

EAST AYRSHIRE COUNCIL

11 DECEMBER 2003

CONSUMER DIRECT

Report by Director of Community Services

1. PURPOSE OF REPORT

- 1.1 To advise the Council of the detail of the Consumer Direct initiative and to invite members to formally endorse the bid from Comhairle nan Eilean Siar as the service provider for Scotland.

2. BACKGROUND

- 2.1 The concept of a national consumer telephone helpline was first outlined in the 1999 white paper: *Modern Markets: Confident Consumers*. The Department of Trade and Industry (DTI) have tested pilot helplines which have indicated that Consumer Direct is operationally feasible and is likely to deliver significant benefits to consumers far outweighing the cost.
- 2.2 Confident, informed consumers are central to the Government's vision for a productive and dynamic economy, promoting competition, innovation and growth. A national consumer helpline, linking closely with Consumer Support Networks across Britain, will be a great value to consumers giving them ready access to practical help and advice over the telephone.
- 2.3 The DTI consider that Consumer Direct will have the capability of providing:
 - a single, widely publicised helpline number;
 - a service capable of dealing with 80% of calls received without referral;
 - a source of reliable, practical and independent advice on consumer matters;
 - a consistently high quality service covering the whole of Great Britain;
 - a helpline that can be accessed easily and beyond conventional working hours;
 - a service that is joined up with other local and national advice giving agencies.

3. DISCUSSION

- 3.1 The Government intends to introduce Consumer Direct across the UK at the earliest opportunity. The initiative has the backing of both the DTI and

- the Treasury and to that extent £30 million will be invested in introducing and establishing the project covering the period to the end of 2005/2006 financial year. The DTI have stated that longer term funding will be put in place to sustain the new helpline beyond 2006.
- 3.2 Six Scottish councils expressed an interest in being the Consumer Direct service provider for Scotland and in the event the bid from Comhairle nan Eilean Siar was judged to be the best. It is generally supported by the trading standards community in Scotland and also major non-local government stakeholders such as the Scottish Consumer Council, Citizens Advice Scotland and the cross party group on consumer affairs in the previous Scottish Parliament.
- 3.3 The Comhairle nan Eilean Siar submission went forward in October 2003 to a UK wide assessment as one of six, i.e. along with four English regions and Cardiff as the Welsh bidder. From these six, three will eventually be selected by the DTI as Pathfinder Projects for the whole of the UK. DTI has advised that the Comhairle nan Eilean Siar bid is presently in the top two of the six being considered as the bids to go forward into the final stage of consideration.
- 3.4 This final stage requires completion bids to be submitted not later than 18 December and hence the reason why the Council is being invited to consider this report.
- 3.5 The DTI are determined that Consumer Direct should make an immediate impact from day one and has advised that it will require councils to agree, in advance, to the transfer of all consumer advice calls to the new service. COSLA has been advised that the majority of Scottish councils (24) have accepted this precondition. Two councils have said no and six, including East Ayrshire, are as yet undecided.
- 3.6 Reservations about agreeing to sign over calls have included;
- loss of profile for a local service
 - dilution in quality of service
 - negative impact on the existing advisors posts
 - investment in the existing service
- 3.7 The intention of Consumer Direct is to create a culture of confident informed consumers who will know how to avoid sharp practice and be better equipped to seek out those reputable traders who will give them a fair deal. This is generally good for business and helps promote economic prosperity nationally and locally. Research by the Scottish Consumer Council suggests that more than a third of Scottish consumers find it difficult to get information on their consumer rights. The new helpline will

address the estimated unmet demands for consumer advice within the UK (400,000 to 1.5 million). Given this range it might be sensible to pick the mean point 950,000 calls/contacts as a reasonable estimate of unmet demand. If we assume that 10% of those are in Scotland, this translates into 95,000 calls/contacts of currently unmet demand that Consumer Direct Scotland would meet. In addition, the 6-day operation and the beyond 9 am – 5 pm operating hours will significantly improve the accessibility and availability of consumer advice. It will also bring significant “new money” investment in consumer advice services, which as a non-statutory service has not enjoyed uniform levels of provision or investment across Scotland.

