We Are Debt Advisers (WADA)

THE STATE OF DEBT ADVICE

November 2023

Contents

Summary

On 19th October 2023, We Are Debt Advisers held an online meeting to discuss the current state of debt advice services. Sixty people attended and gave their views.

We wanted to assess the current situation and think ahead to the forthcoming Money and Pensions Service (MaPS) consultation concerning its future commissioning strategy. What should this look like? What are the current priorities, and how should MaPS respond? We covered several areas in our discussion, both looking forwards and back.

We asked what, if anything, had changed for debt advisers and clients over the past 12 to 18 months. We were told:

Community-based services do not have the capacity to deal with demand. Just under half of advisers reported that their capacity had reduced over the past year, whilst demand had increased. Advisers were also dealing with more complex cases. The recent reduction in MaPS targets ignores the underlying problem of a lack of adequate funding and capacity.

Workloads were also made more difficult to manage because of high levels of bureaucracy, both to report against contract targets and when dealing with unhelpful and ineffective 'quality assurance' processes. This was wasting time and resources, which could otherwise be redirected to the front-line.

Remuneration of advisers is poor, and morale low. Unsurprisingly, the current state of debt advice means there is a shortage of people wanting to join the profession and a worrying number of advisers looking for a way out. Recruitment and retention issues need to be addressed in a long-term workforce strategy for the sector.

We heard about long waiting lists for debt advice. This is causing many clients to disengage, or leading to less successful outcomes for those who turn to the commercial sector. There were many worrying stories about commercial agencies providing incorrect information, leading to poor client outcomes, and many advisers raised concerns about MaPS' decision to fund one of these commercial agencies due to the potential conflict of interest that arises.

We also heard of clients being passed between local and national services, with no joined-up thinking. This is leading to delays: again, wasting much needed resources, whilst also likely leading to double counting within MaPS' performance targets.

To address these issues, WADA calls on MaPS to:

Urgently remove unnecessary bureaucracy from quality assurance procedures; provide clear guidance to its funded agencies concerning what is needed to meet the MaPS standards, including with respect to Confirmation of Advice Letters and Independent File Review processes. It should stop unnecessary processes which are going beyond these in order to release resources to the front-line.

Publish full details of the safeguards that it has put in place to address the conflict of interest which arises in the current MaPS contract with Gregory Pennington Ltd (t/a Money Wellness).

Undertake a review of the funding level needed to provide sufficient debt advice services over the next five-year period; to publish this funding target as part of its forthcoming commissioning strategy, together with details of any shortfall, and to press Government to provide sufficient resources through the FCA levy. MaPs should also consider whether, and how, funding for debt advice could be channelled alongside funding for housing and/or welfare benefits advice, and what role local or sub-regional agencies should have in the direction of debt advice funding.

Ensure that funding levels are rooted in an appreciation of the need for *properly qualified* debt advisers and for MaPS to work with advisers and their representative bodies to develop a workforce strategy for the next five years. Such a strategy should ensure fair remuneration and seek to address reported recruitment and retention problems.

Ensure a better balance of funding between national, regional, and local – and advice-only and advice plus casework services - and put in place more effective referral arrangements between these to ensure clients receive a level of service which meets their needs; avoids duplication of effort, and 'double counting'.

Publish details of overall capacity; its key annual performance indicators and the progress being made towards these on a quarterly basis.

Who participated?

The sixty participants were mainly qualified debt advisers (39%), or managers of debt advice services (37%), with a further 7% being trainee advisers. Around 2% were administrators working within debt advice services. The remaining 15% of participants included people from umbrella agencies, policy-related, academic, or legal backgrounds. Agencies from across England were represented.

The majority - **54%** - of participants were either directly contracted or subcontracted to deliver debt advice by MaPS.

- 80% worked for a **local debt advice** service
- 9% worked for a **regional** service
- 11% worked for a **national** service

The Priorities

We asked debt advisers to set the agenda by ranking the following topics in order of importance. Funding and capacity came top, with debt adviser wellbeing close behind.

1. Funding & Capacity issues.

2. Debt Adviser Wellbeing.

3. Training & Quality Assessment.

4. The Relationships between Local & National Debt Advice Agencies.

5. Impact of Commercial Debt Advice companies on free debt advice.

We now comment on the findings in respect of each of these issues in turn.

