We are Debt Advisers

Comments on the MaPS Response to the Treasury Committee

30th November 2021

About Us

We Are Debt Advisers is a network of over 500 front-line debt advisers who are organising together to prevent cuts to face-to-face debt advice services and to improve the solutions available to people in debt.

The network is being supported on a pro bono basis by the Centre for Responsible Credit (CfRC).

You can find out more about us on our website at www.wearedebtadvisers.uk and more about CfRC at www.responsible-credit.org.uk

Introduction

In this document we assess the Money and Pensions Service (MaPS) response to questions from the Treasury Committee. We list the questions from the Committee in order, provide a summary of the MaPS response and provide our assessment.

Overall, we find that response from MaPS to be lacking in substance, and we therefore call for the Treasury Committee to initiate a formal inquiry. We have called on MaPS to suspend its current procurement exercise and to consult properly with the sector and wider stakeholders regarding the future of debt advice and its commissioning processes.

The Treasury Committee Questions and MaPS Response

1. **What is MaPS' estimate, at present, of the reduction in face-to-face advice that might be expected following the tender? Will any expected reduction in the provision of face-to-face advice be spread equally across England?**

In response to this question, MaPS indicate that they have not commissioned by channel, and that they do not currently know what the landscape of provision will look like until "successful bids are confirmed". This is deeply troubling. On 17th November, at our meeting with MaPS' Chief Executive and Debt Advice Commissioning Team, we were told that there was a 20% allocation of funding for face-to-face debt advice, which equates to £15.4 million. A recording of the MaPS Chief Executive telling us this is available on-line at https://vimeo.com/648301158

The £15.4 million figure compares to £33 million which is currently being provided through five regional grants, of which, according to MaPS 56% was being spent on face-to-face delivery in the year prior to the pandemic. That equates to £18.48 million. So a cut of 16% in funding for face-to-face advice appears to be planned. We wrote to the MaPS Chief Executive on 20th November asking if this was a deliberate intention of the procurement exercise and have yet to receive any substantive response.

2. **What research (including via a formal equality analysis) has MaPS done to estimate the impact on consumers of any reduction in face-to-face advice? In particular, what does that research show the impact might be by:**
    - **Geographical area, including in relation to areas of deprivation**
    - **The protected characteristics of consumers**
    - **The vulnerabilities of consumers**
    - **Household income**
    - **The complexity of the advice needed**
    - **Any combination of the above and any other factors MaPS has considered?**

MaPS state that they have conducted an Equalities and Vulnerability Impact Assessment (EVIA) to ensure they had considered additional needs when drawing up our specification. We have asked for this document and put in a Freedom of Information request. But if MaPS wanted to be transparent it should immediately publish this.

It also is contradictory for MaPS to say that it has properly considered the equalities aspects of its procurement strategy, when it does not know what funding allocations will be made to different channels of delivery, or other critical aspects of delivery, until bids have been received. It follows that, if MaPS does proceed with its procurement, that a full EVIA will need to be conducted on the proposed landscape that bidders have put forwards prior to the confirmation of any contracts.

Co-Design?

MaPS referred to a piece of work used to 'co-design' face-to-face and remote services. This work was conducted in 2018 and provided some guidance as to how both of these channels of delivery could be improved for clients. However, it should be noted that the co-design report for remote services noted clearly (p. 7) that:

> *"The benefits of remote advice are unclear to customers and it can be harder (compared to face-to-face advice) to build rapport with customers and provide reassurance about quality and trust.*
>
> *Many customers report being 'intercepted' by untrustworthy services masquerading as debt advice services, making it hard for customers to discern who or what to trust."*

At our meeting with MaPS on 17th November, front-line debt advisers working on webchat reported that as many as 50% of people they are currently dealing with start off using the digital channel but end up having to be referred to community based agencies to see someone face-to-face because of the increasing complexity of their cases and the need for local connections with the council and other bodies to resolve these.