- 3.8 It has been suggested that Consumer Direct could lead to job losses in Councils such as East Ayrshire, who employ consumer advisors. LACORS and SCOTTS believe the opposite is in fact the case.
- 3.9 The DTI estimate that Consumer Direct as a service will deal with about 80% of calls for consumer advice: these are generally described as the “easier” calls for information, advice and guidance. The remaining 20% are the more complex, multi dimensional cases including those which relate to breaches of the law and require intervention and conciliation or investigation by enforcement officers. The majority of these more complex, and locally focused cases will be referred by Consumer Direct back to Trading Standards. Using the DTI estimates of unmet demand in Scotland, this would equate to an additional 19,000 complex cases per annum. This would place, in due course, a burden on the Trading Standards Service above and beyond current resource capability rather than resulting in local job loss.

4. FINANCIAL IMPLICATIONS

- 4.1 For England and Wales LACORS has estimated the cost of this new burden as £10.7 million and has advised the LGA Spending Review accordingly. If these estimates are correct, the additional new burden for East Ayrshire would be in the region of £25,000 per annum. Cosla will be pursuing the allocation of additional government funds to all Scottish Councils accordingly.

5. LEGAL AUTHORITY/IMPLICATIONS

- 5.1 Nil.

6. POLICY IMPLICATIONS

- 6.1 The Council is being asked to recognise and accept the implication for change within its services and at the appropriate time arrange to;

- liaise closely with Consumer Direct (Scotland) and with other local authorities in Scotland on all aspects of Consumer Direct;
- share information with Consumer Direct (Scotland) on local consumer issues for use by Consumer Direct advisors;
- divert, where possible, existing incoming consumer advice calls and emails to Consumer Direct (Scotland), with the diversion being as automatic as reasonably possible;
- accept referrals on the basis of the principles set out in the Consumer Direct Statement of Service Requirements, and based on agreed protocols;
- promote Consumer Direct (Scotland), where opportunities arise (e.g. giving the central 0845 number and using publicity provided);
- not encourage initial contacts from consumers to local authority operated or funded services where these are within the remit of Consumer Direct (Scotland);
- develop services in a way that complements and reflects the existence of Consumer Direct (Scotland), ensuring at the same time that supporting services are in place;
- ensure that the Council's Trading Standards Service is maintained and equipped to respond to an enhanced role in respect to referrals from Consumer Direct (Scotland) and in pursuing linked enforcement action.

7. CONCLUSIONS

- 7.1 Comhairle nan Eilean Siar has submitted an excellent bid to become a UK Pathfinder Project for Consumer Direct and the service provider for Scotland. The bid needs the collective support of local authorities in Scotland to succeed in the final round of consideration by the DTI. Some councils have expressed concerns about the impact on their own service although the majority (24) support the bid. Success for the Comhairle nan Eilean Siar bid will bring a number of advantages for Scottish consumers, local authorities trading standards services and others involved in the development of social policy and further demonstrate the capacity for local government to work collaboratively with central government in meaningful joint partnerships.

8. RECOMMENDATIONS

- 8.1 It is recommended that the Council:-

- (i) endorse Consumer Direct as a new service to Scottish consumers;
- (ii) give support to the bid from Comhairle nan Eilean Siar as the service provider for Scotland; and
- (iii) confirm its support for the vision and aims of Consumer Direct and co-operate fully with Consumer Direct (Scotland) in the provision of this innovative new service.

William Stafford
Director of Community Services

WS/JD/JM

25 November 2003

LIST OF BACKGROUND PAPERS

1. Modern Markets: Confident Consumers – HMG Consumer White Paper
2. Consumer Direct – HMSO Publicity Leaflet
3. Consumer Direct Statement of Service Requirements

Any person wishing to inspect the background papers above should telephone 01563 576023 and speak to William Stafford, Director of Community Services.

Implementation Officer – William.stafford@east-ayrshire.gov.uk