A

Evaluation of Money Advice Debtline pilot and business case for development of ‘National Debtline’

Prepared by Caroline Gardner and Jackie Wells

Prepared for Gaynor Jeffery, Assistant Director

Consumer and Competition Policy Directorate

Department of Trade and Industry

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1 Executive Summary

The Money Advice Debtline pilot project was launched in March 2002 to deliver free specialist debt advice and a debt repayment planning service to consumers in financial difficulty. The pilot is running at the following three centres under the ‘National Debtline’ brand name:

- At Birmingham which offers national access to telephone and electronic advice
- At Fife which offers telephone and electronic advice for the local Fife area
- In Cornwall, which offers local face-to-face advice.

The partners involved in this pilot project are HM Treasury, the credit and finance industry, the Department of Trade and Industry (DTI), the Lord Chancellor’s Department (LCD), the Scottish Executive, the Money Advice Trust (MAT) and the Debtline Advisory Group.

Objectives

The pilot’s aim, as set out in the Invest to Save Budget bid put to HM Treasury, was to evaluate ‘the assumptions and conclusions in a feasibility study that at least 75% of debt enquiries can be dealt with satisfactorily and exclusively by means of telephone advice’.

The overall objectives of the evaluation conducted were to assess the extent to which the pilot could meet its aims in these four broad areas:

- Demand: does the Pilot satisfy a customer need?
- Operations: has the Pilot been well run?
- Finance: were the financial objectives met?
- Policy: does the pilot meet the government aims?

In addition to evaluating the pilot operation, a business case has also been developed. The aim of the business case is to define a ‘best fit model’ for a free money advice debtline going forward, to produce a high level view of potential revenue and costs, to test risks and sensitivities and, where possible, to demonstrate the case for this in terms of benefits to both the public and private purse.

Evaluation approach

A programme of intensive data collection and analysis was carried out in order to conduct the evaluation. This comprised:

- Original qualitative and quantitative research among ‘National Debtline’ customers
- Mystery shopping
- A survey of Money Advice Debtline staff
- A programme of staff and management meetings
- Collection of management information
- Collection of information in the public domain.

Demand – evaluation conclusions

There is evidence of a sizeable market for debt advice in the UK. A significant proportion of the population – around one-quarter of the total population - can be considered to be financially vulnerable in terms of their gearing of debt to income. Around one-quarter of those considered to be financially vulnerable feel they are experiencing difficulty repaying debt – equating to around 1.3 million individuals. These represent the potential market that might need advice on managing their debt. The recent “household survey on overindebtedness” carried out by MORI says that about a quarter of households reported that they had been in financial difficulties in the last 12 months and about 7% of households had been in financial difficulty for more that a year).

The Money Advice Debtline pilot which was constrained in terms of scale, will have advised around 25,000-26,000 clients over the duration of the pilot. Despite a relatively low profile promotion of the service, demand for the ‘National Debtline’ services has outstripped supply by a significant extent. It would appear reasonable to conclude therefore that there is sufficient demand to consider enlarging the service.

The ‘National Debtline’ proposition does have wide appeal across many different demographic groups. The customer profile does appear to be skewed towards the younger age groups, probably reflecting the age profile of those preferring to use the telephone to receive advice. The service is also under-represented in terms of the proportion of the DE socio economic groups it is currently providing advice to.

The ‘National Debtline’ service is rated very highly by its customers who report high levels of satisfaction with the service overall. Specifically, Money Advice Debtline advisers are well regarded in terms of both their levels of knowledge and their approach to providing advice. The nature of the service tested in the telephone pilot does meet consumer needs in terms of its structure, quality and operational delivery. The telephone service is an appropriate mechanism for delivering advice to a broad target market.

Although there is strong demand for the 'National Debtline' service, the evaluation did raise some questions regarding the uniqueness of the 'National Debtline' service in the market and the extent to which other money advice services might compete with the 'National Debtline' service in the future.

It is reasonable to conclude that the 'National Debtline' service is able to meet at least 75% of enquiries from its current client base satisfactorily and exclusively by telephone and other electronic means.

Operations – evaluation conclusions

The pilot has been well run with a high quality of service delivered, a strong emphasis on quality and good levels of job satisfaction present among the staff and management. The investment made in IT appears to have been successful with all systems acknowledged to be working smoothly.

However some opportunities to improve efficiencies in call management have been identified by management and the evaluation process:

- There appears to be potential to reduce the levels of 'unavailable time' (time when an adviser is 'logged on', but not actually advising on the telephone)
- There appears to be potential to reduce the average length of call.

There have been particularly low levels of referrals to Cornwall for face-to-face advice, and lower than expected referral levels, in terms of those formally recorded, to debt management plans (DMPs) which have impacted financially – in terms of lower revenues - on the pilot. However, research carried out as part of the evaluation shows that significantly more 'National Debtline' customers are going on to take up debt management plans, and reach Payplan and Consumer Credit Counselling Services, the providers of these plans, through a variety of other routes.

From the consumer and staff interviews, there has not been any compelling evidence to support the need for local knowledge as part of the delivery of the service that might detract from the desirability of running the service on a centralised basis.

Finance – evaluation conclusions

The financial evaluation looked not only at the financial performance of the Money Advice Debtline pilot, but also looked at the wider potential financial impact of the service on both the private sector (the credit industry) and on the public sector.

There are significant indications that the impact of National Debtline on the private purse is generally positive, with the indebted population appearing to repay or manage their debt more effectively than they would had the service not been available. This view is reinforced by the lack of awareness among most users of the service of other similar sources of help and support. There are also some neutral and negative indicators for the private purse. A significant minority of users had, at the time the research was carried out, not improved their debt position and a very small minority had been recommended bankruptcy by National Debtline. Whilst bankruptcy may not be the best solution in terms of its impact on the private purse, the net effect of National Debtline on the private purse is most likely to be a positive one for creditors. However, given the snapshot nature of the evaluation research, it has not been possible to extract any direct evidence of benefits.

There is some indication of the potential for a positive effect on the public purse, although once again, the snapshot nature of the research has not enabled any direct evidence to be found during the evaluation process, although research conducted by LSE for Money Advice Debtline pilot indicated that half the users of the service had reduced their debt. Users themselves point to the service leading to improvements in their health and general well being which could lead to a potential reduction in the costs to the National Health Service through reduced cost of support and treatment. No direct evidence for this has been found. It has proved difficult to draw conclusions on the impact that National Debtline has had on crime statistics. There are some indicators of an increased ability to manage debt without recourse to the courts; however, it is possible that this could be negated in small part by the increased use of court time for bankruptcy hearings. We have been unable to quantify or identify any direct relationship between the outcomes of the pilot and benefits to the public purse.

Money Advice Debtline finances for the pilot period reveal that there are some differences from the original Invest to Save budget. These are due to a combination of omissions in the original budget in the Invest to Save Bid, changes to the timeframe of the pilot and the decision to reserve for contingency.

Differences between expected and actual revenues from debt management plans perhaps point to one of the most significant issues that need to be addressed by Money Advice Debtline. There is evidence from a number of sources that customers are by-passing the formal referral process put in place by Money Advice Debtline suggesting that DMP prospects are not going through the formal referral process and that potential revenue is being lost as a result.

Policy – evaluation conclusions

There is good evidence that the Money Advice Debtline pilot contributes to the key policy aims intended at the outset of the project. These were:

- *Reducing social exclusion* – The 'National Debtline' service can reasonably be expected to increase access to debt advice including access to those who would not have known where to obtain advice from if 'National Debtline' had not been available , although there does remain a question about the extent to which the service will fully serve the DE socio economic groups
- *Modernising government* – the model of delivering advice through telephone and e-mail delivers positive outcomes both in terms of providing value for money and in terms of satisfying consumers

- *Achieving social justice in Scotland* – the Birmingham based service was able to achieve broadly the same levels of customer satisfaction for Scottish domiciled callers as for all callers to the service, thereby implying that Scottish callers would not be disadvantaged by having access only to a service located out of Scotland.
- *Improving adult education* – 'National Debtline' customers clearly feel they have improved their knowledge of financial matters through using the service
- *Encouraging active consumership*.- there are a number of indicators that the 'National Debtline' service contributes towards more empowered and 'personally responsible' consumers. In particular the majority of 'National Debtline' customers feel they are gaining control of their finances

Best Fit Model

A number of different 'service models' were considered in terms of defining the most appropriate model for the service going forward. The options were considered against the overall vision for the service which is 'to provide a widely available service to provide free, independent, high quality broad ranging debt advice making the most cost effective use of resources available'.

The models considered included the provision of services to Scottish domiciled callers from a separate Scottish location. It was concluded that there is no case for establishing a separate Scottish operation. The optimum balance between face-to-face and telephone advice was also assessed. The introduction of a face-to-face element to the service clearly reduced the numbers of customers that the service could advise. In addition the telephone and e-mail channels were felt to meet the needs of a broad section of the potential market for advice. It was therefore decided not to include a face-to-face element to the service.

The 'Best Fit Model' agreed for the 'National Debtline' service for the future is a telephone based advice service, supported by e-mail. This will be based in one location for the foreseeable future. Given the establishment of the Pilot in Birmingham, it is practicable to continue in this location.
The service will be a universal service, targeted at all individuals and families in the UK who may need advice in respect of debt issues. The model developed and analysed within this report made the assumption that 'National Debtline' may continue to be funded through a combination of private and public sector funding, together with revenue generated from debt management plans, although the final funding approach and arrangements for the 'National Debtline' service have not been finalised. The revenue generated from DMPs is expected to increase over time and correspondingly it is anticipated that 'National Debtline' could have the potential to become increasingly self-financing in the future, although competitive initiatives from other providers of DMPs need to be considered.

Financial Projections

A financial business case for the best-fit model has been developed, based on costs provided from current National Debtline management information. Four scenarios were developed, all of which were revenue constrained. The business case did not therefore consider a scenario where all, or nearly all, of the potential demand for the service might be met. A number of potential efficiency improvements to the existing 'National Debtline' operation were included in the business case model.

The ongoing benefits to private sector debtors and public sector expenditure have not been quantified due to the lack of direct evidence collected during the evaluation study. However, the indirect evidence does suggest the potential for benefits to arise as a result of the launch of a national service.

By 2005/6, the four scenarios showed 'National Debtline' handling between 19,000 – 82,000 clients, at an average cost per client ranging from £24 - £34. Sensitivity testing reveals relatively small effects during the three year plan with salary inflation having the most significant impact on funding requirements for the service.

The business case includes estimates of revenues generated from debt management plans and looks at the point at which 'National Debtline' might become self-financing. The higher the budget, the quicker 'National Debtline' starts to finance itself. The earliest point at which 'National Debtline' might become self-financing in the scenarios modelled was 2009/10 (although the potential for 'National Debtline' to become self-financing will be affected by the actions and reactions of competitor organisations). It is understood that Consumer Credit Counselling Services took a similar time period before becoming self-financing.

A high level risk assessment identifies the following risks as being critical to the operation and funding of the service:

- A breakdown in relationships or revenue sharing with DMP partners;
- Significant increase in demand for National Debtline services that cannot be satisfied with resulting damage to the brand;
- A significant reduction in either private or public sector funding.

2 Introduction and Background to 'National Debtline'

2.1 Background

The White Paper *Modern markets: confident consumers* (July 1999), outlined the Government's plan to run a pilot (Consumer Advice Lines) to test whether **general consumer advice** could be successfully delivered by telephone and provide consumers with cost effective, easy to access, free advice about their rights and how to get redress. In this context, a related pilot project was set up to deliver free **specialist debt advice and a debt repayment planning service** to consumers in difficulty with debt. When the pilot was set up, the quality of, and ease of access to, debt advice across the country varied considerably and the general provision was quite fragmented. The genesis of the idea for the pilot was the Money Advice Trust (with some input from CCCS) and was developed through a partnership with the Birmingham Settlement and the DTI. The pilot is called the **Money Advice Debtline Pilot**, operating under the brand name 'National Debtline' and was launched by Melanie Johnson, Minister for Consumers, on 14 March 2002.

2.2 Structure

The pilot is running at three centres:

(i) Birmingham which offers national access to telephone and electronic advice and uses the *'National Debtline'* "brand" name
(ii) Fife which offers telephone and electronic advice for the local Fife area
(iii) Cornwall, which offers local face-to-face advice.

All three sites offer access to a Debt Management repayment Programme (DMP). The partners in this pilot are:

- HM Treasury who provided £1million from the Invest to Save Budget
- The credit and finance industry, which is contributing £930k to the project
- DTI, Lord Chancellor's Department and the Scottish Executive who each provided £50K. The DTI project manages the pilot on behalf of HMG partners and holds the funds from HM Government
- Money Advice Trust (charitable body that works with all the major advice agencies to provide free, independent money advice) who are responsible for managing the pilot on a daily basis and are the recipients of the funding
- Debtline Advisory Group: Forum for interested parties (e.g.: NACAB, local authorities, trading standards, OGDs) to get an update on the progress of the pilot and communicate with the pilot's Executive Board (see paragraph 5 below).

The pilot is overseen by the Money Advice Debtline Executive Board (the Board), of which the DTI is a member. Performance measures have been agreed by the Board and are monitored on a monthly basis at the Board's meetings.

2.3 Objectives of the evaluation

The pilot's aim, as set out in the Invest to Save Budget bid put to the HM Treasury, was:

- To evaluate the assumptions and conclusions in a feasibility study that at least 75% of debt enquiries can be dealt with satisfactorily and exclusively by means of telephone advice.

Specifically, the overall evaluation aimed to:

a. Identify how efficiently each of the three pilots (including Debt Management Programmes) has been operated
b. Evaluate the effectiveness of each individual delivery method - i.e., national call centre, national electronic advice (via website and e-mail), local call centre, local face-to-face advice - with particular attention to client satisfaction and the quality of advice (established via client research and mystery shopping)
c. Thereby identify whether at least 75% of debt enquiries to the contact centre can be dealt with satisfactorily and exclusively by means of telephone advice and other electronic channels as opposed to face-to-face advice
d. Make a recommendation on the best balance between a single national contact centre and smaller centres around the country
e. Provide an assessment of the technology, management and organisational issues faced by the pilot schemes, whilst highlighting the lessons that have been learnt.

3 Business case objectives

3.1 Purpose and Structure of the Business Case

The Business Case aims to demonstrate how successfully the Money Advice Debtline pilot has met the aims and objectives set out for it in the Invest to Save Budget Bid. It aims to demonstrate the case for a free money advice debtline in terms of benefits to both the public and the private purse, and also to examine the operational effectiveness of the pilot.

The Business Case is structured into three main parts:

- An evaluation of the pilot: how well it has met its objectives in terms of the demand for debt advice, the operation of the pilot, financial aspects of the pilot, and the policy objectives of the pilot,
- A preferred "best fit" model for the future of the 'National Debtline' service, and
- Financial projections and analysis of costs and key performance indicators of 'National Debtline'.

The Business Case was commissioned by the Department of Trade and Industry (DTI), and was developed by Deloitte & Touche with input from the key stakeholders in the project - the DTI, Lord Chancellor's Department and the Scottish Executive, the British Bankers Association, Money Advice Debtline Pilot and Money Advice Trust.

3.2 Quality Control and Approvals

An 'Evaluation Project Board' was established for the duration of the Evaluation and Business Case Development project. The members of this 'Evaluation Project Board' consisted of the DTI, Deloitte & Touche and the stakeholders listed above. This Board met fortnightly throughout the duration of the project to both provide a steer to the project and to review its progress.

Interim findings for the evaluation were presented to the Evaluation Board by Deloitte & Touche on February 5th 2003 to allow for feedback and commentary on the emerging results. The Best Fit Model, describing the 'National Debtline' service in the future, was developed and presented to the Evaluation Board during February 2003 for discussion and approval. A draft of this business case report was also circulated among the Evaluation Board in advance of being finalised.

4 Structure of the Evaluation

4.1 Detailed Evaluation Objectives

The project commenced with a review and clarification of the objectives and measures against which the performance of the Money Advice Debtline pilot would be measured. Following a review of the Invest to Save Bid and other relevant documents and discussion of these objectives with the Evaluation Project Board, it was agreed that the Pilot should be evaluated on the following four key dimensions:

- Demand: Does the Pilot satisfy a customer need?
- Operations: Has the Pilot been well run?
- Finance: Were the financial objectives met?
- Policy: Does the pilot meet the government aims?

Within each of the four areas above, detailed measures were developed and questions that the evaluation would investigate were identified.

4.2 Evaluation approach

Following the refinement of objectives, a programme of intensive data collection and analysis was carried out. The sources of information which have fed into the evaluation of the Money Advice Debtline Pilot are:

- **Original consumer research**. A programme of both qualitative and quantitative research was carried out among customers who had successfully contacted the 'National Debtline' service and agreed to take part in research between October 2002 and January 2003 (clients who had contacted 'National Debtline' before these dates could not be researched due to data protection issues). The research included customers who had gone on to Debt Management Plans (and those who had not) and covered customers that had received advice from the Birmingham, Fife and Cornwall operations. Overall, 22 face-to-face interviews were carried out in the qualitative stage and 711 interviews were carried out by telephone for the quantitative research. Data produced from the quantitative research has not been weighted. Although there is evidence that the sample used may have some bias as it surveys only those successful in accessing the service and those agreeing to take part in the research, no definitive profile of the 'National Debtline' customer population was available for weighting purposes.

- **Mystery shopping**. A programme of Mystery Shopping was carried out to assess, from a consumer perspective, the service provided by 'National Debtline' in relation to two other competing organisations A single debt 'scenario' /debt situation was developed and six calls were made to each organisation, making a total of eighteen calls. Each organisation was informed in advance of the intention to carry out a mystery shopping exercise, but not of the details of this exercise. Because the scale of the mystery shopping carried out was relatively contained, only high-level findings and observations from this work have been included in the evaluation.
- **Survey of Money Advice Debtline pilot staff**. A staff survey was carried out to understand staff views on Money Advice Debtline as an employer and on the operation of the pilot. Questionnaires were e-mailed to all Money Advice Debtline pilot staff, who were assured of the confidentiality of their responses. Replies were received from 26 staff – a response rate of 84%.
- **Staff and management meetings**. Meetings were carried out with Money Advice Debtline pilot management and staff at the three pilot locations to discuss aspects of the operation. Deloitte & Touche staff were also able to listen in to live calls during these site visits
- **Management information.** Management information, including performance against Key Performance Indicators was provided.
- **Public domain information.** A wide range of information sources were identified and reviewed as part of the evaluation.

4.3 Points of note

It is important to bear in mind the following limitations when reading the evaluation of the pilot. The evaluation has been carried out within the time and budget constraints set for completion of the evaluation and development of the business case. The specific implications of this include:

- The operational element of the evaluation has been carried out at a high-level. Detailed reviews of technology and human resources performance, for example, has not been carried out
- Primary research among 'non customers' of the 'National Debtline' service to assess views of the broader market for debt advice has not been included in this evaluation
- 'Longitudinal' analysis to measure impact over time of using 'National Debtline' on customers has not been carried out
- Some criteria for evaluating the pilot (as detailed above) was required to be set up retrospectively. As a result data needed to measure performance on some of these measures has not been available.

Considerable reliance has been placed on the management information and plans supplied by Money Advice Debtline pilot and although these have been questioned in meetings with Money Advice Debtline and analysed by Deloitte & Touche, the integrity of the data has not been challenged.

5 Demand Analysis

This quadrant of the evaluation examines the extent to which the ‘National Debtline’ service satisfies a consumer need. This is explored through looking at:

- Overall levels of indebtedness and potential demand for debt advice
- The current supply and provision of debt advice
- Which segments of the debt advice market ‘National Debtline’ appears to be serving currently
- Customer satisfaction; the extent to which the ‘National Debtline’ service is meeting the needs of its customers in the Pilot.

5.1 Levels of indebtedness and potential demand for debt advice

The Invest to Save Bid estimated that 1.4 million people are believed to contact debt advisory services annually.

