

# Debt advice clients with deficit budgets Call for evidence

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Money &  
Pensions  
Service

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# Acknowledgements

We are very grateful to our stakeholders in the debt sector whose input has enabled and shaped this call for evidence.

We'd like to thank the Challenge Group members who highlighted the challenges of supporting deficit budget clients and the need to undertake a review on this area.

We'd also like to give particular thanks to the following who helped us with this call for evidence:

AdviceUK

Barclays

Citizens Advice

Fran Targett (Chair – National Advice Network)

Money Advice Trust

StepChange

The information and advice they've given us has helped us develop our understanding and identify important questions to ask. We are very grateful for the time they invested in helping us with this.

Finally, our thanks also go to frontline debt advisers who we know are making huge efforts to support deficit budget clients. Whilst mindful of constraints on your time, we really hope you will be able to feed into this call for evidence as your expertise and insights will be invaluable.

# Background

Debt advice clients with deficit (or negative) budgets – i.e. whose income is less than essential outgoings - have been increasingly discussed<sup>1</sup> in recent years.

The challenges of helping them were much considered by the Debt Challenge Group set up in response to the UK Strategy for Financial Wellbeing. The final Challenge Chairs<sup>2</sup> report noted:

“Up to 40% of advice clients [have] a negative budget, with numbers rising. As many as 3.2 million people who need debt advice in 2021 could have negative budgets, requiring additional support.”

The Independent Challenge Chairs recommended that:

“The Money and Pensions Service (MaPS) should carry out reviews to gather evidence on clients struggling to achieve full debt resolution, including people in negative budgets. Findings would help develop policies to improve outcomes and long-term capacity, so the sector can help more clients”.

We agreed to undertake this review in our response to the Chairs. This call for evidence is the first step and the evidence it attains will shape of the rest of the review.

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<sup>1</sup> <https://www.citizensadvice.org.uk/about-us/our-work/policy/policy-research-topics/debt-and-money-policy-research/negative-budgets-a-new-perspective-on-poverty-and-household-finances/>

<sup>2</sup> <https://moneyandpensionservice.org.uk/2020/11/16/building-the-uks-financial-wellbeing-in-the-light-of-covid-19/>

# Reasons for a review

Our vision, as set out in the UK Strategy for Financial Wellbeing, includes an aim that:

“Everyone who seeks help will get high-quality debt advice and there will be appropriate options for every person advised, including those whose essential expenditure is higher than their income.”

We recognise that deficit budget clients make up an increasing proportion of the client base and that achieving good outcomes for them is very difficult.

When a client is not able to maintain a reasonable budget, debt solutions<sup>3</sup> are insufficient to bring them to sustainable financial wellbeing. Rather than having a solution recommended, a client may be placed into a short-term holding strategy.

Holding strategies can be effective when circumstances are temporary, and a positive change is likely. However, clients can end up in these strategies for the long term – left in a ‘holding pattern’. This may be because there are no other appropriate options for a client, or because a client is not willing to consider other options for particular reasons.

Clients in a ‘holding pattern’ often require ongoing support, which can be resource intensive, and ultimately may not result in lasting positive outcomes. However, such support may provide a client with very valuable outcomes for a time, such as increased feelings of control and wellbeing, which in turn may support them to maintain and/or improve other aspects of their life (e.g. relationships, health).

Where lasting positive outcomes are not obtained for clients, there can be an impact on:

- **Clients** themselves, who may leave advice with it not having made a *meaningful* difference to their situation and with the same challenges still to face.
- **Advisers**, whose morale and wellbeing can be greatly affected by not managing to help their clients as much as they would want.
- The **sector’s overall capacity** to serve clients. We estimate that in 2019, c. 28% of capacity was spent on giving ‘repeat advice’. Whilst often repeat advice is unavoidable, and a positive step, we believe where there are opportunities to attain better outcomes through fewer interventions, this will be beneficial for both clients and capacity.
- **Creditors**, whose confidence in the value of debt advice and subsequent willingness to fund and make referrals into advice can be impacted.
- **Local communities and the wider economy** – with negative impacts of problem debt (e.g. homelessness, health problems) being supported by services outside debt advice, which comes with a cost.

