

Using call centres to deliver public services



REPORT BY THE COMPTROLLER AND AUDITOR GENERAL
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Foreword

Departments spent just over £350 million answering 95 million calls in 2001-02 through some 133 call centres ranging from Floodline, the Environment Agency's flood warning and advice service, to the Child Benefit Enquiry Line and UK Passport Adviceline, where the services are a routine part of departments' responsibilities.

Since 1989 when there were only 13 departmental call centres there has been a significant increase with 133 centres now employing over 15,000 staff - 45 centres are outsourced to the private sector.

Departmental call centres have achieved levels of customer satisfaction of around 89 per cent and an average of 84 per cent of calls were answered within 20 seconds in 2001-02. Some centres at certain times could not cope with the number of calls they received and callers consistently heard an engaged tone. The cost per call minute, a standard basis for comparing the costs of call centres, varied from less than £0.60 to a small number of centres where the costs were more than £5. For 60 call centres information was not readily available to calculate the cost per call minute.

While there is evidence of high levels of customer satisfaction, there are a number of ways by which performance could be further improved through: having a more balanced mix of indicators to assess quality of service and more reliable cost information; better deployment of call centre staff to meet peaks and troughs in calls and by providing the public with more information on the services which call centres provide and how to contact them. Departments also need to improve their monitoring of the achievement of improvements in efficiency which delivering services through call centres should make possible.

The examination involved an omnibus survey of the public's views on receiving services by telephone from departments, a detailed survey of departmental call centre to benchmark their performance, and an in depth analysis of four call centres to assess how they provided services to the public.

A full list of the 133 call centres covered by the NAO survey and their contact details at the time this report was published is available on the NAO website www.nao.gov.uk

executive summary

- 1 Since the mid-1990's departments have made increasing use of call centres to deliver services to the public. Call centres allow people to access by telephone information, purchase goods and receive advice across a range of services, often more quickly than for example, writing to a department, and at more convenient times.¹
- 2 Call centres also provide opportunities for departments to use their resources more efficiently because less expensive staff can be supported by IT systems to deal quickly with customers' queries and more skilled staff can be redeployed to concentrate on more complex work. In 2001-02 departments spent around £350 million on call centres to answer over 95 million calls dealing with a wide range of enquiries (Figure 1).

1 Call centres deal with a wide range of calls



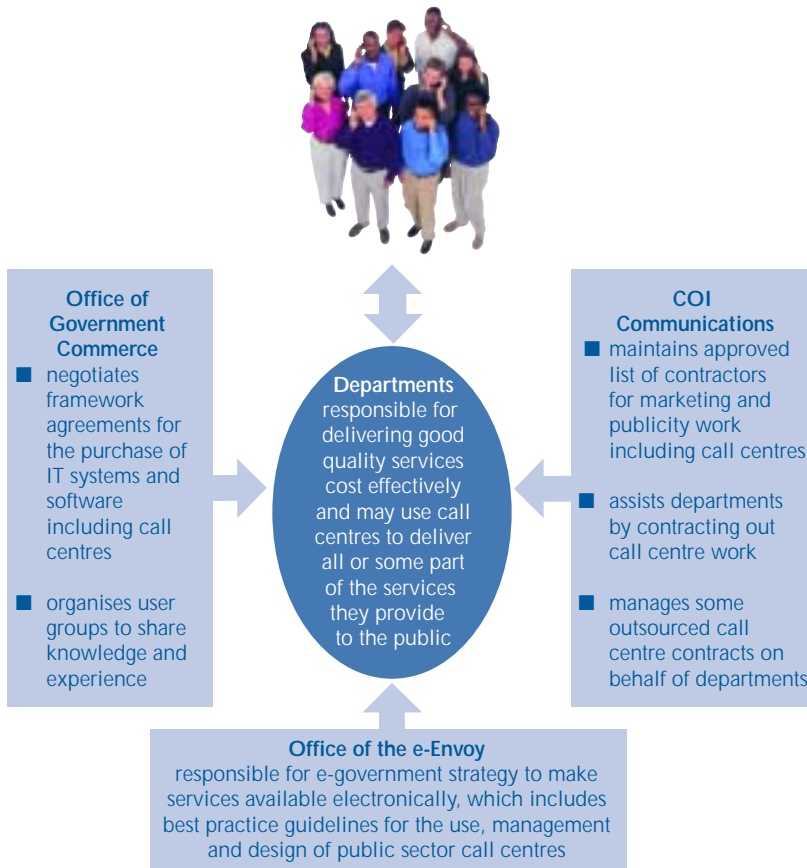
Source: NAO analysis of survey returns

- 3 Departments and their agencies are responsible for deciding whether to set up call centres to deliver services. No one central organisation has policy responsibility for call centres or the quality of service which they provide but departments can draw on advice from the Office of Government Commerce, the Office of the e-Envoy and COI Communications (formerly the Central Office of Information) (Figure 2 overleaf).

