



National Audit Office

DEPARTMENT FOR WORK AND PENSIONS

Delivering effective services through contact centres

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contact centres

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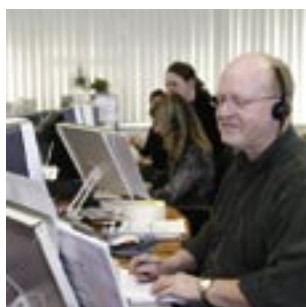
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EXECUTIVE SUMMARY



1 The Department for Work and Pensions (the Department) serves a wide range of customers, including 28 million pensioners and benefit recipients, as well as putting thousands of employers in touch with millions of jobseekers each year. It pays out over £112 billion a year in benefits and pensions.¹ This report considers the role of contact centres, which are a key element of the Department's delivery chains, and which are being set up as part of a major transformation of its business. In particular, it considers their contribution to Departmental performance, as well as whether they are cost-effective, accessible and provide a quality service. Inevitably, this report provides a snapshot in time in a fast developing area of service delivery. Our methodology is set out at Appendix 1.

2 The contact centre is an established model in the business world, employing almost three per cent of the UK's working population in 2005. The Department's centres are being introduced as part of major organisational and welfare policy reforms and there are particular demands on some of them. The Department's customers have complex personal circumstances, which need to be explained over the telephone. Most customers have no choice about contacting the Department and may be unsure about what is expected of them. They may also have to be dealt with by more than one of the Department's agencies, which increases the number of their contacts.² Contact centres, therefore, need to be user-friendly and accessible, whilst also operating access controls that are sufficiently robust to minimise fraud and error. **Figure 2 on page 3** illustrates four typical customer contacts.

3 The Department increased the number of its contact centres from fewer than ten in 1998 to around 80 in 2004, and was operating 62 in November 2005.³ Many are based in Scotland and northern England (Appendix 3), and provide opportunities for specialisation, economies of scale, reducing office space requirements, greater speed and streamlining of processes, and a more consistent, higher quality service.

4 The Department spent an estimated £190 million in 2004-05 on running its contact centres, approximately three per cent of its non-benefit expenditure.

The Department is increasingly using contact centres to handle transactions of all kinds. Contact centres deal with the public primarily via the telephone, and also by e-mail, fax and internet-based applications. In 2004-05, they answered more than 33 million incoming calls and made 7 million outgoing calls, as well as handling at least 300,000 e-mails, 300,000 faxes and 4 million incoming letters and application forms. In 2004-05, the Department spent an estimated £190 million on its contact centres, which for many customers have replaced the need to visit a local office. Our omnibus survey showed that in general, most customers are satisfied with the way they were handled. **Figure 1 overleaf** shows the scale of transactions within the four key services considered in this report.

¹ Department for Work and Pensions, *Resource accounts 2004-05*, Session 2005-06 HC 477.

² Citizens Advice Bureau, *Hanging on the telephone: CAB evidence on the effectiveness of call centres*, 2004.

³ This report only considers the contact centres operated by Jobcentre Plus, the Disability and Carers Service and The Pension Service. The Child Support Agency and Debt Management are not included.

1 Key facts about the Department's contact centres

Disability and Carers Service

- Offers advisory service, and deals with enquiries from customers and their representatives about claims for benefit.
- 400 agents employed in two contact centres.
- Answered 5.5 million calls in 2004-05.

The Pension Service

- Handles pension applications, benefit claims and payments. Issues pension forecasts.
- 1,600 agents employed in 25 contact centres.
- Answered 16.6 million calls in 2004-05.

Jobcentre Plus Direct

- First point of contact for people of working age claiming benefits. Provides vacancy search facilities for jobseekers.
- 3,000 agents employed in 34 contact centres (planned end state is for 6,000 agents in 23 centres).
- Answered 9.6 million calls in 2004-05.

Employer Direct

- Records details of vacancies notified by employers.
- 900 agents employed in nine contact centres.
- Answered 1.7 million calls in 2004-05.

Source: National Audit Office survey of contact centres

NOTE

Number of contact centres and number of staff are stated at the time of the National Audit Office survey of contact centres, July 2005.

5 The Department's contact centres have achieved much in recent years. They are already delivering efficiency savings and are expected to deliver more. These include the faster processing of applications for pensions and benefits and easier handling of customer queries. Contact centres have also allowed easier advertising of job vacancies and made it simpler to bring employers and potential job applicants together.

6 The Department's contact centres are operated by its individual agencies and are developing differently to suit the needs of their customers. Central co-ordination is provided by the Contact Centre Advisory Team (C-CAT) who provide expertise to help implement new centres and improve existing ones. Appendix 2 shows key performance information for each business stream.

Contact centres are supporting delivery of the Department's business

7 Contact centres are a key part of the Department's overall transformation programme. This long-term development aims to streamline services and introduce a common customer relationship management package across the Department. Its strategy, initially set out in 2002, envisages that eventually almost all non face-to-face contact will be handled through contact centres.


8 The Department recognises it has some way to go in developing its contact centres, but the process is neither simple nor quick. As a prelude to developing the full network, there have been major organisational issues to be resolved, such as the merger of the Employment Service and the Benefits Agency to form Jobcentre Plus, The Pension Service and the Disability and Carers Service. Introduction of the Jobcentre Plus contact centre network has been closely linked to the roll-out of the wider organisational model of Jobcentre Plus offices. Alongside this, the Agency is upgrading its IT systems, has closed 14 sites and moved work and staff to other sites. Similarly, The Pension Service has established a network of contact centres and has then started to modernise the sites it will retain in the long-term. Transforming an existing service is harder than introducing a new one because the Department must continue to serve the large number of customers who depend upon it. The scale of change, given that the Department for Work and Pensions is the largest government department, has meant gradual rather than overnight progress. The Department has also had to fulfil its obligations as a responsible employer to its staff during the transformation, whilst contributing to civil service headcount reductions.

What is working well

9 Contact centres are already making a valuable contribution to service delivery. In particular, they:

- are starting to allow the Department's agencies to process applications for benefits and pensions more quickly (for example, the transformed Pension Centre is now dealing with 20–25 per cent of State Pension cases each in one call of 20 minutes, rather than taking two hours and several customer contacts);
- take 275,000 calls per week from people wishing to claim benefit (the majority of whom would previously have claimed face-to-face or by post);

2 Examples of customer journeys through the Department's contact centres

Situation	A casual worker in Coventry expects his current employment to end soon.		A widow is reaching pension age, and wishes to obtain her State Pension.	
Where does the customer find out about the service?	He finds his local Jobseeker Direct (0845 606 0234) and Jobcentre Plus (0845 602 0265) telephone numbers in the phonebook.		She is contacted by The Pension Service four months prior to pension age. She is invited to make a claim on the national State Pension claim line (0845 300 1084).	
What service does the contact centre provide and at what cost to the customer?	He rings the Jobseeker Direct contact centre. The agent provides details of vacancies and sends him application forms. The call charge is 3p per minute. ¹		An agent at the State Pension claim line arranges for a claim form to be sent to her. During the call the agent also asks questions to establish her likely entitlement to Pension Credit, and is given information about how to apply. The call charge is 3p per minute. ¹	
What happens next?	<p>If he is made redundant, to claim benefits while looking for a job he rings his local Jobcentre Plus contact centre. The call charge is 3p per minute.¹ The agent takes basic details, before arranging to call back at a convenient time.</p> <p>The call back should take place a day later. The agent asks more detailed questions regarding the customer's circumstances and arranges a work focused interview at the local Jobcentre Plus office.</p>		<p>She receives a claim form for State Pension, completes it and sends it to her local pension centre.</p> <p>A claim for Pension Credit is made through the national Pension Credit Application Line (0800 99 1234). This call is free.¹ The application is completed over the telephone with the agent, who sends the completed form to her to sign. The form is sent to the pension centre for her area.</p>	
Situation	An employer has a number of job vacancies to fill.		A customer of working age, from Newcastle, has left work due to a worsening mental illness.	
Where does the customer find out about the service?	The Employer Direct contact centre telephone number (0845 601 2001) is advertised at the local Jobcentre.		The Citizen's Advice Bureau informs her of entitlement to Income Support. Advisers give her the local Jobcentre Plus contact centre number (0845 606 0234).	
What service does the contact centre provide and at what cost to the customer?	The agent records details of vacancies, including rates, hours required and skills needed. The employer gives their preferences as to where vacancies are advertised within Jobcentre Plus. The call charge is 3p per minute. ¹		The agent records initial details and arranges to phone her back. The call charge is 3p per minute. ¹ The call back involves answering more in-depth questions and the arrangement of an interview with a financial assessor.	
What happens next?	<p>Employer Direct passes vacancy details onto the local job centre, which contacts the employer and discusses labour markets issues and any help the employer needs.</p> <p>The employer rings Employer Direct to remove the vacancy once filled, and may obtain employment law advice.</p>		<p>Housing and Council Tax Benefit forms arrive with Income Support forms. These should be sent to the Local Authority.</p> <p>If after 28 weeks the condition has worsened, the customer claims for Incapacity Benefit. On the customer's behalf, Citizen's Advice call the Jobcentre Plus contact centre to request an application form, with the customer giving verbal permission for them to do so to the agent at the contact centre.</p> <p>After 6 months of supervision the customer becomes entitled to Disability Living Allowance. Her carer rings the Benefit Enquiry Line (0800 88 2200) to request a claim pack, which will be sent by post. This call is free.¹</p>	

Source: National Audit Office

NOTE

¹ All costs have been determined as if calling from a BT landline. Users of other contact methods (such as mobile phones) may incur different costs.

- are enabling many customers to gain far easier access to the Department's services. For example, Jobseeker Direct now allows people to access some 400,000 job vacancies by telephone (as well as online and via 9,000 touchscreen terminals in Jobcentre Plus offices) and receives some 175,000 calls per week. Its 'sister' service, Employer Direct, takes 31,000 calls a week from employers wishing to place a vacancy; and
- provide a comprehensive helpline service for people applying for Disability Living Allowance or Attendance Allowance.

10 Contact centres are supporting the wider modernisation programmes. Use of contact centres has been instrumental in delivering two major Departmental initiatives: the introduction of Pension Credit and the conversion to Direct Payment. Pension Credit, launched in 2003, was initially paid to 1.9 million pensioner households. During 2004-05, The Pension Service used its contact centres to communicate with hundreds of thousands of people to encourage them to apply for Pension Credit, contributing to increased take-up, which now stands at 2.7 million pensioner households. Meanwhile, the Customer Conversion Centre has moved 9 million customers to Direct Payment (benefits or pension paid directly into their bank account) since 2002. Direct Payment considerably reduces the administrative cost of benefit payments and also contributes to tackling fraud.

Where more progress is needed

11 There are opportunities for better co-ordination of agency strategies. Jobcentre Plus and The Pension Service were set up in 2001 to implement delivery strategies for customers of working age and pensioners respectively. The overall strategy for the Department sets out high level expectations but individual agencies are responsible for implementing their own approaches dependent on their stage of development. Contact channels will vary depending on how individual agencies want customers to contact them, driven by different business objectives (e.g. Jobcentre Plus has focused face-to-face help on harder-to-help customers and self-help channels for customers requiring less help). However, this approach will not deliver an integrated suite of contact centres across all the Department's business streams, able to deal with all customers (or transfer them appropriately), using their preferred channel of communication without the need for re-keying information or asking the customer to call a different telephone number. A cross-departmental action team is being established to re-examine the effectiveness of all customer contact routes, with the

aim of developing a more strategic, customer-focused approach. Work is already ongoing to develop a common infrastructure platform with the intention that this will allow for any future cross-departmental policy changes.

12 There have been problems with the implementation of some new contact centre processes, and steps were taken to revise the process. Jobcentre Plus is rolling-out new contact centre working practices, giving agents better access to customer details. As part of the Department's overall efficiency programme, centres could not immediately recruit staff but had to wait for them to become available from other parts of the business. In addition, training and recruitment could not keep up with the roll-out programme. High use was made of temporary staff, which meant a higher turnover of staff. These problems meant that Jobcentre Plus did not initially have enough trained staff to operate the customer management system (CMS) processes to meet customer demand. At some sites the contact centre processes using CMS have been suspended and staff returned to using paper-based systems. Steps have been taken to address this, including altering the roll-out schedule and speeding up recruitment and training. As a result of these steps, performance has improved with the current percentage of calls answered up from 75 per cent in July 2005 to 96 per cent in January 2006, against a target of 90 per cent.

13 There are currently barriers to exploiting the full potential of contact centres. Services should be simple for customers to contact, well co-ordinated across the agencies, built around the needs of customers and protect both staff and customers from the complexity of the benefit system. However, at present:

- because of the incremental roll-out of services, the Department currently has to market 55 different telephone numbers, although work is underway to reduce those numbers for first-time contact which are actively promoted. In the longer-term, the Department aims to rationalise to fewer contact numbers as the roll-out of virtual networking (linking-up centres) is completed;
- staff are unable to transfer calls or customer information between agencies, which means that a customer making a claim for benefits administered by different agencies might, in some circumstances, need to repeat the same information to different agencies. Some steps are being taken. The Pension Service and Jobcentre Plus now enable customers to apply for Council Tax Benefit and Housing Benefit in the same call; and

- the complexity of the benefits system and the limitations of the Department's core legacy IT systems present major challenges although simplification of benefit rules may impose significantly greater costs than the value of contact centre related efficiencies. The total cost of operation of the Department's contact centres is less than half a day's benefit payments.

Managing contact centres cost-effectively

14 Managers need to oversee resources continuously to meet fluctuating workflow. This involves monitoring of real-time information, moving staff between work types, and maintaining a disciplined but supportive working environment.

What is working well

15 The centres have committed staff with increasing expertise. The Department's contact centres are staffed by many highly committed staff at all levels who have made major progress in setting up and managing the services in challenging circumstances. There is a sharing of experience and knowledge within the business units and staff participate in the wider public and private sector contact centre management community.

16 Cost savings are being made. The Department has made savings by moving away from paper-based systems for dealing with postal transactions. Around 80 per cent of transactions with the Department's contact centres are now via the telephone. These cost an average of around £3 per transaction. This offers considerable savings since the average cost of handling incoming post is around £5. Other savings are being made, for example, through taking changes in circumstances over the telephone in pension centres, and the Pension Transformation Programme will generate efficiencies by automating many of the existing paper-based contacts by 2010.

17 The implementation of contact centres is an essential part of the Department's strategy for overall efficiency savings. For example, overall the Department's headcount has reduced by almost 15,000 since 2003-04, which is equivalent to an annual saving of £375 million in staff costs. In addition, the Department has released almost 200,000 square metres of office space, which is equivalent to an annual saving of £40 million. Contact centres were a major factor in achieving these efficiency savings, because of their contribution to improved working practices and more economical use of space.

18 Available data suggests the costs of the Department's contact centres are on a par with those of UK private sector centres, although the data is at present not sufficiently robust to draw firm conclusions. The average expected cost of a contact centre agent in the UK industry is £33,500 plus around £4,000 costs relating to use of shared and central services and management.⁴ By comparison, the cost per agent (not including shared and central services and management) for the Disability and Carers Service, Employer Direct, Jobcentre Plus Direct and The Pension Service varies from around £31,000 to £39,000. Improvements are being made to costing data and Jobcentre Plus is starting to develop cost per call-minute comparisons amongst its centres.

Where more progress is needed

19 There are a number of constraints on the Department being able to manage contact centres flexibly. In particular, many agents in some parts of the organisation have necessarily been redeployed from elsewhere in the Department and may not have the experience or aptitude for contact centre work. Because of the cost of declaring existing staff surplus and recruiting new ones, the Department has chosen to have many managers and agents learn about contact centres from scratch rather than recruit people with experience from outside. In addition, many staff have joined under existing hours of work, often part-time, which do not fit with the demands of the contact centre and lead to complex shift patterns and staff rotas. In 2004-05, some 70 per cent of staff time in contact centres was covered on a flexi-time basis, which is part of the Department's arrangements to be a family friendly employer.

⁴ Estimate by our consultants CM Insight, 2005.

20 The Department is taking action to reduce sickness absence and attrition rates in its contact centres. The Department is undergoing considerable organisational change, which can be associated with high levels of sickness absence. For several agencies, sickness absence in contact centres is higher than in the rest of the organisation. The Department has introduced a number of measures to improve attendance management,⁵ and absence in Jobcentre Plus Direct has been reduced to 14 days per person as at October 2005 from 19 days per person in 2004-05. All services have managed to reduce their sickness absence during 2005-06 following increased attention to the problem. Rates are now relatively low in Employer Direct (currently 9 days per person), which shows that contact centres – especially those operated by more mature organisations – need not necessarily be associated with high sickness levels. There has also been considerable staff turnover within contact centres and the average rate in 2004-05 was 18 per cent although this is below the industry average of 22 per cent.⁶ Turnover is likely to reflect local employment factors, the initial loss of new staff unsuited to contact centre work, and uncertainty due to closures. The turnover rate has been reduced as contact centres reach a more stable state.

21 Management information is being improved although there are still gaps. While there is much management information available on the costs of contact centres, there are still some gaps. This makes it difficult to accurately measure the costs of centres against the benefits they deliver. The Department expects improvements to management information will be made with the implementation and use of a contact centre balanced scorecard of performance measures, as well as proposed improvements such as the Resource Management System.

22 The ability of contact centres to forecast demand is improving as centres mature. The Department's contact centres manage resources to meet forecast demand, but to date there have been limitations in the data available to predict demand. Some 30 per cent of centres did not forecast demand a year ahead at the time of our survey, making it harder to plan recruitment to ensure sufficient staff are available to meet peaks in workload. These forecasting problems, coupled with staff shortages in the case of Jobcentre Plus, have led to using less efficient responses such as overtime and temporary staff to attempt

to meet high levels of demand. The Department is developing its forecasting process as organisations such as The Pension Service and Jobcentre Plus Direct mature. The Pension Service has experienced a period of considerable change, and significant volatility in call demand as a result of the Pension Credit campaign, and this has reduced its ability to forecast as accurately as it would have hoped. The Agency does have well-defined data for the State Pension claims line and demand forecasting is becoming more robust, as shown by the improvement in performance against targets. Jobcentre Plus Direct is rolling out systems to allow it to forecast better on a monthly basis.

Accessing contact centres

23 To maximise the value of contact centres, they must be accessible to a wide range of potential customers including those for whom there are particular barriers – for example, those for whom English is not their first language, those with mental health problems or learning difficulties and customers who are hard of hearing.

What is working well

24 Contact centres are widely advertised. The Department has used a variety of methods to publicise its contact centres, including telephone directories, Departmental websites, and through voluntary organisations. The Pension Service has also made considerable use of television and radio. The websites of the Disability and Carers Service and The Pension Service provide clear contact centre information, although the Jobcentre Plus website is harder to use.

25 The majority of customers say contact centres are open when they want to use them. Most of the centres are open for extended hours (for example, 8 a.m. to 8 p.m. in many cases) and from our omnibus survey, we found over 90 per cent said their most recent telephone contact with the Department was at a time convenient to them. The contact centres were also able to provide some flexibility for customers with different needs. Jobseeker Direct, the Pension Forecasting Service and Pension Credit helplines, as well as the State Pension claim line, are open on Saturday mornings, as customers for these services may still be working.

⁵ For more details see C&AG's report, *Managing attendance in the Department for Work and Pensions*, HC 18 Session 2004-2005.

⁶ Income Data Services, *Pay and conditions in call centres*, 2005.

26 Provision is available for those with special needs to try to overcome barriers to making use of contact centres.

The Department has a wide range of provision for those with special needs. This includes textphones (all contact centres), Braille (more than 40 per cent) and Language Line, which provides a translation service in 150 languages. In 2004-05, the Department received more than 30,000 calls in a foreign language. Customers with hearing or speech difficulties can use textphones, but customers are not always aware they need special equipment and The Pension Service estimates that 90 per cent of textphone calls are erroneous owing to customers dialling a textphone number incorrectly. In the case of customers with mental illness or learning difficulties, telephone calls can be stressful or confusing. Almost 40 per cent of the contact centres we surveyed said they arrange face-to-face sessions for this group. Jobcentre Plus and The Pension Service arrange such contact via their respective Local Services where needed.

Where more progress is needed

27 Accessing contact centres can be difficult for some people.

Customers of The Pension Service and Employer Direct are unlikely to have problems getting through to an agent,⁷ but there have been problems for customers of the other services. The Department's call statistics (Figure 26) show that in 2004-05, only 56 per cent of customer attempts to call the Department were answered by an agent; 34 per cent received the engaged tone and 9 per cent were abandoned while the customer was waiting for an agent to answer. Performance has improved significantly in the first half of 2005-06, with figures up to October 2005 showing 84 per cent of calls answered, 3 per cent engaged and 13 per cent abandoned while the customer was waiting. The high number of engaged tones in 2004-05 was mainly attributable to the Disability Living Allowance and Attendance Allowance Helpline at the time, whose problems have now been overcome (with an improvement from 18 per cent to 93 per cent – see Figure 27).

28 There have been problems with speed of answering, which agencies are addressing. Jobcentre Plus Direct contact centres aim to answer 90 per cent of calls, which they were achieving in November and December 2005. As a supporting standard, the service

aims to answer 80 per cent within 20 seconds, and so does Employer Direct. The remaining agencies aim to answer within 30 seconds. In 2004-05, none of the services except Employer Direct met their standard for call answering times. In the first half of 2005-06, Employer Direct and The Pension Service both met their targets, and Jobcentre Plus met its target in December 2005. Up to October 2005, around 20 per cent of calls to Jobcentre Plus were abandoned by the caller before they were answered but this has been cut to below 10 per cent in November and December 2005 in line with the agency target. For The Pension Service, the figures for calls abandoned by the caller before the call was answered were 10 per cent in 2004-05 and 4 per cent up to November 2005. Call abandonment rates do not always reflect the speed of answering, as in some situations, The Pension Service is targeting messages to encourage callers to abandon calls (for example, by recording an automated message for calls about Winter Fuel Payments, advising that letters had been sent out).

29 Call backs are not always made promptly. Not all transactions are expected to be resolved with one call. Customers claiming Jobseeker's Allowance and Income Support provide initial details in their first call to the centre, and arrangements are made for the contact centre to ring the caller back for the remaining information. Jobcentre Plus contact centres aim to return calls within 24 hours, but in August and September 2005 most were only achieving this for a small proportion of initial calls. Performance against this standard has improved during recent months, and 47 per cent of customers received call backs within 24 hours in December 2005.

30 Representative bodies say they have some problems dealing on behalf of clients. Customers may use a representative, such as a carer or advice worker, although not all customers have access to such assistance and may be represented by a family member or a voluntary organisation instead. Security procedures differ between the different helplines and between centres, and a representative's information is not always retained for future contacts. Some representatives told us they have to go through consent and identification procedures repeatedly. This is in accordance with Department-wide policy, designed to protect the customer.

⁷ Within contact centres an 'agent' is the member of staff who deals with customers over the telephone. An outline of the contact centre process and the agent's role within it appears in Figure 8 on page 17.

Quality of the contact with customers

31 The Department is committed to delivering a quality service. Customers want calls answered promptly, and transactions handled quickly and correctly first time or with accurate hand-offs to other parties. They also want agents to be polite and well informed. The Department also has an interest in ensuring this happens so it can provide an efficient and cost-effective service.

What is working well

32 Levels of satisfaction are generally high. Both our survey of customers and the Department's own 'mystery shopper' research found high levels of satisfaction with aspects of the service offered by the contact centres. Some 97 per cent of customers said that the agent had been polite, 80 per cent that their query was resolved with one call and over 70 per cent that follow-up to the call had been of good quality. Mystery shoppers assessed Employer Direct and The Pension Service as above target overall. The Pension Service was above target in areas such as speed of response and proactivity, accessibility and quality of interaction but below target on the quality of information provided to the customer, although performance in this area is improving.

Where more progress is needed

33 Quality monitoring is currently very focused on traditional operational metrics. In the view of the National Audit Office and its consultants, the Department currently does not collect sufficient data to be able to monitor quality effectively in terms of accuracy of contact handling, first time resolution or soft skills such as empathy. Managers listen to calls to provide feedback to agents and identify areas for further training, but this could be done more frequently. Although mystery shopping provides an independent evaluation of the service, the number of calls made varies and only allows an indication of general service levels. As the Department does not want 'dummy' records to appear on the IT systems, mystery shoppers cannot test the full range of interactions with customers.

34 Formal coaching levels appear to lag behind industry norms. The level of formal coaching provided to individual agents appears to be low compared with industry norms. The Department's agencies gave under four hours of coaching a month to each agent, compared to a recommended six hours across the industry.⁸

However, this does not include training and informal coaching by team leaders and mentors that takes place. There is a need for better record keeping of the whole range of coaching activities. This is starting to happen. For example, the Disability and Carers Service Helpline has now introduced records to monitor the completion of call listening and one-to-one coaching sessions, which are reported monthly to the contact centre manager.

35 Performance indicators do not yet cover the full customer experience, but are being developed. The Department's performance indicators cover the whole service provided, but currently focus mainly on more easily measurable operational metrics, such as call duration and answer times. The courtesy, responsiveness and effectiveness of the agent are assessed but not currently reflected in performance indicators. In addition, the existing performance measurement system does not assess the quality of handling of non-voice contacts (for example e-mails or internet-based claims) nor the number of additional contacts resulting from incorrect handling of the first contact. In 2005, the Department developed a balanced scorecard, which captures data on a wide range of performance indicators. Although not yet fully populated with data it will, when complete, encompass metrics around costs, customer service, customer satisfaction, staff productivity and absence rates. The balanced scorecard continues to be developed and will be available, together with a supporting performance management framework, for use by individual contact centre managers by 2007.

Overall assessment and recommendations for further progress

36 Contact centres must be focused on the needs of the customer rather than the organisation to be both effective and cost-effective. In particular, agents need to be able to deal with each customer as an individual in as few contacts as possible. To do this, staff need to be recruited, trained and managed appropriately and supported by suitable IT giving access to complete customer histories. Our consultants' experience of the contact centre industry,⁹ and international evidence,¹⁰ shows that having a customer-focused approach to the management of contact centres results in significantly improved staff retention, reduced sickness absence and absenteeism, and greater customer satisfaction.

⁸ Merchants, *Global contact centre benchmarking report*, 2005.

⁹ Research into UK contact centre performance by CM Insight and Aston Business School, report published in three parts between 2004 and 2005.