Deloitte & Touche (through B&W Deloitte) carried out a major project in 2002 called ‘Wealth & Portfolio Choice’. Based on a programme of over 3,000 interviews and on modelling, it delivers a comprehensive view of patterns of wealth and debt in Great Britain. This data has been used to assess the potential need for debt advice.

The Wealth & Portfolio Choice data has been analysed to assess what proportion of the population could be considered to be ‘financially vulnerable’ – this is defined as individuals for whom the cost of servicing their household debt, including mortgage repayments, is more than 40% of their household income. Using this definition, 11.4% of the adult GB population fall into this category. This equates to 5.1million individuals in approximately 3 million households.

Of this ‘financially vulnerable’ population, a portion of these currently believe themselves to be struggling with keeping up their debt repayments – these individuals have been categorised as ‘strugglers’ in this report. Around 26% of the ‘vulnerable’ are defined as ‘strugglers’ – equating to 1.3 million adults and 0.7 million households. These 1.3 million individuals are considered to represent the size of the market for those potentially needing debt advice (although in practice there may be a number of reasons why not all these individuals go on to seek debt advice).

The demographic profile of both the ‘vulnerable’ and the ‘strugglers’ has been examined alongside that of ‘National Debtline’ customers at a later point in this section.

Much the same conclusions can be found in the **Household Survey on the Cause, Extent and Effects of Overindebtedness** commissioned by the Task Force on over-indebtedness set up by the Minister for Consumer Affairs, conducted by MORI and analysed by Elaine Kempson. The study found a significant increase in debt and access to credit but some evidence of a fall in arrears. Most households were found to use credit modestly with a small minority, 6 per cent, spending half or more of their gross income repaying their mortgage and other credit commitments.

The study found that historically high levels of borrowing are problematic for a only small number of people but that a far greater number would, potentially, be at risk of serious difficulties in an economic downturn or a period of sustained increase of interest rates.

5.2 The supply and provision of debt advice

The evaluation included a high-level assessment of the provision of debt advice. Overall, the supply of debt advice is considered to be quite fragmented, with considerable differences in terms of approach, scope, quality and coverage of the organisations in this marketplace. The view that the supply of debt advice is disparate is underlined by results from the consumer research. When asked where they would have gone for debt advice had 'National Debtline' not been available, there were low responses for alternative organisations, with the exception of the Citizen's Advice Bureau.

Broadly speaking, organisations providing debt advice can be considered in two groups: not-for-profit organisations and commercial (private sector) organisations.

Not-for-profit organisations

There are a large number of voluntary bodies offering debt advice across the United Kingdom. These organisations range from well-funded national professional bodies, through to local, often council-led initiatives (examples of which include Leicestershire County Debtline, Manchester Council Debt Advice and Northampton Borough Council Housing and Money Advice Centre. The Citizens Advice Bureau is a major source of advice and appears to be the best known. CABx is a registered charity reliant on volunteers and has 200 outlets or branches throughout the UK. It has been estimated by the CABx organisation that 25% of CABx interviews nationally are taken up advising members of the public on debt issues. In general, these organisations issue face-to-face advice for those with debt problems, but where a query requires further clarification or investigation, customers can be referred to other more specialist organisations (such as Money Advice Debtline) for more detailed advice.

There are also a number of centralised not-for-profit organisations specialising in debt advice, providing advice to customers for free. They can offer a broad range of services, which include creditor representation, debt health-checks and reference material. These organisations include the Insolvency Helpline and FCL Debt Clinic.

It appears from discussions with the Consumer Credit Counselling Service (CCCS) that, in the not-for-profit sector, the Money Advice Debtline pilot and CCCS are both positioned as offering a broad range of advice on debt related issues by telephone and (at least in the case of the Cornwall pilot for Money Advice Debtline) face-to-face, with CCCS also carrying out administration for debt management plans. CCCS is a registered charity and has been established for around ten years in the UK. CCCS is self-financing through contributions made by creditors on debt recovered. Although it has not been possible to conduct detailed analysis and comparison of the scope and reach of the Money Advice Debtline Pilot and of CCCS, there does initially appear to be similarity between these organisations in some of these respects. However, 'National Debtline' themselves state that they are positioned to serve a broader market than CCCS, particularly with respect to non-DMP focussed advice. It may therefore be desirable to carry out further work to establish the similarities and differences between these organisations conclusively.

Commercial (for profit) organisations

In recent years, a significant number of profit making debt servicing companies have sprung up within the market. The vast majority of these firms are, at the core, finance companies and are in business to make a profit. They are not money advisers and may not have the same capabilities to offer broad based debt advice as some of the not for profit organisations. These organisations are funded by offering "consolidation loans" in return for a fee. A security over the customer's home or an insurance policy can be required. Examples of profit making debt servicing companies include Baines & Ernst, Ocean Finance and Park Finance. In general, these services are provided by telephone, with supporting information available on internet sites.

Overall, 'National Debtline' customers do not view these fee based debt management companies positively (although views of 'National Debtline' service customers do not necessarily represent views of the wider customer base for debt advice). The qualitative research showed common perceptions of these companies to include the observations that

- they are expensive for the service provided;
- monthly payments are set at unrealistic levels; and
- some of the customers' creditors would not deal with these organisations.

Payplan is a further organisation offering customers access to debt management plans, although they do not position themselves as providers of a broad range of debt advice, referring callers needing this to other organisations such as 'National Debtline'. Payplan is linked with the Paylink Trust, a not for profit organisation, although it is understood that Payplan operate on a commercial basis.

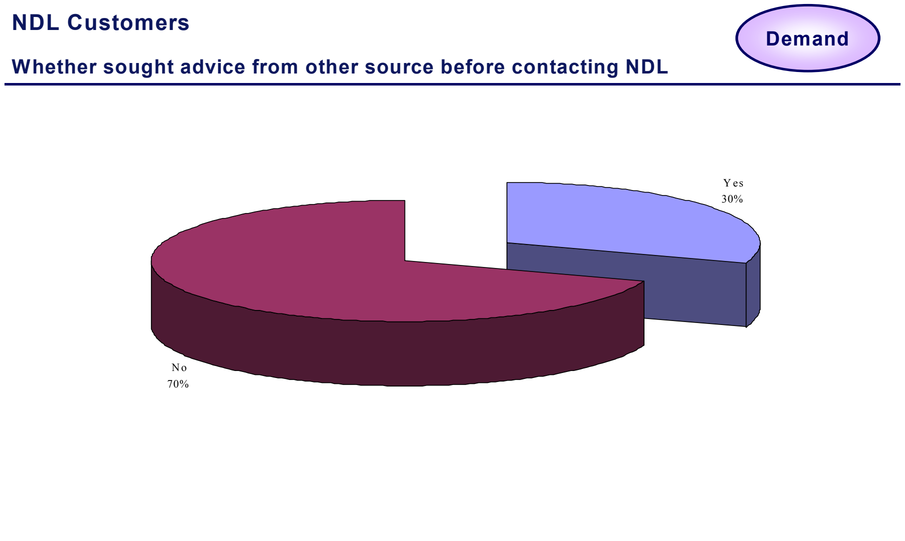
In summary, current supply of debt advice would appear in general not to be meeting potential demand for these services either qualitatively or quantitatively. This could be due to a number of reasons including constraints to suppliers scaling up their organisations, low awareness of supplier organisations and a mismatch between the supplier models and approaches and consumer preferences.

5.3 'National Debtline' Customers

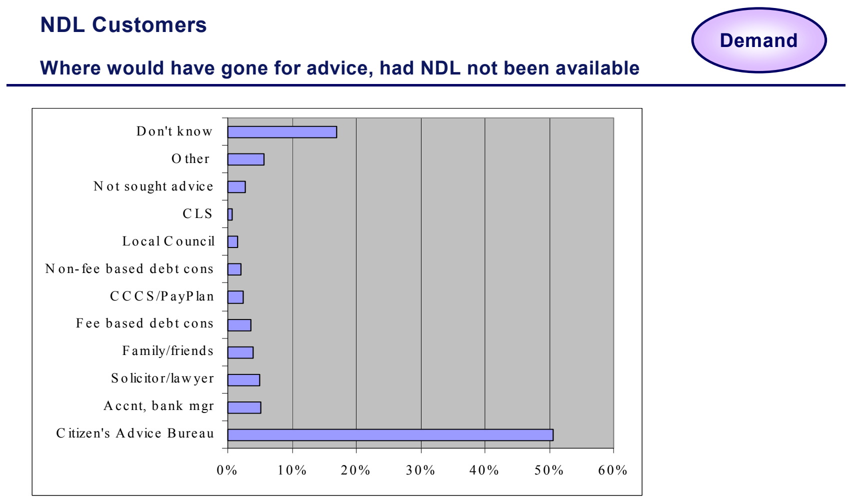
Contact with other advice organisations pre 'National Debtline'

The evaluation explored how 'National Debtline' customers 'found their way' to the 'National Debtline' servie. Seventy percent of 'National Debtline' customers had not called another debt advice organisation prior to contacting the 'National Debtline' service. This indicates that 'National Debtline' has been successful in establishing itself as the 'first port of call' for many, rather than primarily serving customers who would otherwise have used other organisations. Customers often find out about 'National Debtline' from other agencies and organisations (such as creditors) who may refer them on for advice.

If 'National Debtline' had not been available, over half of customers say they would have contacted the CABx for advice. This is significantly ahead of other sources that would be considered. Around 17% said they do not know where they would have sought advice if 'National Debtline' had not been available.



Base: NDL users, 711 respondents



Base: NDL users, 711 respondents

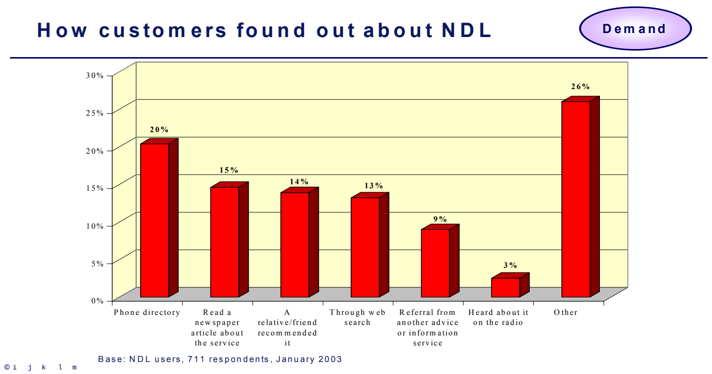
Triggers for approaching 'National Debtline'

There are a wide range of triggers, which lead to individuals contacting the 'National Debtline' service. Some of the triggers that emerged from the qualitative research include:

- The individual reaching a point of despair where they were contemplating suicide
- Receipt of or threat of a County Court Judgement
- Inability to pay rent, or the threat of eviction
- Facing or considering bankruptcy
- Not trusting the advice that had been given by another advice organisation
- Being encouraged / recommended to call 'National Debtline'
- Feeling unable to cope with the debt problem any longer / realisation that the debt is unmanageable

"I got threatened with court action and eviction"

How customers found out about 'National Debtline'



One of my creditors recommended them"

"It was chance I came across their leaflet in the CAB"

"My best friend told me about 'National Debtline'"

"The Housing Association gave me the number."

Customers found out about the 'National Debtline' service in a variety of ways and through a number of routes, as shown in the chart below. The most common route was through finding contact details in the telephone directory (20%), followed by reading about the service in a newspaper (15%). Personal recommendation also played a role for 14% of customers. The responses shown in the 'other' category are a combination of a wide range of responses, with no single dominant theme.

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Profile of 'National Debtline' customers

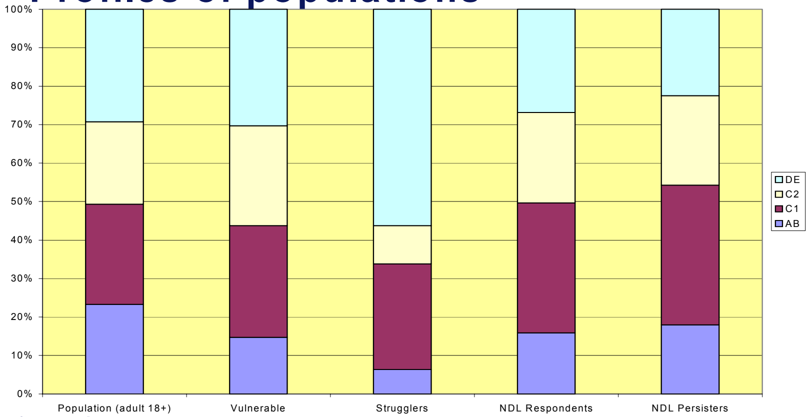
The survey enabled a detailed profile of 'National Debtline' customers to emerge, although it should be noted that it has not been possible to verify whether the profile of 'National Debtline' respondents from the survey is actually representative or not of the actual customer base. The chart below compares the profile of all respondents and of the 'National Debtline' customers labelled 'persisters' – those who have made more than one call to make their first contact with 'National Debtline' – to explore whether any differences exist. In turn, these have been profiled against a number of other populations: - the UK population and B&W Deloitte's 'vulnerable' and 'strugglers' populations identified earlier in the report.

The charts below shows the profile of the different populations by Socio Economic Group (SEG) and age. This shows a marked similarity between the profiles of 'National Debtline' customers with the population as a whole and with B&W Deloitte's 'vulnerable' group. There are differences between the 'National Debtline' customer profile and the profile of 'strugglers' which is skewed more heavily to the DE SEG. The evaluation did not include researching individuals who may need debt advice but who did not use the 'National Debtline' service, so it is not possible to definitively conclude why 'DE's' have not used the service in the proportion that might have been expected. Possible reasons include:

- They may be more resistant to advice, and less willing to seek help
- They may have a greater preference (or need) for advice delivered face-to-face
- They may be less willing to persist in their efforts to get through to 'National Debtline'
- They may be less aware of the 'National Debtline' service

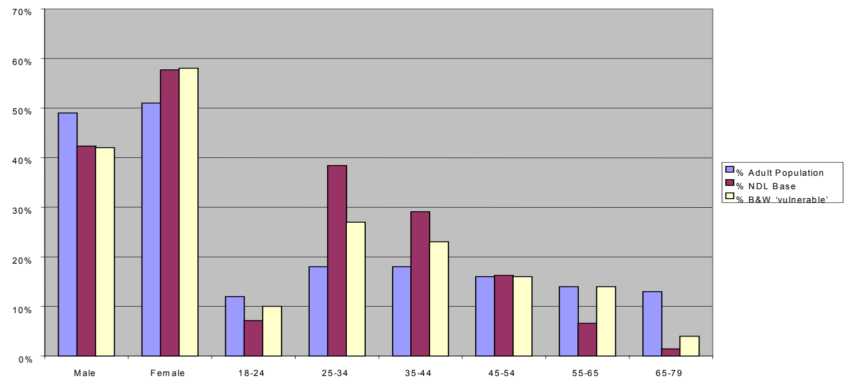
‘National Debtline’ customers have an age profile that is skewed more towards the younger age groups than the population and the B&W Deloitte ‘vulnerable’ group, possibly reflecting a preference for the telephone among younger age groups.

Socio Economic Groups Profiles of populations



Comparison of Populations

Demand



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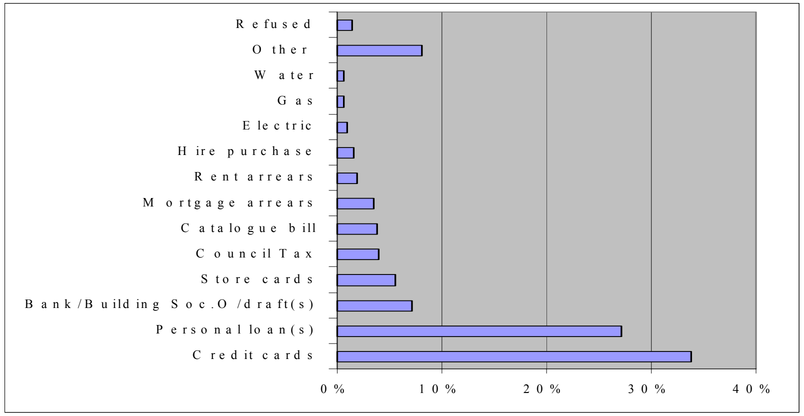
Half of all 'National Debtline' customers are in full time employment. The average household income of a 'National Debtline' customer is £15,500, compared to an average of £15,000 for the 'Vulnerable' and £10,600 for the 'Strugglers' and £27,000 for the population as a whole (B&W Deloitte Wealth & Portfolio Choice).

Types of debt held at point of contact with NDL

Demand

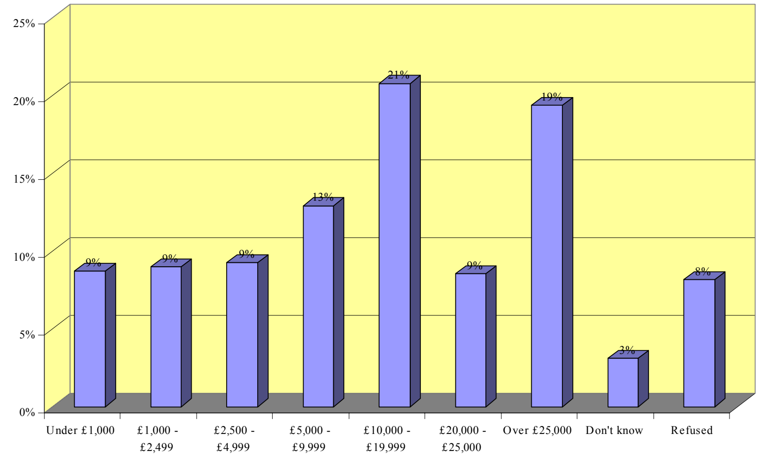


Base: NDL users, 711 respondents

Total amount of debt at point of contact with NDL

Average debt = £12,400

Demand



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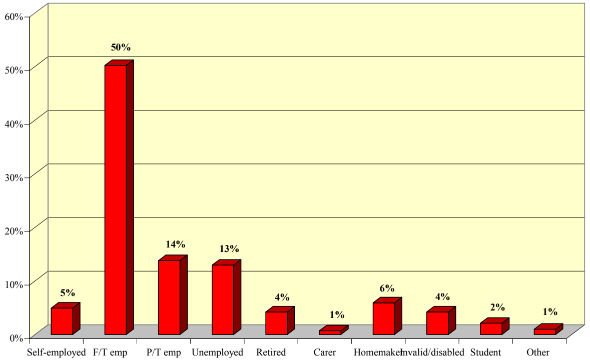
Demographics of NDL users
Employment status

Demand



Base: NDL users, 711 respondents

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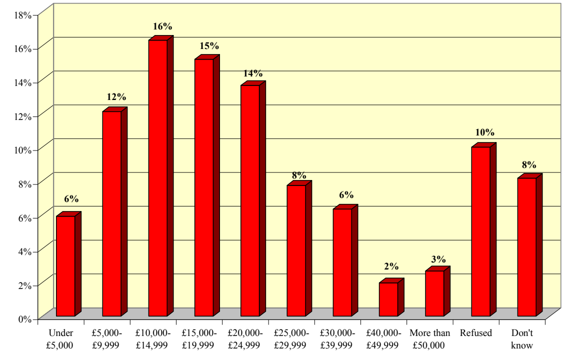
Income breakdown of NDL customers

Demand



Base: NDL users, 711 respondents

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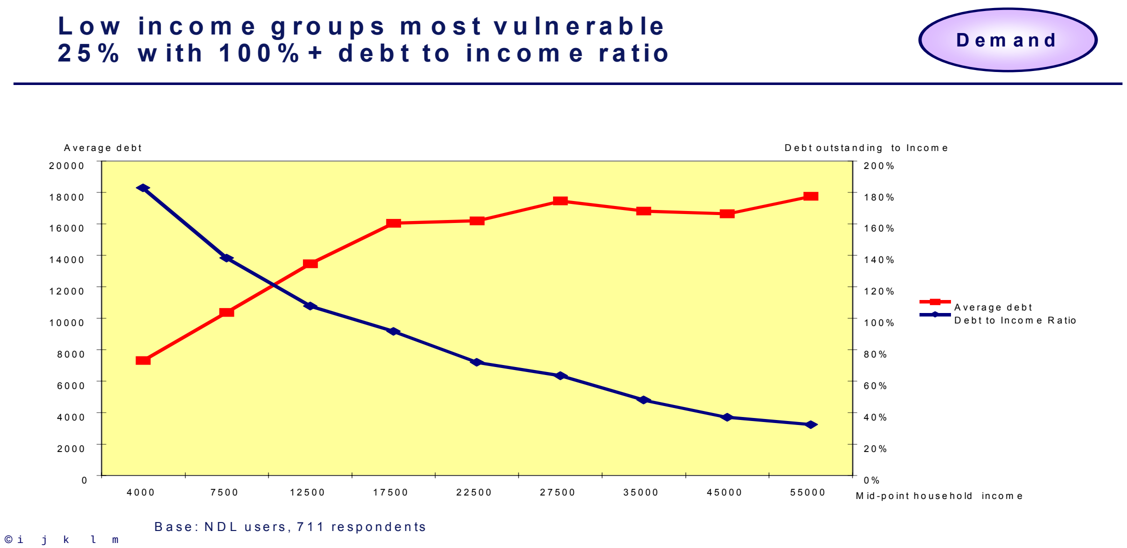
Debt profile

The quantitative research shows that the vast majority of ‘National Debtline’ customers have debts in credit cards and personal loans. Overdrafts, store cards and council tax arrears are also common types of debt.The amount of debt that ‘National Debtline’ customers carry varies from case to case, but the average debt of a ‘National Debtline’ customer is calculated as £12,400. This may include some mortgage arrears.
The chart below shows the correlation between average income and average debt for ‘National Debtline’ customers (the red line). It also shows the ratio of outstanding debt to income – demonstrating the vulnerability of the lower income groups where this ratio peaks at 180%.