The report also (p.9) states that:

> *"Customers should be able to switch easily between channels during their journey and be offered choice in how they engage with debt advice. The different channels offer different advantages and may be more appropriate for some customers or some stages of the journey. Follow-up messages and case numbers can help customers switch between channels more seamlessly."*

We are concerned that MaPS proposal to boost funding for national, phone and digital services will therefore increase the demand for community-based provision rather than reduce it. There is a real danger that the remaining community-based services will become swamped, and unable to cope. For this reason, we urged consultation on the relative funding of national remote and community-based provision to ensure a correct balance. This should have been undertaken prior to the start of any procurement exercise and should have involved wider stakeholders such as local authorities.

Many people do not want or need face-to-face services?

MaPs also indicate that "many people do not want or need face-to-face-services". This is extremely misleading. In 2019, MaPS undertook an assessment of the need for debt advice by different channels of delivery and found that there was considerable unmet need across all of these:

> *"Face-to-face is the channel with the smallest gap between demand and supply at the national level. Nevertheless, the levels of unmet demand are high, with demand being over two times higher than supply. It is also the channel with the biggest variation in unmet demand between countries and regions. Face-to-face unmet demand is particularly high in London, where existing supply of face-to-face debt advice could meet only just over a fifth of current demand."*

This evidence does not justify any cut to face-to-face services.

In addition, at our meeting with MaPS the Chief Executive heard from advisers that, when asked to state their preference for different channels of delivery, many respondents don't know that the level of support that they will receive from these will vary. In particular, they don't know that remote phone and digital channels will not contact priority creditors such the local authority on their behalf or help them deal with complex problems needing 'wraparound' support such as with housing or other issues.

<u>Outcomes from the different channels are comparable?</u>

This is a misleading statement from MaPS. Research into outcomes from different channels dates back to 2012. In that year the MaPS predecessor body, the Money Advice Service commissioned YouGov research[1], which found that although all channels of advice could provide good outcomes for their users:

> *"Different types of people will use different channels and so the same outcome may not be attainable if they were to use a different channel".*

Different demographics lead to different choices in terms of channel use. For example, the 2012 research found that:

- Website users tend to be younger compared with those who use telephone and face to face communication; 31% of website users are aged 35-44 compared to 25% of telephone users and 25% of face-to-face users. Website users are also likely to have the highest income (£27,500).
- In contrast 62% of face-to-face service users were aged over 45, and these had average household incomes of just £17,500. Telephone service users also had good reach into the older age groups, but these again had higher average income levels (£25,000).

Importantly, the research also found that "individuals tend to use channels in combination". For example, people may get some initial information from a website, then phone for advice, and ultimately need to make a face-to-face appointment with a caseworker to deal with what may be a complex set of debt and underlying issues. Subsequent updates on progress are then often undertaken using a combination of telephone, e-mail, and face-to-face contacts.

3. **What estimates does MaPS have of pre-Covid provision and demand for face-to-face debt advice, compared to other channels for receiving debt advice, and how much of that demand went unmet, again by channel of advice?**

[1] 'The effectiveness of debt advice in the UK', Money Advice Service, October 2012.

Whilst MaPS provides figures of pre-pandemic volumes of advice by different channels, it fails to provide any information regarding the unmet need. It could, and should, have referred the Committee to its 2019 research referenced above.

4. **What forecast has MaPS done of the future demand for debt advice services, both by volume and complexity of cases? What does that forecast suggest will be the demand for each potential channel of provision? If MaPS has carried out no forecast, how has potential future demand been estimated?**

MaPS states that it has a "formal model" for forecasting the demand for debt advice, which was built in Autumn 2020. However, it has not provided a link to the detail of this model and to our knowledge it has never been consulted on. It also indicates that the model:

> *"…was constructed in terms of overall volumes and so did not make distinctions between case complexity or channel of provision."*

MaPS then presents a diagram which it uses to support a statement that:

> *"What this shows is that digital provision has shown the biggest recovery and volumes are now higher than before the pandemic, whereas face-to-face provision dropped the most during the pandemic and still remains about 25% below baseline."*

MaPS could have referred to recent evidence from the Institute of Money Advisers that case complexity is rising considerably and have noted that face-to-face provision dropped the most because providers were closed during the period. It has not recovered, partially because a lot of the providers are still partially closed, and because Government support for lower income households and people in debt has only just started to reduce. It should also be noted that many advisers in community-based settings have also started to leave their jobs in anticipation of the cuts being made by the current procurement exercise, and because of their experience of working under MaPS contracts in the past. This has included working to a highly bureaucratic quality assurance framework (Debt Advice Peer Assessment, 'DAPA'). Although DAPA is to be scrapped by the end of March 2021, MaPS have not started to consult – nor set any intention to do so – on its replacement.