¹⁰ Merchants, *Global contact centre benchmarking report*, 2005.

37 Contact centres are playing a major role in the transformation of the Department for Work and Pensions and have already expanded the range of the services that can easily be accessed by its customers, whose satisfaction levels are generally high. They have the potential to deliver further efficiency savings, improved service quality and good value for money (Figure 3). This report is a snapshot in time and shows clearly that the Department is undergoing a major transformation in its handling of customer contacts. Many of the factors which influence its management of contact centres are wider organisational

issues. For example, staffing considerations have to be seen against the background of the planned job reductions and the wider reform of one of the largest public sector organisations in the country. Ongoing development of the Department's IT in one of the largest change programmes in Europe crucially influences performance, as does the complexity of the benefit system, which must be accommodated by staff and technology. The Department's contact centres are now focusing more on the needs of the customer rather than the organisation and are becoming more efficient and cost-effective.

3 The contact centres in the agencies we examined are delivering improvements in value for money and now have the potential to deliver more

Contact centres can offer an economic, efficient and effective means of handling large numbers of routine transactions and providing information easily to members of the public. The Department for Work and Pensions is in the middle of a major transformation of its business and is using contact centres to deliver major savings and improve the quality of service it provides.

The Department is only part way through the process of implementation but already contact centres are making a major contribution, for example, by:

- reducing the need for paperwork in handling benefit applications;
- transforming the way people are helped to find work and employers are assisted to find the people they need to fill vacancies;
- providing advice and guidance to disabled people; and
- offering a simpler service to pensioners.

The implementation of contact centres has already achieved cost savings, and more savings are expected to follow. The vast majority of customers report that the service is delivered by a polite agent within a reasonable time, and the follow-up services are good.

Source: National Audit Office

The development of contact centres has to be seen against the background of on-going welfare reforms, the continuing reorganisation of the Department's agencies, and the need to make headcount reductions of 30,000 by 2008. Agencies have also had to design services taking account of mandatory standards around human resources, provision and use of the estate, IT, security and governance. Because of the scale of the programme being implemented, it will take some time for the Department to gain all the benefits expected. These will be achieved when:

- contact centres are integrated more closely, as for example is under way within The Pension Service;
- information about customers can be shared more easily between agencies to provide a more joined up service;
- staffing contracts are more closely tailored to the needs of the contact centre environment;
- centres have built up and are able to use a longer time period of data to forecast and respond to demand; and
- wider IT improvements have taken effect.

We conclude that the contact centres in the agencies we examined are delivering improvements in value for money and now have the potential to deliver more. The Department's businesses are already taking action to overcome a number of obstacles to progress, so that the contact centres can deliver better value for money in the future.



RECOMMENDATIONS

To develop further, and to continue to focus on meeting customer needs and government requirements, we recommend:

a The Department should build on recent work to develop its understanding of customer demand and improve the accuracy of its forecasts.

The Department is improving its forecasting processes and reducing the number of blocked calls, but could make further improvements by:

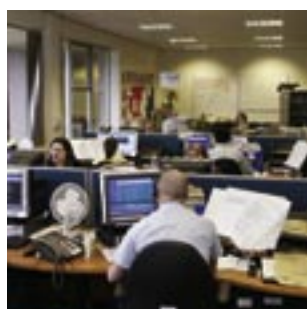
- ensuring that, where workforce management tools have not yet been deployed (The Pension Service) deployment proceeds as planned by July 2006;
- ensuring that, once deployed, tools are used effectively by managers who have been fully trained in their use and who have a thorough understanding of the demands customers are placing (and will place in the future) on the services provided by their centres; and
- ensuring that good practice is shared between centres and between the separate agencies so that forecasting is as effective as possible right across the Department.

b The Department should aim to offer as seamless a service as possible to its customers and should:

- press ahead with its plans to rationalise and reduce the number of telephone numbers used by customers to access its services, with an aim to significantly reduce those numbers for first line contact by 2007;
- enhance the role of the Contact Centre Senior Reference Group (consisting of the most senior managers with operational responsibility for contact centres) and the Contact Centre Advisory Team to ensure greater consistency in the application of common standards and protocols (including those used when dealing with customer representatives); and
- increase its efforts to share good practice between the separate agencies in appropriate areas (for example: demand forecasting; training; and absence management).

c The Department should rationalise the contractual arrangements for its contact centre staff in order to increase productivity at a time of reducing staff numbers. In particular the Department should:

- seek to reduce the proportion of staff whose contracted hours do not fit well with the contact centre way of working, considering the use of incentives to staff to agree revised contracts, with the aim of achieving a year-on-year improvement in the matching of contact centre staff's hours with demand patterns;
- ensure as far as possible that staff recruited to work in contact centres have the right aptitude for the work and that the specific skills and competencies for contact centre work are clearly defined;



- ensure that staff and managers are effectively trained and, learning from best practice in the private sector, ensure that coaching and training are given greater prominence;
- develop appropriate systems to reward, recognise, motivate and retain its contact centre staff; and
- continue to enforce robust absence management processes, actively sharing good practice with the aim of reducing absence.

d The Department should adopt a more balanced approach to the setting of contact centre targets, increasing the focus on areas that matter most to customers. The Department has recently introduced a strategic level contact centre balanced scorecard that encompasses measures in areas that include cost, quality, customer satisfaction and staff productivity and absence rates. It should build on this approach and develop it into a tool that:

- identifies performance at all levels of the organisation and is used by contact centre managers and staff to constantly identify service improvements, including for those customers with particular needs; and
- places the work of contact centres in the context of a whole customer experience, and measures time taken from the first contact to receipt of benefit or pension, and the number of contacts needed to resolve an issue.

e The Department should advance initiatives to improve its information on costs so that agency management teams and centre managers have a full and detailed understanding of their costs. This information should be used by managers to identify opportunities for working in more efficient ways. In particular, the Department should:

- increase transparency and disaggregation of key cost elements such as accommodation and IT, and running costs such as call and data charges at site level, to increase the incentive to make efficiency savings;
- enhance traceability by apportionment of both activity and costs to individual contact centres; and
- complete ongoing work, including the balanced scorecard, to ensure consistency of cost recording and reporting, to enable the Department to make useful business stream cost comparisons.

PART ONE

Why the Department uses contact centres



1.1 Contact centres are a key means by which the Department for Work and Pensions (the Department) deliver services to millions of people in Great Britain. In November 2005, the Department had 62 contact centres,¹¹ employing over 5,000 agents. In 2004-05, total expenditure was around £190 million. This Part examines why the Department uses contact centres and outlines the roles they play.

The Department is changing the ways in which it conducts its business

1.2 The Department plays a central role in planning and delivering the government's social welfare policies. It has five strategic objectives (**Figure 4**) focusing on its main client groups.

1.3 The Department pays more than £112 billion a year in social security benefits and pensions to around 28 million citizens. It also helps more than one million people a year to find work by matching employers with suitable candidates. It delivers its services primarily through its executive agencies (**Figure 5 overleaf**). Many of their activities are routine and repetitive, such as making payments and collecting basic information. Others are less routine, requiring collection of detailed personal information about customers' circumstances or making decisions about individual entitlement to benefit. This report focuses on the activities of The Pension Service, Jobcentre Plus, and, the Disability and Carers Service.

4 The Department has five strategic objectives

- **Children** – to ensure the best start for all children and end child poverty by 2020
- **Working age** – to promote work as the best form of welfare for people of working age, while protecting the position of those in greatest need
- **Disabled people** – to improve rights and opportunities for disabled people in a fair and inclusive society
- **Pensioners** – to combat poverty and promote security and independence in retirement for today's and tomorrow's pensioners
- **Welfare delivery** – to modernise delivery to improve the accessibility, accuracy and value for money of services to customers, including employers

Source: Department for Work and Pensions, Departmental Report 2005

1.4 Traditionally, the Department for Work and Pensions (and predecessor bodies, the Department of Social Security and the Employment Service) has delivered its services through local offices, complemented with a small number of dedicated telephone call centres – for example, the Disability Living Allowance and Attendance Allowance Helpline, which was established in 1992. The wide ranging nature of the work and the need to manage much of it in numerous disparate offices was not an efficient way to handle calls or correspondence. There were limited opportunities for streamlining services, gaining benefits of scale or greater speed of service (**Figure 6 on page 15**).

¹¹ These figures refer to Jobcentre Plus, The Pension Service and the Disability and Carers Service. It does not include the contact centres operated by the Child Support Agency or Debt Management, which are not covered in this report.

5 The Department delivers its services through six executive agencies

Executive Agency	Aim	Annual number of customers (2004-05)	Customers for key benefits/services
Jobcentre Plus	Helping people find work and receive the benefits to which they are entitled, and offering a service to employers to fill their vacancies	Delivers benefits to almost 5 million people of working age (13.5 per cent) Every year Jobcentre Plus helps around 1.2 million people into jobs and makes payments of £26 billion	Income Support – 2.1 million claimants Jobseekers Allowance – 0.9 million claimants Incapacity Benefit – 2.6 million claimants Customer transactions with employers – 5.5 million
The Pension Service	Delivering frontline services to today's and future pensioners	Delivers benefits of approximately £54 billion to over 11 million customers	State Pension – 11.5 million recipients, of whom one million reside overseas Pension Credit – 2.7 million households Nearly 800,000 new Pension Credit and State Pension applications in 2004-05 Seven million pension forecasts issued in 2004-05
Disability and Carers Service	Delivering a range of benefits to disabled people and carers	Delivers benefits in excess of £13 billion a year to more than 4 million customers	Attendance Allowance – 1.4 million recipients Carer's Allowance – 0.7 million entitled Disability Living Allowance – 2.7 million recipients
Child Support Agency	Administering the child support scheme	At the end of March 2005 the Agency's caseload was 1.4 million cases	36,000 'parents with care' received a first payment of Child Maintenance Premium in 2004-05 65,000 first payments of maintenance through collection service in 2004-05
The Appeals Service	Providing an independent tribunal body to hear appeals	Received over 225,000 new appeals	Cleared 270,000 cases and held over 51,000 tribunal sessions in 2004-05
The Rent Service	Providing a range of advice in connection with the private rented housing sector in England	Dealt with over 1 million cases	900,000 Housing Benefit cases 100,000 fair rents cases

Source: National Audit Office

1.5 The Department now wants to enable its customers to deal with it in different ways (**Figure 7**). The overall approach can be broadly summarised as:

- **telephony** for the majority of interactions;
- **face-to-face contact** to deal with more complex situations (for example, home visits for pensioners who do not wish or are not able to use the telephone) or where it is vital to delivering the service (for example, helping people back into work);
- **post** where necessary, either to allow for paper-based applications, or because there is a requirement to have written evidence (for example, proof of identity) or where customers want to write to the Department; and
- **other electronic services** (for example, internet and e-mail) where suitable for the type of customer (for example, employers) or to allow the Department to develop new services (for example, job-broking and retirement forecasting).

6 Advantages and disadvantages of the office based model

Advantages

- Offices often situated on the high street.
- Open during normal office hours.
- Members of the public could walk into them and make enquiries or pick up leaflets or forms.
- Provided range of services for all types of business and customer groups.

Disadvantages

- Not always set up to provide sufficient privacy when discussing personal issues.
- Often did not have suitable access for people with disabilities.
- Poor transport links in more rural areas could make visiting an office challenging.
- Many offices were old, poorly maintained and shabbily furnished and so were not particularly pleasant to work in or visit.
- Customers sometimes had to queue for a long time in the local office.

Source: National Audit Office

7 Customers can access services via a number of channels

Service

Means of delivery

	Telephone	Letter	Web	Fax	E-mail	Textphone	Local centre	Home visit
Jobcentre Plus: Employers	✓	✓	✓	✓	✓	✓	✓	
Jobcentre Plus: Jobseekers	✓		✓			✓	✓	
Jobcentre Plus: Other services	✓	✓		✓		✓	✓	
Disability and Carers Service	✓	✓	✓		✓	✓		
The Pension Service	✓	✓	✓	✓	✓	✓	✓	✓

Source: National Audit Office

1.6 The Department is reorganising the way it delivers its services to take advantage of new technology. Between 2003 and 2008, it will have invested £5.4 billion in a major transformation programme to achieve better administrative efficiency and value for money.¹² It is seeking to move from an organisation heavily reliant on processing paper applications to a more flexible one based on digitised information. This programme is streamlining services and working towards the use of

a common customer relationship package across the Department. Key features of the programme include developing further The Pension Service and Jobcentre Plus (a four year roll-out); modernising the Department's core IT infrastructure; and providing the technology to enable contact centres to become the primary organisational units for handling customer contacts. Such developments are major undertakings, with implications for staff training and redeployment, and opening and closure of offices.

¹² Department for Work and Pensions, *Departmental report 2005*.

1.7 There are a number of factors changing the way the Department conducts its business. In particular:

- **the desire to provide a better service:** The Department aims to provide a quicker, more responsive and accessible service that maintains quality and consistency;
- **making efficiency savings:** The Department is required to realise annual savings of at least £960 million by 2007-08 as part of the Gershon review.¹³ The review identified efficiency savings by changing how services are delivered, including through use of contact centres;
- **responding to customer needs:** Users of public services increasingly desire choice in the way they access particular services;¹⁴ and
- **making use of new technology:** Government departments and agencies are committed to enabling government transactions to be completed electronically.

Contact centres have potential benefits for both customers and the organisation

1.8 A contact centre is a facility set up to handle contacts from customers in a range of ways. In November 2005, the Department had 62 centres, employing over 5,000 people as agents.¹⁵ This is around one per cent of all contact centre agents in the UK and approximately five per cent of the total staff of the Department. Around half are situated where facilities are comparatively cheaper, in particular, in Scotland and northern England (Appendix 3). A decision has been made to situate centres outside London and the South East, in line with the Lyons review.¹⁶

1.9 The key difference between a 'call centre' and a 'contact centre' is that the former offer access only by telephone, while the public can also have dealings with contact centres by post, e-mail, fax, text messaging and web-chat. Contacts, and in particular telephone calls, are handled by groups of agents, often working with prepared scripts. Centres should be carefully managed using real time performance data covering length of call, customer time waiting, and number of calls waiting. This is to try to ensure an even flow of work with levels of staff available to meet fluctuations in demand. This may involve using less urgent work to smooth out troughs. A contact does not require a specific member of staff to handle it; anyone with appropriate skills and access to the appropriate data can do so (**Figure 8**).

1.10 Using contact centres has potential benefits and also some disadvantages for both the customer and the organisation delivering services. The benefits can include a quicker and more convenient service for many users and a more efficient, cost-effective service for the organisation. There are, however, drawbacks. Some find telephone interactions difficult. For example, the frail and the elderly may not be able to maintain a long conversation on the telephone (for which reason, The Pension Service has a local service offering face-to-face contact), while some people with mental health problems or learning difficulties can find it hard to respond quickly to questions over the telephone. Legal restrictions mean that not all changes of circumstance can be notified over the telephone, and Jobcentre Plus continues to have offices across the country to enable face-to-face contact with those looking for work.

1.11 The potential benefits conferred by contact centres on customers and organisations have resulted in a huge growth of these facilities in the public and private sectors, particularly where there are a large number of routine or information based enquiries or services. In 2005, almost three per cent of the UK's working population were employed in contact centres.¹⁷

¹³ Sir Peter Gershon, HM Treasury, *Releasing resources to the front line: Independent review of public sector efficiency*, 2004.

¹⁴ Audit Commission, *Choice in public services*, 2004.

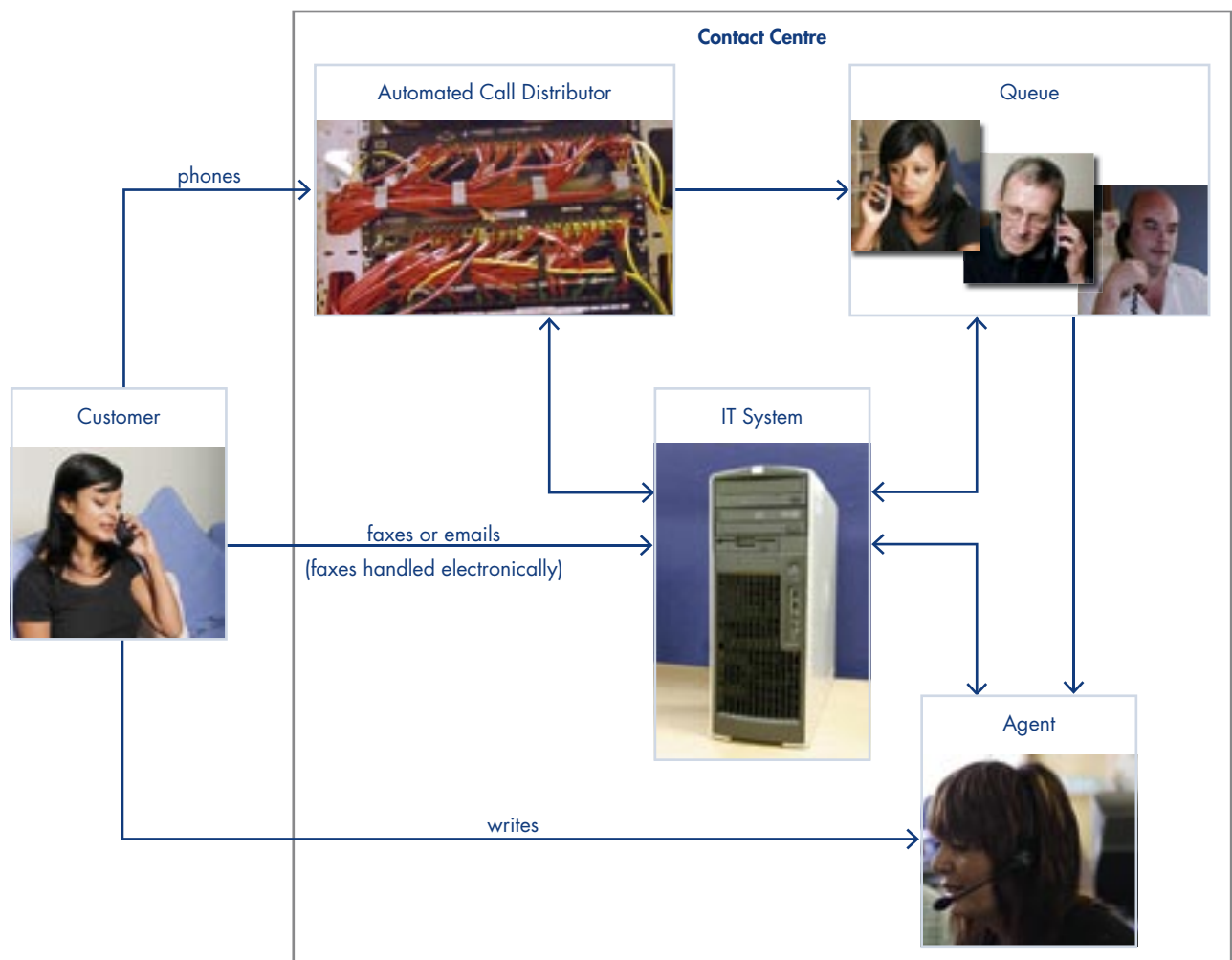
¹⁵ These figures refer to Jobcentre Plus, The Pension Service and the Disability and Carers Service. It does not include the contact centres operated by the Child Support Agency or Debt Management, which are not covered in this report.

¹⁶ Sir Michael Lyons, HM Treasury, *Well placed to deliver? Shaping the pattern of government service*, 2004.

¹⁷ ContactBabel, *The UK contact centre operational review*, 3rd edition 2005.

8

A customer gets in touch with contact centre

**Customer** gets in touch to:

- Seek information
- Arrange an interview
- Make an application
- Notify a change of circumstances

Automated call distributor:

- Identifies the service using a recorded message
- May ask the customer to specify which service they want
- Routes customer to an appropriate agent or a queue
- May route the call to another call centre if all agents are busy

IT system supporting agent:

- Provides instant access to database of customer details
- May record the outcome of the call
- May provide access to customer relationship management tool, showing all interactions with customer
- Records management information

Queue:

- Callers may be held in a queue if no agents are free
- Callers wait for connection to the next available agent
- May play music and messages to confirm call is still held in queue

Agent:

- Greets the customer
- Collects information about the customer
- Provides information
- May follow a script, a system or an on-screen prompt

Source: National Audit Office

1.12 Figure 9 shows that there was a period of rapid growth between 2001 and 2004 in the number of contact centres run by the Department. Excluding temporary Jobcentre Plus Direct centres, open only for a short period, the total number peaked at 81 from June to August 2004, but had reduced to 62 by November 2005. The overall increase masks variations between the individual agencies. For example, The Pension Service established 29 centres rapidly at the outset to consolidate services previously delivered through about 450 social security offices and deal with the introduction of Pension Credit, and has now reduced this number as it moves towards an expected end position of 12 centres by 2010.

1.13 There are a number of important differences between the Department's contact centres and those in the private sector which place constraints on the Department. They include making use of staff not specifically recruited for contact centre work and who have employment contracts that do not necessarily support the requirements placed on the centre by customer demands. In addition, the Department's customers generally have lower incomes, are of lower educational attainment and are older than the population as a whole. As a result, on average they have less access to, and less confidence in using, many forms of modern technology such as e-mail.¹⁸ Additionally, many customers have no choice about contacting the Department, and may be anxious about explaining complex and personal matters. The Department, therefore, needs to make the process of making contact as unthreatening and user-friendly as possible, whilst ensuring that legal requirements are complied with and everything done to combat fraudulent transactions.

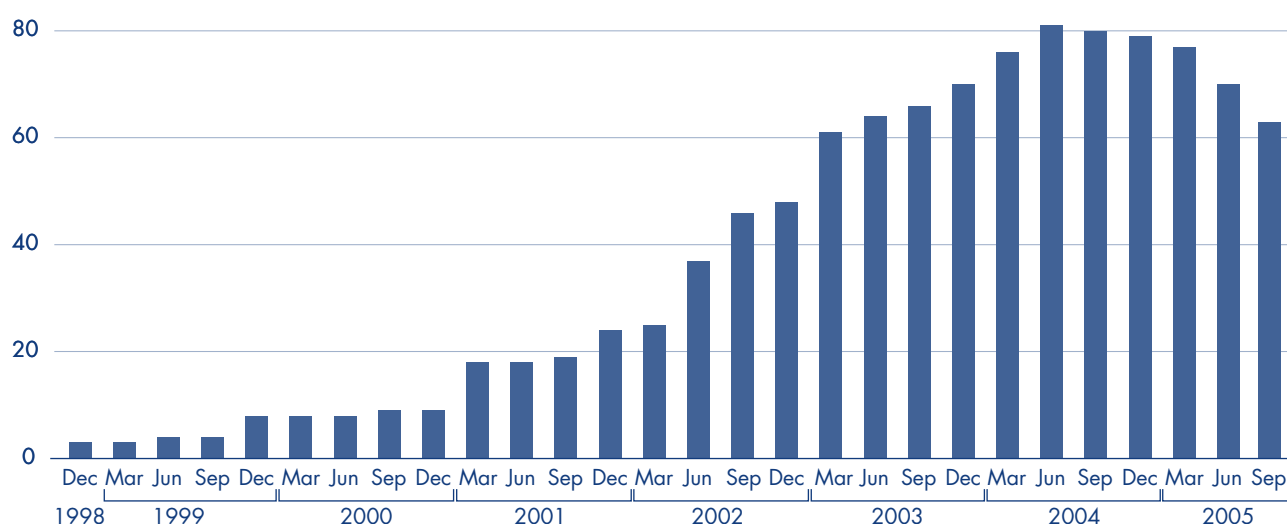
1.14 It is also important to recognise that contact centres operate in the wider context of the Department's business. Currently, it is focusing on reducing staff numbers by 30,000 by 2008 in order to make efficiency savings,¹⁹ and contact centres are playing a key role in this. The organisation continues to undergo major reform, and the welfare system it administers is both complex and subject to reforms. Much of this is outside of the control of the contact centre community within the Department.

1.15 Contact centres are operated by the Department's individual agencies or business streams, within the standards and framework set out by the central Department. In 2001, the Department established a central Contact Centre Advisory Team (C-CAT) to provide expertise to the projects implementing new centres. It acts as a source of advice and guidance on how to achieve and maintain high standards of customer service. The team's role is advisory and it cannot insist on adherence to standards, although the Department's Executive Team and Permanent Secretary can do so, based on its advice. Individual services retain a great deal of autonomy in determining how they run their contact centres, in order to tailor their services to the needs of their particular clients. However, a review by the Department's Internal Assurance Service (May 2004) concluded that no set of enforceable corporate standards existed within the Department. As part of its response to this review, the Department has established the Contact Centre Senior Reference Group which is made up of the head of C-CAT and the most senior operational managers from each agency with responsibility for contact centres. This group is now meeting regularly and is seeking to share good practice and to agree single solutions to common issues.

¹⁸ C&AG's report, *Progress in making e-services accessible to all – encouraging use by older people*, HC 428 Session 2002-03.

¹⁹ The Department employed approximately 130,000 whole time equivalent staff in 2003-04.

9 The number of the Department's contact centres grew rapidly between 2000 and 2004 but has now settled down



Source: National Audit Office analysis of the Department's data

NOTE

The graph shows the number of contact centres operated by Jobcentre Plus, The Pension Service and the Disability and Carers Service. It excludes the contact centres operated by the Child Support Agency and Debt Management. It also excludes temporary Jobcentre Plus Direct 'residual' centres that were only open for a relatively short period. The National Audit Office survey of the Department's contact centres was carried out in July 2005, at which time there were 70 contact centres open.

How we undertook our examination

1.16 Our examination of the Department's contact centres considered whether centres:

- support the Department in delivering its business (Part 2);
- are managed to provide cost-effective services (Part 3);
- provide easily accessible services (Part 4); and
- provide high quality services (Part 5).

1.17 The study examined contact centres in four business streams within the Department (Disability and Carers Service, Employer Direct, Jobcentre Plus Direct and The Pension Service). It did not cover the Child Support Agency or Debt Management because of on-going reform of these services. The Appeals Service and the Rent Service do not have any contact centres. The main methods used are set out in detail in Appendix 1.

PART TWO

Supporting delivery of the Department's business



2.1 This Part examines how contact centres are contributing to the delivery of the Department's business. In particular, it considers:

- the Department's strategy for contact centres;
- the roles performed by centres in different parts of the Department;
- the contribution they are making to the performance of the Department; and
- the obstacles to be overcome to exploit their potential further.

