

Strategy Review Meeting

14th August 2019 10:00am

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1. Overview

Debt Advice Foundation Balanced Scorecard

What is a balanced scorecard?

A balanced scorecard (BSC) is an evaluation and monitoring tool typically used in organisational strategic management (OSM). Whilst traditional OSM models have tended to focus on measurable financial objectives, the BSC allows us to consider any and all factors that may, now or in the future, have an influence on our ability to pursue our organisational goals. It also helps stakeholders to more easily discern the relationship between our strategic objectives (the operational targets of the charity) and our charitable objects (the high-level goals of the charity) and overarching mission.

Crucially, it also facilitates evaluation of our progress towards our strategic objectives by identifying key variables that we can measure as well as outlining strategic initiatives to help us get there.

How to use a balanced scorecard

All the key information is contained within a single view rather than dispersed across the many pages of a strategic paper.

In terms of structure of the scorecard itself; at the top, you'll find the charity's mission statement and objects. Our mission is a brief description of the overarching purpose of the organisation, a simple answer to the simple question of why we exist. Our objects are our stated legal purpose(s), which, by law, must provide a public benefit in one of thirteen charitable purpose categories (our overarching primary object, relief of poverty, is one of those thirteen categories).

Below that, we have a table with the following columns:

- Proposed strategic objectives (all residing in one of four conventional perspectives - Financial, Customer, Processes and Capacity & Learning). The arrows between the objectives creates a strategy map that describes the cause and effect relationships between the objectives.
- Measures (how we're going to measure our progress toward our objectives)
- Target (1 year and 5 year targets)
- Previous year performance analysis (how did we do versus our stated year aim)
- Gap analysis (what may prevent us from achieving our strategic objective)
- Strategic initiatives (key information and tactics/initiatives we may employ in pursuit of the objective)

All the strategic objects are number and colour coded in each perspective to make it easier to evaluate the related measures, aims, gaps and strategic initiatives.



2. Balanced scorecard

Debt Advice Foundation Balanced Scorecard

Mission	The prevention and resolution of problem debt.	Is our mission statement sufficiently explanatory? Should it answer the following questions: <ul style="list-style-type: none"> ● how do we tackle the prevention and cure of unmanageable debt? ● why do we provide the service we do and what is the public benefit? ● who do we provide the service for?
Objects	The prevention or relief of poverty for the public benefit and, without prejudice to the generality of the foregoing, this may include: <ul style="list-style-type: none"> ● the provision of free, impartial and appropriate debt advice to people with unaffordable debt. ● to help people with debt problems to gain access to appropriate solutions that will help them. ● to promote education, for the public benefit, in financial capability and money management so as to reduce the likelihood of debt misuse. ● to undertake or fund research to understand why problem debt happens and its effect on individuals, families and the wider United Kingdom economy and to disseminate useful results. 	A charitable organisation must, by law, provide a public benefit in one of thirteen charitable purpose categories (our overarching primary object, relief of poverty, is one of those thirteen categories). With that in mind and with the ever changing landscape of welfare, housing affordability, credit and debt, are the charity's mission and objects still appropriate? <ul style="list-style-type: none"> ● Are we supplying the most appropriate service(s) in pursuit of our overarching mission (are the provision of debt advice and financial capability education the most effective ways to tackle the relief of poverty? What about welfare rights, financial resilience and mental health advice?) ● Are we targeting the right group(s) of people (should our demographic targeting have a narrower focus based on deprivation or vulnerability and what are the implications of creating barriers to access?) ● Can we justify, in performance terms, the inclusion of each of the charity's existing objects?

