

EXPLANATORY MEMORANDUM TO
THE FINANCIAL GUIDANCE AND CLAIMS ACT 2018 (NAMING AND
CONSEQUENTIAL AMENDMENTS) REGULATIONS 2019

2019 No. 383

1. Introduction

- 1.1 This explanatory memorandum has been prepared by the Department for Work and Pensions (DWP) and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

- 2.1 The single financial guidance body (SFGB) was established as a legal entity on 1st October 2018 and began delivering its functions on 1st January 2019. These functions include money guidance, pensions guidance and debt advice which were previously carried out by the Money Advice Service, The Pensions Advisory Service and the Department of Work and Pensions under the ‘Pension Wise’ banner.
- 2.2 This Statutory Instrument will name the single financial guidance body the ‘Money and Pensions Service’ (MAPS) and will make consequential amendments to legislation to reflect the new body’s name and functions.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 None.

Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)

- 3.2 As the instrument is subject to negative resolution procedure there are no matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business at this stage.

4. Extent and Territorial Application

- 4.1 The territorial extent of this instrument is the whole of the United Kingdom.
- 4.2 The territorial application of this instrument varies between provisions.

5. European Convention on Human Rights

- 5.1 Guy Opperman MP, The Minister for Pensions and Financial Inclusion has made the following statement regarding Human Rights:

‘In my view the provisions of the Financial Guidance and Claims Act 2018 (Naming and Consequential Amendments) Regulations 2019 are compatible with the Convention rights.’

6. Legislative Context

- 6.1 Section 1(1) of the Financial Guidance and Claims Act 2018 (“the 2018 Act”) established a new non-departmental public body, referred to as the single financial

guidance body, until named, with functions relating to financial guidance. Section 1(3) of the 2018 Act provides that this new body's name is to be determined by regulations made by the Secretary of State. Section 1(4) provides that these regulations may amend the 2018 Act, or any Act that is amended by the 2018 Act to replace references to the 'single financial guidance body' with reference to the body's name. The regulations may also make incidental, supplementary and consequential provision. These Regulations name the 'single financial guidance body' as the 'Money and Pensions Service' and make consequential amendments to the 2018 Act, primary legislation amended by the 2018 Act, and to secondary legislation to reflect the new body's name and functions. These Regulations are subject to the negative resolution procedure (see section 1(5) of the 2018 Act).

6.2 This is the first use of the regulation making power in section 1(3) of the 2018 Act.

7. Policy background

What is being done and why?

7.1 We estimate that about 12 million people are not saving enough for their retirement, while just over 4 million people in the UK are over-indebted. The Government is committed to ensuring that people, especially those who are struggling, have access to the information and guidance they need to make effective financial decisions throughout their lives.

7.2 To achieve this ambition, the 2018 Act, established the new single financial guidance body – an Arm's-length body of Government stewarded by DWP's partnership team. As of January 1st 2019, the single financial guidance body assumed its functions of debt advice, money guidance and pensions guidance under section 3 of the 2018 Act, which were previously delivered by the Money Advice Service, The Pensions Advisory Service and Pension Wise.

7.3 Throughout the passage of the 2018 Act, there was significant support for the single financial guidance body, particularly in relation to its potential to provide a better join-up across the financial guidance landscape.

7.4 Individuals will be able to look to one single organisation for help with debt advice, money guidance and pensions guidance, providing the benefits to the public that were the original reason for setting up this new body.

7.5 The Act provides that the name of the single financial guidance body is to be determined by regulations made by the Secretary of State.

7.6 The decision to name the body through regulations rather than having it on the face of the Financial and Guidance and Claims Act was taken because of concerns the latter posed a significant risk that individuals or organisations might impersonate the body prior to its launch. The name would have been in the public domain for a long period of time during the passage of the Act and prior to the commencement of legislation to protect the name coming in to force. Naming the body in regulations also enabled the Chair and CEO of the body to feed their views into the naming process.

7.7 Regulation 2 of these Regulations names the single financial guidance body as the Money and Pensions Service. Part 1 of the Schedule makes similar amendments to other primary legislation that was amended by the 2018 Act. Part 2 of the Schedule amends secondary legislation to replace references to the Money Advice Service and

The Pensions Advisory Service with references to the Money and Pensions Service which now exercises the functions previously carried out by these bodies.

8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union

8.1 This instrument does not relate to withdrawal from the European Union / trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

9.1 This statutory instrument will not consolidate other legislation.

10. Consultation outcome

10.1 There was no requirement for consultation for this statutory instrument and no consultation took place. The Chair and CEO of the body were involved in the naming process and it was made clear during the passage of the Act that it would be up to the board of the single financial guidance body to name it.