The Department has not yet fully implemented its overall strategy

2.2 The Department has developed a strategy for how contact centres will contribute to the delivery of its services.²⁰ This is in line with the Government's ambitions for harnessing new technology (**Figure 10**), outlined originally in 2000,²¹ and now the 2005 strategy, *Transformational Government: enabled by technology*.²² The Department's strategy expects that eventually almost all non face-to-face contact will be handled through contact centres, but no target date has been set for achieving it. The Department's Channel Strategy 2005 (one of the steps taken to ensure it understands customers'

needs) emphasises the Department's long-term aspiration to provide a modern service, including online forms of communication, such as e-mail, websites and digital TV. However, the delivery of e-services is currently limited, to some extent, by the Department's old and inflexible IT systems and newer technology is needed to allow expansion of a wider range of channels.

10 The Government's vision for delivering services using technology

"Twenty-first century government is enabled by technology – policy is inspired by it, business change is delivered by it, customer and corporate services are dependent on it, and democratic engagement is exploring it. Moreover modern governments with serious transformational intent see technology as a strategic asset and not just a tactical tool. Technology alone does not transform government, but government cannot transform to meet modern citizens' expectations without it.

So this strategy's vision is about better using technology to deliver public services and policy outcomes that have an impact on citizens' daily lives: through greater choice and personalisation, delivering better public services, such as health, education and pensions; benefiting communities by reducing burdens on front line staff and giving them the tools to help break cycles of crime and deprivation; and improving the economy through better regulation and leaner government."

Source: Cabinet Office, *Transformational Government: enabled by technology*, 2005

²⁰ Department for Work and Pensions, *Strategy for contact centres in DWP*, 2002.

²¹ Cabinet Office, *e-Government: a strategic framework for public services in the Information Age*, 2000.

²² Cabinet Office, *Transformational Government: enabled by technology*, 2005.

2.3 While the Department's overall intention to move to contact centres at the high level is clear, each business stream has tailored its contact centres to its own customer group, business needs and policy priorities. Agency strategies were based on development of a full business case and were approved by HM Treasury. The sophistication of the IT and telephony infrastructure and the business advantages being realised vary considerably between business streams, with each service using a different operating model. This will not lead to a seamless, integrated suite of contact centres.

2.4 Jobcentre Plus is using a geographical basis for its roll-out and by autumn 2006 intends to have completed the national coverage of Jobcentre Plus Direct contact centres. This uses the Customer Management System, allowing customers to make benefit enquiries and make their initial benefit claim using a single telephone number. By 2006-07, Employer Direct will offer a fully automated job-broking service. The Pension Service transformation programme is to be implemented in a series of five waves for completion by October 2010, although unlike Jobcentre Plus the waves are defined by processing stages rather than by geography. Ultimately, all services and helplines for older people will be delivered by the transformed pension centres. In contrast, the Disability and Carers Service has been the first to offer an internet service, accepting online applications for Carer's Allowance since 2003. It aims to extend this to the other benefits during 2005-06 but will not offer a single telephone point of contact until at least 2007-08.

2.5 The Department has made considerable progress in implementing its strategy, but recognises it has some way to go in developing its contact centres and that the process is neither simple nor quick. There have been major organisational issues to be resolved before contact centres could be introduced, such as the merger of the Employment Service and the Benefits Agency to form Jobcentre Plus, The Pension Service and the Disability and Carers Service. In general, it is harder to transform an existing service than introduce a new one because the Department must continue to serve the large number of customers who depend upon it. The scale of change, given that the Department for Work and Pensions is the largest government department, has also required gradual rather than overnight progress. At the present time, an integrated, multi-channel customer focused service remains an aspiration without a target date, rather than a fully articulated plan.

Contact centres perform different functions across the Department

2.6 Contact centres are a key element in meeting the Department's Public Service Agreement targets, playing varying roles (**Figure 11**) depending on the characteristics of the different customer groups and the prescribed processes for dealing with them.

2.7 For example, The Pension Service has replaced most face-to-face contact for customers who previously would have had to visit a social security office, which many advised the Department they found unpleasant. The Pension Service continues to offer a face-to-face service through its local service for those customers who cannot transact business over the phone. Interactions with most pensioners do not need to be regular since in general their income remains stable and they are not expected to be looking for work. In contrast, within Jobcentre Plus, the contact centre is at the beginning of a claim process that usually requires the customer to attend an assessment or a face-to-face interview in a jobcentre. Many customers have repeat contacts with the service over a long time period.

11 The Department's contact centres perform a range of different functions

Business stream	Function	Activities						
		Information	Send out forms	Filling in forms	Queries concerning claims	Change of circumstances	Claim processing	Recruitment activity
Jobcentre Plus	Employer Direct provides a service for employers to place a vacancy with Jobcentre Plus.	✓						✓
	Jobcentre Plus Direct comprises Jobseeker Direct and First contact . Jobseeker Direct offer information on the latest job vacancies and how to apply for them. Where possible operators contact the employer on the spot to arrange an interview. First contact centres provide a first point of contact for those who need to make a benefit claim.	✓	✓	✓				
Disability and Carers Service	Benefit Enquiry Line offers a general advice and information service to disabled customers on a variety of benefits.	✓	✓	✓				
	Disability Living Allowance and Attendance Allowance Helpline provides an information and advice service on these benefits.	✓			✓	✓		
The Pension Service	Pensions direct provides information to customers (and their representatives), who have their State Pension paid directly into a bank or building society account, on State Pension, Widows Benefit, Bereavement Benefits and Winter Fuel payments.	✓			✓	✓		
	Retirement Pension teleclaims allows customers to claim their State Pension.	✓	✓	✓				
	The Pension Credit Application Line allows customers to claim Pension Credit.	✓	✓	✓				
	The International Pensions Centre provides information regarding pensions paid to UK citizens who are living abroad.	✓	✓	✓	✓	✓	✓	
	Pension centres deliver State Pension and Pension Credit entitlements to customers. ¹	✓	✓		✓	✓		✓
	The Pension Forecasting Service issues forecasts to people planning for their retirement.	✓						

Source: National Audit Office

NOTE

¹ Transformed pension centres also fill in some forms.

Developments are taking place within wider transformation programmes

2.8 As part of the Department's modernisation programme, each of its agencies is being transformed to support the Department in delivering its business objectives. The contact centre strategy is only one part of this transformation programme for each business stream. The programmes are at different stages (**Figure 12**). Employer Direct, The Pension Service and the Disability and Carers Service offer a number of web enabled services already, while Jobcentre Plus has given greater attention to managing telephony effectively before moving to other channels.

2.9 The Jobcentre Plus service is being rolled out as a network of integrated, modernised offices across Great Britain. In early 2006, a total of 737 offices were open, with a further 142 to follow. An integral part of the service is a network of 34 contact centres (at July 2005), which is being reorganised into a final network of 23 larger centres by March 2006. The Disability and Carers Service change programme brings together a range of infrastructure projects, covering process, IT and telephony changes. As well as delivering efficiency savings to the Disability and Carers Service, this also allows people to take their time over considering information or completing claims, offers greater privacy and makes record-keeping simpler. The Pension Transformation Programme will implement a new, fully integrated, operating model and new ways of working that will enable customers to make claims for State Pension and Pension Credit in a single transaction, as well as allowing changes of circumstances to be reported in a single telephone call.

Contact centres are contributing to improvements in service delivery but there have been some significant localised problems, which the Department is overcoming

2.10 Contact centres are already playing a significant role in supporting the performance of the Department. **Figure 13 on page 26** summarises some of the key achievements to date. These include the faster processing of applications for pensions and benefits and easier handling of customer queries. They have also allowed easier advertising of job vacancies and made it simpler to bring employers and potential job applicants together.

2.11 As well as the successes, there have been problems associated with the introduction of contact centre processes, which have adversely impacted on performance at times. Since 2003, Jobcentre Plus's Customer Management System (CMS) has been rolled out as part of the contact centre processes. This system links contact centre agents to a database of customer information, and allows details necessary for benefit applications to be collected and processed over the telephone. However, owing to the need to reduce the Department's overall headcount as part of the Government's efficiency programme, contact centres were not free to recruit staff, so centres had to take them as they became available from elsewhere. In addition, the recruitment and training of staff did not keep pace with the roll-out programme. The cumulative effect of this was that for certain periods during 2005, contact centres did not have enough trained staff to operate the CMS processes to meet customer demand. At some sites the problems were so severe that the contact centres model had to be temporarily suspended and use made of paper application forms. **Figure 14 on page 27** summarises developments in 2005 and **Figure 15 on page 28** shows the fluctuating service levels.

12

[illegible]

13 The contribution of contact centres to the performance of the Department

Across the Department

- **A key means of customer contact:** In 2004-05, the Department's contact centres answered over 33 million incoming calls and made 7 million outgoing calls, and dealt with 300,000 e-mails, 300,000 faxes and 4 million letters and application forms.
- **Modernising benefit payments:** To encourage existing customers to have their benefit paid direct into their bank accounts, the Department contacted millions of customers by letter and telephone and encouraged them to call the Customer Conversion Centre to provide their account details. The Customer Conversion Centre has helped over 9 million customers to switch over to direct payment, and in total nearly 97 per cent of customers' benefits are now being paid by direct payment.
- **Achieving cost savings:** The Department has achieved cost savings by implementing contact centres. Contact centres are an essential part of the Department's strategy for achieving efficiency savings in line with the Gershon review. Between April 2004 and December 2005 the Department reduced its headcount by some 14,860 full time equivalent staff, which generates annual cost savings of around £375 million. In addition, by making more efficient use of its office space the Department reduced its overall occupancy by some 198,000 square metres between April 2004 and February 2006, which generates annual cost savings of around £40 million. Contact centres are a major factor in achieving more efficient ways of working.

The Pension Service

- **Processing State Pensions claims faster:** Applications for the State Pension have been simplified using a modernised telephony-enabled system in the first transformed pension centre. Transformed pension centres aim to help customers complete their transaction in one call. The first transformed centre began operating in August 2005, and in September 2005, 20 per cent of its cases were being dealt with in one call. These calls take as little as 15 minutes, down from 2 hours 5 minutes under the old system. The Agency aims to get to a position where it is dealing with 60 per cent of cases in one call.
- **Reducing the burden on the citizen to supply the same information twice:** The Pension Credit Application Line enables pensioners to apply for Pension Credit, Housing Benefit and Council Tax Benefit with a call to a single telephone number from December 2005 onwards. This means pensioners will only have to provide their financial information once. Furthermore they are more likely to receive all the benefits to which they are entitled, contributing to increased take-up and helping to reduce pensioner poverty.
- **Moving pensioners out of poverty:** The Pension Credit campaign, creating demand for Pension Credit and encouraging applications, could not have been achieved without contact centres. The Pension Service had achieved a take up of 2.7 million claims by April 2005, including 800,000 during 2004-05.

■ Making citizens more aware of their retirement provision:

The Pension Forecasting Service handles requests for around 1.3 million individual pension forecasts annually. Since 2004-05 forecasts of customers' pension entitlement have been available online — within the first four months some 17,000 pension forecasts were provided by the e-service.

Jobcentre Plus Direct

- **Helping customers make claims more easily:** The introduction of 'first contact centres' has enabled customers to begin the claim process over the telephone, introducing higher levels of convenience and privacy. This reduces the queues in local offices, leaving staff more free to deal with customers who need extra help.
- **Filling in application forms over the telephone:** By collecting the information required to apply for benefits over the telephone, customers can avoid having to fill in paper application forms, which can be confusing and off-putting for many customers. This will help to reduce customer error, contributing to the target of reducing fraud and error by 50 per cent by 2006.
- **Helping jobseekers to find a job:** The Jobcentre Plus internet site now makes 400,000 vacancies available online and via 9,000 touchscreen terminals. It is the most visited Government website, receiving more than 500,000 hits a week. Customers can also find out about job vacancies over the telephone and can arrange an interview with a prospective employer in the same call. Jobseeker Direct has helped an estimated 336,000 people find a job.

Disability and Carers Service

- **Providing a comprehensive enquiry service:** The Benefit Enquiry Line supplies information to any disabled person or their carer on the full range of benefits and acts as a sign-posting service to these often vulnerable customers to ensure they can navigate their way around all parts of the Department. This helps disabled people to be more aware of all the benefits available to them, and improves the accuracy of benefit applications.
- **A quicker response to customers:** The Disability Living Allowance and Attendance Allowance Helpline provides an advice and information service about these benefits for disabled customers. The Helpline has improved the service provided to customers by introducing a new process for notifying some of the most common changes of circumstances. This means that action is taken at the time of the call, without the need for referral to the back office. This provides customers with a quicker response, minimises work passed to operational staff and increases job satisfaction for Helpline agents.
- **Online Carer's Allowance claims:** Since 2003, customers have been able to apply for Carer's Allowance, or notify a change of circumstances, over the internet. Initially there was a four per cent take up, rising to seven per cent during 2005, and the Agency plans to increase levels to eight per cent by 2005-06.

13 The contribution of contact centres to the performance of the Department *continued*

Employer Direct

- **Notifying vacancies online:** The service enables employers to enter vacancies online, thus offering a 24 hour service and increasing the number of vacancies that are listed. In addition, the service operates a Job Warehouse, which enables recruitment agencies and large organisations like the National Health Service to upload their suitable vacancies in bulk. These developments have resulted in almost 200,000 job vacancies being listed.
- **Prompt handling of telephone calls, faxes and e-mails:** Employer Direct receives 31,000 calls a week from employers wishing to place a vacancy, and handles over 100,000 vacancies per month by telephone, fax or e-mail. On average, calls are answered within 12 seconds. Employer Direct contact centres achieve over 35,000 job entries per month.
- **Providing employers with access to a candidate bank:** Employer Direct has piloted a databank of available jobseekers, to enable employers to search for suitable candidates online. The service intends for this to be rolled out nationally during 2006. The services provided by Employer Direct all help to maintain and improve the employment rate for Great Britain, which currently stands at a level of 75 per cent — the long-term goal is a rate of 80 per cent.

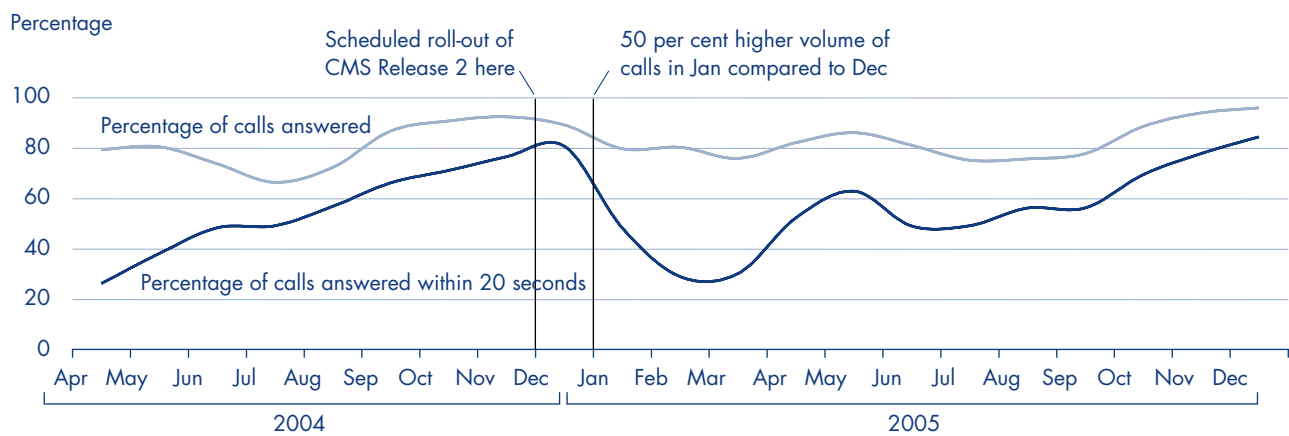
Source: National Audit Office analysis of the Department's data

14 The Jobcentre Plus Customer Management System

- The roll-out of Jobcentre Plus's contact centre programme is supported by the Customer Management System (CMS). This is a computer system that links contact centre agents to a database showing customer information, and enables details necessary for benefit applications to be collected and processed over the telephone. This replaces the old method of using paper-based application forms.
- The original system had weaknesses such as the inability to transfer information from the contact centre to the local office, and the script that agents followed when collecting information from customers not covering all customers' circumstances. The system has now been upgraded twice, with CMS Release 2 rolled out starting in 2004 and CMS Release 3 in 2005. Around 60 per cent of Jobcentre Plus offices are now using CMS.
- The roll-out of the new Jobcentre Plus process, including CMS, to all its intended offices has been delayed beyond the original plan. The Agency has experienced problems in recruiting and training sufficient staff to meet its planned roll-out dates. This is linked to the fact that the Agency has to manage its number of staff within the Department's headcount reduction strategy. This meant that as contact centres were opened, the Agency was not free to recruit staff, but had to take them as they became available from other parts of the business. In six contact centres there were a high proportion of term-time workers, new people who chose not to take up post, and high attrition amongst the most experienced staff. In addition, it was difficult for the Agency's recruitment and training to keep pace with the roll-out programme. The cumulative effect of this was that contact centres did not have enough trained staff to keep pace with the roll-out programme.
- The new work processes have had some teething problems, and when they were first introduced to contact centre sites, typically there was a drop in call answering rates and call back times. Performance then improved over the next couple of months as the system bedded down. For example, following introduction of CMS Release 2, calls answered initially fell to 49 per cent but have now increased again to 89 per cent. The Agency advised that these problems were not due to the CMS system itself (CMS service levels were met throughout 2005) but due to staff shortages and training issues as explained above.
- At some sites staff shortage problems following roll-out of CMS were so severe that the intended model has been temporarily suspended and the Agency has instituted a partially clerical process involving paper application forms. As at November 2005, nine contact centres had suspended the use of CMS in relation to around ten per cent of local offices. All sites have a management action plan setting out the timetable and actions required for full implementation of CMS.

Source: National Audit Office analysis of Jobcentre Plus management information, and statement to the Work and Pensions Select Committee by the Chief Executive of Jobcentre Plus

15 Jobcentre Plus Direct has not offered a consistent service to customers



Source: National Audit Office analysis of Jobcentre Plus management information

There are a number of strategic obstacles to exploiting the full potential of contact centres

2.12 Contact centres are now an integral part of the Department's means of delivery, but there are a number of strategic obstacles to be overcome before their potential is harnessed fully. Such a position will require services to be simple to use, well co-ordinated across the agencies, (in particular for those who have dealings with more than one agency) built around the known needs of customers, and offering protection for staff and customers from the complexity of the benefits system.

2.13 There are many different telephone numbers, although the Department has plans to reduce them. At present, the Department's contact centres use at least 55 telephone numbers (Figure 16), including 30 helplines that can be used to request a leaflet providing information on services and entitlements.²³ This arises both from business needs – for example, providing distinctive services for pensioners as opposed to jobseekers – and from the incremental approach to rolling out contact centres, in the case of Jobcentre Plus, on a geographic basis, which requires different local numbers. This makes

it harder to market services easily, as numbers are not memorable and differ depending on the service required. The Department's strategic branding review²⁴ is helping to reduce this number, as will the proposed development of a new approach to marketing those numbers which are retained. In the long-term Jobcentre Plus Direct aims to have a single number per business line, once it has created a virtual network linking up its contact centres, by 2007.

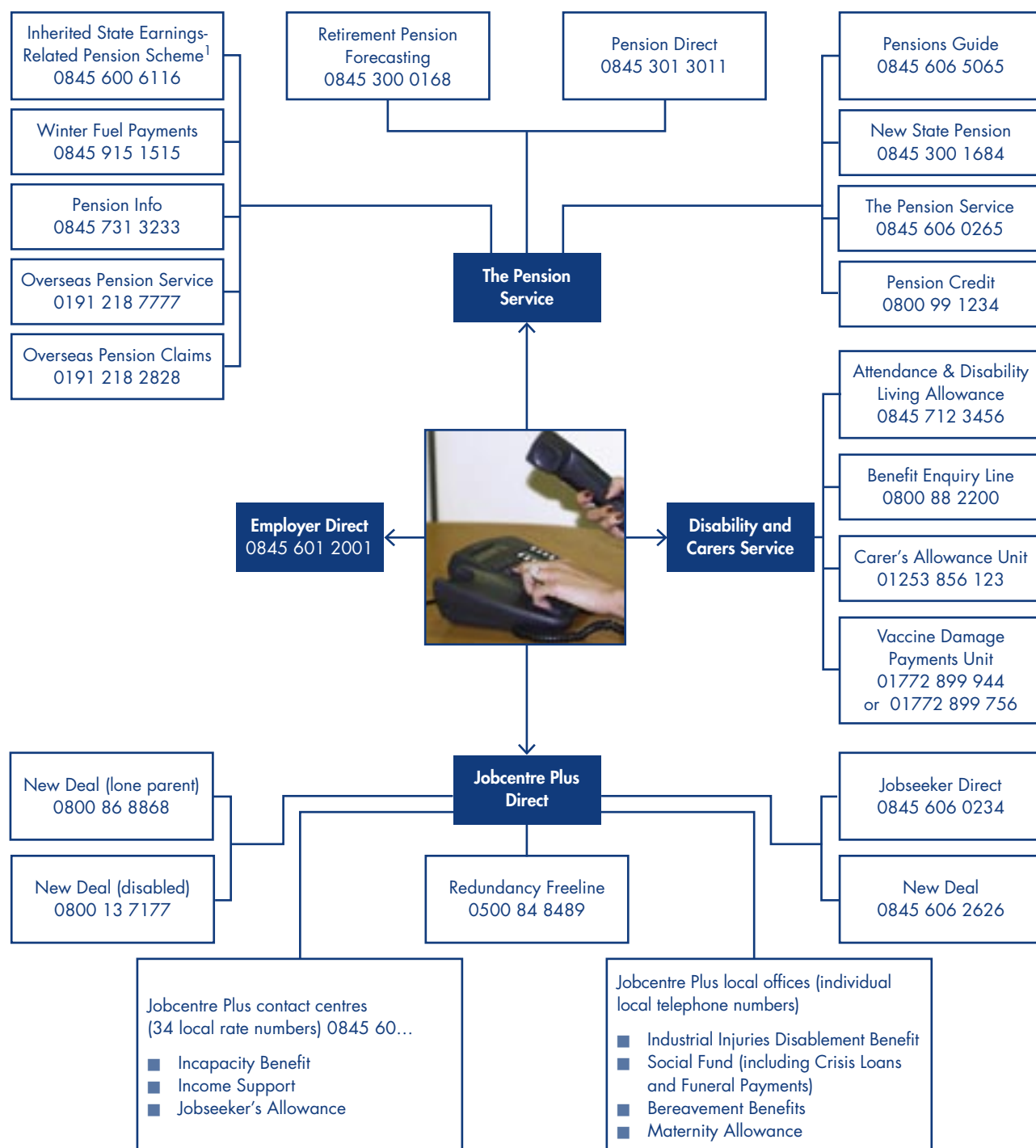
2.14 Fragmented business processes and lack of communication between legacy IT systems means that a customer who wishes to claim both Retirement Pension and Pension Credit has to follow a process involving up to two telephone calls and five exchanges of post. The Pension Transformation Programme is introducing an integrated process that will reduce this number of contacts. In cases where a number of contacts are needed, customers have to repeat previously given information, increasing the scope for inaccuracy.²⁵ This can be particularly testing for those who use more than one of the Department's services. For example, of the 5 million customers who use the Disability and Carers Service, 2.5 million are also customers of Jobcentre Plus and 1.5 million of The Pension Service.

²³ C&AG's Report, *Department for Work and Pensions: Using leaflets to communicate with the public about services and entitlements*, HC 797 Session 2005-06.

²⁴ A recent review identified over 300 customer brands being used by the Department, making for a lack of clarity and consistency in the Department's message.

²⁵ Work and Pension Select Committee, *Pensions Credit*, Third Report of Session 2004-05, HC43-I.

16 There are many different lines rather than a few key numbers



Source: National Audit Office

NOTES

Calls may be charged at different rates depending upon the telephone operator.

0800/0500 = freephone numbers (not free from a mobile, except for the Pension Credit Application Line).

01772/01253/0191 = national rate numbers.

0845 = local rate numbers (tariff depends upon customer's telephone operator).

¹ The Inherited State Earnings-Related Pension Scheme telephone line closed in March 2005.

2.15 Customers cannot be handed between agencies easily:

Citizens who are customers of more than one part of the Department cannot be dealt with by one person in one contact, but have to contact each service individually.²⁶ The Department's contact centres are currently unable to hand on customers to each other due to lack of common business processes. For example, a Jobcentre Plus contact centre cannot hand a customer on to the processing centre dealing with a claim, or to the Disability and Carers Service to answer a disability or carers benefits query, or transfer calls to other Jobcentre Plus contact centres if the customer has come through to the wrong one. The Department plans to introduce technology that will allow customers to be transferred within the Department. Currently, there is some flexibility in terms of routing calls but without access to customer records this is of limited use. By the end of 2008 the Department anticipates that a new IT system will allow any incoming call to be transferred to any location within the Department, and customer information to be available to the agent.

2.16 The complexity of the system makes contacts harder for staff and customers: In 2005 we reported on the complexity of the benefits system.²⁷ While many people's dealings with the benefits system are uncomplicated, for others they are highly complex and problematic. This makes providing contact centre services more difficult. The need of many people to have contact with several agencies adds to the demands on the technology.

2.17 The dilemma for the Department is whether to employ staff with detailed knowledge of a single benefit (including all its complexities) or with a less detailed knowledge of a wider range of benefits. Many contact centre staff have worked for the Department for many years and have considerable knowledge of the specific benefit they work on. This knowledge does not necessarily extend to the rest of the system. To assist when customers telephone about a wide range of benefits, or have complex personal circumstances, the person taking the call needs to be supported by readily accessible information and to follow the scripts provided. These scripts are designed to make it easier for staff and customers. Some agents have commented that while the scripts work well for the average customer, they do not necessarily cover complex cases.²⁸ In trying to help customers, agents may therefore be tempted to depart from the script, but this increases the risk of making mistakes. Agencies within the Department have different views on this. Jobcentre Plus Direct consider staff should adhere to the script as the only way to identify all benefits for customers. The Pension Service's agents do not use scripts, in order to ensure that the service provided is flexible enough to meet the wide range of customer needs, although they are given guidance on how to answer frequently asked queries.

²⁶ Initial feedback from research for the Department's Channel Strategy 2005.

