



AdviceUK response to MaPS message to organisations who declined to bid / were not included as part of a supply chain to a bidding organisation.

AdviceUK concluded that we could see no good or compelling reasons why we should submit a bid (or bids). Our focus will be on providing support to members, during and after the recommissioning process.

We took the following factors into account when arriving at this conclusion:

- 1. Strategic vision:** MaPS expects bidders to be aligned to its strategic vision. AdviceUK believes MaPS's vision for debt advice is deeply flawed: it does not match AdviceUK's vision for social welfare advice that meets the needs of diverse communities across England, and does not enable the majority of our members to provide flexible, in-depth and sustainable debt advice services. MaPS's vision is the opposite of the Whole Person and Whole Community approach which AdviceUK recommends as a response to social welfare law issues.
- 2. Overall structure of supply chains:** the size of the bids would fundamentally change AdviceUK and many other organisations that might otherwise have considered acting as a prime contractor. The smallest bid (for one of the DRO admin hubs) is valued at £3.3 million a year and would represent more than 50% of our total income. Given the divergence in MaPS and AdviceUK's visions for debt advice, this would inevitably run a serious risk of diverting AdviceUK away from our purpose and undermining our independence.
- 3. Contract specifications:** we judged that, given the contract specifications, no viable bid that we could submit would be able to deliver high-quality, flexible and sustainable services involving AdviceUK or AdviceUK members in a wider supply chain. In fact, the clawback mechanisms and other contract requirements significantly – and in our view dangerously – shift risk away from MaPS and onto charities who are already committed to providing debt advice and other support to those who are most in need. The associated risks mean that we have advised our members to approach any participation in supply chains with caution.
- 4. Relationships with partners:** if successful, a bid led by AdviceUK under the proposed contract terms would fundamentally change our relationship with our members. Instead of existing to support them, we would instead become an overseer requiring them to meet arbitrary targets and to adhere to a wide range of onerous, restrictive and

counterproductive contract requirements. The structure of the current contract has made it extremely challenging (given the reduction in the number of regional partnerships and overall cuts to regional services) to form diverse partnerships. The current procurement will, in AdviceUK's view, damage both organisations and partnerships that have been developed over many years and which are embedded in the communities they serve.

How should MaPS respond to these concerns?

Set up a meaningful consultation process to hear responses from other potential bidders

The very short timescale for response (just under 3 days!) makes it very difficult for potential bidders to provide meaningful responses. Many smaller organisations who were seeking to be part of supply chains will not have registered on the portal, as it was immediately apparent that they would not be able to lead bids.

We would encourage MaPS to engage meaningfully with the sector over a longer time period to review and change its approach to this and future procurements.

Address AdviceUK's key concerns on strategic vision, overall structure of supply chains, contract specifications and relationships with partners

A key first step is reviewing and amending onerous, restrictive and counterproductive contract requirements and ensuring that funding supports diverse social purpose advice-giving organisations, enabling them in turn to reach diverse communities across England, with a particular focus on those most in need of advice and support.

Contact for further information: influencing@adviceuk.org.uk

In more depth:

Strategic vision

MaPS continues to seek to position itself as the body that defines and controls what constitutes 'best practice' in the delivery of free debt advice. Throughout the ITT documentation, references are made to MaPS standards and the MaPS Debt Advice Quality framework, and also to the strategic direction and context offered by the UK Strategy for Financial Wellbeing.

The language used in the ITT documentation and associated contracts implies that people 'consume' debt advice and that there is a functioning market for debt advice. It assumes that much demand for debt advice is

inevitable. AdviceUK's view is that MaPS's UK Strategy for Financial Wellbeing places too much emphasis on the responsibilities of individuals to 'manage their money more effectively' and not enough emphasis on understanding the systemic, root causes of problem debt, and enabling and resourcing communities to address them.

AdviceUK believes that problem debt cannot be adequately explained solely as the result of poor choices by individuals. Problem debt is also a symptom of systemic failure: failure to redesign the ways in which our economy and wider society works to free people from poverty and give everyone a decent life.

