



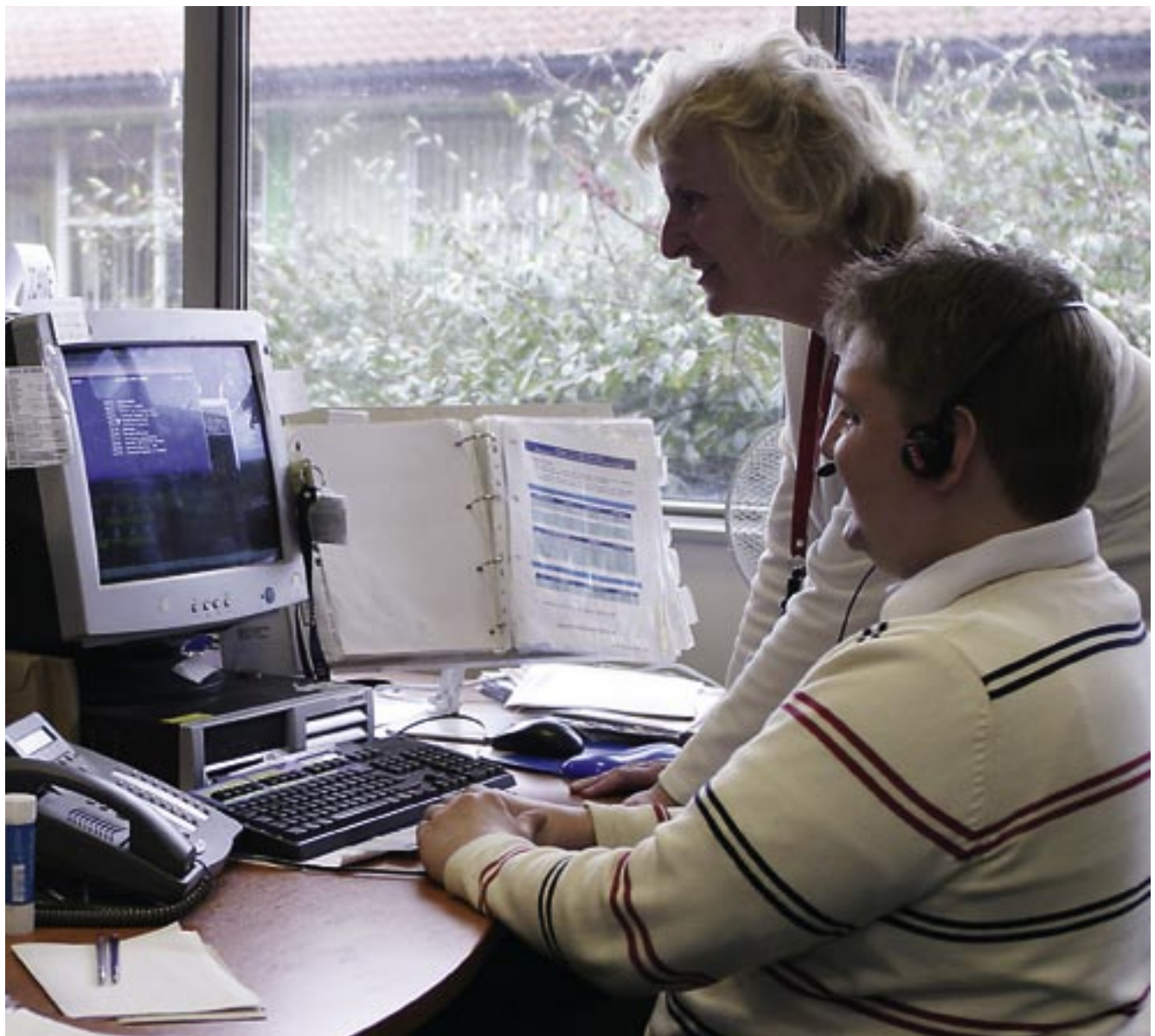
National Audit Office

DEPARTMENT FOR WORK AND PENSIONS
Delivering effective services through
contact centres

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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

<p>Situation</p>	<p>A casual worker in Coventry expects his current employment to end soon.</p>		<p>A widow is reaching pension age, and wishes to obtain her State Pension.</p>	
<p>Where does the customer find out about the service?</p>	<p>He finds his local Jobseeker Direct (0845 606 0234) and Jobcentre Plus (0845 602 0265) telephone numbers in the phonebook.</p>		<p>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).</p>	
<p>What service does the contact centre provide and at what cost to the customer?</p>	<p>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</p>		<p>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</p>	
<p>What happens next?</p>	<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>	
<p>Situation</p>	<p>An employer has a number of job vacancies to fill.</p>		<p>A customer of working age, from Newcastle, has left work due to a worsening mental illness.</p>	
<p>Where does the customer find out about the service?</p>	<p>The Employer Direct contact centre telephone number (0845 601 2001) is advertised at the local Jobcentre.</p>		<p>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).</p>	
<p>What service does the contact centre provide and at what cost to the customer?</p>	<p>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</p>		<p>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.</p>	
<p>What happens next?</p>	<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.