

MALG Update

25th January 2018

Financial Capability Week

The week of the 13th – 17th November marked the second annual Financial Capability Week. This year, it was organised under the theme of #TalkMoney - to encourage more people to talk about money and to celebrate the existing financial capability work happening around the country.

Nearly 200 events were hosted by organisations across the UK, including advice agencies, universities, charities and financial services firms. You can find out what took place in your area on our [interactive map](#).

As part of the week, MAS organised the Talk Money Conference. We had almost 300 partners through the doors and it was brilliant to have more than 40 partner organisations showcasing how their work is driving forward financial capability across the UK.

- We had keynote speeches from Guy Opperman MP, Minister for Pensions and Financial Inclusion, who showed his full support of the Financial Capability Strategy for the UK.
- Martin Lewis also gave a powerful speech on why we need to be "brave and loud and proud" when we're talking about money. This speech was broadcast live on Martin's [Facebook Live stream](#) and it's had over 15,000 views and counting.
- We had a range of sessions throughout the day, from practitioner workshops to research presentations and panel discussions.

An unavoidable challenge? Repeat clients in the debt advice sector

We have completed a large scale qualitative study to understand why people repeatedly access debt advice. This builds on our own analysis, that shows around one in five clients return to debt advice within a year of first accessing help. The research involved over 40 debt advice providers, 120 advisers and 40 clients.

The report identifies 10 different categories of 'repeat clients', from those that were simply 'not advice ready' to those that become trapped in a cycle of only paying back certain priority debts. The breadth of these categories demonstrate the complexities of the subject and have been grouped into avoidable and unavoidable repeating.

MAS is now developing a quantitative study using the different categories as hypotheses, to estimate the difference in repeat rates for each group of repeat clients.

We are calling on the advice sector to: reflect on these findings, explore the opportunities suggested in the report to tackle the repeat rate and share with us effective practices you are implementing. You can see the full report [here](#).

Debt Solutions in the UK; Recommendations for Change

Earlier in the month, we launched a new report; this report is the culmination of an extensive review into the effectiveness of debt solutions, including a comprehensive study of the available literature and qualitative research with individuals who have used the solutions. It also included sector-wide engagement through expert workshops, interviews, group discussions, and a consultation process which approximately 60 individuals and organisations responded to.

Our recommendations are:

1. A review into fees for debtor-application bankruptcy in England, Wales and Northern Ireland
2. The re-introduction of fee remission for low-income applicants, which could be included in the remit of the review
3. Better online information about help with bankruptcy fees on the GOV.UK website and online bankruptcy portal
4. More prominent and easy-to-understand information and tools on the online bankruptcy application portal
5. Further exploration of debt 'rehabilitation' including better recognition of debt repayment
6. The introduction of a statutory debt management scheme for England, Wales and Northern Ireland
7. Innovation in the equity release market for people in debt who are 'asset rich, cash poor'
8. The development of one online income-and-expenditure portal

The final report, as well as the supporting reports on the literature review and qualitative research, can be found at:

<https://www.moneyadvice.service.org.uk/en/corporate/debt-solutions--recommendations-for-change/preview>

Standard Financial Statement (SFS)

We will be issuing slightly updated guidance on the SFS shortly. It would be appreciated if you could look out for this communication and cascade the information through your networks.

Work to influence consistent creditor support

The Debt Advice Steering Group has given MAS an ongoing objective to influence more consistent creditor support for the over indebted.

We are progressing well with this work and in July 2017 published "[Working Collaboratively with debt advice agencies – a strategic toolkit for creditors](#)". We encourage creditors of all types to examine this resource and challenge their processes, policies and debt collection strategies. Advice agencies have also told us that this creditor toolkit is useful when having conversations with new or emerging creditors who should develop their engagement with the debt. advice sector

MAS Business Plan

We published our business plan on the **19 December**, for consultation with the sector. This closes on the **5 February**. Some of the key activities on debt advice, are detailed below:

- Implement results of Peter Wyman Review of Debt Advice Funding
- Implementation of workstreams of Debt Sector Strategy
- Debt Advice Operational Group: improvements to customer journeys
- Standard Financial Statement: support more organisations to use it
- Deliver up to 520,000 debt advice sessions
- Implement new quality management processes including auditable peer review, more training, and better skills framework
- Implement commissioning strategy next steps for London and North West in line with new “six principles” approach
- Specialist support services to debt advisers
- There is also the proposed £8 million increase in debt advice funding.

Commissioning Strategy

In December 2017, MAS published ‘*A strategic approach to debt advice commissioning 2018-2023*’. This is a brand new, five-year strategy, which sets out our approach to commissioning free to client debt advice services across the UK. We will focus on three cross cutting characteristics shared by many people across the over-indebted population:

- having dependent children,
- having a low household income; and
- experiencing mental ill health.

Our aim is that the most financially vulnerable groups and those most under-served will be targeted more clearly going forward, benefitting from easier access to services and support to build their financial resilience.

We will begin with a roll out in London and the North West of England, which will commence in April 2018. Over the next few months, we will be engaging with relevant stakeholders, the advice sector and potential bidders, to ensure services align with the commissioning strategy intentions.