

## Recommissioning debt advice: meeting the needs of people with mental health problems

### Introduction

Debt advice is a lifeline for 1.7 million over-indebted people each year.<sup>1</sup> However, longstanding shortfalls in provision mean that supply has not kept pace with demand, and all those who need advice are not being served.<sup>2</sup> The pandemic added new pressures to already overstretched services. Its ongoing financial consequences - including job losses and cuts to incomes - together with the end of forbearance measures and the wider rise in energy prices mean the debt advice sector is poised for what's been described as a "tsunami" of demand for debt advice.<sup>3,4</sup>

While the demand for debt advice is expected to soar, the need is even greater for people with mental health problems. A combination of persistently low wages, challenges in the labour market and decade-long cuts to the benefits system meant that people with mental health problems were already in a more financially precarious position before March 2020.<sup>5</sup> Yet people with mental health problems have been harder hit during the pandemic too. They have been more likely than the rest of the population both to have fallen behind on essential payments and to have debts equivalent to 50% or more of their annual income - making it harder to manage those debts and pay them off.<sup>6</sup>

The consequences of problem debt and mental health problems can be devastating. We found that 44% of people with mental health problems who fell behind on bills during the pandemic either considered or attempted taking their own life -

equivalent to 2.5 million people.<sup>7</sup> While the drivers of suicidality are complex and varied, this finding underlines the importance of ensuring the debt advice market works for people with mental health problems.

In June 2020, HM Treasury and the Money and Pensions Service (MaPS) - the government's arms-length body responsible for the UK's financial wellbeing strategy - sought to address the rising need by announcing £38 million in extra funding for debt advice.<sup>8</sup> In July 2021, MaPS launched a procurement exercise to recommission debt advice in England, in order to achieve its goal of making debt advice available to 2 million more people each year across the UK and to respond to digital advances in the sector.<sup>9</sup> But, ahead of the scheduled announcement of the new contracts in January 2022, a number of MPs, organisations and campaign groups expressed concerns that the way funding has been allocated under the new commissioning will lead to a significant drop in the volume of debt advice that is delivered face-to-face.<sup>10</sup>

In this note, we first set out why effective, accessible debt advice is such an important issue for people with mental health problems. We then explore the available evidence and claims about what the new funding structure and commissioning requirements will mean for debt advice, with a particular focus on whether there will be an adverse impact on people with a mental health problem who are struggling with debt.<sup>11</sup>

## The needs of people with mental health problems when seeking debt advice

Changes to how debt advice is commissioned and provided present both opportunities and risks for people with mental health problems. In previous research, we discussed the significant barriers many people experiencing poor mental health can encounter when trying to get debt advice.<sup>12</sup> To ensure that those clients most in need of support are able to access it, and in recognition that half of people in problem debt also have a mental health problem, debt advice services must be commissioned with the needs of people with mental health problems in mind.

The channel through which debt advice is delivered can make a huge difference to a person's outcomes. Many people with mental health problems find particular forms of communication difficult or impossible to manage.<sup>13</sup> Not all people with mental health problems will want or need face-to-face debt advice or even complex casework, and for many people debt advice delivered remotely works well. But for some, including those who are digitally

