

A strategic approach to debt advice commissioning 2018–2023



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Foreword

Our five-year commissioning strategy for 2018–2023 outlines a challenging but exciting plan to help ensure that the services we fund in the future deliver the best immediate and longer-term outcomes for clients. We have consulted widely, listening to some 177 organisations, absorbing over 102 written responses and drawing upon extensive internal and external research.

Our six commissioning intentions were broadly welcomed. We heard very clearly the concerns raised around the unintended consequences of pursuing 'target groups', payment by outcomes, transitioning to new services and the need for debt advice funding to stretch further to deliver higher volumes while continuing to increase focus on improving quality. We have addressed these areas of concern, and others that have been raised, in this final version of the strategy. I'd like to record my thanks to everyone who submitted formal responses and attended the consultation events.

Growing need and uncertainty

We are living in uncertain times where the impact of the EU referendum, regional devolution, and the long-term impact of Brexit on household budgets is still inconclusive. An environment of rising inflation and interest rates, restricted wage growth and growing household borrowing suggest that the demand for debt advice will continue to increase, at a time where demand still significantly outstrips supply.

Working together

During the consultation, we were pleased that the principle of a phased, localised approach to commissioning services received strong support. Our approach to commissioning will put people in debt at the heart of all our decision making, at whatever level and wherever we are in the commissioning cycle, while working with our partners and stakeholders in a pragmatic, supportive and collaborative way. We will work with organisations and people in debt to co-design services, many of which may take new forms and lead to new partnerships.

The future

To date, MAS-funded provision has largely evolved organically, following our inheritance of a set of projects from what was BIS several years ago. We now, together, have the opportunity to build on what is already working well in the sector while also seeking to improve the client journey for people accessing our services.

We see this five-year strategy as the beginning of a journey and a new way of working together. We are genuinely excited by this and are looking forward to working with clients and stakeholders to make a real difference to people in debt. The new Single Finance Guidance Body will come into being early in the lifetime of this strategy and we have worked with the wider sector to ensure that the findings and direction of travel are transferable to ensure that resources will deliver for clients, when it assumes its new debt advice roles – a strategic role across the UK and a commissioning role in England – later in 2018/19.

We believe this strategy strikes the right balance in maintaining what we all do effectively as well as setting out how we will respond to future requirements and opportunities.

Sheila Wheeler
Director of Debt Advice

Executive summary

The Money Advice Service (MAS) is committed to commissioning debt advice of the highest quality with a focus on delivering the best immediate and longer-term outcomes for clients.

The consultation on our future commissioning strategy revealed a strong appetite for change across the sector and positive engagement with the commissioning intentions we proposed.

This final commissioning strategy:

- ▶ summarises feedback on each of the commissioning intentions that were consulted on;
- ▶ incorporates our reflections on changes we will make in light of the consultation; and
- ▶ sets out our high-level sourcing plan to cover the period 2018-2023.

The commissioning intentions that will guide our work during the strategy period are:

1 Align service design towards the needs of target groups within the over-indebted population

2 Deliver debt advice and money guidance services in a blended fashion, in line with need

3 Develop a clear view of the client from access through to outcome

4 Enhance the quality of debt advice provision across our funded services

5 Embed crisis debt advice within a network of holistic support

6 Develop services that make the best possible use of existing and emerging technologies



We will make enhancement of the quality of advice across our services a central focus of our commissioning approach. We will do this in a comprehensive and supportive fashion, with refreshed approaches to training, specialist support and performance management.

As noted in the consultation document, we expect that the Single Financial Guidance Body (SFGB) will be established during the period of this strategy. MAS remains committed to responding to opportunities and challenges in our funded debt advice provision while recognising that the leadership team of the SFGB will wish to reflect on the strategy once it has been appointed.

MAS will continue to work closely with partners in the advice sector, funders, HM Treasury, the Department for Work and Pensions (DWP) and the devolved governments across the UK. This close working will aim to ensure effective alignment of outcomes for clients across the UK in the context of the devolution in funding responsibilities to the Governments of Scotland, Wales and Northern Ireland envisaged in the Financial Guidance and Claims Bill. MAS remains committed to working constructively to share experience, research findings, insights and best practice with colleagues across the advice sector.

MAS would like to thank the more than 100 organisations that responded to the consultation and the 150 people who attended consultation events over the summer across the UK for their engagement and contributions.



Chapter One – Introduction

The Financial Services Act 2010 gave MAS objectives to enhance the understanding and knowledge of members of the public of financial matters and improve their ability to manage their own financial affairs. Subsequently, in the Financial Service Act 2012, MAS was given a further statutory duty to work with partners to improve the availability, quality and consistency of debt advice across the UK.

The SFGB will have a strategic function to improve the ability of members of the public to manage debt across the UK and for the funding of services in England¹. MAS anticipates the SFGB will be in place in late 2018 and is committed to playing its part in delivering a smooth transfer of functions between the respective bodies.

This strategy sets out a framework for debt advice commissioning over the next five years, during which time the responsibilities of MAS will transfer to the SFGB and the governments of Scotland, Wales and Northern Ireland. The timeframe that we envisage gives the SFGB a clear opportunity to consider its approach and the on-going suitability of the strategy without a risk to service continuity.

The strategy is designed to deliver better outcomes for the UK's over-indebted population, and while the picture is changing and evolving constantly, this strategy is based on:

- ▶ analysis of collective views of how the debt advice sector currently functions;
- ▶ evidence from research and intelligence; and
- ▶ a thorough consideration of how optimum impact can be achieved.

The strategy is designed to respond to the challenges that we have identified in the current debt advice marketplace and sets out MAS's intention to deliver more effective outcomes for clients through a focus on quality, consistency and value for money.

The commissioning intentions set out in chapter two aim to ensure commissioned services are ready to meet the challenges faced by over-indebted people in the UK now and in the future based on the best available evidence.

The commissioning intentions are designed to deliver improved outcomes for over-indebted people as follows:

- ▶ An increasing proportion of clients from target groups access debt advice services.
- ▶ Everyone receives a service which is tailored to their needs and increases their financial resilience.
- ▶ Clients receive timely and effective advice at all stages of the advice process.
- ▶ Clients receive effective advice in line with their needs from well-trained, empathic staff.
- ▶ Clients are able to access, or are sign-posted to, services complementary to debt advice to help them address the root causes of their debt problem.
- ▶ Existing and emerging technologies are effectively used to meet client need.

1. See the latest version of the Financial Guidance and Claims Bill:
<https://services.parliament.uk/bills/2017-19/financialguidanceandclaims.html>



Context

In recognising the need to respond to a changing marketplace, in which provision is falling while complexity and demand grows, MAS is moving to a more strategic approach to commissioning debt advice, which will allow for a more agile response to emerging challenges.

Drivers for change

Recent evidence² suggests that there are currently 8.3m people in the UK who feel their debts are a heavy burden or have missed three or more payments. This is a slight increase from the total of 7.9m people in 2016 reflecting accelerating levels of inflation and stagnant income growth.