²⁷ C&AG's Report, *Dealing with the complexity of the benefits system*, HC 592 Session 2005-06.

²⁸ Department for Work and Pensions Research Report No 280, *The use and development of alternative service delivery channels in Jobcentre Plus: a review of recent evidence*, 2005.



PART THREE

Managing contact centres cost-effectively



3.1 This Part examines how the Department's contact centres are managed. In particular, it considers:

- the management of demand;
- the handling of resources, including staff;
- the costs of contact centres; and
- the quality of management information available.

Managing contact centres involves continuously matching fluctuating demand levels with available resources

3.2 Managing contact centres requires the matching of demand with sufficient resource, and controlling the cost of that resource in an efficient manner. Resources include IT, telephony, staff, and the physical environment. They must be managed simultaneously and continuously in response to often rapidly changing circumstances. For example, a manager may assign a team to reply to e-mails, but switch them to answering the telephone in response to a peak in incoming calls. At the same time, a manager also needs to monitor staff performance in terms of speed of response and quality of service, drawing on real time information.

3.3 Contact centre managers need to ensure their agents have access to the tools they require to deliver a quality service to customers, including technical and customer knowledge and appropriate support from the IT system. This must be done within resource constraints and taking account of overall government objectives. Maintaining a supportive but disciplined working environment aids agent performance and will affect productivity and service quality. Managers also need to pay special attention to managing staff attendance, as this has a significant impact on contact centre productivity. The culture needs to be strongly customer driven.

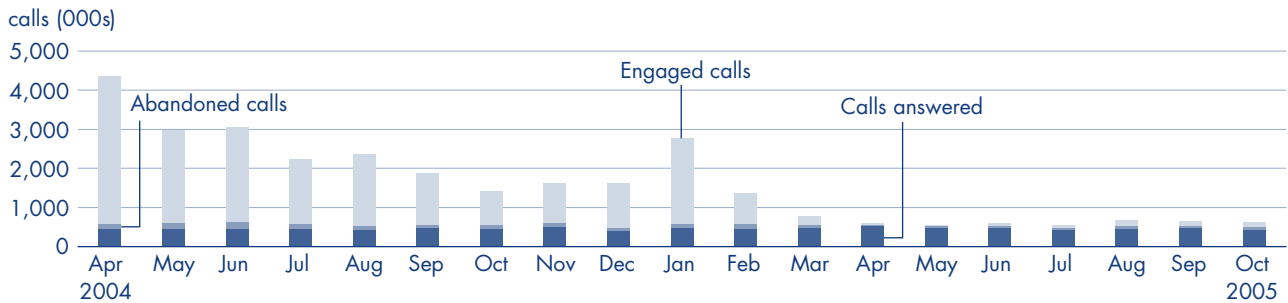
The Department is constrained from fully meeting demand across all its services

3.4 Fluctuations in demand. The Department's contact centres experience fluctuations in demand depending on the service they provide, the time of the day, the day of the week and in some cases, the time of the year. There are a number of very specific triggers which may stimulate particular peaks and troughs in demand, including, for example, the appearance of personal finance information in Sunday newspapers (affecting The Pension Service) or a post-Christmas surge for Jobcentre Plus as temporary employees are laid off. **Figure 17 overleaf** shows calls received between April 2004 and October 2005. The Disability and Carers Service experience broadly consistent demand throughout the year, whereas the other services see some monthly fluctuations. The impact of the Christmas period can be seen for Jobcentre Plus, Employer Direct and The Pension Service.

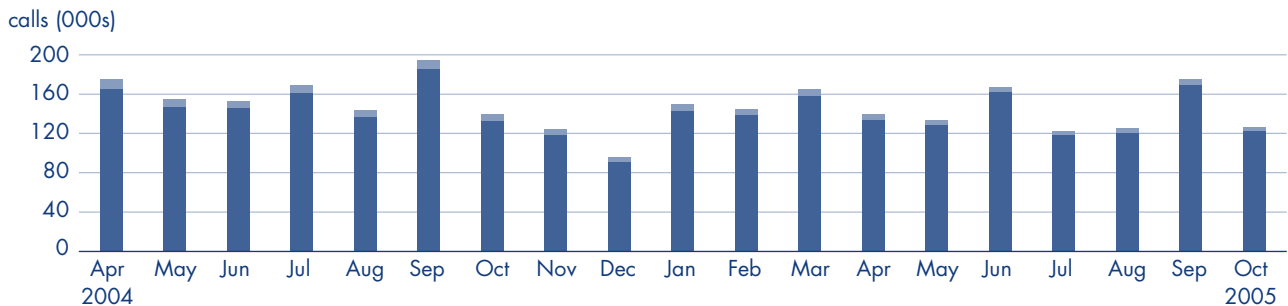
17 The Department's contact centres face fluctuations in demand

The graphs show the number of calls received by each service by month.

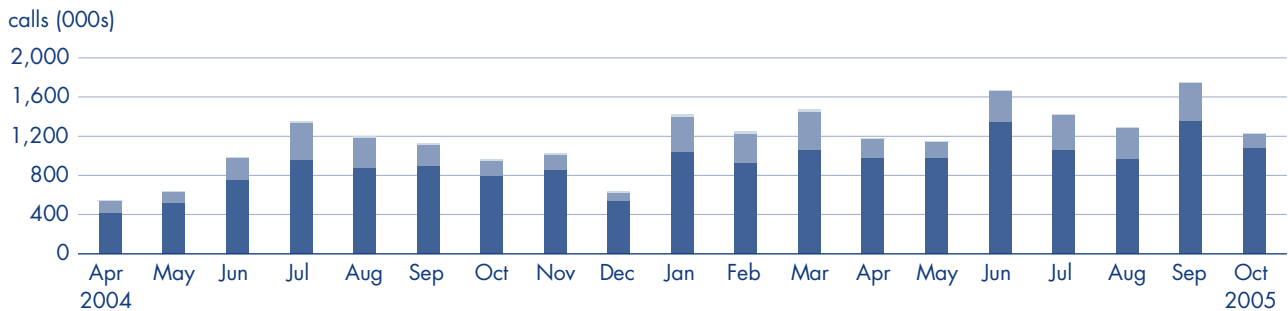
Disability and Carers Service



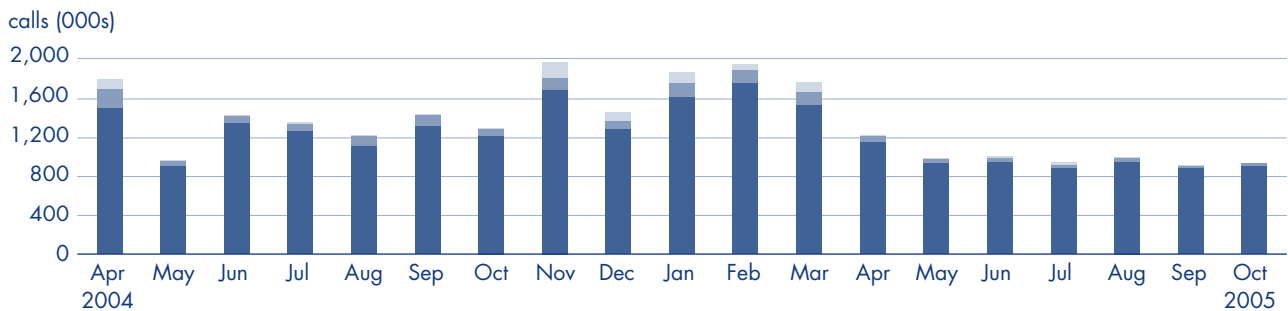
Employer Direct



Jobcentre Plus Direct



The Pension Service



Source: National Audit Office survey of contact centres (April 2004 to March 2005) and analysis of the Department's management information (April 2005 onwards)

3.5 Some action can be taken to try and influence demand. Demand management focuses on ways of reducing the number of voice calls into a contact centre, for example, by introducing self-help options, by using queuing messages (as for example in The Pension Service) and encouraging more interactions that are less time critical, such as e-mail. At the present time, the Department has limited scope to encourage extensive use of other channels. Another option is the creation of a virtual network, which provides the opportunity to link all sites to one central call distribution system and so manage demand more effectively by redirecting calls to centres with available capacity (**Figure 18**). A virtual network is in place in Employer Direct, the service that has had the longest time to develop. The Pension Service has a national virtual network which centrally handles call traffic between 6pm and 8pm, and in which processing work is transferred between pension centres to maintain processing time targets. Jobcentre Plus Direct plans to have a virtual network by the end of 2006-07, although first the Agency must complete the roll-out of Jobcentre Plus offices to all parts of the country.

3.6 Forecasting. A key requirement for accurate forecasting of demand is having reliable data about the transactions that the contact centre is handling such as the mix, volume and duration of calls, as well as sufficient history of data – normally two years – to allow accurate extrapolation of volumes, including seasonal variations. Best practice in the private sector is to forecast in 15 or 30 minute segments across a week of activity. Without adequate forecasting, centres will have problems allocating the right resources to handle calls and e-mails.

3.7 Forecasting processes could be more robust. There is no standard method for forecasting demand within the Department, although all centres use historic data along with information from any marketing campaigns that might affect them. This is carried out using either spreadsheets or a customised workforce management package, Genysis, to help them forecast demand. However, at the time of our survey 21 centres (almost one-third of those surveyed) did not have sufficient historic data to enable them to forecast demand for the whole year ahead and 11 Jobcentre Plus Direct centres were only able to provide us with forecasts of one month ahead. Some of the centres were new and had not been open for a year, and we would expect forecasting to improve as historic data increases over time. However, some centres told us that the data was deleted after 12 months, in which case it cannot be used for adequate forecasting. Much of the non-voice activity was not recorded and therefore

18 The advantages of a virtual network

Virtual networks are appropriate when there are a number of contact centres dealing with the same type of call. Sometimes one of the centres receives more calls than it can cope with at that particular time. This could be due to the number of people phoning that centre at that time, or because a large number of staff are absent at the same time, or the centre needs to have a team-building event for its staff. In a virtual network the excess calls can be diverted to another centre with spare capacity, to ensure that all customers' calls are answered. This is also a more efficient use of resources, as the other centre's capacity is no longer wasted.

Employer Direct has made its nine centres into a virtual network, where the telephones of the different sites are all linked to one central call distribution system. The advantage of such a network is that if one site has a particular problem on a particular day the rest of the network can cover for it. Since becoming a virtual network, Employer Direct has never needed to block calls. Also, this has allowed it to route all calls on Saturday mornings, when demand is relatively low, to one contact centre rather than having to have a few staff in each contact centre.

Source: National Audit Office

management is very difficult. In both The Pension Service and Employer Direct forecasting required considerable input from the staff. The Department is developing its forecasting processes as organisations such as The Pension Service and Jobcentre Plus Direct mature.

3.8 Centres deploy a range of approaches to cope with variations in workload. According to our survey, centres commonly used the approach of switching work between teams (**see Figure 19 overleaf**). Contact centres made effective use of reprioritisation of different types of work within teams, and around half of centres switch work between sites. However, to cope with peak flows, overtime is used in many centres, along with the use of temporary staff. Temporary staff and overtime are used to cover gaps in schedules that legacy staff on flexi-time do not cover. In 2004-05, nearly 10 per cent of staff costs related to overtime or temporary staff, which the Department advises was necessary in the context of major organisational transformation in order to continue to deliver a service to customers. The substantial use of overtime or temporary staff is not the most efficient way of operating, but may sometimes be necessary and is not unusual within the UK contact centre industry where in some contact centres less than 50 per cent of staff are on permanent contracts²⁹. This suggests that centres still have

²⁹ Income Data Services, *Pay and conditions in call centres*, 2005.

19 How the Department's contact centres cope with variations in workload

Coping with peak flow

Overtime

Temporary staff

Contracting out excess work

Reducing demand

Limiting number of calls received

Automated message asking customers to call back later

Agents asking customers to call back later

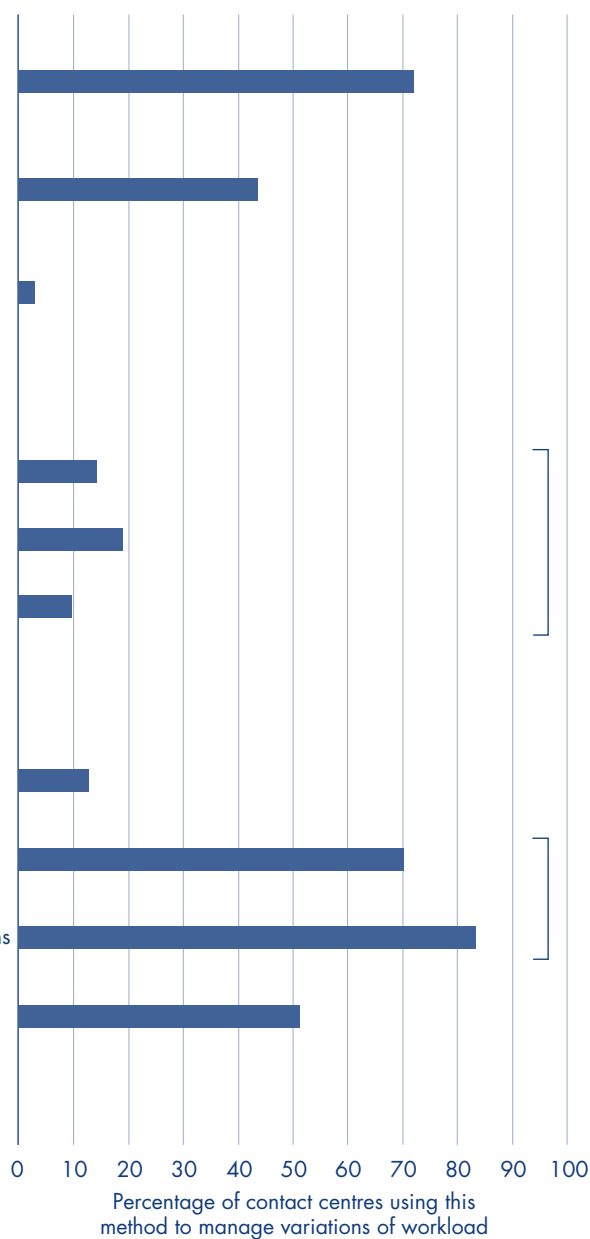
Reallocation of work

Stockpiling emails/faxes/letters to deal with in batches

Prioritising different types of work within teams

Switching work between teams

Switching work between sites



What are the risks that need to be managed?

The amount of overtime that staff are prepared to work may not meet demand.

Over-forecasting of temporary staffing requirements results in under-utilisation. Employment of temporary staff may create a skills gap.

A delay in processing work will result in backlogs, or flexible capacity at another site will increase costs.

Not answering calls will generate additional demand at a later date.

Can result in backlogs, and customers experiencing delays.

New teams may not have the skills required to deal with the additional work. Flexibility requires additional training and therefore it costs more to employ these agents.

Only feasible where centres are networked: i.e. for Employer Direct and some Jobcentre Plus sites using virtual networks.

Source: National Audit Office survey of contact centres

NOTE

Respondents were able to select more than one option.

some way to go to schedule staffing levels accurately, and therefore cost-effectively. Figure 19 shows the range of options available to centres to manage unexpected variations in call flow, and the percentage of centres which have utilised each of them. Managers may use these options on an hour-by-hour, day-by-day or week-by-week basis depending on the scale of the unforeseen activity.

The Department could manage its contact centre staff more effectively, but is dealing with a number of significant constraints

3.9 Staff costs are the largest element of the cost of running any contact centre, typically accounting for 65-70 per cent of total expenditure. Effective human resource management involves recruiting staff with appropriate skills, providing the right level of training, and monitoring performance including absence management.

3.10 Recruiting the right staff can be affected by the need to redeploy existing staff and by location. Generally, the contact centre industry seeks to recruit people with appropriate aptitudes and skills, to work on contracts tailored to the demands of the business. The Department has been constrained in the way that it employs staff because of the significant costs of making existing staff redundant and recruiting new staff, and thus in general uses existing staff not specifically recruited for contact centre roles. With the exception of those in The Pension Service, most centres were initially staffed by people who were transferred from elsewhere in the Department, the majority on a flexi-time basis. Although this was not a contractual right, these arrangements are part of the Department's family friendly policies. At the time of our survey, 70 per cent of staff time in contact centres was covered by flexi-time contracts. As a result, there are complex shift patterns and staff rotas which can easily break down due to sickness or unplanned absence. There may be benefits in transferring existing staff into the contact centres since they have existing knowledge of the benefits system, but they may also be better suited to a less regimented environment or to administrative work not involving telephone contact with customers.

3.11 Those 'legacy' employment contracts did not have review dates built into them and centre managers we spoke to considered they did not always suit their business. For the last two years, staff starting flexible working contracts with the Department have had a fixed review date specified in the contract. The Department's position is that staff can

remain on flexi-time contracts, but that core hours need to be renegotiated to be consistent with peaks of contact centre work. However, the Department is not considering incentives for staff to change their contractual arrangements.

3.12 The Department has worked on the assumption that transferred staff are suitable for contact centre work, or are capable of being trained within a relatively short period, unless they are demonstrably unsuitable. Many managers have had to learn about contact centres from scratch (the Department estimates around 79 per cent of Jobcentre Plus contact centre managers were recruited from other jobs within the Department) and there remain knowledge and skills gaps. In July 2004, the Department introduced its current recruitment system which took account of the specific requirements of contact centres. Since then keyboard skills tests have been available for use by the centres. Contact centres also use telephone role play exercises for applicants who are new to the Department and use an interview with an applicant or a group discussion as means of selection.

3.13 The location of the contact centres places constraints on their ability to recruit sufficient staff with the right skills. When The Pension Service first established its network of pension centres, it used a mixture of old and new sites. This was done for reasons of both cost and practicality, given that these sites were already available. In some instances, the Agency found it was difficult to persuade staff to transfer to new locations and the new sites had a much higher proportion of new, less experienced staff (as high as 80 per cent). Poor public transport links have also been a problem for centres sited on industrial parks. Jobcentre Plus and The Pension Service are now closing certain sites, where accommodation costs are high and where it is difficult to recruit and retain staff.

3.14 Training and development vary by service. Training and development of staff varies between the different services and between individual centres for the same service. The extent of training needed will be influenced by the nature of the service provided and the Department considers that staff dealing with job vacancies, for example, will require less training than those dealing with benefits for Jobcentre Plus. Our survey showed that across the Department, initial training for **new** staff includes telephony skills (96 per cent of centres), interpersonal skills (73 per cent), IT skills (89 per cent), keyboard skills (64 per cent) and health and safety (99 per cent). A majority of centres also give training to their **existing** staff in interpersonal skills, IT skills and health and safety.

3.15 Only about a third of the centres in our survey indicated they give any initial training on staff management or other resource management. However, this may reflect a restricted interpretation of the question, as the Department advised us that all staff with responsibility for line management receive training for this role. Further development of staff is variable, with little promotion currently available (given the job reduction programme) or formal training for qualifications. There is limited scope for rewarding and incentivising staff, apart from the use of performance related pay which is used in almost all centres, although around one third have an agent of the week (or month or year) scheme. The Department is planning to introduce a small gifts scheme, which will provide additional incentives.

3.16 We calculate that the Department's agents receive less than four hours of formal coaching per agent per month to improve the quality of their performance³⁰, although they additionally receive training and informal coaching by team leaders and mentors. On average, contact centres in Europe spend five hours per agent per month coaching agents to improve their performance.³¹ However, coaching levels are normally higher in the government, education and healthcare sectors, where agents receive on average 16 hours per agent per month, and business services, where agents receive 20 hours per agent per month.³² The recommended level of coaching in the contact centre industry is six hours per agent per month.³³ There is a need for better record keeping to ensure that the whole range of coaching activities is captured. This is starting to happen. For example, the Disability and Carers Service Helpline has now introduced records to monitor the completion of call listening and one-to-one coaching sessions, which are reported monthly to the contact centre manager.

3.17 The Department is reducing its sickness absence levels. In 2004, we reported on the implementation of the attendance management policy in the Department.³⁴ Overall, in 2003-04 the Department had an average sickness absence of 12.6 days per person, one of the highest levels in the Civil Service. We reported that the Department has already undertaken a range of initiatives to improve attendance. At December 2005, the annual

rate had reduced to 10.6 days per person – a 15 per cent reduction. However, we also noted that the scale of organisational change, including the setting up of contact centres (which have relatively high rates of sickness absence industry-wide), were making its task harder.

3.18 While absence rates are currently higher in the Department's contact centres than in the rest of the organisation (**Figure 20**), rates have been reduced (more rapidly than in the Department as a whole) following attendance management initiatives and as contact centres have become more established. During 2005-06, Employer Direct has managed to reduce the absence rate by 43 per cent compared to 2004-05. Improvements in sickness absence rates have also been achieved in the other agencies, for example The Pension Service has reduced its rate by 28 per cent and the Disability and Carers Service, by 22 per cent. This suggests that high absence levels are not inevitable in the contact centre environment. Risks associated with working in contact centres include reduced levels of self-determination in the workplace which can increase stress, and the pressures of high productivity rates, which can increase absence levels.³⁵ In our 2004 report, we recommended that the Department should continue to find ways of managing attendance successfully, drawing on empirical evidence of what works.³⁶

3.19 Staff retention and length of service. Not everyone is suited to the environment of a contact centre, and this contributes to high levels of attrition compared with the rest of the Department. For example, the rate in Jobcentre Plus Direct as at October 2005 was 20 per cent, about double that in Jobcentre Plus as a whole. The average rate for the Department's contact centres in 2004-05 was 18 per cent. This is below the industry average of 22 per cent³⁷ (and the financial services sector average of 32 per cent), although the public and voluntary sectors typically experience lower rates of attrition.³⁸ Within the Department, individual sites display considerable variations, reflecting factors such as the maturity of the centre, and whether it is marked for closure, as well as local issues such as competition from local private sector contact centres.

30 Our calculation uses the number of calls required to be assessed according to the guidance issued in the contact centres and assumes that the review and coaching takes three times the length of the original call.

31 Merchants, *Global contact centre benchmarking report*, 2005.

32 Ibid.

33 Ibid.

34 C&AG's Report, *Managing Attendance in the Department for Work and Pensions*, HC 18 Session 2004-2005.

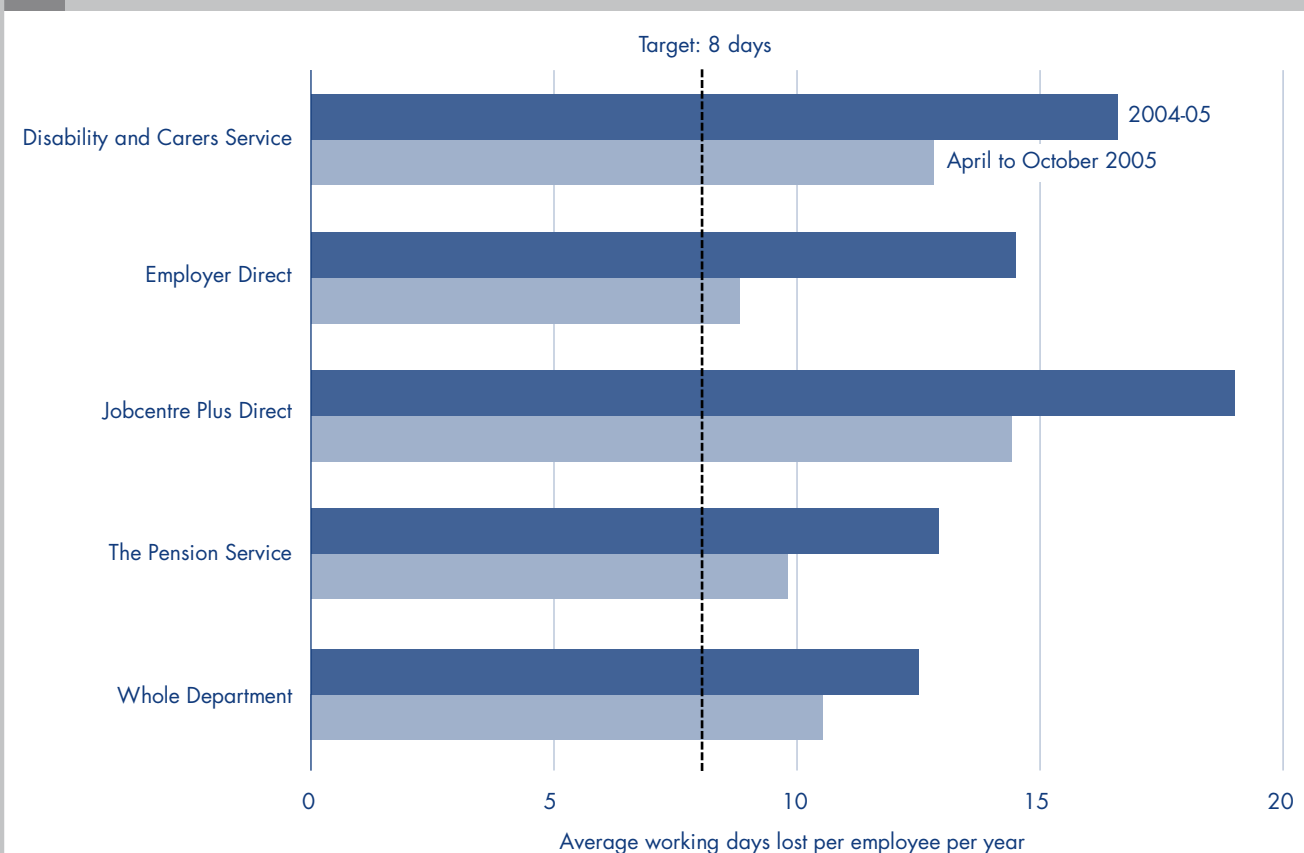
35 National Audit Office, *Current thinking on managing attendance – a short guide for the HR professionals*, 2004.

36 C&AG's Report, *op cit*.

37 Income Data Services, *Pay and conditions in call centres*, 2005.

38 CCA, *Industry facts and figures*, 2005.

20 Contact centres had higher sickness absence rates than the Department as a whole in 2004-05



Source: National Audit Office analysis of the Department's management information

3.20 Despite this, the average length of service of agents within the Department is above the global industry norm, 33 months.³⁹ Within the Disability and Carers Service the average tenure is currently 48 months, in Jobcentre Plus Direct it is 42 months, and in The Pension Service it is 26 months.⁴⁰ Without detailed investigation it is hard to know exactly the reasons, but factors will include high local levels of unemployment and high staff satisfaction. The position at Employer Direct is less clear but we estimate the tenure is lower than in the other agencies, at around 15 months.