¹ The National Audit Office has also examined other forms of delivery used by departments to provide services to the public in "Progress in Making e-Services Accessible to All" to be published in early 2003.



2 Responsibilities for call centres



Source: NAO

- This report assesses the extent to which by using call centres departments have improved the quality and cost effectiveness of their services. Our examination included an omnibus survey to determine the public's willingness to use call centres to access services (**Part 1**); a factual survey of 133 departmental call centres (**Part 2**); and a more detailed assessment of the service provided by the Child Benefit Centre Enquiry Line, the Driving Standards Agency Information and Booking Service, the Environment Agency's Floodline Service and the UK Passport Service Adviceline (**Parts 3-6**).

Key Findings

- Peoples' willingness to use call centres.** Sixty per cent of people responding to our survey said that they were content to receive advice and services from departments over the telephone, though younger people were more likely than older people to be willing to receive goods and services in this way. For the remaining 40 per cent, the main reasons why they were unwilling to do so were because they preferred to deal with someone in person (17 per cent); had either tried telephoning and could not get through or found the service they had received to be unacceptable (8 per cent); or wanted to receive information in writing (6 per cent).
- The number of departmental call centres has increased; 13 respondents to our survey were operating in 1989 and by 2002 this figure had increased to 133, 45 of which are outsourced to private firms. The types of services provided range from providing advice and information (51 per cent of all call centres) such as Jobseeker Direct which carries out job searches using the national labour data base to providing specialist support (23 per cent) such as CALM - a helpline for depressed men at risk of suicide and the 24 hour National Domestic Violence helpline.



- 7 Cost of call centres.** Total costs range from £10,600 for the Meat and Livestock Commission's Foot and Mouth helpline which operated from March to May 2001 to some £114 million for NHS Direct. Twenty four call centres (18 per cent) did not have information on their costs either because they were part of a larger outsourced service or because departments' financial systems could not disaggregate their costs. There was no significant difference in the costs of call centres managed in-house and those outsourced. An independent global benchmarking study² indicated that for an average call centre 66 per cent of costs were on staffing. For departmental call centres the equivalent figure was 77 per cent and for those outsourced 56 per cent.
- 8** As call centres provide a range of services and calls take different lengths of time to handle we compared costs to departments on a standard basis of cost per call minute. Seventy-three of the 133 call centres provided information that allowed us to calculate their cost per call minute. Of these, 21 call centres had costs of less than £0.60 per call minute; 49 had costs of between £0.60 and £5; and three had costs of over £5 per call minute. Although it is difficult to be precise, the comparable figure for the call centre industry as a whole ranges from 40 pence to 60 pence per call minute. Costs are influenced by a range of factors for example, by the number of calls handled, the complexity and sensitivity of the calls, the extent to which automated call handling systems are used, the scope to achieve efficiencies through economies of scale, the complexity of the IT required to support the service and the expertise and experience of the staff needed to respond to calls.
- 9 Quality of service.** The most typical ways used to monitor quality are listening to calls to assess how they are handled (71 per cent of call centres do this); monitoring complaints (63 per cent); measuring customer satisfaction (42 per cent); mystery shopping³ (41 per cent); recording calls and then reviewing them (35 per cent); and surveying callers on a range of aspects of the service they received (26 per cent).
- 10** Research in 1999⁴ found that only half the population thought that it was reasonable to wait over 30 seconds for a call to be answered and 20 per cent expected a call to be answered within 15 seconds. Against these expectations departments' call centres as a whole performed reasonably well in 2001-02 with an average of 84 per cent of calls being answered within 20 seconds. But the range was 38 per cent to 100 per cent with some departments not achieving the average for over half the calls which they received. The 56 government organisations which measured customer satisfaction reported satisfaction levels on average of 89 per cent and above although there was a wide range in the levels of customer satisfaction - between 71 per cent and 99 per cent.
- 11** Quality of service is largely assessed, however, in terms of the speed with which calls are answered and resolved courteously to the satisfaction of the caller. There is very little monitoring or assessment of the extent to which the advice provided was accurate and complete. Call centres which did do this had much better information on quality. For example, the Passport Service Adviceline mystery shopping confirmed that in 90 per cent of cases their agents asked callers appropriate questions and provided the correct information. One call centre was able to point to an outcome to which their work contributed - the NHS Smoking Helpline found that 24 per cent of callers reported that they had not started smoking again 12 months after telephoning the helpline.