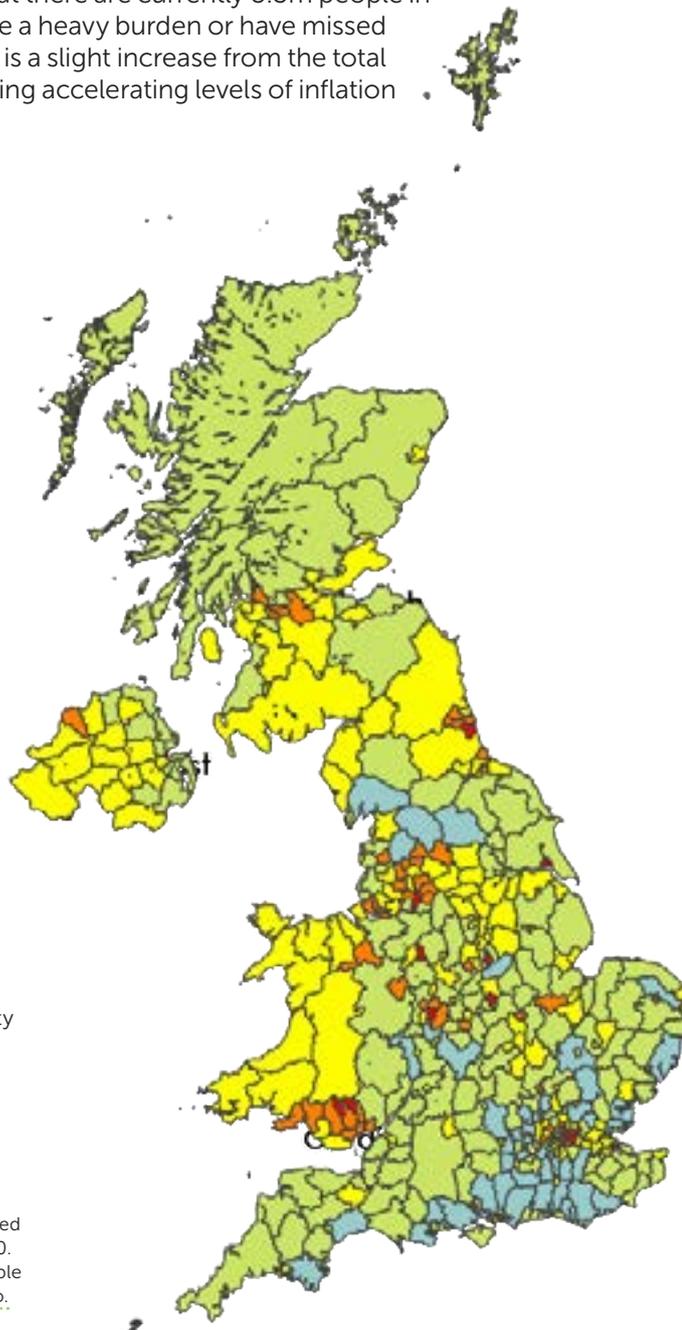
2017 Overindebtedness

% overindebtedness by local authority

Key:

- 9 to 12
- 12 to 15
- 15 to 18
- 18 to 20
- 20 to 23

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2. Over-indebtedness in the UK – 2017 Statistics available at <https://www.moneyadvice.service.org.uk/en/corporate/debt-publications>

Levels of over-indebtedness have increased as has demand for debt advice, partly driven by a change in the nature and complexity of debt problems with a greater focus now on priority debts and household bills amongst clients seeking advice.

Several factors are likely to be contributing to the increasing demand for debt advice:

- ▶ Inflation is increasing, reaching 3% in the latest estimates from the ONS.
- ▶ Unsecured lending is increasing at its fastest pace for 11 years and write-off levels are rising
- ▶ Changes to the welfare system – including the benefits cap and the roll-out of Universal Credit – are potentially adding greater complexity to the household budgets of low-income families
- ▶ The 'gig economy' and precarious forms of self-employment continue to grow³. Currently the self-employed workforce accounts for 15% of all people in work⁴.
- ▶ Bank of England and OBR projections are for lower growth and more economic volatility owing to the uncertainty around Britain's exit from the EU.

High-quality debt advice improves outcomes for people in debt and for their creditors. However, the most up-to-date figures suggest that less than 21% of the over-indebted population actively seeks debt advice in any given year. Overall knowledge about how to access debt advice remains low and a high proportion of people claim that they would never consider accessing debt advice.



3. <https://www.gov.uk/government/publications/good-work-the-taylor-review-of-modern-working-practices>

4. Office for National Statistics Statistical Bulletin - UK labour market: December 2017



The changing supply of debt advice

Levels of supply and volumes of funding are difficult to determine accurately due to the fragmented nature of the debt advice sector and a lack of comprehensive data. Greater insight will emerge at the conclusion of the independent review of debt advice funding that is currently taking place. However, some indicative data are set out below:

- ▶ At least £150m a year goes towards funding free-to-client debt advice.
- ▶ Using around £45m from the FCA levy, MAS funds around 65% of all face-to-face debt advice and significant amounts of telephone and digital advice across the UK.
- ▶ Local authorities, trusts and benevolent funds contribute a similar level of funding to MAS.
- ▶ Devolved nation governments fund around £3m annually in total, although this is falling.
- ▶ Financial services firms contribute around £50m a year through FairShare while receiving around £450m in repayments through debt management plans.
- ▶ Debt advice is also funded through ad hoc and CSR donations from some creditors (e.g. utility companies).
- ▶ Over-indebted people themselves fund a large amount of debt advice through the commercial sector by paying fees. However this level is also falling given the scaling back of that market.

Looking ahead

There are many factors that are contributing to change in the regulated debt advice landscape and which have an impact on levels of supply:

- ▶ The FCA's authorisation activity with debt management firms has contributed to the shrinking of the fee-charging market, with almost 250 fee-charging firms exiting the market. In addition, a period of consolidation and rationalisation is taking place which continues to have an impact on the sector.
- ▶ In October 2017, the FCA announced it will undertake a thematic review over the coming year into practices in fee-charging and free-to-customer debt management providers, as part of its work to build up a full picture of the debt advice sector. The FCA will consider outcomes for customers as well as the initial advice process. The review will seek to understand good practice as well as identify areas for improvement.
- ▶ A number of firms that have been authorised by the FCA remain closed to new business. Other organisations have found the requirements of regulation have brought higher oversight and compliance costs into their operations, which has led them to leave the market.
- ▶ The MAS supply survey pointed to a 10% fall in the supply of face-to-face debt advice between 2016 and 2017, while at the same time the over-indebted population has grown and the need for services across all channels has increased.
- ▶ Local authority funding remains under significant pressure and cut-backs on non-statutory activities, affecting all advice services, will impact on debt advice. As an example, during 2016/17 a third of councils in Scotland stopped their funding for advice services completely⁵.
- ▶ In July 2017, the Debt Advice Steering Group appointed Peter Wyman to lead an Independent Review of debt advice funding. This will consider the level of need and cost of debt advice and may recommend changes to the volume of funding, as well as the way in which it is collected and distributed. MAS and the wider sector will need to support the implementation of any recommendations made, which we look forward to receiving in due course.