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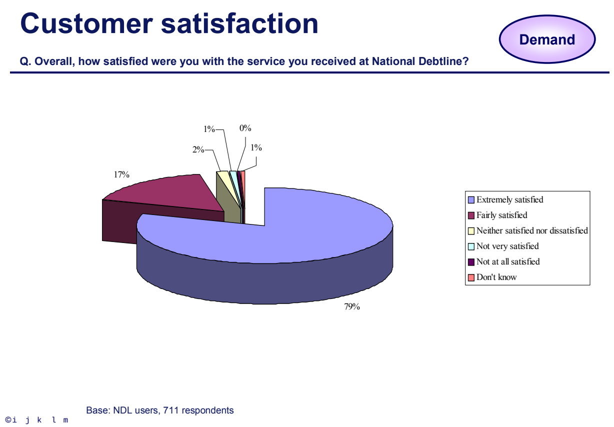
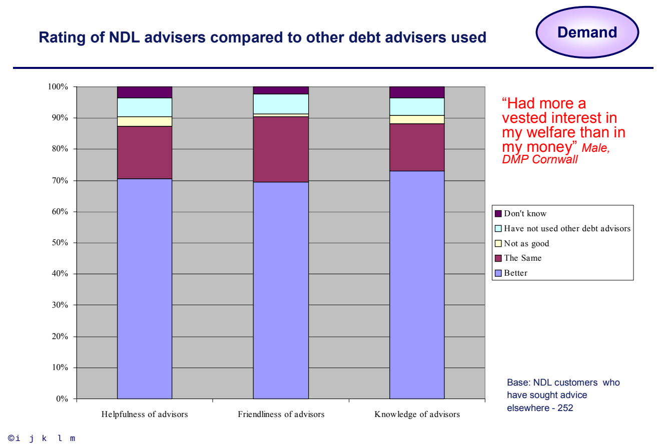
Customer Satisfaction

The research showed high levels of satisfaction with the ‘National Debtline’ service among its customers, with the majority being ‘extremely satisfied’ and saying they would recommend the service to others. These strong levels of customer satisfaction remained consistent across all socio economic groups. The customer view of the ‘National Debtline’ service is closely aligned to their perceptions of ‘National Debtline’ advisers. Customers regard the advisers very highly (and the ‘National Debtline’ advisers scored well in comparison to other debt advisers used). The chief reasons for this are advisers are seen to be non-judgemental, not patronising, take the time required to deal with customers, they have a reassuring manner and they explain matters in clear jargon-free language.





“I have nothing but praise for ‘National Debtline’”
“They weren’t at all judgemental”
“I didn’t feel dirty”
“She made me feel at ease”
“They don’t worry about the time”
“When I didn’t understand it, he went through it again and again”

92% of customer said they would be likely, in the event of incurring another debt problem, to re-contact ‘National Debtline’ for advice.

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Mystery shopping

Mystery shopping was carried out on 'National Debtline' services and those of two other organisations. Due to the relatively small number of interviews the names of the other organisations who were 'mystery shopped' will not be revealed in this report However, comparing the 'National Debtline' service against the other organisations the main conclusions drawn from this exercise are:

- The average call length for calls to 'National Debtline' was slightly longer
- Relative to the other services, 'National Debtline' was felt to offer the most detailed advice
- The 'National Debtline' service was perceived to contain a stronger 'counselling' element than the other organisations
- 'National Debtline' was less likely than the other organisations to explain the type of advice provided at the outset
- 'National Debtline' was more able to offer consistent advice on the differing legal position in Scotland.

Channels and service delivery

Despite the observation that 'National Debtline' calls may take longer than those with other advice organisations made above, an overwhelming majority of 'National Debtline' customers (96%) judged the call to be 'about the right length'.

'National Debtline' customers, who had all made some contact with 'National Debtline' by telephone, were asked in an ideal world whether they would prefer to receive advice by phone, face-to-face or by e-mail. 63% of customers prefer using the telephone as a method for receiving advice. The benefits of telephone debt advice are seen as:

- It is seen as anonymous, which can reduce the potential for embarrassment on the part of the caller
- The caller can choose when to use or re-access the service at their convenience, although limited scale somewhat diluted this benefit during the pilot.

"The telephone was absolutely clear, face-to-face wasn't necessary"

"They are friendly and helpful on the phone, I like the phone better."

"I think you can get information across a lot quicker on the phone"

"I think its easier to talk to some stranger"

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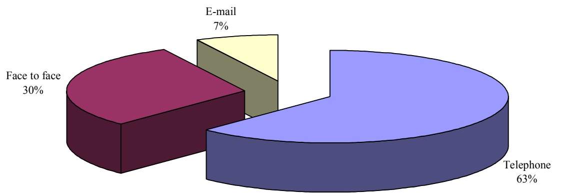
Around one-third of ‘National Debtline’ customers say ideally they would prefer face-to-face advice. This is seen as being preferable for assistance / support with completing forms and for being able to cover all the issues in one visit (rather than making repeat telephone calls). However, it is worth noting that levels of satisfaction with the ‘National Debtline’ telephone based service was still high among this group preferring face-to-face advice. Therefore, it is still possible for a telephone based service to satisfy the needs of most of those who would ideally prefer a face-to-face meeting.

Channel Preference

Demand

Q11. Which of the following methods would you most prefer to seek advice by?



Around one-third of NDL customers would prefer, ideally, for advice to be provided face to face

Base: NDL users, 711 respondents

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“Face-to-face you can get everything sorted out in one go. I’d probably prefer the one to one rather than a telephone call, but having said that, the telephone call was fine “

“They did say if I needed someone to come out to talk to me face-to-face then I could. I didn’t think I needed it”

Only a minority of customers (7%) see e-mail as the first choice for receiving debt advice. The main reasons for this is that many customers want to speak interactively to another person, or that the customer does not have access to a computer (or does not want to use the computer available – for example at work). Some say they are simply not comfortable with the technology involved.

Ease of Access

Management information shows that a significant number of unanswered calls are being made and that the pilot, which is of limited scale, is experiencing higher demand than it can satisfy. The majority of customers (62%) in the survey got through to an adviser the first time that they called for the first contact made with ‘National Debtline’. These customers are satisfied with the ease of access. However, the table below shows that other customers have made repeated attempted to contact ‘National Debtline’ before being successful and for these customers difficulty in accessing the service was an element of the service which was not evaluated positively.

“It was very convenient, I could just ring them”

“I got through very quick first time, but since then it has not been so easy.”

“I had to ring quite a few times, I wish that part had been easier.”

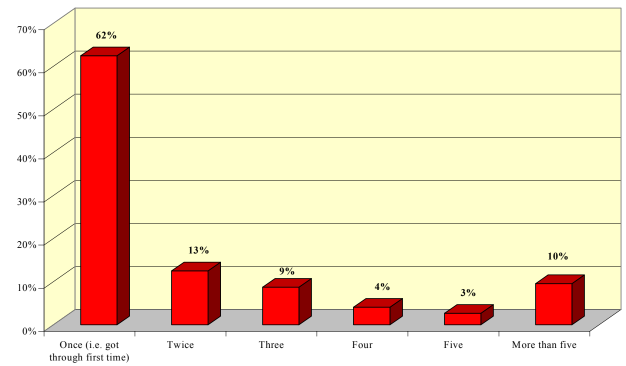
“It takes ages to get through to them”

“I felt like bashing the phone sometimes, but in the end I got through.”

Ease of access

Q8. Thinking about when you first called National Debtline, how many times did you have to ring National Debtline before you were able to speak to an adviser?

Demand



Base: NDL users, 711 respondents

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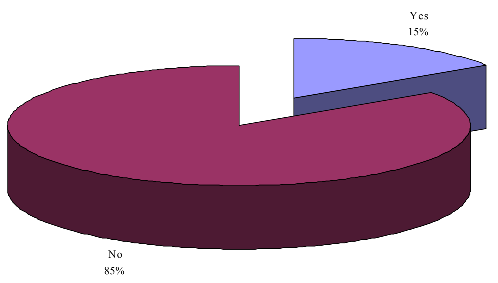
Ability of ‘National Debtline’ to satisfy customers’ needs exclusively

Customers were asked whether they had contacted any other advice agencies *after* they had spoken to a ‘National Debtline’ adviser. 84.5% of customers said they had not. If the data from the survey is reweighted to reflect the proportion of DE customers who may not have been able to access the service due to their lack of persistence with using the phone, the overall proportion whose needs are satisfied exclusively drops to 83.3%. From this evidence, it is possible to conclude that it is likely that the ‘National Debtline’ service can meet the objective of dealing with 75% of debt enquiries exclusively.

Whether sought advice from other source after contacting NDL

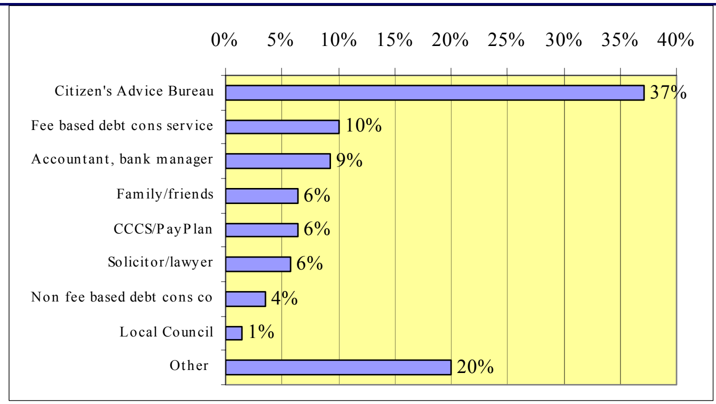
Demand



Base: NDL users, 711 respondents

Sources sought advice from post NDL

Demand



Base: All those seeking further advice after contacting NDL - 140

Of the 15% of customers that had sought advice from other advice organisations after having spoken to an ‘National Debtline’ adviser, the majority went to the CABx, with fee based debt services and bank managers or accountants as the most popular supplementary options. Information is not available to understand whether the customer has approached these other organisations on the advice of their ‘National Debtline’ adviser or on their own initiative. It is also not known whether the advice sought from some of these organisations is related to debt.

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Demand Conclusions

There is evidence of a sizeable market for debt advice. A significant proportion of the population can be considered to be financially vulnerable, many of whom recognise that they are experiencing difficulty repaying debt. At 1.3 million, the size of the market identified indicates that the demand for the type of services offered by 'National Debtline' services is always likely to exceed supply. The research would appear to offer conclusive evidence of a need for help and support that those in difficulty cannot currently access or are currently aware of elsewhere.

The 'National Debtline' pilot was constrained in terms of scale. In spite of relatively low profile promotion of the service, demand has outstripped supply. It is highly likely that there will be sufficient demand for an enlarged 'National Debtline' service.

'National Debtline' does have wide appeal across different sections of society. However, currently, the service is not reaching the proportion of DE socio economic group that might be expected.

The nature of the service does meet consumer needs in terms of its structure, quality and operational delivery. The telephone service is an appropriate mechanism for delivering advice to a broad target market

It is reasonable to conclude that 'National Debtline' is able to meet at least 75% of enquiries (interpreted as clients) satisfactorily and exclusively by telephone and other electronic means.

6 Operational Analysis

6.1 Introduction

In this section of the report we consider whether the pilot has been operationally well run. This evaluation has been conducted on the basis of four key areas:

- Processes for dealing with demand, specifically:
  - Are calls answered promptly? What is the average length of call?
  - Is the length of time on the phone right for the user?
  - Is the follow up successful?
  - Do the referral processes work for both face-to-face advice and DMP's?
  - What proportion of cases are referred and what proportion of referrals are taken up?
  - How is the need for local knowledge met?

- Technology, specifically:
  - Does the technology employed work and does it appear scaleable for any future growth?
  - What role does the web site play in delivering the service?

- Staffing, in particular:
  - Has the service been able to recruit and train staff?
    - Of the right number – assess against target and calls
    - Of the right quality – measure against competencies, supervision, training and other measures

- Management
  - Has the team been well managed?
  - Is the right Management information collected and evaluated?

Information to allow this operational analysis has been gathered through management information made available to Deloitte & Touche, the staff survey and staff and management interviews at Birmingham, Cornwall and Fife

6.2 Processes

As has been highlighted throughout the demand section of this report, demand for the service far outstrips supply. Phone calls into 'National Debtline' are currently outstripped by calls answered by a ratio of more than 3:1. The review of lost calls undertaken to assess levels of unmet demand suggests that as many clients are failing to get through as are successful in receiving advice. The reasons for clients failing to get through are a function of:

a) The budget for the pilot that has constrained the number of advisors who can be recruited;
b) The proportion of time worked that advisors are available to take telephone calls; and
c) The length of call taken to address each client's needs.

The telephony system itself does not appear to have created any problems although it has been used recently to try to address overflow times by including messages informing customers of quieter times to call and of the numbers to call to access CCCS or PayPlan directly. Both CCCS and Payplan confirm that they are now receiving overflow calls from the Money Advice Debtline pilot.

Fife is the exception to the rule where demand is currently running below capacity. This is due entirely to the small catchment area for this part of the service - Fife is only receiving calls from the Fife region, not all of Scotland – together with the need to staff the service to a minimum level to provide adequate coverage.

Due to the levels of demand, outbound calls do not represent a significant proportion of the contact activity. Voicemail contact from callers has risen during the pilot period as demand has exceeded supply. Voicemail is used by 'National debtline' to allow callers to order literature only – callers are warned that requests for a return call will not be responded to.

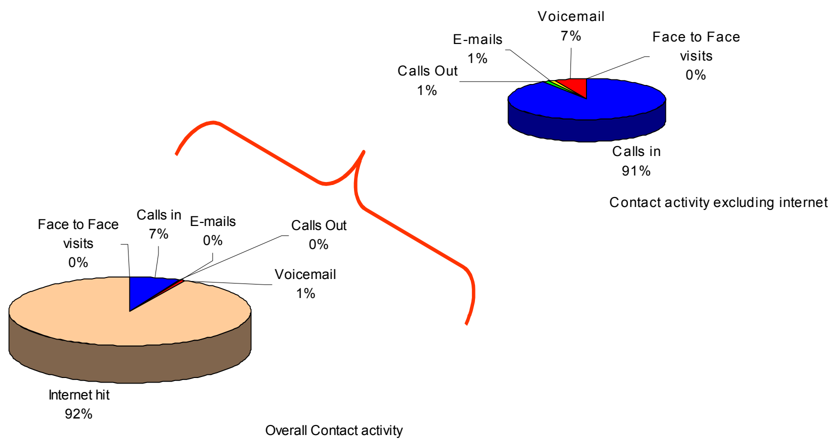
Referrals for face-to-face advice in Cornwall are running currently at 8-22 per month, however, more than half of these are referrals from agencies and sources other than Money Advice Debtline. No problems with the referral process were detected. As expected, the length of time spent with each customer in face-to-face advice delivery is significantly higher than telephone, making the ratio of customers:advisors significantly higher with a direct effect on the cost of delivery. It was noted from responses to the depth interviews with Cornwall customers that the range and depth of services provided by face-to-face advisors is significantly broader and deeper than that provided by phone. Whilst customer satisfaction was extremely high, it was not clear that this was significantly higher than customers of the telephone service. We were unable to quantify whether those served face-to-face would have been comfortable using the phone service.

The 'National Debtline' web site currently accounts for 92% of all contacts with 'National Debtline', with internet hits are now regularly exceeding 100,000 per month.

The use of e-mail to contact 'National Debtline' or to receive advice however is not significant. In addition to customer preferences, management observes that e-mail may not be the most efficient way for their advisors to deliver help to customers, often reverting in any event to a phone call in due course. E-mail as currently offered, may in fact be a drag on efficiency, although a more structured e-mail service (for example, only offering e-mail enquirers certain options such as requests for factsheets) might improve this in the future..

Processes for dealing with demand

Operational



Source: NDL Key Performance Indicators

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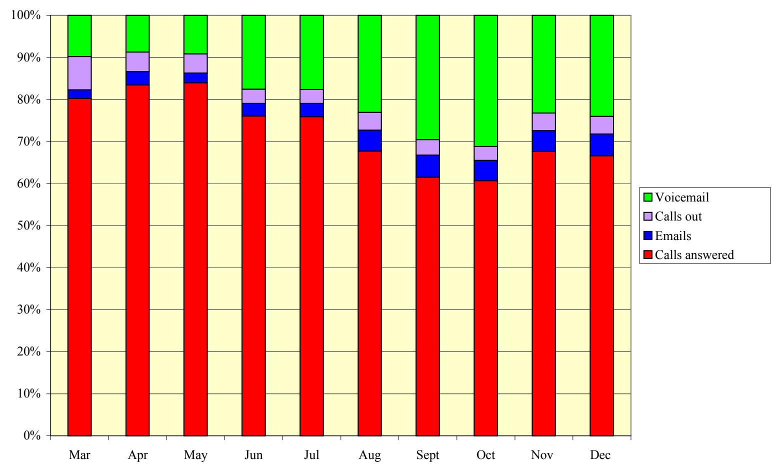
NDL – Analysis of contact methods

Operational



Source: NDL Key Performance Indicators

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The average length of calls to 'National Debtline' during March to December 2002 is running at just under 15 minutes to almost 18 minutes but has stabilised more recently at an average of 16.3 minutes. Whilst customers are clearly satisfied with the length of the calls they achieve, Deloitte observed that some calls may be capable of being shortened without undue impact on customer satisfaction. This observation cannot be quantified but it is recommended that management review the length of time taken on each call to identify scope for efficiency gains which will enable more customers to be served. There is some evidence that efficiency of call could be improved for Scottish customers by establishing early in the call the relevance of Scottish law. This will prevent advice given to Scottish callers, from being amended and new advice issued at the end of the call with a small reduction in the average length of calls resulting.

Further efficiencies could be derived from a more detailed telephone menu at the outset of a call to ‘National Debtline’. For callers contacting ‘National Debtline’, a menu could be installed to direct callers to the appropriate area for advice. This streamlines calls and could ensure that only those who need to talk to an adviser do speak to an adviser. However the unpopularity of push button menu responses to phone calls and the potential to alienate some of the callers would need to be considered.

