

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2944

Title: Debt Free London funding

Executive Summary:

Approval is being sought for expenditure of up to £210,000 to provide grant funding direct to Toynbee Hall which hosts the Debt Free London partnership.

The money would be used to allow the partnership to extend their pan-London debt advice telephone service to provide support to Londoners dealing with problem debt on a 24-hour basis, seven days a week over a three-month period from 21 February 2022 to 22 May 2022.

This increased provision would act as a response to the current cost of living crisis and the continuing rise in demand for debt advice as a consequence.

Decision:

That the Mayor approves expenditure of up to £210,000 in grant funding to Toynbee Hall as a contribution toward its costs of allowing the Debt Free London partnership to operate its debt advice hotline on a 24-hour, seven-day-a-week basis from 21 February 2022 to 22 May 2022 and promote it to Londoners.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

15/2/22

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1. The GLA (and the Equality and Fairness Team in particular) is already delivering a range of funded programmes that directly support Londoners experiencing financial hardship or help to bear down on the cost of living. However, in response to the growing pressures described below, officers and London Recovery mission leads have been exploring options to support more Londoners facing immediate financial hardship this winter and over the coming months.
- 1.2. Concerns around the impact of inflation have been growing since Summer 2021, but the latest figures from the Office for National Statistics have confirmed that the situation is worse than predicted with inflation running at 5.4 per cent across the 12 months to December 2021 – the highest rate for 30 years.
- 1.3. During the same time-period average pay rises have failed to keep pace – in November 2021 regular pay, excluding bonuses and adjusted for inflation, fell by 1 per cent compared to the same month the previous year – and vital support for households, like the £20 uplift to Universal Credit and the furlough scheme, were brought to an end.
- 1.4. In combination these factors are underpinning a rapid rise in the number of Londoners being unable to meet their basic living costs and falling behind on bills. This is being reflected in the demand for debt advice. The number of Londoners who contacted the Debt Free London partnership via their city-wide telephone, web chat and What's App debt advice service increased substantially from 4,000 in Q3 2020/21 to 14,000 in Q3 2021/22 – a 250 per cent increase in demand over the past 12 months.
- 1.5. Concerns around the impact of these pressures have recently increased even further due to what the Resolution Foundation has described as a "cost-of-living catastrophe" looming this spring as a result of significant tax rises and sharp increases in energy bills due in April 2022.
- 1.6. In particular, the increase in energy prices will be fully felt by households on 1st April when the energy price cap is re-set, leading to average increases in energy bills of nearly 50 per cent, or some £600, overnight. This effect will coincide with an increase in tax bills as a result of a planned 1.25 per cent increase in National Insurance rates, alongside increases in council tax bills. As a consequence, a typical household is expected to experience a total increase in costs of more than £1,000 a year.
- 1.7. The Joseph Rowntree Foundation predicts that households on low incomes will spend, on average, 18 per cent of their money after housing costs on energy bills after April. This figure rises to around 25 per cent for lone parent households and couples without children, and to 54 per cent for single adults. They also predict that if the inflation rate is as high as 5.1 per cent in April, an additional 200,000 people nationally will be pulled into deep poverty.
- 1.8. This is highly likely to lead to a further increase in the number of Londoners unable to meet their basic living costs and, consequently, a rise in both household debt and demand for debt advice in April.

- 1.9. **Debt-Free London** is a London-wide partnership of 26 debt-advice giving charities, hosted by Toynbee Hall (a private company limited by guarantee with charitable status) and funded by the Money and Pensions Service – an arms-length body sponsored by the Department of Work and Pensions. It runs a pan-London debt advice service that allows Londoners to get in touch in person at a number of advice hubs across the city or by phone, online or social media for advice on a range of personal finance problems.
- 1.10. In 2019 the GLA commissioned the Advice Services Alliance to carry out an evaluation of the provision of social welfare legal advice in London. Published in 2020, the Advising Londoners report cited Debt Free London as the only pan-London debt advice service in operation. Whilst Londoners can access some national services (like Step Change or National Debtline) and some local services (where they exist), open-source research and engagement with stakeholders in the advice sector confirm that Debt Free London remains the only pan-London advice service that offers free and impartial debt advice that can be accessed by residents in any part of London.
- 1.11. The partnership's services – which are signposted to via London.gov.uk and the coronavirus hub – are provided via a wide range of channels including face-to-face, video calls, telephone, web chat and WhatsApp. They also have a number of advice booths embedded in community locations and regularly run pop-up advice services in prominent locations across the capital.
- 1.12. This combination of reach, existing infrastructure, accessibility and brand awareness could not be matched by alternative debt advice providers without significant additional investment above the amount proposed in this decision. As such this makes supporting Debt Free London's services the most cost-effective way of maximising the number of Londoners that can be supported through this proposal.
- 1.13. As the figures quoted in paragraph 1.4 demonstrate, there has been a massive surge in demand for Debt Free London's services over the past 12 months. Conversations with the partnership indicate that there is a need to extend the operational hours of their helpline to provide 24-hour support, seven days a week (the helpline currently operates between 10am and 5pm, Monday to Friday) and carry out additional activity to promote it to Londoners.
- 1.14. This extended service is proposed to operate for a period of three months from the last week of February to last week of May. This would ensure that additional support is provided to help meet the high level of demand being experienced at present, and the predicted additional spike in demand as a consequence of the new tax and energy price policies due to come into effect from April.

