



**Institute of  
Money Advisers®**

Assuring quality in the money advice profession

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30<sup>th</sup> November 2021

By email

Caroline Siarkiewicz  
Chief Executive  
Money and Pensions Service  
120 Holborn  
London EC1N 2TD

Dear Ms Siarkiewicz

We write on behalf of the Institute of Money Advisers and its Board of Trustees, to raise concerns we know our members have expressed about the current Debt Advice Service Recommissioning.

As you are aware, the IMA is the only professional membership body for advisers providing free-to-client debt advice in organisations including Citizens Advice, Local Authorities, Housing Associations, independent advice agencies and other charities. Approximately 39% of our 1800 members currently work for organisations funded by the Money and Pensions Service to provide debt advice.

This is an open letter, which we will be sharing with IMA members, many of whom are unable to speak publicly because their organisations are stakeholders in the procurement process. We shall also be sending a copy to Emma Hardy MP, to help inform the debate she has called at Westminster Hall on Wednesday 1<sup>st</sup> December 2021, regarding reductions in community debt advice.

One of the ways the IMA achieves its charitable objective to relieve and prevent financial hardship is by promoting high standards in free-to-client money advice. We are concerned about the effect on high quality debt advice provision if this recommissioning should lead to a reduction in local debt advice services.

We understand that approximately £33 million of grant funding is allocated to regional face-to-face debt advice services in 2021-22. MaPS has recently stated that, in 2022-23, approximately 20% of the total available recommissioning budget of £77 million is likely to be allocated to face-to-face delivery. If correct, this would represent a reduction of more than 50% in the funding of face-to-face debt advice.

Web: [www.i-m-a.org.uk](http://www.i-m-a.org.uk)

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In its recent article for the IMA's journal Quarterly Account, MaPS told us that, in organisations it funds to provide face-to-face advice, just 56% of clients received that advice face-to-face in 2018-19. Whilst this may indicate less funding is needed, it has been suggested that at least some of that non-face-to-face advice may have been a consequence of debt advisers attempting to meet client case targets.

In its business plan published on 14<sup>th</sup> July 2021, the Financial Conduct Authority stated 'over the coming year, it's likely that more borrowers will be in financial difficulty...due to the uncertain economic environment and the end of Government schemes, such as furlough.' It further expects 'greater demand for debt advice, including from consumers who would not previously have needed it.' It does not seem appropriate to us, therefore, to significantly reduce post-pandemic face-to-face funding based on pre-pandemic demand.

The trends evident for several years towards increasing priority debts, diminishing disposable incomes, and significant numbers of clients having a negative budget are likely to continue. These cases frequently require extensive casework, including negotiations and correspondence with priority creditors, typically provided by face-to-face advisers.

IMA members tell us that several organisations currently receiving MaPS grant funding for face-to-face advice have not been included within the supply chains of those bidding for contracts. Without MaPS funding, from April 2022, we understand that those organisations will either have to pare back or cease their provision of face-to-face debt advice.

Other members tell us that, whilst their organisations have been included within supply chains, if the bids are successful, there will be a significant reduction in the number of debt advisers they employ and a commensurate reduction in face-to-face debt advice service delivery.

The value of local face-to-face debt advice cannot be overstated: local knowledge and relationships developed by on-the-ground advisers with their local councils, fuel and utility companies, housing associations, foodbanks etc., enable the best outcomes to be achieved for clients in debt. We believe this local capability should be retained within the debt advice sector.

We are also concerned that face-to-face debt advice providers, anticipating a reduction in or total loss of funding, may not take on new cases from January, when the demand for debt advice is usually at its highest and in 2022 is expected to be higher due to the increase in energy bills.

We are pleased that MaPS has confirmed its commitment to protecting face-to-face services for vulnerable clients. An IMA survey published in October 2021 found that more than 80% of our members regularly support clients with problems relating to mental ill health, poor literacy, alcohol dependency and learning difficulties; these vulnerable clients will frequently benefit from face-to-face advice for at least some of their appointments.

We do acknowledge that many clients may not need face-to-face advice and may prefer to use digital and telephone services – indeed, telephone is the primary delivery channel for 38% of our members. Therefore, we support the decision to increase funding for telephone and digital services, but we do not believe it should be at the expense of local face-to-face provision.

We welcome the increased funding MaPS is making available for free-to-client debt advice from April 2022. We are also encouraged by MaPS' commitment to the provision of face-to-face advice for those who most need it.

However, we are concerned that, possibly as an unintended consequence of the procurement process and the proposals of bidding organisations, MaPS' commitment to providing face-to-face advice where it is most needed may not be met, due to the loss of local debt advice services.

We ask MaPS to consider continuing to fund those local services that are at risk of being lost altogether, or which will be so pared back that they will be unable to meet the demand for debt advice. Extending the current funding of local face-to-face services will allow continued access to face-to-face debt advice for those who most need it, whilst MaPS and its stakeholders develop an understanding of the impact of the new funding regime.

We would be happy to discuss the matter further and look forward to hearing from you.

Yours sincerely



Robert Wilson

Chief Executive Officer



Jane Clack

Chair of the IMA Trustee Board