The total length of time taken to deal with a call including writing up case notes onto the system is running at almost double the length of the call (including wrap up, research and supervision and time waiting for the next call). This is resulting in ‘unavailable’ time running at approximately one third of an advisor’s ‘logged on’ time, although it is recognised that the label ‘unavailable’ is itself a misnomer including as it does time spent writing up notes and research. Both management and advisors believe that this can and should be reduced to allow for more demand to be met. A new system (Agent Desktop) is being put in place to record in more detail the content of unavailable time. This should allow management to more accurately target efficiencies.

Management believe that they can increase ‘available time’ (ie time spent on the phone) from current levels of 56% to a maximum of 65% with further efficiencies. All supervisors believe unavailable time can be reduced by between 0 – 9%. 85% of the less experienced staff believe that it is desirable to reduce the amount of unavailable time whilst only 55% of the most experienced staff believe that it is desirable to reduce the amount of unavailable time. All of these statistics point towards an opportunity to increase efficiencies through the definition and implementation of new processes and approaches to time management. We recognise that in making these changes, Money Advice Debtline will need to be cautious about the impact on customer satisfaction and not destroy the existing ‘counselling’ culture of the organisation.

The ‘National Debtline’ pilot staff rate the importance of the web site and e-mail highly. The customer usage (100,000 + hits) of the internet confirms its importance. As shown in the chart below, staff are less clear about the importance of local knowledge to the service delivery. Given the lack of any substantial differences in satisfaction and outcomes between Scottish customers dealt with in Fife and those in Birmingham during the pilot, there would appear to be little evidence to support the need for a local service. However, there will be a requirement in a centralised service for training on Scottish law and its impact on an individual’s circumstances.

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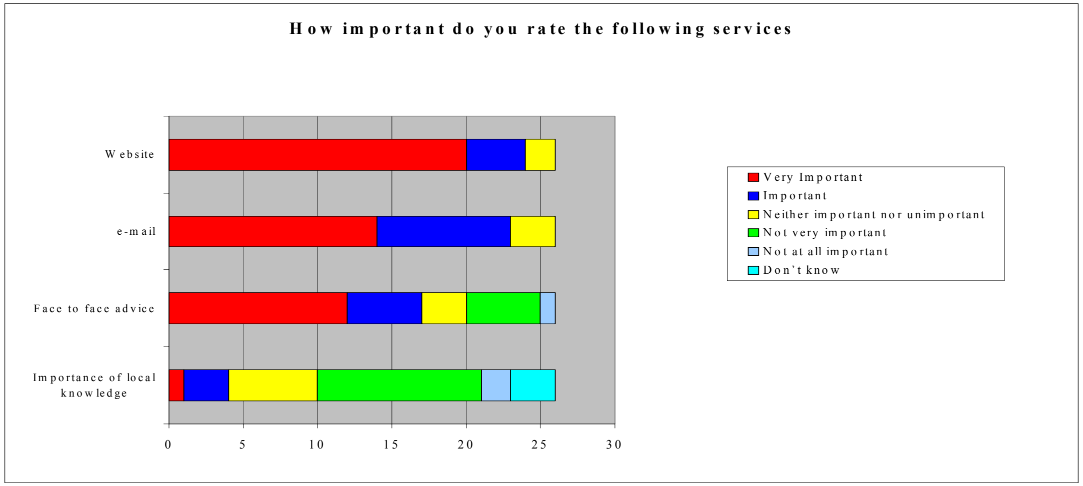
A formal referral process has been established with CCCS and Payplan for clients to be referred for debt management plans. Referrals are made equally between the two organisations. A 50:50 revenue sharing agreement has also been set up for such referrals. At below 4% of clients, formal referrals to CCCS and Payplan for debt management plans are running significantly below the 10% rate forecast in the Invest to Save budget.

Importance of customer facilities

Operational



Source; Staff Survey

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However, those clients passed to CCCS and Payplan are converted to DMP at a rate of 90%.

Management has continued to review the DMP referral process. The difference between the original DMP forecast and the current level of referrals is believed by management to reflect a different profile of customers to that envisaged and the result of a broader range of solutions and a focus on self-help being offered by the Money Advice Debtline pilot.

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The consumer research conducted by Deloitte as part of this evaluation suggests however that in fact more than 13% of customers are finding their way to CCCS and Payplan, with both organisations confirming that they are receiving a significant number of indirect referrals resulting from information on the telephony messages, internet, informal references made to these organisations in telephone calls and information packs issued by 'National Debtline'. Whilst some of this is due in part to the difficulties face by customers in getting through to 'National Debtline', it might also suggest that the Money Advice Debtline processes could be tightened to identify and refer a more significant proportion of customers to CCCS and Payplan, thereby generating further revenue.

6.3 Technology

The key IT systems used by the Money Advice Debtline pilot are:

- Payplan Customer Relationship Management system that captures customer information and acts as the central CRM and MI database for the business and which is operated for 'National Debtline' by Payplan;
- A consumer website.

The review undertaken did not include a detailed investigation of the technology sitting behind these systems and no checks were made on the robustness of systems. The assessment was made on the basis of observation of systems in use, views of management and the responses to the staff survey.

No significant flaws have been detected from the system, although there have been a small number of staff comments about the speed and reliability of the system. The Money Advice Debtline pilot's systems appear to be both useable and scaleable, which is necessary in the event of a increase in size and capacity. In general, staff are happy with the functionality of the systems employed at 'National Debtline'.

6.4 Staff

Recruitment and Training

The number of advisors available to the service would appear to be limited only by the budget available. Throughout the pilot period under review, the number of advisors fluctuated between 13.8 and 15 with four team leaders. Recruitment has not proven to be a problem with individuals from the voluntary / public sector and the commercial sector applying and moreover being prepared to travel or move significant distances for the jobs on offer. Two advisors have left during the period due to personal circumstances, one of whom is understood to be returning to the service. In Fife, the service has been over-resourced for the level of demand in order to provide cover.

Although staff themselves believe that they could be better paid, remuneration packages do not appear to be a barrier to recruitment or a cause of losing staff.

All managers and supervisors have more than 5 years experience with issuing debt advice. The management of the Money Advice Debtline pilot believes staff knowledge to be excellent although supervisors have a slightly lower regard for the standards, believing them to be good rather than excellent.

The number of advisers employed has not matched the initial expectations outlined in the ISB bid due to a number of factors that were not anticipated in the original bid and which have had an impact on budget, specifically:

a) Being subject to VAT has reduced the budget available for staffing;
b) The Money Advice Debtline pilot management decided to adopt a prudent approach to the management of the budget by holding some of the budget to allow for an overrun of the service beyond the end of the 12 month pilot period, knowing that staff costs could not stop suddenly at the end of February 2003 when the evaluation would not at that stage be complete and further funding might not be agreed.

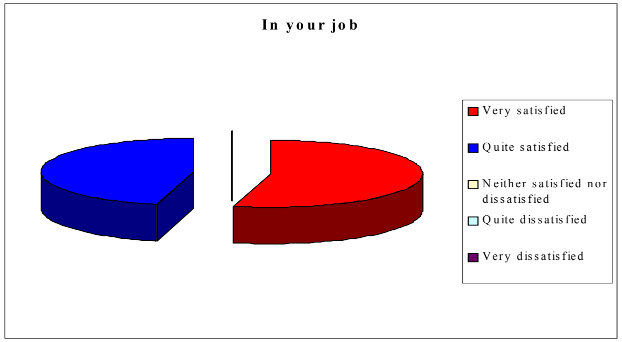
Training is generally believed to be of a high standard. This is due (in part) to an initial 3 month training programme, which equips an adviser with the basic skills required to issue debt advice. No obvious weaknesses were identified in staff training.

Morale and Communication

Staff morale and satisfaction is generally good to excellent although morale in Cornwall is noticeably lower, (OK to Good). Staff identify strongly with the values and benefits of the service and generally convey a strong ‘feel good’ factor about their jobs. Where morale is poorer, this would appear to stem in part from a sense of isolation from the central service, a lower sense of value and a perceived lack of communication from Birmingham.

Staff

Operational



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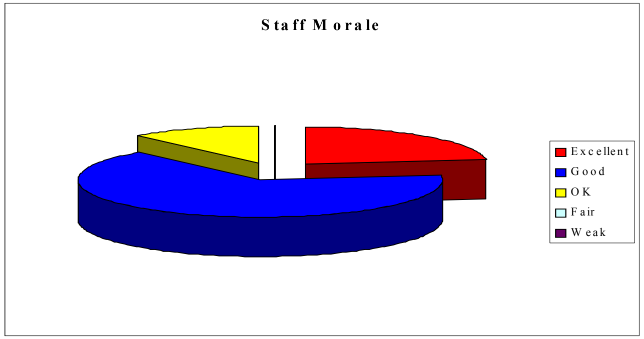
Source; Staff Survey

Staff

Operational



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Source; Staff Survey

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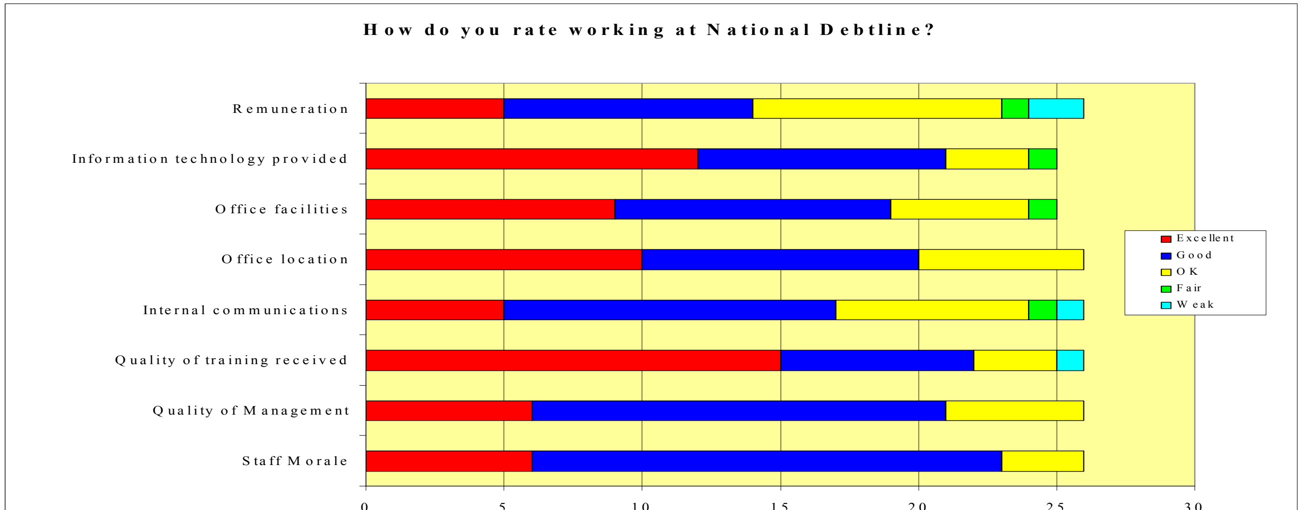
Specific communication issues identified in the evaluation included:

- Communication between the regions at management level in Scotland is not considered to be good whereas communication with Cornwall at management level is good
- Communication within the regions between management and staff is excellent
- The preferred method of communication is via e-mail or telephone, with an occasional visit at management level.
- Internal communication is deemed to be the second most pressing issue for ‘National Debtline’ employees.

“The lack of feedback so we know how we are performing (is bad), its nice to have a pat on the back.”

Staff support

Operational



Source; Staff Survey

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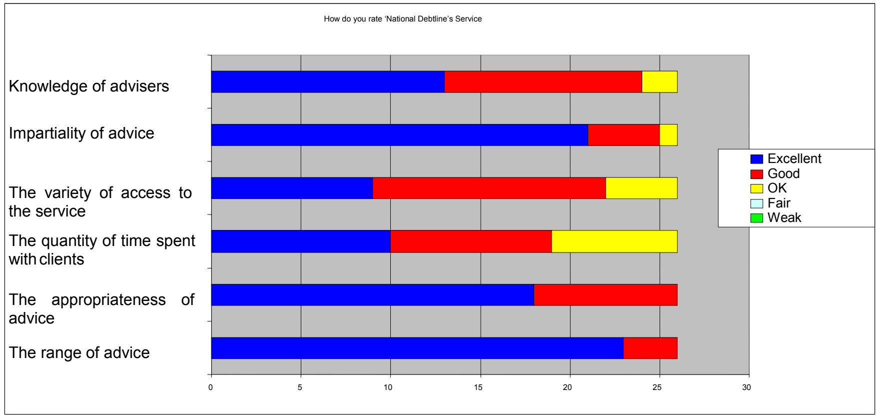
Quality of service

As seen in the demand analysis above, ‘National Debtline’ customers value the service provided to them highly, regardless of whether it is by phone, or issued face-to-face. Pilot staff have a similar high regard for the quality of work that they do, and the service that they provide. The results of the mystery shopping exercise also confirm the high quality of advice, regardless of adviser type or location.

Quality of service

Operational



Source; Staff Survey

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Strengths of service

From the results of the staff survey, the following information was collected.

54% of staff surveyed believe that 'National Debtline''s biggest strength is in its impartial, high quality, extensive advice.

"The average lay person does not know how to deal with creditors, what action can be taken etc. 'National Debtline' gives simple but very useful advice without the frills and its free."

27% of staff surveyed believe that the staff themselves are 'National Debtline''s biggest strength, due to their commitment, knowledge and experience.

"As we have a great deal of knowledge and experience to draw on, a client is unlikely to go away without their knowledge, self confidence and feelings of empowerment increased."

The remaining staff believe that customer access to 'National Debtline' and internal technology are strengths to draw upon.

Weaknesses of service

From the results of the staff survey, the following information was collected.

34% of staff believe that a lack of staff is the key weakness

"There are not enough of us to cope with the demand. And it is essentially a very demanding profession."

29% of Money Advice Debtline pilot staff believe that a lack of case work is a weakness and that the ability to complete case work would greatly assist future development.

"It's a shame advisers don't have case work as it would add practical knowledge to their theoretical knowledge."

13% of staff surveyed believe that being unable to do face-to-face advice is a weakness.

6.5 Money Advice Debtline pilot Management

Overall, the management of the Money Advice Debtline is rated as good by staff. However, staff in Cornwall and Fife are evidently less clear about the quality of management, a feeling which relates to the issues of communication identified above. There have been no significant issues identified relating to the management methods or style.

At the moment, management collects and reports on a number of key performance indicators that are relevant to the efficiency of the business, although for a number of reasons these ratios have not been calculated with reference to the budget for the project. In terms of measuring the effectiveness of the use of the budget, we believe that it is relevant to consider measuring ratios such as cost per call minute and cost per client to show the effect of any new efficiencies more clearly. Customer satisfaction is measured through a regular survey but little information is available regarding customer outcomes. This could be addressed by initiating a longitudinal study of a limited number of customers to identify outcomes. However, the drive and budget for this work may need to come from outside of the core 'National Debtline' budget for any on-going service in order not to detract from the core running of the service.

6.6 Operational conclusions

It is clear that the pilot has been well run with a high quality of service delivered and strong levels of job satisfaction present among the staff and management. The investment made in IT appears to have been successful. All systems are acknowledged to be working smoothly.

However some call management inefficiencies have been identified by management and the evaluation process:

- Apparently high levels of unavailable time
- An average call length higher than expected.

The numbers of referrals to Cornwall for face-to-face advice were small (although these exceeded the proportion of calls from Cornwall that were predicted to be referred), and there were lower than expected referral levels to DMP's leading to further inefficiencies within the pilot. From the consumer and staff interviews, there has not been any compelling evidence to support the need for local knowledge.

7 Financial Analysis

7.1 Introduction

The following section of this report considers the financial aspects of the Money Advice Debtline pilot. The financial assessment examined four main areas:

- Impact on the private purse – i.e. the extent to which the service improves or otherwise the ability of creditors to reclaim amounts due to them or reduces / increases the cost of reclaiming debt
- Impact on the public purse – i.e. the extent to which different components of government spending may be positively or negatively affected by outcomes arising from the advice given
- Management of the budget for the project
- Revenue generated by the relationship with CCCS and Payplan and referred Debt Management Plans.

7.2 Impact on the private purse

The evaluation process was set up to find broad positive or negative evidence of the impact on creditors. It was expected from the outset of the project that it might prove difficult to identify any direct relationship between the pilot and improvements to the private (or public) sector. The potential impact on the private purse of the 'National Debtline' service could include:

- Improved repayment of debt through more confident management of personal budgets and dealings with creditors or more formally through debt management plans
- Fewer bad debts, reduced bad debt provision for creditors and reduced cost of administration of bad debts
- Faster repayment of debt through re-organisation of budgets
- Reduced recourse to courts for creditors resulting from either of the above
- Reduced customer conflict management resulting from customers being better able to manage a dialogue with creditors and acceptance of their debt problems
- Reduction in future overindebtedness among those using the service;
- Possible long term downward pressure on the demand for credit, although this would not be evident for many years and not measurable from the pilot exercise.

The research programme was designed to identify evidence of all of these.

The nature of the research conducted mean that it has not proved possible to identify any direct causal effects of the service. For example, we have been unable to track through an individual to understand exactly how they have behaved as a result of using the service. A longitudinal rather than limited snapshot piece of research would enable a more complete picture of cause and effect to be drawn. The nature of the sample drawn for the research also inhibited the conclusions on effect of the service. Most users sampled had only recently contacted 'National Debtline' and we were unable to draw any firm or quantitative conclusions of the outcomes. Nonetheless, the research did allow some tentative conclusions to be drawn.

Those who seek advice from 'National Debtline' demonstrate a strong desire to find a solution to their current financial problems. For many people, the preferred option is to find some way of repaying their debts in response to their strong sense of personal responsibility for the financial position in which they find themselves. The existence of the service would appear to offer them the opportunity to give effect to this desire in a way that they might otherwise not have achieved.

An indirect and partial picture of the benefits of using the 'National Debtline' service is obtained from the research as many of those interviewed had only recently contacted the service[1]. Nevertheless, the research findings indicate that the service is having a positive impact for creditors with 52% of telephone survey respondents saying that they are planning to more actively manage their debt and many stating that their contact with 'National Debtline' has given them more confidence in dealing and negotiating with their creditors. The typical method of dealing with debt for those who gain confidence from the service is to strike up fresh dialogue with creditors to find a way of budgeting repayments. A further 21% say they are reducing their debt or actively managing their debt using a DMP or some other method. However some negative/neutral indicators for the private purse were also found in the research. 11% say they have still been unable to find a solution to their problem to date, whilst 4% of 'National Debtline' clients surveyed say that they are resolving their debt problem through bankruptcy or administration. For those who are choosing bankruptcy this is often seen as a last resort but their only practical solution. They are typically single, not home or car owners, and often dependent on state benefits.

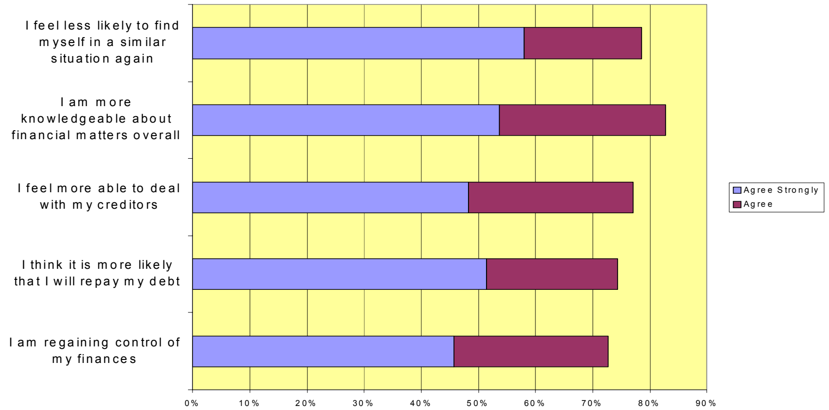
Earlier research conducted by LSE for Money Advice Debtline pilot found that a half of the users surveyed had reduced their debt significantly since using the service.

The advice and experiences of 'National Debtline' clients shows some signs of benefiting creditors in the future. A significant minority of those asked said that they were unlikely to have as great a debt problem in the future. Many feel that they have learnt a hard but valuable lesson and they also feel that they have learnt how to manage their resources better.