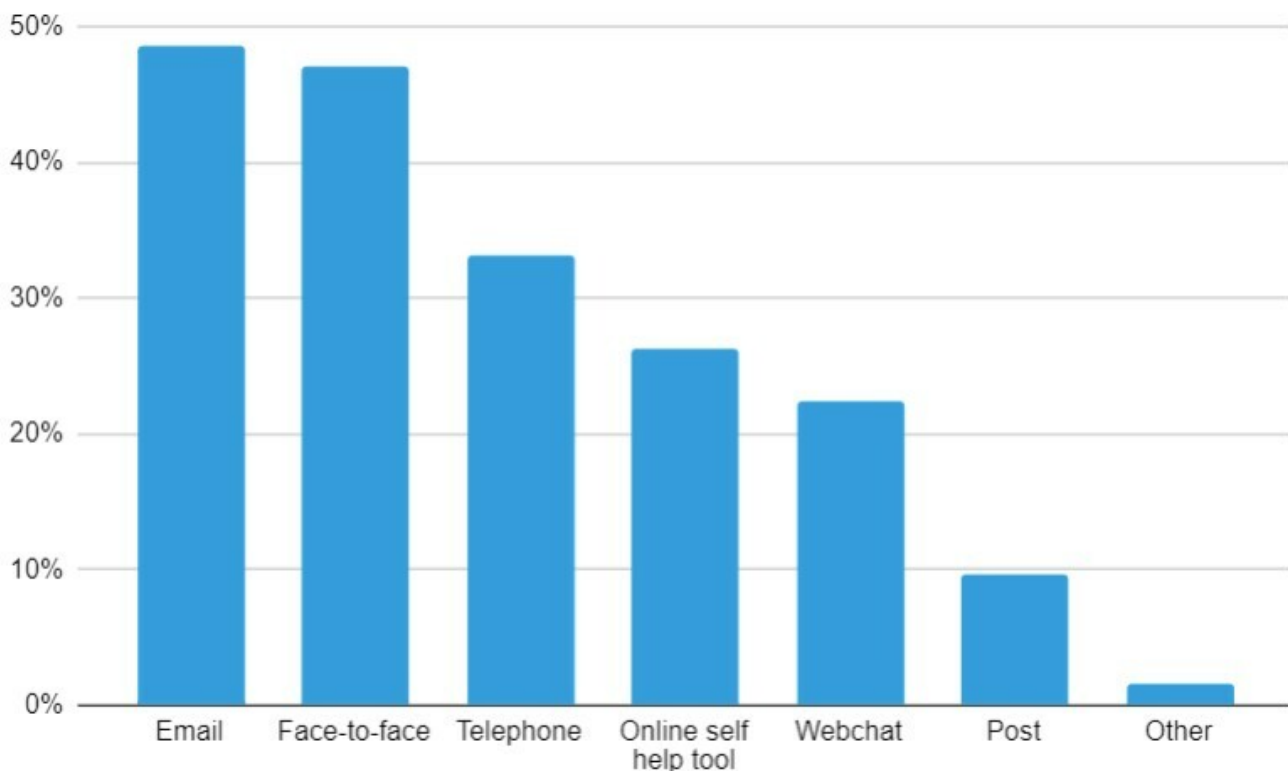
excluded, online can be impossible. For others, using the telephone can be a deeply distressing experience. For people in this position, face-to-face debt advice is crucial.

*"I was only offered advice over the phone, and the thought of getting all the information together was just so overwhelming that I did not take it any further."*  
Expert by experience

*"I find making phone calls extremely stressful, when my mental health is at its best, but impossible when my depression gets worse."*  
Expert by experience

Our previous research drawing on Money and Mental Health's Research Community - a group of thousands of people with lived experience of mental health problems - found that email and face-to-face were by far the most popular channels for receiving debt advice. As Figure 1 shows, almost half (49%) of participants said that email was one of their preferred communication channels, closely followed by those preferring face-to-face (47%). One-third (33%) of participants listed telephone advice, a quarter (26%) preferred online self-help tools and one in five (22%) preferred webchat. 14

**Figure 1: Preferred debt advice communication channels for people with mental health problems**



*Source: Money and Mental Health survey. Base for this question: 187 people with lived experience of mental health problems and debt advice. Respondents could list multiple preferred channels.*

While digital skills vary among Research Community members, these are nonetheless people who have been able to join and participate in surveys that are distributed via email. Research conducted for the Office for National Statistics has found that this is not the case for everyone. While the analysis does not separate out people with mental health problems, it finds that almost one in four (23%) people with a disability are non-internet users compared to just over one in twenty (6%) non-disabled adults. As such, it is imperative that sufficient proportions of debt advice provision are delivered through channels that don't require internet access or digital skills, such as over the phone or face-to-face.

This was reinforced by a survey we conducted in October 2021 with our Research Community about their experiences of seeking debt advice during the pandemic, when channel delivery was reduced. We found that:

- Over a third (35%) said the lack of face-to-face provision put them off contacting debt advice services.<sup>15</sup>
- Four in ten (40%) said they would have preferred to sit down with a debt adviser rather than access the support virtually.<sup>16</sup>
- Seven in ten (69%) said they needed more support than they received.<sup>17</sup>

Questions on channel preference, such as that

outlined in Figure 1, provide a useful but not definitive insight into this issue. While all our respondents had sought debt advice, we did not ask about the complexity of their financial issues or their mental health at the time of seeking it. Both of these are important factors in deciding what channel a person will be best suited to. But when a person's mental health problems mean they are not capable of taking action to resolve urgent issues themselves, or when they are unable to cover even their basic living costs, the risk of harm from being unable to access the appropriate channel increases.