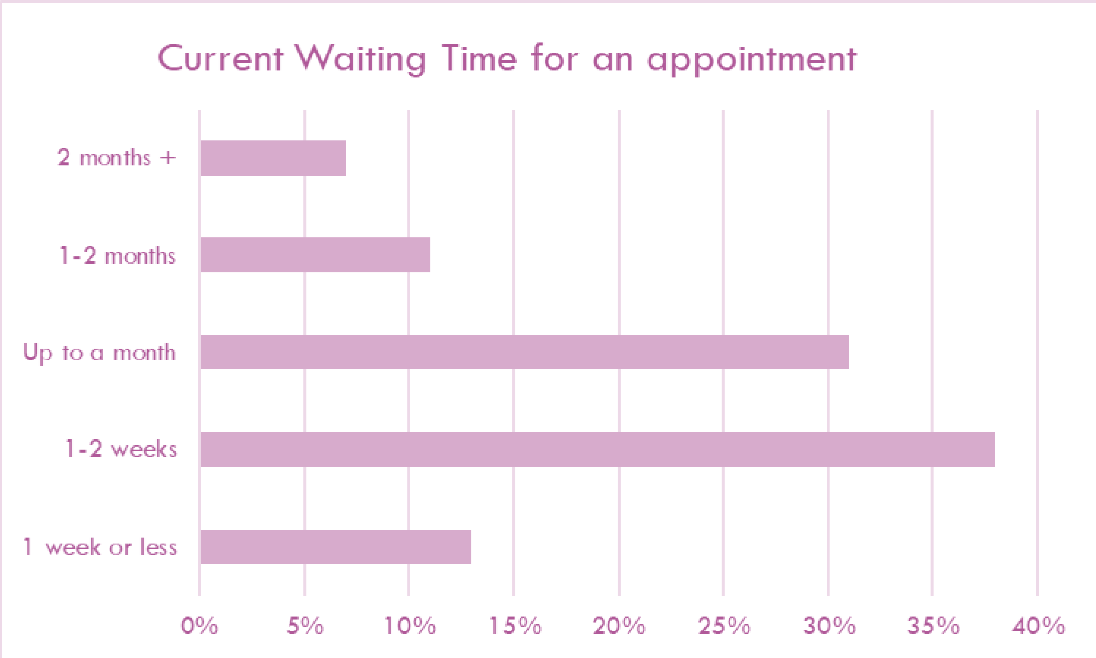
Funding and Capacity

We asked if debt advice teams had grown or shrunk in the past year. Just under half (45%) of participants reported that they had fewer advisers working in their services. A slightly smaller proportion (40%) indicated that capacity had stayed the same, whilst – and despite a significant increase in demand for services and in the complexity of cases – only 15% of services had seen an increase in capacity over the period.

> *"Increases in complexity and vulnerability are also impacting on capacity and ability to meet demand."*

We asked how this had impacted waiting times for debt advice appointments. More than half (53%) indicated that clients are waiting longer for appointments than they were in 2022, but there were very big differences (figure 1, below):

Figure 1: Waiting times for appointments



52% of respondents said their clients get an appointment in 2 weeks or less, but nearly one in five (18%) indicated waits of more than one month. We asked whether long waiting times increased the likelihood of client's missing appointments, and just under two thirds of advisers agreed (figure 2, below).

Figure 2: "The wait time for advice is so long, clients are missing appointments by the time we are contacting them."

Disagree Strongly	1	2	3	4	5	Agree Strongly
	14%	9%	14%	19%	45%	

We also asked if long waiting times meant clients were giving up and seeking advice elsewhere.

- Only 27% said 'no'.
- 44% said 'yes', and
- 29% simply didn't know

“We worry about closing our waiting list and signposting elsewhere because it's clear every service provider is struggling with capacity. By sending them elsewhere, if reputable agencies are struggling as much as us, clients are likely to go to the companies that are charging/spreading misinformation, so it doesn't help the client.”

“We had a waitlist of three months and had to close our waitlist, clients were just going elsewhere, but now we can see clients within a month. We referred to sources we feel were trustworthy.”

*“Our wait time is low because we don't keep a long waitlist, we signpost elsewhere rather than keeping them waiting for us. **I dread to think how long people would be waiting** if we kept every client on a waitlist.”*

Demand has increased and the work is more complex; waiting times are longer, and yet nearly half of respondents’ debt advice agencies have less capacity to deal with demand than they had last year. Why is this?

“Adviser recruitment and retention remains a key issue, especially where MaPS funded posts are concerned.”

“Retention is a massive problem. Advisers are being tempted away from small local advice agencies that invest in them and train them by national providers with big budgets”.

87% had found it difficult or impossible to recruit to vacant debt adviser posts with respondents citing poor remuneration, lack of long-term funding, and the stress of the job all factors which needed to be addressed.

<u>*Has the MaPS target reduction helped?*</u>

We asked whether the reduction in MaPS targets had helped, but over 70% felt that this ignored the underlying problem of a lack of capacity to deal with demand (figure 3, below).