The need for levy funding to achieve more

The increasing demand for debt advice services, coupled with falling supply and the growing complexity of presenting issues provides the strategic context in which MAS operates. There is an inevitable tension between the number of people reached and the impact that advice and capability-building can have. Given the levy funding that MAS receives will be required to deliver more than ever, a continuing challenge will be to ensure an appropriate balance between reach across the over-indebted population, versus prioritising the impact on those most in need.

Although the Money Advice Service is not a public body subject to the general or specific duty under the Equality Act 2010, we are publishing our Equalities Impact Assessment⁶ for this strategy on a voluntary basis. We commit to further assessments as part of any future commissioning process linked to this strategy.

5. http://www.improvementservice.org.uk/documents/money_advice/mapmf-impact-of-la-budget-cuts.pdf

6. <https://www.moneyadvice.service.org.uk/commissioningEIA>



Chapter Two – Feedback on commissioning intentions

The Commissioning Intentions will guide the commissioning agenda of MAS, influencing decisions and priorities on resource allocation over the five years of this strategy. Once the SFGB has been established its leadership team will wish to review the commissioning intentions in light of the final statutory functions given to the body by parliament.

MAS will work closely with the governments of Scotland, Wales and Northern Ireland to ensure that intentions are aligned as appropriate and reflect the challenges, priorities and need across the whole of the UK. Ultimately it will be the decision of those governments as to whether they wish to be guided by these strategic intentions or whether they will seek to develop their own.

Here we list our commissioning intentions, with details of how we intend to achieve each of them.

1 Align service design towards the needs of target groups within the over-indebted population



Client outcome:

- ▶ *An increasing proportion of clients from target groups access debt advice services*

Fewer than one in five over-indebted people access advice⁷. Despite this, most advice services are extremely busy and the demand-led nature of service delivery makes it difficult to consistently target services to those who are most in need.

Whilst MAS funded debt advice services will continue to be universally accessible and will not turn anyone away, a focus on target groups will help shape service design, engagement strategies and approaches to partnership development. Our aim is that the most financially

7. <https://www.moneyadviceservice.org.uk/indebtedlives>

vulnerable groups and those most under-served will be targeted more clearly and receive easier access to services.

Target groups of people most in need were defined in light of detailed research and have been refined in light of the consultation⁸. Targeting resource at such groups is aligned with the objectives of the SFGB as articulated in the Financial Guidance and Claims Bill and we will continue to use up-to-date data to inform our decision making and the development of equality impact assessments.

The cross-cutting themes we have introduced following the consultation will lead to a focus in our service design on over-indebted people with dependent children, low household incomes and who experience mental ill health. Beyond these cross-cutting themes we have also defined a final set of six target groups:

Target Groups

1. People at risk of homelessness.
2. People experiencing or who have recently experienced domestic abuse
3. Single people with severe mental health issues
4. Parents with 3+ children in rented accommodation
5. People newly diagnosed with a long-term health problem
6. People with variable incomes from employment

Key actions:

- ▶ Understand the characteristics of the target groups.
- ▶ Co-design and commission services that reach out to and engage with these target groups.
- ▶ Identify and work with providers with the abilities to focus on these groups.
- ▶ Act as a broker between debt advice specialists and beneficiary specialists to accelerate the targeting process.
- ▶ Map existing good practice in reaching the target groups and share that across the sector.
- ▶ Allow flexibility to identify and respond to locally or regionally identified target groups.
- ▶ Model each of the new groups using our existing geodemographic approach.
- ▶ Regularly review the appropriateness of each group during the lifetime of the strategy.
- ▶ Undertake a thorough testing of approaches prior to taking forward at scale.

8. Appendix 4 outlines the evidential basis for each group.



2 Deliver debt advice and money guidance services in a blended fashion, in line with need



Client outcome:

- ▶ *Everyone receives a service which is tailored to their needs and increases their financial resilience*

The needs of debt advice clients vary significantly. Some require detailed advice and support in a crisis, others benefit from a lighter touch and more straightforward money management advice.

The provision of a clear initial assessment of each client's needs at the outset of the advice process will ensure the correct pathway and level of support required are identified, so that if money guidance support and intervention is sufficient, then that is what will be offered. This triage process will ensure that the style of provision is appropriate and will be complemented at the end of the advice process by the ability of clients to access ongoing support with money management and/or other services to build more sustainable outcomes.

MAS will work with providers through the commissioning process to deliver a proportionate approach to blending money and debt advice ensuring that interventions occur at the right point in the client journey. This will include developing a menu of options that establishes consistency across the sector and incorporates mandatory and optional aspects of financial capability support.

We will use a clear definition of what financial capability means in the context of giving debt advice and align expected outcomes to those set out in the outcomes frameworks developed under the auspices of the Financial Capability Strategy for the UK⁹. It is clear however that for over-indebted people the distinction between money and debt advice is of little consequence and in terms of designing services it is unlikely that a clear client-facing delineation will be necessary.

9. <https://www.fincap.org.uk/evaluation-toolkit-homepage>

The current Common Initial Assessment (CIA) is not enough to assess financial capability needs and other tools will need to be developed. MAS will work with partners across the sector to define how client needs and capabilities should be assessed and we will ensure appropriate levels of training are in place to deliver thorough needs assessment consistently.

Currently there is no overall picture and knowledge of all the financial capability practices that exist across the sector. This will be mapped and when combined with a clear definition of financial capability the opportunity will then be in place for MAS to develop a best practice framework incorporating minimum requirements of future services.

Key actions:

- ▶ Create an initial needs assessment to assess accurately client needs and capabilities.
- ▶ Develop a menu of options relevant to different levels of capability and confidence including sign-posting to related services.
- ▶ In the context of debt advice delivery, MAS will work with the sector to determine an appropriate model and approach to improving financial capability.
- ▶ Map financial capability practices and develop a best practice framework.



3 Develop a clear view of the client from access through to outcome

Client outcome:

► *Clients receive timely, effective advice at all stages of the advice process*

There are technical, cultural and operational challenges inherent in this intention and we will take a systematic approach to deliver greater transparency across the client journey. We will prioritise what can be implemented with minimal upheaval while designing and piloting approaches to address more deeply rooted challenges.

Designing a set of outcomes relevant to all users of debt advice services will be difficult and strong input measures are equally important. Our revised intention, therefore, is to balance the identification and measurement of critical inputs into the debt advice process with a clear approach to monitoring and evaluating the quality of client outcomes.

We will continue to put the client at the heart of service provision and be consistent with our intention to embed the principles of co-design into all service provision. Linking up the various existing processes systematically, including peer review, self-reported client data and case recording systems will help ensure that there is a clearer overview of the effectiveness of the client journey from initial contact to longer-term outcomes.