These impacts mean it is critical for us, with the debt advice sector, to review whether there are ways that clients in a deficit budget could be supported to attain better, longer-lasting outcomes. This call for evidence is the first step in this review.

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<sup>3</sup> A debt solution is an arrangement, scheme or procedure, whether statutory or not, the aim of which is to discharge or liquidate a customer’s debts. A debt strategy is an approach to better manage debt, without expecting to discharge or liquidate it.

# Scope and ambition for this call for evidence

MaPS does not currently have a role in designing broader public policy. Therefore, this review does not aim to collate evidence on what *drives* deficit budgets, but rather on what help can, **or could**, be offered where deficit budgets already exist – and what MaPS can do to enable this help to be given.

Previous discussion on deficit budget clients has largely centred on macroeconomic factors that have led to them being in deficit, as well as possible public policy responses to their challenges.

However, this call for evidence seeks to enable better understanding of the specific challenges clients face and options open to them, as well as an understanding of any limits to what debt advice can achieve. This is key for designing more targeted services in the future.

Importantly, this work seeks to uncover if there are more ‘tools’ we can add to a debt adviser’s ‘toolbox’ to offer greater support to clients. We have heard adviser feedback that they sometimes feel responsible for not achieving good outcomes for every single client they see. This work will help with the recognition that there are a number of cases where advisers simply cannot achieve better outcomes due to circumstances beyond their control.

We know that supporting clients with a deficit budget can be very challenging, and that advisers are making huge efforts to support people in these circumstances. We are also mindful that cost of living pressures may be making this support even more challenging.

To help address this challenge, we want to explore what might be possible if providers and advisers are enabled and supported to give clients additional help, or to offer services in a different way.

Through initial consultation, we have generated hypotheses on opportunities to help clients in deficit budgets, which are explored in this document. We are keen to hear feedback on these ideas, and to hear any other ideas respondents have.

We are particularly keen to hear innovative ideas that challenge existing thinking on what can be achieved within debt advice. We would like respondents to think past what is *currently* possible, within existing constraints and delivery models, and what *could* be possible, if constraints were mitigated or delivery models adapted. We would like to hear about what we can do to facilitate this.

We are aware that even with new ‘tools’ or support offers for deficit budget clients, it may not be possible to help all deficit budget clients achieve positive, sustainable outcomes. However, we believe that the knowledge and experience of the debt sector can be harnessed to find ways of achieving better outcomes for significant numbers of clients – and that doing this is of vital importance.

# Objectives

Our specific objectives for this review are as follows:

- Develop a greater knowledge of deficit budget clients, including the different cohorts that exist and their respective needs.
- Learn how debt advice might support deficit budget clients to achieve better, longer-lasting outcomes, and what providers would need to deliver this (including from MaPS).
- Understand how advice providers and creditors could work together to deliver better outcomes for clients, based on a shared understanding of clients and their needs.

Depending on the specific evidence submitted, we envisage using the learnings to:

- **Improve debt sector understanding on this topic.** We will analyse the information gathered within this review and publish a report on how debt advice providers, creditors and MaPS can support deficit budget clients – individually and in collaboration.
- **Create a specification for data** that could be collected and analysed to create a more detailed picture of these clients. We envisage data being segmented to develop distinct typologies to support a better understanding, and more nuanced conversations, about the different types of deficit budget clients that exist, and the help and support each needs (from advice providers and creditors).
- **Support our work on collections best practice.** We are keen to use the learnings from this work to help creditors understand how to best support deficit budget customers, for example, through updates to our creditor best practice toolkits<sup>4</sup>.
- **Develop proposals for interventions or improvements** that could be piloted and evaluated. Ideas submitted in response to questions 18-20 will be used to develop these proposals.
- **Inform our thinking on future commissioning requirements.** We want to ensure needs of deficit budget clients are comprehensively factored into our future commissioning strategies and specifications.

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<sup>4</sup> <https://moneyandpensionservice.org.uk/2021/01/29/working-collaboratively-with-debt-advice-agencies-a-strategic-toolkit-for-creditors/>

# Instructions

We recognise this is a large call for evidence and may take considerable time to respond to. We have carefully considered this and believe this topic's importance justifies a call for evidence on this scale.