	Strategic objectives	Measures	Aims (1yr; 5yr)	Previous year performance evaluation	Gap analysis	Strategic initiatives
Financial		<ol style="list-style-type: none"> MaPS annual contracted funding % attributable to income source Cover of monthly operating costs Direct income attributable to education programme 	<ol style="list-style-type: none"> Y1 - £118,000; Y5 - £300,000 Y1 - No single source contributing > 70%; Y5 - No single source contributing > 50% Y1 - x1 cover; Y5 - x3 cover Y1 - £15,000 (225 schools); Y5 - £80,000 (225 schools) 	<ol style="list-style-type: none"> Target - £90,000; Result - £118,000 Target - largest income source < 80%; Result - largest income source (CGA) = 70% Target - x1 cover; Result - x0 cover Target - £15,000; Result - £0 	<ol style="list-style-type: none"> MaPS only able to release budget under spend at the end of financial year (April). Qualifying projects (20% of turnover or £100,000) would require significant time and resource investment. Income sources with higher contribution to fixed costs (CTFC), such as donations, are less certain. No empirical evidence of pricing elasticity. 	<ol style="list-style-type: none"> Deteriorating market conditions (falling solution fees and solution volumes) have had a significantly detrimental effect on trading performance and are unlikely to improve in the short to medium term. Forecast income is adequate to maintain 12 month service levels although margins are tight and we will be susceptible to any significant income or expenditure shocks. Underlying annual trading income deficit £100,000 (equivalent to 2.5 IVAs per month). DAF has an unbalanced income portfolio. We must explore other funding opportunities to mitigate risk including donors, government (MaPS) and chargeable services (Education). Increasing income sources with relatively healthier CTFC values (i.e. low direct costs), such as donations, allows us to build appropriate levels of contingency more quickly, enabling us to absorb significant income or expenditure shocks. Pursue grant funding opportunities. We priced the DebtAware programme at c£250 (Y5) for the Big Lottery sustainability forecast (contribution to direct costs only as DAF was forecast to absorb overhead). In order to achieve full cost recovery, the programme price needs to be c£350 (Y5). Analyse price elasticity of demand and model disengagement
Customer		<ol style="list-style-type: none"> % of total clients attributable to acquisition sources Number of non-MAS 'in scope' debt advice sessions delivered % of client situations that have improved following advice (client feedback and peer review analysis) 	<ol style="list-style-type: none"> Y1 - > 3 sources contributing at least 10% each; Y5 - > 5 sources contributing at least 10% each Y1 - 4,500; Y5 - 6,000 Y1 - 85% improvement; Y5 - 95% improvement 	<ol style="list-style-type: none"> Target - > 2 sources contributing at least 10% each; Result - 3 sources contributing at least 10% each (organic search, MAS hotkey, MAS locator) Target - 3,500; Result - 4,500 Target - 85% improvement; Result - DAPA not live 	<ol style="list-style-type: none"> Few opportunities to diversify with limited marketing budget. As above. MaPS DAPA scheme to be rolled out in 2020. 	<ol style="list-style-type: none"> The £118,000 MaPS bridging finance is contingent on delivery of 4,500 total advice sessions per year. As the non-MAS calls now income indexed, it is prudent to mitigate the risk of under-delivery. Investigate partnership activity and collaborative opportunities within related third and credit sectors. As above.
Processes		<ol style="list-style-type: none"> Average advice session time Call answer rate Number of services FCA debt adjusting license status Number of opted-in key sector voices 	<ol style="list-style-type: none"> Y1 - reduction of 1% average session time; Y5 - reduction of 15% average session time Y1 - 85%; Y5 - 95% Y1 - Develop holistic offering including mental health, debt and budgeting advice Y1 - Attain FCA debt adjusting license Y1 - 10; Y5 - 100 	<ol style="list-style-type: none"> Target - reduction of 1% average session time; Actual - N/A Target - 85%; Result - 78% Result - Developed debt and budgeting advice offering Target - Attain FCA debt adjusting license; Result - not achieved 	<ol style="list-style-type: none"> Contingent on helpline capacity and system developments. Contingent on MaPS hotkey call presentation frequency (spikes) as well as above. Broadening provision would require collaborative working with 3rd party service providers. Obtaining the higher risk debt adjusting category will require time and resource investment. Distribution lists must comply with GDPR 	<ol style="list-style-type: none"> We have only recently developed a casework time auditing tool. MaPS reporting requirements have impaired session efficiency. We have agreed call presentation parameters with MaPS to mitigate breakage. Half of adults with a debt problem also have a mental health problem. MaPS is putting both mental health and financial resilience at the heart of it's commissioning strategy. In order to maximise our chances of securing future MAS funding, we must make sure we have made provision for both. A respite scheme has been given the green light by legislators. This effectively means that a regulated DMP will become a reality at some point in the future. This provides us with a revenue generating opportunity as there is likely to be scope for both a payment distributor fee, which won't be appropriate for us (Stepchange and Payplan already have the infrastructure in place) and an adviser fee, which would be appropriate for us. We would need to amend our FCA license to include debt adjusting due to the case work involved. Mailing programme to initially focus on key sector voices with publically available email addresses such as MPs
Capacity & Learning		<ol style="list-style-type: none"> Number of offline statements submitted Number of in-scope PAL adviser resources Number of advisers/session capacity Number of CPD points 	<ol style="list-style-type: none"> Y1 - 2% of advice sessions; Y5 - 30% of advice sessions Y1 - All in-scope enquiries to have PAL linked resources Y1 - 0 additional advisers; Y5 - +2 advisers (1,800 advice sessions per annum at 50% utilisation to handle increased non-MAS advice sessions) Y1 - All advisers accumulating requisite annual 16 CPD points 	<ol style="list-style-type: none"> Target - 2% of advice sessions; Result - 0% of advice sessions (development scheduled for Sep 2019) Target - development not finished Target - 0 additional advisers; Result - 0 additional advisers Target - 16 CPD points per adviser; Result - 16 CPD points per adviser 	<ol style="list-style-type: none"> We have no current knowledge of how clients may engage with higher levels of expected participation. Significant advice system development required. Cashflow constraints means we are unable to recruit new advisers in Y1. 	<ol style="list-style-type: none"> MAS research links higher levels of client participation in the advice process (at all levels of capability) with stronger engagement, leading to better outcomes and higher levels of long-term financial resilience. DAF to develop an offline or website tool to enable clients to complete financial fact-find in their own time, which can be uploaded for a DAF adviser to review. PAL adviser resources requires a significant update as the MAS bridging finance contract broadens the definition of 'in-scope' advice enquiries. An element of the MaPS grant funding (£600 per adviser pa) is directly linked to CPD. The recent implementation of IMA video workshops means advisers should be able to accumulate the requisite CPD points required to maintain adviser accreditations within budget.



