Response to the Money and Pensions Service (MaPS) Proposals for the Delivery of its Debt Advice Strategy

April 2024

Centre for Responsible Credit

Introduction

The We are Debt Advisers network, and the Centre for Responsible Credit are pleased to provide this joint response to the Money and Pensions Service (MaPS) proposals for the delivery of its debt advice strategy.

- **We are Debt Advisers** is an England-wide network of workers delivering debt advice, and includes staff working in MaPS funded agencies, local authorities, housing associations, and the voluntary sector. Further information about the network can be found at https://wearedebtadvisers.uk/
- **The Centre for Responsible Credit** is a registered charity on a mission improve the way that credit is provided to people on lower incomes and to create better support and solutions for people who are struggling with debt. Further information can be found at https://www.responsible-credit.org.uk/

Whilst welcoming the consultation, we are concerned that several critical issues are out of scope. Specifically, the consultation document states (p.5):

"This consultation is focused on the role that MaPS could play within the sector (prioritising activities according to the budget MaPS receives) to deliver on our statutory remit. The consultation does not set out or seek views on:

- *The appropriateness of MaPS' statutory remit*
- *The MaPS standards and the quality assurance framework for our funded services*
- *What the overall level of debt advice capacity should be*
- *How much funding should be available for debt advice (through MaPS or other sources)*
- *What the sources of funding for debt advice should be."*

In our view, it is not possible to provide conclusive responses to many of the questions set out in the consultation document, without knowledge of the forward-looking budget and the costs of several of the options presented.

For example, there are several proposals put forward with respect to reducing the barriers to accessing debt advice (e.g. 'funding place-based and community-based organisations to provide engagement and access to debt advice, particularly for those facing barriers to access and engagement'; 'provision of service navigators' on p.18; 'targeted awareness raising campaigns, on p.38).

However, there is a simultaneous recognition within the document that current capacity is over-stretched (p.28):

"Responses [from the online adviser panel] show that most of those responding do not feel that there is sufficient resource to meet the demand for debt advice where they work" (p.28)

"…a large-scale marketing campaign would be costly and raising awareness of debt advice without increasing capacity could be problematic." (p.38)

Consequently, investing in efforts to reduce the barriers to advice is likely to cause problems, as it both increases demand for services and (given a fixed budget) reduces the funding available to front-line services to deal with that demand.

This problem – of a lack of information concerning how much the proposals would cost, and where the money to support them would come from – reoccurs throughout the consultation document. For example, at page 31, with respect to capital investment in new technology:

"…finding technology solutions that would be suitable for all providers would be very difficult. Costs would likely be high (requiring significant levels of resource to be diverted from frontline delivery)."

And in the introduction to the proposals set out in chapter three:

"Some of these activities may only be able to be progressed by reducing the resources available for the delivery of debt advice."

In our view, this means that whilst responses to the current consultation can help inform the development of a costed set of proposals, those costed proposals will themselves need to be subject to a separate consultation. Unless this is done, the consultation is unlikely to satisfy the principles that have been set by Government[1], particularly with respect to the need for consultations to be informative ('principle C'):

"Give enough information to ensure that those consulted understand the issues and can give informed responses. Include validated impact assessments of the costs and benefits of the options being considered when possible; this might be required where proposals have an impact on business or the voluntary sector. "

Gaps in information and the overall budget

The consultation's effectiveness is also limited by a lack of knowledge concerning overall capacity in the sector.

MaPS notes (p.10):

"Data about the level of capacity within the debt sector is lacking."

The lack of information concerning overall debt advice capacity is particularly concerning, as this is preventing MaPS' from making an appropriate funding request to government. The Debt Need Survey (Appendix B) indicates that there are 9.3 million people reporting "strong indications of a need for debt advice". In comparison, MaPS funded provision is tiny:

- The MaPS funding announcement in October 2022 revealed that telephone and digital channels currently account for 240,000 (42%) of its advice sessions, but it expected these to increase by 65% in year one of its new national contracts

[1] https://www.gov.uk/government/publications/consultation-principles-guidance

(that is to 396,000 by the end of 2023/24) and by the end of 2025/26, those contracts are expected to deliver 650,000 sessions.

- MaPS cuts to funding for community-based services, together with a revision of targets in the light of increasing case complexity, mean that these are now expected to deliver services to less than 100,00 clients per year.