So that as many stakeholders as possible can contribute, we are happy to engage in a number of different ways. Depending on demand, we will set up engagement sessions for stakeholders to feed into, and we are also happy to have telephone calls with individual stakeholders as an alternative or supplementary to written responses.

We'd also like to highlight that:

- **You don't need to respond to all of the questions** if they are not relevant to you or if you need to prioritise questions where you can add most value.
- While this is an evidence review, 'evidence' does not need to be a publishable standard and we are also happy to receive anecdotal evidence if this is all you can provide. Your response can be informal rather than formal.
- Within each section, we have set out our current understanding of the situation. We have done this to reduce the time required to write responses – we don't want respondents to spend their valuable time telling us things we know from published research or informal consultation. However, we are happy to be challenged on our understanding (and have specifically invited views on it in specific questions).
- We recognise that high levels of inflation may be making it more challenging to help clients than it has been previously. Where possible, when responding to the questions we would like you to reflect on and discuss both the current period of high inflation, as well as previous or future periods of lower inflation.

If you choose to submit a written response, please:

- State whether you're responding on behalf of an organisation or in a personal capacity.
- Supply contact details if you're willing to be contacted for further information.
- Say whether you would like your response to remain confidential.

Please send your response in text format to [debtteam@maps.org.uk](mailto:debtteam@maps.org.uk) by **midday on 1st December 2022**.

You can also get in touch via this email address if you have questions, or would like to express your interest in engaging in another way, e.g. engagement session, phone call, post.

We would like to thank all stakeholders in advance for their engagement. Your contributions are valued and we are very grateful for the time, effort and energy it takes to input to calls for evidence of this type.



# Confidentiality and data protection

Please note that The Money and Pensions Service is deemed a Public Authority and therefore subject to the Freedom of Information Act. In the event of a request for information that relates to your organisation, we will aim to ensure that your organisation is aware of the nature of the request. We will seek to obtain your organisation's permission, where possible, to disclose the information, while fulfilling our legal obligations. As set out in the Act; personal information (Section 40) will be redacted, and information provided in confidence will be exempt if it meets the threshold in Section 41.

The report published will include aggregated findings from across the call for evidence and will not include information that can be attributed to individual organisations. It will include a list of organisations that responded but not the names of individuals.

# The call for evidence

## Who are deficit budget clients?

### Our understanding of the situation

In theory, a deficit budget client is easy to define – someone whose income is less than their essential outgoings. By ‘essential outgoings’ we are referring to essential costs of living and ongoing priority bill payments<sup>5</sup>.

In reality, situations are more complex, and there is a lot that is unknown.

Firstly, throughout the advice journey, the size of an advice client’s deficit budget may fluctuate and they may not be in a deficit for the duration of the advice process. Within this call for evidence, we are defining deficit budget clients as those who remain in deficit after going through a debt advice journey that has included a financial statement and any support that is part of the provider’s service (e.g. income maximisation).

Some clients may end their journey with a deficit budget, but with actions for them to take to reduce or eliminate their deficit (e.g. applying for benefits). Providers do not always know if clients take these actions. Some clients also may not engage with all of the support a provider offers. For the purposes of this call for evidence, all these clients are ‘deficit budget clients’.

Secondly, there is not just one type of deficit budget – deficits may be:

- Short, medium, long-term<sup>6</sup> or permanent.
- Structural (always in deficit) vs. variable/ seasonal (in deficit in periods of lower income).
- One-off vs. reoccurring.

Providers have reported that clients may have different types at different points in their lives.

Finally, there are many situations they can be in, which affect challenges faced and options available:

- **Work situation or prospects** will impact their ability to reduce their deficit, or willingness to enter into solutions which may have serious consequences (e.g. bankruptcy). Work type may also impact type of deficit, e.g. self-employed people may be more likely to have variable deficits.
- **Physical and mental health** may impact their work situation, as well as options available to them (e.g. benefit income or creditor write-off).
- **Location and demographics** (e.g. age, household composition) will also impact options available such as benefits and grants.
- **Relationships** may present complications in situations with joint debts, relationship breakdowns and/or economic abuse.
- **Housing situation** may impact willingness to consider options that may risk their home. Homeowners may have an option of selling or releasing equity, but this may not be feasible.
- **Capacity and capability** (e.g. cognitive, financial, digital) may affect whether clients are able to take action themselves or need support to do so.

