

Open letter to John Glen MP, Economic Secretary to the Treasury

Dear Economic Secretary,

We are writing to request that you intervene to immediately terminate the procurement of debt advice services process, which is currently being undertaken by the Money and Pensions Service ('MaPS').

If the procurement of the national and Debt Relief Order 'hubs' proceeds, as MaPS intends, this will dramatically reduce the capacity of community-based services, which provide advice and casework support to vulnerable clients. This will take place at a time when the need for community-based debt advice is rising and will undoubtedly have negative knock-on effects for local authorities and health services.

Community based debt advice and casework services are vital. They provide advice in a blended fashion, including by enabling access to face-to-face support for people who would otherwise struggle to obtain the support they need either on-line or via the phone. This includes people with mental health problems, and for this reason the Money and Mental Health Policy Institute has also recently called for the MaPS procurement exercise to be suspended. Community based services are also much better placed to link people with complex problems to other forms of support alongside debt advice, to address housing, benefits, and a wide range of other issues which lie beneath their presenting debt problem.

MaPS is proposing to cut funding for this essential community-based provision by around 50%. This is despite Government providing it with a larger overall budget for debt advice. We urge you to act now to prevent this.

MaPS did not consult with either front-line advisers or wider stakeholders such as local authorities prior to embarking on its procurement exercise. There was no draft commissioning strategy published prior to the start of its procurement in July 2021. Neither has any Equalities and Vulnerability Impact Assessment been published, despite repeated requests.

The procurement exercise is already damaging debt advice services. On 17th December, MaPS stated that they had not received acceptable bids for the regional lots. This is because the money on offer for these, of just over £16 million, is only half of what is currently being allocated to existing community-based providers. It is also because their proposed model – which would create multiple complex referral routes from community-based services to several national phone and digital providers and back again – is unworkable.

Contracts for many community-based providers are currently due to end on 31st March, and many advisers have been leaving their jobs. This has created an immediate crisis in capacity at a time of year when debt problems are extremely pressing.

Whilst MaPS has indicated that it now intends to extend those contracts for a further three months, and to consult with community-based services regarding a possible further 12 months funding settlement, this will not be sufficient to restore capacity unless it is backed with a commitment to retain current funding levels for this period.

Despite requests for this commitment, MaPS has still not confirmed the available budget. But if the procurement of the national and DRO hubs proceeds, then it is simply not going to have sufficient funds to ensure the required capacity.

It appears that MaPS wishes to expand access to debt advice through national digital and call centre operations. But many people initially accessing services in this way are ultimately referred to local community-based services due to the complexity of their cases or because of personal barriers which require face-to-face meetings to address. Any expansion of digital and call centre operations will need to take account of the *additional* pressure that this will place on local services.

Had MaPS consulted properly then the relative funding allocations for national and community-based services would have been better informed. A full and proper consultation regarding these funding allocations is now needed, and the current procurement process should be terminated to allow this to take place.

Finally, we have no confidence in the leadership of MaPS to take any further consultations with the sector or wider stakeholders forwards in an effective manner. Time and again, we have been promised information which has not been forthcoming; have been promised that they are listening yet seen no response to the concerns expressed by the front-line. MaPS were warned that their approach would not yield successful bids for their regional lots. They ignored that warning.

As the recent DWP's Departmental Review of MaPS has pointed out, the MaPS Board lacks anyone with recent experience of delivering effective community-based debt advice services. We therefore ask that you now also intervene to replace the current leadership of MaPS with people who can restore confidence and have the skills and experience needed to bring the sector together again behind an agreed vision for the future development of debt advice.

Yours sincerely