At current levels of demand, which MaPS acknowledges are set to continue for the foreseeable future, its funding will only support provision for less than one in twelve people needing advice by 2025/26.

Earlier this year, MaPS recognised that “Effective commissioning requires an in depth understanding of the landscape and market for the desired services and the potential suppliers who may be able to provide these services.” [2]

Yet the research it has commissioned[3] to help it understand the wider funding landscape was specifically prevented from considering “the sufficiency of debt advice funding”.[4]

Nevertheless, the research correctly identified major challenges. These included reductions in ‘FairShare’ funding due to cost-of-living pressures impacting on the number of clients with spare disposable income to support a Debt Management Plan. And with many local authorities – which are often commissioners or direct providers of debt advice – now reporting effective bankruptcy, their contributions to the provision of community-based advice are in jeopardy. Almost one in five councils think they will need to issue a Section 114 notice this year.[5]

In our view, an urgent assessment of the capacity of the sector to meet demand, and the funding level required for this to be achieved, is now required. This should be used to inform MaPS’ funding requests to government and the assessment should be refreshed at each Comprehensive Spending Review.

The funding requests made by MaPS should then be reflected in the Financial Services Levy collected by the Financial Conduct Authority.[6] However, we also consider that there is a need for government to expand the scope of the services that are paying the levy, for example so that utility companies are included.

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[2] https://maps.org.uk/en/publications/research/2024/funding-and-operating-models-of-debt-advice-sector

[3] ‘Ibid

[4] Ibid

[5] Section 114 fear for almost 1 in 5 council leaders and chief executives after cashless Autumn Statement | Local Government Association

[6] The legislation underpinning MaPS states that the amount to collected through the levy is simply requested by the relevant Secretary of State based on their knowledge of “the expenses incurred or expected to be incurred” by MaPS when delivering its statutory functions.

Statutory Remit

The consultation document identifies problems with the statutory remit in the introduction to chapter three:

"This part of the consultation looks at issues and ways of working within the debt sector. Though not directly related to MaPS' core debt function to 'provide debt advice in England', we believe that considering these factors is central to being an effective commissioner. What MaPS is able to do in these areas might be constrained by the limitations of our remit."

Whilst the chapter focuses on workforce issues, including pay, training, and progression, we note that MaPS research into funding and operating models in the sector also highlighted a need for it to:

"…consider if it can commission services which provide support on a wide range of issues clients commonly present with. This may include working with other funders and commissioners. If MaPS finds pushing the boundary of its statutory role still leaves significant unmet client need, the Government may then wish to consider changing MaPS' remit, providing it with the scope and tools to commission broader services. Government could also look across publicly funded services to consider if bringing advice and support services more closely together may be more efficient, impactful and joined-up."

It is therefore disappointing that discussion of MaPS' statutory remit is out of scope for this consultation. There is a longstanding prior research literature indicating that many clients experience 'clusters' of social welfare problems, requiring advice – for example – with respect to housing, benefits, and debt.[7] To ensure services are better able to meet client needs holistically, we believe that government should now reviews its options, including bringing these areas of social welfare law back within the scope of legal aid.

In this wider context, the remainder of this response now provides our views on the issues set out in the consultation document. Our response has been informed by the active participation of over sixty debt advisers from the We are Debt Advisers network.

[7] For example, Moorhead, R. & Robinson, R (2006). 'A trouble shared: legal problems clusters in solicitors and advice agencies'. Available at: https://orca.cardiff.ac.uk/id/eprint/5184/1/Moorhead_et_al_2006_A_Trouble_Shared.pdf

Response to Chapter 1

The debt advice services that MaPS funds now and what it could commission in the future (questions 1 to 10).

MaPS has stated that it "believes the best way forward is to continue commissioning a range of service delivery models. This includes nationally accessible contact centres, digital-led advice, community-based services and services offering in-person support".

Whilst we agree that a range of services is needed, we are disappointed that MaPS has not set out what balance it considers is required between these, backed by an analysis of evidence from the Debt Needs Survey and other sources. MaPS needs to provide this analysis, which should take account of recent reports that 'priority debts' are increasing[8], and should also include:

- Details of how many cases are currently being referred between national and community-based services.
- An assessment of the impact of referrals on clients, including the impact of a loss of continuity of care, engagement levels, and outcomes, and whether there is duplication of effort for providers (e.g., with respect to the DRO 'hubs).
- How much casework is being conducted by providers, and the outcomes that are being achieved by this (broken down by national and community-based provision).