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<sup>5</sup> We are not including any debt repayments in this definition.

<sup>6</sup> Long term is typically defined as one year or more

- **Stability and predictability** of a situation is also important – with uncertainty making it difficult to identify a solution that will be effective for the long term.

We believe deficit budget clients could be grouped into discrete and distinct cohorts, with different options and needs. We believe a more detailed understanding of these different cohorts, amongst both advice providers and creditors, could lead to more tailored support.

## Questions

1. Do you agree with our understanding of how deficit budgets and situations vary? Is there anything you disagree with, or anything you can add?
2. Noting that every client has individual circumstances, if you were to segment deficit budget clients into groups with *similar* characteristics, what **key** cohorts would you recognise? What do these look like and what are the major differences between them?

*N.B. Further detail is requested later, so here we are just looking for high-level descriptions.*

3. As mentioned, we plan to create a specification of data that could be collected to improve understanding of different types of deficit budget clients and their needs. This might include:
  - Debt size and debt types.
  - Deficit size and type.
  - Key reason for deficit budget (e.g. change of situation vs. ongoing low income).
  - Solutions and/or strategies that are available/ recommended/ agreed.
  - Financial characteristics informing options – e.g. income, variability of income.
  - Demographic characteristics informing options – e.g. housing tenure, vulnerabilities.
  - Other factors informing options – e.g. capability, future expectations, wider issues.

Our thinking is that, to enable large scale analysis, this data would be recorded systematically by advisers (or other staff), in specific data fields (as opposed to in case notes). We understand that collecting data comes with a cost/ time impact though, so we would like you to tell us what data you think would be most valuable to collect to build a sector-wide understanding of who deficit budget clients are, how they differ from each other, the options they do/ don't have available and their support needs.

Wherever possible, please ensure the data you recommend would allow us to identify and understand the cohorts you have told us about in your answer to Q2 (if applicable).

**Reminder:** you don't need to respond to all of the questions if they are not relevant to you or if you need to prioritise questions where you can add most value.

## How are deficit budget clients currently supported by debt advice services?

### Our understanding of the situation

Advisers make huge efforts to assist deficit budget clients and the help they give is invaluable. However, they face challenges when trying to provide sustainable action plans:

- Evidently, debt solutions<sup>7</sup> based on repayment are out of the question for clients whose expenditure does not cover essential outgoings.
- Income maximisation is important and may help reduce the deficit for some, but is complex:
  - There are a vast array of topics that *could* constitute income maximisation, even just within benefits, however it may not be possible to cover all within a single debt advice journey or within a generalist debt adviser's expertise.
  - There can be a lack of clarity around where income maximisation becomes wider advice or guidance e.g. on financial capability more broadly, and what is/ isn't fundable within debt advice. Opinions across the sector differ on types of income maximisation that are an 'inherent' part of debt advice vs. an 'extra'.
  - Conversations on income maximisation may require a different focus to conversations on solutions, as well as different skills and knowledge from advisers.
  - While some clients can be helped to reduce outgoings, many clients in deficit budgets are adept budgeters and have done everything they can to reduce outgoings before presenting for advice. High outgoings (e.g. private rental liability) can also be very difficult to reduce without significant upheaval (e.g. moving to a smaller property or different area) – which may not be practicable within a client's situation.
- As mentioned above, uncertainty may make it difficult to identify a long-term solution. Where a client's circumstances may improve, this may mean they are not willing to consider, or it is not appropriate to recommend, solutions with major consequences.
- Bankruptcy and Debt Relief Orders (DROs) may help to clear debts but may not be a good option for the client and will not address the underlying issue so debts may rebuild. The client's situation, (e.g. housing status, debt size) may mean they are ineligible or unsuitable, and accessing fees can be a challenge. With DROs in particular, clients are precluded from entering into a DRO for six years after previously entering one so advisers and clients have to decide when an 'optimal' time to apply might be.
- Informal/ non-statutory creditor forbearance can help but also has complexities:
  - Creditors differ in the payments they are willing to accept and may only agree to payment arrangements for a short period, after which agreement must be re-sought.
  - Write off is difficult to attain and requires strong evidence that a creditor is unlikely to recover their debts. It tends to be easier for clients with long-term vulnerabilities.
  - Many creditors will agree to token payments, reduced payments, or no payments for a period. However, for deficit budget clients with multiple debts, small payments to individual creditors may be cumulatively unaffordable. It may also be more difficult to agree token payments where there is a recurring liability, e.g. council tax.
- Advisers also dispute or give clients support to dispute whether debts are or should be owed by them, e.g. if debts are statute barred or were attained when the client lacked capacity. However, attaining the necessary evidence and engaging with creditors can be very time-consuming depending on the situation and creditor.