5. **How has the pandemic changed the demand for, and availability of, advice, and what was the impact on consumers of any reduction in face-to-face advice? To what extent has the overall demand for debt advice been affected by measures taken by the Government and other public bodies during the pandemic, including furlough, the £20 uplift on Universal Credit, mortgage payment holidays and stays on repossessions, and what impact has been seen so far, as those measures end?**

In response to this question MaPS state that:

> *"Since restrictions have lifted, face-to-face in our regionally based grants has grown to 13% in the most recent month. We do not yet have access to records of client outcomes since restrictions have lifted, however historically, outcomes in non-face-to-face accessed services are comparable with face-to-face accessed services."*

This would indicate that far from cutting community-based services by 50%, more funding is urgently needed.

6. **The Departmental Review of the Money and Pensions Service notes that "On debt advice, MaPS is moving from grant agreements to contracts, which will increase MaPS' ability to run services on a commercial basis." What are the expected benefits of this move, and what risks have been identified?**

MaPS identify three risks:

- VAT and supplier risk premium could counteract the cost benefit and/or lowers the volume of customers served.
- Some potential bidders that are used to grant funding or are unfamiliar with, and lack resources to participate, in a large-scale competitive processes may be deterred.
- Movement from grant payment to payment by results may not be feasible for all market operators depending on their other funding streams.

However, it is only recently becoming aware of the impact of the move to commercial contracts on the market. For example, it recently asked (17th November) agencies which had not bid (or which were not included in the supply chains of those who did) to provide it with information as to why this was. Advice UK have sent in a damning indictment of the move to commercial contracts in response and we urge the Committee to approach them for a copy. We have aldo asked that MaPS provide a clear timeline for the submission of information from agencies on this issue, and that it commit to publishing the findings. It has so far refused to do either.

7. **How will the quality of outcomes from debt advice, as discussed in The Departmental Review of the Money and Pensions Service, be monitored in any new contracts? What specific metrics will be used, and how will non-performance against those metrics be ameliorated? Has MaPS made provision for a review after implementation?**

MaPs state that they are:

"…in the process of issuing a Prior Information Notice for future procurement of our independent quality assurance service and this will be consistent across all services e.g. money guidance, debt advice and pensions guidance. This process will enable us to further develop our thinking for testing and give us time to review post implementation of the MaPS Standards."

There has been no consultation concerning the proposed quality assurance service, or any publication of lessons learned from the disastrous DAPA framework, which is being replaced.

With respect to outcomes, MaPS states:

> *"MaPS is also setting up a debt advice evaluation programme to align with the Customer Pulse research run for other service areas. The debt advice research programme will look at customer experience and outcomes. Similar to the Customer Pulse, outcomes will be monitored through measures for Understanding, Resolution, Wellbeing as well as the specific actions taken by debt advice customers following use of MaPS-funded debt advice services."*

Again, we are not aware of any consultation having taken place with debt advisers concerning this evaluation programme.

8. **To what extent does the tender process allow for a reallocation of advice by channel of provision, if needed, while the contract is active?**

MaPS simply state that “there is some flexibility during the contract term through a variation process – these variations would be linked to customer need” but do not indicate how much flexibility or the mechanisms which would be used to implement any reallocation through the different delivery channels.

Conclusion

MaPS has failed to provide any substantive response to the questions asked by the Committee. It also appears to have failed to take account of its own research into the unmet need for different channels of delivery; cannot tell the Committee why it has made the funding allocations it has, or what the consequences will be for people with complex needs. We therefore urge the Committee to initiate a full inquiry.