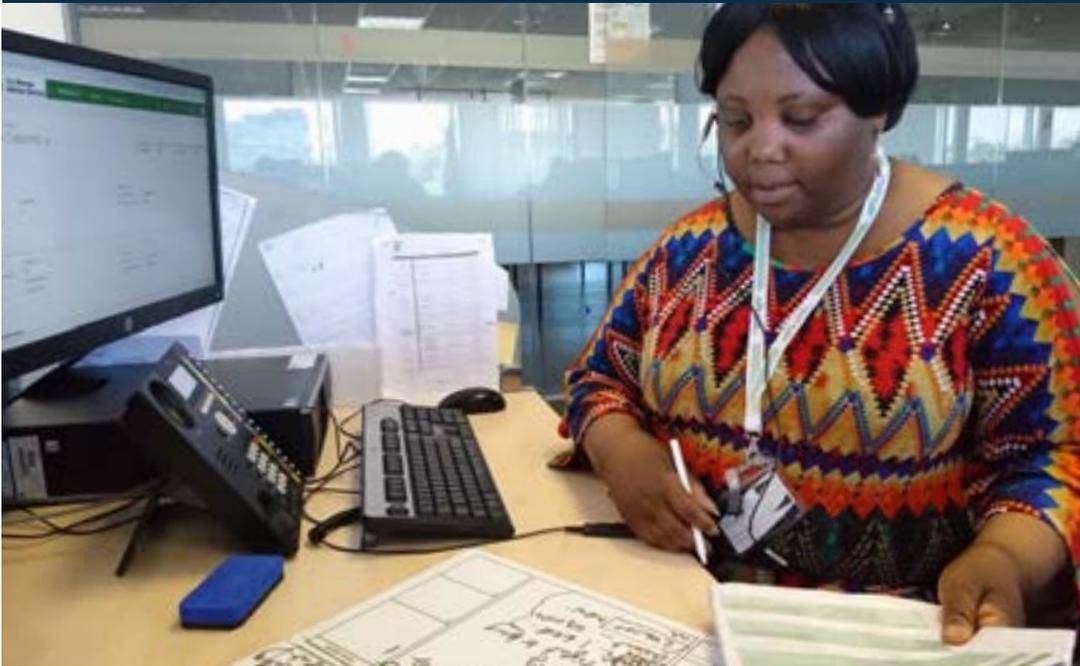
We will consider how payment models best fit as part of a wider approach looking at how MAS can best support funded services to deliver the critical inputs and desired outcomes referred to above. The complexities of a simple payment by results model was highlighted at consultation and will not be pursued, instead any new payment model will take into account a basket of quality, productivity, client outcome, operational and supply chain measures.

Many respondents to the consultation expressed support for the concept of single points of entry for telephone and digital advice. However, support for this idea was not universal and so MAS will adopt a considered approach and engage with over-indebted people and stakeholders to develop a clear strategic position and delivery options for commissioning telephone and digital services, including the possibility of single points of entry. This work will be developed in tandem with commissioning intention six.

Key actions:

- Pilot solutions to track clients through one shared view of their history: what they needed, what they got, what actions they took and what the outcomes were.
- Formalise the links between the existing debt commissioning reporting framework and quality frameworks. We will also incorporate a risk-based approach to both the quality of advice and client outcomes into the performance management framework for commissioning debt services.
- Putting the client at the heart of service provision and being consistent with our intention to embed the principles of co-design of service provision.
- Develop a payment model that takes into account a basket of hard and soft measures including quality, productivity, client outcome operational and supply chain measures.
- To develop a clear strategic position and delivery options for commissioning telephone and digital services.
- Identify and measure the critical inputs into the debt advice process while monitoring outcomes.

4 Enhance the quality of debt advice provision across our funded services



Client outcome:

- ▶ *Clients receive effective advice in line with their needs from well-trained, empathic staff*

Our aim is that advisers have the knowledge, skills and confidence to identify and take action to prevent and address over-indebtedness. In 2018/19, MAS will develop and implement a refreshed performance management framework for its services, incorporating a more transparent peer review process. MAS will work with the sector to understand existing efforts being made by organisations to develop their workforces and will take these efforts into account in our work. We will also take a strategic approach to consider the context and drivers for a changing workforce, the assets and skills needed across the sector, and to develop a vision, and principles that are understood and embraced by MAS-funded debt advisers.

MAS will review challenges to recruitment and retention, and will embed professional development in our approach to commissioning. This will consider relevant technical and soft skills as well as recognising the need for new talent in the sector, creating pathways for trainees and experienced advisers that encourage more people to join and stay in debt advice. We want advisers to aspire to work as part of MAS-funded projects and we will explore complementary activities to support and develop the workforce, such as Investors in Volunteers, apprenticeship schemes and a fast track for law students.

The culture at MAS needs to evolve too if it is to drive cultural change within advice services to deliver truly client focussed services. We will spend more time with the people delivering our services, including routinely engaging with management and operational staff. We will apply flexibility in our approach to support and seek to build capacity in these roles to enable both compliance and continuous improvement. This focus on management and culture will be complemented by enhanced training for staff and clearer specifications of delivery models.

These measures will help offer a more attractive and clearer career path for debt advisers and ensure that there is a sufficient pool of expert advisers to draw upon.



Key actions:

- ▶ Use the existing and emerging evidence base to clearly articulate what the problem is we need to solve.
- ▶ Building on the MAS Debt Advice Quality Framework, implement a performance framework enabling consistency in recruitment, and clear pathways to support the development of professional, capable and competent MAS-funded advisers.
- ▶ Explore recognition programmes to reward those who strive for excellence and build and embed commitment to training and advancement.
- ▶ Explore options for developing the market of debt advisers, including a fast track for law students, recognising the specific needs of trainee advisers, apprenticeships within MAS-funded debt advice and Investors in Volunteers.
- ▶ Establish a programme of routine engagement with management and operational staff to support and enable continuous improvement and compliance.

5 Embed crisis debt advice within a network of holistic support

Client outcome:

- ▶ *Clients can access, or are sign-posted to, services complementary to debt advice to help them address the root causes of their debt problem*

Over-indebtedness is almost always caused by persistent low income or the inability to cope with an income shock resulting from a change in personal circumstances, such as job loss, addiction or relationship breakdown. Increasing effectiveness means:

- ▶ moving to a more holistic and integrated approach to debt advice and other support needs
- ▶ putting the individual needs of people at the centre of how services are organised and delivered, and;
- ▶ offering the opportunity for prevention and intervention with the potential to dramatically improve long-term outcomes.

Resolving the causes of over-indebtedness often requires far more than what is conventionally understood as debt advice to deliver transformational change in the lives of individuals.

Good commissioning will ensure that services to support clients address the root causes of their over-indebtedness through strong referral partnerships with outside agencies and a clear focus in the service design in terms of addressing problems holistically.

MAS will review existing practices of holistic services and, mindful of complementing existing local arrangements, we will make extensive use of co-located services, non-traditional delivery locations and in some cases the comprehensive integration of services – for example, support with debt issues and mental health issues being delivered together to generate the most effective longer-term outcome for clients.

Any strategy for developing holistic support should define or provide a method for tracking customer journeys / outcomes through such support. MAS will explore the potential for technical solutions to support this principle through developments such as a single CRM, referral hub and outcomes tracking.

It is important to ensure that holistic services address the cause of debt rather than ongoing support that encourages client dependency.

Key actions:

- ▶ Map existing best practice, support and upscale where appropriate and then analyse where a variety of pilots could be used to investigate new opportunities and approaches, specifically around themes of co-commissioning and co-location.
- ▶ Develop relationships and identify co-commissioning opportunities with intermediaries offering complementary services.
- ▶ Work with organisations to develop and implement a new more joined-up approach based on shared outcomes for the client responding to need.
- ▶ Explore technical solutions to facilitate better holistic support (single CRM, referral hub, outcomes tracking etc).