*"I was completely incapable of doing any of the things they suggested such as writing to all my creditors and offering them a very small amount."* Expert by experience

### Understanding the MaPS recommissioning exercise

MaPS is the largest single funder of free debt advice in England and funds around one-third of debt advice services.<sup>18</sup> As such, this recommissioning exercise represents major reform of the sector, with huge changes to funding and service delivery models. Table 1 summarises these changes, based on the tender documents MaPS issued for the proposed model and our understanding of how the current model is composed, drawn from research and conversations with stakeholders from across the sector, including MaPS.

**Table 1: Changes to debt advice funding and service delivery models**

	Current model	Proposed model
<b>Total funding</b> <b>(Of which is apportioned to regional delivery)<sup>19</sup></b>	£53m per annum £34m (representing 64% of total funds)	£77m per annum £20m (representing 26% of total funds)
<b>Duration of funding</b>	1 year	3yrs (with possibility of further 2yr extension)
<b>Scope</b>	MaPS set requirements for bidders	Greater responsibility placed on those bidding to determine and meet channel delivery
<b>How payments are calculated</b>	By volume - numbers of people served	By time spent <sup>20</sup>
<b>Training</b>	No stipulation of mental health training in commissioning	Specific mental health training requirements <sup>21</sup>

*Source: Money and Mental Health's understanding of the current model is based on research and conversations with stakeholders from across the sector, including MaPS. On the proposed model, Money and Mental Health Policy Institute analysis of MaPS Statement of Requirements: Commissioning Debt Advice in England. Lots 1 & 2.<sup>22</sup>*

In practice, funds will be allocated to four separate service provisions, as outlined in Table 2 below. This policy note is primarily concerned with the £62 million being shared between the national and regional services.

**Table 2: MaPS debt advice funding structure**

Distribution		Amount	%
National services	3 x national debt advice services	£42m	55%
Regional services	3 x regional debt advice services (North, Midlands and South)	£20m	26%
Business debt services	1 x business debt advice hub	£3m	4%
Debt Relief Order services	3 x Debt Relief Order hubs	£12m	16%
<b>Total funding</b>		<b>£77m</b>	<b>100%</b>

Source: Money and Mental Health Policy Institute analysis of MaPS Statement of Requirements: Commissioning Debt Advice in England. Lots 1,2,3 & 4.<sup>23</sup>

The exact proportions of funding that will be allocated to specific channels, e.g. online, telephone or face-to-face, is unknown. This is because MaPS has not prescribed the service delivery channels for the national or regional services. Instead, they have left this crucial decision in the hands of bidders. Bidders are expected to determine levels of channel need and propose the proportions of service delivery that are to be allocated to each

channel. However, MaPS has mandated the retention of face-to-face support through their regional contract.<sup>24</sup> Therefore, while the exact proportions are unknown, it is highly likely that the bulk of in-person face-to-face delivery will happen via the regional services, and national services will deliver primarily remote services, as detailed in Table 3.

**Table 3: Likely primary channel delivery by service**

Contract	Channel	Where	Human interaction	% of overall
National	Self-service digital e.g. online tool	Remote	None - automated	55%
	Digital e.g. webchat		Yes	
	Telephone			
	In writing e.g. email or letter			
Regional	Face-to-face	In-person	Yes	26%

Source: Money and Mental Health Policy Institute analysis of MaPS Statement of Requirements: Commissioning Debt Advice in England. Lots 1&2.<sup>25</sup>

Notes: The exact channels and proportions of those channels that national and regional contracts will deliver services through remain unknown until contracts are awarded. However, national contracts are required to prioritise remote delivery, and face-to-face delivery has only been mandated in regional contracts.<sup>26</sup>

## What recommissioning could mean for people with mental health problems

We welcome several of the changes introduced through the MaPS recommissioning process, which are likely to positively impact on people with mental health problems. These include:

- The additional funding to serve more clients
- The shift from one-year to three-year agreements to give organisations greater financial security
- The move from payment-by-volume to payment-by-time for many delivery channels, which will address the current perverse incentive to focus primarily on the number of clients served
- The mental health training requirements for advisors built into regional contracts.

