

Almost £38 million support package for debt advice providers helping people affected by Coronavirus

An extra £37.8 million support package will be available to debt advice providers this year (20-21) so they can continue to provide essential services to help more people who are struggling with their finances due to Coronavirus, ministers have announced.

The Money and Pensions Service (MaPS), will oversee the allocation of the funds, including to charities, for debt advice and other money guidance services.

The support package, which will bring the MaPS budget for debt advice to over £100 million this financial year, will help providers to deliver advice to more people in England who may be experiencing financial problems due to coronavirus. It will also help providers who have seen a fall in their income streams, enabling them to continue their vital work and supporting their staff to deliver these services.

The funding consists of £20.6 million from the government and £14.2 million raised through a one-off increase to the Financial Services Levy. In addition, MaPS will also be contributing a further £3 million from their existing budget.

The Economic Secretary to the Treasury, John Glen said:

We know that some people are struggling with their finances during this difficult time, which is why we want to make sure people can access the help and support they need to manage their debts and get their finances back on track. The joint funding package will help debt advice providers to continue with – and increase – their vital work.

This extra funding comes on top of the unprecedented package we have put in place to support individuals, businesses and the economy through the coronavirus outbreak.

Minister for Pensions and Financial Inclusion, Guy Opperman, said:

The Money and Pension Service was set up to provide free and impartial guidance for those seeking to take control of their finances. During these challenging times, that work is even more important, so it's vital that we provide additional support for those concerned about their financial wellbeing. This funding package will help ensure that people can obtain the quality

guidance and help that they need to help manage their money.

Chief Executive at the Money and Pensions Service, Caroline Siarkiewicz, said:

The impact the Coronavirus pandemic will have on people's financial wellbeing is significant and will continue for some time. We know there will be increased demand for free, expert debt advice services over the coming months and this extra funding will help to ensure that more people can access help more quickly. Our MaPS services are here to provide support for people when they need it and to help them navigate the tricky months ahead.

The government has put in place an unprecedented package of support to help people with their finances during the Coronavirus pandemic. This including the Job Retention Scheme, which has helped to protect 8.7 million jobs with £17.5 billion claimed so far, and the Self-Employed Income Support Scheme which has seen 2.5 million claims worth £7.2 billion. The government has also made changes to the welfare system including Universal Credit and Statutory Sick Pay, making support quicker and easier to access, as well as more generous. It is also working with the banks and financial regulators to give people payment holidays on their mortgages and a range of consumer credit including credit cards, personal loans, motor finance and payday loans.

The Financial Services Levy provides funding for debt advice through MaPS and this one-off increase to the levy will see finance firms providing an extra £14.2 million in 2020-21. The Financial Conduct Authority (FCA) will consult on the details of this one-off rise in due course.

Delivery of debt advice is a devolved matter, so the additional funding will be matched for the devolved administrations, resulting in an extra combined £5.9 million for Scotland, Wales and Northern Ireland.

Notes

- MaPS will set out the process for allocating funds in the coming weeks at www.maps.org.uk
- MaPS' existing budget for 20/21 is £140.9 million of which £64.6 million is for debt advice. So the extra funding announced today brings the budget for debt advice up to £102 million this financial year.