

AGENDA MANAGEMENT SHEET

Name of Committee Cabinet

Date of Committee 28 April 2005

Report Title Consumer Direct

Summary Agreement is sought to bid for Warwickshire to be the call centre provider for Consumer Direct in the West Midlands region.

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Would the recommended decision be contrary to the Budget and Policy Framework? No

Background papers Report to Cabinet entitled Consumer Direct, 26th August 2004

CONSULTATION ALREADY UNDERTAKEN:- Details to be specified

- Other Committees
- Local Member(s) Not applicable
- Other Elected Members Councillor R Hobbs – “I note the report, but I am concerned that the deadlines are very tight in terms of cost and time.”
- Cabinet Member Councillor John Haynes – “I fully support the recommendation as it will bring great benefits to Warwickshire.”
- Chief Executive
- Legal Ian Marriott- comments addressed

Finance Paul Walsh, Financial Services Manager – agreed
Chris Juckes, Treasurers Department –
comments taken into account

Other Chief Officers Martyn Davey, Director, CAMS - comments
incorporated

District Councils

Health Authority

Police

Other Bodies/Individuals

FINAL DECISION **YES**

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by
this Committee

To Council

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

Agenda No

Cabinet - 28 April 2005

Consumer Direct

Report of the Director of Libraries, Heritage & Trading Standards

Recommendation

That Cabinet agrees that the Council should bid to deliver the Consumer Direct service across the West Midlands region on behalf of the Central England Trading Standards Authorities (CEntSA), subject to the risk assessment currently being undertaken and notes that such a bid could lead to a contract with the Department of Trade and Industry (DTI) commencing about December 2005 and terminating in 2010 subject to the approval of the County Solicitor and County Treasurer.

1 Purpose of the Report

The report seeks agreement to the Council bidding to be the provider of the consumer direct telephone helpline service for consumer advice in the West Midlands region until 2010.

2 Background

- 2.1. A paper to Cabinet on the 26th August 2004 sets out the background to consumer direct.
- 2.2. In summary the consumer direct telephone helpline will be a nationwide service with a single telephone number and web address operating through a network of 11 contact centres across the government office regions and in Scotland and Wales. It would provide free (first-tier) quality assured telephone advice that would give people knowledge, tools and confidence to enable them to help themselves. Approximately 80% of the enquiries would require referral to local trading standards services.
- 2.3. Currently this service is provided for the Council by the Customer Service Centre working on behalf of the Trading Standards Service.

- 2.4. Consumer Direct is being launched in three different waves. Wave 1 has been commissioned and is delivering advice now. Wave 2 is just coming on line and Wave 3 consisting of the West Midlands and North East are developing bids. The first stage in the bidding process is for Warwickshire to compete with three other authorities in the West Midlands to become the preferred bidder before final selection by the DTI. The service will build well into Customer Service Centre's workplan giving the new organisation an opportunity for an early success.

3 Benefits to Warwickshire of Delivering Consumer Direct

This project would allow the authority to demonstrate leadership as an excellent authority and at the same time create jobs for our residents. We would be both recognised for our expertise in call centre management and have opened to us the opportunity to learn from the network for consumer direct call centres. This would ensure that Customer Service Centre would demonstrate best practice. In addition, we would be able to ensure the delivery of high quality consumer advice services for Warwickshire residents.

4 Critical Success Factors

- 4.1 To achieve the confidence and support of key stakeholders, notably West Midlands Local Authorities reliant on the services provided by the Centre.
- 4.2 That sufficient, high quality and motivated staff are recruited and trained.
- 4.3 That the Service exceeds quality targets established by the DTI.
- 4.4 That the project meets the critical timetable for implementation.
- 4.5 That operational efficiency meets the upper quartile of comparable public sector operations, including other Consumer Direct Centres.
- 4.6 That there is a high level of public awareness of the facility.
- 4.7 That it provides added value to local authority subscribers through information analysis and commentary.

5 Project Phases

- 5.1. It is proposed that the project will have 3 phases leading to implementation from December 2005. The phases are:

Phase 1 - The preparation of a bid to win support for Warwickshire to deliver the service across the region.

Phase 2 - If phase 1 is successful the second phase will be to project manage the creation of a Contact Centre of sufficient capacity to handle the anticipated demand (circa 180,000 calls per annum).

Phase 3 - The final stage will be implementation and delivery of the service against agreed quality and performance criteria.

A project plan for phase 2 is attached as Appendix 1.

- 5.2. Management and governance - as a major project it will be managed using the Prince 2 methodology with the establishment of a group representing the local authorities as stakeholders. It is proposed that this group will be chaired by the nominated representative of CEnTSA. It may be appropriate to include on the group representatives from other organisations with consumer interests such as the CAB.

A project board will be established to manage the project on behalf of the authority that will include appropriate officers of this Council and 3 or 4 heads of service from CEnTSA authorities nominated by the CEnTSA management board.

A project manager will be appointed to oversee the implementation of the project including the technical implementation, appointment of staff and the provision of training.

Key to success will be engagement with a variety of stakeholders and effective arrangements for a stakeholder forum post implementation.

6 Location

The Consumer Direct call centre will be located at Kings House, Bedworth alongside the planned additional Customer Service Centre for the authority. This would generate necessary synergy to realise the benefits of pursuing best practice.

7 Funding

The project is funded by the DTI and as such will only be undertaken if the negotiated contract is cost-neutral. The set up costs are fully funded by the DTI. Once established, payment for the centre is made on a per call basis. It is anticipated the turnover will be about £1m per annum.