3. Minutes

Strategy Review Meeting

Minutes

26th July 2018 10:00am

Location: 1 Anchor Court, Commercial Road, Darwen, BB3 0DB

Present: Dennis Benson (DB), Karol Sanderson (KS), Jeff Moore (JM), Peter Sargent (PS), Sue Ireland (SI)

In Attendance: David Rodger (DR), Brian Souter (BS)

Mission

- The board agreed to amend the mission statement to 'The prevention and resolution of problem debt'.
- The board considered a more detailed description of the organisation's mission statement unnecessary as they agreed the charity's objects were sufficiently wide-ranging.

Objects

- The board agreed that the existing objects:
 - Were appropriate in terms of service offering
 - Do provide a tangible public benefit
 - Do target appropriate groups of service-users
 - The board debated the implications of more narrowly focused demographic targeting based on deprivation and vulnerability but it was decided the most effective use of the charity's finite resources at this time was to retain an unrestricted provision
 - Could be justified in performance terms
 - There was some debate about the charity's research object but the board agreed the charity's monthly statistical bulletins satisfy the pursuit of this object
 - Didn't require supplementing to include other related services such as welfare rights

Financial objectives

- The board agreed the following financial objectives and aims:
 - Securing SFGB funding
 - Aims: Y1 - £90,000; Y5 - £270,000
 - KS stated that DR should consult with members of the board that have previous civil contract tender experience when appropriate.