² *Merchants Global Contact Centre Benchmarking Report 2001.*

³ *A call centre agent receives an enquiry which unbeknown to them is a departmental representative or someone from a company commissioned to assess quality who is able to assess how well the call is handled.*

⁴ *People's Panel Telephone Wave 3, Cabinet Office, April 1999.*

3 The four call centres examined in this report

Call Centre	Calls answered 2001-2002	Costs 2001-2002	How quality is measured	Our assessment
<p>The Child Benefit Centre Enquiry Line</p> <p>Agents answer calls from parents and guardians requesting application forms and information packs about child benefit, and to make changes for example to bank account details, change of address, reporting lost order books and to confirm that children over the age of 16 remain in full time education.</p> <p>The Enquiry Line takes all initial calls so that other staff are free to carry out complex case work without interruption by telephone calls.</p> <p>Telephone: 0870 1555540</p>	2.6 million	<p>Total cost: £4.9 million</p> <p>Cost per call handled: £1.91</p> <p>Cost per call minute handled: £0.43</p>	<ul style="list-style-type: none"> Team leaders listen to agents making calls and identify any need for further training for individual agents. Customer satisfaction survey. Monitoring of key performance data for example on the time taken to answer calls by automated service and the percentage of calls resolved at the first point of contact. 	<p>The Departments' customer satisfaction survey indicates that customers who speak to an agent are generally satisfied with the level of service they receive.</p> <p>The team leaders within the call centre listen to the advice given to callers and identify the need for retraining if appropriate, but there is no independent check of the accuracy and completeness of the advice given by the agents.</p> <p>As the Department limits the number of callers who can wait in their queue there are some callers who receive an engaged tone and have to redial.</p> <p>The Department has difficulties dealing with the volume of calls that it receives, and are introducing software to help develop more reliable estimates of the number of staff they need to handle the volume and pattern of calls.</p>
<p>The Driving Standards Agency Information and Booking Line</p> <p>Agents answer calls and take credit card payments from the public, driving instructors, and training organisations who want to book practical driving tests and from people wanting to become approved driving instructors.</p> <p>The Information and Booking Line takes routine calls so as to provide a more efficient and user friendly booking service.</p> <p>Telephone: 0870 0101372</p>	3.4 million	<p>Total cost: £4.8 million</p> <p>Cost per call handled: £1.42</p> <p>Cost per call minute handled: £0.52</p>	<ul style="list-style-type: none"> Mystery shopping. Benchmarking against the outsourced theory test centre. Monitoring of key performance data for example on the time taken to answer calls by agent and the percentage of calls resolved at the first point of contact. 	<p>The performance of the call centre has enabled the Agency to improve the quality of service that it provides to customers by dealing with calls quickly and booking driving tests accurately and efficiently.</p> <p>The Agency has used mystery shopping and customer satisfaction surveys to help ensure that the quality of service is maintained.</p>