6 Develop services that make the best possible use of existing and emerging technologies



Client outcome:

- ▶ *Existing and emerging technologies are effectively utilised to meet client need*

Exploiting technological innovation is critical to enable efficiency improvements in existing services and for building new delivery platforms that take advantage of recent innovations to help reach new audiences with advice.

Possible links between emerging delivery platforms such as chatbots and the opportunities presented by the open banking requirements under the second Payment Services Directive are at the forefront of shaping opportunities to benefit over-indebted people, and have the potential to transform the advice sector completely.

To increase access to debt advice within existing resources, a greater proportion of service delivery will be across digital channels. This is in line with a broader public-sector shift towards a greater use of digital forms of engagement with public services – for example, the recent transfer of bankruptcy to an online platform. MAS will engage with the sector to refine its role, whether as a thought leader, or direct commissioner of technology.

Key actions:

- ▶ Define the scope of our role to include acting as a catalyst to enable the sector to respond fully to the opportunities presented by open banking
- ▶ Conduct a mapping exercise of existing 'tech' and new innovation being developed within the sector to avoid duplication.
- ▶ Co-design and implement a common data-set initiative across all MAS funded services (eventually the wider sector) so that information can be easily shared and compared for improved insight.
- ▶ Build on the work MAS has conducted with the FinTech community on financial capability for the benefit of over-indebted people.
- ▶ Identify key technological innovations to incorporate into MAS commissioning and build into the sourcing plan.



Chapter Three – Delivery plan

The delivery plan sets out our intentions for:

- ▶ the sourcing of services over the period of this strategy;
- ▶ the nature of this provision;
- ▶ transition from current arrangements; and
- ▶ relationships with the devolved nations.

Our implementation of this plan will be informed by our wider service design philosophy of understanding need, testing new approaches and evaluating effectiveness as part of a stable roll-out. Our focus in the first year of the strategy will be on enhancing quality across our services and developing new approaches to service design to inform service delivery from April 2019.

Phased Implementation

The principle of a phased approach to commissioning received over-whelming support during the consultation. There was recognition that it:

- ▶ minimised risk and disruption;
- ▶ took account of resource needs across the sector, including at MAS;
- ▶ accommodated the need for engagement with stakeholders to develop commissioning intentions; and
- ▶ would ensure a smooth transition to new models of service design and ways of working.

The approach complements the introduction of a cyclical model of commissioning that will include ongoing review, horizon scanning, a test and learn approach, and a commitment to stable and managed continuous improvement.

A phased approach also allows potential new entrants to the market time to take account of and implement minimum requirements such as quality systems, relevant staff accreditation and regulatory compliance, so they are bid-ready.

Face to Face Services in England

MAS recognises that one size does not fit all and delivery models may need to vary locally to best meet client need. To support this, we will migrate from the five agreements that currently cover England, and commission services based on nine geographical regions (North East, North West, Yorkshire & Humber, West Midlands, East Midlands, East of England, London, South East and South West).

Commissioning in each region will involve an analysis and planning stage including co-designing of services based on local factors and involving local over-indebted people, advisers and potential partner organisations. At the conclusion of the analysis and planning stage, MAS will consider whether client needs would be best met through a further sub-regional approach.

This regional/sub-regional approach will align services to local need but and lead to a balanced portfolio of agreements and potentially develop new partnerships providing local and/or innovative solutions.

The service delivery plan (set out in Appendix 3) details the order in which regions will be considered and reflects:

- ▶ levels of over indebtedness;
- ▶ our analysis of supply and need;
- ▶ aggregated quality information; and
- ▶ regional client outcomes data.

Each phase of commissioning will lead to additional learning and it is possible that in the later years of the plan phases will be completed more speedily than indicated.

Telephone and Digital Services

To broaden access to advice over time, an increasing proportion of MAS service delivery will take place through telephone and digital channels. This approach received broad support during the consultation phase and is in line with the broader public-sector shift to greater utilisation of digital forms of engagement with public services.

MAS will take a considered approach to analyse evidence, engage with users and stakeholders and plan exactly what and how it will commission over the phone and online. This will include the wider use of existing and innovative technology and its interface with face-to-face services. This will take place in the period up to April 2019 when the tendering process will begin for planned delivery from April 2020.

During this period, we will develop a clear strategic position with delivery options for telephone and digital services (including options for MAS delivery, the use of externally sourced solutions or services, or acting as a strategic co-ordinator) and consider the extent to which existing agreements could be enhanced or consolidated, or new agreements put in place.

Service continuity

Service continuity is paramount and to ensure continuity of service while the sourcing plan is rolled out, 12-month rolling agreements will be put in place with existing providers until the new commissioning arrangements take effect in their area. MAS will use these agreements to systematically incorporate service enhancements, with a particular focus in 2018/19 on quality improvements, and new ways of working that emerge from the development of our commissioning intentions.

Duration of agreements

The need for sustainability and retention of staff were key messages from the sector. In response, MAS aims to establish all future agreements for a minimum period of three years with the facility to extend for a further two years. Our working assumption will be that agreements will last for five years but, in addition to a standard annual review process, we will build in a comprehensive review in the run-up to the end of year three to enable a timely decision to be made on whether the extension will be put into effect.

While agreements will be reviewed annually this approach provides partners with stability to plan for the future and supports recruitment and retention of staff while giving MAS the flexibility to address poor performance or adjust services in response to emerging good practice, structural changes in the sector and changing patterns of client need.

MAS will consider longer term agreements if this will provide additional benefits to clients. Examples could include: attracting greater capital investment, delivery of innovative solutions, or efficiency offers from providers.



Development and delivery of our Commissioning Intentions

Work streams will be established to develop the six Commissioning Intentions contained within this strategy and this will be done in partnership with relevant experts from the sector and beyond. The outcomes from such activities will influence not only the content of the delivery plan but also annual variations to existing agreements.

A structured approach to analysis and planning, will allow for evidence-based decisions to be made on how to deliver the best outcomes for users. These decisions may lead to:

- ▶ project activities for MAS to deliver in-house;
- ▶ plans for sourcing new services through tendering;
- ▶ changes to current agreements; or
- ▶ a coordination role for MAS to act as the 'glue in the middle' to stimulate sectoral improvements and change.

Support Agreements

The infrastructure of existing support services will be reviewed, aligned to our phased approach and developed to complement our commissioning intentions. This may include agreeing extensions to existing arrangements, or commissioning new support agreements should they be required to enable our commissioning intentions to be delivered.

Wales, Scotland and Northern Ireland

The Government's plans for a UK-wide Single Financial Guidance Body (SFGB), have been made more explicit in the Financial Guidance & Claims Bill, and includes plans for debt advice funding to flow directly to each of the devolved nations.

MAS will work closely with the devolved administration to share our plans for service improvements and commissioning to promote a seamless transfer of responsibilities. Until the SFGB is operational MAS will continue to deliver its commissioning responsibilities in Wales, Scotland and Northern Ireland and will continue to work with the devolved administrations within the wider context of the Sector Strategy. Upon establishment, the SFGB will, under the auspices of its strategic function, maintain a close working relationships on areas of mutual interest with commissioners in each of the devolved administrations.