2. Objectives and expected outcomes

- 2.1. Toynbee Hall has indicated that funding for the amount proposed would allow the Debt Free London partnership to operate a 24/7 service over a three-month period between 21 February and 22 May and to promote it to Londoners experiencing problem debt.
- 2.2. The funding would be used as a contribution to the costs of: two advisors and one supervisor to operate out-of-hours (including NI contributions plus a contribution to annual leave for carrying out regular overtime at unsociable hours); core IT and telephone costs; out of hours IT support; and PR costs of promoting the service across both months with the aim of maximising uptake and, ultimately, the number of Londoners supported.

- 2.3. The costs are broken down as follows: Direct Staff Cost (£118,133), NI contributions (£20,058), Core Cost Contribution (£34,548), Management Cost Contribution (£19,193), Promotional/PR Costs (£18,000).
- 2.4. Officers have assessed the cost breakdown and are satisfied that it is both an accurate reflection of the true cost of the activity proposed and represents value for money. Additional evidence for how this proposal represents value for money is set out in paragraphs 4.3 and 4.4 below.
- 2.5. Officers are satisfied the proposed grant recipient (Toynbee Hall) is of sufficient financial standing/stability to proceed confidently to award for the following reasons:
 - the overview of the charity on the Charity Commission website shows that their accounts are up to date (and regularly reported on time), that their income last financial year exceeded expenditure, and that their assets far outweigh their liabilities
 - the Money and Pensions Service provide funding to Toynbee Hall on an annual basis, so core costs for running the Debt Free London service (circa £5 million per year) are funded.
- 2.6. Last winter Debt Free London operated a similar out of hours service from January to March which supported 1,005 families. By December the volume of enquiries to the service had increased by 250 per cent. Therefore, we could reasonably expect to support over 2,500 families struggling with problem debt with this funding who would otherwise have found it difficult to access Debt Free London's services. This number may be substantially more if demand has continued to rise since December.

3. Equality comments

- 3.1. The Mayor and the GLA are subject to the public sector equality duty in the Equality Act 2010, which requires the identification and evaluation of the likely potential impacts, both positive and negative, of the decision on those with protected characteristics (age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation).
- 3.2. The Survey of Londoners found that low-income Londoners, social renters, single parents and disabled Londoners were more likely to find their debts a heavy burden. The evidence base for the Mayor's Equality, Diversity and Inclusion strategy flags that young women, people aged 35-44, disabled adults, unemployed men and people who are obese are likely to be at greater risk of poor mental health, with evidence also showing young women experience issues around financial insecurity and poor mental health.
- 3.3. Enabling the extended provision of this debt-advice helpline should therefore be beneficial to these groups. To ensure this is the case, details of the extended funding should be promoted through appropriate networks, including through Deaf and disabled people's organisations, housing associations and others supporting affected groups.

4. Other considerations

Key risks and issues

- 4.1. The team will provide oversight of delivery against a grant agreement. The key risks and issues are:
- Risk: there is insufficient demand for extended hours provision to warrant the expenditure.
 - Mitigation: this risk will be mitigated by effective promotion of the extended provision. However, there is strong evidence to show that demand for debt advice has increased substantially, particularly in the last three months making it unlikely this risk will come to fruition.
- 4.2. It is proposed that the funding constitutes the award of grant payment funding rather than a contract for services because:
- it would support an existing third-party (rather than GLA) project that aligns with the Mayor's priorities but is the initiative of the third-party in question
 - the GLA would not receive a direct or indirect benefit as a result, the benefits accruing to Londoners.
- 4.3. While there are other providers of debt advice (both commercial and non-profit) operating in London, Debt Free London is unique in:
- being the only London-wide network of providers of debt advice (made up of 26 independent providers of debt advice)
 - having an existing helpline and other methods of contact that can be accessed by a wide range of (and potentially all) Londoners.
- 4.4. Given this, and the pressing need resulting from the current cost of living crisis, it is proposed to award the funding to Toynbee Hall rather than inviting grant applications from a range of organisations. This is considered to provide value for money because:
- there are no other potential recipients who already provide a London-specific debt advice service that is accessible to all Londoners, and to establish a new one would carry a significant additional cost burden
 - there are no other potential London-specific recipients that have the existing reach of the Debt Free London partnership and the infrastructure in place to rapidly increase their capacity to meet demand without significant additional investment
 - the costs quoted by the Debt Free London partnership are consistent with average costs for specialist, regulated debt advisors and supervisors operating at unsociable hours and have been calculated based on the actual cost of providing a similar extended service last winter.

