

**REPORT TO:** Cabinet Member - Environmental

**DATE:** 20<sup>th</sup> October 2010

**SUBJECT:** **CONSUMER DIRECT NORTH WEST UPDATE 2010**

**WARDS AFFECTED:** All

**REPORT OF:** Peter Moore  
Environmental & Technical Services Director

**CONTACT OFFICER:** Andrew Naisbitt  
Trading Standards Section Manager  
0151 934 4014

**EXEMPT/  
CONFIDENTIAL:** No

**PURPOSE/SUMMARY:**

To advise the Cabinet Member – Environmental of the work of Consumer Direct in the North West Region and the potential changes to Consumer Direct after 2010.

**REASON WHY DECISION REQUIRED:**

Consumer Direct North West has requested that the local authorities in the North West region demonstrate their continued support for Consumer Direct North West

**RECOMMENDATION(S):**

That the Cabinet Member – Environmental notes the report and confirms Sefton Council's continuing support for the provision of readily accessible consumer advice delivered through the regional Contact Centres funded by the Office of Fair Trading, in this case Consumer Direct North West operated by Agilisys Ltd.

**KEY DECISION:** No

**FORWARD PLAN:** N/A

**IMPLEMENTATION DATE:** Immediately following the expiry of the “call-in” period for this meeting.

**ALTERNATIVE OPTIONS:**

'Sefton Plus' formally provided a 'Front' office service for the Trading Standards Consumer Advice Team. However, due to the complexities of consumer law enquiries Sefton Plus could only provide a call reception and processing servicing and not a consumer helpline. Consumer Direct North West, staffed by consumer law specialists, supplements the existing Trading Standards Service's existing Consumer Advice Service.

**IMPLICATIONS:**

**Budget/Policy Framework:** All Cost Implications are met from within existing budgets

**Financial:**

<b><u>CAPITAL EXPENDITURE</u></b>	<b>2008/ 2009 £</b>	<b>2009/ 2010 £</b>	<b>2010/ 2011 £</b>	<b>2011/ 2012 £</b>
Gross Increase in Capital Expenditure	-	-	-	-
Funded by:	-	-	-	-
Sefton Capital Resources	-	-	-	-
Specific Capital Resources	-	-	-	-
<b><u>REVENUE IMPLICATIONS</u></b>				
Gross Increase in Revenue Expenditure	-	-	-	-
Funded by:	-	-	-	-
Sefton funded Resources	-	-	-	-
Funded from External Resources	-	-	-	-
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

**Legal:** None arising from this report.

**Risk Assessment:** None – Consumer Direct is a national project backed by the Office of Fair Trading.

**Asset Management:** Not Applicable

**CONSULTATION UNDERTAKEN/VIEWS**

[www.consumerdirect.gov.uk](http://www.consumerdirect.gov.uk)

**CORPORATE OBJECTIVE MONITORING:**

<b><u>Corporate Objective</u></b>		<b><u>Positive Impact</u></b>	<b><u>Neutral Impact</u></b>	<b><u>Negative Impact</u></b>
1	Creating a Learning Community	✓		
2	Creating Safe Communities	✓		
3	Jobs and Prosperity		✓	
4	Improving Health and Well-Being	✓		
5	Environmental Sustainability		✓	
6	Creating Inclusive Communities	✓		
7	Improving the Quality of Council Services and Strengthening local Democracy	✓		
8	Children and Young People	✓		

**LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT**

[www.consumerdirect.gov.uk](http://www.consumerdirect.gov.uk)

## Background

1. The Cabinet Member, Environmental will recall the report presented on 21<sup>st</sup> November 2007 entitled “*Consumer Direct North West Update 2008*”. This earlier report served as an update regarding the operation of Consumer Direct North West (CDNW).
2. The primary aim of the national helpline is to ensure consumers have easy access to good quality and responsive consumer advice and to give people the knowledge, tools and confidence to be able to resolve matters themselves.
3. The Government has made £30 million available over the period to March 2006 to set up Consumer Direct, and is contracting with regional contact centres through to March 2012.
4. Well-informed, confident consumers are central to the Government's vision of driving innovation, promoting competition and helping to create a more prosperous society.
5. By handling first tier enquires, Consumer Direct has allowed existing Consumer Advice services, to deal with more difficult cases, giving extra help to vulnerable consumers, supporting businesses and clamping down on rogues.
6. From the consumer’s perspective, Consumer Direct means:
  - A single, widely publicised local rate helpline number (08454 04 05 06), with a complementary e-mail enquiry service, plus consumer information available on-line;



- A service capable of handling around 80% of calls received without referral;
- A source of reliable, practical and independent advice on consumer matters, with brief “next step” advice, where possible, helping consumers to help themselves
- A consistently high quality service covering the whole of Great Britain;
- A helpline that can be accessed easily and beyond conventional working hours. The service will operate between 8am and 6.30pm on weekdays and 9am and 1pm on Saturdays.
- A service that is joined-up with other local and national support for consumers, to ensure that robust arrangements are in place to deal with a suggested 20% of enquiries it is unable to handle. These may be the more

complex cases, where the consumer is vulnerable or otherwise ill equipped to help themselves, or where enforcement issues arise. Where appropriate Consumer Direct acts as a doorway to these wider services.

### **Consumer Direct in the North West**

7. Cumbria County Council and Agilisys Ltd (Cumbria's strategic ICT partner) were awarded the CDNW contract in April 2005 and the Cumbria Contact centre went 'live' on the 1<sup>st</sup> December 2005. The staged roll-out of the system commenced at the end of December 2005, with authorities diverting their calls by agreement over a period of weeks. Sefton diverted calls on 19<sup>th</sup> January 2006 and has continued to do so.