The IT and telephony infrastructure do not currently support cost-effective service delivery

3.21 Agents need quick access to all relevant information about a customer including their benefit record and previous communications with the Department. This increases the chance of being able to resolve the contact first time, and also improves the customer experience by avoiding the need for them to repeat information or be dealt with by someone with only a partial picture of their case. In the private sector, 80 per cent of contact centres in 2005⁴¹ were either already using or planning to install or upgrade, a customer relationship management system

³⁹ Merchants, *Global contact centre benchmarking report*, 2005.

⁴⁰ At the time of the survey The Pension Service had only been in existence for 26 months.

⁴¹ Merchants, *Global contact centre benchmarking report*, 2005.

to hold personal information in one place. Currently, not all of the Department's businesses have such a system (although future introduction is intended) and so agents cannot access all past correspondence or history of telephone contacts with the customer. The Pension Service introduced its Customer Account Manager package to three transformed Pension Service sites in 2005 and plans to roll it out to all in 2006.

3.22 Generally, voice and data networks are set up to meet peak hour needs. The current capacity within the network is seen as adequate for business requirements. BT actively monitors the utilisation of telephony and there is flexibility to increase network capacity as and when required without infrastructure changes, although this may incur extra cost. Further developments in 2006 with the introduction of internet services to contact centres will provide greater flexibility for virtual operations.

3.23 Currently, many of the Department's IT systems are old and inflexible and can cause delays. During calls, agents often use one or more of the legacy benefit systems such as the Labour Market System and the Department Central Index. Contact centre IT systems are not integrated with the Department's other systems. Jobcentre Plus and The Pension Service centres collect customer information over the telephone, and for Disability and Carers Service, Carer's Allowance may be applied for, and changes of circumstance notified online. However, data cannot always be automatically transferred to the benefit processing teams. Often the application subsequently has to be printed out and the information input into the system manually, as automatic transfer of the data currently only succeeds in 70 per cent of cases.⁴²

3.24 The performance of IT systems does not always support the effective running of the centres. All the businesses reported incidents of significant periods of IT non-availability during 2004-05, with Jobcentre Plus estimating that major incidents occur about once every two or three months. The Disability and Carers Service experienced a week-long IT failure during

November 2004. The situation has improved in 2005-06 and Jobcentre Plus reported that its core IT systems have met the agreed service levels to date. In addition, existing systems often do not support good practice such as supporting marketing activities or allowing queries to be transferred to local offices when more appropriate.

The accommodation provided is generally of a reasonable standard

3.25 Providing a good quality working environment is another important aspect of managing an effective contact centre. It can have a direct impact on agent performance, increasing productivity and quality of service, as well as making staff less prone to error.⁴³ Agents are expected to spend the majority of their day sitting at a computer terminal and wearing a telephone headset. They spend a lot of time speaking and are exposed to a lot of noise. As a result, agents are particularly at risk of stress-related illness.⁴⁴ To manage this risk, centres need to provide suitable furniture and equipment, a quiet room or break-out area, and catering facilities.

3.26 The environment provided for the Department's agents is generally of a reasonable standard. The majority of centres offer the type of facilities for their telephone agents that are commonly available elsewhere (**Figure 21**). The design of the office aims to focus on the balance between the operational requirements of the business and the social and personal factors that motivate staff. The objective is to provide an efficient and purposeful working environment that supports those who work there and enhances their pride in the business. A staff survey in three Departmental contact centres⁴⁵ found that the level of complaints recorded was generally less than, or similar to, other Government or private sector centres. In most cases, in order to make cost effective use of its existing estate, the Department refurbishes and re-uses existing accommodation, formerly used as social security offices, when setting up a contact centre.

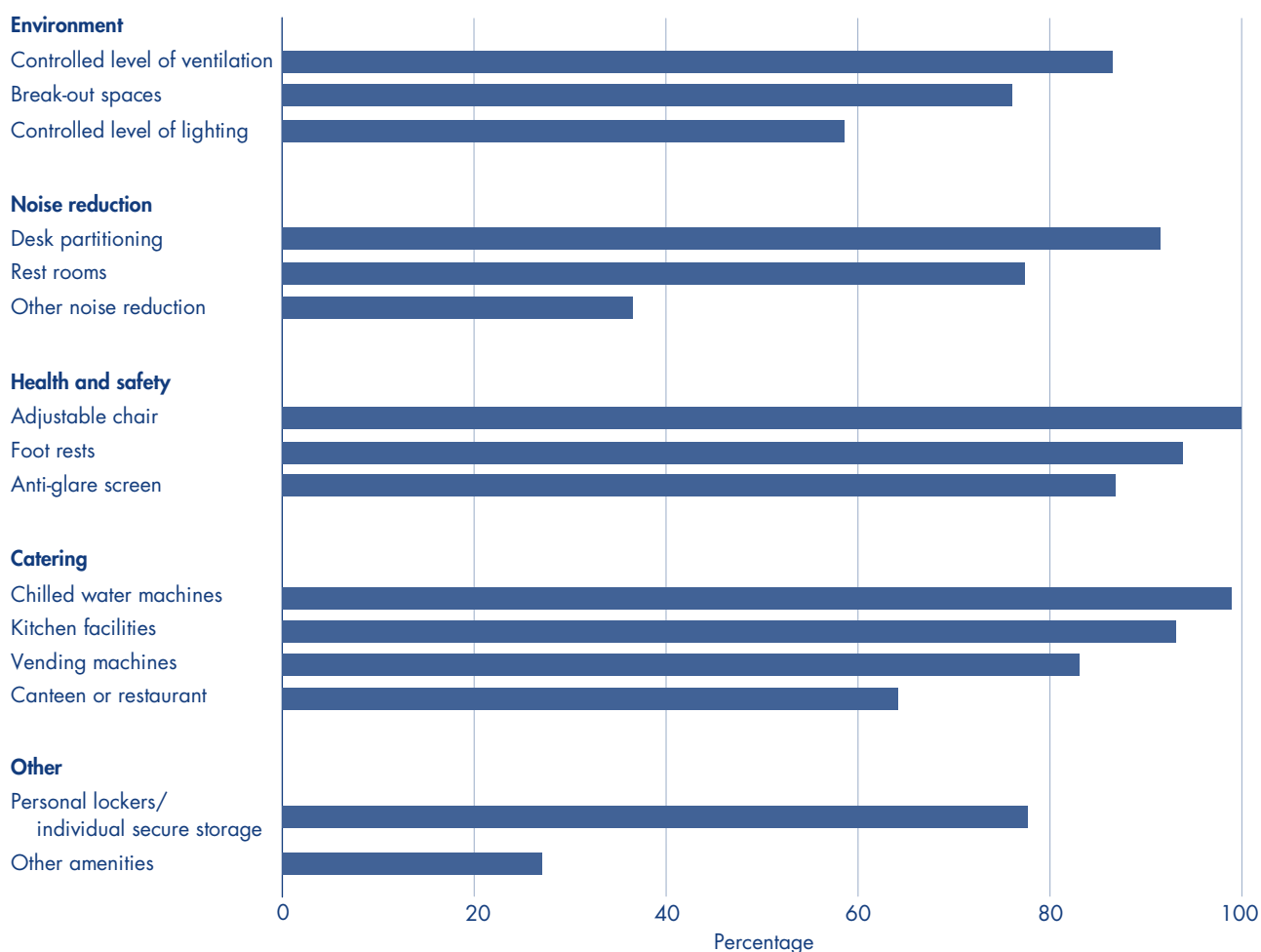
⁴² Lesley Strathie, Chief Executive of Jobcentre Plus, speaking to *Public Finance*, 2006.

⁴³ Central Office for Information, *Better practice guidance for government contact centres*, 2005.

⁴⁴ Income Data Services, *Pay and conditions in call centres*, 2004.

⁴⁵ Cultural Audit of three Jobcentre Plus Direct contact centres, carried out by SITEL on behalf of the Contact Centre Advisory Team within the Department for Work and Pensions, 2005. SITEL benchmarked the results of Jobcentre Plus Direct contact centres with a UK central government centre; a UK private sector centre; and a private sector centre in North America.

21 Contact centre working conditions



Source: National Audit Office survey of contact centres

NOTE

Within the category of 'other', respondents' answers included personalised IT equipment, and outdoor picnic areas.

3.28 Accommodation formerly used by the Department for other purposes needs to be refurbished before it is suitable for use as a contact centre. The Pension Service, for example, undertook considerable refurbishment work in existing sites. While the majority of respondents to our survey were providing a good working environment, a minority were not. For example, over 20 per cent are

not providing rest rooms. Design standards for most Departmental business units are that centres have rest rooms. Managers at the Disability and Carers Service told us that its rest room requires refurbishment and following a consultation exercise with staff, they are implementing a programme to modernise their facilities.

Managers have limited influence over significant aspects of the costs of their centres

3.29 Working with the Department, we estimate the total amount spent by the Department on contact centres in 2004-05 was £190 million (**Figure 22**). This includes staff costs, IT and telephony, accommodation and other costs such as printing, stationery and travel. There are a number of problems with the data and we have had to make a number of assumptions outlined below.

3.30 The Department is improving its financial and management information systems to gain a better idea of costs associated with contact centres but further progress needs to be made. At present, each of the business streams devolves some budgets to local contact centre level, for example, staff costs such as overtime, while others such as stationery, IT and telephony costs are managed at Departmental level and reallocated to the business streams. Central management of the infrastructure enables efficiencies to be realised, although it does mean that contact centre managers are not responsible for significant elements of the costs. Nevertheless, they still have a responsibility for ensuring that resources are used with due regard for value for money and should be aware of the costs of their contact centre in relation to network and industry norms.

3.31 Staff costs as a proportion of total costs appear to be below the industry average. We estimate that total expenditure on staff (permanent and temporary) was around 58 per cent of total contact centre costs. However, the proportion of expenditure varies considerably, between Jobcentre Plus Direct at 54 per cent of costs and the Disability and Carers Service at 71 per cent. Although this may well reflect substantive differences in the nature of the work they undertake with customers, it may also reflect difficulties in establishing the true contact centre costs for the different business streams. Contact centres around the world tend to spend around 69 per cent of their budget on staff costs.⁴⁶

3.32 Some of the services – Employer Direct and Jobcentre Plus Direct – have sites where staff are solely engaged on contact centre work. Others such as The Pension Service, have sites where contact centre work is co-located with caseworker sections processing benefit claims and changes of circumstances. The latter also have contact with the public and may take telephone calls or respond to letters, but using paper-based systems supported by benefit processing systems and case files, rather than an automated customer relationship management system.

3.33 There has been little incentive for managers to make savings on IT and telephony costs. In 2004-05, the Department spent £43 million on IT and telephony for contact centres. This covers hardware, software, product licenses, programming and support for networked systems linked to desktop computers. Many of the IT systems have been used by the Department for many years, including, for example, the Labour Market System used in Employer Direct, first introduced in 1995, and the Disability Living Allowance system used by the Disability and Carers Service since 1992. The systems have been modified and re-engineered as the Department's needs changed and as different technical solutions became possible.

3.34 The provision of IT services has been contracted out. Infrastructure and support services are predominantly delivered by EDS and BT, although other providers have been used for new application deliveries. Contracts for both EDS and BT have recently been realigned to move towards delivery of industry standard services and to enable the use of modern communications technology. In particular, the realigned BT contract, signed in December 2005, will be used to provide communications services to all of the Department's contact centres. This will allow a standard, best practice approach throughout and, where appropriate, cater for different needs according to the scope of particular contact centres. In addition, the realigned contracts are now based on a usage-based consumption and payment model. This means that the Department will pay for the number of active devices it uses (for example telephone handsets or computer workstations), which will incentivise contact centre managers to use such services efficiently.

⁴⁶ Merchants, *Global contact centre benchmarking report*, 2005.

22 In 2004-05 the Department spent an estimated £190 million on contact centres

	Disability and Carers Service £ million	Employer Direct £ million	Jobcentre Plus Direct £ million	The Pension Service £ million	Total £ million
Staff					
Permanent Staff	8.7	17.2	42.2	32.9	101.0
Temporary Staff	0.1	2.7	4.8	0.8	8.4
Overtime	0.3	0.3	0.6	1.2	2.4
Other	0.0	0.2	0.5	0.0	0.7
Total staff costs	9.1	20.4	48.1	34.9	112.5
IT and telephony					
IT including provision and maintenance of desk-top computers and the computer systems	0.8	1.4	5.7	2.7	10.6
Telephony costs including calls and equipment	1.9	3.6	12.3	14.9	32.7
Total IT and telephony	2.7	5.0	18.0	17.6	43.3
Accommodation including rent, maintenance, utilities, security and cleaning	0.9	6.2	19.9	3.2	30.2
Other costs including printing, stationery and travel expenses	0.1	0.9	3.1	2.4	6.5
Total costs	12.8	32.5	89.1	58.1	192.5

Source: National Audit Office analysis of the Department's financial data

NOTES

1 The Pension Service operates an integrated business model, where pension centres perform both contact centre and claims processing functions. It is not possible to make a precise allocation of costs between the two functions. The Pension Service estimates that approximately 15 per cent of total staff time in pension centres is devoted to contact centre functions and that 60 per cent of total telephony costs are attributable to contact centre functions. These estimates were used in our calculations. This is a reasonable estimate given the available evidence.

2 The figures for all businesses exclude the costs of senior management and centralised functions such as human resource management, and estates management, which could not be separately identified and apportioned to the contact centres.

3.35 Until recently, accommodation costs were also centrally controlled. Estates budgets were devolved to the main business units in 2005, having formerly been centrally held. In 2004-05, the total accommodation costs of the Department's centres were some £30 million. In 1998, the then Department of Social Security transferred ownership and management of its estate to a private sector

company, Trillium, now Land Securities Trillium, in a Private Finance Initiative deal.^{47,48} Trillium operates almost the whole of the Department's estate, providing services including cleaning, maintenance, catering and security.⁴⁹ The contract covers most of the buildings occupied by the agencies and is managed centrally by the Department, with costs reallocated to the individual businesses.

47 C&AG's Report, *The PRIME Project: The transfer of the Department of Social Security estate to the private sector*, HC 370 Session 1998–99.

48 C&AG's Report, *Accommodation Services for the Department for Work and Pensions: Transfer of property to the private sector under the expansion of the PRIME contract*, HC 181 Session 2004–05.

49 Trillium does not operate the contact centres on the Tyneview Park estate in Newcastle.

3.36 Management information on projected costs is available by building and the majority of centres have sole occupation of their facilities. Where buildings are shared, some of the businesses do not know the individual floor areas and are not using the information they have to allocate accommodation costs to individual centres. The Pension Service decided not to allocate accommodation costs to individual centres because of the rapidly changing position on the estate. Currently only Jobcentre Plus monitors the accommodation used by its contact centres compared with that by other parts of the Agency. It plans to devolve its estates budget from April 2006. There is little incentive for individual contact centre managers to monitor accommodation costs, as the centres cannot affect the accommodation charge to them. However, at the agency level there is an incentive to reduce estate costs as the less they use the less they are charged. When whole sites are released this achieves financial savings, and between April 2004 and February 2006 the Department reduced its estates cost by around £40 million per year.

Analysis of the data available suggests significant variations in costs and productivity but highlights the savings to be made

3.37 Cost per transaction highlights the savings in moving away from dealing with postal transactions.

Around 80 per cent of transactions with the Department's contact centres are via the telephone. **Figure 23** shows that this is the least costly method of interaction at an average of around £3 per transaction for inbound and outbound calls. Electronic channels such as e-mail and fax account for less than 0.5 per cent of all transactions and given this, it is likely that they are currently more expensive than the telephone. However, the table also highlights the considerable savings arising from handling contacts in ways other than through the processing of mail. The average cost of handling incoming post is between £5 and £15.

3.38 The Department is starting to compare cost per call-minute.

Jobcentre Plus is working on benchmarking the staff costs of handling calls, including after call administrative work, for 10 of the contact centres with the most up-to-date call management systems. The information will give an indication of the relative efficiency with which the centres handle calls. Since April 2005, the Agency has monitored the cost per call-minute. **Figure 24** indicates a fluctuation of between an average of £1.00 and £0.75 per call-minute over the period, but with the most costly centres significantly above the average. However, this benchmarking work is currently limited to Jobcentre Plus and Disability and Carers Service and to staff costs only. The Department's balanced scorecard for contact centres (see paragraph 5.4) includes cost per call-minute analysis as one of a range of measures of performance, but the data in the scorecard is not yet complete. The completed scorecard is expected to be available to contact centre managers by 2007.

3.39 Cost per agent appears broadly in line with industry standards.

Another way of examining the costs of contact centres is to consider the average cost per full-time equivalent agent. Using the best information available we examined the costs in the different business units. These were Disability and Carers Service (£31,000 per agent), Employer Direct (£35,000), Jobcentre Plus Direct (£34,000) and The Pension Service (£39,000). We were able to compare them with average expected costs based on our consultants' knowledge of the industry. Currently this stands at £33,500 per agent, plus around £4,000 relating to central and shared services, which we could not include in our calculations for the Department's centres because insufficient information was available. The quality of the data makes it hard to conclude more than that the costs of the Department's contact centres are not significantly at variance to expected industry standards although the picture should become clearer following the planned implementation of improved management information systems, such as the Resource Management System.

23 Cost of transactions in the Department's contact centres

Cost per transaction for non-telephone transactions such as e-mail, fax and post cannot be reliably determined from the Department's data.

Based on our consultants' experience of the contact centre industry, we estimate that the likely cost to the Department per e-mail or fax transaction is in the range £2-£9. The likely cost to the Department per postal transaction is in the range £5-£15.

	Disability and Carers Service	Employer Direct	Jobcentre Plus Direct	The Pension Service	All Services
Voice – inbound	£2	£8	£6	£1	£3
Voice – outbound	(see note)	£2	£13	£1	£3

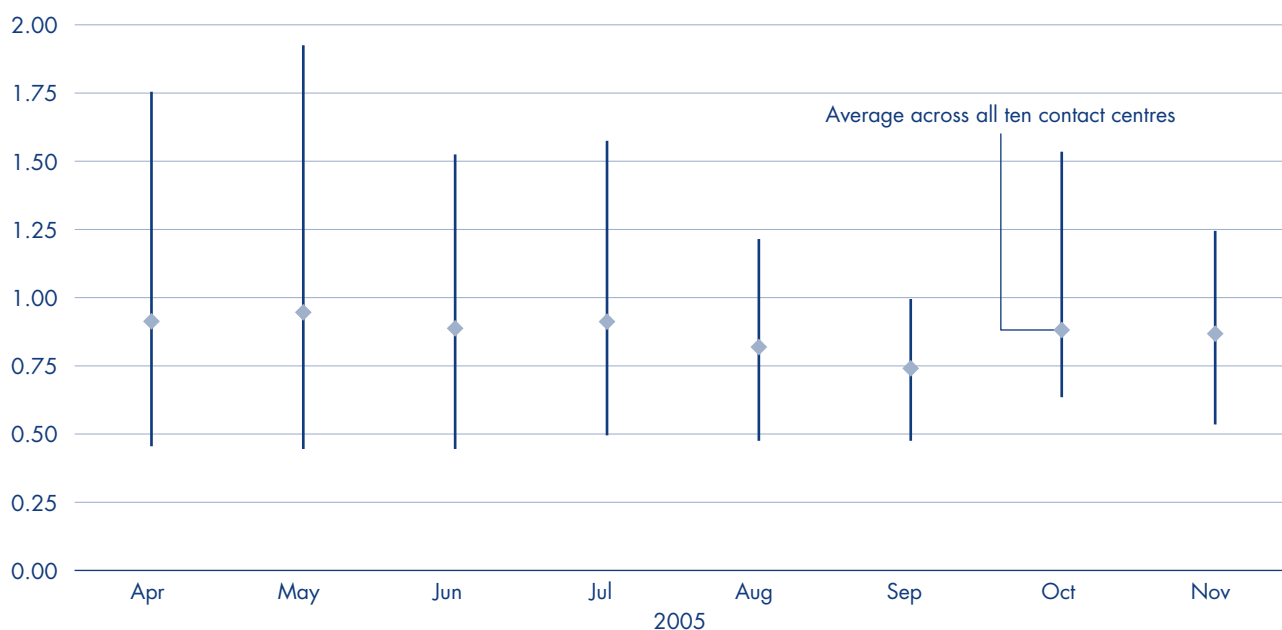
Source: National Audit Office survey of contact centres and analysis of the Department's financial data

NOTE

The Disability and Carers Service Benefit Enquiry Line carries out a small number of outbound calls to help disabled customers to fill in their benefit forms. Due to the complexity of these calls they last a long time. The total cost of providing this service to disabled customers is less than £100,000 per year.

24 Within Jobcentre Plus, the average inbound cost per call-minute is reducing, but continues to vary considerably between contact centres

Cost per call-minute (£)



Source: National Audit Office analysis of the Department's management information

NOTES

Vertical line indicates range of costs per call-minute across the contact centres analysed.

The ten Jobcentre Plus contact centres included in the above analysis are: Blackburn, Bootle, Bridgend, Coventry, Halifax, Lowestoft, Newcastle, Paisley, Taunton and Telford. Cost per call-minute was calculated as total contact centre salaries divided by the sum of inbound call duration plus after call work for both First Contact and Jobseeker Direct agents.

PART FOUR

Accessing contact centres



4.1 To maximise the value of contact centres, the Department needs to ensure that they are accessible to a wide range of potential customers. This Part considers the accessibility of services, including:

- awareness of what is available and opening hours;
- whether customers are able to get through to contact centres; and
- how the Department caters for those with particular needs and their representatives.

The Department has taken steps to raise awareness of contact centres

4.2 Contact centres are advertised in a number of different ways. Customers can find the telephone numbers from the Department's websites, telephone directories, welfare rights organisations and some voluntary organisations. People who visit a Jobcentre Plus office to start a benefit claim are given the appropriate contact centre's telephone number as a necessary first step in the process. All the centres we surveyed said that they used Departmental leaflets as a means of providing contact details, while letters from the Department also contain this information. The Pension Service is the only agency that makes extensive use of television and radio adverts to reach its target audience, although Jobcentre Plus does advertise using television and radio to publicise the National Benefit Fraud Hotline.

4.3 People are increasingly making use of the internet to obtain information. Around one-third of Jobcentre Plus customers have used this channel.⁵⁰ We found The Pension Service's contact details were easy to find on the internet, with clear instructions for each customer type. The Disability and Carers Service page on the Department's website also offers easy to follow routes to contact the service, including telephone numbers and e-mail addresses. In contrast, in December 2005 we found it harder to locate information on the services offered by Jobcentre Plus, with out-of-date links and search facilities that did not return an answer.

Most customers are satisfied with contact centre opening times

4.4 The Government has committed itself to making high quality public services increasingly accessible. In keeping with this, most of the Department's contact centres are open for extended hours. Our survey of customers found that over 90 per cent of customers said that their most recent telephone contact with the Department was at a time that was convenient to them. All of those centres that deal with benefits or pensions have core opening hours between 8.30 a.m. and 6 p.m. on weekdays; some are open slightly longer and The Pension Service is open between 8 a.m. to 8 p.m. Jobseeker Direct, Employer Direct, the Benefit Enquiry Line, the Pension Credit Application Line and the State Pension Claims Line are also open on Saturday mornings from 9 a.m. to 1 p.m.

50 Department for Work and Pensions Research Report No 280, *The use and development of alternative service delivery channels in Jobcentre Plus: a review of recent evidence*, 2005.

4.5 The contact centres we visited told us that their automated call management system indicates that very few people attempt to call the centre when it is closed. The volume of calls received fluctuates over the course of the day, with peak demand in the morning and tailing off in the late afternoon. Those centres that are open on Saturday experience comparatively little demand. However, recent research for The Pension Service found that around 30 per cent of customers would like to be able to contact the Agency at the weekend, particularly those yet to reach retirement age and therefore more likely to be at work when contact centres are open.

4.6 Another factor currently influencing availability of service is that most of the Department's contact centres would not be able to provide a full service if they opened for longer as they are normally unable to access the legacy IT systems between 8 p.m. and 7 a.m. when the systems are updated and used to generate payment information and other changes. Significant new releases and fixes to the IT system are also generally scheduled for weekends.

Accessing the Department's contact centres is not always straightforward

4.7 When customers telephone any service they want to be able to speak to a person promptly. They are often concerned about how much the call will cost them and, where the Department needs to call them back, they expect this to happen promptly at an agreed time convenient to them.

4.8 Getting through to an agent. All the Department's contact centres use an automated answering system. When customers ring they will initially hear a message telling them which service they have accessed and

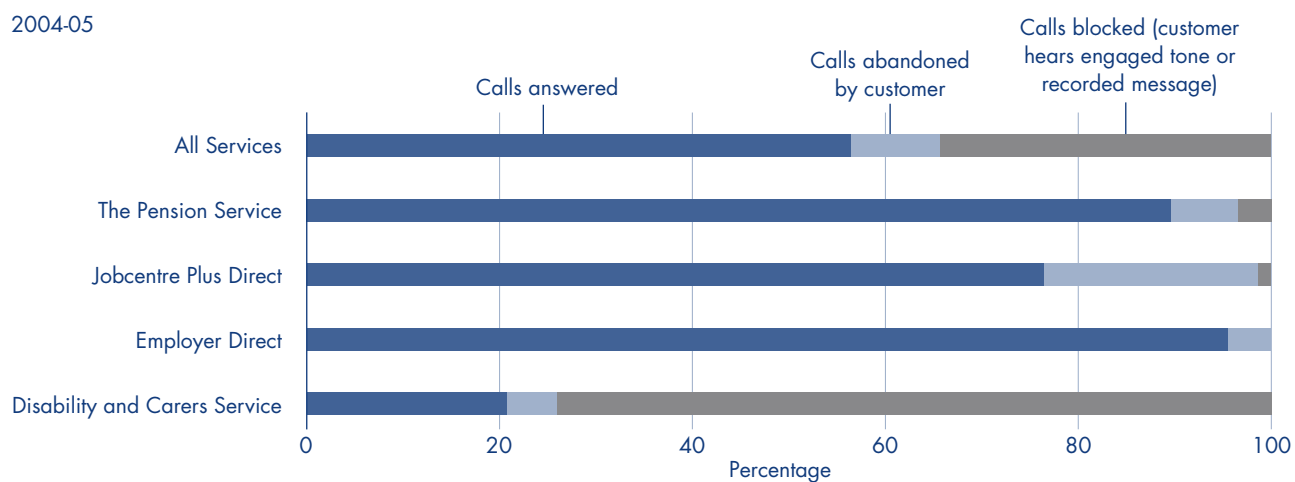
advising them that their call may be recorded. Some of the Department's numbers provide a menu of options to choose from and help route customers to the correct agent. The call enters a queue and the customer hears a normal ringing tone until the call is answered by the first available agent.