Figure 3: "The target reduction from MaPS has not helped, we are still oversubscribed due to client demand”

Disagree Strongly	1	2	3	4	5	Agree Strongly
	6%	9%	13%	17%	55%	

“MaPS has forgotten that their targets have nothing to do with client demand.”

Disillusioned with MaPS contracting arrangements, two-thirds of respondents told us they were to source alternative funding for their services:

*“We have several members who have made the deliberate decision to **withdraw from MaPS funding** and seek funding elsewhere”*

Adviser well-being

Adviser wellbeing was the second most important issue that advisers thought the forthcoming MaPS consultation should focus on. When answering the question – ‘What should be done to improve debt adviser wellbeing?’ there were calls for:

- Improved funding to support better salaries.
- Longer term contracts to improve job security.
- Realistic targets – there was still a sense that the reductions so far have not made enough of a difference, and
- Less bureaucracy/admin and an end to the duplication of quality checking - internal file reviews/audits etc.

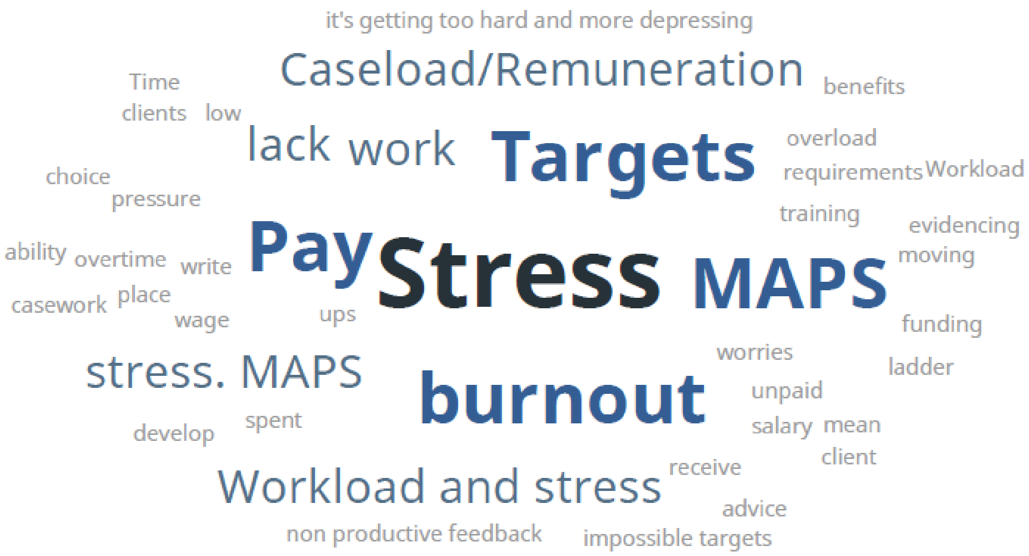
“Too often well-being has been seen as the adviser’s or the manager’s responsibility rather than the funder’s”

“Guilt is the starting point for burn out, but is used as a tool by MaPS”

“The poll result response about Adviser Wellbeing was quite striking. I feel that only lip service is paid to this.”

We also asked what factors were making debt advisers consider leaving the profession (figure 4, below).

Figure 4: What factors are leading debt advisers to consider leaving the profession?



Training and Quality Assessment

A **third** of respondents did not feel they had been given enough help to meet quality standards. This included things like having access to thorough guidance, templates (confirmation of advice letters), and meetings with a quality officer.

And worryingly, **74%** did not feel they had time to attend training and/or reflect on learning and development.

There was a close result when we asked if advisers felt supported and invested in with their career development – **48% said they did – 52% said not**.

And despite changes to the quality assessment processes under the MaPs contracts, these remained a major source of stress and frustration. When asked whether Independent File Review (IFR) or other audit experiences had improved since MaPS implemented its changes, **74%** said no.

> *"I was marked down on a case for not giving a client the WORST-CASE scenario when it was not applicable. My client was a resident in a mental health facility. **If anything had happened to them I would have felt responsible."***

> *"I was marked down for not reporting preference on a DRO. There was no preference and I had documented the father had paid off the debt direct. **If I had acted on the MAPS auditors advice, I would have actually caused detriment to the client**. MAPS apologised as they had "missed it in my notes"!!"*

> *"Sadly, quality assurance is too often focused on the interests of funders rather than those of clients."*

"I had an IFR which pulled me up because I had put the amount of carers allowance my client received on the wrong line, it was the line below. It made absolutely no difference to the advice or financial statement. ***It feels like MAPS just want to tell you that your work is rubbish****."*

"We used to have IFR's which were just a chat about 'errors' - now were on continual action improvement plans and remedial work".