Problem debt needs to be part of wider conversations about welfare support for the most vulnerable, rising living costs, improving life chances, unstable or poorly-paid work, the credit industry, and the ways in which public services currently operate, particularly the way in which the social welfare system affects household finances. Indebtedness is linked to many other aspects of people's lives and is addressed more effectively through a Whole Person, Whole Community Approach.

This procurement clearly signals that MaPS wants to exert greater influence and control over advice and support given to people applying for DROs. The ITT envisages centralising and channelling such work through 3 DRO Hubs in the North, Midlands and South of England. The ITTs also invite tenderers to include training costs in their tender pricings: this signals that MaPS is less likely to fund training provision that benefits organisations who are not directly funded by MaPS, a further disinvestment in social-purpose, advice-giving organisations.

Contract specifications

The ITTs contain many problematic issues for prime and subcontractors, whether social purpose or otherwise, including TUPE, payments in arrears, and the lack of any allowance for inflation at a time when inflation is expected to rise (see <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/october2021>)

The way that the contract allocates risk between MaPS and contractors exposes contractors to significant uncertainties without giving them adequate room for manoeuvre. This uncertainty is further compounded by MaPS budgets that are subject to approval each year, with annual break clauses.

It also contains specific contractual provisions which make it more difficult for contractors to criticise MaPS or hold it to account for the way that services are commissioned or delivered – the opposite of services that learn how to

do things better. This will be a particular issue for many AdviceUK members, given MaPS's corporate identity as an arms-length government body sponsored by the Department for Work and Pensions (DWP). DWP policies and associated benefit administration processes drive significant levels of demand for social welfare advice amongst the communities served by AdviceUK members, particularly in relation to welfare benefits, debt and housing advice.

Setting aside considerations of wider purpose and policy, tenders designed against the current specification give very little scope for both prime and subcontractors to be sustainable beyond the current funding cycle. Current contract specifications inherently favour the formation of supply chains that are not diverse, which do not involve too many small subcontractors and which are designed to drive down overheads that could otherwise contribute to longer-term sustainability of the social purpose advice sector.

This is in conflict with MaPS's stated aim that contracts will promote access to debt advice for diverse communities. The need for high levels of top-down monitoring, prescriptive quality control and other contract management activities make the use of volunteers less viable for services that might be delivered through these contracts: paid staff will be essential.

Many advice-giving organisations have reported concerns that advisers undertaking MaPS-funded work are stressed and demoralised. AdviceUK welcomes the direct references in the ITT documentation to workforce wellbeing, but it is difficult to see how these will translate into reality given the specifications. In AdviceUK's view, these references do not address the primary causes of adviser stress: reduced agency for advisers in relation to how they do their work and scope to make a real difference in the lives of those they advise; pressure to hit arbitrary targets; poor levels of pay and job security in relation to workload, skills and training required; and monitoring and case recording requirements that squeeze out resources available to adapt the service to the needs of individual clients and communities.

Despite the references to flexibility, innovation and continuous improvement, the ITT and associated contracts are specified in ways that AdviceUK thinks will make it more difficult for both MaPS as a buyer and AdviceUK members as contractors (whether prime or subcontractors) to promote person-centred, flexible, shared learning approaches to debt advice which could enable MaPS funding to significantly improve people's lives over the longer-term. Outside of the implementation periods, there is little freedom within the contracts for organisations to experiment with new ways of working.

AdviceUK welcomed references in the ITT documentation to the specific issue of deficit budgets and the ability of contractors to support and, if necessary, refer people to alternative sources of help. We also welcomed references to supporting vulnerable customers, but are concerned that the specified

outcomes for people using services (self-reported customer outcomes on understanding, resolution and wellbeing) will not help debt advice giving organisations understand how their work can be better integrated into long-term improvements to the lives of the people they advise.

Data collection requirements in contracts will provide contractors with significant volumes of data about the profile of people they advise. However, it is still unclear whether (and if so how) data might be shared by MaPS between different supply chains to build up complete pictures of client journeys, end-to-end, especially when people's journeys may involve referrals between prime contractors and organisations in their associated supply chains, with all the commercial sensitivities such relationships entail. More importantly, AdviceUK does not think that these contracts will provide significant additional resources for contractors to analyse and act on data collected for contractual purposes.