At present there is a clear imbalance in funding allocations in favour of national services. This appears to be based on a drive for increased volumes in terms of advice sessions being delivered at least cost following the Wyman Review. However, following this path risks losing a focus on those with the most severe debt problems for whom access to advice is critical.

We are particularly concerned that much of the current provision is being directed to a (p.15) "…more affluent, financially-capable cohort" who "are more likely to engage with debt advice at an earlier stage and less likely to engage with in person advice." Whilst these are likely easier (and cheaper) to serve, it is questionable whether these should take priority over those who are facing severe challenges; for whom debt advice is more expensive to deliver, but for whom the advice is likely to have a more significant impact.

Fundamentally, MaPS needs to be clearer about the existing debt advice landscape (including by determining supply provided by non-MaPS funded agencies) and how its proposed provision will address gaps and meet its priorities within this.

More work is therefore needed to determine the focus of resources given the varying needs of different client groups, and MaPS will need to consult in more detail

[8] 'In too deep? The impact of the cost of living crisis on household debt' (February 2024). Resolution Foundation. Available at: https://www.resolutionfoundation.org/publications/in-too-deep/

concerning this. We would welcome a breakdown of current funding allocations by the types of client group being served as an aid to future discussion.

In our view, those with severe debt problems are most likely to need community-based provision. There is a need to provide casework and advocacy services with respect to their priority debts. This provision is currently underfunded by MaPS.

We also question whether three national providers are required, and whether the DRO 'hubs' are working effectively.

With respect to national provision, a single provider would simplify the landscape and aid awareness raising amongst the public; deliver economies of scale and assist with referrals to and from community-based agencies.

With respect to DRO hubs, whilst some advisers have welcomed these, others report that some of the clients they have referred have not been well-served and have returned to the original advice provider. Some community-based advisers also report that they are still having to do a lot of work to prepare a DRO application prior to referral to the hubs, and others tell us that there is a duplication of effort between community-based and national services in the preparation of DRO applications. At our consultation meeting just over a third of advisers present thought these problems were sufficient to support a call for DRO hubs to be scrapped altogether.

Further clarification from MaPS is therefore needed with respect to its decision to fund three national providers, and MaPS should conduct and publish a detailed assessment of the performance of the DRO hubs to help agencies respond to a future consultation on this with fully costed proposals.

MaPS asks whether it should change the scope of the services that it funds given increased debt advice case complexity?

MaPS is not clear about the current scope of debt advice. The consultation document (appendix A) does not include income maximisation within the list of activities that constitute MaPS funded debt advice. However, MaPS' Quality Assurance Customer Facing Guidance clearly indicates that income maximisation falls within the scope of the MaPS Standards, and much income maximisation work is already being carried out by debt advisers working under MaPS contracts. We believe it has always been a core part of the debt advice process and must remain so.

We therefore think it is incumbent on MaPS to set out its understanding of how much income maximisation work is already being done under its contracts. If it has identified a need for more, MaPS should bring forward costed proposals as to how this would be delivered and the impact it would have on existing provision. If more income maximisation is needed, MaPS should also consider using part of its budget for money guidance to fund this.

MaPS asks whether it could commission different types of debt services or different ways of delivering services in the future

MaPS puts forward proposals with respect to:

- Creating a specialist service to meet the advice needs of clients in a deficit budget.
- Funding the debt advice provider administration costs of Debt Management Plans (DMPs), Bankruptcy and other solutions.
- Services to better meet the needs of people in vulnerable circumstances and those most in need of debt advice, for example specialist mental health debt advice services, specialist ethnic minority debt advice services, services for people with gambling addictions, and the piloting of 'service navigators'.
- Funding place-based and community-based engagement and access activity.

Whilst recognising that some specialisms (such as in respect of mental health and economic abuse) may be required to assist particularly vulnerable groups, we are not generally in favour of creating new services when existing provision (if adequately funded and supported) could meet the needs identified. With the exception of specialist mental health debt advice services, fewer than half of the debt advisers we consulted with were in favour of the other proposals, and only one in ten were in favour of a 'service navigator' pilot.