Links to Mayoral strategies and priorities

- 4.5. Providing this grant funding will contribute towards the Robust Safety Net recovery mission's goal of ensuring that all Londoners can access the support they need to escape or avoid financial hardship.
- 4.6. The Mayor's 2021 manifesto also included a commitment to support the work of the London Recovery Board looking at the advice and support landscape across London, and to explore where more coordination can improve what is on offer. The Debt Free London

partnership is one of the most prominent examples of a coordinated approach to providing a more effective and accessible advice offer to Londoners.

Conflicts of interest

- 4.7. There are no conflicts of interest to note from officers involved in the drafting or approving of the decision form.
- 4.8. The chief executive of Toynbee Hall (the intended grant recipient) is the co-chair of the Robust Safety Net recovery mission. However, he neither proposed the funding nor has any role in the decision-making process which is internal to the GLA. He will also declare and manage his interest should this funding agreement be raised for discussion in any governance or other meetings associated with his role as mission co-chair.

5. Financial comments

- 5.1. Approval is sought for expenditure of up to £210,000 to provide grant funding to Toynbee Hall as a contribution toward its costs of allowing the Debt Free London partnership to operate its debt advice hotline (as detailed in the table below).

	2021-22	2022-23	TOTAL
Direct staff cost	£51,000	£67,000	£118,000
NI contribution	£8,000	£12,000	£20,000
Core cost contribution (IT Systems, phone and video call costs)	£15,000	£20,000	£35,000
Management cost contribution (HR, Finance, Safeguarding and Well-being)	£8,000	£11,000	£19,000
PR cost (Support with awareness raising and maximise the effectiveness of the grant)	£9,000	£9,000	£18,000
Total cost	£91,000	£119,000	£210,000

- 5.2. Of the £210,000 expenditure:

- £100,000 will be funded from the Low-income and Food programme budget 2021-22 held within the Equality and Fairness Team
- £110,000 will be funded by the repurposing of budget from programmes originally approved under MD2869 (£40,000 from the Healthy Start programme, and £70,000 from the Food Roots programme). Both programme budgets are contained within the Low-income and Food programme budget 2021-22 held within the Equality and Fairness Team.

- 5.3. A budget carry-forward request funding the expenditure in 2022-23 has been approved.
- 5.4. The Equality and Fairness Team have assessed that repurposing the funding and supporting the extension of an existing service is now the most appropriate use of this funding.
- 5.5. The expenditure detailed within this decision all sits within the 'Robust Safety Net' mission. Any contracts that commit the GLA to expenditure in future years will be subject to suitable break clauses.

6. Legal comments

6.1 The foregoing sections of this report indicate that the decisions requested of the Mayor concern the GLA's exercise of its general powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic and social development and wealth creation in Greater London and in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:

6.1.1 pay due regard to the principle that there should be equality of opportunity for all people

6.1.2 consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom

6.1.3 consult with appropriate bodies.

6.2. In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty – namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.

6.3 Should the Mayor be minded to make the decisions sought officers must ensure that the GLA and Toynbee Hall enter into and execute a grant funding agreement (on the GLA's standard funding conditions) prior to any commitment being made to provide the funding proposed.

7. Planned delivery approach and next steps

Activity	Timeline
Approval of expenditure	w/c 07/02/2022
Grant award and funding agreement executed	w/c 07/02/2022
Delivery start date	21/02/2022
Delivery end date	22/05/2022

Appendices and supporting papers:

None

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral

Is the publication of Part 1 of this approval to be deferred? YES

If YES, for what reason: To coincide with Mayoral announcement of the funding.

Until what date: 22 February 2022

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Nick MacAndrews has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Joanna Davidson has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Debbie Weekes-Bernard has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 7 February 2022

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

Date

D. Gene

7 February 2022

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

D. Bellamy.

Date

7 February 2022