[1] Only those who used the service since October 2002 were interviewed as part of the research. Prior to that time, the permission of ''National Debtline'' clients to take part in research had not been obtained.

Strong levels of agreement of improvements to personal financial position

Financial

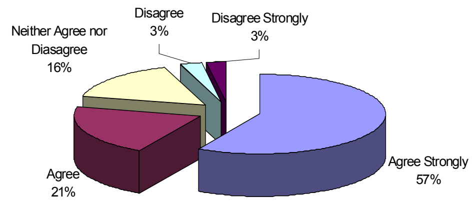


Base: NDL users, 711 respondents

Impact on future behaviour

Financial

I feel less likely to find myself in a similar situation



Base: NDL users, 711 respondents

Whilst it is possible that these solutions would have been found without 'National Debtline', many of these outcomes may be accelerated by use of the service.

Though it is too early to directly quantify the benefits for creditors of the 'National Debtline' service, some scale of the impact can be drawn. Latest estimates of the number of 'National Debtline' clients served in the pilot period is approximately 26,000, giving an aggregate debt of approximately £350 million, based on an average debt of approximately £13,400 (average based on responses given in telephone survey).

Those with larger debts are more likely to use debt management plans (the average debt of those who claim in the research to have used CCCS or Payplan is just over £20,000). It is estimated that among customers served during the pilot approximately £40 million could be repaid this way. A further £29.5 million has been identified as being in the course of repayment through voluntary means. The research contains further evidence of customers embarking on the road to voluntary repayment of debt.

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However, those with the largest debts are also more likely to be seek bankruptcy (almost £23,000 average debt) and it is estimated that £24 million could be 'at risk' in this way. However, 'National Debtline' states that it recommends bankruptcy only in cases where it is the best and sometimes only possible solution for the creditor and where it is unlikely that debtors will be able to recoup the amount owed. The net effect of the pilot would appear to favour debtors with more debt being repaid than being 'lost' through bankruptcy.

Given that the cost of the Money Advice Debtline pilot to creditors has been just under £1 million (approximately £38 per 'National Debtline' customer if 26000 clients is achieved), if an additional 1% of the outstanding debt of those using the pilot service is recovered than would have otherwise been the case (ie £3.5m), then the benefits of the service could be argued to have exceeded costs.

Quantification of the benefit to the private sector has proved difficult due to the lack of published data concerning the overall cost of bad debt to the credit sector. However, as an example of another benefit that could be gained, data from OFWAT (Office of Water Services) shows that a total of £718 million was outstanding across the water industry in 2001-02. The total industry spend on debt recovery has steadily increased to a value of £49 million (6.8% of outstanding revenue), equating to £1 - £3 per household billed. It is estimated that the total combined revenue for water companies during the same period is £5bn. The Credit Services Association report that current overdue consumer debt is estimated to be over £50bn. If the same ratio is applied (i.e. 6.8% of overdue debt) debt recovery would cost the banking and credit card sector £3.4bn. If just 1% of the overindebtedness can be improved by such a helpline the benefit to the private purse could be as much as £34m (in addition to the debt being repaid). When set against private sector costs of £1m(pa) for the pilot exercise, the benefits would appear to significantly outweigh the costs to the private purse.

We would stress again that the research has not been able to track any direct improvements to debtors through the pilot period, however, the analysis above does indicate indirectly positive outcomes for the private sector.

7.3 Impact on public purse

The assessment of the impact on the public purse is designed to identify any 'indirect' evidence from the research that might indicate that the 'National Debtline' service represents value for money for the use of public funds. A number of areas have been identified where a potential impact arising from a client's contact with 'National Debtline' might be felt. These include:

- The NHS, with a potential reduction in costs due to stress and related disorders
- Within the family, as fewer family break-ups and divorces might occur
- Policing, arising from reduced crime and crime detection and
- The legal system with potentially fewer court cases arising from bankruptcy, County Court Judgements and Administration Orders.

In addition, the public purse could benefit from:

- Earlier repayment of outstanding tax/VAT debts
- A reduction in the debt advice burden placed on the Citizen Advice Bureaux (although the extent of this reduction can not be quantified with the data available, around 60% of 'National Debtline' customers say they would have gone to CAB if 'National Debtline' had not been available)

Non-financial outcomes resulting from 'National Debtline' contact identified through the research include:

- Reduced stress;
- Reduced deterioration/improved health;
- Eating/sleeping patterns improved; No longer contemplating suicide;
- Feel there is 'light at the end of the tunnel'; Improved personal relationships.

Some of these outcomes were also supported in the telephone survey with more than 40% acknowledging that their health has improved as a result of using 'National Debtline' and similar number recognising improvements in family relationships.

To date there is little academic research available which assesses the direct relationship between any of the above and overindebtedness. A research project by the University of Ohio has established a link between debt and stress and the Household Survey on Overindebtedness revealed that 23% of respondents in difficulty, had experienced stress/anxiety as a result of being in debt.

Within the NHS budget of £65bn, £300-400million per year is spent on medicines for depression and 12 million adults see their GP for mental health problems each year, many of these suffering from stress. We have no way of knowing how many of these or what proportion of the £300-400million relates to those in debt. Whilst not proving the case for a positive impact of 'National Debtline' on the public purse, the indications are that 'National Debtline' may help to reduce the cost to the public purse.

Whilst respondents to the research made no direct references to an impact on crime, several 'indirect' references to how others might be tempted to crime or drugs were made. At the time of the research, it was too soon to assess any impact on court time for CCJs and orders.

The issue of problem clustering was also identified at the start of the research as an issue for the public purse. It is recognised that those in debt often suffer from a number of other difficulties such as stress, family breakdown, and unemployment. The effect of the clustering is to concentrate many of the correlated problems in the over indebted.

The qualitative research conducted for the evaluation of the Money Advice Debtline pilot suggests that potential public sector savings are arising from the 'National Debtline' service. When interviewed, 'National Debtline' clients often made references to improved health and emotional well-being, reduced stress levels and improved personal relationships:

"I would have done something stupid to myself if it wasn't for 'National Debtline'"

"We're rowing less and I'm a nicer person to be around"

Whilst the nature of the evaluation study did not facilitate the identification of any direct causal link between the National Debtline service and public sector expenditure, the analysis above does suggest that there could be indirect benefits arising that at present cannot be quantified.

7.4 Management of budget

Money Advice Debtline Pilot management information shows the pilot broadly on target to achieve a total revenue figure of £2,161,500 over the thirteen month period of the pilot, compared to an original twelve month budget of £2,195,000. Revenue has been derived from:

- Public purse: a total of £1,150,000, comprising £1m from HM Treasury, £50,000 Lord Chancellors Department, £50,000 Scottish Executive, £50,000 DTI
- Private purse: a total of £930,000
- Other: DMP revenue is forecast to reach £49,000, trading revenue £5,000
- A surplus of £108,000 has is expected to be carried forward at the end of March 2003 (one month beyond the end of the pilot.

Some complexity has arisen in drawing comparisons between the original and actual budgets due to the need identified by management to run the pilot for 13 months rather than the 12 originally expected and to allow some surplus to cover contingencies arising from the prudent need to overrun the project. However, it is noteworthy that the management has succeeded in operating the service for 13 months on a budget including surplus only slightly higher than that originally allowed for 12 months.

DMP revenue is expected to be £86,000 below budget. This latter subject is explored in more detail in section 7.5 below.

As at December 2002, total revenue was standing at £1,897,663.

The Money Advice Debtline pilot is also broadly on target for costs incurred as at December 2002. The single most expensive cost was the initial investment in technology of £609,146 to December 2002, however this includes significant set up costs and would expect to reduce by in excess of 60% in year two of the service releasing more funds for recruitment of further staff. Technology was closely followed by staffing costs (mainly salaries) which are the second expense line at £624,960 (as might be expected). Both of these figures were slightly below expected budget, as set out in the Money Advice Debtline Monthly Report.

There were costs to the pilot which did exceed the budgeted figure. These included:

- Recruitment costs – which were up by 31% but only 2% of total budget (the increase attributable to staff turnover in Birmingham and difficulties in recruiting in Fife)
- Publicity – up by 74% but less than 2% of total budget due to Yellow pages advertising for the coming year and to publicity costs in Fife (required to 'drum up' demand).

Total costs for the thirteen-month period of the pilot are reforecast to be £2,052,883 against revenue of £2,161,500 leaving a reserve of £108,617.

As mentioned above, a number of factors have caused changes to arise in the budget for the pilot:

- Namely the need to pay VAT for goods and services, a cost which it is believed was not accounted for in the original budget but which has added an estimated £225,000 to costs
- The need to operate the pilot for thirteen months rather than twelve due to the timing of the evaluation process and the start of new funding
- The decision to maintain a surplus to cover the potential costs of an overrun beyond the pilot period
- The cost of an evaluation report commissioned from LSE (at a cost of £23,000) to support fundraising beyond the pilot phase.

The following data compares key performance indicators from other helplines.

The National Audit Office review of government call centres / helplines (December 2002) highlighted some key indicators. Whilst 'National Debtline' is not a call centre in the true sense of the word, this analysis can provide a benchmark for analysis.

The industry benchmark for staff costs as a percentage of all costs is 60%. 'National Debtline' are currently running at 38%. However, this figure rises to 60% if IT and Telephony costs are excluded.

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The Child Benefit Centre has a cost per phone call ratio of £1.91 per call. Floodline has a cost of £2.08 per call, whilst Driving Standards returns a figure of £1.40 per call. The ‘National Debtline’ pilot on the other hand has cost approximately £62 per call (on the basis of a £2.1m budget and approximately 34,000 calls). However this would falls to £40 if set-up costs (of approximately £750,000) are taken out of the calculation, and it should be borne in mind both that the nature of the services being compared may be very different and that because no detailed breakdown of costs included in the comparisons is available, it is not possible to confirm that a like for like comparison is being made.

Perhaps a fairer comparison is cost per call minute. The Child Benefit Centre has a cost per call minute of £0.43, Floodline has a cost of £0.37 per minute and Driving Standards returns a cost of £0.52 per minute. The National Audit Office surveyed 49 call centres for this research and were able to deduce that the average cost per call minute is >£0.6. There was a small minority that were >£5 per call minute. The ‘National Debtline’ service costs per call minute equate to approximately £4 but again, reduces significantly if set-up costs are removed to £2.50, placing it firmly in the middle ground of the range of costs identified

Perhaps a closer comparison can be drawn with Childline – a service that also operates on a ‘counselling’ basis. Childline have been helpful in providing information for comparative purposes. The average cost of counselling each child who calls Childline is estimated to be £32 excluding staff and switchboard calls (staff are all voluntary) with the average length of call standing at 20 minutes. The service has been running for some years and so it is expected that set-up costs are not included in the average. The equivalent figures for ‘National Debtline’ are shown in the table below:

		Total costs	Total costs excl set-up (£750,000)	Total costs excl set-up and staff costs (further £750,000)	Total costs excl set-up and cost of Fife and Cornwall elements of pilot (£250,000)
Approximate number of calls during pilot	34000				
Approximate number of clients during pilot	26000				
Call minutes (calls * 16 minutes average)	544000				
Budget		2100000	1350000	600000	1100000
Cost per call		£ 61.76	£ 39.71	£ 17.65	£ 32.35
Cost per client		£ 80.77	£ 51.92	£ 23.08	£ 42.31
Cost per call minute		£ 3.86	£ 2.48	£ 1.10	£ 2.02

The service provided by ‘National Debtline’ is in many ways different to all of the other services used for comparison here. Some provide very simple advice able to be delivered quickly by lower paid staff. Others such as Childline are run by voluntary staff and exclude staff costs as a result. Forecasts for the business looking forward contained in a later section of this report provide an indication of how costs per client can be reduced with increased scale and advisor efficiencies.

Of the three elements of the pilot conducted, Birmingham has proven to be the most cost efficient. In Cornwall where a very different service is provided the cost per customer ratio is as expected very different, highlighting very clearly the trade off between dealing with a significant number of clients by phone and a much smaller number face-to-face for the same budget. Between the months of March and December 2002, 58 customers were referred to Cornwall from ‘National Debtline’. A further 72 customers were referred from other agencies. The total cost of running the Cornwall pilot is approximately £100,000. This equates to a marginal cost per referral of £729.

In Fife, where efficiencies could not be achieved due to the small catchment area, 375 customers have called the Fife office between the months of March and December. The total cost of running the Fife pilot, is approximately £100,000 equating to a marginal cost per customer of £266.

7.5 DMP revenue generation

The initial plans for DMP revenue generation were based on 10% of customers being referred to CCCS or Payplan. Money Advice Debtline would then be given 50% of the income from the DMP provider for providing the referral. (It should be noted that there are no estimates of the take up rate.) The original Invest to Save bid estimated that there would be 9,545 customers who would be referred to CCCS or Payplan. This was expected to equate to a total income from Debt Management Plans during the pilot stage, of £130,000.

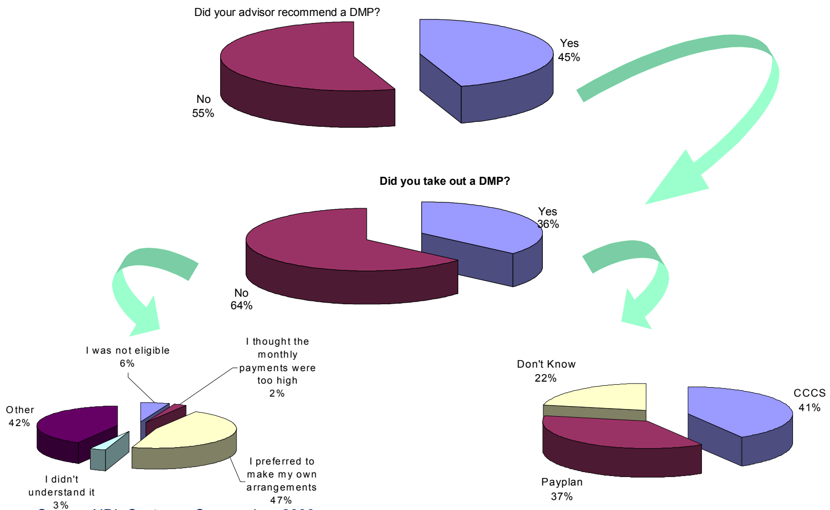
In practice, 603 customers are logged as having been referred to CCCS or Payplan between March and December 2002 representing a referral rate of just over 3%. In December, the referral rate increased to 6% for the month. By the end of January DMP revenue stood at £11,555 but the time delay in revenue flow means that this will grow significantly during the remainder of the pilot. The recast budget is now forecasting a total income from Debt Management plans to be £49,000 although this is unlikely to be achieved.

The quantitative research suggests that a higher proportion of customers are taking up DMP’s than Money Advice Debtline Pilot figures report as shown in the chart below.

A

DMP results of quant. survey

Financial



Source: NDL Customer Survey, Jan. 2003

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Of the customers surveyed, 13% claim to be with, or in discussion with CCCS or Payplan, 2-3 times the level being referred directly. There is a disparity here between Money Advice Debtline's own figures of 3% indicating that a significant number could be bypassing the formal referral process. Subsequent discussions with CCCS and Payplan confirm this to be the case. Both organisations are tracking customers who have found out about their services from 'National Debtline' but who find their own way to one of these organisations and significant levels of take-up of DMP are resulting from these contacts (albeit lower than the 90% sourced from the formal referral process). This highlights some potential for tightening of 'National Debtline' processes for referral. Customers with the correct profile are by-passing 'National Debtline' thereby reducing the potential income for the service.

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7.6 Financial Conclusions

There are significant indications that the impact of the 'National Debtline' service on the private purse is generally positive, with the indebted population starting to repay or manage their debt more effectively. Whilst bankruptcy is not the best method of dealing with debt, certainly not the best for the private purse, it is a recommended solution by 'National Debtline' for some customers. The net effect of these two different outcomes, remains a positive one for creditors.

There is an equally positive effect on the public purse, where the impact on health and general well being of the users of 'National Debtline' is more positive. It is difficult to draw comparative conclusions on the impact that 'National Debtline' has had on crime statistics. There are some indicators of an increased ability to manage debt without recourse to the courts. However, it is possible that there could be a increase in the use of court time for bankruptcy hearings.

Money Advice Debtline Pilot costs reveal that there are some differences from the original Invest to Save budget. These are due to a combination of errors in the original Invest to Save Bid budget, changes to the timeframe of the pilot and the decision to reserve for contingency.

Differences between expected and actual DMP revenue perhaps point to one of the most significant issues that need to be addressed by the future National Debtline service. There is evidence from a number of sources that customers are by-passing the formal referral process put in place, suggesting that the Money Advice Debtline pilot is not identifying DMP prospects fully and is losing potential revenue as a result.

8 Policy Analysis

The final area in which the Money Advice Debtline Pilot was evaluated was related to policy – exploring the extent to which the service can meet the policy aims established at the outset. These aims included:

- Reducing social exclusion
- Modernising government
- Achieving social justice in Scotland
- Improving adult education
- Encouraging active consumership.

It can reasonably be concluded that providing a national free of charge telephone-based service has increased access to debt advice across the spectrum, although access among the DE social groups does not appear to match levels possibly expected. It does not appear that 'National Debtline' is used primarily in addition to other advice services, but rather as either a substitute or as the only choice of which customers are aware (70% of 'National Debtline' customers had not sought advice prior to contacting the service). Around 20% of 'National Debtline' customers either would not have sought advice or do not know where they would have gone to get advice if 'National Debtline' had not been available.

In terms of the 'modernising Government' aim, the telephone and e-mail technology meets consumer needs well. The overwhelming majority of 'National Debtline' customers have high levels of overall satisfaction with debt advice received through these channels, even where ideally face-to-face advice would have been preferred.

'National Debtline' customers calling from Scotland were broadly as likely to contact the service as individuals from other parts of the UK were, and also had broadly similar levels of overall satisfaction with the service.

Customers clearly feel that they have improved their financial education as a result of contacting 'National Debtline' – with 83% saying they feel more knowledgeable on financial matters.

There is evidence that the 'National Debtline' service contributes towards more empowered and 'personally responsible' consumers. In part this is a result of the advice process which empowers customers through:

- Providing understanding of the options open to customers

- Giving them the responsibility of choosing between the options
- Identifying what actions the customer needs to take to put the chosen option into practice.

This is evidenced by:

- 73% of 'National Debtline' customers saying they feel they are regaining control of their finances
- 79% of 'National Debtline' customers considering themselves less likely to get into a similar situation again
- 77 % of all 'National Debtline' customers saying they feel more able to deal with their creditors.

Conclusions

There is good evidence that the Money Advice Debtline Pilot contributes to the key policy aims above.

9 Best Fit Model

9.1 Assessment of options

This section of the report provides details of the suggested model for provision of services by National Debtline in the future. The process for developing this model was :

- Assessment of findings from the evaluation of the pilot and consideration of lessons to be learnt for the future
- Identification of options in terms of future service models
- Analysis of these options to establish the best fit with the overall objectives and vision for the service and exploring the cost-efficiency and value for money implications of the different models
- Identification and definition of the Best Fit Model for the future service
- Agreement of this Best Fit Model by the Evaluation Project Board.

