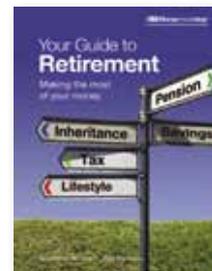
practitioners and customers. We are also enhancing the content of the site in response to feedback from consumers and professionals, and developing an online tool to help people estimate the costs of splitting one household into two.

We will begin evaluation in Spring 2011, to assess how far the website and online tool have met their outcome that people contemplating or going through a divorce or separation are more capable and confident in managing their finances as a result of using the Divorce and Separation website.

*74% of people would recommend the Divorce and Separation website
(user testing, Feb, 2010)*

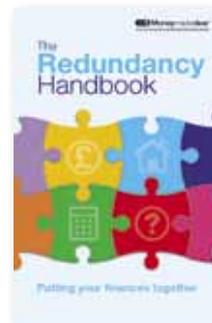
Retirement Guide

Your Guide to Retirement helps people make the transition from work to retirement by explaining the steps and choices needed to improve a consumer's financial security throughout retirement. It is specifically aimed at consumers two years or less to retirement. We have evaluated various effective distribution channels for the Guide and are now evaluating to determine its impact on prompting actions and changing people's financial behaviour.



Redundancy Handbook

We have developed a Redundancy Handbook to give people who are dealing with redundancy, or who are recently unemployed, the information and advice they need to regain control of their finances. The Handbook aims to encourage a reader to take whatever action is necessary to improve their financial situation and to manage the financial shock of being made redundant. We have evaluated various effective distribution channels for the Handbook and are now evaluating the ability of the Handbook to change people's behaviour in relation to their financial matters.



Centre of expertise

Our research programme aims to help CFEB become increasingly recognised as a leading centre of expertise on financial capability, referred to and used by people across the world to set strategy and implement policies. It will be used to increase the effectiveness of CFEB's products and services. It will also help us to showcase what we do so that financial capability is increasingly seen as an integral part of public policy.

One of the main elements of the research programme will be building on our initial research into behavioural change and testing the framework that has been developed. We have commissioned the services of Professor Paul Dolan at the London School of Economics and his team to provide expert advice to the project team developing the Financial Health Check.

Consumer policy

Our consumer policy work ensures consumers are able to exercise financial capability and to make informed decisions regarding their finances in a fair, accessible and competitive financial services market.

We are beginning to use methods including horizon scanning and environmental analysis to identify detriment at an early stage, and are starting to undertake research and policy development to propose appropriate solutions to the problems consumers encounter.

This information will also enable us to tailor our information to consumers to ensure it is timely and relevant, reflecting developments in financial services across the UK. We intend to share this information to contribute to the best possible understanding of consumer experiences of financial services.

2 - Setting up a national financial advice service

Following the success of the Money Guidance Pathfinder, we have been tasked by the Government to set up a national financial advice service that builds on the established programme of services we currently deliver, including free impartial advice available online, by telephone, and fact to face. This service is universal and will include those people who are most vulnerable to the consequences of poor financial decision making. Elements of this service are available to consumers this year, and our current service aims to deliver over 1,800,000 consumer sessions over the coming year. We are on track to roll out the face to face service across the UK in Spring 2011.



21% of people are likely to have applied for, bought or changed a financial product as a result of consulting a money guide (across all channels) (pathfinder evaluation, July 2010)

18% of people are likely to have pursued a debt solution as a result of using the face to face service (pathfinder evaluation, July 2010)

We have been asked by the government to develop and deliver a financial health check, which will become a core component of the national financial advice service. The financial health check will aim to help consumers understand how healthy their finances are. It will encourage them to take action and better manage their financial situation. The financial health check is currently under development and due to be launched in Spring 2011.

To complement the rollout of the national financial advice service we will continue to review the tools and information on our Moneymadeclear website to ensure they are relevant and meet the needs of consumers.