- Diversify income portfolio
 - Y1 - no single source contributing more than 80% of total income; Y5 - no single source contributing more than 50% of total income
- Increase current asset/operating cost cover
 - Y1 – one month cover; Y5 – three month cover
- Make DebtAware self-financing
 - Y1 - £15,000; Y5 - £45,000
 - The board agreed with the principle of introducing a charge to participate in the DebtAware programme.
 - It was also agreed in principle that the long-term growth potential of the programme should be limited to the North West region, with the possibility of licensing the programme further afield.
 - KS questioned whether the break-even analysis accounted for additional direct costs of expanding the programme (such as resource). DR explained that this was a simple arithmetic exercise at this stage and that a pricing structure hadn't yet been agreed.

Customer objectives

- The board agreed the following customer objectives and aims:
 - Diversify client acquisition
 - To mitigate the risk of MAS funded call under delivery
 - Y1 – More than 2 sources contributing at least 10% of total clients each; Y5 – more than 5 sources contributing at least 10% of total clients each.
 - Increase the number of non-MAS debt advice sessions
 - To mitigate the risk of MAS funded call under delivery
 - Y1 - 3,500; Y5 - 5,000
 - Maximise positive client outcomes
 - Y1 - 85% improvement; Y5 - 95% improvement
 - Measured by client feedback and MAS peer review research

Processes objectives

- The board agreed the following processes objectives and aims:
 - Improve advice session efficiency
 - Y1 - reduction of 1% average session time; Y5 - reduction of 15% average session time
 - Contingent on capacity and system developments
 - Improve call answering rates
 - Y1 - 85%; Y5 - 95%
 - Contingent on capacity and system developments
 - Increase breadth of service offering
 - Mental health and financial resilience have been placed at the heart of MAS's commissioning strategy. DR proposed that in order for DAF to continue to play an innovative and leading role in the debt advice sector, it should make provision for the supply of both available with minimal impact on our existing debt advice provision.
 - Y1 - Develop holistic offering including mental health, debt and budgeting advice
 - JM questioned the wider legal implications of debt advisers being involved in conversations relating to mental health related illnesses.

DR confirmed that the role of the adviser wouldn't be to assess or diagnose the mental health need of the client but to provide awareness and access to an outsourced Care Quality Commission accredited mental health service for all clients.

- Extend licensable activities
 - DR informed the board that, following the addition of a respite scheme to the statute books via the Financial Guidance and Claims Act, a regulated DMP would more than likely not be far behind. DR informed the board that the charity would need to amend its FCA license to include debt adjusting due to the case work involved.
 - Y1 - Attain FCA debt adjusting license

Capacity and learning objectives

- The board agreed the following capacity and learning objectives and aims:
 - Increase client participation
 - MAS research links higher levels of client participation in the advice process (at all levels of capability) with stronger engagement, leading to better outcomes and higher levels of long-term financial resilience. DR proposed that DAF develops an offline or website tool to enable clients to complete financial fact-find in their own time, which can be uploaded for a DAF adviser to review.
 - Y1 - 2% of advice sessions; Y5 - 30% of advice sessions
 - Improve adviser resources
 - DR informed the board that system resources require a significant update as the MAS bridging finance contract broadens the definition of 'in-scope' advice enquiries.
 - Y1 - All in-scope enquiries to have PAL linked resources
 - Adviser numbers
 - Y1 - 0 new advisers; Y5 - 2 additional advisers (1,800 advice sessions per annum at 50% utilisation to handle increased non-MAS advice sessions)
 - Continuous adviser improvement
 - Y1 - All advisers accumulating requisite annual 16 CPD points

MEETING CLOSED AT 12.00pm.

Chair: Dennis Benson

Signed:

Dated:

Further Information

For help, advice and information about this meeting please contact Andrea Hoole:

Tel: 01254 778 404

Email: andrea.hoole@debtadvicefoundation.org

Further information relating to the operation of the Board of Trustees can be found in Debt Advice Foundation's Officeholder Guide, which is available on request.