The service options considered in terms of a potential Best Fit Model for the future were:

1. A telephone service, supported by e-mail, based in one central location
2. A telephone service, supported by e-mail, based in two locations one of which would be in Scotland to provide a service to individuals domiciled in Scotland
3. A mix of telephone and e-mail service and face-to-face advice, with 25% of the budget being spent on the face-to-face service
4. A face-to-face service only

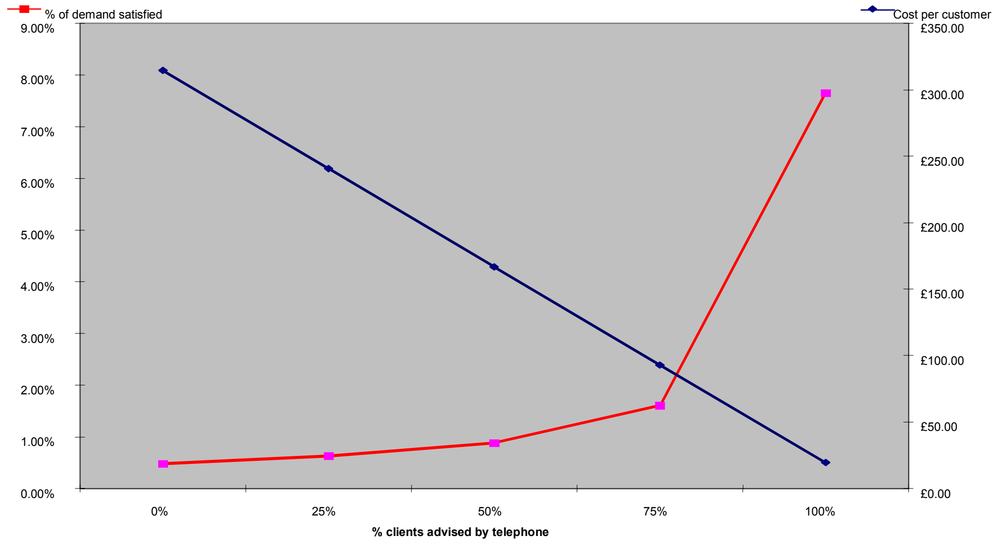
It was concluded, having reviewed customer satisfaction figures for Scottish callers using the Birmingham service (which were broadly comparable to the figures for all 'National Debtline' customers) that Scottish callers' needs could be met equally well at a single central location (as opposed to one based in Scotland). There are marginal additional costs to running a telephone service in two locations and there could be management issues in terms of ensuring consistency and quality across both locations. It was therefore decided that a separate location based in Scotland was not needed (option 2 above).

The chart below shows the implications, in terms of number of customers than can be advised, of the choice between telephone and face-to-face services. The chart is based on a high level model of costs for different advice approaches and explores the potential number of customers than can be served within a set budget of £2m. The chart shows clearly that a telephone only service will serve the largest number of customers. The issues of whether a telephone only service would exclude a significant proportion of the population were debated. Whilst it is likely that some individuals would not use a telephone service it was felt that:

- The research demonstrated that while some may prefer face-to-face advice, the 'National Debtline' telephone advice model was wholly acceptable to the majority of those preferring face-to-face. As the cost of providing debt advice by telephone is significantly lower than the costs for face-to-face advice, the growth of a telephone based service should relieve the pressure for face-to-face advice
- The proportion of the population that will ***only*** consider face-to-face advice may be falling. Use of the telephone and e-mail has pervaded into many different aspects of modern living including banking, customer support and medical advice (NHS Direct). CCCS report a fall from 20% to 4% in the last 3 years in the proportion of their clients offered counselling appointments who choose a face-to-face appointment rather than telephone.

It should be noted in reading the following, that although the Evaluation Board have agreed that the Best Fit Model described below is the optimum model for the future of the 'National Debtline' service, this does not represent commitment from any of the parties involved with regard to the future funding of the service.

Future Demand that can be serviced



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9.2 Best Fit Model for the 'National Debtline' future service

The model agreed to provide the 'best fit' with the overall objectives for the 'National Debtline' service in the future is option 1 – a telephone service with e-mail support, based on one central location. The service has been further defined under the following headings:

- Nature of the service (what is the 'National Debtline' service?)
- Target market for the service (who is the 'National Debtline' service for?)
- Service delivery (how will the service be delivered?)

Nature of the service

The vision for the future 'National Debtline' service is 'a widely available service to provide free, independent, high quality broad ranging debt advice making the most cost effective use of resources available'.

'National Debtline' should offer a broad range of advice and services relating to debt issues and problems. These should include:

- Provision of detailed 'self-help' information
- Emergency advice
- Advice and support on priority debts
- Broad debt counselling including detailed budgeting, analysis of income and expenditure, analysis of priority and non-priority debts
- A long-term repayment facility for the clients
- Advice on IVAs and signposting to approved Insolvency Practitioners
- Advice on bankruptcy
- Signposting to other appropriate specialist help if outside of 'National Debtline' services.

The service should empower the customer though allowing them to understand the options available to them and providing a clear basis from which to choose between these options. The service will promote self-sufficiency and will provide education and support.

The service should recognise the need for long term positive outcomes to be delivered for the customer, the creditor industry and to the public purse through the development of this service.

Target market for the service

‘National Debtline’ will be an universal service, targeted at all individuals and families in the UK, irrespective of age, sex, socio-economic grouping, region, income and levels of debt or of other demographic or financial characteristics. As such, the ‘National Debtline’ service should be equally visible and accessible to all target groups to allow them to make the choice of using the service. The ‘National Debtline’ service should develop a cost-effective marketing and promotion strategy that will aim to meet the goal of ensuring the service is equally visible to different groups within the broader market (for example, lower than expected use of the service among the DE socio economic group might be the result of lower awareness among this group). This could include establishing relationships and encouraging introductions from organisations with good links with ‘under-represented’ groups and targeting PR activities in media, which is known to reach these groups effectively. It is possible that if ‘National Debtline’ successfully ‘attract’ a higher proportion of DE socio economic group customers, that the levels of referrals to CABx for face-to-face advice could increase, although this point would require further investigation to validate.

Service Delivery

The service will continue to operate under the ‘National Debtline’ brand name. The ‘National Debtline’ service will be delivered by telephone, with e-mail used as a support to the advice process. It will be a national service, with a single contact telephone number. The service will be provided, in the short to medium term at least, from a single location. In the future if the business reaches a stage in its growth where issues (such as recruitment) make further expansion in one location less practical, telephone centres may need to be set up in other locations, while still retaining the presentation of a national service. As the pilot operation has been established in Birmingham and staff have been recruited and trained, ‘National Debtline’ should be located in this area for the next stage of its development.

The best fit model assumes that ‘National Debtline’ will continue to be funded through a combination of private and public sector funding and through revenue generated through debt management plans. ‘National Debtline’ will move towards self-financing an increasing part of the service through DMP revenues obtained. The increase in DMP revenues will be achieved through re-evaluating whether ‘National Debtline’ are efficiently identifying and referring potential DMP clients, through ensuring the best DMP commercial arrangements have been selected with DMP provider organisations and through the natural cumulation of DMP revenues as the overall numbers of ‘National Debtline’ clients with DMPs rise. ‘National Debtline’ will not compromise either the vision for the service or the impartiality of the advice while seeking to increase DMP revenues.

There is clearly considerable demand for debt advice and for ‘National Debtline’ services. However, the scale of the service proposed in this business case has been constrained by a predefined budget. Subject to obtaining further funding from the private sector and/or achieving additional revenues from DMPs, the service clearly has potential to grow further yet.

The ‘National Debtline’ service will continue to operate as a counselling service, rather than as a call centre, but it will actively seek to combine the counselling vision to be delivered to customers with efficient business practices. In particular ‘National Debtline’ will seek to achieve reduction in call length and reduction in ‘unavailable’ adviser time.

10 Financial Projections

This section examines the effect that different budgets could have on the operation of ‘National Debtline’ over the next three years and the relative impact on consumer demand and DMP revenues. It also provides high level guidance on the use of the budget across different lines of expense for the business. The costs of the business have been developed with reference to the current management information of ‘National Debtline’ to December 2002 and the three-year business plan prepared by Paul Mullins for the next three years of the business.

As already stressed, the business case for the service is intended to provide a high level comparison of the costs and some outcomes of operating a national service. The cost model has ***not*** been built on a bottom up basis with reference to detailed costing for each line of expense and is not designed to be used as a benchmark for measuring the effectiveness of the service going forward. It is designed to show how costs and outcomes might vary by budget. The actual costs incurred by the operator of the service will be influenced by many issues, not all of which have been assessed in this study, for example: location; staff recruitment and turnover; price and salary inflation levels; taxation; the degree of variation between fixed and variable costs. The actual outcomes will be influenced by achieved efficiency gains and customer behaviour. The effects of some of these variations are shown in the sensitivity tests described below.

The ongoing benefits to private sector debtors and public sector expenditure have not been quantified due to the lack of direct evidence collected during the evaluation study. However, the indirect evidence does suggest the potential for benefits to arise as a result of the launch of a national service. It may be appropriate for mechanisms to be established to assess these more directly during the first few years of the service. Such mechanisms could include the collection of customer information by the operator of the national service, the measurement by the private sector of improvements among users of the service and/or through a more extensive research exercise, possibly longitudinal.

A high level risk assessment is included at the end of this section.

Four scenarios have been developed, all of them revenue constrained. We have not sought to build a model that will satisfy a certain level of demand rather a model that will optimise the use of a limited budget. All are based on the assumption of the best fit model described in the previous section of the report. No judgements have been made on the source of the budgets described or any split between public and private sector funding. The four scenarios are:

- Total budget including DMP revenue of £2m (ie close to the budget for the pilot exercise)
- Total budget of £2m plus DMP revenue
- Total budget including DMP revenue of £1m
- Total budget including DMP revenue of £3m

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10.1 2002 / 2003 Results

The evaluation process conducted by Deloitte was carried out before the February data was available and so are based on end of January data and assume similar levels of expenditure during February. Revenue for the 12-month pilot is expected to be approximately £2,100,000 including an estimated £21,000 of DMP revenue. The 2002/2003 year-end results can be expected to differ slightly from those shown below. For example, an estimate of DMP revenues for the full year has been included but actual revenue may vary.

The estimates of the full year budget for 'National Debtline' included in the model are:

	2002/3 (pro rata Jan 03) £000's
Revenue	2100
Staff costs	740
Training & recruitment	84
Premises, furniture, fittings	162
IT, software & hardware	614
Telephone, printing & postage	122
Publicity	28
Other expenses	111
Surplus	239
Expenses plus surplus	2100

'Other' expenses line includes: Health & Safety; Travel and Subsistence; Payroll Management; Periodicals, Library and Membership; Conferences; Photocopying; Catering and the LSE evaluation.

10.2 Base Assumptions

The following assumptions have been assumed in all scenarios considered:

- The growth in proportion of clients referred to DMPs increases from the current position of 3% to 7% by 2005/6 (there is already some evidence of improvement. 90% of DMP referrals are taken up
- The amount recovered by CCCS and Payplan is 6.6% on average and that this is split 50:50 between the DMP manager (CCCS or Payplan) and 'National Debtline'. It is assumed that 'National Debtline' will have no difficulty continuing with these relationships
- The timing of revenues for year one of DMPs allows for referrals to be spread across the year and a time delay for completion. An average of 5 months of year one revenue is allowed for DMPs placed that year
- Salary inflation is 4.5%
- Price inflation is 2.5%
- The cost base is reduced by set up costs of £755k incurred in the pilot in 2003/4 and thereafter
- That no significant increase in fixed costs of premises is required to allow for growth ('National Debtline' estimates that current premises, recently expanded, will accommodate up to 55 staff). In some of the scenarios, the total number of staff exceeds this number and we would expect some increase in fixed premises costs to reflect this. However, as shown in the table below, 40% of premises costs are treated as variable resulting in an increase in costs as the number of advisors rises.
- The number of trainees is fixed at 4 per year beyond 2003/4 to allow for staff turnover but not further significant growth. The model assumes all trainees join at the start of the budget year. In their first year, trainees are treated as the equivalent of two thirds of a trained advisor in terms of client productivity.
- The number of team leaders is fixed at 5 throughout based on the current management view that the ratio of advisors to team leaders could increase to 10:1. Team leaders are treated as one quarter of a trained advisor in terms of client productivity.
- From 2003/4 the number of managers is increased to 3 in scenarios 1-3. Under scenario 4 the number remains at 2. The increase reflects the need for an office manager to relieve the team leaders of the need to cover for IT, recruitment and general office duties
- Trainee advisors + team leaders contribute 50% time to advice
- Salaries are assumed to be as follows in 2002/3 (and then inflated by earnings inflation). They are uplifted by 22.8% to allow for additional costs such as National Insurance Contributions in line with the current ratio of salaries to total staff costs:

    - Administrators: £10,757
    - Trainee advisors: £16,938
    - Advisors: £20,778

- Mentors: £22,318
- Team Leaders: £24,627
- Managers: £35,000 initially (reflecting the current average of the two managers). Under the scenarios which assume a new manager is recruited in 2003/4, the average manager's salary is assumed to start from a level of £33,000 assuming that an office manager can be recruited at £27,000 salary.

- Efficiency improvements are assumed from 2004/5 onwards. In the first full year of operation, 2003/4, it is assumed that concentrating on growth will mean that efficiency gains become low priority. Thereafter it is assumed that advisors will have more time available to take calls, and reduce the time spent on each one
- Any increased potential for competition within the market for DMP revenue has not been modelled.

The improved efficiency is expressed in terms of number of clients per advisor below. Further variations could be achieved through a reduction or increase in the number of calls made per client. If more customers can be dealt with 'satisfactorily' through the first call the number of calls per client would reduce, thereby increasing the number of clients served per advisor with a consequent effect on DMP revenues. However, it is the expectation of 'National Debtline' management that the average number of calls per client could increase to 1.5 as the service is better able to handle the number of calls made to the service. This would have the effect of reducing the number of clients per advisor with an equivalent effect on DMP revenues.

Efficiency of advisors			**2002/03**	**2003/04**	**2004/05**	**2005/06**
hours per week			23.75	23.75	23.75	23.75
available time			57%	57%	60%	62%
hours available			13.54	13.54	14.25	14.73
average length of call (minutes)			16.00	16.00	15.00	14.00
average length of call (% hour)			0.27	0.27	0.25	0.23
number of calls per week			50.77	50.77	57.00	63.11
weeks available per year			40.8	40.8	40.8	40.8
calls per year			2,071.24	2,071.24	2,325.60	2,574.77

calls per client			1.33	1.33	1.33	1.33
number of clients per advisor per year			1,557.32	1,557.32	1,748.57	1,935.92

Costs are assumed to be in part fixed and in part variable, both by number of staff and number of clients. These have been estimated by reference to the three-year plan prepared by National Debtline and not from any detailed analysis of the current or expected cost base of the operation. They have not been fully tested for rigour due to the limited nature of the business case exercise. The following table shows how each type of cost is split:

Expenses by drivers	Fixed + inflation	No. employees	No. clients
Cost of training / recruitment	50%	50%	0%
Premises, furniture & fittings	60%	40%	0%
IT, software & hardware	60%	20%	20%
Telephone, printing & postage	0%	0%	100%
Publicity	25%	0%	75%
Other Expenses	50%	30%	20%

The effect of the split between fixed and variable costs is to allow for the cost of variable items to increase either in line with either the number of employees or number of clients. Given the nature of the model, the effect in a fixed budget environment is to then reduce the funds available for recruitment of new staff.

The budget and results are then driven by the assumptions on the level of revenue available to 'National Debtline', the split of variable and fixed costs and the efficiency gains described above. The model finds the most efficient use of the revenue. Once again, we would stress that no detailed investigation of the costs of running the project were carried out.

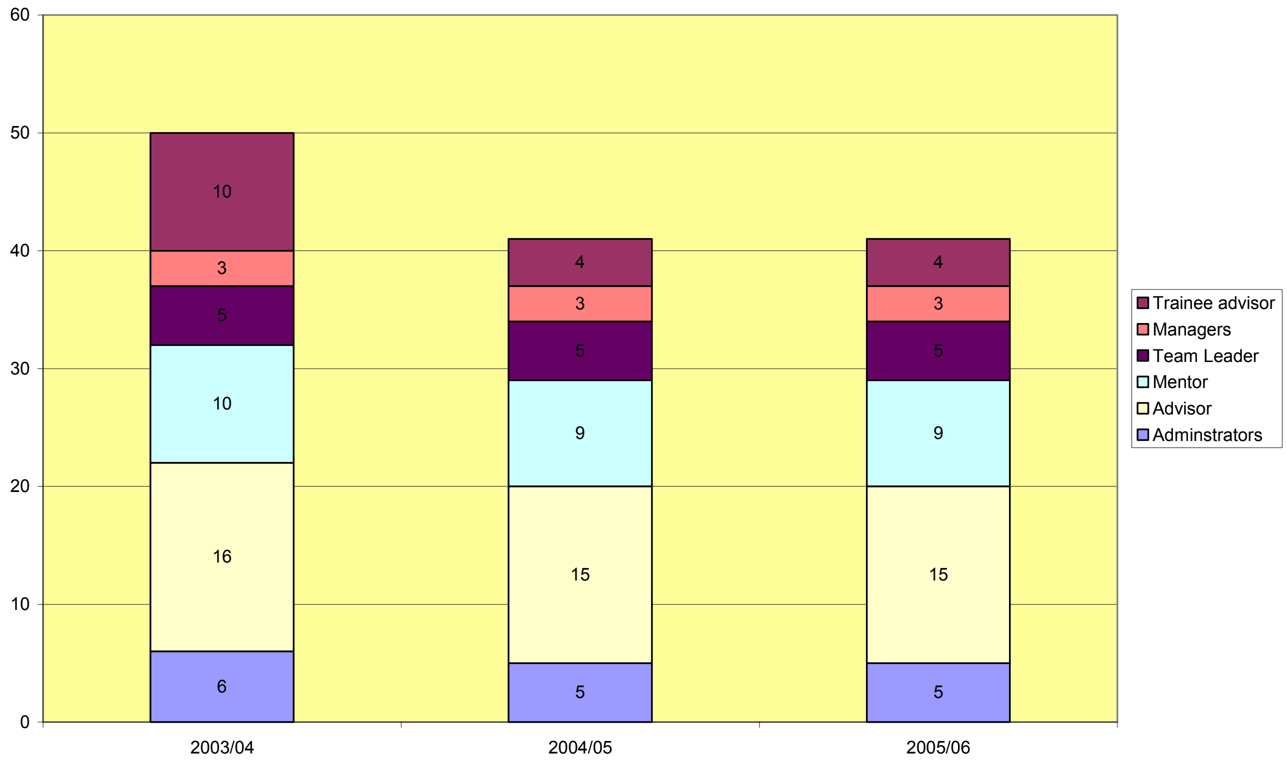
10.3 Scenario 1 - £2m budget including DMP revenues

Assuming a budget of £2m pa including contributions from DMPs, the expected cashflows and outcomes for the next three years are shown in the table below. The level of funding required falls from £1.9m in 2003/4 to £1.3m in 2005/6. Should these funding levels and all other assumptions be maintained, 'National Debtline' would start to be self-funding from DMP revenues from 2009/10.

Under a fixed budget such as this, the number of staff will reduce over time due to the impact of inflation. From 2004/5 the total number of staff needs to contract slightly, although much of the reduction is accounted for by reduced trainee recruitment needs.. As shown below, the cost per client falls significantly after the current pilot year as set-up costs are removed.

Results	2002/03	2003/04	2004/05	2005/06
Total Budget	2,100,000	2,105,786	1,889,141	1,991,000
DMP Revenues	21,000	144,950	388,610	691,534
Funding required	2,079,000	1,960,836	1,500,531	1,299,466
Total staff levels	28	50	41	41
Equivalent advisors	14	34	28	28
Staffing costs as % total budget	36%	53%	47%	49%
Clients per advisor	1,557	1,557	1,749	1,936
Clients handled	26,000	53,144	48,960	54,206
Cost incl DMP per client	£ 81	£ 40	£ 39	£ 37
Cost excl DMP per client	£ 80	£ 37	£ 31	£ 24

The projected average staffing profile for each of the three years is shown in the chart below. One of the consequences of a fixed revenue but cost and salary inflation (and an increase in average staff costs as trainees move into better paid is that the budget available for staff falls during the period resulting in the need to reduce overall levels of staffing. This will be difficult to manage but can be achieved in part through the need for fewer trainees in years two and three of the plan. It should be noted that the Mentor grade will be phased out later in 2003. The potential reduction in number of staff has an impact on the number of clients served and therefore on the DMP revenues that could be achieved. In practice, revenue that increased in line with costs would be a more practical solution for management of any on-going service.