10.2 The 2018 Act was the product of three Government consultations on the public financial guidance landscape. In October 2015, The “Public financial guidance: consultation¹” was launched and this was followed by the “Public financial guidance review: proposal for consultation²” which closed in February 2016. The last consultation “Public financial guidance review: consultation on a single body³”, closed on 13th February 2017 and “the majority of respondents to the consultation strongly agreed that: a single body would provide a better offer for members of the public; a greater proportion of funding should be directed towards the front line delivery of pensions guidance, debt advice and money guidance; and welcomed the proposal to simplify the publicly-funded financial guidance landscape as a whole⁴”. It was in the Government response⁵ to this on 4th July 2017 that there was a commitment to setting up a single body to bring together public financial guidance.

11. Guidance

11.1 These Regulations will come into force on the 6th April 2019.

11.2 When the regulations are made, we will inform partners in industry and the 3rd sector of the changes that will need to be made in relation to signposting and when these need to be made. This is necessary to ensure changes are made to any communications where businesses refer customers to the Money Advice Service, The Pensions Advisory Service and Pension Wise. It will mean that customers are now referred to the Money and Pensions Service for any help previously delivered by the predecessor bodies.

12. Impact

12.1 There is no, or no significant impact on the public sector.

¹ <https://www.gov.uk/government/consultations/consultation-public-financial-guidance>

² <https://www.gov.uk/government/consultations/public-financial-guidance-review-proposal-for-consultation>

³ <https://www.gov.uk/government/consultations/public-financial-guidance-review-consultation-on-a-single-body>

⁴ [Creating a single financial guidance body: response to consultation](#)

⁵

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/624964/Creating_a_single_financial_guidance_body_-_response_to_the_consultation.pdf

- 12.2 There will be costs associated with changing communications which will impact businesses, charities and voluntary bodies. Currently, businesses signpost to the Money Advice Service, The Pensions Advisory Service and Pension Wise rather than the single financial guidance body. Once the single financial guidance body's new name has been officially launched, these organisations will be required to change their communications and signposting so that it refers people to the Money and Pensions Service rather than the Money Advice Service, The Pensions Advisory Service and Pension Wise.
- 12.3 An Impact Assessment has not been prepared for this instrument because a full, up to date impact assessment was completed for the Financial Guidance and Claims Act, 2018 and can be found at the following link: Impact Assessment⁶. This Statutory Instrument implements part of that Act.
- 12.4 To summarise the relevant sections, there will be a one-off cost to pension providers or administrators and mortgage and debt-management firms of £5.65 million. This cost is a direct consequence of amendments to pre-existing rules that will require firms to signpost to the new single financial guidance body by amending their communications.
- 12.5 The best estimate of the total cost for relevant industries is as follows:
- For the 1,060 pension providers, £1,060,000;
 - for the 65 mortgage providers, £3,981,250;
 - for the 150 debt providers, £607,800;
 - making a total overall cost to business of the necessary communication changes of £5.65 million.
- 12.6 There could be second order behavioural effects which have not been monetised, such as an increase in members using the single financial guidance body as a result of the consolidated service through which people can easily find the service they need.

13. Regulating small business

- 13.1 The legislation applies to activities that are undertaken by small businesses.
- 13.2 No specific action is proposed to minimise regulatory burdens on small businesses because of the scale of the action required is relatively minor and one-off.

14. Monitoring & review

- 14.1 The regulation does not include a statutory review clause and, in line with the requirements of the Small Business, Enterprise and Employment Act 2015, the Minister for Pensions and Financial Inclusion has made the following statement:
- ‘It is not appropriate to insert a review provision into these regulations because any changes that businesses need to make will be one off and minimal.’

15. Contact

- 15.1 Debbie Bullen, George Dollner or Doris Zajer at the Department for Work and Pensions can be contacted with any queries regarding the instrument at the following

⁶ http://www.legislation.gov.uk/ukpga/2018/10/pdfs/ukpgaod_20180010_en_002.pdf

email address and phone number :

private.pensionsadviceandguidancebriefing@dwpa.gov.uk

020 7340 4281

- 15.2 Clare Talbot, Deputy Director for Private Pensions Projects and Guidance division at the Department for Work and Pensions can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 The Minister for Pensions and Financial Inclusion, Guy Opperman, at the Department for Work and Pensions can confirm that this Explanatory Memorandum meets the required standard.