Market development

There is a need to develop the market to deliver the proposed intentions outlined. We envisage the participation of a broader set of delivery partners, in particular organisations that are experts in supporting people in our target groups, and we recognise that a comprehensive digital proposition will take time to scope and build. Key to successful market development will be engaging over-indebted people and organisations in the journey over the next five years. MAS will take an open approach and facilitate detailed engagement from all parties.

We will build a higher level of knowledge among all stakeholders about the factors that influence client need and develop a common understanding of the perspectives and experiences of people using debt advice to drive sector change and shape better client journeys.

Co-design will be critical to the success of delivering our commissioning intentions, and commissioners, providers and potential users will be real partners in shaping and developing services and the market in developing more innovative responses to existing challenges and problems. We will take our cues primarily from potential service-users but each party's contribution will be recognised and valued to establish a clear, shared understanding to support decision-making processes.

This approach will need clear short-term, medium-term and longer-term priorities set out with proper time frames for analysis and testing. In all development, people in debt will be at the heart of decision making in a pragmatic, supportive and collaborative way. MAS will work with the market to generate solutions to existing problems, many of which may be new approaches and thinking.

All parties will need to commit to identifying, measuring and articulating what works in delivering and commissioning. The success of this new approach will depend on a shared willingness and ability to do this well. There will be an expectation that our delivery partners will actively enhance existing relationships, or seek out new relationships with relevant organisations to ensure delivery of our commissioning intentions, particularly with reference to reaching the target groups.

MAS's engagement with the market will help to determine the market readiness of certain organisations to bid for commissioned services and to support organisations where necessary in becoming bid ready.

MAS's approach will be to ensure inclusivity so that organisations are not permanently excluded on the grounds of size, or 'bid-readiness' and encourage participation where appropriate from all provider sectors including commercial, not-for-profit, public-sector and joint collaborative partnership approaches.



Appendix 1 – Bibliography of external research consulted

We have provided a selection of the publicly available sources used in developing this strategy. We also drew extensively on the findings of our own research from the last six years, which is available on our website.

We would like to record our gratitude to partners in the advice sector for sharing unpublished, internal data to help inform our thinking.

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Appendix 2 – Summary of consultation responses

The Money Advice Service is committed to working with – and through – partners.

The Money Advice Service is committed to working with – and through – partners.

We published a consultation version of this strategy on 17 July 2017 and consultation closed on 30 August 2017. Six consultation events were attended by over 140 stakeholders, representing over 100 organisations across the UK. We received 102 written responses, including those received through an online portal and via email.

We are very grateful to those organisations and individuals who offered suggestions, evidence, insight and constructive challenge throughout the consultation process.

93% of those responding to an online survey after the consultation events said they would recommend similar events to colleagues in future and participants reported that they found the events useful.

A significant majority of responses agreed the client outcomes outlined under each of the commissioning intentions were the right ones though there were some different views on relative priorities and how the commissioning intentions should be progressed over the lifetime of the strategy with a test and learn approach strongly advocated by many.

The following summaries reflect the common themes that we identified from the written responses and consultation events. These summaries cannot fully reflect the level of detail in the responses we received but it was all carefully considered during our analysis.

Commissioning intention 1 – Identify and target priority groups within the over-indebted population.

It was clear from the consultation events that many people had misinterpreted the proposal to mean the targeting of priority groups to the exclusion of the wider population; this was also mirrored in online responses from those who had not attended events.

Respondents welcomed an evidence based approach to prioritisation but did not consider that the evidence base was sufficiently explained for the groups identified in the draft strategy. A high proportion of respondents proposed that we consider other demographic factors for consideration and the alternative prioritisation based on client circumstance rather than characteristics. The concern was expressed that targeting by demographic may increase stigma around the use of debt advice services and lead to self-exclusion.

Across the UK there was strong support for building in flexibility through the commissioning process to allow services to identify and respond to locally or regionally identified priority groups.

Commissioning intention 2 – Deliver debt advice and money guidance services in a blended fashion, in line with need.

There was strong agreement in principle for offering integrated debt advice and money guidance, in recognition of the value of financial capability support for those who need it. Many of the responses noted that the need for debt advice was not necessarily a consequence of poor financial capability skills, including with those for whom long term insufficient income was the primary cause of over-indebtedness.

Although some debt advisers were already offering a blended service, they were struggling to do so where their funding was based on volume targets. However, there was broad acknowledgement that clients were often not ready to engage with building skills at the point of crisis debt. The financial capability investment needed to achieve behavioural change is greater than MAS funded debt advisers are able to offer due to capacity issues. A number of responses asked for better training and the tools to support a blended approach and drive greater consistency.

There were also a number of responses that cited the Leeds Money Buddies programme as an effective support tool for both local debt advice services and clients effectively. Other local examples are often conditional upon volunteer capacity or short-term funding with MAS called upon to co-ordinate and provide sustainable funding for financial capability work. In the devolved administrations there was a call for MAS/SFGB to continue to work closely with devolved governments to overcome the challenges of seamlessly blending advice and financial education within a service funded by different bodies after the point of transfer.

Commissioning intention 3 – Develop a clear view of the client from access through to outcome.

There was broad support for a client-centred, outcomes-focussed approach. This was balanced by an acknowledgement that there will be challenges in creating a consistent outcome framework including practical difficulties in ensuring that approaches are relevant to all clients, and in keeping clients engaged after the debt problem that they originally presented with has been resolved in order to measure longer term outcomes. Respondents agreed that a co-design process to define outcomes should prioritise clients and also include creditors and advice agencies.

A significant majority voiced strong disagreement with the principle of payment by outcomes which risked cherry picking of cases, poorer service to clients and destabilising frontline providers finances.

Although most supported a single point of entry, many pointed out that telephone and web based points of entry will only work for those able to access and satisfactorily use them and should not be prioritised at the expense of face-to-face services. Those with existing telephone and online service offers were particularly concerned that a new brand or single point of access might create - rather than reduce - confusion for those seeking advice.

A sizeable proportion of respondents were not clear what was meant by a proportionate risk based approach to performance management. Others took the view that the strategy should move away from a primarily target-driven model (including payments) towards a more balanced approach including quality indicators, operational metrics, supply chain effectiveness, client outcomes and productivity.

Commissioning intention 4 – Establish a comprehensive workforce strategy for MAS funded advisers.

There was extensive support for a co-ordinated approach to workforce development across the whole of the debt advice sector to increase the recognition and professionalism of the sector to improve recruitment, retention and job satisfaction. Respondents appealed to MAS not to create a new strategy but to work with the sector to better understand the issues and to work in partnership to understand and align further support within existing systems and frameworks.

Funded agencies particularly pointed towards the tensions created by target-based commissioning and challenged MAS to ensure that the capacity and funding to cover the costs associated with improving workforce quality are addressed through longer term future funding agreements.

Commissioning intention 5 – Embed crisis debt advice within a network of holistic support.