3 The four call centres examined in this report - *continued*

Call Centre	Calls answered 2001-2002	Costs 2001-2002	How quality is measured	Our assessment
<p>Floodline</p> <p>The public telephone to find out whether there are current flood warnings in force in England, Wales and Scotland, whether a property is at risk of flooding, for information about preventing or dealing with a flood, and to report flooding. Floodline provides information on flood risk for Scotland on behalf of the Scottish Environment Protection Agency.</p> <p>Floodline, the Environment Agency's 24 hour outsourced call centre, allows the Agency to respond to fluctuating demand for information on the risk of flooding and leaves agency staff free to concentrate on responding to floods.</p> <p>Telephone: 0845 9881188</p>	<p>0.24 million</p> <p>850,000 million in 2000-01 when there was significant flooding.</p> <p>85 per cent of calls are to the automated recorded message system.</p>	<p>Total cost: £0.5 million</p> <p>Cost per call handled: £2.08</p> <p>Cost per call minute handled: £0.67</p>	<ul style="list-style-type: none"> ■ Agency staff listen to agents making calls and identify any need for further training for the agents. ■ Regular testing of the remote message service. ■ Customer surveys following major events to assess views of the quality of service and ways in which it could be improved. ■ Monitoring of key performance data for example the percentage of calls handled with no waiting time by the automated service and percentage of calls handled within 15 seconds by the agent. 	<p>The automated recorded message system copes effectively in providing the public with upto-date, reliable information on flood warnings. The Agency is introducing mystery shopping to assess the quality of service delivered by call centre agents (MM Group) handling calls.</p> <p>The Agency has worked to improve the service provided to the public at a reduced cost than in previous years.</p>
<p>The UK Passport Service AdviceLine</p> <p>Agents answer calls from the public concerning information on the costs of passports, to make appointments at Passport Offices, and requesting help in completing a passport application form.</p> <p>The Adviceline is outsourced and deals with routine calls so that Passport Service staff are free to deal with processing applications and issuing passports.</p> <p>Telephone: 0870 5210410</p>	<p>2.85 million</p>	<p>Total cost: £3.48 million</p> <p>Cost per call handled: £1.22</p> <p>Cost per call minute handled: £0.37</p>	<ul style="list-style-type: none"> ■ Managers listen to agents making calls and identify any need for further training. ■ Mystery shopping using 200 calls per month of the appropriateness of the agents response to the caller and the information the agent provides. ■ Monitoring of key performance data for example on percentage of calls answered within 20 seconds by the agent and the percentage of calls resolved by the agent taking the call. 	<p>The Adviceline has helped the Passport Service improve the quality of service it provides to members of the public. The calls are answered promptly and satisfactorily dealt with.</p> <p>The Service makes good use of mystery shopping and call monitoring to ensure that the quality of agents work is maintained. The performance of the contractor, the MM Group in running the call centre is managed through a series of targets incentives, and penalties are incurred if the targets are not met.</p>

Source: NAO examination of four call centres

- 12 Call centres are advertised in different ways so that the public are aware of the services they provide. Our survey of departmental call centres showed that 94 per cent advertise their telephone number in leaflets and pamphlets and on forms and 92 per cent use the internet. But only 14 per cent use telephone directories - which many people, in particular those without access to the internet, will consult to find out who to telephone.
- 13 **Managing the volume of calls.** The pattern and volume of calls can vary considerably depending on the time of day and also the season. Call centres have therefore to deploy their staff carefully and ensure that they have IT in place to allow them to schedule and direct callers. Having too few agents or inadequate IT when calls peak will result in calls going unanswered or people having to wait a long time to receive a response. For example, in 2001-02 the Child Benefit Centre answered 2.6 million calls but a further 5.4 million calls received an engaged tone. The Centre does not know how many times these callers had to redial and whether they eventually got through to an agent. Having too many staff when the number of calls is much lower will result in spare capacity which is not cost effective.
- 14 There are different ways of handling large volumes of calls so as to make the best use of staff time. Most people want their call dealt with by a person and there are some services where automated responses might be considered too impersonal or the options insufficiently flexible. Only around one third of the respondents to our survey thought that it was never acceptable to have an automated service. Floodline for example, uses a recorded message system to provide the public with up to date information on the risk of flooding in their area with a service target that all callers will get through within 15 seconds. The Driving Standards Agency Information and Booking Service uses an automated system to answer calls and route them directly to specific agents designated to deal with their type of enquiry. With the exception of NHS Direct and MET Office all call centres open 24 hours have been outsourced to the private sector. These private sector call centres are generally better equipped, particularly with IT systems, and have more flexible staffing arrangements to manage the volume of calls so that people rarely get an engaged tone. Those callers whose calls cannot be answered hear a recorded message and may be offered the options of stating the nature of their enquiry or service which they require or alternatively to leave their name and contact details. In both cases a call centre agent then gets back to the caller.
- 15 **Working conditions.** Some 400,000 people are employed in call centres in the United Kingdom⁵ with just over 15,000 people working in government call centres which are located all over the country. For example, 241 staff operate the Child Benefit Enquiry Line from one site in Washington, Tyne and Wear and the Driver and Vehicle Licensing Agency based in Swansea employs 432 people. The large number of calls handled and the intensity of the work have sometimes contributed to a perception by the public that call centres have poor working conditions. We found that working conditions in the call centres we visited were not unfavourable. Staff worked in a reasonable physical environment, could take regular breaks and remuneration was comparable with call centres in the private sector. The Trades Union Congress has reported that working conditions are improving in many call centres⁶ and UNISON and the Public Commercial Services Union told us that, as with all industries, some call centres are better managed than others and that those that worked most effectively were often the ones that had developed constructive and mature working relationships between call centre management, their staff and their union.

