Rt Hon Mel Stride MP
Committee Chair
Treasury Committee
House of Commons
London
SW1A 0AA

17 December 2021

Dear Mr Stride,

In relation to the Treasury Select Committee's recent questions regarding the commissioning of debt advice services by the Money and Pensions Service (MaPS), I wanted to update you on the next steps in the process.

Through the current commissioning process for England, MaPS' core objective is to make free of charge debt advice available to more people who need it and ensuring the needs of people in vulnerable circumstances are met, whilst achieving best value for money.

Our modelling shows that more and more people will need this expert debt advice over the months and years ahead, including as a result of the pandemic. Whilst providing local and face-to-face services for those who need them, it is essential that we consider how technology and the existing trend towards digital and telephone advice can contribute to meeting this increased demand. This is why in 2021 we launched a commissioning exercise.

Over the past few weeks, MaPS has been conducting a detailed evaluation of the bids, as we need to be confident that providers will be able to deliver services that meet the needs of clients. We recognise the need to provide clarity – both for those who bid for the funding and for the wider debt advice community – on what happens next.

National, business and Debt Relief Order lots

MaPS is continuing the process to award contracts for the national, business and Debt Relief Order lots. We will announce the outcomes of these lots as soon as we can. However, to ensure there is adequate time for mobilisation of these new services, we intend to move back the start date of the new contracts to 1 July 2022 to maintain a transition period of three months, with the potential for a limited extension beyond that.

To minimise any possible disruption to people receiving debt advice, debt advice providers and their staff arising from this new timeline, we intend to offer short term grants to the organisations currently funded to deliver similar services to those in the national, business and Debt Relief Order lots. Organisations being offered these short-term grants will be contacted by MaPS directly.

Regional lot

Having evaluated the submissions for Lot 2 (Regional), we had concerns that the services being offered would not adequately meet the needs of people in vulnerable circumstances at the scale we had hoped to achieve, or provide value for money.

We don't believe that proceeding with this lot would be in the best interests of people who need debt advice, and so we will not be awarding contracts under Lot 2 (Regional) at this time.

Over the coming months, we intend to work closely with debt advice clients, advice organisations and other stakeholders to identify the best ways to deliver locally based services. This will include looking at how best to serve vulnerable clients, including through face-to-face services and casework. We will then procure services on a longer-term basis.

More details on how we will do this will be provided in early 2022.

Next steps
In the meantime, and in order to maintain continuity of service and minimise any impact on people currently receiving debt advice, we will extend existing grants for a limited period of time.

We will do this in two ways:
1. For the Covid-response funded services specifically intended to increase adviser capacity in the sector, which were always intended to be a short-term immediate solution to the impact of the pandemic on debt advice resourcing levels, we will extend funding for a period of three months to end June 2022, with the potential for a limited extension beyond that.
2. We will be offering all other organisations that are currently funded for face-to-face debt advice services a short-term grant for three months, with an intention – subject to usual due diligence and approvals - to then put in place a longer-term grant for a minimum of 12 months

Organisations being offered these short-term grants will be contacted by MaPS directly to confirm the value of these extensions and to agree the terms going forwards.

Our guiding principle is to ensure that those people who need help can access expert, free of charge debt advice however and whenever they need it. The amended timeline will enable MaPS to work closely with the successful bidders from the national, business and Debt Relief Order Lots to ensure that there is a seamless transition. And for us to collaborate with the debt advice sector to inform and shape regionally based provision that delivers the best outcome for clients.

I would be grateful for the opportunity to meet with you and discuss the next steps in this process.

Yours sincerely,

Caroline Siarkiewicz
Chief Executive