Over and above these specific challenges, providers note that operational constraints can limit the extent of the support they are able to give clients. Clients with vulnerabilities impacting their capacity – for example, mental health problems – can struggle to take actions to improve their circumstances, (e.g. accessing entitlements or negotiating with creditors) without support from an adviser. However, advice delivery models differ in the extent

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<sup>7</sup> A debt solution is an arrangement, scheme or procedure, whether statutory or not, the aim of which is to discharge or liquidate a customer's debts. A debt strategy is an approach to better manage debt, without expecting to discharge or liquidate it.

to which they can provide extra support (e.g. casework, advocacy) to clients. Additionally, where delivery models do include full support, many of the activities above can be time-consuming and advisers with high caseloads may need to prioritise activities they believe are most beneficial or will have the biggest impact.

Given the challenges around identifying solutions, advisers report spending a substantive amount of time helping clients to 'firefight' and deal with immediately pressing needs. This involves:

- Helping clients understand their rights and how to 'hold off' enforcement action e.g. bailiffs.
- Supporting clients to access food banks, fuel vouchers or other hardship funds or services.
- Connecting clients to services that can support them with wider issues e.g. obtaining housing.
- Intensive advocacy on a client's behalf.

## Questions

### **For all responders**

4. Do you agree with our understanding of how deficit budget clients are currently supported by debt advice services? Is there anything you disagree with, or anything you can add?

### **For advice providers**

5. Thinking about deficit budget clients, what approaches do you take to:
  - Address their deficit?
  - Agree a solution or strategy to manage their debts?
  - Otherwise support their needs (e.g. help with hardship, dealing with wider issues)?
6. What do these approaches achieve for clients, and for how long?
7. Are there cohorts of clients where it is often not possible to agree solutions or strategies\* across all debts – either because they do not agree, or creditor(s) do not agree?
  - What prevents debt solutions or strategies being agreed across all debts?
  - Which debts are most problematic to agree solutions or strategies for?
8. What is a good outcome for a deficit budget client – thinking about both financial and non-financial outcomes?
9. To what extent do you believe current approaches to helping deficit budget clients deliver:
  - Value for the client (good outcomes\*\* for the specific clients in question)?
  - Value for money (good outcomes for the amount of resource used)?

For Q5-9, if possible, please link your answer to the cohorts you identified in your answer to Q2 (if applicable).

\*A debt solution is an arrangement, scheme or procedure, whether statutory or not, where the aim is to discharge or liquidate a customer's debts. A debt strategy is an approach to better manage debt, without expecting to discharge or liquidate it.

\*\* This might be a financial or non-financial outcome, and prevention or slowing of negative events can be considered a 'good outcome'.

10. To what extent can income maximisation (income max.) be used to reduce or eliminate budget deficits?

- What aspects of income max. do you cover with clients, and how much help do you give them with **identifying** and **accessing** opportunities identified?
- Which aspects of income max. do you not support clients with, and why?
- What types of income maximisation are more/ less impactful and why?

11. To what extent can bankruptcy/ DROs be used to help deficit budget clients?

- Are bankruptcy/ DROs helpful options for deficit budget clients? Why/ why not?
- How do you decide when it is an appropriate time to recommend bankruptcy/ DRO?
- Where bankruptcy/ DROs might be helpful, are there barriers to clients accessing these solutions, and if so, what are they?\* Can these barriers be overcome, and if so how?