4.9 All the automated systems used by the Department comply with good practice. In particular, they have short scripts and offer useful information to the caller. More use could be made of them, for example, for telling the customer how long it will be until an agent is able to take the call. Some centres indicate the caller's place in the queue but this is not very helpful as the speed at which a call moves up the queue depends largely on the number of agents available. The Pension Service is introducing additional information to avoid customers waiting unnecessarily to speak to an agent about benefits it does not administer such as Winter Fuel Payments. The Pension Credit Application Line also uses an automated call handling system to divert calls to a pensions centre where the enquiry is not about Pension Credit.

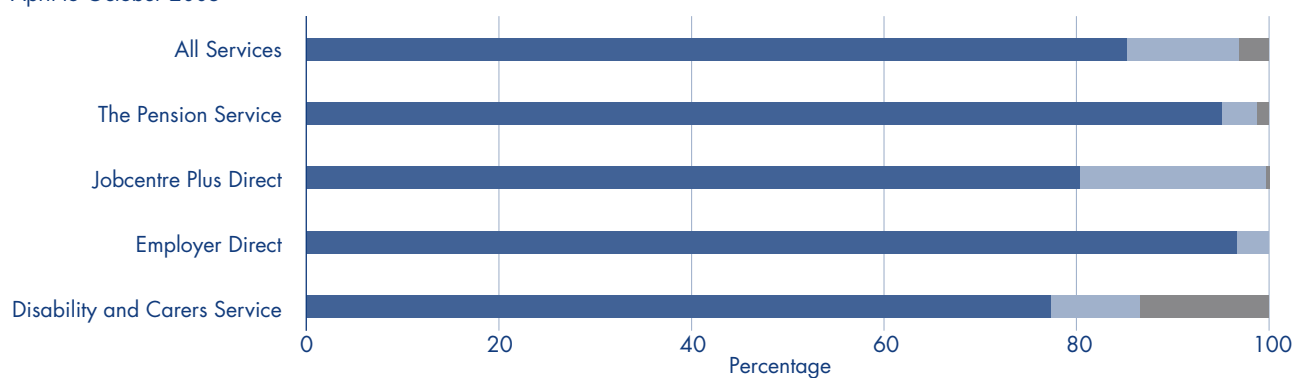
4.10 If a contact centre or the customer's telephone service provider does not have the capacity to deal with the call at that time, customers hear an engaged tone, which avoids them holding on for long periods and incurring unreasonable costs. **Figure 25** summarises the performance of all services in answering calls in 2004-05 and in the first half of 2005-06. The Disability and Carers Service has acted to increase the number of callers who get through to an agent. The number of callers to the Disability and Carers Service obtaining an engaged tone was very high in 2004-05, with nearly 20 million calls failing get through to an agent. Since then, the percentage of calls to the Helpline receiving an engaged tone has fallen from 77 per cent to 1 per cent (**Figure 26 on page 50**).

25 Many calls to the Department's contact centres are not answered but overall performance has improved significantly

2004-05



April to October 2005



Source: National Audit Office survey of contact centres and analysis of the Department's management information

26 There have been significant improvements in the quality of service provided by the Disability and Carers Service Helpline

Throughout 2004-05, the Disability and Carers Service was experiencing significant problems. There were 24 million inbound calls to the Disability Living Allowance and Attendance Allowance Helpline, of which 18.5 million (77 per cent) received the engaged tone.

In July 2004, new telephony equipment was introduced. Initially there were no significant improvements, but from November 2004 a renewed emphasis on customer service meant that additional resources were made available and the number of calls receiving the engaged tone dropped dramatically during April and May 2005. In the period April to November 2005 there were 3 million inbound calls to the Helpline, and only 24,000 (1 per cent) received the engaged tone.

A number of changes allowed this transformation to take place.

- **Equipment:** The Agency invested in a new Automated Call Distributor (see Figure 8) and new telephone equipment for agents. It also introduced call recording functionality to allow quality to be monitored and improved and installed software to better forecast call patterns and resource requirements. The Agency located 88 additional call centre seats in operational rooms to provide overflow capacity at times of peak demand.
- **Capacity:** The Agency purchased 120 additional incoming telephone lines, raising capacity from 390 to 510, thereby increasing accessibility for customers. It also switched telephony service providers to reduce costs and secure more reliable service.

Source: Disability and Carers Service

- **People:** The Agency increased the number of staff allocated to the Helpline by 40 full-time equivalents, in order to match the changing demand patterns. Its 500 operational staff were given three days' telephone training to enable them to handle Helpline calls when needed. It also increased the number of team leaders to allow them more time to coach and develop staff. It re-organised teams to ensure staff working similar hours were co-located and managed by team leaders working the same hours.

- **Procedures:** The Agency introduced electronic forms to reduce clerical activity. It streamlined its processes for handling notification of change of circumstances, so that more tasks were completed in a single step.

The Agency intends to improve quality through the introduction of a quality monitoring team, which assesses 500 calls each month and provides feedback to teams indicating areas where there is scope for further improvement. A programme of rolling customer surveys has been introduced, calling customers after contact to review how effectively their call was handled and seek suggestions for improvement. These surveys indicate that satisfaction levels are now above 90 per cent.

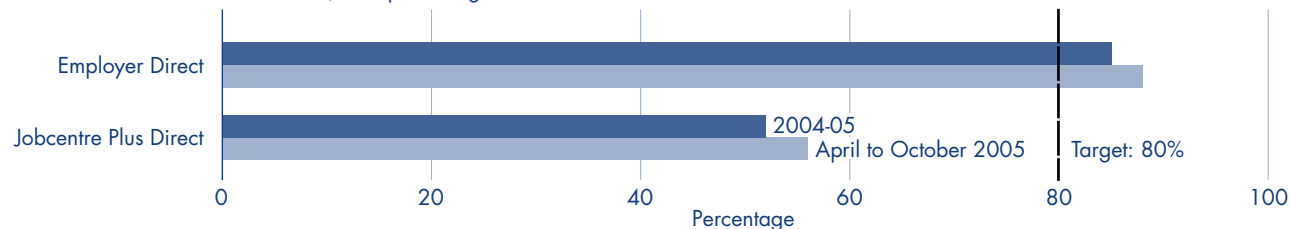
4.11 Customers of Jobcentre Plus Direct have also had difficulty getting through to an agent. Jobcentre Plus Direct contact centres have a target of answering 90 per cent of calls. As shown in Figure 25, the call answering rate in both 2004-05 and the first half of 2005-06 was around 80 per cent. In absolute terms, over one million calls went unanswered in 2004-05. Performance against the target has improved in November and December 2005, with over 90 per cent of calls being answered in both months. Our interviews with stakeholder groups confirmed that customers experienced difficulties reaching an agent.⁵¹

4.12 Fewer customers now hear an engaged tone when they telephone one of the Department's contact centres, but the queuing system means they may have to wait some time before their call is answered. Each agency has internal targets to answer customers' telephone calls within 30 seconds and all measure the percentage of calls answered within this time, except Jobcentre Plus which measures those answered within 20 seconds. Answering 80 per cent of calls in 20 seconds is the current call centre industry standard and the Department is considering whether to make this consistent across all the agencies. **Figure 27** indicates that Employer Direct has met its targets, and The Pension Service is meeting its target in the first half of 2005-06, but some other parts of the organisation fell short, with only seven of the 58 sites that reported data achieving this target.

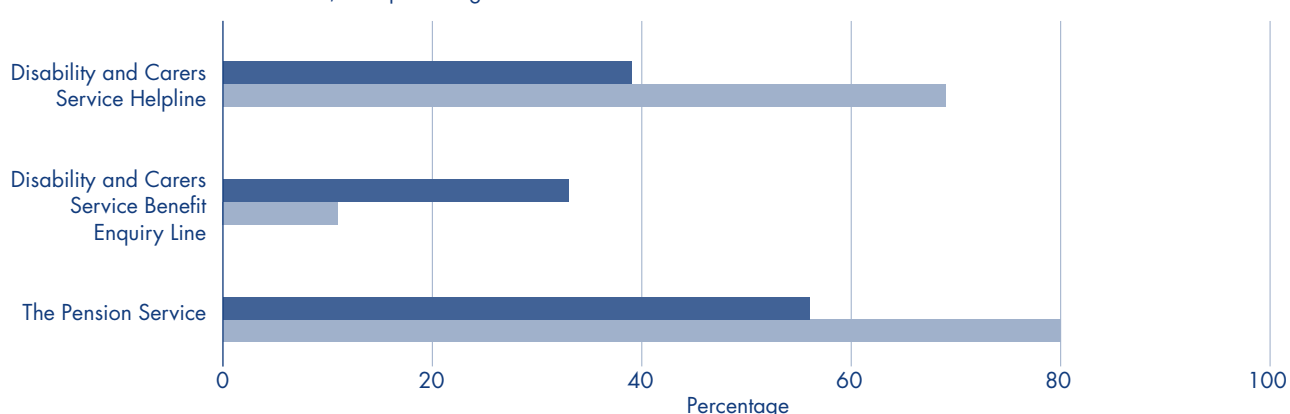
⁵¹ A list of the stakeholder groups we consulted with is included in our methodology at Appendix 1.

27 Services vary in how quickly calls are answered and not all services are meeting their targets

Calls answered within 20 seconds, as a percentage of calls that were answered



Calls answered within 30 seconds, as a percentage of calls that were answered



Source: National Audit Office analysis of the Department's management information

NOTE

The above analysis excludes calls that were not answered at all – for details of these see Figure 25.

In 2004-05, the Helpline had a target of answering 90 per cent of calls within 30 seconds but this target has now been discontinued. The 2004-05 performance shown for Helpline relates to the six months October 2004 to March 2005, which is the only data available.

Targets were not set in 2004-05 for The Pension Service or Benefit Enquiry Line. The Pension Service has introduced a target of 80 per cent of calls answered within 30 seconds, during 2005-06.

4.13 Cost. The cost of making a call or fears about the possible cost are important issues for the Department's customers, many of whom are on low incomes. Costs vary widely depending on whether a landline or a mobile is used, what type of number is called and when the call is made. Because of the large number of different telephone service providers, all of whom have different rates for each type of call, it is not possible to determine accurately what the cost of a call is to any particular customer.

4.14 In accordance with advice from the Central Office of Information, none of the Department's services use higher cost 'national' rate (0870) or premium rate numbers. Free services are considered appropriate when a public body is targeting those who may be deterred by cost. Mobile phone users are charged for 0800 numbers unless their provider agrees to make a specific number free. Since April 2005 customers of Orange, Virgin and 3 have been able to telephone the Pension Credit Application Line for free.⁵² None of the other 0800 numbers currently used by the Department is free for mobile users.

52 For more details see the Telephone Helpline Association website at www.helplines.org.uk.

4.15 Jobcentre Plus offices maintain ‘warm’ phones connected to the contact centres which customers can use and which are free. However, advisers told us that users are not afforded much privacy when using them. Jobcentre Plus offices also provide a dedicated telephone on which customers can receive call backs from the contact centre. The Department is not able to provide data on the use of warm phones, but representative groups advised us that customers are reluctant to use them unless absolutely necessary.

4.16 Where free phone numbers are not appropriate, the Central Office of Information recommends the use of a geographic number (i.e. numbers with an area code such as 020 or 01772) or one of the numbers such as 0844 or 0845 which do not have an area code and are referred to as ‘non-geographic’ numbers. The Department uses some free phone (0800) numbers, which have no cost to people calling from landlines, but most contact centres use non-geographic numbers, (see Figure 16 in Part 2). These are charged at different rates, sometimes equivalent to a local call but sometimes at a more expensive rate. Customers do not necessarily understand the differences in the type of numbers or the cost implications of their call.

4.17 Call backs by contact centres. In many cases, agents are able to deal with the customer’s needs at the time of the call. However, for example, when a customer calls a Jobcentre Plus contact centre to make a claim for Jobseeker’s Allowance or Income Support the agent takes initial details and then arranges a time to call the customer back to obtain the remainder of the information required. Such calls can often take more than 30 minutes and would be expensive for the customer if they had to pay for them.

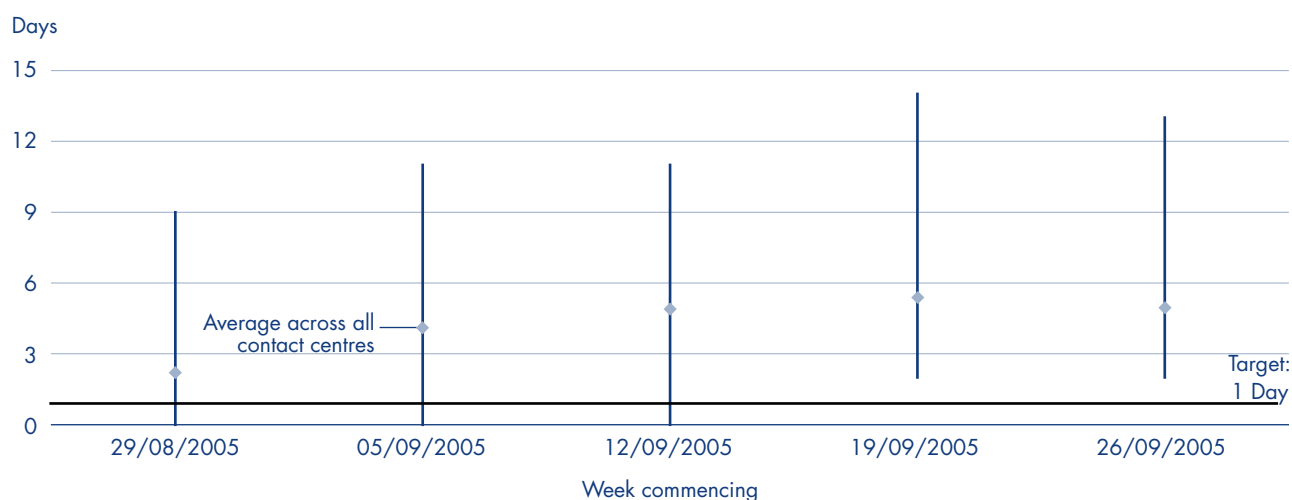
4.18 Jobcentre Plus Direct Centres aim to make 90 per cent of return calls within 24 hours of the initial contact, but in August and September 2005 most of the centres were only achieving this performance for a small proportion of their initial calls, and in some instances were booking return calls up to 14 days after the initial contact. **Figures 28 and 29** show the performance information recorded by the agency on its call backs. The ability to undertake call backs is, in part, affected by the volume of incoming calls.

4.19 Most benefits administered by Jobcentre Plus (other than Maternity Allowance, Bereavement benefits or Incapacity Benefit in certain cases) usually cannot be paid until the customer has had an interview with a personal adviser to discuss work options. This interview is only arranged at the end of the return call to the customer, so if this is delayed, the interview is also delayed along with the benefit payment. Jobcentre Plus says that the interview “will usually take place in a Jobcentre Plus office within four working days”.⁵³ However, in practice, researchers found that for some customers the delay from the initial call until they receive their first payment of benefit can be a matter of weeks.⁵⁴ Jobcentre Plus is not currently measuring the time between the return call and the date of the interview, or the date when benefit is first paid. The time from first contact to benefit being processed is known, but the agency cannot measure accurately the time for the individual stages of the process.

⁵³ Jobcentre Plus leaflet PFL2, *The work you want the help you need*, 2004.

⁵⁴ Department for Work and Pensions Research Report No 253, *Delivering the Jobcentre Plus vision: qualitative research with staff and customers (Phase 4)*.

28 Jobcentre Plus Direct has struggled to meet its target for prompt call backs to benefit claims customers



Source: National Audit Office analysis of Jobcentre Plus management information

NOTES

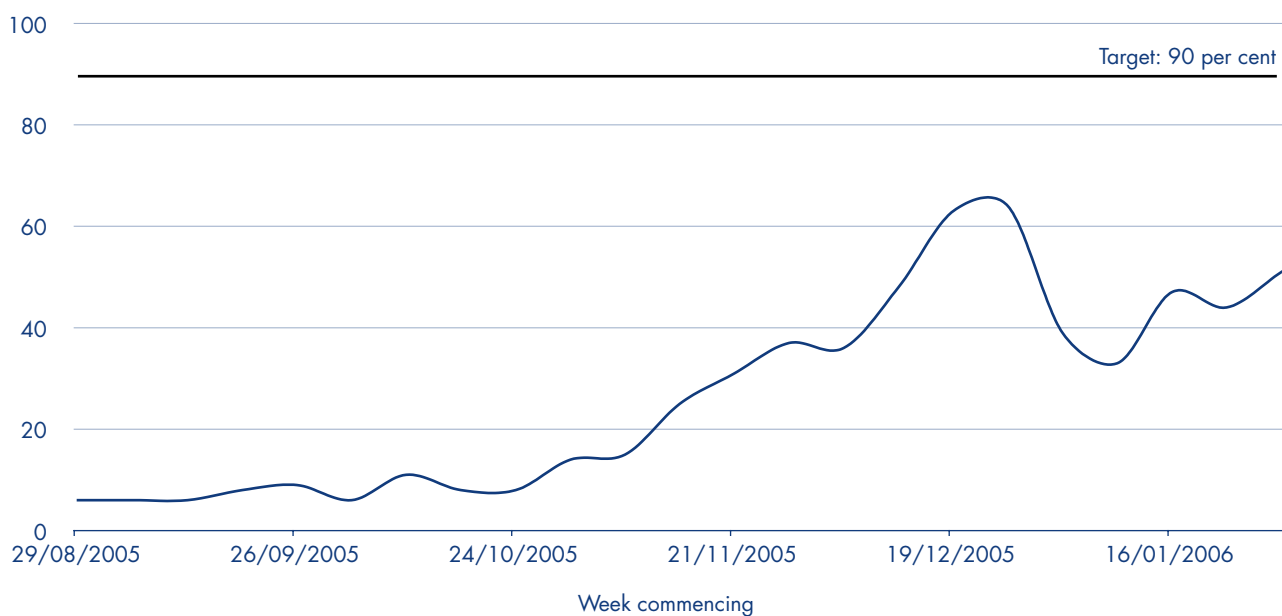
Vertical line indicates range of days ahead call backs are booked, by contact centre.

Data on the booking ahead period for call backs was only collected in August 2005 and September 2005. The Department no longer records this data.

The Department's target is that 90 per cent of call backs should be completed within 24 hours. However, some customers may wish to book their call back further ahead, at a time more convenient for them.

29 The proportion of call backs completed within 24 hours has increased since Jobcentre Plus Direct started keeping records in August 2005

Percentage of call backs that took place within 24 hours



Source: National Audit Office analysis of Jobcentre Plus management information

Some customers with particular needs have difficulties using the centres

4.20 Certain customer groups will always have difficulty interacting with the Department, regardless of the channel they use. Our work with voluntary organisations and research undertaken by the Department⁵⁵ indicates that most customers are happy to contact the Department by telephone. However, some people do not find it possible, facing considerable barriers to telephone communication (**Figure 30**). These include those with physical or mental disabilities or those for whom English is not a first language. To try to help, the Department has put in place a number of specific measures (**Figure 31**), and has now set up a project to establish a set of minimum customer service standards, to meet the needs of all groups accessing Departmental services.

4.21 For the hard-of-hearing and people with speech problems, textphone services are available in all centres. These enable a deaf person to communicate over the telephone using equipment with a small keyboard and screen. Each user takes it in turn to type in what they want to say, the messages are transmitted down the telephone line and appear on both textphone screens. While the service is helpful, the length of the calls (often more than half an hour) can make this route particularly difficult. The level of customer understanding of the use of textphones is poor, for example, customers who have been unable to make contact on the normal telephone number may mistakenly call the textphone number. As a result, a large proportion of calls are abortive, with officials in The Pension Service, for example, estimating that up to 90 per cent are not completed.

4.22 The Department has set up a Telephone Accessibility Group to try to tackle problems with textphones. In particular, it has recommended that publicity material be amended to make clear for whom they are appropriate. The Disability and Carers Service have already amended some of its leaflets to make it clearer who should use the textphone numbers.

30 Barriers customers may face when calling contact centres

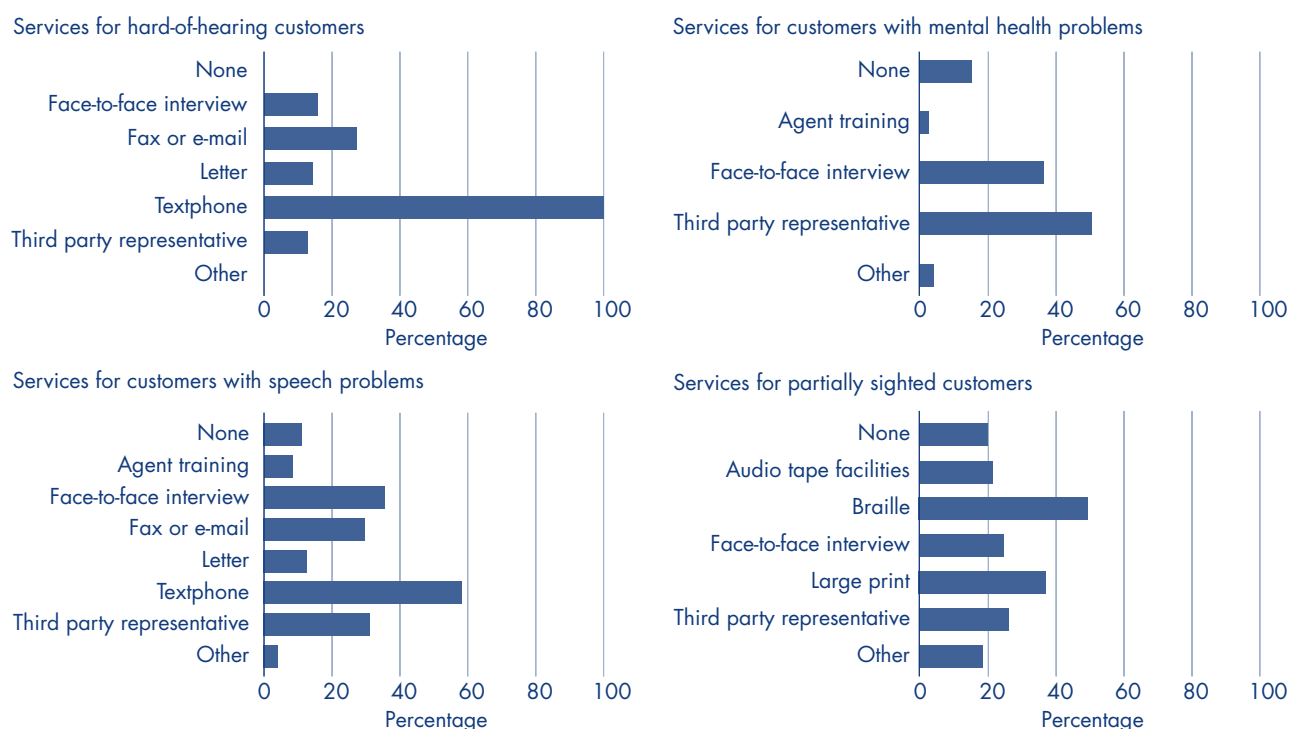
The main barriers include:

- dislike or mistrust of using the telephone – for example, loss of confidence caused by diminished physical or mental prowess, so that simply picking up the telephone to talk to ‘officials’ can seem daunting in ways that are hard for younger, able-bodied people to comprehend.
- English as a second language – customers whose level of English is very limited will usually need to find a friend or relative whose English is good to make the call on their behalf if they have one, and when they have to speak to an official in person they will need interpretation services.
- poor basic skills – make customers less confident and thus less able to communicate effectively, particularly by telephone.
- hearing impairment – the telephone magnifies the problems of communication that customers experience. For example, because greater concentration is required to hear clearly and no visual cues are present to help the listener. Also, calls may entail conversations with people who speak too quickly or have unfamiliar accents.
- speech impairment – customers who find communication face-to-face difficult will find using the telephone even more difficult, and may only be able to communicate if they have access to a textphone (see paragraph 4.21).
- learning disability – customers may have difficulty understanding others and making themselves understood and this will be enhanced when using the telephone.
- mental health problems – people suffering from anxiety or depression sometimes find it hard to be proactive in dealing with organisations like the Department, and may be easily put off.
- other conditions that make long phone calls difficult – including conditions where people experience high levels of fatigue, as some calls for benefit claims can take up to 45 minutes.

Source: National Audit Office

⁵⁵ Department for Work and Pensions Research Report No 253, *Delivering the Jobcentre Plus vision: qualitative research with staff and customers (Phase 4)* and Research Report No 248 *Representing pensioners*.

31 Methods of making contact centres accessible to customers with special needs vary



Source: National Audit Office survey of contact centres

4.23 Customers with mental health problems, learning difficulties and stress-related illnesses. Jobcentre Plus consider that those with mild mental illness should be able to carry out business by telephone but say they always provide the option of taking a claim face-to-face. Representative groups told us that the ease with which customers can make use of this facility varies between areas and between services. For customers whose illness fluctuates in severity, the need to arrange a call back at a later date may be a problem even if they have been able to deal with the original conversation.

4.24 Interviews with staff in Jobcentre Plus offices indicated they expect customers with learning difficulties and mental health problems to have a key worker who can assist them. However, representative groups told us that social services are overstretched so that they believe the level of assistance available is lower than in the past and people are probably falling through the gaps in provision as a result. The Pension Service makes more use of face-to-face interviews, and will conduct them in the customer's home if necessary.