With respect to the funding of the proposal to fund the administration of DMP's, bankruptcy and other solutions, MaPS needs to be clearer about the specific costs it is proposing to meet. For example, we do not support MaPS funding to be used to meet the administration costs of DMPs for agencies who receive FairShare funding for these. Similarly, we would have concerns with IVA providers receiving MaPS funding. As with many of the proposals in the document, more detail is required in order for us to respond effectively.

Response to Chapter 2

We have considerable concerns with the procurement processes being followed by MaPS and do not agree that a commercial approach is the best way forwards.

The danger of the competitive approach is that funds flow to those agencies with the most resources to support the preparation of their bids, rather than to those agencies best placed to deliver services. Where smaller charities are trying to procure funding to provide advice services in their local community, they are effectively disadvantaged because they do not have the resources of larger, commercial, and often profit-making organisations.

The approach of having fewer (and larger) 'prime contractors' also leads to competition for inclusion within their supply chains amongst smaller agencies and runs the risk of a race to the bottom as these seek to outbid each other in terms of volumes and price. This, in turn, leads to undeliverable contracts and negatively impacts those working on them.

We would prefer a full review of the options available to MaPS, including the use of licences and grant funding. MaPS could set the standards for advice services, and award grants to those agencies able to meet these.

MaPS asks whether we agree with its broader intent around collaboration, and whether we have any ideas on how we should best deliver on this?

Where advice providers can provide an excellent triage service with access to debt, benefits and other advice services, outcomes will be improved for clients. Debt is often the 'tip of an iceberg' and has many underlying issues (e.g., poor health, unclaimed benefits, addictions etc.). Working in tandem with other organisations/departments to try to address multiple and often complex issues undoubtedly gives the client more chance of resolving their debt problems, and importantly, staying out of debt if possible. This more preventative approach can then save other public agencies money in the long run.

For example, Stockport Council, established a 'Cost-of-Living Helpline' in April 2023 to take calls from residents struggling with bills, but also to identify underlying issues, such as housing, debt, mental health and benefits etc. Over the past 11 months the helpline has established relationships with over 27 different partner agencies, including specialist debt advice and welfare rights, alongside charities and housing providers. Using a system of 'warm referrals' – i.e. the individual is then contacted by the agency/department to provide further support/advice – residents are benefiting from a wider range of support services, tackling multiple areas of need. While the Household Support Fund has been in place, the helpline has also been able to make applications and referrals for crisis payments, while also providing a route to advice. This approach tackles the 'crisis' element of the enquiry but also provides a route to more complex support.

The cost-of-living team has identified over £1million of debt from residents, who were then referred to the specialist debt team at the Council. This sits alongside several other services referring into an in-house welfare rights & debt advice service, where many clients have both specialist debt and welfare rights cases.

We believe that MaPS should engage with local authorities (and others such as housing associations and health agencies) in local partnerships to see how it can contribute to supporting these types of interventions, which bring debt advice together with services capable of meeting needs holistically.

MaPS asks whether we have any views on the approach it should use to ensure its commissioning practice is shaped by an understanding of inequities and intersectional disadvantage and able to address these accordingly?

Previous commissioning rounds have seen a greater proportion of funds being directed to remote services compared to those based in communities. Local advice has greater capacity to offer advice to vulnerable clients in a manner that is accessible to them – e.g. those who may need an interpreter or face-to-face advice or are not able to access digital services. etc. Local not-for-profit agencies rely on this funding to enable them to keep their doors open, and often provide other, complimentary services alongside debt advice. It is widely reported that these agencies are facing severe funding shortages and the trend to favour remote services should be reversed to ensure the most marginalised and vulnerable have access to advice.

MaPS asks for views on the approach it should use to ensure its commissioning practice is shaped by the voice and lived experiences of people in debt?

MaPS should work with organisations like Debt Justice, who have already built-up networks of people with experience of being in debt and receiving debt advice. It should continue to commission research (qualitative and quantitative) with people who have lived experience of debt.

MaPS asks whether we agree with its understanding of the impact that changes in its funding and strategic approach can have?

Whilst broadly agreeing, we would urge MaPS to put in place longer term grants. Ultimately, local authorities need to be given a statutory duty to provide community-based debt and welfare rights advice[9]. In the absence of this, MaPS needs to engage with local partners in a more effective manner and ensure its funding dovetails with these.

MaPS asks whether we agree with the opportunities it has set out for working with other funders of advice?