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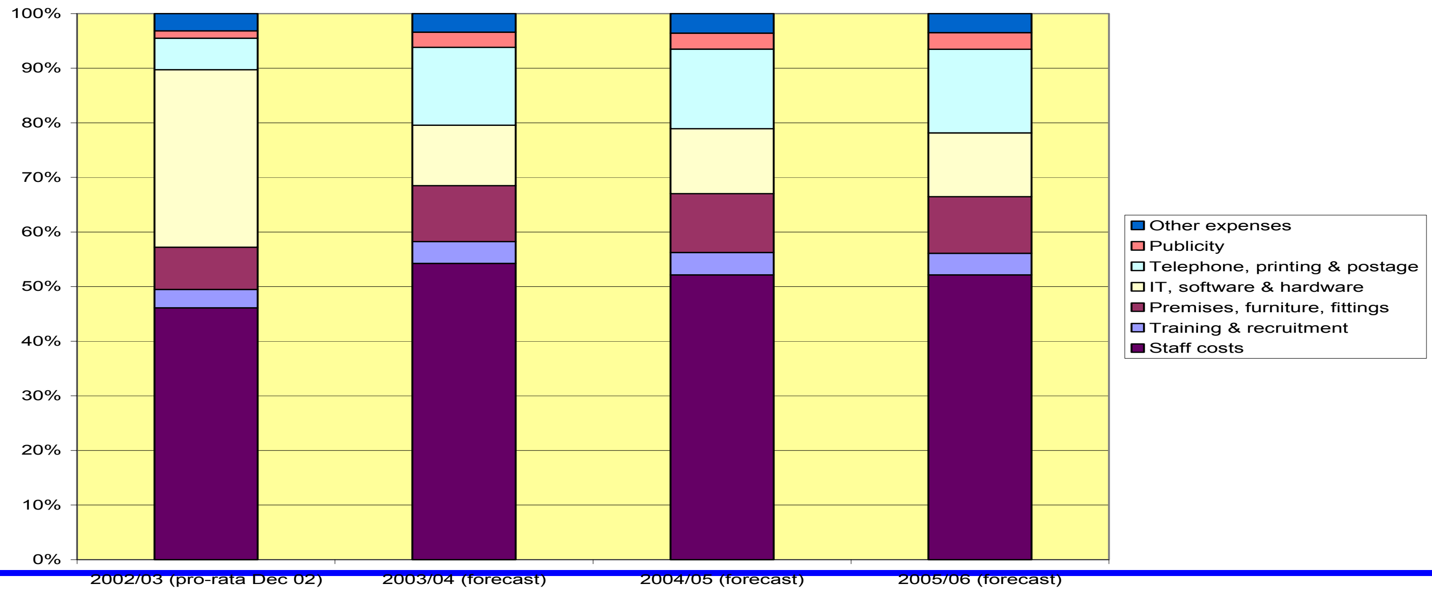
On the basis of the assumptions used, the breakdown of the budget by expense category might be expected to be broadly as shown in the table and chart below:

£000	*2002/03 (pro-rata Dec 02)*	2003/04 (forecast)	2004/05 (forecast)	2005/06 (forecast)	NPV 2003/4 - 2005/6 at 6%
Total projected revenue	*2,100*	2,000	2,000	2,000	5,667
Funding	*2,079*	1,961	1,501	1,299	4,533
Staff costs	*740*	1,155	998	1,052	3,033
Training & recruitment	*84*	104	96	97	281
Premises, furniture, fittings	*162*	215	203	206	590
IT, software & hardware	*614*	131	126	130	365
Telephone, printing & postage	*122*	302	278	308	838
Publicity	*28*	59	56	61	166
Other expenses	*111*	140	132	137	387
Projected expenses	*1,861*	2,106	1,889	1,991	5,660
Under / (Overrun)	*239*	-106	111	9	7



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10.4 Scenario 2 - £2m funding on top of any DMP revenue

A budget of £2m pa plus contributions from DMPs would provide £0.7 million more revenue by 2005/6 and allows for more significant growth of the service. As a result, the number of clients served increases and the average cost per client falls further. By 2009/10 the service might be expected to be generating £4 million of DMP revenue, giving it a total budget of £6 million. The expected results for the next three years are shown in the table below.

Results	2002/03	2003/04	2004/05	2005/06
Total budget	2,100,000	2,181,385	2,538,459	3,108,617
DMP Revenues	21,000	181,385	538,459	1,108,617
Funding required	2,079,000	2,000,000	2,000,000	2,000,000
Total staff levels	28	51	55	65
Equivalent advisors	14	35	39	47
Staffing costs as % total budget	36%	54%	61%	75%
Clients per advisor	1,593	1,593	1,789	1,981
Clients handled	26,000	55,963	69,768	93,088
Cost incl DMP per client	£ 81	£ 39	£ 36	£ 33
Cost excl DMP per client	£ 80	£ 36	£ 29	£ 21

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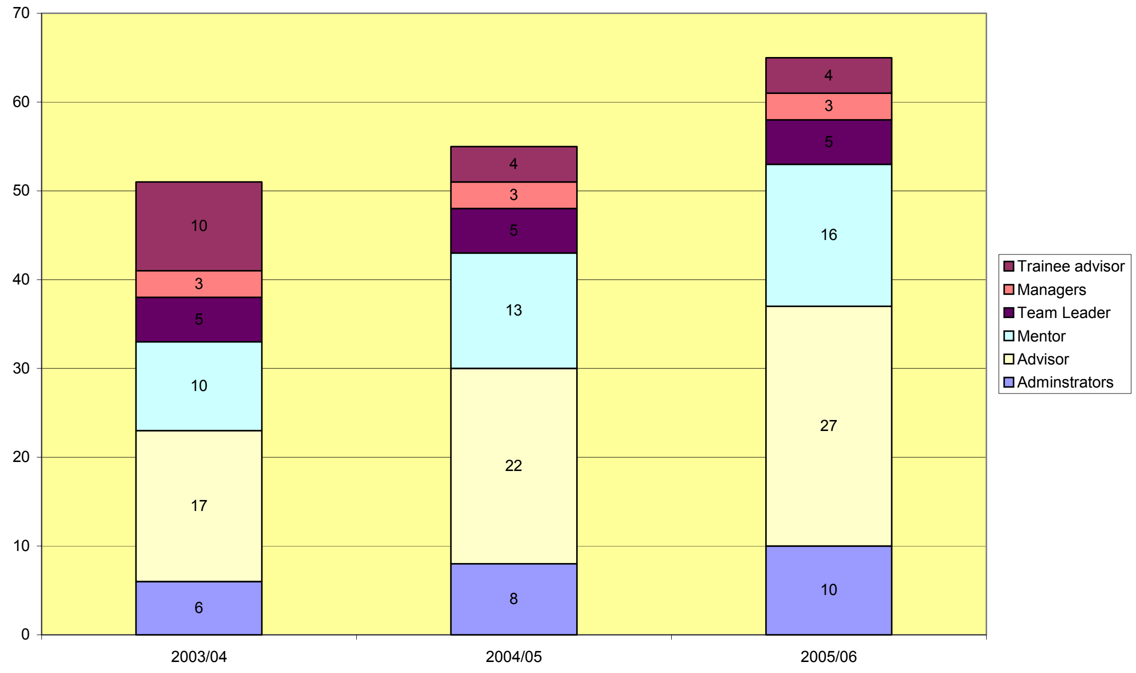
The projected average staffing profile for each of the three years is shown in the chart below. The result of adding DMP revenue to the fixed £2million funding is to allow for continued growth in the service.



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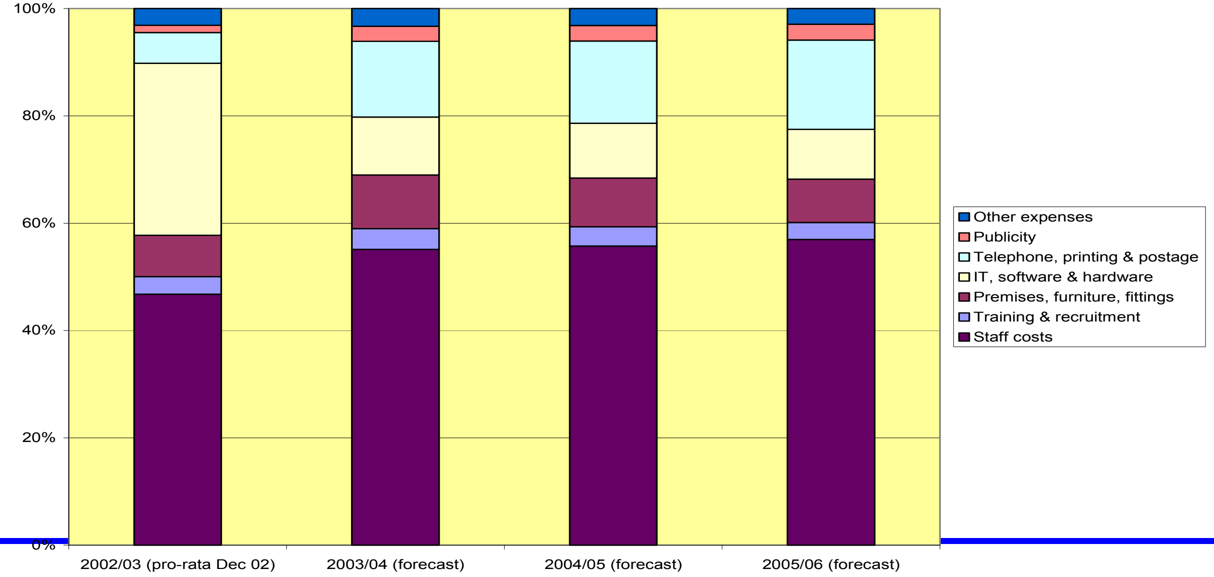
On the basis of the assumptions used, the breakdown of the budget by expense category might be expected to be broadly as shown in the table and chart below:

£000	*2002/03 (pro-rata Dec 02)*	2003/04 (forecast)	2004/05 (forecast)	2005/06 (forecast)	NPV 2003/4 - 2005/6 at 6%
Total projected revenue	*2,100*	2,181	2,538	3,109	7,343
Funding	*2,079*	2,000	2,000	2,000	5,667
Staff costs	*740*	1,219	1,413	1,774	4,130
Training & recruitment	*84*	105	111	122	319
Premises, furniture, fittings	*162*	218	228	248	653
IT, software & hardware	*614*	132	143	160	410
Telephone, printing & postage	*122*	311	387	517	1,135
Publicity	*28*	61	72	91	210
Other expenses	*111*	143	155	176	445
Projected Expenses	*1,861*	2,188	2,508	3,087	7,301
Under / (overrun)	*239*	-6	30	22	41



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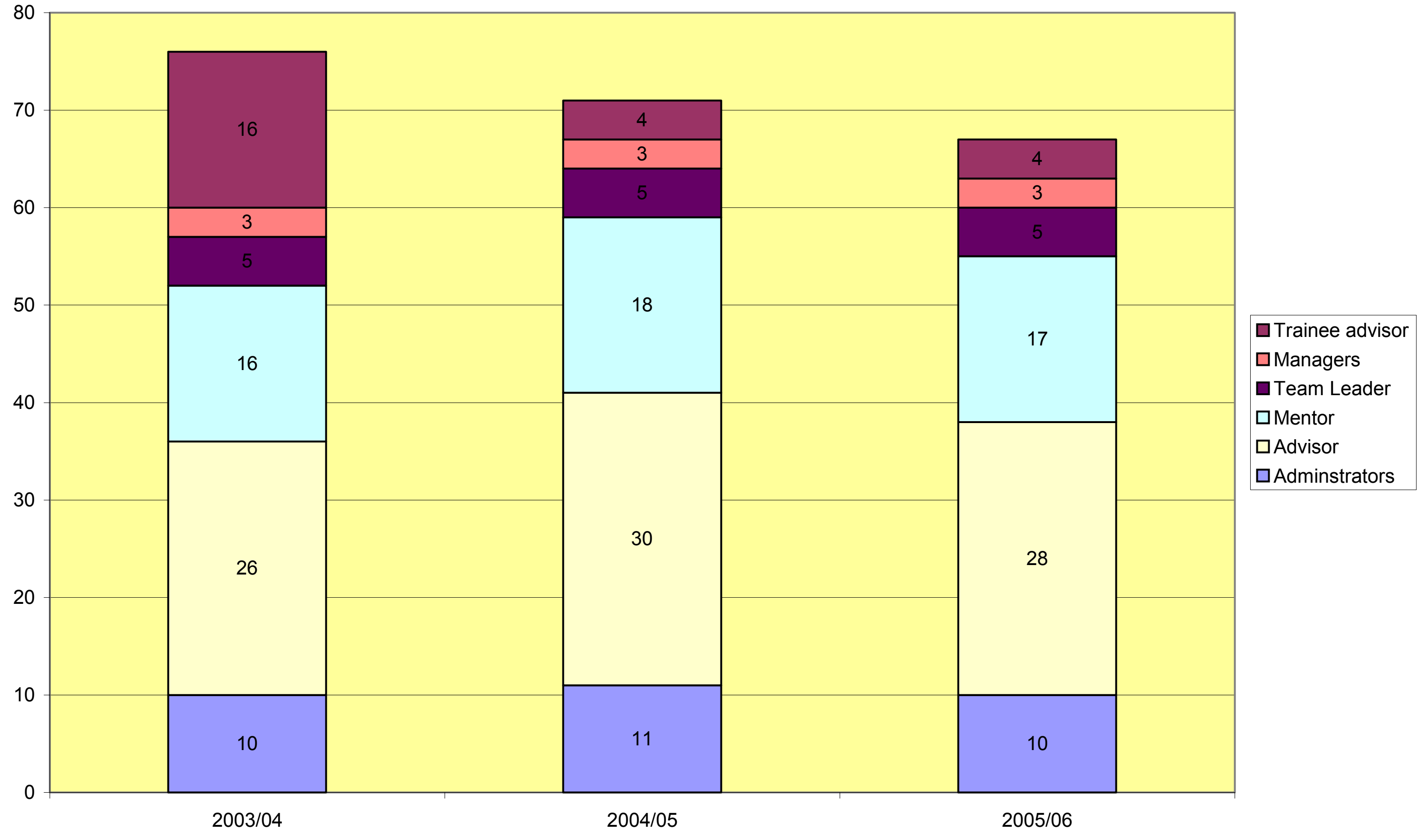
10.5 Scenario 3 - £3m budget including DMP revenues

Assuming a budget of £3m pa including contributions from DMPs, the expected results for the next three years are shown in the table below. Should this budget level be maintained, 'National Debtline' would start to fund itself in 2008/09 and external funding requirements have fallen to £1.8m by year 2005/6.

Results	**2002/03**	**2003/04**	**2004/05**	**2005/06**
Total budget	2,100,000	3,000,000	3,000,000	3,000,000
DMP Revenues	21,000	201,185	618,000	1,164,640
Funding required	2,079,000	2,798,815	2,382,000	1,835,360
Total staff levels	28	76	71	67
Equivalent advisors	14	54	52	49
Staffing costs as % total budget	32%	52%	52%	52%
Clients per advisor	1,557	1,557	1,749	1,936
Clients handled	26,000	84,485	90,926	94,860
Cost incl DMP per client	£ 81	£ 36	£ 33	£ 32
Cost excl DMP per client	£ 80	£ 33	£ 26	£ 19

The projected average staffing profile for each of the three years is shown in the chart below. The total number of staff falls in 2005/6 as a result of a fixed budget but inflated costs.



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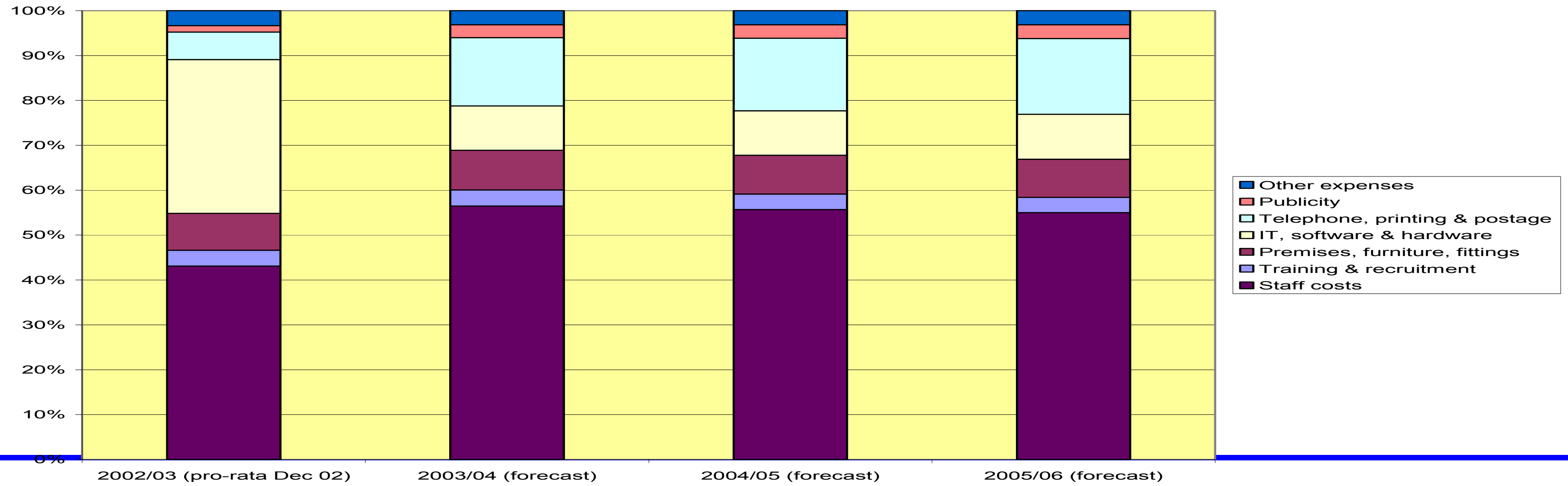
On the basis of the assumptions used, the breakdown of the budget by expense category might be expected to be broadly as shown in the table and chart below:

£000	*2002/03 (pro-rata Dec 02)*	2003/04 (forecast)	2004/05 (forecast)	2005/06 (forecast)	NPV 2003/4 - 2005/6 at 6%
Total projected revenue	*2,100*	3,000	3,000	3,000	8,500
Funding	*2,079*	2,799	2,382	1,835	6,679
Staff costs	*740*	1,785	1,785	1,766	5,041
Training & recruitment	*84*	138	136	133	385
Premises, furniture, fittings	*162*	276	272	270	773
IT, software & hardware	*614*	173	176	178	498
Telephone, printing & postage	*122*	480	516	538	1,446
Publicity	*28*	90	95	99	268
Other expenses	*111*	192	194	195	548
Projected expenses	*1,861*	3,134	3,174	3,181	8,959
Under / (overrun)	*239*	-134	-174	-181	-459



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10.6 Scenario 4 - £1m budget including any DMP revenues

Finally, assuming a budget of £1m pa including contributions from DMPs, the expected results for the next three years are shown in the tablebelow. Should these funding levels be maintained, 'National Debtline' would start to fund itself in 2011/12 but will serve many fewer clients during that period than under any of the previous scenarios.