We found that there was generally strong support for the principle of a holistic network and services to complement debt advice. Many respondents pointed out that co-commissioning was only one way in which this could be achieved but that there were other ways in which this could effectively be achieved including through co-location, effective referrals, and partnership working. Caution was urged in relation to creating new regional or national systems which could undermine existing local arrangements which currently benefit service users.

A large number of existing good practice examples were cited across the UK and respondents were keen that MAS should take the opportunity to map existing best practice, support and upscale where appropriate and then analyse through a variety of What Works Network pilots to investigate new opportunities and approaches, specifically around the themes of co-commissioning and co-location. These pilots could be linked to support for priority groups identified under commissioning intention 1.

Notable interest was also shown by both creditors and advice providers in the potential for technical solutions which could practically support a holistic approach such as a single CRM, referral hub and outcomes tracking.

Commissioning intention 6 – Build services that make the best possible use of existing and emerging technologies.

Respondents strongly agreed with the proposition. However, there was widespread recognition that problems for users needed to be considered and user tested - for clients and the delivery sector - to ensure equitable physical access and to overcome other engagement barriers where they exist, including user resistance.

There was a broad consensus that MAS should begin by looking to the commercial sector for support with this intention. This offers the chance to explore shared platforms and opportunities presented by open banking and the second payment services directive (PSD2). Where effective tools already exist, these should be shared and widely promoted.

Some respondents felt that infrastructure investment would help to create a level playing field, and this was particularly true for smaller organisations. Other respondents were concerned that expensive investment in technology may diminish the funding available for face-to-face services.

Some respondents were unclear whether MAS intended to be a thought leader, a facilitator or a direct commissioner of technology solutions and wanted reassurance that we will communicate and engage effectively as our thinking develops over the lifetime of the strategy.

Market development

The principle of a phased approach to commissioning services received overwhelming support during the consultation with feedback consistently recognising that this is best practice, manageable for commissioners and the market, while allowing for learning from earlier projects to be built into latter projects. There was also feedback that MAS should prioritise projects based on need.

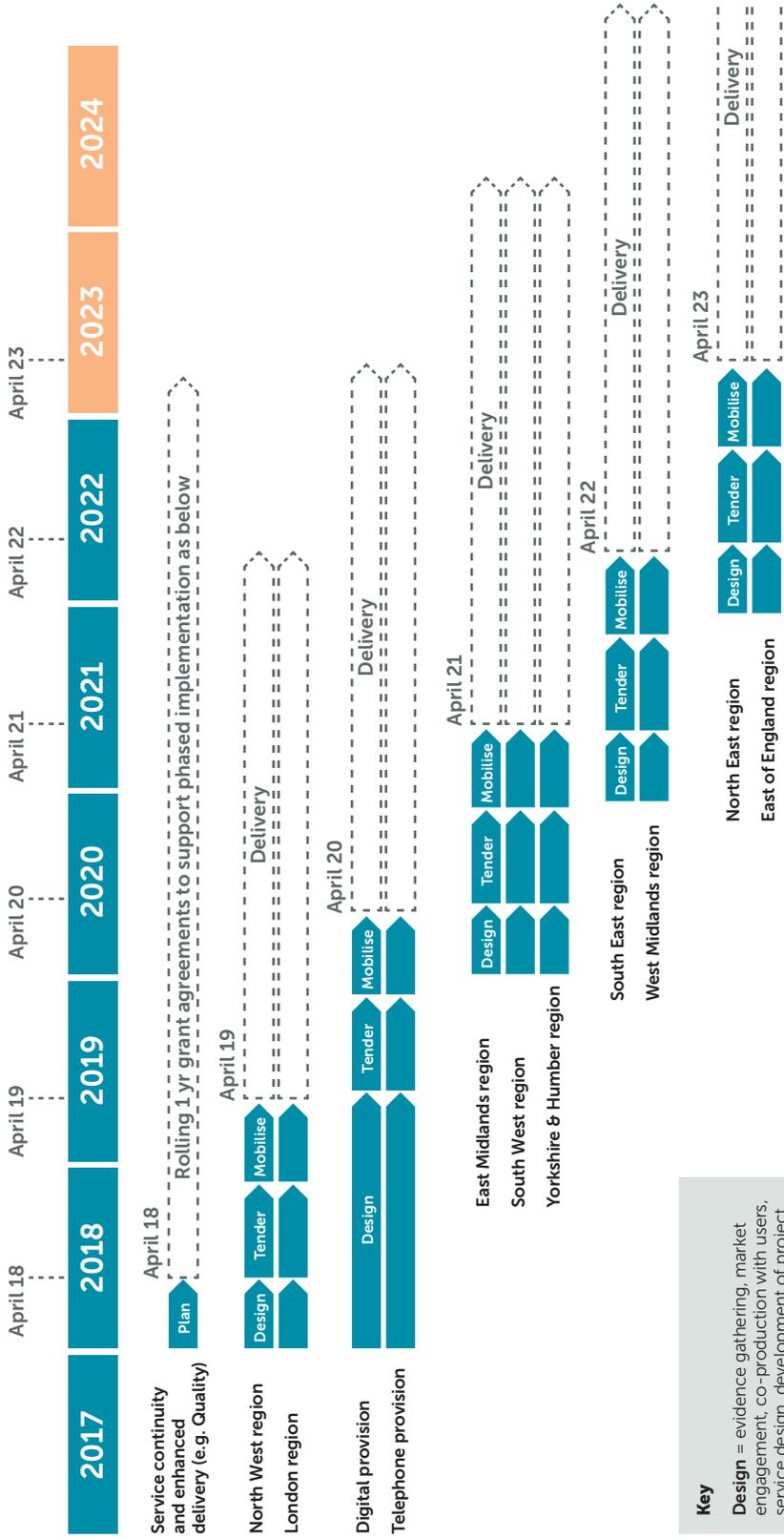
There was a majority view that three years is the minimum appropriate time period for the duration of agreements. Some respondents suggested that longer agreements help to support service development and sustainability, and retention of staff. Others recognised the need for MAS to have flexibility in managing the performance of providers it commissions, or the need to adapt and adjust services in response to emerging good practice, structural changes in the sector and changing patterns of client need. A clear message was for the need for timely notification of the use of extensions options within agreements, to allow for business planning and staff notification.

The approach of using the nine English regions to support commissioning management and reporting was broadly met with agreement, though with consistent messages that where appropriate there should be sub-regional consideration. There was also concern that our phased approach to the regional commissioning of face-to-face services, would lead to a gap in service provision in areas not included in the initial phases. As described, MAS has now clarified that we will seek to ensure continuity of service whilst our phased commissioning approach is rolled out by seeking to extend or put in place new agreements with existing providers.



Appendix 3 – Service delivery plan

Service Delivery Plan – Phased Implementation



Key

Design = evidence gathering, market engagement, co-production with users, service design, development of project commissioning intentions and a business case

Tender = competitive procurement process to allocate a grant or contract

Mobilise = activities to mobilise a new service for commencement

Appendix 4 – Target groups

In the consultation on this strategy we proposed to target four groups:

- ▶ Families with three or more children living in social housing
- ▶ Young families with mortgages and low financial resilience
- ▶ Self-employed people with children
- ▶ Single people with severe mental health issues and no children.