12. To what extent does non-statutory creditor forbearance support deficit budget clients?

- As far as you know, what forbearance is offered to different client types/ by different creditors?
- How is forbearance **obtained** and **maintained**? What evidence do creditors require, and how does this vary by client type/ creditor?
- What are the challenges to **obtaining** and **maintaining** forbearance?
- What help do clients need/ you give with this? How much resource does this incur?
- How long do these types of forbearance tend to last, and how much do they help?
- How different are creditors from each other in terms of their forbearance offers and processes? What impact does differentiation have (if applicable)?

13. What other activities do you undertake to support clients' immediately pressing needs? (e.g. help with hardship or wider issues e.g. housing)

- What does this involve, and how much resource does it take?
- How do you resource this?
- What does this help achieve for clients?
- Is it possible to help a client with debt solutions/ strategies without also helping them with their immediately pressing needs? Why/ why not?

**Reminder:** you don't need to respond to all of the questions if they are not relevant to you or if you need to prioritise questions where you can add most value.

We note that current levels of inflation may be making it more challenging to help clients than it has been previously. Where possible, we would like you to explain how you 'generally' approach supporting clients under more typical levels of inflation, as well as explaining any limitations of these approaches or changes you are making to these approaches within this period of high inflation.

\* The Insolvency Service are asking a number of questions on the barriers to bankruptcy and DROs in their call for evidence on the insolvency framework. To reduce duplication, in this call for evidence we are asking about the specific barriers for this client group rather than all barriers more broadly.

### **For creditors**

14. Which of the following types of forbearance do you give, which do you not give, and why?

- **Write-off** – where creditors agree to write down all, or part, of a client's debt.
- **Zero offers/ no payments** – making no payments for a period of time.

- **Token Payment Plans** – paying a nominal amount (e.g. £1) each month.
- **Reduced payments** – paying less than contracted but more than token payments.
- **Freeze or write-off of interest and/or other charges.**

15. In what circumstances do you give each of these types of forbearance?

- What factors impact the type of forbearance you decide to offer a client?
- What evidence do you require to support decision making?
- To what extent, and how, do you seek to identify when a client is in vulnerable circumstances, and how does this affect the forbearance you offer?
- (When) do you consider clients with deficit budgets to be in vulnerable circumstances?

16. How long do you offer each forbearance arrangement for?

- Does this vary depending on the client's situation, and if so, how?
- Do you require updated evidence to maintain a forbearance arrangement?
- If so, what do you require and how often?

17. What defines a debt as 'unrecoverable', and what evidence is required to demonstrate this?

Note: We recognise this information may be commercially sensitive. Responses will be treated confidentially, except where MaPS is required to comply with the Freedom of Information Act.

In the event of a Freedom of Information request that relates to your organisation, we will aim to ensure that your organisation is aware of the nature of the request. We will seek to obtain your organisation's permission, where possible, to disclose the information, while fulfilling our legal obligations. As set out in the Act; personal information (Section 40) will be redacted, and information provided in confidence will be exempt if it meets the threshold in Section 41.

**Reminder:** You don't need to respond to all of the questions if they are not relevant to you or if you need to prioritise questions where you can add most value.

## How could deficit budget clients be helped by debt advice services?

### Our understanding of the situation

We have developed hypotheses on possible opportunities to help deficit budget debt advice clients.

#### *More comprehensive income maximisation*

Advice providers have noted that the following may be helpful for different cohorts of clients:

- Understanding and/or support to access benefit entitlements.
- Help to access grants, funds, or social tariffs (including to help with insolvency fees).
- Understanding ways to increase earned income.
- Help with managing variable income/ expenditure (e.g. income smoothing).
- Help to reduce expenditure.

The section above notes various challenges with offering income maximisation. However, feedback suggests some could be mitigated and that more income maximisation could help *some* clients. We are keen to understand what might be most effective and could be included within delivery models.

#### *Support to make difficult decisions and trade offs*

Stakeholders have noted that options that may help clients can be sensitive to cover. For example:

- Some lifestyle changes (e.g. downsizing, relocating) might make a very big difference to a client's financial situation, but can be emotionally difficult for a client to consider.
- Where a client's budget cannot be balanced, they may need to make difficult choices on what to prioritise. They may benefit from support with this.
- Sometimes clients' preferences may be informed by unrealistic expectations for the future. For example, a client may overestimate the ease with which a new job can be obtained.