Yes, this is the way forward to ensure that people receive meaningful help and advice easily. Triage is the bedrock of this, and relationships with local agencies could ensure that people with the most complex issues are quickly directed to the right services, working alongside debt advice, benefits advice, employment and housing etc. Services focussed on particularly vulnerable groups ensure the advice is delivered meaningfully in the best way for the client.

The Household Support Fund model deployed by a number of local authorities (see Stockport example, above) is a good example of collaborative funding and working. Ring-fenced funding was given by government to local authorities to help people with the cost of living and this money could be used for salaries for staff as well as for direct grants to the public[10]. Local authority debt advice is also exempt from FCA regulation, which means more time is focussed on advice. An independent Quality Assurance scheme for local authorities could be adopted.

[9] 83% of debt advisers involved in our consultation agreed with this.

[10] The money to be given out to the public was divided up between 'Trusted Partners', to deliver the money in the most useful way and to those who most needed the help. Trusted partners tended to be charities focussing on specific areas of vulnerability, for example people with disabilities, carers, elderly people, survivors of domestic abuse, etc.

We believe that working closely with local authorities is a good way for MaPS to ensure debt advice is available in all geographical areas and will lead to the more effective planning of resources.

Response to Chapter 3

This chapter concerns adviser wellbeing in relation to work pressures, management, demands upon time, training, progression, recruitment and more.

Debt adviser wellbeing has been a significant issue ever since the Financial Inclusion Fund (FIF) ended and the Money Advice Service (MAS) was created. Whilst the FIF Project was 'hands off' and trusted advisers, who have access to individual professional training and certification, MAS was the complete opposite and imposed heavy targets, leading to top-down pressure onto advisers, and imposing the dreadful Debt Advice Peer Assessment (DAPA) scheme. When MAS was abolished, MaPS was created, and it carried on where MAS left off.

The long-term issue of poor adviser wellbeing didn't just happen – it was created not only by the DAPA scheme but by a lack of trust in the professional competency of advisers, and high workloads with insufficient funding to support decent pay and conditions.

Unsurprisingly, the top three priorities to improve adviser wellbeing amongst the debt advisers responding to our consultation were:

1. More front-line advisers
2. Better pay, and
3. Lighter touch regulation for not-for-profit agencies

More recently MaPS has listened to concerns raised by front-line advisers, and we have welcomed this. It has removed DAPA and reduced annual client target numbers, which are now only 15 per year more than the original FIF targets.

But, if targets are virtually the same now as FIF, why are advisers still reporting problems? We believe there are several reasons for this:

- The current quality scheme, whilst based upon the far more reasonable MaPS Standards, is being interpreted too harshly by contract holders. Recent feedback to WADA indicates that national Citizens Advice blame the re-emergence of harsher quality assessments on MaPS. MaPS have consistently informed WADA in meetings that to over-burden advisers is not what they want. This contradiction in position between Citizens Advice and MaPS is leaving advisers frustrated and confused as to how the issues they face on a daily basis will be resolved. We have been told by advisers that:

  "Interpretation of the MaPS Standards is totally and utterly over the top".

"Constructive criticism is fine, moving goalposts and finding new faults every month is not and leads to good advisers having a confidence crisis and doubting themselves on future cases".

- The forerunner of the FCA, the Office of Fair Trading (OFT) had a reasoned approach to the regulation of the not-for-profit debt advice sector. Problems of conflicts of interest were rightly identified as arising within the commercial, profit-making sector and this therefore formed the target for its regulation. The majority of OFT regulation that covered commercial organisations did not apply to the not-for-profit sector. However, the FCA does not make this distinction, and regulations designed to ensure that the client's best interests are served has been equally applied to both sectors. We believe that this has created an onerous, and completely unnecessary burden for advisers in the not-for-profit sector. Client care letters are still taking hours to construct and are far too long for many to read and engage with.

- Clients and their circumstances are more complex. Clients now present with multiple complex problems, several priority debts, serious risk to their housing, lack of money to balance a budget and poor mental health with no real professional support. It is often simply not possible to balance the budgets of the poorest. Housing is increasingly unaffordable; food and fuel costs have rocketed.

- Commissioning approaches, with competition for contracts, have created a 'race to the bottom' in terms of pay and conditions for advisers.