Following the consultation, we have refined our approach to targeting and will initially focus our service design, as noted in chapter two, initially on over-indebted people with dependent children, low household incomes and those who experience mental ill health.

We believe that using this set of cross-cutting themes enables a clear focus on those people from the over-indebted people where impact can be greatest with more detailed targeting allowing us, where possible, to design services in a more precise way for those client groups most in need.

The rationale for these initial cross-cutting themes is as follows:

Dependent children

- ▶ Children growing up in over-indebted households are more likely to experience negative short and long-term outcomes, particularly on their mental health, than those who do not¹⁰.
- ▶ The financial capability of children is shaped by their parents from early childhood¹¹; and
- ▶ People with problem debt are more likely to have children than the population at large¹².

The impact of services will therefore be greater for over-indebted people that have children than those who do not.

Low household income

- ▶ Over-indebted people on the lowest incomes are most likely to report that keeping up with their bills and credit commitments is a heavy burden¹³;
- ▶ Over-indebted people on the lowest incomes are most likely to fall behind with or miss payments for credit commitments or bills in any given six-month period; and¹⁴
- ▶ Those on the lowest incomes are most susceptible to income shocks.

Mental ill health

- ▶ One in two adults in debt will be experiencing mental ill health¹⁵;
- ▶ One in four adults with mental ill health will also experience problem debt; and¹⁶
- ▶ The impact on debt advice on improving mental ill health has been demonstrated in our evaluation work over a number of years¹⁷.

10. *The Damage of Debt: The impact of money worries on children's mental health and well-being*, The Children's Society, 2016

11. *Financial Capability of Children, Young People and their Parents in the UK*, Money Advice Service, 2016

12. 53% of over-indebted people have children compared with 42% of the population overall

13. Lowest incomes in this context means £15,000 per annum or below. The most recent findings are in *Financial Lives*, FCA, 2017

14. Ibid

15. *Debt and Mental Health*, Royal College of Psychiatrists, 2017

16. Ibid

17. See most recently, *2016 outcome evaluation of debt advice*, Money Advice Service, 2017 and *The Economic Impact of Debt Advice*, Money Advice Service (Forthcoming), 2018



Developing accessible services for people experiencing mental ill health is a priority given the scale of mental ill health within the over-indebted population and the positive impact that advice can have.

In addition to these cross-cutting themes we have expanded and refined our initial four target groups to the following six.

1

People at risk of homelessness.

Around 36,000 people a quarter in England and Wales are subject to possession action by their landlord or mortgage lender¹⁸. This places them at acute risk of homelessness, which is extremely stressful for families, and expensive for local authorities, which will often be obliged to re-house people when possession action is successful. Our experience has been that light touch advice interventions at court can be extremely effective at preventing homelessness however currently not every court has access to a trained adviser to provide support. We will work with our advice delivery partners, local authorities and HMCTS to provide greater support to people at risk of homelessness.

2

People experiencing or who have recently experienced domestic abuse

This group was highlighted a significant number of times during our consultation and our experience in Scotland¹⁹ has been that projects bringing together debt advice organisations with domestic abuse services have enormous potential to successfully expand out to other parts of the UK and offer effective services to individuals and their children. The Home Office definition²⁰ of domestic abuse explicitly includes financial abuse and taking out debts in a partner's name without their knowledge is a common feature of such crimes. There are established methodologies for working with clients that are experiencing or have experienced domestic abuse and we will build on such practice in the developing work with this group²¹.

3

Single people with severe mental health issues

While mental ill health will have a focus across our work there was strong support for targeted work with people experiencing particularly acute mental distress. This group is already represented within our services and those of partners across the advice sector but there are broader opportunities for partnership working than have been explored so far. Work already cited in Scotland has illustrated the potential for working with people with severe mental health issues and we will learn from that experience in our work across the rest of the UK. During the consultation the question of what constitutes 'severe' was raised several times – the definition we were working to is that set out in NHS Digital's Adult Psychiatric Morbidity Study²².

18. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/636890/mortgage-landlord-possession-statistics-apr-jun-2017.pdf

19. *Reaching Marginalised Groups*, The Scottish Legal Aid Board and the Money Advice Service, 2017

20. <https://www.gov.uk/guidance/domestic-violence-and-abuse>

21. *Clients experiencing domestic violence and abuse*, Citizens Advice, 2016

22. <https://digital.nhs.uk/catalogue/PUB21748>

4 Parents with 3+ children in rented accommodation

Over-indebted people are much more likely to live in rented accommodation than the population overall and much more likely to have three or more children. We have identified in earlier research²³ the significant impact on debt levels that a third child can have and following feedback during the consultation we have expanded the scope of this group out from social renters to also include those living in the private rented sector. This expansion almost doubles the size of the group but allows us to begin work with the fasted growing group of people in rented accommodation who are often significantly more marginalised than those living in property owned by social landlords.

5 People newly diagnosed with a long-term health problem

A large number of stakeholders during the consultation drew our attention to the significant impact an unexpected diagnosis of a long-term condition can have. It can lead to the income shocks that often lead people to become over-indebted and often affects entire families as caring and financial responsibilities become reconfigured. Support is available at the moment²⁴ but not at a sufficient scale and not across the entire country. We will work with partners to develop tailored approaches to working with those groups most in need.

6 People with variable incomes from employment

People on variable incomes, particularly those in the varied forms of self-employment experience some of the most complex interactions of any group with the tax, benefits and borrowing regimes across the UK. This group is growing rapidly²⁵ and there is extremely limited service provision available that can expertly address their needs. Business Debtline is currently the only widely available service for the self-employed and we believe that as this group continues to grow it is vital that services continue to grow as well. We are also mindful that as Universal Credit continues to roll-out there will be growing numbers of people that require support managing debts in the context of incomes and benefit that could fluctuate with ever-greater frequency.

Summary

We will do co-design work with people from each of these groups to ensure that our services, while addressing the cross-cutting themes, are accessible and attractive to them. This approach will help embody and extend our commitment to equality. As part of our decision-making process, we have conducted an APEASE²⁶ assessment on each of these groups.

As noted in chapter two, all MAS services will remain open to everyone at the point of access. While our services will not turn anyone away, a focus on target groups will help shape service design, engagement strategies and approaches to partnership development. Our aim is that the most financially vulnerable groups and those most under-served will be targeted more clearly and receive easier access to services.

23. *A Picture of Over-indebtedness*, Money Advice Service, 2016

24. See Macmillan's work for example with people that have received a cancer diagnosis <https://www.macmillan.org.uk/information-and-support/organising/your-finances/managing-debt-and-borrowing/debt-and-borrowing-overview.html>

25. Around 640,00 self-employed people are over-indebted, in-line with the national average of 15%

26. Acceptability, Practicability, Effectiveness/cost-effectiveness, Affordability, Safety/side-effects, Equity – this decision-making framework has been developed through the work on intervention design by Professor Susan Michie at University College London, <https://www.ucl.ac.uk/behaviour-change/files/bcw-summary.pdf>



Money Advice Line **0800 138 7777***
Typetalk **1800 1 0300 500 5000**

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*Calls are free. To help us maintain and improve our service,
we may record or monitor calls.

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