### **Contact Centre Operation**

8. CDNW handles approximately 1.1million cases per year, this includes telephone calls and email requests. At present local authorities serving 97% of the population divert their trading standards calls to Consumer Direct. All the Trading Standards Services in the North West divert their calls to CDNW.
9. Funding the project has been guaranteed up until 2012. The Funding implications are discussed later in the report (see paragraphs 14 - 22)
10. Consumer Direct uses a 0845 (charged at local rate) number that is published locally and procedural and automated technical arrangements, (e.g. protocols for the transfer of data to the back office) link CDNW with Sefton Trading Standards database. The vast amount of data gathered during contact with consumers is stored in a central case-management system. This system stores details of every single contact with consumers with varying levels of detail depending upon the complexity of the contact.
11. Cases (not calls) that cannot be resolved within the contact centre may be referred to Sefton's Trading Standards Consumer Advice service for further action, investigation and advice. Referrals are passed on to Sefton through an automated Secure Post Office email facility. Typically 20% of Consumer Direct cases have been referred with 80% being dealt with by Consumer Direct agents, nationally

### **Consumer Direct Annual Review 2009/10**

12. Consumer Direct's role in empowering consumers to exercise their rights has a direct benefit for the economy as a whole, and as such fits perfectly with the OFT's mission to make markets work well for consumers.
13. With respect to Sefton, CDNW has handled 10698 calls and referred 1467 cases through to Sefton Consumer Advice Service during the period 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010. The referral rate is approximately 15% and has been relatively constant since 1<sup>st</sup> April 2006.

## **The Evolution of Consumer Direct**

14. As stated in paragraph 9 the current contracts to run regional Consumer Direct centres including CDNW expire at the end of March 2012.
15. Consumer Direct was originally provided by 11 regional centres, with service in the North West provided by Agilisys Ltd as sub-contractors of Cumbria County Council.
16. The original contracts expired at the end of March 2010 and the OFT invited the centres to tender for a 12 month extension, with an option for a further 12 months to allow time to procure a single, long term service provider. This extension period has become known as the interim solution and the long term procurement is the strategic solution.
17. Two centres were unsuccessful in securing an interim contract and the North East and London centres closed in March 2010, their calls being divided among the remaining 9 centres.
18. From April 2010 the CDNW has answered calls form consumers in the region, plus calls from consumers in Northumberland, Durham and the London Boroughs of Sutton and Kensington & Chelsea.
19. In January 2010 the OFT asked the centres who were to feature in the interim solution for suggestions to increase capacity for calls and flexibility of service provision. CDNW joined with the centres in the South East and South West to propose a call sharing arrangement between the three centres. This arrangement has been operating successfully since March 2010. The centres operate a common shift system, enabling more efficient use of advisor time and greater capacity without extra cost. The Scottish centre in the Western Isles has now joined the arrangement giving still greater benefits.
20. The OFT started the procurement process for the long term provision of Consumer Direct in summer 2009. The intention was to secure a single supplier that would provide not only the call handling and advice provision but also the telephony, IT and other infrastructure elements of the service, all of which are currently subject of separate contracts.
21. The OFT received detailed tenders from 5 organisations; Agilisys; Capita; Eaga; Serco and Vertex.
22. The announcement of the successful tender was due to be announced on 22<sup>nd</sup> June 2010 however the Government's new controls over awarding contracts has meant the procurement process was referred to the Cabinet Office. On 13<sup>th</sup> September 2010, the OFT confirmed that the Minister for the Cabinet Office has approved an extension of existing contracts to March 2012 to allow further review of the strategic solution.

## **Implications and Benefits for the Trading Standards Service and Sefton Council.**

23. Irrespective of the wishes of local authorities and the Trading Standards profession, it is clear that the contractual link between the local authorities and the provision of Consumer Direct is in jeopardy.
24. At the same time as potentially losing the contractual link, stakeholder engagement will inevitably become more remote and impersonal if the number of centres reduces and / or the centre covering the region is geographically distant. This means Sefton as an authority will have less influence on the service provided to its residents. Indeed CDNW has facilitated greater partnership working by the North West Trading Standards authorities and Sefton's Trading Standards Manager is currently Chair of the CDNW Stakeholder Board and so able to influence service development.
25. The implementation of CDNW has led to the Service receiving fewer calls requesting very basic advice consumer advice and consequently to an increase in the number of complex requests for advice and assistance such as arbitration of disputes, as consumer awareness increases. Thus by passing routine consumer cases to CDNW, the Trading Standards Section has been able to refocus their resources on the complex or specialised cases and was initially able also achieve approximately £30k savings equivalent to 1FTE without impacting on the service for those consumers who need their expert help, including the vulnerable, or those who require intervention on their behalf. These savings are expected to rise to approximately £60k by the end of 2010/11 by reducing the service to a statutory minimum level.
26. CDNW supplements services provided by Sefton Plus by improving access. In some cases not all callers are able to get through, or opening hours may be limited. Transferring calls has improved consumer's access to first-tier advice. Since 1<sup>st</sup> April 2007 CDNW handled almost 29,000 potential calls reducing the pressure on Sefton Plus (Contact Centre)
27. Sefton Council signed up to Consumer Direct on the basis it would add value to the current services. The proposed changes whilst based on cost efficiencies impact on local democracy and control and indeed may not reflect the needs of Sefton consumers. However this concern is offset by the level of cost savings the Council is able to achieve.