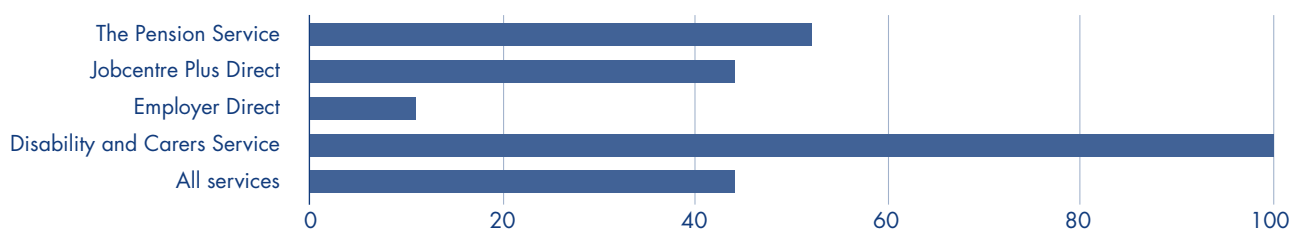
4.25 Language difficulties. To allow people whose first language is not English to access its services the Department has started using Language Line. This is a paid for telephone translation service that can provide access to translators in any one of 150 languages. However, setting up a call requires identifying the language in which the call is being made and it may lengthen the time taken to deal with the enquiry. **Figure 32** shows the number of different foreign languages that had been used by customers, with Portuguese, Polish and Somali the most common for the Department as a whole. Not all contact centres were able to provide this information.

4.26 Although Language Line provides a wide range of languages, staff can have difficulties in identifying the customer's language on first contact. Once the language has been identified, staff have to work out the best way for the Department to communicate with the customer. To assist with this challenge The Pension Service has provided their telephony staff with desk aids, which provide a step by step process.

4.27 Jobcentre Plus considers the Language Line service is expensive and is examining what improvements could be made before the contract comes up for renewal early in 2006. If the process can be streamlined, translation cost savings may be achievable. Given the number of languages that need to be covered, it is not feasible to expect a small in-house team to be able to translate all of them. In areas where one or two minority languages predominate, contact centres could benefit from employing staff fluent in these languages, although this would require that such staff were available on each shift and other agents were able to transfer calls rapidly to the appropriate person.

32 Not all contact centres keep accurate records of contact made in languages other than English and Welsh

Percentage of contact centres who said they record accurate data on languages



Service	Number of calls received in a foreign language	Number of languages recorded	Most frequently used languages recorded
Whole Department ¹	37,000	101	Portuguese, Polish, Somali, Punjabi, Kurdish
Contact centres in our survey	28,000	72	Urdu, Polish, French, Somali, Punjabi
Disability and Carers Service	350	29	Punjabi, Urdu, Gujarati, Portuguese, Arabic, Bengali
Employer Direct	Less than 10	4	Urdu, French, Farsi, German
Jobcentre Plus Direct	25,000	71	Urdu, Polish, French, Somali, Punjabi
The Pension Service	2,700	24	Italian, Punjabi, Spanish, Urdu, French

Source: National Audit Office survey of contact centres and the Department's Language Line records

NOTE

¹ Data for the whole Department includes the Child Support Agency, The Appeals Service and Debt Management, which were not included in our survey.

Third parties report difficulties in representing customers' interests

4.28 Customers who either cannot, or prefer not to, speak to the Department on the telephone may need to have someone to make calls on their behalf. Sometimes this intermediary is a family member, a close friend or a support worker, but often people are helped by advisers from voluntary organisations such as the Citizen's Advice Bureaux.

4.29 More than 87 per cent of the centres (except Employer Direct, for which it is not applicable) responding to our survey advised us that they accept third parties as customers' agents and had processes in place to ensure that the customer's consent was obtained, confidentiality maintained and data protection procedures complied with. However, 12 per cent did not answer the question and one Jobcentre Plus contact centre said it would not deal with intermediaries at all.

4.30 Good practice recommendations from the Central Office of Information on dealing with intermediaries emphasise the need for clearly set out procedures. However, we found that the requirements and systems in place are not consistent across all the Department's services and appear to be subject to wide difference in interpretation in different centres or even by different members of staff in the same centre.

4.31 Representatives of voluntary bodies recognise that the Department has a responsibility to gain assurance that intermediaries have ongoing permission to act on behalf of customers. Usually this is set up by obtaining signed consent and setting up identification and security checks for the intermediary. Despite this, some intermediaries report repeated problems in dealing with contact centre agents. These mainly arise when information about them is not shared, or agents request that consent be provided again after a few weeks because it has expired. The Department told us that its procedures are rigorous and offer smooth systems for appointees, but that further simplification is not possible if it is to protect customer information.

PART FIVE

Improving the quality of customer contact



5.1 Both the Department and its customers want interactions between them to be of high quality. This part considers:

- what is meant by quality;
- how customers feel about the quality of the service they have received; and
- what the Department is doing to improve quality.

Quality standards are laid out in agency Charters and Business Plans

5.2 Quality is a measure of conformity to stated requirements or of fitness for use. It is a key driver in the private sector as customers who are dissatisfied with the service or product they purchase find alternatives. Public sector providers, often offering monopoly services, do not have this level of feedback because in many cases customers have no real choice. Customer expectations of what constitutes quality can change and may be driven ever higher by their experience of the private sector (**Figure 33 overleaf**).

5.3 The Department has committed itself to delivering a quality service, but a wide definition of quality is needed. Quality related targets are set out in agency Business Plans and Customer Charters, some of which are directly relevant to contact centres. However, most of the Department's quality targets focus on easily measurable operational metrics, and few centres measured quality in terms of accuracy of contact handling, first time resolution or soft skills such as empathy, rapport or call control. In the past, this has led to insufficient focus on the customer experience.

5.4 In 2005, the Department developed a balanced scorecard, which draws on best practice in the private sector and captures data on a wide range of performance indicators including cost, customer service, customer satisfaction, staff productivity and absence rates. The balanced scorecard will be accompanied by a performance management framework. Although the data in the scorecard is not yet complete, once it is the scorecard will enable the Department to take a comprehensive view of contact centre quality at the departmental, agency and individual contact centre levels. Currently the scorecard is used informally to support ongoing refinement. Data at individual contact centre level, allowing more formal performance management, will be available for use by contact centre managers by 2007.

33 Both the Department and its customers want the interactions between them to be of high quality



Customer expectations

- Calls are answered promptly.
- Transactions are handled quickly and efficiently.
- Agents are helpful and courteous and are sensitive to their needs.
- All their concerns are dealt with in one conversation.
- Transactions are accurate and complete.
- Any follow up actions to be carried out are promptly executed.

Source: National Audit Office



Department expectations

- Transactions are effective at collecting the data that is needed to put in place accurate and complete pensions and benefits payments for those entitled to them.
- Calls are handled courteously and resolved to the satisfaction of the caller quickly.
- Operation of the contact centres is efficient and cost-effective.

Most customers we surveyed consider they receive a good quality of service

5.5 The Department's call centres handle around 40 million calls in and out each year and customer perceptions are important. Our omnibus survey of members of the public aged 16 and over who had had telephone contact with the Department in the past year⁵⁶ asked about their level of satisfaction with various aspects of their calls.⁵⁷ Overall, the majority of respondents were positive about the service they received. Almost all – 97 per cent – felt that the person who dealt with them was polite (**Figure 34**) and 86 per cent of those who called the Department felt the length of time they had to wait for an answer was either 'very short' or a 'reasonable

length'. In interviews with stakeholder groups, concerns were expressed about staff not having enough knowledge about individual cases and also whether promises made in telephone discussions would be kept.⁵⁸

5.6 In general, our results are in line with the customer surveys carried out by market researchers on behalf of the Department, which also suggest that the majority of customers are broadly satisfied with the service they receive (**Figure 35**). The Pension Service has introduced a database to capture positive feedback and highlight good practice for wider dissemination. Specific groups of customers have slightly different levels of satisfaction. Older callers, for example, appear to be slightly more satisfied than younger ones. Those who are unemployed and who have some of the longest calls to make appear to be among the least satisfied (**Figure 36 on page 62**).

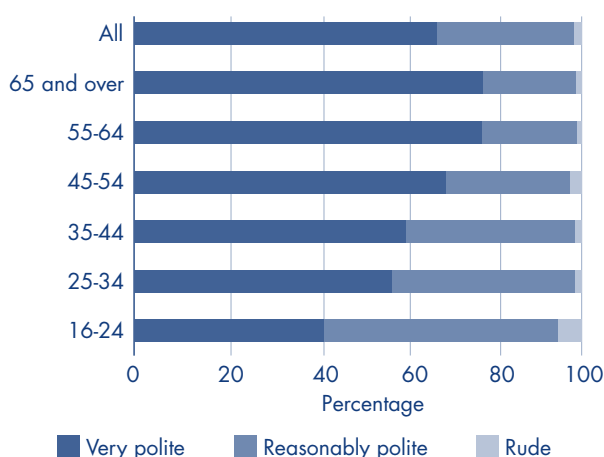
⁵⁶ Further details of the methodology used are set out in Appendix 1.

⁵⁷ Respondents would not necessarily have been able to tell whether their telephone conversation was with a local office, for example in Jobcentre Plus, or with one of the contact centres.

⁵⁸ A list of the stakeholder groups we consulted with is included in our methodology at Appendix 1.

34 Almost all customers considered that the person dealing with their call was polite

Respondents by age



Source: National Audit Office analysis of omnibus survey responses

5.7 Ethnicity. A person's ethnicity also appears to affect their experience of dealing with the Department's contact centres. In our survey, non-white people were 1.8 times less likely than white to consider they had waited a 'very short' or 'reasonable' length of time for their call to be answered. They were also 2.5 times less likely than white people to consider they had received a 'polite' or 'very polite' service, and 1.5 times less likely than white people to consider the follow-up service received was 'good' or 'very good'. This analysis was carried out controlling for other factors such as age, social class, and region. Sample sizes in the omnibus survey meant that ethnic groups had to be amalgamated into 'white' or 'non-white' for the analysis. Differences between black and other minority ethnic groups may also be important but this could not be tested using our survey data.

5.8 Such differences are either the result of variation in the service received or in customer expectations. It is not possible to say which of these explains differences in perceptions of how politely customers were handled. However, the actual length of time it takes for a call to be answered is unbiased, in that there is no way of the contact centre knowing a person's race before it answers the call, so the fact that there are ethnic differences on this measure is likely to be the result of expectations.

35 Key results of The Pension Service Customer Survey

The Pension Service

Method: Interviews in their own home in May to August 2005 of 2,435 customers who contacted The Pension Service in February 2005.

Results: Overall satisfaction and satisfaction with the most recent enquiry increased since 2003. Satisfaction levels are over 80 per cent and over 75 per cent respectively.

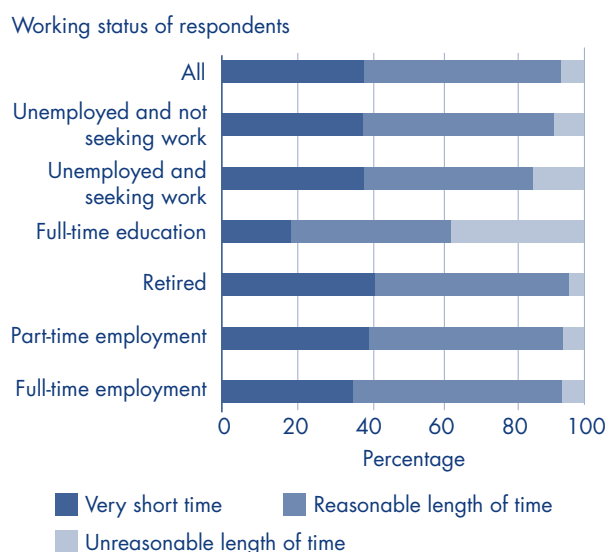
- The more contacts that an enquiry needed the lower the levels of satisfaction.
- With the telephone contacts, customers who did not have their contact resolved by the first person they spoke to had lower levels of satisfaction.
- Customers who were transferred were significantly less likely to be satisfied with how their enquiry was handled.
- Providing accurate information was seen as important by customers and The Pension Service had improved its performance from 2003.
- The quality of the people was rated by the highest proportion of customers as being the best thing about The Pension Service.
- Customers who were able to fill in the form by telephone were significantly more likely to be satisfied with their enquiry.

Source: National Audit Office analysis of Department for Work and Pension, The Pension Service Customer Survey 2005

5.9 Resolution and follow-up. Wherever possible people like to have their transaction resolved in one call. Where this is not possible they expect follow up to be prompt and to conclude the issue. First call resolution not only improves customer satisfaction rates, but also enables the contact centre service to be delivered more cost-effectively by reducing overall demand.⁵⁹ Many initial customer calls to Department services automatically lead on to further interactions with the Department. Almost 80 per cent of customers considered that their query was resolved when they telephoned and over 70 per cent considered that the follow up to their call was of good or very good quality. In both cases, those who were most unhappy with the service were unemployed and seeking work (**Figures 37 and 38 overleaf**).

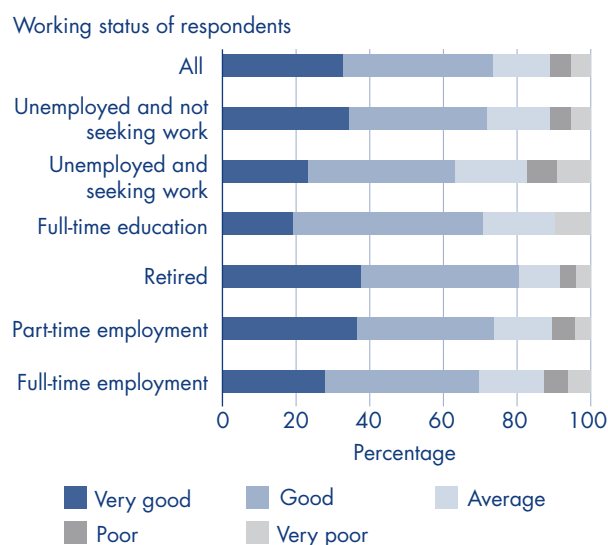
59 Merchants, *Global contact centre benchmarking report*, 2005.

36 The majority of customers thought that their calls had been dealt with in a reasonable length of time



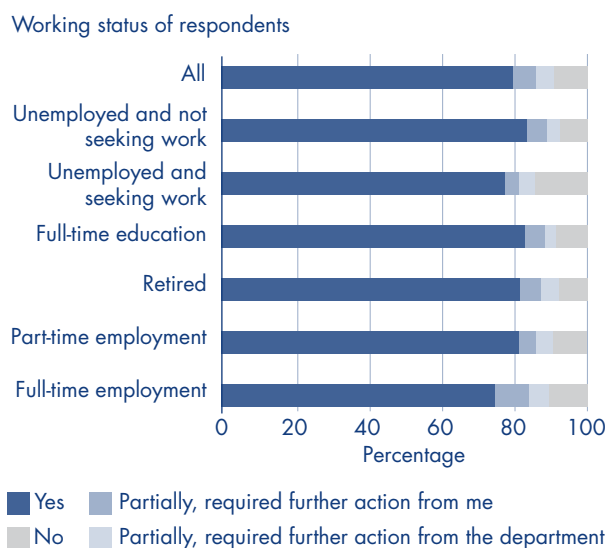
Source: National Audit Office analysis of omnibus survey responses

38 The majority of customers considered the follow-up service to be good or very good



Source: National Audit Office analysis of omnibus survey responses

37 The majority of customers have their queries resolved when they telephone the Department



Source: National Audit Office analysis of omnibus survey responses

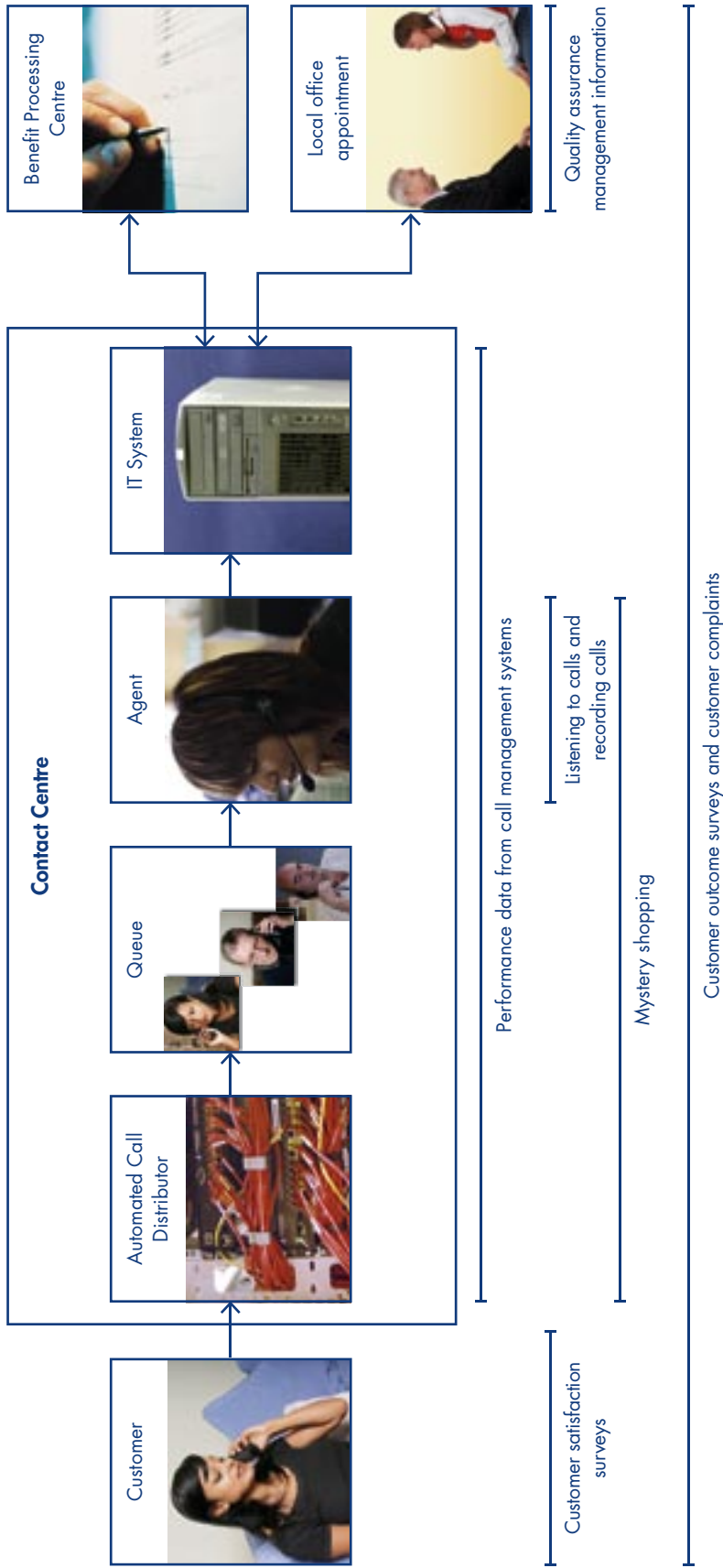
The monitoring of the quality of services provided could be extended

5.10 The quality of service in contact centres can be assessed at different parts of the process using a variety of methods. The choice of method depends on the type of interaction being examined, the timeliness of the information required, the degree of independence needed and the level of investment in both time and money available (**Figure 39**). Each has pros and cons (**Figure 40 on page 64**).

5.11 All these methods are used by the agencies in some form (**Figure 41 on page 65**). Some, such as monitoring calls, are managed within the contact centres and used to improve individual agents' performance directly. Others are used to assess the services as a whole, for example, mystery shopping and customer satisfaction surveys. The results feed into agency annual reports and all centres surveyed told us that they provide feedback information to their staff, either in one-to-one coaching or team meetings. The Pension Service uses quality monitoring to assist in training its staff, by identifying their learning and development needs.

39

Methods of measuring service quality vary depending on the parts of the process they cover



Source: National Audit Office

40 Seven ways by which contact centres measure service quality

Measure

1 Listening to calls	2 Recording Calls	3 Mystery shopping	4 Customer satisfaction surveys	5 Customer outcome surveys	6 Customer complaints	7 Performance data
Managers listen to a sample of agents' calls and give feedback on performance.	Calls are recorded and reviewed against set criteria. Calls can be traced to an agent and used to give feedback on performance.	Mystery shoppers call and use different scenarios to assess service quality. Calls are systematically appraised and, in some systems, traced back to an agent to give feedback on performance.	Customers are contacted and asked how satisfied they are with the service they received. The timing of such calls depends on the sensitivity of the initial issue.	A sample of customers is contacted, often sometime after the call took place, and asked factual questions about the service they received and about the outcome.	Customer complaints are monitored and followed up, particularly frequently reported problems.	Data is provided about length of time callers spend at each stage of the process, number of calls receiving the engaged tone, number of times callers redial and when callers abandon their calls.

Pros

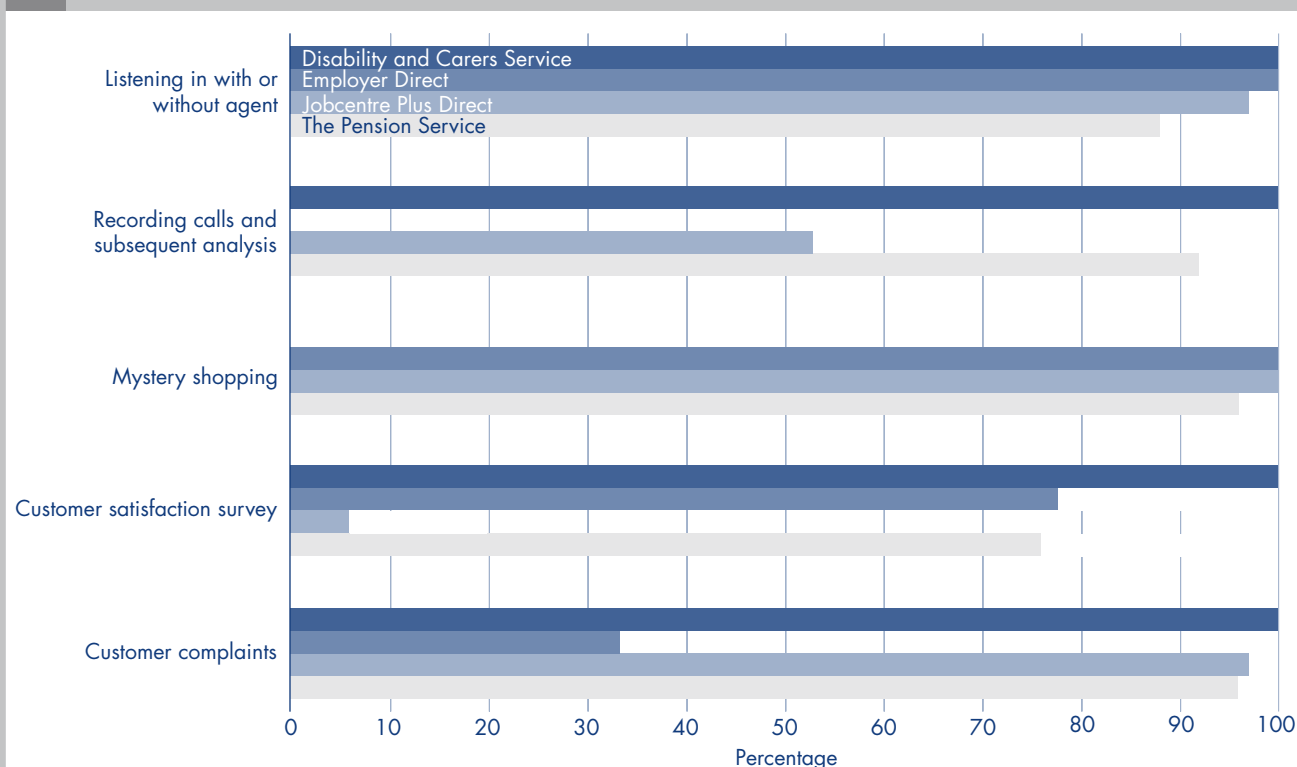
Can provide agents with quick assessment of how to improve.	Recording can be used to demonstrate agent's performance.	Covers whole call from dialling to hanging up and can be carried out independently of call centre.	Performance assessment which can be benchmarked with other services.	Can be used to assess final outcome of service by monitoring sample of customers over time.	Indicates areas where a number of callers receive poor service.	Can provide very detailed information on flow of calls, usually in real time, and can be remotely transferred from contractors to departments.
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Cons

Only covers the agent's performance rather than the whole call.	Will not cover service quality received before speaking to agent.	Will not test unlikely or new queries from the public as uses planned scenarios. 'Mystery' shoppers may be identifiable by the agent.	Customers who agree to take part may bring a bias. Customers may not know information was inaccurate or incomplete.	Can only assess customer's knowledge and memory, which may be incomplete or inaccurate.	Customers only complain if they are aware of poor service – they may not realise information was inadequate.	Will not provide any qualitative assessment of the service delivered.
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Source: National Audit Office

41 The percentage of contact centres using measures of service quality



Source: National Audit Office survey of contact centres

There is scope for more effective use of quality monitoring

5.12 Mystery shopping. ‘Mystery shoppers’ are people paid to use a particular service and rate the quality of their experience according to agreed criteria. All the business streams except for the Disability and Carers Service use mystery shopping to provide feedback on how customers are treated. The Disability and Carers Service considers the range of enquiries it handles is so diverse that a standard set of scenarios would not give a realistic picture of the service that it provides.

5.13 The mystery shopping currently undertaken only covers enquiries rather than the full range of interactions with customers. This is because the Department is reluctant, for security reasons, to set up ‘dummy’ customer records on the Department’s IT systems. As a result, mystery shoppers cannot test interactions such as claiming a benefit which would require them to use personal data. Services with a high number of centres, such as Jobcentre Plus Direct, are only able to have a few test calls per centre and so only give an indication of general service levels overall. This means that reliable conclusions cannot be drawn from this data for Jobcentre Plus Direct.

5.14 Mystery shopping data for the different agencies is shown in **Figures 42 and 43**. Employer Direct consistently has mystery shopping results above the target of 81 per cent, while Jobcentre Plus Direct results have fallen below target levels in the last three quarters. The Pension Service scores very highly for accessibility and quality of interaction; it scores lower for accuracy of information, although the trend of performance is improving.