"It's so quick and easy to use. It made me realise that I need to increase my contributions in order to have a stable future"
(feedback on Moneymadeclear Pensions Calculator, Dec 2009)

3 & 4 - Work towards our long-term strategy and achieving operational independence

We are developing our long term strategy, which we will launch in March 2011 alongside our future priorities and business plan. This strategy will set out our aim to provide a universal national financial advice service, giving information, education and advice targeted to groups of adults and children. We will seek to change the behaviours of individuals and society as a whole so they understand and manage their money better. We will launch our new strategy, and publish a Business Plan to reflect our new strategic priorities, in March 2011.

The FSA has recently appointed Gerard Lemos as Chairman of CFEB and is currently working with him to recruit our permanent Board. Our permanent Board is planned to be in place by January 2011 to help us shape the next phase of our work.

We are currently working to achieve operational independence from the FSA, prioritising the delivery of Finance, Information Systems and Human Resources capacity. We will be working towards achieving operational independence by April 2011.



Table 1 sets out our reprioritised budget for 2010/11. When CFEB was created in April 2010, our budget had been approved by the FSA as £45.4m - £32.9m of this was to come from FSA firms via the levy and a further £12.5m was to be received in the form of a grant from the Treasury. Following the change of government in May, the coalition government put in place their stated policy that, while supportive of our work, they believed our funding should come completely from the industry. As a result, we did not receive a grant from the Treasury.

We have therefore reprioritised our funding, stopping or delaying work and reducing costs in other areas wherever possible. As a result, the following table reflects our current spending priorities and intentions within the new budget of £32.9m. This reflects that the majority of our funding is allocated to finishing the Delivering Change strategy and developing the national financial advice service and the FHC. The major consequence of the budget cut is that rather than launching the national financial advice service in 2010/11, this is now planned for spring 2011/12.

Table 1 – 2010/11 budget

Area of Expenditure		Professional Fees	Staff & Other Costs	Total
Core costs	CFEB Transition and Operational Independence	680,000		
	FSA Support	2,900,000		
	External Affairs & Consumer Policy	110,000	3,914,000	9,011,000
	Consumer Research & Evaluation	927,000		
	Communications	480,000		
	Total Core Functions	5,097,000	3,914,000	9,011,000
Final Year of Delivering Change	Adults - Families	187,000		
	Adults - Thought Leadership (Centre of Expertise)	180,000	649,000	1,356,000
	Adults - Health & Justice	340,000		
	Young Adults - Schools	3,030,000		
	Young Adults - NEET	1,679,000	542,000	5,554,000
	Young Adults - Higher Education	303,000		
	Work & Later Life - Work	145,000		
	Work & Later Life - Later Life	130,000	344,000	714,000
	Work & Later Life - Social Housing	95,000		
	Volunteer Management & Regional Delivery	135,200		
	Product Distribution & MI	2,437,000	3,403,000	5,975,200
	Print & Editorial	40,000		
	BAU Digital & Web	345,000		385,000
	Total Delivering Change	9,046,200	4,938,000	13,984,200
	financial health check Development	financial health check	1,440,000	
Total financial health check		1,440,000	0	1,440,000
National financial advice service (NFAS) delivery	NFAS Rollout & Project Management	164,000		
	NFAS Face to Face	2,604,800		
	Consumer Information - NFAS Digital & Web	1,972,000		
	NFAS MI & Systems	325,000		
	NFAS Telephony	878,000	1,819,000	8,499,800
	NFAS Trusted Intermediaries	30,000		
	NFAS Training & Quality Assurance	280,000		
	NFAS Marketing	345,000		
	NFAS Evaluation	82,000		
	Total NFAS Roll Out	6,680,800	1,819,000	8,499,800
TOTAL FY 10/11 CFEB BUDGET		22,264,000	10,671,000	32,935,000

**An independent body helping consumers
understand financial matters and manage
their money better**

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