Results	**2002/03**	**2003/04**	**2004/05**	**2005/06**
Total budget	2,100,000	1,000,000	1,000,000	1,000,000
DMP Revenues	21,000	88,715	190,696	320,520
Funding required	2,079,000	911,285	809,304	679,480
Total staff levels	28	23	20	20
Equivalent advisors	14	14	12	12
Staffing costs as % total budget	35%	52%	48%	50%
Clients per advisor	1,557	1,557	1,749	1,936
Clients handled	26,000	21,803	20,983	23,231
Cost incl DMP per client	£ 81	£ 46	£ 48	£ 43
Cost excl DMP per client	£ 80	£ 42	£ 39	£ 29

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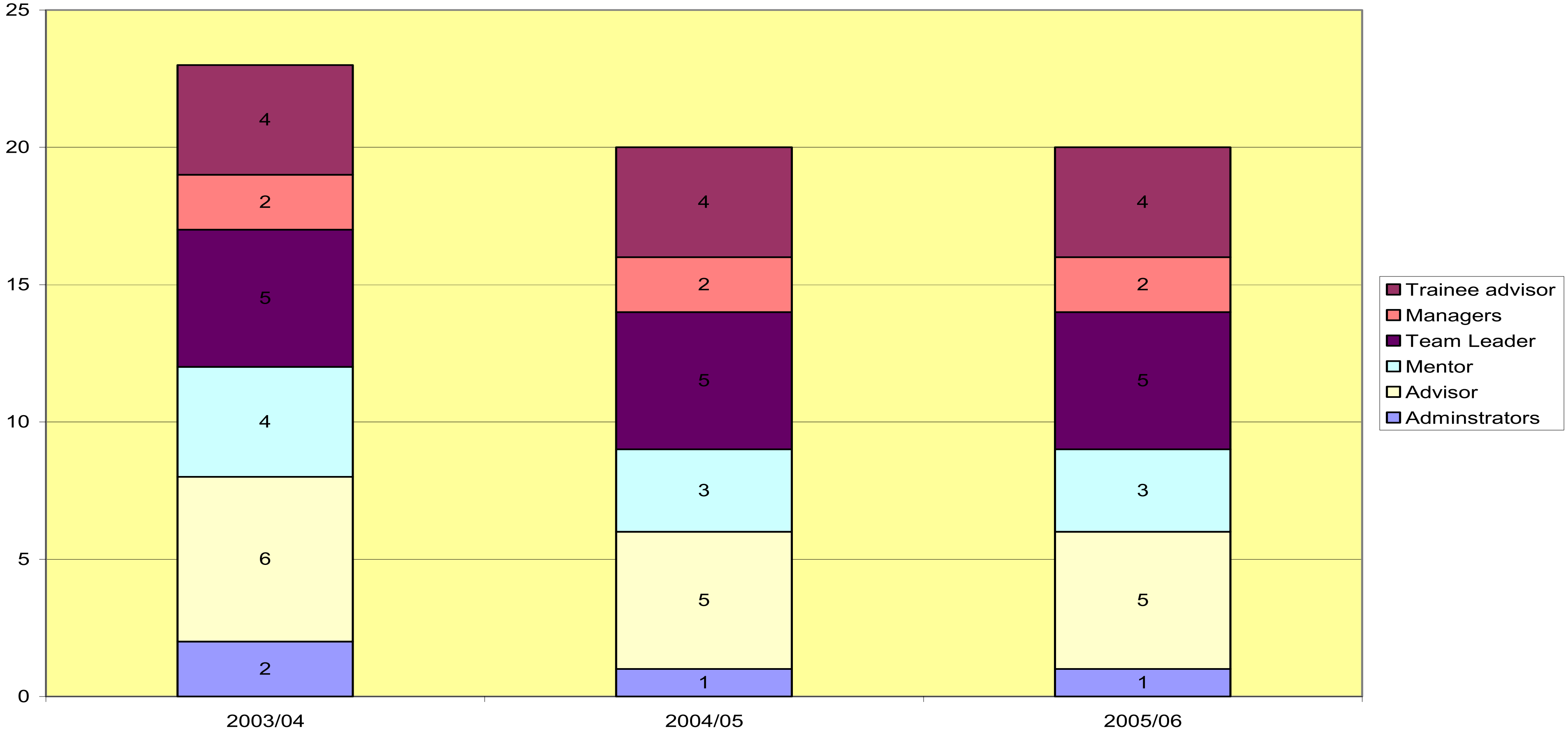
The projected average staffing profile for each of the three years is shown in the chart below. The total number of staff falls in 2004/5 as a result of a fixed budget but inflated costs.



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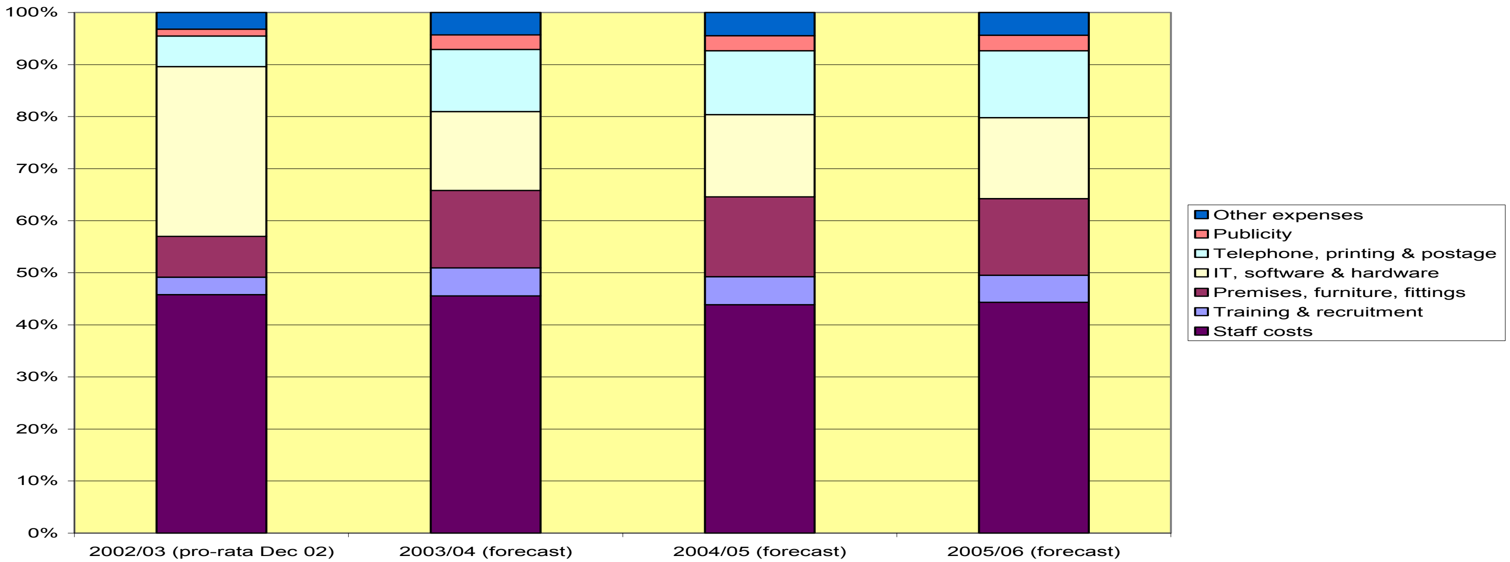
On the basis of the assumptions used, the breakdown of the budget by expense category might be expected to be broadly as shown in the table and chart below:

£000	*2002/03 (pro-rata Dec 02)*	2003/04 (forecast)	2004/05 (forecast)	2005/06 (forecast)	NPV 2003/4 - 2005/6 at 6%
Projected revenue	*2,100*	1,000	1,000	1,000	2,833
Funding	*2,079*	911	809	679	2,280
Staff costs	*740*	475	428	457	1,285
Training & recruitment	*84*	68	65	66	188
Premises, furniture, fittings	*162*	153	147	149	425
IT, software & hardware	*614*	87	86	89	247
Telephone, printing & postage	*122*	124	119	132	354
Publicity	*28*	28	28	30	82
Other expenses	*111*	88	85	87	245
Projected Expenses	*1,861*	1,023	958	1,010	2,825
Under / (Overrun)	*239*	-23	42	-10	8



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10.6 Business Case summary and conclusions

The results below compare all four scenarios using the final year of the projection, 2005/6, by which time the volumes and efficiencies have started to stabilise for each of the chosen budgets.

	2005/06 results			
Scenario	**1**	**2**	**3**	**4**
Number of clients served	54,000	93,000	95,000	23,000
Total staff levels	41	65	67	20
Equivalent advisors	28	47	49	12
Other Staff	13	18	18	8
Cost excl DMP per client	£24	£21	£19	£29
DMP Revenues	£692,000	£692,000	£1,165,000	£321,000
Total Budget	£2,000,000	£2,692,000	£3,000,000	£1,000,000
Funding required	**£1,308,000**	**£2,000,000**	**£1,835,000**	**£679,000**

Scenario 4 has the lowest budget and therefore lowest number of customers and staff. It also has the highest cost per client as a higher proportion of the budget goes towards fixed costs. The consequences of a £1million budget for the existing infrastructure of 'National Debtline' would be significant, requiring a cut to current staffing levels.

Scenario 2 has a fixed budget in addition to DMP revenues so as the latter increases, so does it's total funding. This scenario models a steadily growing business. By 2005/06 it is servicing more clients than any of the other scenarios. The fact that it has lower DMP revenues than scenario 3 is a function of the higher budget for 2003/4 included in scenario 3 (ie £3m compared to £2.5m for scenario 2) leading to a faster growth in clients and therefore DMPs.

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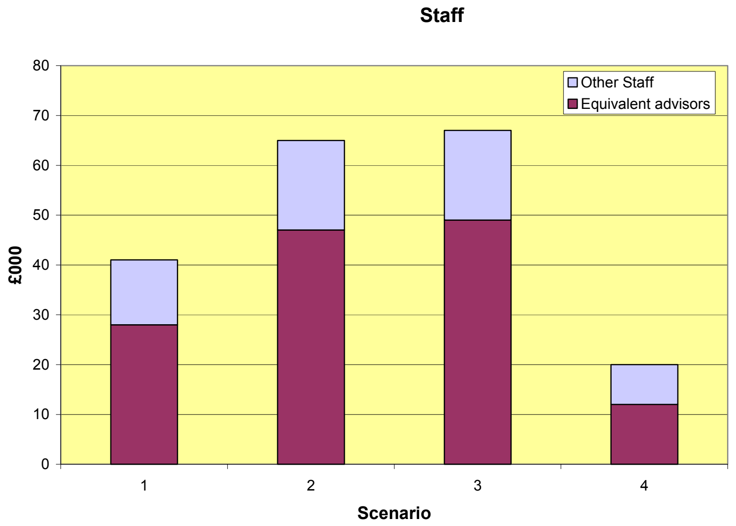
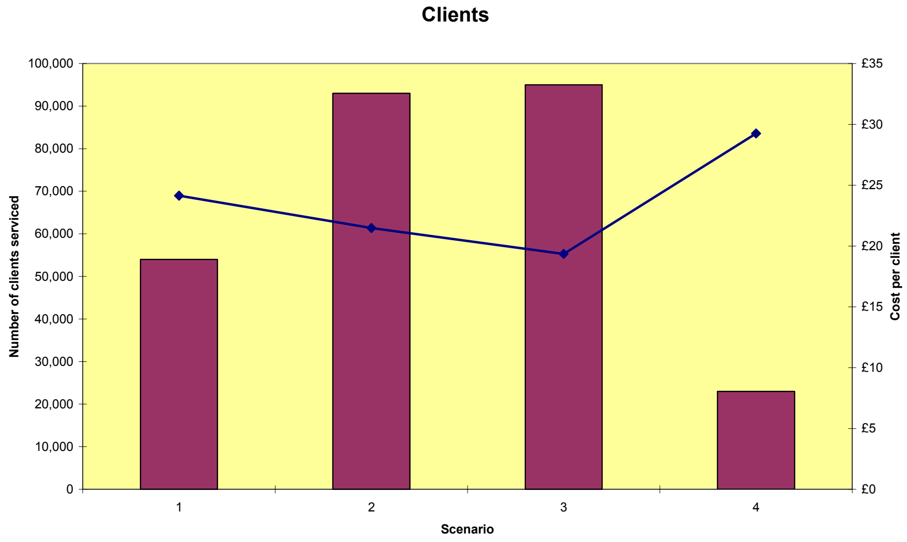
The charts below summarise the impact of the different budgets on staff and clients.

Decisions on budget will have a significant effect on the ability of 'National Debtline' to serve their customer base and build an efficient business. In terms of efficient use of budget, scenario two would appear to have the most attractive combination of customer reach, cost per client efficiency and external funding requirement. However, if external funding cannot be maintained at a steady level, scenario one might be considered more attractive.

The higher the budget, the quicker 'National Debtline' starts to fund itself. This is shown below:





Breakeven point			
Scenario 1	**Scenario 2**	**Scenario 3**	**Scenario 4**
2010/11	N/A	2009/10	2011/12

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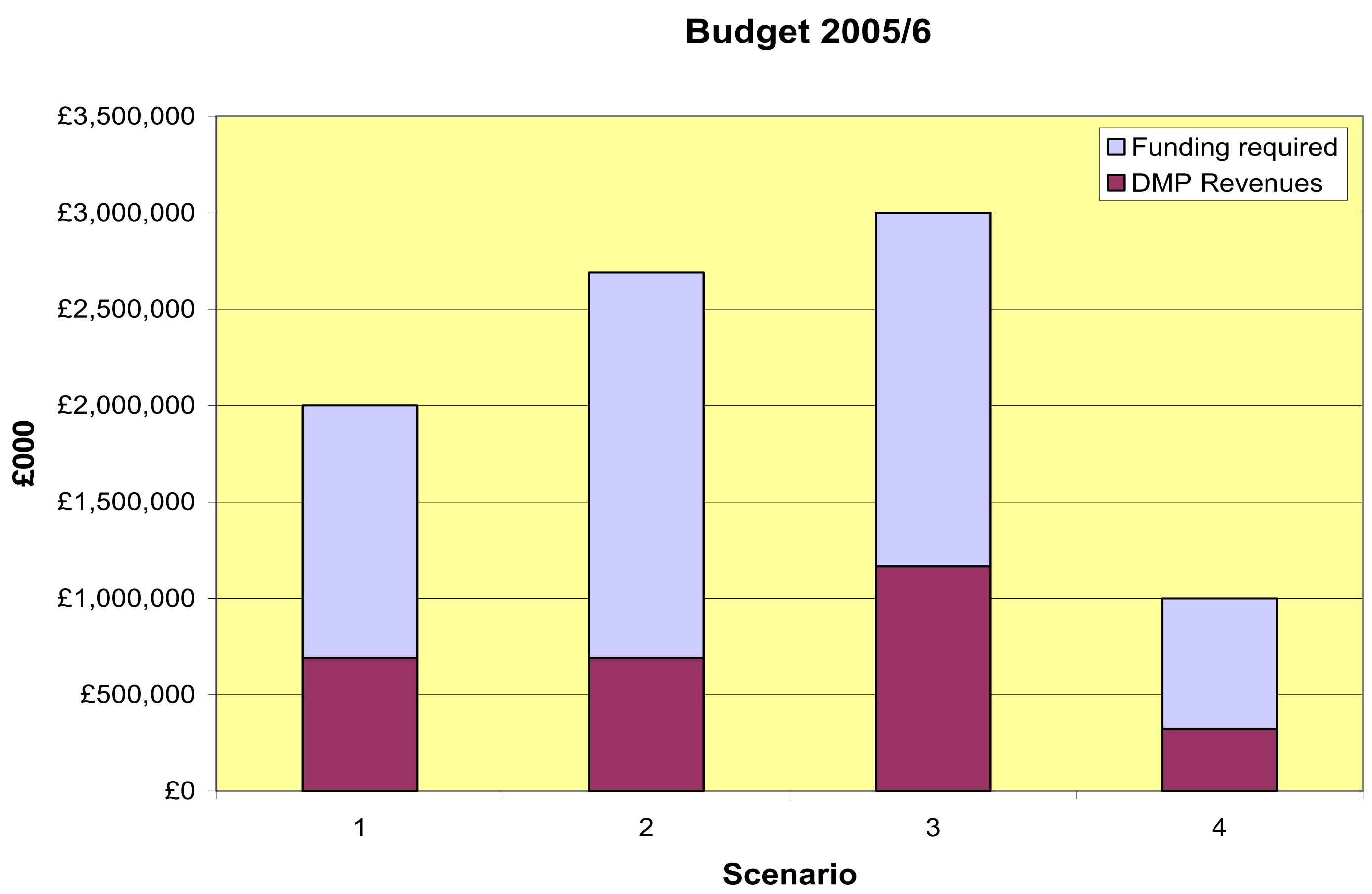
Scenario 2 does not have a breakeven point as it is defined by always having a funding requirement in addition to DMP revenues.



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10.7 Sensitivity Testing

The table below summarises the impact on the key results for 2005/06 for Scenario 2 described above. As can be seen, the effect on funding over three years is relatively small and too small to affect in any significant way the overall staffing or clients handled. Given the high proportion of costs incurred through staffing, it is not surprising to find that higher than expected salary inflation has the most significant impact on funding.

Sensitivities for 2005/06	Base (4.5% salary inflation, 2.5% price inflation)	9% salary Inflation	2% salary Inflation	4% price Inflation	1% price Inflation	20% year on year Efficiency Improvements	No efficiency Improvements
Total Expenses	2,016,900	2,185,711	1,929,174	2,031,599	2,002,423	2,082,676	1,934,739
DMP Revenues	691,534	744,698	663,141	691,534	691,534	733,262	633,536
Funding required	1,325,366	1,441,013	1,266,033	1,340,066	1,310,889	1,349,414	1,301,203
Total staff levels	41	41	41	41	41	41	41
Equivalent advisors	28	28	28	28	28	28	28
Staffing costs as % total budget	49%	55%	45%	49%	49%	49%	49%
Clients per advisor	1,936	1,936	1,936	1,936	1,936	2,243	1,557
Clients handled	54,206	54,206	54,206	54,206	54,206	62,791	43,605
Cost incl DMP per client	£ 37	£ 40	£ 36	£ 37	£ 37	£ 33	£ 44
Cost excl DMP per client	£ 24	£ 27	£ 23	£ 25	£ 24	£ 21	£ 30

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10.8 High Level Risk Assessment

A high level assessment of some of the key risks associated with implementing the Best Fit Model has been carried out. These risks have been 'grouped' under headings below, and assessed in terms of both their potential impact on the 'National Debtline' service in the future and their probability. Whilst this risk assessment has sought to identify many of the major risks (outside of 'disaster scenarios') that might be expected to be associated with implementing the future model for 'National Debtline' there may be additional risks not identified below.

	Impact	Probability	Implication / Actions
Demand			
Increased competition leading to lower demand for National Debtline	Medium	Low	Monitor competition and reduce scale of service if appropriate
Numbers requiring debt advice falls, leading to insufficient demand	Medium	Low	Monitor number of over-indebted and reduce scale of service if appropriate
Demand increases significantly and cannot be met, causing brand damage	High	Medium	Monitor number of over-indebted and seek additional funding if appropriate
The service does not have universal appeal and does not meet the needs of some groups	Low	Medium	Monitor consumer preferences and adapt service to meet consumer needs if appropriate
Operations			
Unable to recruit staff needed for growth	Medium	Low	Consider relocating part of service. Modify recruitment specification and consider increased training.
Rapid growth impacts on the quality of the operation and advice	High	Low	Ensure key quality indicators are measured and adapt training and supervision accordingly
Failure of IT systems, affecting service	High	Low	Ensure back-up and disaster recovery scheme in place
Strike action by staff affecting service	Medium	Low	Monitor and seek to maintain high levels of staff satisfaction

	Impact	Probability	Implication / Actions
Finance			
Existing revenue sharing partnerships with DMP administration providers are not sustained at expected levels	High	Low to Medium	Manage relationships carefully. Investigate alternative solutions to maintain revenue.
Efficiencies identified are not achieved, diluting financial performance	Low	Medium	Monitor and manage efficiency of team through training and supervision and consider process changes.
Increased targets for DMP referrals and conversions are not met	High	Medium	Continue to monitor closely, consider process changes to rectify and discuss results with DMP partners.
Price and salary inflation higher than expected reducing the growth in operations	Low	Medium	Monitor and seek new funding to compensate or scale back operation.
Private sector funding falls significantly below anticipated levels	High	Medium	Seek alternative funding or scale back operation.
Public sector funding falls significantly below anticipated levels	High	Medium	Seek alternative funding or scale back operation
Policy			
Reaction against decision to create a single national service (rather than a local or regional service)	Low	Low	Use evaluation research to justify decision. Ensure national service able to deal with major local differences.
Reaction against decision to create a telephone only service on basis will cause social exclusion for those only willing to use face to face services	Medium	Medium	Monitor consumer preferences and adapt service to meet consumer needs if appropriate.

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