



MAT 2010 Business Plan

January 2010

Registered charity No. 1099506

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1. Foreword

The UK economy continued to experience high degrees of volatility during 2009. Access to secured lending was very restricted, although there was evidence of a loosening of some constraints in the first mortgage market. Despite a drop in the rate of growth, unsecured borrowing continued to grow, albeit at a much slower pace than for many years, and there were indications that the unsecured market was being tightened by means of imposing higher costs on the consumer.

Unemployment rose during the year, and there was concern that the likely increase in the Bank of England base interest rate would have a substantial negative impact on households with variable rate mortgages, who might have been getting by in the face of pay cuts or loss of working hours by relying on low current interest rates, and research we commissioned during 2009 bore this out.

A fairly consistent picture emerged from the debt advice sector in terms of debt profile patterns, specifically that mortgage arrears and fuel debt increased during 2009. We will continue to track both demand and capacity data and information about debt profile patterns, on behalf of the sector.

Within this environment, the 2010 Money Advice Trust Business Plan describes our intentions to maintain and scale up our current programme of activities, with the needs of people in unmanageable debt always held in central focus.


The plan also reflects our aim to ensure that we can respond effectively to changes in patterns of advice demand, both in terms of how we deliver our services (debt advice and adviser support, including training) and also how we support our sector partners to deliver theirs. Equally, our research and policy functions will be tailored to the need to understand the current shifting picture in order to inform advice practice and help MAT and our stakeholders engage in informed policy discussions.

We can only deliver this Business Plan with the help and support of our partners, both those on our Partnership Board and our wider stakeholder group. We look forward to discussing our Plan with our partners shortly.



Joanna Elson

Chief Executive



Martin Hall

Chair

2. Introduction

This Business Plan:

- Sets out the vision and mission statements of MAT, our core roles and values, fitting this within our three-year strategic plan (2008-10)
- Describes the objectives associated with the good governance of MAT
- Provides key objectives against which the Chief Executive and Senior Management Team (SMT) can report regularly
- Identifies the environment, in which MAT operates, and the risks and opportunities arising from both internal and external developments
- Sets out the principals associated with the financial budget to meet our objectives

Achievement of these objectives will be monitored through the Trustee Board, where we use a 'Balanced Scorecard' approach to report against key indicators to Trustees and staff. We will continue to work with our Partnership Board, comprising key funders, relevant government departments and free-to-client advice sector representatives, to ensure that MAT's objectives are representative of key stakeholders, effective, outcome-focused and for the benefit of the client.

MAT exists to serve, co-ordinate and support the money advice sector and its clients, and aims to ensure in all it does that people in debt are paramount at all times.

3. Vision and Mission

MAT's business plan sets out the current and long-term aspirations of the charity and provides key objectives against which its performance can be evaluated.

Vision

Reducing unmanageable debt in the UK

Mission

To support individuals and micro-businesses in the UK with unmanageable debts and to improve the capacity, quality and efficient delivery of free-to-client, independent money advice through:

- Advice to the public
- Adviser support
- Co-ordination
- Influence
- Information
- Research