Despite these positive changes, the new model raises several concerns. The most pressing of these is the anticipated cut to face-to-face delivery. What follows is our evidence base for how these changes may impact people with mental health problems and why they are of concern.

### Reducing face-to-face debt advice without a clear evidence base

As shown in Table 1, there has been a significant increase in debt advice funding from £53 million pre-pandemic to the current £77 million per year. However, in recognition of digital advancements and the imperative to serve more people, the increased funding has primarily gone to services delivered nationally and not to regional face-to-face provision.

- Pre-pandemic, MaPS's overall budget for debt advice delivery was £53 million, £34 million of which went to face-to-face service provision,<sup>27</sup> representing 64% of their total spend.
- The new funding structure proposes a total of £77 million on debt advice, £20 million of which is for regional service delivery - representing just 26% of total spend (see Table 1).

This means that while overall funding for debt advice has increased, funding for face-to-face will in all likelihood be cut. The exact size of the cut remains unclear and undecided. MaPS has reported that<sup>28</sup> of the £34 million pre-pandemic that went to face-to-face provision, only 56% of that went on

face-to-face service delivery, approximately £19 million. And while the amount going to face-to-face under the new contracts will depend on what the successful bidders propose, MaPS's chief executive has said that "face-to-face accounts for about 20% of the funding allocation", which appears to imply a cut of several million pounds.<sup>29</sup>

There is no evidence to suggest that the need for face-to-face debt advice has reduced and in fact, when it comes to mental health problems, the share of the population experiencing these issues has increased during the pandemic.<sup>30</sup> Cutting face-to-face debt advice risks limiting the support that can be so valuable to vulnerable people, just as the sector, including MaPS, anticipates a huge spike in demand.<sup>31</sup>

### Over-reliance on bidders' evidence

The complicated recommissioning process means that the exact channels through which national and regional services will deliver advice are dependent on what individual bidders propose. While bidders - particularly those with extensive experience in the debt advice sector - will want to meet the needs of all clients, they will also be facing financial pressures and trade-offs. To give themselves the best chance of being successful in bidding to MaPS, it may be judged that focusing on the number of clients they can serve, rather than supporting those with more complex needs, is the best approach. By relying almost entirely on bidders and their own judgement of need, too much uncertainty is introduced over the quality of the evidence being used to inform the decision-making with regard to channel provision.

MaPS has said it has completed an Equality Impact Assessment on the effect of recommissioning. As the assessment has not been published, it is unclear how the impact of the changes on vulnerable client groups has been evaluated. But with the amounts of provision by channel yet to be decided, robustly exploring the impact of these potential changes on different groups appears a difficult task.

### Channel switching risks people with mental health problems falling through the gaps

A key component of MaPS's solution to increasing levels of case complexity is 'channel switching'. This means that advice providers who decide that a client's needs cannot be met via specific channels

will refer or signpost clients to an alternative channel that is more appropriate. MaPS's funding model encourages and supports providers to switch clients between channels when needed, by predominantly paying services for the time they have spent with each client. This should be a welcome shift for the more labour-intensive and costly services, such as casework and face-to-face.

Channel switching, however, relies on clients either advocating for themselves about their needs - be those case complexity, financial or mental health needs - or advisers identifying clients as requiring greater support. This approach runs the risk of many people with mental health problems falling through the gaps between services and out of the debt advice process.

Our previous research found that only just over half (54%) of survey respondents who did share details of their mental health problems with their debt advice provider felt their adviser took their mental health problems into account.<sup>32</sup>

*"[I didn't disclose my problems] because I was already embarrassed, ashamed, felt stupid without her finding out I had mental health problems, I had a feeling they would not have helped as much."*  
Expert by experience

Within the national service - where the majority of clients will begin their debt advice journey - advisers are not required to have the improved level of mental health training as advisors working under the regional contracts. This means their ability to identify and understand how a client's mental health affects their engagement with debt advice may be limited and therefore their ability to appropriate channel switch clients where need is evidenced.