Preliminary work suggests that it can be delivered within a rate likely to be negotiable. Before the bid is submitted viability will need to be assured. It should be noted that as this centre is in Wave 3 many other centres have been able to demonstrate their viability within the contractual terms. It is proposed that before the completed bid is submitted a proposal will be reviewed by the County Treasurer for financial viability.

A summary of the funding proposals to date is attached as Appendix 2.

8 Key Facts

- Servicing the advice needs of 5.2 million people
- Calls per annum 180,000, Jobs provided about 40
- Delivering advice services across 14 authorities
- Contract duration of 5 years
- Single national number 0845 4 04 05 06
- Branded as Consumer Direct West Midlands

9 Risk

The project does carry a number of risks and a full risk assessment is being carried out. Primarily these centre around:

- 1 Not being able to deliver the contracted services on time or to the necessary quality.
- 2 Failing to be financially viable.

In respect of (1) a detailed project plan is being developed to identify the critical steps and control measures.

Our own financial analysis is being refined, and already a number of other centres are now operating across the UK. As far as can be determined these centres are operating within budget.

10 Conclusion

Cabinet is invited to agree the recommendation, with the caveat that the County Treasurer will review the bid before submission for financial viability.

Warwickshire has established itself as an innovative authority determined to deliver the best services possible to its residents. This project is a further demonstration of our ability to work with government in modernising service delivery.

NOEL HUNTER
Director, Libraries, Heritage & Trading Standards

Shire Hall
Warwick

14 April 2005

Appendix 1 Phase 2 - Project plan and timetable

The estimated duration of the implementation project for Consumer Direct West Midlands is 20 weeks.

Schedule	Duration (weeks)
HR Recruitment and Training	20
Accommodation Conversion	2
Stakeholder Engagement	Starts 1 st June 2005
IT /PBX Hardware implementation	10

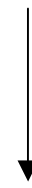
This represents a robust plan that will enable Consumer Direct West Midlands to be ready for launch on **DECEMBER 1ST 2005** (based upon a 14th July 2005 start date).

The key milestones include:

Milestone	Completed by
Advertise positions for CDWM	14th July 2005
Deadline for Applications	28 th July 2005
CDWM Manager appointed	23rd August 2005
CDWM Manager commence work	20 th September 2005
All CDWM staff appointed	6 th September 2005
All CDWM staff commence work	4 th October 2005
Consumer Direct Training Completed	25 th November 2005
All CDWM staff ready for launch	28 th November 2005
Accommodation ready for use	17th November 2005
Voice Services installed for 0845 number	1st November 2005
Telephony and Call Handling installed	4 th November 2005
PC's , Telephones and Printers installed	8 th November 2005
All IT and Communications equipment tested and RFS	11 th November 2005
First Core Steering Group Meeting	14 July 2005
First Progress Report to DTI	5 th August 2005
LAUNCH	1st December 2005

Responsibility for the success of the project and routes of escalation are:

1. Project Manager for work stream
2. Programme Manager for Consumer Direct West Midlands
3. Warwickshire County Council Lead
4. Core Steering Group
5. DTI Service



Escalation Route

Appendix 2 – Consumer Direct Financial Summary

The DTi will cover all set-up costs so long as they are reasonable (comparable with those already submitted by successful Consumer Direct bids) and proven (backed up with proposals and invoices). Once the service is up and running the DTi will pay around £5.00 per call that will need to cover all operational costs if the service is to cost neutral to the council.

The costs within this report are based upon some initial pricing by our suppliers and also costs experienced by existing Consumer Direct operations i.e. Wales and the South East. Before the final bid is submitted on the 11th May 2005 all of these costs will be verified with official proposals and quotes.

1. IMPLEMENTATION COSTS

Capital Expenditure	£260,000.00
Implementation Personnel	£125,000.00
Staffing costs during implementation	£112,000.00
TOTAL	£497,000.00

2. OPERATIONAL COSTS (Annual)

The largest item in the cost model is that of staffing costs. The figures are based upon 29 Consumer Advisers, 3 Team Leaders, 1 Contact Centre Manager and 1 Communications Manager (for stakeholder management and publicity). The grading of these roles are yet to be finalised but for costing purposes we have used the Welsh model which has graded staff higher than the South East model. The final grades will be based upon the local labour market and what financial remuneration is required to attract the right calibre of individual (and retain them) into the post.

Accommodation	£50,000.00
IT Maintenance	£30,000.00
Training and Recruitment	£50,000.00
Local Publicity	£20,000.00
Sundry Items e.g. stationery	£3,000.00
Staffing Costs	£677,000.00
TOTAL	£830,000.00

3. REVENUE VERSUS COSTS MODEL

The prediction from the DTi is that Consumer Direct West Midlands should expect 180,000 calls per year based upon population figures. To date, all of the Consumer Direct regional centres that have already launched have experienced a greater demand than originally expected so we are confident that this target is prudent to use when comparing expected income with operational costs.

Call Volume	Income	Operational Costs	Contingency
160,000	£800,000.00	£830,000.00	-£30,000.00
170,000	£850,000.00	£830,000.00	£20,000.00
180,000	£900,000.00	£830,000.00	£70,000.00
190,000	£950,000.00	£830,000.00	£120,000.00
200,000	£1,000,000.00	£850,000.00	£150,000.00

The aim of the project is to break even and not for the operation to become a profit centre.

If call volumes did prove disappointing and failed to reach the 180,000 mark then remedial action would be taken to address the shortfall through (a) trying to increase awareness within the region of the service (short term) or (b) revisiting the staffing model (medium to long term).