MaPS's view is that the application of TUPE to the tender is the responsibility of the organisation tendering, and advises organisations to get their own legal advice on the application of TUPE. TUPE costs are specifically excluded from the pricing template for each lot. The potential application of TUPE poses a very significant risk to tendering organisations, particularly smaller organisations.

Tender specifications place undue risk on contractors who are required to forecast volumes of people advised over the first 3 years of the contract. This is inherently challenging given significant uncertainties about the impact of major drivers in the external environment, such as the COVID-19 pandemic and Brexit. Annual amounts that can be claimed are capped according to contract values, so both prime and subcontractors will be incentivised to hit a 'sweet spot' and try to smooth fluctuations in demand as much as possible to prevent the imposition of 'Remediation Plans', whilst not over-delivering on contract targets.

For tenderers, balancing a cautious approach to volumes forecasted (and finding it easier to manage target volumes during the lifetime of the contract) has of course to be balanced against the impact of cautious forecasts on a bid's score in respect of pricing.

The treatment of VAT (given the competitive procurement route) has a significant impact on money available to provide debt advice. Tenderers have needed to make judgements on how their bid compares with other potential bidders in terms of Cost to serve, Cost per productive hour, and % of Spend going on Overheads (including profit/surplus margins).

Lot 2 is the only lot that explicitly references in-person services. AdviceUK's assessment was that Lot 2 currently exposes contractors to particular risks in

ways that do not apply to the other lots for which tenders are invited, as set out in the following paragraphs.

Referral volumes risk: the referral structure outlined in Lot 2 indicates that the contractor(s) will be expected to receive a range of referrals from: MaPS-funded National Debt Advice Service (Lot 1); other MaPS-funded Regional Debt Advice Services (Lot 2); MaPS-funded Business Debt Advice Services (Lot 3); MaPS-funded DRO Administration Hubs (Lot 4); and a range of other non-MaPS-funded stakeholders. This applies to people who need to access services from a community setting, or people who need in-person support to undertake key tasks and actions relating to a debt case or DRO application. This potentially exposes contractors to high-volume referral pathways that they are expected to service, but where their ability to respond to varying levels of demand may be limited. This could result in Remediation Plans and/or reduced payments for work done through the service credit mechanism.

Case complexity risk: it is possible that more vulnerable people approaching services funded through Lots 1, 3 and 4 will be simply referred to regional providers of debt advice on the basis that they need in-person support. Evidence suggests that clients with the most complex social welfare problems are most likely to need at least some element of in-person provision, and to require journeys that involve multiple channels and more intensive work over longer periods of time.

In-person risks: AdviceUK's view is that risks associated with in-person service provision are inherently less easy to forecast. It is currently difficult to forecast what proportion of people will feel safe getting in-person debt advice, given the ongoing uncertainties of the COVID-pandemic and its implications for premises accessed by members of the public. There is no explicit recognition in the ITT documentation of the major impacts of the COVID-19 pandemic on people's behaviour, or indeed the difficulties that MaPS and others in the debt advice sector have already faced in accurately predicting demand for advice during the pandemic.

Workforce risks: similarly, AdviceUK's view is that Lot 2 bidders will be more exposed to uncertainties related to the preferences and motivations of people in their workforce post-pandemic. It is likely that more staff and volunteers in debt advice services will want increased flexibility to work from home at least part of the time. These preferences will be more difficult to manage when providing in-person advice.

Engagement and awareness-building activities: these are listed as a component of regional debt advice services, but the pricing structure for the lot does not make it clear how such activities should be costed.

Payments for unsuccessful DRO applications: AdviceUK's understanding is that payments would only be made – in arrears – for approved DROs. This means, in effect, that the DRO Hubs will have to undertake work for which they will receive no payment. MaPS therefore expects bidders to cost tenders on the understanding that some applications will be unsuccessful, an additional uncertainty and risk.