

Date of DASG meeting	Agenda Item	Paper Number	Paper's Author
19 th July 2018	3	1	Craig Simmons
Title of paper: A new target operating model for the debt advice sector – proposals and next steps			
Purpose: To update DASG on work undertaken to develop a new target operating model (TOM) for the sector and seek agreement on the proposals. Additionally to seek agreement on the governance framework and programme management approach to deliver the TOM in alignment with the five priority Wyman recommendations.			
Decision requested from the DASG: <ul style="list-style-type: none"> • DASG agrees the high-level TOM proposals and members commit resource, in principle, to the delivery of the TOM. • DASG agrees the governance framework and to receive regular updates at future meetings as MAS develops the detailed project plan for the TOM and Wyman Review delivery, including detailed phasing, terms of reference, workstream resourcing and key milestones. 			
Summary: <ul style="list-style-type: none"> • MAS has worked with various stakeholders, including DASG and other advice providers outside of the DASG to build a proposed new debt advice sector TOM. • This has also been informed by consumer research which has explored the needs of over-indebted people when they engage in advice services. Two focus groups with consumers on the TOM proposals specifically have also been included in the work. • The aim is to build an ambitious future operating system that enables better customer journeys through debt advice and a vehicle for delivering on the five prioritised Wyman recommendations. • Key components in the TOM include enhanced routing into debt advice, greater collaboration between agencies, increased consistency in advice giving and enhanced data gathering and sharing. This is with a view to enabling continuous improvements in service delivery, improved efficiency, better experiences for clients and a further developed adviser workforce. • A strong governance structure to enable delivery of the TOM and the priority Wyman recommendations is required and the structure for this is proposed. • MAS will be the lead on the governance structure and overall oversight of the programme and will develop a detailed project programme by Autumn. Regular updates will come to future DASG meetings on progress. 			
Date: 12 th July 2018			

Background

1. Members will recall MAS was asked by the DASG in late April to present a high-level target operating model at a future meeting, having collaborated with members and devolved administrations. This was agreed against a backdrop of the five recommendations from the Wyman Review being prioritised for delivery and material progress with the Citizens Advice, Money Advice Trust and StepChange (three charity) collaboration project. It was agreed these pieces of work should be aligned and an appropriate next step was development of a new TOM as vehicle for delivery. For reference, the five priority Wyman recommendations are:
 - increasing capacity by 50% (rec.4),
 - broader creditor funding contributions (rec.5),
 - enhanced quality of advice (rec.15/16),
 - use of the debt advice levy for shared infrastructure and coordination (rec.18); and
 - increased sector collaboration (rec.19).
2. Since the meeting, MAS has met with representatives of the three-charity collaboration project (plus RBS and Barclays who have been providing support) to share information about work they had undertaken and the vision these organisations have for the debt advice sector going forward. MAS subsequently led a two-day workshop with representatives of the DASG, Christians Against Poverty, Debt Advice Foundation, Payplan and Shelter on 25th & 26th June.
3. The output of the two days was an agreed vision for the sector, a set of strategic objectives and measures to chart progress. The key components for the target operating model were agreed and then discussed in detail to form the build of each of those elements.
4. The workshop was opened with a summary of findings from 2CV, a research agency who are leading a piece of MAS commissioned research, which focussed squarely on the needs and preferences of over-indebted people in the services they currently access or may access in the future. Two consumer focus groups to test over-indebted people's views of key aspects of the TOM are being held in advance of the meeting, to which member organisations have been invited.
5. MAS met with the Scottish and Welsh devolved administrations on 28th June to consider the TOM and key principles of how it should operate across all four nations of the UK. There was a clear willingness to work collaboratively on how it is operationalised to ensure it works effectively in each nation and in a complementary fashion with existing workstreams. Unfortunately, the NI devolved administration was unable to send a representative to this meeting but will be engaged separately.
6. All of these inputs have contributed to the TOM presented at this meeting. We have based work on a TOM which is feasible to fully deliver in a five-year timeframe.

Target Operating Model Proposals

7. A visual representation of the high-level TOM illustrating how elements interact with one another is attached in supplementary document 1.
8. The proposed TOM is built on a vision and a set of strategic objectives that recognise the need to help more people sooner and with greater effectiveness and efficiency. It also recognises the necessity for a model which flexes to meet clients' needs from debt advice, which the research shows vary hugely, as well as the different environments in which advisers operate (such as national frameworks or size of organisation). The supporting narrative in supplementary document 2 gives a summary of key aspects of the TOM and, in particular, highlights areas of change from existing practice.

Strategic objectives

9. The strategic objectives for the TOM are as follows:
 - a. To help more people as early as possible through an efficient, effective client journey

- b. To understand impact and foster improvement at all stages of the client journey
- c. To develop and implement a sustainable funding model that incentivises the best possible client outcomes and encourages collaboration across advice providers
- d. To build improvements in quality, consistency and client experience into all aspects of advice agency and creditor practice
- e. To build debt advice as an appealing, aspirational profession

Success measures

10. We agreed through the various workshops and meetings during the development of the TOM that the following themes should form the over-arching success measures:
- Proportion and absolute number of people in problem debt seeking and receiving advice
 - Proportion of people entering advice who reach a suitable outcome
 - Quality of advice, reflecting both compliance and an effective customer journey
 - A cost per client measure
 - A matrix scoring measure on advisers including retention rates, job satisfaction levels and competence and skills
11. Refinement of the wording for measures and development of short, medium and long-term KPIs is required. This work will be carried out alongside the benchmarking exercise referenced elsewhere in the paper.