We understand some advisers may feel uncomfortable exploring these areas within their role (which focuses on non-judgmental support). However, given discussions may have a positive impact on the client – or mitigate negative events – we are keen to understand how such conversations might be enabled.

#### *Supporting wider issues and immediately pressing needs*

Debt often sits within a cluster of issues, e.g. benefits, employment, mental health. Unless wider issues are addressed, the client's finances may not improve, or get worse.

Some issues can present a *direct* barrier to progression. For example, where benefit entitlements or issues are unresolved, it may not be possible to identify income or debt levels, to identify a solution. While issues impacting on capacity, (e.g. mental health) may impact a client's ability to take actions (e.g. apply for benefits). While some providers support with such actions, the extent of this varies.

We are keen to understand whether the following could help clients towards better outcomes:

- Supporting clients to resolve wider issues, either directly or through effective referrals.
- Stronger links between advice providers and benefit services (e.g. DWP, Help to Claim).
- Greater provision of support with taking up actions and opportunities identified.
- Scaled-up ways to help clients with pressing needs, e.g. ongoing or formalised partnerships with charitable trusts or food voucher schemes.



### *Help to obtain/ maintain creditor forbearance*

As noted, creditors' forbearance offers vary, and can require strong evidence to attain and maintain.

Where a client cannot repay, it is likely to be in the interest of all to identify this efficiently so that costly collections and enforcement activity can be paused and the burden on clients lifted. While creditors' obligations mean they must exercise diligence when assessing prospects for repayment, we are keen to understand whether more effective methods for understanding prospects could be developed. In particular, we would be keen to understand if:

- A more detailed, *shared* understanding of who deficit budget clients are and the forbearance they need could enable evidence to be prepared, submitted and reviewed more efficiently.
- Preparing, submitting and reviewing evidence could be more efficient, for example through:
  - Clearer evidence requirements or common evidence forms (for example, like the Debt and Mental Health Evidence Form).
  - Greater use of technology to gather and submit evidence on the client's situation.
  - More efficient data sharing processes between advice providers and creditors.
  - Improved tools to support clients to self-advocate.
- Clients would benefit from more support from providers to obtain forbearance from creditors, and what this might look like.

### Questions

18. What are your views on the opportunities above?

- Which has the biggest potential to help deficit budget clients, and why?
- Which has the least potential to help deficit budget clients, and why?
- Which would deliver best value for clients? (i.e. good outcome<sup>8</sup>(s) for the specific clients in question)
- Which would deliver best value for money? (i.e. good outcome(s) for the amount of resource used)

19. Are there other ways of better supporting deficit budget clients you think are important to explore/ have potential? What are these and how would these deliver value for clients/ value for money?

Where relevant please link your answers to specific client groups/ the key cohorts you identified in your answer to Q2.

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<sup>8</sup> This might be a financial or non-financial outcome, and prevention or slowing of negative events might be considered a 'good outcome'.

20. Thinking about opportunities with potential from Q18/19, how might these be implemented?
- What would their ideal delivery look like?
  - What might barriers/ challenges to implementing them be?
  - What might be needed to implement them effectively and efficiently at scale?
21. If these opportunities were implemented, what outcomes might it be possible for (some) deficit budget clients to achieve? Please consider both financial and non-financial outcomes and where relevant, link your answer to the key cohorts you identified in your answer to Q2.
22. Is there a limit to what debt advice can be expected to do, or should be funded to do, to support clients with deficit budgets? If so, where is this limit and how can it be navigated sensitively in practice by front-line providers?

**Reminder:** You don't need to respond to all of the questions if they are not relevant to you or if you need to prioritise questions where you can add most value.

We recognise that current inflation levels may impact the outcomes clients are able to achieve and may change the types of support that will help most. When answering these questions, we would like, wherever possible, respondents to reflect on where the biggest opportunities are in periods of more 'typical' inflation, as well as what may help most in this current period of high inflation.

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