

Trade and Industry Committee: inquiry into the work of the OFT

Supplementary evidence submitted by the Office of Fair Trading

23 May 2007

Consumer Direct's role, objectives and organisational development

1. Consumer Direct (CD) was set up in order to provide better information to consumers and to improve access to consumer advice, a need identified in the 1999 Government White Paper, *Modern Markets: Confident Consumers*. Consumer Direct was set up by the DTI, working closely with Local Authority Trading Standards Services (TSS). The purpose of CD is to provide a uniform level of consumer advice across the whole of Great Britain (Northern Ireland has its own service). OFT took over the management of the service on 1 April 2006. The service is funded by the Treasury and delivered in partnership with TSS.
2. Consumer Direct's objectives are to:
 - Increase consumers' access to quality-assured advice and information
 - Give people the knowledge, tools and confidence to be able to resolve matters themselves
 - Improve the quality and coverage of information for Trading Standards and other stakeholders
 - Act as a gateway to other complementary services where further help is required or specialist advice is needed.
3. CD consists of 11 contact centres based in the nine regions of England plus Scotland and Wales, with a central team to co-ordinate the operation based at the OFT offices in central London. There is however seamless delivery to the consumer.
4. Since inheriting the very new service from the DTI a lot of work has been done to consolidate it. This consolidation is taking place at a time of great

change when the DTI's proposals for CD to take on Energywatch and Postwatch calls are being implemented. Call volumes are also higher than predicted. The DTI's forecast volume for 2007-08 was 1.8 million calls but that was almost achieved in 2006-07 with 1.7 million calls. Energywatch and Postwatch calls are likely to add between 600,000 and one million extra calls. The OFT is aiming to expand the CD service in a way which enhances consumer protection while providing an efficient and cost-effective service and bearing in mind that calls regarding water services will be absorbed in the near future and the Varney report may well identify other services which could utilise CD.

5. Until 2008 the budget is ring-fenced at £19million. From 2008-09 the budget will be reduced by approximately £1 million at a time when call volumes could have grown to as much as 2.4 million. This presents a challenge to both OFT and its contractors in terms of delivering the service within budget and to specified Key Performance Indicators.

Value for money

6. In November 2005 the DTI assessed the financial benefits to have a Net Present Value of £124 million to March 2010. Value for money is assured in a number of ways, including:
 - Enhancing consumer awareness and confidence will improve the GB economy
 - Telephone and web-based services are the most accessible and cost-effective channels
 - Contact centres at the regional/national level give the best balance between local service and economies of scale
 - Output-based payment puts and maintains increased focus on achieving value for money from the operational service
 - Easily accessible consumer advice reduces the consumer detriment burden
 - OFT is working to be able to use the data to identify areas of greatest consumer detriment and work with TSS to put resources in place to deal with this at source
 - OFT will utilise the data to prioritise competition and market study work and to identify markets that ought to be targeted for Consumer Codes
 - See partnership section for other benefits.

Partnership

7. CD is an excellent example of successful central/local government partnership working. TSS are key partners in the delivery of the service because they work with the centres to maintain the quality of the advice provided and because CD acts as the first point of call for most departments. CD deals with the basic first-tier complaints for the TSS, which constitutes about 80 per cent of calls. This frees up TSS to concentrate on the more complex or criminal 20 per cent of calls. The data collected by CD is also widely used by TSS for enforcement purposes, by the Scam buster teams, by the Regional Intelligence Units and by consumer organisations for trends information. More recently, a pilot is being run to assess the database's usefulness to the police force.

Example

8. CD and OFT staff played a pivotal role in the recent petrol contamination incident. Thousands of people were affected (mainly in the South East) when a batch of contaminated fuel caused their cars to break down. CD centres picked up the seriousness of this very quickly as data built up on the problem. HQ was able to divert excess calls from the South East contact centre to other centres, with uniform lines for advisors to take. OFT and contact centres were able to provide media-trained staff to get advice across to consumers via TV, radio and the press. TSS were kept informed and they took on the role of taking petrol samples for analysis to see what had caused the problem. LACORS and TSI – the LGA coordination body and professional institute respectively- also played a role. Retailers were quick to respond to the problem and offer compensation for affected customers.