Phasing

12. Clearly some elements of the TOM will need to be delivered in sequence and, of course, some elements will take longer to deliver than others. There are also some projects already progressing at pace. A high-level phasing plan is included below, which will be subject to detailed work in coming weeks.

Set-Up and Benchmarking Phase (by Autumn 2018)
<ul style="list-style-type: none"> (a) Finalise governance arrangements and set out a detailed work programme (b) Build and agree a sector-wide 'outcomes' framework (c) Build and agree sector-wide KPIs and benchmark current position (benchmarking likely to take until the end of calendar year) (d) Business case for proposed hub, data sharing framework and initial technological developments produced (e) Recruitment of Programme Manager and key staff resource (f) Business case to FCA to seek additional funding
Phase One (items marked with # will run concurrently with the set-up and benchmarking stage). Delivered within two years.
<ul style="list-style-type: none"> (a) # Consistency in advice giving (advice decision logic, common approach to apportionment of priority and non-priority debts, full rollout of SFS, common templates and common language in sector terminology)

- (b) # Technology stream to maximise opportunities from Open Banking, CRA data etc, enhanced digital tools and text reminders. APIs to allow systems to link built and rolled out and agreed protocol on assigning unique client identifiers to clients entering advice (links to point a)
- (c) # Creditor good practice. MAS already has a well-established creditor good practice workstream. It is proposed to broaden this out to meet the other requirements of the TOM and continue to work closely with creditors to develop the work.
- (d) # Build upon and expand independent sector-wide quality assurance work
- (e) Agreement and implementation of a single sector-wide reporting framework
- (f) Build and test hub, MI store, data sharing framework and initial technological developments (subject to business cases)

Phase Two (some will be subject to successful delivery of phase one). To be sequenced accordingly to delivery of phase one workstreams.

- a) Rollout of 'hub' solution, MI store and data sharing protocol
- b) Continued implementation of creditor good practice in a broader range of creditors
- c) Engagement of other referral partners at 'life events'
- d) Tackling inappropriate lead generation
- e) Post advice engagement opportunities explored and developed
- f) Holistic services directory for advisers built and rolled-out
- g) Agreement on sector qualifications and training framework, and rollout
- h) Ongoing technology development

13. With particular reference to the technology work included in phase one, members are asked to support an exercise to map existing and planned work that may relate to any digital development connected to the TOM. This will assist with a coordinated approach to the technology discovery workstream MAS currently has in operation.

Governance

14. A strong governance approach is essential in fully realising the TOM over the next five years and will be aligned with the work programme for the five priority Wyman Review recommendations. The proposed governance framework is attached at appendix 1. Clearly an intrinsic part of the TOM is using insights and data to continuously improve services and this will assist with governance and shaping the programmes of work on an ongoing basis.

15. Both the Wyman Review and TOM will be taken forward by a project management team, led by MAS but with external representatives (known as the Wyman & TOM Advisory Group) which will oversee six workstreams, as follows:

- **Creditor practices and referrals (both creditor referrals and others).** *Delivers Wyman recommendations 4&5, TOM creditor referrals into advice and TOM creditor practices within the advice process.*
- **Consistency and collaboration in advice provision.** *Delivers Wyman recommendation 4&19, and TOM consistent advice-giving developments.*

- **Quality and adviser workforce.** *Delivers Wyman recommendation 15&16, TOM training curriculum and adviser quality and wellbeing strategy*
- **Technology, innovation and increasing impact.** *Delivers Wyman recommendation 4, 18 and 19, TOM capacity increase, capacity planning, hub creation, connected platforms for sharing information, MI store, shared online tool and appointment booking.*
- **Data, research & MI.** *Delivers over-arching Wyman recommendations and TOM requirements for data, including success measures, evaluation and continuous improvement.*
- **Funding.** *Delivers over-arching Wyman recommendations and, in particular, recommendation 5 and TOM sustainable funding model & coordination of funding streams*

16. These will be informed by, but separated out from, the MAS business-as-usual workstreams for debt advice and vice versa. Our expectation is that all DASG members will commit resource to the development and delivery of these workstreams, as will members of the Debt Advice Operational Group. MAS (SFGB) will lead the direction, coordination and management of the workstreams but it is our intention that sector representatives will be fully incorporated into the governance framework to ensure developments work for whole sector and the different devolved administration arrangements.
17. We will also need to recognise there are limitations to the level of resource in the sector. In leading the work, MAS (SFGB) will be mindful of not creating a disproportionate number of working groups and aim to be nimble in how we work, utilising the sector's subject matter expertise in a targeted way. Ensuring broader engagement with a wide range of stakeholder, including technology agencies and other creditor types, will be crucial in delivering the full collective impact of the TOM.

Next steps

18. Should the proposals in this paper be supported, MAS will proceed in developing the governance framework and complete work programmes under the six workstreams by Autumn setting out timelines, costings, resourcing requirements and milestones. A written update on progress with this will be provided to members in September and sector stakeholders will be engaged in this process.

Recommendations

19. DASG agrees the high-level TOM proposals and members commit resource, in principle, to delivery of the TOM.
20. DASG agrees the governance framework and receives regular updates at future meetings as MAS develops the detailed project plan for the TOM and Wyman Review delivery, including detailed phasing, terms of reference, workstream resourcing and key milestones.

Appendix 1

