

# Been seeking guidance from a source with no name

► **As the Single Financial Guidance Body comes closer to fruition, Theo Andrew explores its progress, how it plans a smooth transition of three guidance bodies into one, and potential kinks in the road**

## Summary

- The Single Financial Guidance Body received Royal Assent in May and formally came into being on 1 October 2018.
- With the integration process to begin in earnest in January 2019, a number of key appointments are still yet to be made.
- The body is still without a name, raising questions about where providers should signpost members.
- The importance of the new body means that time must be taken to ensure the transition process is smooth.

There are good news stories and there are *good* news stories, or so it would seem.

The introduction of a Single Financial Guidance Body (SFGB) and the expectation that it will help pension savers, and, more broadly, any individual in need of any sort of financial assistance, does in theory mean that the initiative is one for the good news section.

However, with such a seemingly big task of merging the three current services, Pension Wise, The Pensions Advisory Service (TPAS) and The Money Advice Service (MAS), under one auspices, there are likely to be challenges along the way.

So as the SFGB's (name pending) nears the end of its journey into an all-encompassing guidance and debt advice body, how is the government-sponsored organisation shaping up?

The body, which received Royal Assent on the 10 May this year, formally came into being on 1 October, with a number of questions still remaining.

In May, the government named former Financial Services Association chief executive Sir Hector Sants as the body's inaugural chairman. Alongside Sants will sit John Govett, who was named chief executive, it has also named Helen John as chief finance officer.

Despite this, the SFGB is still currently recruiting for a number of high-profile management roles, of which the DWP says it is "finalising the recruitment" and hopes to announce the appointments "shortly".

In the meantime, the DWP says that Sants and Govett are currently



working on “developing their corporate and national strategies”, while the transition process is seemingly ongoing.

### Transitioning

The transition of three independent bodies into one organisation will no doubt pose challenges, and unsurprisingly, the government has said that its “immediate priority will be to ensure a smooth transition for staff and no interruption of service to the consumer”.

Aegon director of pensions, Steven Cameron, sees this as the main challenge facing the body, particularly the process around when somebody first approaches the organisation.

“The remit is far wider and this will make it really important that when somebody approaches the new SFGB they are directed to the right place to help with their particular query. Whether that’s through web design ... or speaking to somebody ... I think it will be quite challenging to expect everybody in the SFGB to be trained and competent to answer a question on anything that might be directed to them,” he says.

An indication of how important this might be is the current Pension Wise dashboard, allowing you to see live updates of all those who use the service.

This is an important barometer of who has been using the service, what their main reasons for enquiry has been and through what sources they have been directed to the site. It is not yet clear whether the new organisation will be running the same live analytics.

The industry knows just how valuable a service this could be for individuals and therefore the imperative is to get it right. However, the individual bodies would not comment specifically on how the transition period was going.

Tax Incentivised Savings Association (TISA) strategic policy director, Charles McCready, expects the launch of the SFGB to continue “adhering to anticipated timescales”, but would not begrudge

delays in the complex process.

“Given the importance of the role that the SFGB will play, it absolutely has to be right. We are keen that the SFGB also takes the time to consider the potential collaboration between itself and financial services regarding how to support consumers in making informed decisions about their money,” he says.

According to TISA, only four million people, out of an adult population of 51 million people, receive financial guidance each year, highlighting the potential for financial guidance to “meet the needs of millions” more people.

McCready says: “Considerations of the overall delivery models need to factor in strategic partnerships – including those already in place and for whom continuity in their own investment programmes to support the SFGB will be critical

for effective delivery of services to consumers.”

The work in which TPAS has undertaken over the past few years has been extremely highly regarded by many in the industry. Along with the apparent success of Pension Wise, a staggering 98 per cent of customers were satisfied with the service they received. Therefore it is important the services are transitioned in a way in which one may not detriment the other.

### Bumps in the road

As with any new initiative, unless rigorous preparations is undertaken beforehand, there is likely to be bumps in the road along the way. While work is currently underway for the transition to be as smooth and effective as possible, issues are likely to come to the fore.

One of the issues yet to be ironed out by the body is its ability, where appropriate, to signpost back to independent financial advisers (IFAs).

The DWP says it will continue to signpost to advisers that are listed through websites linked to three current bodies, but many are calling for a stronger approach.

Cameron says: “Quite often the outcome of a guidance session will be you will benefit from seeking advice. So just as the industry is gearing for Pension Wise and providers are pushing people towards Pension

Wise, we think the third thing that should happen is the SFGB should, where appropriate, be signposting back out to independent advisers.

“I think it’s part of the intention but I’d like to see the detail and have statistics on that.”

Cameron adds that by doing so it would highlight to the general public that guidance is good for you, but that advice has a very

important role to play too.

McCready also believes strong signposting to IFAs would be hugely beneficial. He says: “The creation of the SFGB presents a broader strategic opportunity to enhance the degree of signposting by financial services – as it has been relatively limited to date (to equivalent bodies) and is driven mainly by legislation. Signposting could have a significant impact in raising consumer awareness of the SFGB when the new service launches.”

In addition, Associated Member Nominated Trustee chair, David Weeks, believes pension scheme trustees will also appreciate clearer signposting around IFAs.

“Trustees are worried that a member will come to us and say ‘I want to take a particular course of action’, having taken advice and simply accepting what they say. Trustees will welcome as much advice and guidance they can have on, in the first instance, protecting scams,” he says.

As we approach full implementation of the SFGB, its lack of name becomes ever-more apparent. An issue, according to Cameron, which will affect how providers can signpost to the organisation.

“One of the biggest outstanding points is that we don’t have a name. This means that we can’t begin changing our literature content to signpost to the organisation. As soon as the body or the DWP announces the information and various links that customers need to follow, the sooner we can start building that into the material from our perspective,” he says.

According to the DWP, a name will be sought “throughout 2019”, before which, services will continue to be delivered under the existing brands, “until the new body is named in legislation”.

“Until then, organisations should continue to signpost to the existing three

services,” DWP says.

So while the industry waits in earnest for a name, given the functionality of the new body, it is clear that anything containing the word ‘advice’ would be bordering on disastrous.

It is a case of crawling before you can walk, the risk posed by not properly integrating the services, including getting the name wrong, could turn this good news story into a bad one.

Written by Theo Andrew