Respondents told us they need to see a reduction in the administrative burden; a focus on the purpose of confirming advice in a letter from the client's perspective, and an emphasis on the readability of those letters.

"I'm baffled by the whole process now - so complicated and we are scrutinised so much."

"Our ***Confirmation of advice template*** *is 60 pages. Average client letter is* ***15-20 pages."***

"MaPS has a very narrow view of quality. Quality is about a lot more than quality assurance."

"MaPS funding is about numbers. ***The reduction [in targets] has not made any difference*** *to my advisers and we still struggle to do all the work we can for the clients. Especially as we should now be working in the best interests of the client under the Consumer Duty."*

"The quality framework does not inform good or useful practice."

"Maps made a huge fuss about how great it was that they had ***reduced targets*** *for advisers last year, I think? Has it helped at all?" "Has it heck - absolutely meaningless when* ***demand outstrips availability.****"*

"Shouldn't MAPS be helping by setting out ***helpful standards****, in line with the* ***Consumer Duty****, so every advice organisation doesn't have to reinvent the wheel?"*

The Relationships between Local & National Debt Advice Agencies

Debt advisers told us that if their agency is unable to take on a client, they refer the client to these agencies (top 3):

1. Stepchange
2. National Debtline
3. Citizens Advice (National)

However, after making these referrals, **only 3%** of advisers felt the client's case was dealt with to a high standard, with **87% of referred clients needing to return to the local agency.**

> *"We already see too many people coming back from the national service because they can't cope."*

None of the national agencies referred to had dealt with the client's priority debts and only **5% had entered the client into an appropriate and affordable solution**. This seems to reflect a failure of national agencies to conduct the casework required by many clients.

> *"**The DRO hub** can terrify clients. I had a client who had rent arrears and was in a local housing association house. They told my client that they could be evicted by putting the arrears on the DRO. We know that this wouldn't happen with this landlord. My client then **refused to do a DRO**."*

> *"Services should be designed around the **needs of the individual client** and the local community rather than being imposed from above where the focus is on saving money."*

> *"We provide welfare rights advocacy as well - **income maximization** is part of the process and nearly every client we see is entitled to income they were unaware of or not able to apply for without support."*

There was greater variation concerning clients being referred from national to local services. Over one third of local services (39%) said this happened either 'frequently' or 'quite often' whilst a further 29% said it 'hardly ever happened' and 33% said they had not received any referrals at all.

Finally, we wondered if local and national debt advice agencies communicate with each other, to discuss capacity issues and changes to services. The results were fairly mixed, but less than a fifth reported being 'well informed', whilst 41% said that they received 'no updates at all'.

Impact of Commercial Debt Advice companies on free debt advice

The majority – **88%** - of our respondents **did not** refer clients to commercial debt advice companies. There was a variety of reasons for this as set out in figure 5, below:

Figure 5: Reasons for concern about commercial debt advice agencies

83% of respondents disagreed or disagreed strongly (76%) with the statement: *"These services provide a valuable service for clients that the free to client sector cannot."*

84% of respondents rated the service provided by the commercial sector as 'very poor' or 'poor', with the remaining 16% rating the sector as 'average'. **No-one** rated the commercial sector as 'good' or 'very good'.

In the light of a MaPS contract having been awarded to Gregory Pennington (t/a Money Wellness) in the last procurement round, we asked if respondents thought that public funds should be used to support commercial, profit-making debt management companies. 98% responded no to this.

> *"It is a national scandal that public funds have been awarded to a commercial company."*

> *"Advice should be separated from the delivery of fee-earning debt solutions to ensure that clients receive **impartial advice** that is in their best interests."*

Final words

The extremely low morale, and poor experience of recent MaPS commissioning processes, has led many to question whether MaPS is 'fit for purpose'. The commissioning process itself must now be pulled into question, as well as the focus on seeking to secure cheaper, national, services at the expense of community-based casework.

Many participants considered that local agencies, such as councils, should also have a role in the commissioning process and that alternative funding models should be considered (for example by commissioning debt advice more 'holistically' alongside funding for housing and/or welfare benefits services).

It was also extremely concerning that MaPS had failed to report the lack of capacity in the sector, and to publicly urge Government to increase the FCA levy to properly fund services throughout the cost-of-living crisis.

> *"Is MaPS fit for purpose and would it be better for debt advice funding to be channelled elsewhere? Is commissioning appropriate for local and regional debt advice* ***and can we argue for better alternative funding models****?"*

> *"Let's think big - no point trying to save this system, it needs to be dismantled completely. Start again. Go and visit non-MaPS funded debt advice services and learn from them. Find out what actually works."*