MaPS asks whether it should continue with the following activities:

- Engaging directly with debt advisers through the adviser panels to understand more and build evidence about their experiences of working in the sector.
- Working with the organisations we fund to put in place measures to support adviser wellbeing.
- Continuing to provide the Debt Advice Quality Framework by accrediting training courses supporting the consistency and quality of debt advice, and enhancing this approach based on stakeholder feedback.
- Participating in sector wide initiatives linked to workforce issues.

Yes, MaPS should continue with these. But MaPS need to insist that their standards are interpreted in the manner that they intended. MaPS need to create their own guidance for providers to follow. Examples are becoming widespread that contract holders are moving closer to DAPA style interpretations. This is bad for adviser wellbeing and client wellbeing. It is also diverting resources away from the provision of advice.

It should also ensure that its providers are complying with the manageable workload requirements of the Health & Safety at Work Act 1974 by seeking copies of, and discussing, provider risk assessments relating to workplace stress.

The amount of time debt advisers spend constructing care letters is still having a significant effect on wellbeing. MaPS need to speak to the FCA to lessen the burden of regulation in relation to debt advice services who have no interest or financial gain in the debt remedy their client chooses. This should not apply to organisations who provide their own debt management plans or IVA's. Regulation of the NFP sector needs to revert back towards how the OFT operated light touch regulation.

We are also concerned that contracts from April 2024 have removed important concessions with respect to targets:

- A 50% reduction in personal target for 3 months for trainees (which was inadequate in any event).
- A 100% reduction in personal target for long term sickness of more than 2 weeks.
- A 100% reduction in target for unfilled vacancies.
- A 20% reduction in target for those studying for the CERTMAP certificate.

These should immediately be reinstated. This action is the opposite of how MaPS should be responding to the issues it has identified.

MaPS also need to work with the FCA to lessen the burden of regulation in relation to not-for-profit debt advice services, except for those who provide (whether directly or through subsidiary and commercial arrangements) Debt Management Plans or IVA's.

We also believe that MaPS should move towards an 'outcome based' assessment of performance rather than numbers. Debt advice is about improving people's lives, and it is what advisers are good at. It is a socially interactive service, supporting people to understand their choices and take steps to manage their debt. Capturing its outcomes effectively, which include the resolution of housing and benefits issues and improvements in health (including mental health) alongside debt solutions is critical if we are to make the case to government for increased funding. MaPS should therefore begin a process of consultation to help it develop an outcome-based framework in partnership with advisers.

Response to Chapter 4

This chapter looks at the benefits of funding technological advances to help debt advisers run their cases more easily. This is welcome…to an extent. To be clear, the funding of community-based debt advice must come first. We agree that the existing activities listed in the chapter should continue with the caveat that this does not have any negative impact for community-based debt advice funding.

Assuming this is the case, good technology can help to relieve adviser stress and make casework faster and easier to manage. Naturally, this makes it less expensive to run each case too. If we can avoid delays, we can deal with a case more quickly and move on to another client in need.

We therefore welcome the proposition that the focus of any funding would be around "backend" processes: practical efforts to help case management flow smoothly. This is the only area where technology has the potential to streamline the advice process. Intervention at the head of the process would not have this effect.

There have been continual improvements over the years (e.g., Advice Pro and Casebook) and the advisers responding to our consultation identified improvements that have been made by national Citizens Advice, for example by providing access to credit reports and facilitating the easy transfer of debt details from the Casebook system to Breathing Space. The upload links for clients were also popular although one adviser told us:

"It's a shame that when the clients upload information, that the caseworker is not notified."

This shows that there is still further to go with these improvements.

Whilst some organisations have the money to do invest in the ongoing development of such systems, others do not. We therefore welcome the statement from MaPS that they would develop systems for the whole sector. We would like to see free licenses to use this technology or software as this will help smaller advice agencies bring their systems in line with those of the larger advice providers.

We would welcome further work with the adviser panels to improve the Standard Financial Statement (SFS) and wider technology. Adviser panels themselves should play an ongoing role in the overarching decision making on what technology to fund as their opinion could be sought before making any decisions.

We also welcome MaPS' proposal to share examples of "best practice that could support more efficient services" and to "…provide or enable more shared infrastructure or common processes between debt advice providers, creditors and clients..."

Standard Financial Statement

The SFS predecessor, the Common Financial Statement (CFS), was far easier to read. That was particularly true of the CFS summary sheet. As one adviser with dyslexia told us:

"Even the so-called dyslexia friendly version of SFS is very difficult to read, where the old CFS was not".