But even when such needs are spotted or raised by the client, people with mental health problems can find all stages of the debt advice process difficult to navigate. This means any disruption, including switching channels or to a different adviser, risks people with mental health problems disengaging and falling out of the debt advice process.<sup>33</sup>

*"I can't remember who I contacted, but I was only offered advice over the phone, and the thought of getting all the information together was just so overwhelming that I did not take it any further."*  
Expert by experience

## Insufficient local resources to deal with need and case complexity

The debt advice sector anticipates increasingly complex cases in light of the financial impact of the pandemic. Additional pressure is likely to come from the sustained rise in the number of people dealing with poor mental health since March 2020.<sup>34</sup> This will mean those regional services that offer face-to-face casework for those with the most complex needs are more important than ever. Despite that, there is a real risk that the new funding arrangement will damage the very services that will see greater demand in the coming months and years.

The proportions of funding assigned to different channels will not be agreed until bids are complete and contracts awarded. This means the advice sector as a whole, and smaller advice services in-particular, has no assurance about the levels of face-to-face advice and casework they will be able to offer as of April 2022. There have been a number of reports of this uncertainty leading to redundancies and services closing, and campaign organisations have found that some local debt advice agencies will not be accepting new casework clients as of January.<sup>35</sup>

While some of these impacts may be reversed once the new contracts and the subsequent subcontracting process has been completed, there is no guarantee that they will resume as before. Local services have established longstanding relationships with their local communities. These services have links with local stakeholders including bailiffs, councils, food banks and domestic abuse services. The value of being able to quickly and effectively tap into these vital networks for vulnerable clients cannot be underestimated. Short-term uncertainty and cuts to face-to-face provision risk losing the years of relationships and knowledge built up between local debt advice organisations and their communities, which in turn impacts upon service provision to vulnerable clients.

MaPS, as custodians of the debt advice market, has a crucial role in supporting and promoting a thriving and diverse sector. Stripping back local provision that can deal with complexity, at a time when this will be needed more than ever, raises

the odds of failing to meet the needs of people with mental health problems.

### **Ensuring recommissioned debt advice works for people with mental health problems**

The concerns outlined above are pressing, but it is clear MaPS has a difficult task in recommissioning debt advice services. It already faced huge unmet need before the pandemic. With the anticipated rise in need resulting from the pandemic, it seems unlikely that the increased funding will fill this gap. Any recommissioning exercise must balance growing the number of clients served with ensuring services are accessible to people in vulnerable circumstances, including those with mental health problems.

A recent Departmental Review of MaPS summed up the scale of the challenge it faces, concluding that “face-to-face debt advice solutions cost markedly more than telephone based sessions, with a blended solution costing somewhere between the two. Therefore, there is a challenge for MaPS in achieving efficiency savings without reducing the efficacy of the services delivered and the quality of customer outcomes”.<sup>36</sup>

In response, MaPS appears to have sought to reconfigure service provision, creating a commissioning structure that heavily funds remote services - through which greater numbers of people can be served at volume - and a smaller proportion of funding to preserve services which can serve those with the most complex of needs. In theory, this sounds like a sensible approach. But the concerns outlined above, along with a lack of strong evidence to support the changes, means the risk of failing to meet the needs of those who require face-to-face advice remains too high.

There are a number of elements that, if put in place, would provide reassurance that the needs of people who depend on face-to-face services are being properly considered:

- MaPS should publish the completed impact assessment of the proposed commissioning changes, including any specific assessment of impact of the new delivery models and requirements on vulnerable clients.

- If the impact assessment does not already cover it, MaPS should model the effect of these changes on vulnerable client groups, including those with mental health problems, and publish their assessment of how the new commissioning structure is able to efficiently and effectively support the holistic needs of vulnerable clients.
- MaPS should stipulate a minimum quota for face-to-face advice in the contracts, preserving flexibility for the winning providers, but at the same time taking responsibility for protecting access to face-to-face debt advice for more vulnerable people. Minimum channel quotas should be based on a published and transparent evidence base.