5 *Pay and Conditions in Call Centres 2002 - Income Data Services Ltd.*

6 *Trades Union Congress "Calls for Change", 2nd TUC report of calls to the "It's your Call" hotline April 2001.*

Recommendations

- 16 For certain types of public services, such as providing a wide range of advice and guidance and receiving requests for applications for government services such as benefits and student loans, call centres can be a cost effective method of service delivery and their use by departments has increased significantly over the last ten years. There is also evidence of high levels of customer satisfaction. There are, however, a number of ways in which performance could be further improved.
- 1 **Ensure that planned improvements in efficiency and quality of service are achieved.** Call centres usually require a significant investment particularly in IT, the recruitment and training of staff and a commitment to a new way of delivering services to citizens. Alternative ways of providing the service and alternative ways of setting up call centres will have different impacts on costs and benefits for example, operating the call centre on a single site or a number of sites; having the call centre in-house or managed through an outsourced contract or a combination of the two, for example to deal with overflow work; the number of hours the centre is open; and the balance between using automated response systems and agents to take calls. All costs should be carefully considered against the intended benefits in a well developed business case. If a call centre is subsequently established its performance should be reviewed against the business case to assess the extent to which intended benefits are being achieved so action can be taken if they are less than planned. Of the four call centres which we examined only the Passport Agency had done this fully. **Departments should identify the full costs and benefits of setting up a call centre in a business case and then routinely monitor the costs and performance of the call centre against the original business case to ensure that planned improvements in quality of service and efficiency are being achieved cost-effectively.**
 - 2 **Adopt a portfolio approach to assessing quality of service.** Call centres use a range of measures to varying degrees to assess the quality of service which customers receive. One measure alone is unlikely to provide a full assessment of quality and most call centres use more than one but the tendency is to focus on the speed with which calls are answered and customers' perception of how well their enquiry was handled rather than the quality of advice given. There is also a risk that some indicators can have an unintended effect for example, where call centres have a target to answer calls within a certain number of seconds this may result in staff devoting less time to each call to be able to answer calls more quickly. It is important that people should feel that they had the opportunity to speak to another human being and that their call was given serious consideration. **Departments should have a balanced mix or portfolio of indicators which give a more comprehensive, regular assessment of quality including the reliability and completeness of the advice which call centres provide.**

- 3 **Ensure that reliable information is available and regularly monitored to give assurance that services are delivered cost effectively.** Twenty-four of the 133 call centres did not have information on their costs and a further 36 could not provide information to calculate their costs per call minute. Without such information call centres cannot determine whether their costs are reasonable for example, by benchmarking their performance with other call centres providing similar services, or consider options for reducing costs by reengineering existing ways of working or by amalgamating with other call centres. **All call centres should have access to reliable cost information and indicators, which show the unit cost of delivering each of their key telephone services to the public.**

- 4 **Manage call centre resources to handle peaks and troughs in the volume of calls.** The volume of calls which centres receive are significant, often in excess of one million annually, and they will vary in number depending on the time of the day, week and also year. Some call centres are better at deploying their staff and using software to be able to handle fluctuating workloads than others. **For call centres to be able to deal with the calls they receive they need to use appropriate software to forecast the likely volume and incidence of calls and determine the most cost effective balance between automated response systems, flexible staffing, IT support, and outsourcing part of the work, to meet different levels of demand.**

- 5 **Provide better information for the public on the services which they can obtain by telephone.** The public need to know what services they can access using the telephone and how to get in touch with them. Departments already advertise their services in a number of ways such as in leaflets and on the internet. There is, however, no single directory of helplines, call centres and contact centres available and information on where to call is not easily accessible. One way this could be provided is by publishing details in telephone directories and directory enquiry services. **The Cabinet Office should work with departments to ensure that the public, including those without access to the internet, can easily access up to date phone numbers for call centres and the services they provide.**