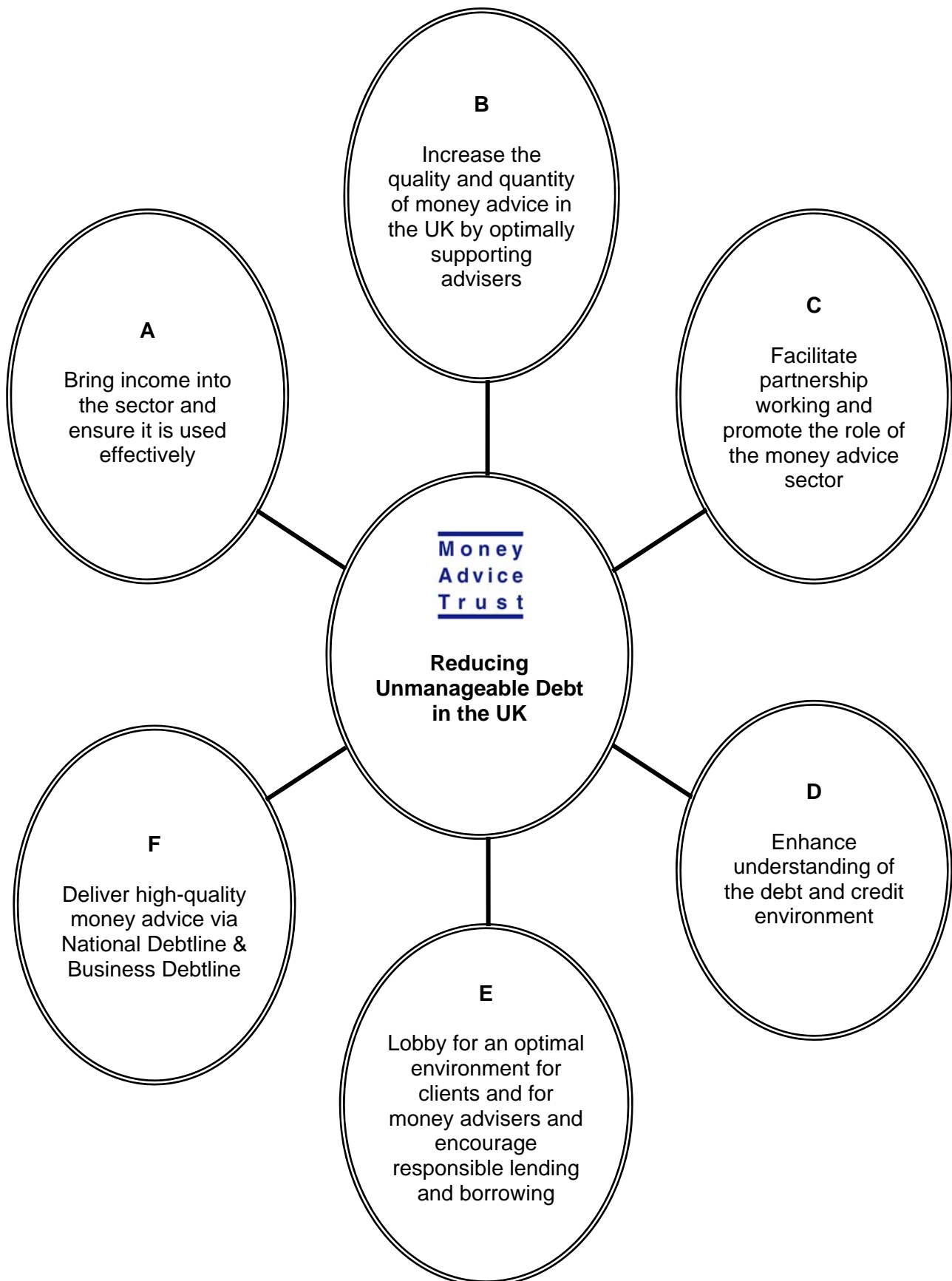
Definition of money advice

By money advice we mean providing free, independent, holistic advice to clients in debt on the strategies available to help them deal with their financial circumstances.

Jurisdiction

MAT seeks to work in all four parts of the UK, offering appropriate (but not identical) services in each jurisdiction that will best support the free-to-client sector.

4. Roles



5. Values: The MAT Way

The Trust's values are key to its work. We have recently worked with staff to articulate them as the 'MAT Way' which aims to set out how we work internally and externally, and might be viewed as our 'travelling behaviour' as we work towards our vision/destination. We intend to continue working internally and externally to ensure we have this statement right:

Passionate about developing and delivering high quality money advice

Using a consistent, consultative and courageous approach

We empower people to find solutions

In a dynamic and supportive learning environment

Where we respect each other and the trust placed in us.

6. The Backdrop for our Business Planning

The money advice sector is at a critical juncture, as demand has significantly outstripped supply in recent months as the UK has moved into - and partly through - recession. Working in partnership to manage demand as efficiently as possible has moved from what might have been considered a 'nice to have' to an absolute essential. This will be the key backdrop for 2010, making co-operation between lenders and advisers on projects such as CASHflow and our new internet tool critical. These initiatives are designed to support better-empowered clients; we will also ensure that we do not overlook the needs of more vulnerable groups and individuals.

The Trust can clearly play a key role in bringing lending and advice partners together both to analyse problems and to help facilitate solutions. In some senses this is our USP and all of our roles (see p3) need to hinge around that.

During 2009 we reviewed progress against our three-year (2008-10) Strategic Plan – published in December 2007, and have been consulting partners about progress against it. We have found the vision and mission, the definition of money advice and the aspiration regarding jurisdiction (see p2) which we came to with our partners' help, to be useful and to have stood the test of time.

We have done some more work on our values during this year, and have worked with our staff on something we are calling the 'MAT Way', which is cited above. We look forward to talking to our partners about it.