We recognise that the recommissioning process is well underway with successful bidders set to be announced in January 2022. As such, a pause on recommissioning appears the best option. Extending the existing contracts for 12-18 months, and proportionally allocating the newly assigned funding to the currently-contracted providers, would ensure continuity of delivery as well as enough time to make the required changes. A consultation, providing sufficient time for the various parties to feed in and for MaPS to publish a response, would ensure a fuller picture of demand for various channels can be painted and factored into the revised commissioning process.

A pause would also provide the opportunity to make advice funded through the national contracts more accessible for people with mental health problems. MaPS should:

- Extend the mental health training requirements to the national contracts, where the bulk of service provision will take place, and the primary route into debt advice for people with mental health problems.
- Build into contracts the requirement for national services - including digital-only - to be built around the access needs of people with mental health problems.

## Footnotes

<sup>1</sup> MaPS. The UK Strategy for Financial Wellbeing 2020-2030. January 2020.

<sup>2</sup> Ibid.

<sup>3</sup> StepChange. Coronavirus and personal debt: a financial recovery strategy for households. StepChange. 2020.

<sup>4</sup> MaPS. [Extra £38 million for debt support in England in the wake of coronavirus](#). June 2020

<sup>5</sup> Bond N and D'Arcy C. Mind the income gap. Money and Mental Health Policy Institute. 2020.

<sup>6</sup> Bond N and D'Arcy C. The state we're in. Money and Mental Health Policy Institute. 2021.

<sup>7</sup> Ibid.

<sup>8</sup> MaPS. [Extra £38 million for debt support in England in the wake of coronavirus](#). June 2020..

<sup>9</sup> MaPS. The UK Strategy for Financial Wellbeing 2020-2030. January 2020.

<sup>10</sup> House of Commons Library. Westminster Hall debate: Reductions in community debt services. 29 November 2021.

<sup>11</sup> Holkar M. Debt and mental health: a statistical update. Money and Mental Health Policy Institute. 2019.

<sup>12</sup> Bond N and Holkar M. Help along the way. Money and Mental Health Policy Institute. July 2020.

<sup>13</sup> Ibid.

<sup>14</sup> Money and Mental Health survey. Base for this question: 187 people with lived experience of mental health problems and debt advice.

<sup>15</sup> Money and Mental Health survey. Bases for these questions: 60-62 people with lived experience of mental health problems and who had sought debt advice since the start of the pandemic in March 2020.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> While MaPS also fund debt advice in Wales, the process for doing so differs, and is not under discussion in this policy note.

<sup>19</sup> Regional delivery in the proposed contracts is where face-to-face debt advice is mandated.

<sup>20</sup> While payment type does differ somewhat between delivery channels, e.g. automated online is still paid by volume, the proposed model will be predominantly payment by time.

<sup>21</sup> Regional contracts only.

<sup>22</sup> MaPS. Statement of Requirements: Commissioning Debt Advice in England. Lots 1 & 2. July 2021

<sup>23</sup> MaPS. Statement of Requirements: Commissioning Debt Advice in England. Lots 1,2,3 & 4. July 2021

<sup>24</sup> MaPS debt advice commissioning briefing. MaPS. 03/11/2021

<sup>25</sup> MaPS. Statement of Requirements: Commissioning Debt Advice in England. Lots 1,2,3 & 4. July 2021

<sup>26</sup> MaPS debt advice commissioning briefing. MaPS. 03/11/2021

<sup>27</sup> We are debt advisers meeting with Caroline Siarkiewicz, chief executive of MaPS on 19/11/21 (Accessed here: <https://vimeo.com/648301158>)

<sup>28</sup> Ibid.

<sup>29</sup> Ibid.

<sup>30</sup> Office for National Statistics (ONS). Coronavirus and depression in adults in Great Britain. October 2021.

<sup>31</sup> MaPS. [Extra £38 million for debt support in England in the wake of coronavirus](#). June 2020

<sup>32</sup> Bond N and Holkar M. Help along the way. Money and Mental Health Policy Institute. July 2020.

<sup>33</sup> Ibid.

<sup>34</sup> ONS. Coronavirus and depression in adults in Great Britain. October 2021.

<sup>35</sup> Let's save face to face debt advice. Decommissioning debt advice in Leeds. December 2021.

<sup>36</sup> DWP. Departmental Review of the Money and Pensions Service. November 2021.