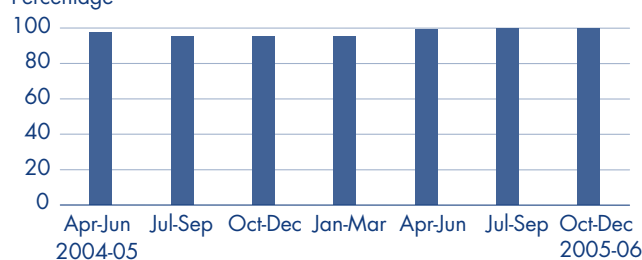
5.15 Listening to calls. All the Department's contact centres follow industry practice by requiring team leaders to listen to calls made by agents in their team on a regular basis and provide agents with feedback on their performance. This can be done while sitting with the agent or without the agent aware of being monitored. Each of the businesses requires team leaders to listen to a minimum number of calls per agent each month. The ratio of team leaders to agents within agencies is high at between 8 and 12 agents per leader, offering the potential for good levels of quality monitoring but the actual number of calls assessed by team leaders is currently too small to be effective in improving performance. **Figure 44** shows differing practices in the agencies in monitoring.

42 Mystery shopping measures cover a variety of criteria for good customer service

The Pension Service

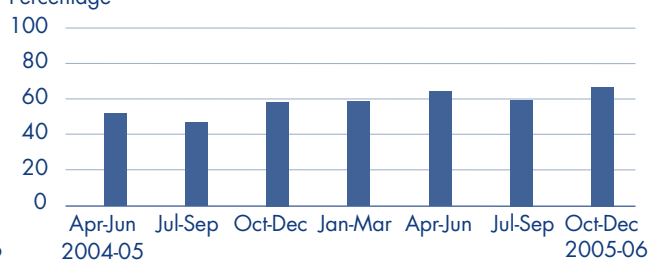
Accessibility

Percentage



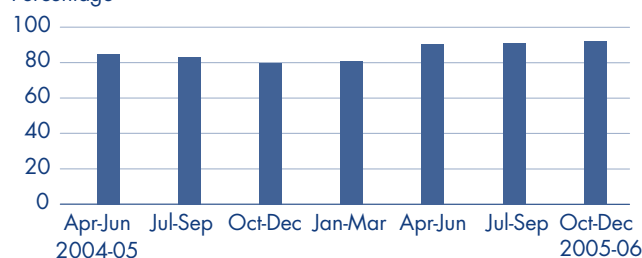
Product Quality

Percentage



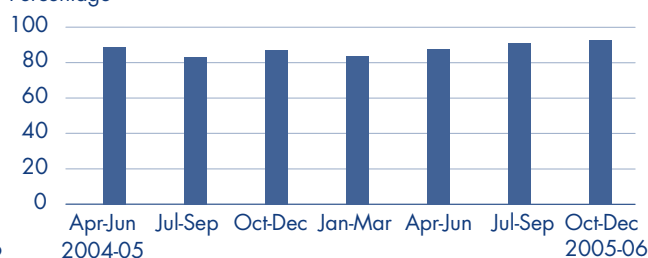
Responsiveness

Percentage



Quality of Interaction

Percentage



Source: National Audit Office analysis of the Department's mystery shopping research

NOTE

The following categories are used to assess the quality of service provided by The Pension Service contact centres.

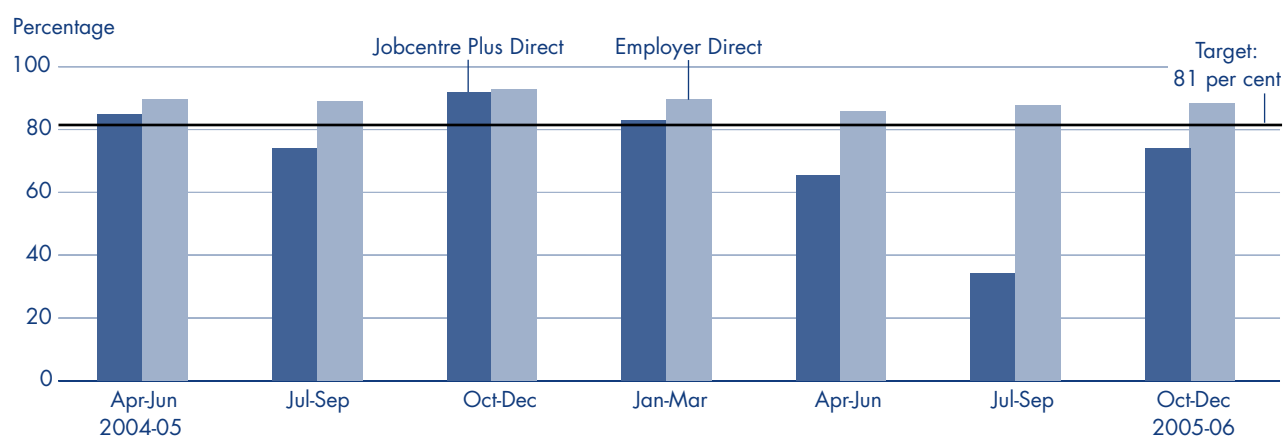
Accessibility = how many times a customer has to call, before the call is answered.

Responsiveness = how quickly the telephone is answered.

Product Quality = the accuracy of the information customers obtain from the agent.

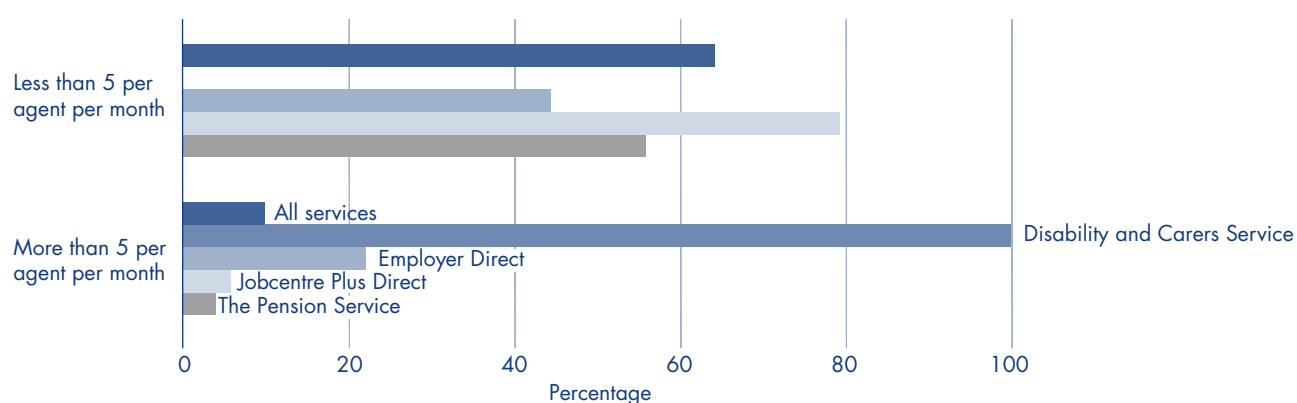
Quality of Interaction = how politely customers are treated, and how well their request is dealt with.

43 Mystery shopping findings indicate that Jobcentre Plus Direct is not meeting its targets for customer service



Source: National Audit Office analysis of Department's mystery shopping research

44 Less than 10 per cent of contact centres assess more than 5 calls per agent per month



Source: National Audit Office survey of contact centres

NOTE

Percentages for less than five per agent per month and more than five per agent per month do not sum to 100 per cent, because not all contact centres reported the frequency with which calls are assessed.

5.16 Recording calls. All the business streams, with the exception of Employer Direct, are introducing call recording. The Department's Contact Centre Strategy strongly recommends that all calls should be recorded, as potential evidence in cases of fraud or in the event of a complaint, and to assist in coaching and developing call centre staff. Calls are now recorded automatically, although our survey showed many Jobcentre Plus managers do not yet analyse and use this as a method for improving quality. The Employer Direct network was set up in 2002 before the Departmental policy to adopt call recording was developed. However, calls are listened to 'live' as part of the service's quality assurance framework. The Department's move to a common telephony platform, planned for 2006-07, will enable it to extend call recording to Employer Direct sites.

5.17 There are insufficient checks on calls to be sure that agents are giving out the correct information. There is a risk that, by concentrating on the more easily measured aspects of contact centre provision such as the time taken to answer calls, the number of calls abandoned and the average call durations (data which is all readily available from the telephony system), the achievement of service quality and accuracy is neglected. The introduction of the balanced scorecard referred to earlier should help to rectify this. If the call handling software does not allow outcomes to be measured and the quality of the conversations between agents and customers cannot robustly be assessed due to team leader workload and lack of processes, poor call handling quality will result. This leads to unnecessary repeat calls, customer dissatisfaction, agent stress and, in some instances, to inaccurate claims for benefit.

5.18 Customer satisfaction and outcome surveys.

Customer surveys are carried out across the Department. Jobcentre Plus carries out a survey each year covering Jobcentre Plus Direct and Employer Direct. The Pension Service carries out a customer survey every two years. These provide a detailed indication of customers' views but their usefulness as a tool for specific service improvements is limited because the results are not broken down by individual contact centre. Only 43 per cent of the contact centre managers who responded to our survey were aware of the research.

5.19 In January 2005, the Disability and Carers Service initiated quarterly customer satisfaction surveys of customers who called the Disability Living Allowance and Attendance Allowance Helpline. Topics included the number of attempts it took to get through, whether the recorded message was helpful, how long they were prepared to wait in a queue⁶⁰ and how confident they were about the advice they received. Overall, 90 per cent of customers surveyed now rate the Disability and Carers Service Helpline as very good. Results for the quarter ending September 2005 show an improvement on January 2005. For example, the proportion who said they got through on their first attempt had increased from 44 per cent to 80 per cent, and the proportion who were very, or reasonably confident about the information given increased from 77 per cent to 91 per cent.

5.20 Monitoring complaints. The Department's contact centres receive a very low volume of complaints. Complaints are commonly used as a measure of customer dissatisfaction, but the rate of complaints is an insufficient measure of satisfaction given that generally people unhappy with a service do not complain formally. Customers could be dissatisfied because they receive a genuinely poor service, because their expectations are higher than those the Department can reasonably be expected to deliver, or because they are influenced by other factors such as the outcome of their benefit claim. During our case study visits, team leaders pointed out that the call recording equipment was particularly helpful in responding to complaints as they could review the call.

5.21 In our survey of Departmental contact centres, 24 centres (34 per cent) were unable to quantify the number of complaints received, because the data was not available or had not been recorded. The number of complaints per contact centre by type was not available for comparison, although some centres were able to give us information on complaints as a proportion of all calls. Of those that could respond, the proportion of complaints received to calls answered was very low, at approximately 0.05 per cent. The London Pension Centre in Newcastle receives around 20 complaints a week which are entered on to a database to be tracked and resolved. However, Jobcentre Plus considered it an area for improvement as they are not producing regular data on the volume and scope of complaints.

⁶⁰ This question was only asked in the first survey, not subsequent quarters.

Quality of service delivered on other methods of service

5.22 Quality of service delivered on other forms of communication.

The majority of the Department's contact centre activity is dominated by telephone calls, with only a few centre currently handling e-mail, web generated e-mail or fax. The exception is Employer Direct which has an electronic system for distributing fax and e-mail to agents who handle the work. Most letters are still dealt with in casework sections and there is no customer relationship management system that would allow the agent handling a call to view all previous interactions with the customer.

5.23 Few contact centres responding to our survey, other than Employer Direct, were able to provide any detail of the performance in dealing with other methods of electronic communication, although for most of them this represents a tiny proportion of the contacts with which they deal. The only measure they have of quality for this type of interaction is the number of complaints they received.

The Department could increase the sharing of good practice

5.24 Performance in contact centres varies across the businesses. The Department could increase the routine dissemination of good practice between the different business streams in order to drive up standards. A growing number of organisations with multiple sites benchmark performance.⁶¹ The Contact Centre Advisory Team has been working with the Department's different businesses to provide fuller guidance. The team has also set up forums for exchange of expertise and organises the annual Departmental Contact Centre Managers' Conference. There is still more scope for networking both within but particularly between businesses.

5.25 The Customer Contact Association (formerly the Call Centres Association) is a professional body representing customer contact centres, which provides accreditation for centres that are managed in accordance with the Association's Standard Framework.⁶² The Standard Framework aims to encourage continuous improvement and once accredited, contact centres are subject to annual reviews to ensure they remain compliant. Two of the Department's contact centres – the Disability and Carers Service in Blackpool and The National Pension Forecasting Centre in Newcastle – have successfully achieved this accreditation and the Department could do more to encourage other centres to follow their lead.

61 Merchants, *Global contact centre benchmarking report*, 2005.

62 © Call Centres Association 2003. For more details of the Standard Framework see www.cca.org.uk.

APPENDIX 1

Methodology

Introduction

1 We adopted a variety of methods for this study of the Department's contact centres. These methods were designed to help us to examine:

- whether contact centres support the Department in delivering its business objectives;
- whether the Department's contact centres provide high quality services;
- whether the Department's contact centres provide services which are easily accessible; and
- whether the Department's contact centres are managed effectively to provide cost-effective services.

Consultation with stakeholders

2 We held two stakeholder focus groups, at which interest groups were invited to share customer experiences of using the Department's contact centres, and to discuss what they would like to see in an ideal contact centre. This enabled us to examine the quality of service provided to those with specific needs. The following groups participated:

- Age Concern.
- Citizen's Advice Bureau.
- Connexions Service.
- Counsel and Care.
- Crisis.
- Disability Alliance.
- Mencap.
- Mind.
- National Society for the Prevention of Cruelty to Children.
- Royal National Institute for the Deaf.
- Royal National Institute of the Blind.
- UNLOCK – National Association of Ex-Offenders.

3 We issued an invitation to the members of the Department's Standards Committee Consultative Group, and to interested groups on the Rightsnet discussion forum, to respond with their views on the quality and accessibility of the service that the Department's contact centres provide to customers. The groups that responded with their views included:

- Head Injury Support Services, Wallasey.
- Holmewood Advice Service, Bradford.
- Lancashire County Council Welfare Rights Service.
- Liverpool and Wirral Health, Safety and Welfare Committee.
- Mosaic Homes, Islington and Hackney.
- Oxfordshire Welfare Rights.
- Prescott and Whiston Community Advice Centre.
- Runnymede Citizen's Advice Bureau.
- Social Inclusion Unit, London Borough of Hounslow.

4 In addition, we consulted with officials, industry experts, to examine the role of contact centres in both the Department and the wider Government. The organisations we consulted included:

- Central Office of Information.
- Office for Public Services Reform.
- British Telecom.

Literature review

5 We analysed relevant publications on contact centres and their role in the Department's delivery of services. This analysis enabled us to identify industry best practice in contact centres and to develop the topics of further interest for our other methods including the surveys, focus groups and case studies.

- 6 We drew on reports published by:
- Department for Work and Pensions.
 - Jobcentre Plus.
 - The Pension Service.
 - Internal Assurance Services, Department for Work and Pensions.
 - Customer Contact Association (CCA).
 - CM Insight/Aston Business School.
 - Merchants.
 - Income Data Services.
 - Central Office of Information.
 - Department for Trade and Industry.
 - Employers' Organisation/Improvement and Development Agency.
 - Previous reports by the National Audit Office.

Case studies

7 In the summer of 2005 we conducted six case study visits to the Department's contact centres, comprising one contact centre operated by each of The Pension Service, the Disability and Carers Service and Employer Direct and two contact centres operated by Jobcentre Plus Direct. The contact centres were selected to sample a broad range of sizes, structures and work load. During our visits we interviewed staff, reviewed documentation and directly observed the handling of customer calls. As a result of our case studies we were able to examine the structure of contact centres and their facilities, observe their accessibility and security, and to monitor their efficiency and work flow patterns.

Omnibus survey of customers

8 We commissioned the market information company TNS to carry out 1,870 face-to-face interviews in June 2005 with people who had had telephone contact with the Department during the previous year. Customers were asked the following questions:

- were you able to have this contact at a time convenient to you?
- if you were telephoning the Department for Work and Pensions (rather than them calling you), how long did you wait for your call to be answered?
- how polite was the person who dealt with your call?
- how long did it take to deal with your call?
- how would you rate the quality of any follow up service, for example, application forms posted to you, after the telephone call? and
- was your query resolved?

Electronic survey of contact centre managers

9 We carried out an electronic survey of the Department's contact centre managers. We asked them to provide details of their customers and activities, organisational structure and staffing. We also asked them to specify their use of automation and other telecommunications technology, and what sort of performance management and quality control systems they use. The questions were informed by our consultation process and by a survey carried out for the NAO's previous study *Using call centres to deliver public services* (Session 2002–03 HC 134). The survey covered Jobcentre Plus Direct, The Pension Service, Employer Direct and the Disability and Carers Service. The survey was sent to the managers of all 70 extant contact centres in the services covered (a list of the contact centres we surveyed appears at Appendix 4). All 70 contact centres responded, providing us with a comprehensive picture of how the Department's contact centres are managed.

Review and analysis of cost and performance data

10 The consultancy firm CM Insight, which specialises in contact centre management, was commissioned by the NAO to analyse performance and cost data covering the Department's contact centres. The analysis covered Jobcentre Plus Direct, The Pension Service, Employer Direct and the Disability and Carers Service. The performance data was collected as part of our electronic survey (paragraph 9 above) and cost information was obtained by direct requests to those holding the data. The analysis covered issues such as call volumes and lengths, productivity, staffing levels and staff attrition rates and property costs. The analysis was used to support our benchmarking (paragraph 12 below).

11 The operational and cost data supplied by the Department was validated as far as possible and supports the high level conclusions drawn. However, we encountered several limitations in collecting the data for our analysis, including:

- historic data was not available as it is sometimes deleted after 12 months;
- much data was unavailable (for example the duration of inbound/outbound calls for a high proportion – 55 per cent – of contact centre activity);
- operational data about contact centre staffing, such as attrition rate, was often not available;
- data gathered from a number of sources was not always consistent and so required further corroboration and data cleansing. Not all the data we gathered was of a suitable quality for inclusion in this report;
- some costs could not be allocated between sites; and
- costs of support functions to contact centres cannot be readily determined.

Benchmarking with public and private sector contact centres

12 We commissioned our consultants CM Insight to compare the costs and performance of the Department's contact centres to other contact centres in the public and private sectors. In order to identify the appropriate benchmarks, we used the Merchants *Global contact centre benchmarking report* (January 2005 edition), *Pay and Conditions in Call Centres*, by Income Data Services and the industry knowledge of contact centre good practice experienced by CM Insight. This benchmarking information was used to prepare an expected model of contact centre performance, with which the performance of the Department's contact centres was compared.

Consultation with the Department

13 We discussed our study with the Department and its agencies. During the scoping stage of the study we discussed our key research questions. These discussions helped to ensure we had identified the key issues, and also allowed us to arrive at recommendations to improve economy, efficiency and effectiveness.

APPENDIX 2

Key performance information about the Department's contact centres

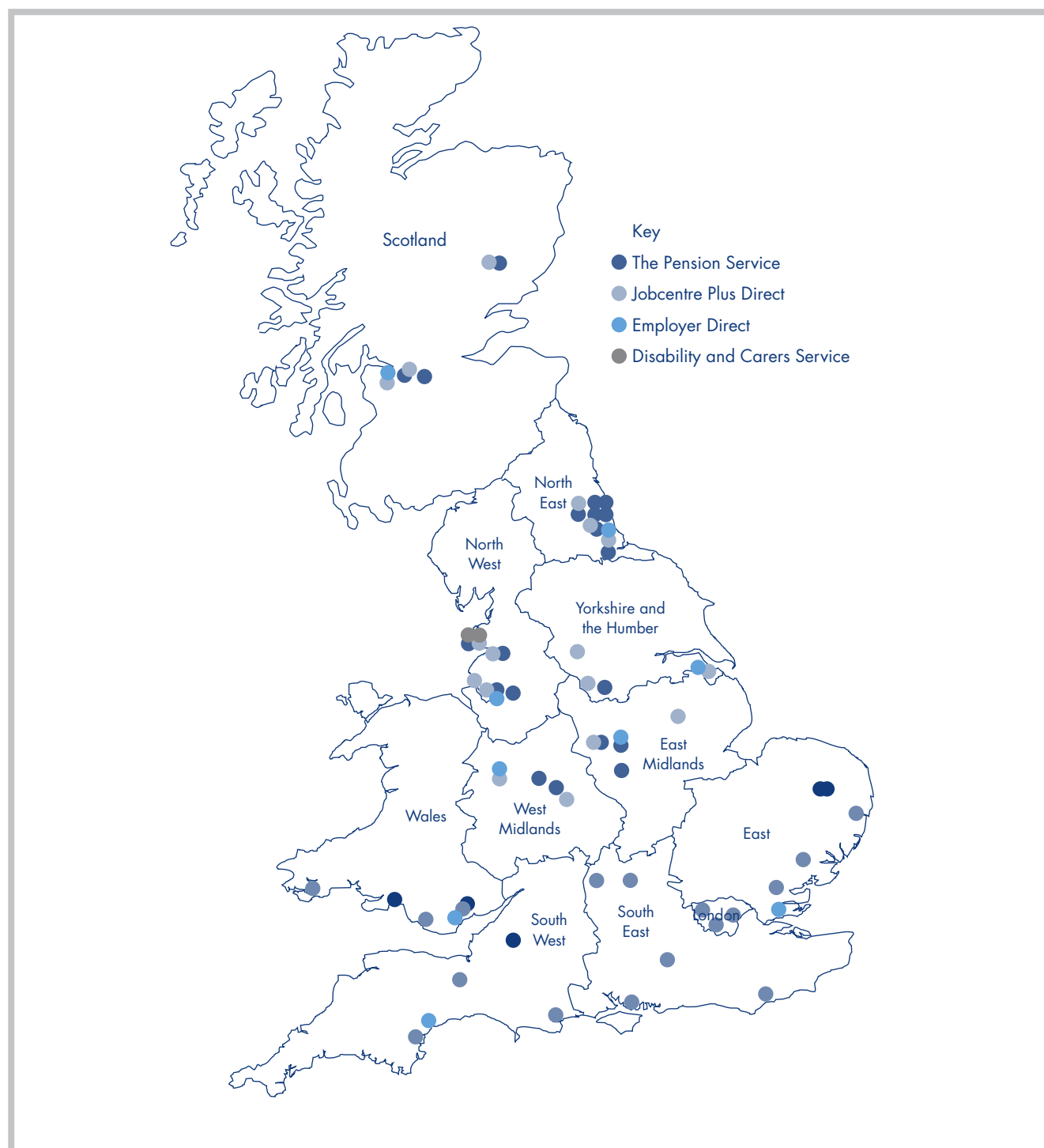
2004-05 data	The Pension Service	Jobcentre Plus Direct	Employer Direct	Disability and Carers Service
Data about the contact centres				
Function	To facilitate the delivery of pension age benefits. Dealing with Pension related enquiries.	To facilitate the claim for working age benefits. Provide job brokering and search facilities.	To record vacancy details from employers for display on the Jobcentre Plus website/ job points	To give advice on the benefits available for customers and carers.
Number of centres in June 2005	25	34	9	2
Number of centres with external accreditation	1 centre holds a chartermark; 1 centre is accredited by the Customer Contact Association (CCA).	none	none	1 centre is accredited by the Customer Contact Association (CCA); the other is currently applying for accreditation.
Total number of contact centre staff (full-time equivalents)	1,634	3,383	1,116	453
Data about customer contacts				
Methods of contacting the centres	Telephone E-mail Letters Fax Text messaging Textphone ¹	Telephone Letters Fax Text messaging Textphone ¹	Telephone E-mail Letters Fax Textphone ¹	Telephone Textphone ¹
Typical opening hours	8am-8pm weekdays ½ day Saturday	8am-6pm weekdays ½ day Saturday	8am-8pm weekdays ½ day Saturday	8am-6pm weekdays
Total number of customer contacts ²	19.3 million	10.4 million	5.4 million	5.5 million
Call answering rate	90%	76%	97%	21% ³
Average time to answer a call	39 secs	46 secs	14 secs	1 min 58 secs
table continues overleaf				

Key performance information about the Department's contact centres *continued*

2004-05 data	The Pension Service	Jobcentre Plus Direct	Employer Direct	Disability and Carers Service
Data about the cost of the centres				
Total annual cost of contact centres	£58.2 million	89.1 million	£32.5 million	£12.8 million
Percentage of contact centre budget spent on agents	60%	54%	63%	71%
Typical length of inbound call ⁴	6 mins	11 mins	10 mins	3 mins
Average cost per customer contact	£3	£9	£6	£2
Source: National Audit Office analysis of Department for Work and Pensions contact centre data				
NOTES				
1 Textphones are a special type of telephony equipment for people who are hard of hearing or who have speech difficulties, see paragraph 4.21.				
2 The figure for customer contacts includes both inbound and outbound telephone, e-mail and fax (where known). Only telephone calls answered are included; engaged and abandoned calls are excluded to avoid inflating call volumes with repeat contacts. The figure also excludes 4 million letters and application forms to Pension Centres, as the cost of processing these has not been included within the cost of the centres.				
3 The Disability and Carers Service call answering rate has increased to 77 per cent during 2005-06.				
4 The typical length of a call time spent by the agent completing the transaction after the call has ended.				

APPENDIX 3

Location of the Department's contact centres



APPENDIX 4

List of the contact centres covered in this report

The 70 contact centres we surveyed in June–July 2005 were:

Jobcentre Plus Direct centres (34)

Aldershot *	Derby	Kennington Park *	Poole
Banbury	Dundee	Lincoln	Portsmouth *
Blackburn	Garston	Lowestoft	Provan
Bootle	Gateshead *	Marton Mere	Sheffield
Bridgend	Grimsby	Middlesborough	Taunton
Chelmsford	Halifax Dean Clough	Milton Keynes *	Telford
Colchester *	Harrow *	Newcastle	Torquay
Coventry	Hastings	Paisley	
Cwmbran	Ilford *	Pembroke Dock	

Employer Direct centres (9)

Annesley	Exeter	Peterlee
Caerphilly	Grimsby	Southend
Clydebank	Liverpool	Telford

The Pension Service centres (25)

Bath	Leicester	Pensions Direct, National Pension Centre
Birmingham	London Pension Centre (Glasgow)	Retirement Pension Teleclaims
Blackpool	London Pension Centre (Newcastle)	Seaham
Burnley	Motherwell	Stockport
Cwmbran	Norwich Kingfisher House	Stockton
Dearne Valley	Norwich Baltic House	Swansea
Dundee	Nottingham	Walsall
Future Pension Centre	Pension Credit Application Line (PCAL)	Warrington
International Pension Centre		

Disability and Carers Service centres (2)

Benefit Enquiry Line
Disability Living Allowance and Attendance Allowance Helpline

The eight centres marked with an asterisk (*) were closed after our survey and before November 2005