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Lord McKenzie of Luton
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Dear Bill,

I write to send my thanks for your contribution during the first day of Committee of the Financial Guidance and Claims Bill on 19 July. During the debate, you asked me to clarify whether any of the money guidance functions listed in amendments 15 and 20 are not in scope for the new body. You also asked whether the appointment of the chair and the chief executive of the SFGB will go before the Work and Pensions Select Committee. I would like to take the opportunity to respond to these points.

Money Guidance Functions

With regards to amendment 15, I wish to assure you that the Bill as drafted will allow any existing MAS functions and services that meet the body's objectives to continue. More specifically, promoting awareness of the benefits of financial planning and the financial advantages and disadvantages relating to the supply of particular kinds of goods or services, and publishing educational materials or carrying out other educational activities, are covered under the money guidance function. The SFGB's money guidance function also enables it to promote awareness of the benefits and risks of different kinds of financial dealing to members of the public.

As I mentioned in the floor of the House the government agreed with stakeholders' concerns in the original public financial guidance consultation in October 2015 that MAS's objectives were too broad and required it to deliver on too many fronts, making it difficult for MAS to truly excel in any areas. Repeating the wording of MAS' current statutory objectives in this Bill would not be appropriate. I was pleased to hear that you were in agreement with the government on this issue.

Amendment 20 aims to amend the body's strategic function to include that it will ensure public awareness of fraud and scams. I agree that this awareness is important, however I am also aware there is already a significant amount of work being done by other organisations in this space. So, whilst the body will be able

to support this awareness through its money guidance function and through the financial capability element of its strategic function – for instance, by signposting to existing sources of information—I do not believe it is appropriate to have a specific function related to this activity.

Overall, as I mentioned in my speech, we consider that giving the new body a specific requirement to advocate for a particular issue is unnecessary and could have unintended consequences. There are several topics that the body may wish to look into as part of its money guidance function, and specifying just one in legislation could risk limiting its ability to look widely at the sector and have regard to emerging issues in the future.

Appointments to the SFGB

Since 2008 Select Committees have held pre-appointment hearings for certain major public appointments. The hearings are intended to cover major auditors, ombudsmen, regulators and inspectors, as well as those responsible for the appointments system itself. Amongst other things, the hearings give the Committee the opportunity to probe the candidate's suitability for the role, his or her key priorities, and the process used in selection.

We have no current plans to ask the Work and Pensions Select Committee to make appointments to the SFGB subject to the process outlined above. The SFGB Chair appointment will be an important one leading the work of the new body's Board and the development of its strategy for delivery of its objectives. The SFGB Chief Executive will be responsible for delivery of that strategy. However, we do not believe that these roles should be regarded as major public offices on the basis of the posts that are currently subject to a pre-appointment hearing.

It may be helpful if I mention that the appointment process of the SFGB Chair will comply with the Governance Code published by the Commissioner for Public Appointments, which is designed to ensure fair and open competition and selection on merit. The appointment process for the Chief Executive Officer will not formally be subject to the Governance Code, but we intend to apply its principles to this post as well as that of the SFGB Chair.

The Select Committee will, of course, be able to summon the Chair or Chief Executive to give evidence, as they can for any individual.

Thank you again for raising these important issues during the debate on the Bill. I hope that this letter provides reassurance and I am looking forward to debating the remaining clauses in September. I am also copying this letter to the noble Viscount Trenchard and the noble Lords, Lord Kennedy of Southwark and Baroness Coussins who also spoke when we debated this group of amendments. I will also make sure a copy is placed in the House library.

Buscombe

**BARONESS BUSCOMBE
MINISTER FOR WORK AND PENSIONS (LORDS)**