Since 2008, the macro-economic change has been the factor which has most impacted on our work; and the duration, intensity and nature (straightforward or 'double dip') of the downturn will be key going forward. We envisaged at the time that questions around levels of demand, optimal delivery channels and funding arrangements would be important, as they have proved to be. Factors we would now add as important would include a possible change in Government, how high debt remains on the government's agenda, and what form this takes (including the planned initiative on Statutory Debt Repayment Plans) and funding for the sector beyond what some are considering a funding 'cliff' in April 2011.

As we considered 2009, we set out in that year's Business Plan an intention to do what might colloquially be described as 'sticking to our knitting'; to focus on supporting our sector partners to deliver their services, to grow and develop our own and to tailor our research and policy functions to the need to understand the current shifting picture, to

inform advice practice and to help our stakeholders engage in informed policy discussions. In addition to fulfilling our ongoing core activities, we were responsive to a huge range of external influences and opportunities across the range of our services.

We approach 2010 with much the same mindset, and belief that our **critical success factors** must include:

- Successful influencing of Government
- A wider funding base, and more income
- Helping more people, whilst maintaining quality via the two Debtlines
- Being the leading provider of adviser support, including training
- Excellent (two-way) communication with key opinion formers
- Ensuring our partnerships are healthy and well-used to practical ends
- Enhancing understanding of the needs of people in debt and the environment within which they find themselves
- Keeping our structure under review so that it provides the optimal support to achieve our aims

Indicators of success for the Trust would be

- Influencing Government agenda(s)
- Widening our funding net and achieving the income we need to implement our plans
- Helping more people with quality (both clients, and advisers)
- Achieving a high profile, with a reputation for delivering and being trusted by our stakeholders
- A better picture at household and macro level of the impact of, and strategies to, address overindebtedness
- High staff morale, despite the increasing demands of our plans on our staff

We note our **key risks**, which we capture (along with other risks) in our risk register, as:

- Continued significant increase in the demand for money advice
- More aggressive inroads into the sector by fee-chargers
- Failure of IT to meet operational need
- Loss of income/mergers between funders
- Availability of key staff
- Lack of clarity about our role in the sector

7. Corporate Governance

Follow best practice regarding the corporate governance of the organisation, including following the Code of Good Governance

- Regularly evaluate the effectiveness of the Board and its meetings
- Repeat our annual skills audit of trustees with a view to appropriate trustee development and recruitment
- Continue to develop the role of the Partnership Board to ensure that it tackles the challenges facing the free advice sector in the most practical ways, and is well supported

8. What do we need to achieve?

Key Objectives

Our key objectives flesh out the core roles in the diagram on p3.

A) *Bring income into the sector and ensure it is used effectively*

- Achieve budget target of £12.6 million
- Reduce risk on funding streams
- Explore new avenues of funding/income generation
- Implement agreed criteria for MAT's grant-giving role with a simple, effective and transparent application process, ensuring that projects can be effectively evaluated against our vision and mission
- Ensure that funds used by MAT and partners' work funded through MAT are managed effectively to deliver Business Plan objectives, keeping fundraising and publicity costs at less than 2.5% of overall income

B) *Increase the quality and quantity of money advice in the UK by optimally supporting advisers*

- Be the leading provider of high quality training and support for the free-to-client sector, working in conjunction with our partners to deliver over 6,000 training places per year, and increase the range and accessibility of resources on wiseradviser.org
- Enhance MAT's adviser support offering, by working with the Partnership Board to draw on the findings of our externally commissioned report, and to implement next steps
- Alert advisers to the range of support services available to them currently and when enhanced, using existing communication channels, and ensure advisers have a direct means to communicate their support needs to MAT, and share examples of best practice in successful support services
- Identify training needs for the sector, including Financial Inclusion Fund advisers, and develop or signpost to provision accordingly, ensuring the most effective delivery methods are employed, working closely with the Training Steering Group (TSG)
- Ensure wiseradviser training courses are constantly refreshed by reviewing in detail two existing courses using the blended learning strategy making amendments as required, in addition to standard bi-annual updates of the technical content of wiseradviser training
- Ensure all partners delivering wiseradviser training/in receipt of training grants from MAT, can implement an agreed common evaluation process, in order to achieve a 'good to excellent' rating of over 95%
- Keep partners abreast of quality initiatives and enable partnership working and communication of options to advisers. Work with organisations to link wiseradviser training and support materials to their qualifications/accreditation routes where appropriate, communicating the availability of qualifications to advisers and – if budget allows - providing a bursary to assist advisers with the costs of registering for qualifications
- Assist with provision of specialist support for money advisers in all four parts of the UK (assisting with 5000 money advice cases), and better promote this service across the advice sector