The CFS had numbered debts as well, which was useful where there were multiple debts owed to the same creditor.

The current SFS is still being used by some smaller advice agencies in its stand-alone Excel state. It is incredibly clunky to use in that way, with numerous glitches. The debts page, in particular, is difficult to complete with nowhere for reference numbers or debt types.

Encouraging creditors to accept the SFS, rather than fall back on their own procedures, would also help. The creditors most reticent to accept SFS based offers tend to be priority creditors (utility companies, local authorities and the Department for Work and Pensions).

However, we urge greater transparency with respect to the setting of the SFS trigger figures, including by providing an opportunity for Parliamentary scrutiny of these. We also call for MaPS to consider basing these on the Minimum Income Standard[11] rather than on figures from the Living Costs and Food Survey.

Other possible positive developments

In our online meeting to discuss the consultation advisers told us they wanted to see easier ways to contact creditors. They were also greatly interested in having systems that could more easily 'talk' to each other. This was particularly popular when discussing DRO2 as advisers felt they spent a lot of time duplicating information from their systems on to DRO2. One adviser said:

"I'd love there to be a button that transfers all the debts on Breathing Space straight to a DRO".

Having creditor names added to CCJs (or failing that having a more direct way to access court records) would also certainly cut down on adviser time and delays.

Direct or better ways to access to local authority, HMRC, and DWP claims would be a significant time-saving innovation. We understand that having access to their entire systems would not be possible, but there has to be a better way to share this information where client consent is in place to do so. Adviser-only phone lines have been successful in the past, but some have been closed, making it far more difficult to make contact. Similarly email addresses have been removed with the same negative consequences. More dedicated phone lines and emails for advisers would be welcome.

Facilitating a template case note that covers all aspects of how a case should be written up under the MaPS standards would be helpful. It could include set pieces on the options that advisers could tailor. The possibility of a producing a transcript of an interview to add to casenotes is also interesting.

Open Banking (with all its drawbacks) does mean that there are ways of obtaining client bank statements, but the current known system is problematic. Improvements here would be welcome. These could be used to satisfy the FCA CONC 8 / MaPS requirement to verify income and expenditure rather than to produce a financial statement.

Finally, investment in equipment for advisers would be welcome.

Concerns

We do not support the use of MaPS funding for technology to diagnose debt advice options or deliver advice through chat bots. We believe that every debt client should

[11] https://www.lboro.ac.uk/research/crsp/minimum-income-standard/

be afforded the courtesy of a human being to guide them through the intricacies of debt advice.

We strongly oppose AI programmes or Robo-Advice. This type of programme is being used on some debt ‘advice’ websites and adviser feedback is alarming, showing that clearly incorrect advice is being made. While perhaps, advisers may understand that AI ‘chat’ type systems should only be used as an indication of possible options, it is reckless to assume that the client can understand that. Use of ‘decision trees’ for advisers at the start of the advice process has also been problematic and we would not welcome funding for this.

We are also concerned that spending money on “scanning the horizon” is unlikely to add value as advances in technology become common knowledge quickly. Other proposals are similar in seeming to offer limited returns for the likely outlay concerned.

Response to Chapter 5

We agree that MaPS holds a unique place within the sector to build evidence and influence change. However, it also needs to acknowledge that it has a conflict of interest as it is an arm’s length body of the Department for Work and Pensions, which itself is a major driver of the need for debt advice.

MaPS should therefore commit to enabling its providers to undertake their own policy campaigns and should not seek to replace them in policy engagement activities. It should be conduit for the views of its providers, rather than seek to replace those views or control the policy agenda.

We are also keen to avoid MaPS taking on additional activities with respect to policy development whilst we do not know the likely cost of this, and whether it will draw resources away from existing activities.

Nevertheless, we agree that MaPS should continue with activities to use evidence and insights from data to inform its work and should continue to work across nations.

MaPS should also consider providing more funding to its providers, particularly community-based providers, to enable them to collect and make sense of their own data and to enable effective dissemination of their insights to policymakers.

We would also welcome activities (subject to knowing the cost and implications for advice services) to assess and communicate the outcomes of debt advice; and to secure greater funding from, for example, energy providers.

MaPS should also engage with creditors to ensure that all quality assured providers are treated equally. We have for example, seen cases of creditors refusing to deal with some providers because they have entered commercial arrangements with others.