C) *Facilitate partnership working and promote the role of the money advice sector*

- Publicise the work of the sector to all UK parliamentarians/assembly members, Government, key opinion formers, the media, the creditor sector and other stakeholders, drawing on a new sector wide Communications Group to agree key messages
- Achieve 1000 positive media 'mentions' of which 350 are in the national media and 250 are non NDL/BDL related
- Ensure that internal and external stakeholders are kept fully informed of MAT's work
- Ensure that MAT's five websites are all linked and branded appropriately as part of the MAT family
- Support the continued promotion and wider use of the Common Financial Statement (CFS), focusing in particular on increasing the acceptance of CFS compliant offers, increasing awareness and better usage by advisers, and increased take-up within the (fee-charging) debt management sector
- Work with partners to explore the possibilities of co-operating to a greater extent to deliver maximum benefits from the resources available
- Facilitate discussion of ways to assist the free sector in managing demand, including completing the piloting of the CASHflow project with a further 76 face-to-face agencies, and ensuring efficient and effective roll out across the UK
- Trial, and - if successful - roll out, a tool to provide holistic debt advice over the internet, and make this available to any interested agency in the free advice sector, exploring synergies with providers of other online services

D) *Enhance understanding of the debt and credit environment*

- Maintain and enhance the information hub as the UK's most authoritative portal for data on debt, credit, and money advice issues, adding 45 items and achieving 16,000 visits to the info hub
- Implement money advice sector research strategy in partnership with funders, providers and planners of advice, to enable publication of at least three pieces of relevant research, each yielding practical recommendations to improve the delivery of free-to-client money advice
- Collate data on demand and capacity of free money advice to use with key opinion formers

E) *Lobby for an optimal environment for clients and for money advisers and encouraging responsible lending and borrowing*

- Co-ordinate sector wide responses to key policy initiatives
- Stay close to the National Money Guidance pathfinders and their evaluation, with a view to demonstrating the 'readacross' with existing money advice services
- Continue to work with relevant partners on issues relating to specific groups of people in debt
- Maintain and extend MAT's expert, advisory role with relevant partners
- Encourage responsible lending and borrowing, debt collection and debt management via the systematic collection of social policy data

F) *Deliver high-quality money advice via National Debtline and Business Debtline*

- Assist 153,000 clients at NDL and 28,000 clients at BDL, maintaining standards of efficiency and quality
- Use NDL and BDL for the benefit of the sector as well as their own clients, by utilising relevant data, and trialling new concepts
- Maintain and develop existing NDL and BDL web resources
- Use NDL/BDL optimally for promoting the role of money advice and fundraising

10. Budget Summary

10.1 *Introduction*

The annual budget for 2010 will cover a wide spectrum of activity, and aims to ensure that:

- The budget enables the Trust to achieve its objectives;
- The Trust will remain solvent;
- Financial and operational risks have been appropriately identified, managed and minimised;
- The financial targets are achievable and provide a benchmark against which success can be measured;
- The Trust's funds are being invested prudently;
- Where practicable, the Trust diversifies its source of income; and
- The Trust will comply with its reserves policies throughout the year.

10.2 *2010 Budget*

The budget is linked to the objectives set within the annual Business Plan. In addition, we will also take account of any new developments and projects.

We will face financial pressures, however we will look to reduce or contain costs where we can and increase the contribution from a wider base of funders in addition to securing multi-year funding agreements.

As we face these challenges to fund our services adequately, we will identify the key priorities and focus resources accordingly. We will therefore endeavour to meet the needs of our stakeholders in the most efficient and effective way possible.

10.3 *Improved Value for Money*

With our annual budget of £12.6m, MAT is constantly seeking ways of ensuring that funds are used wisely and economically spent. Information Technology will play an important part in the delivery of our services, and we will continue to introduce measures to help us achieve maximum efficiency.

Money Advice Trust - Summary Budget 2010

	£
Income	<u>12,593,945</u>
Expenditure	£
National Debtline	7,382,742
Adviser Support	1,482,808
Sector Support	1,108,648
Business Debtline	993,910
Financial Inclusion Fund (FIF)	468,695
Research & Policy	418,032
Core Costs	223,885
Organisations	193,723
Expenditure Total	<u>12,272,443</u>
Surplus/Deficit	<u>321,502</u>
Brought Forward	2,659,022
Carry Forward	<u>2,980,524</u>