

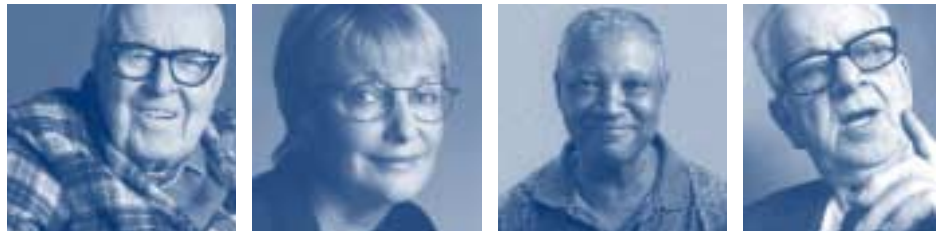
Improving service quality: Action in response to the Inherited SERPS problem



REPORT BY THE COMPTROLLER AND AUDITOR GENERAL
HC 497 Session 2002-2003: 20 March 2003

executive summary

- 1 In August 2000, the Committee of Public Accounts reported on the failure by the (then) Department of Social Security over many years to inform the public correctly about the reduction from 100 to 50 per cent in the amount of State Earnings-Related Pension that could be inherited by a widow or widower on the death of their spouse¹. This error affected millions of people. The Committee reported again in February 2001, commenting on the Government's proposals to remedy the problem, which will cost an estimated £12 billion over the period 2000 to 2050².
- 2 The Inherited SERPS problem (as we refer to it in this report) was caused by a simple administrative error. However, the case shed considerable light on poor communications and customer handling by the Department (now the Department for Work and Pensions), as well as on major organisational failings.
- 3 In their reports, the Committee made recommendations to ensure that adequate redress was provided for those who had been misled. They also recommended changes to the Department's systems and the way in which they handled their customers, to minimise the risk of a similar problem happening in the future. This follow-up report examines progress in implementing those recommendations.



Main conclusions and recommendations

On action to address the Inherited SERPS problem

- 4 The Committee's initial concern was that the public should be given correct information quickly and a solution found to correct the error where people had been misled. The changes set out in the Social Security (Inherited SERPS) Regulations 2001 met most of the Committee's recommendations for a suitable scheme of redress. The Department have since invested considerable resources in publicising the changes, and have taken reasonable steps to ensure that individual contributors were made aware of them and their impact before the Regulations came into effect in October 2002. This required finding ways of contacting more than 20 million people.

¹ *State Earnings Related Pension Scheme: The Failure to Inform the Public about Reduced Pension Rights for Widows and Widowers, 34th report Session 1999-2000 (HC 401).*

² *The Draft Social Security (Inherited SERPS) Regulations 2001, Fifth report Session 2000-01 (HC 243).*

- 5 Overall, the project to inform the public about the changes set out in the Regulations achieved its objectives, was managed well, and was in accordance with the Department's prevailing risk-management framework.
- 6 The most complex part of the publicity exercise was a mail-shot to the 5.1 million people expected to reach state pension age between October 2002 and October 2010 (whose addresses the Department held) and the subsequent follow-up of responses. This required careful planning to ensure that the message in the letter was clear and that a full follow-up service was available. The Department recognised at the outset that the spouses of these contributors, in the event of a contributor's death, would be the first to be affected by the Regulations. A pilot mail-shot was envisaged for late May or early June 2001. In the event, the mail-shot was piloted in November 2001 and the bulk of the letters despatched between March and July 2002. This gave many contributors whose spouses were affected by the Regulations less than six months notice that they were coming into effect, and meant there was limited time available for them to make alternative arrangements to compensate for their spouses' reduced Inherited SERPS entitlement.
- 7 The Department's decision in November 2002 to write a further clarifying letter to some 530,000 contributors who had been given a personalised estimate of their SERPS pension entitlement again highlights the difficulties the Department have had in ensuring that their information products are clear and unambiguous, particularly when the message they are trying to convey is complex. Although the pension estimate letter had been through a rigorous development and review process, which involved customer representative groups and piloting with more than 1,000 customers, it none the less confused some customers and was considered by the Parliamentary Commissioner for Administration to be potentially misleading. **The Department should consider the potential benefits of testing more of their information products on a sample of customers before releasing them widely (paragraphs 2.16 and 2.17).**
- 8 It is probable that SERPS contributors and their spouses living overseas are less likely to be aware of the changes than contributors resident in the United Kingdom. **In future campaigns aimed at raising the awareness of customers living overseas, the Department should explore the feasibility of securing the assistance of foreign governments, which may have more accurate and complete records of the addresses of customers resident in their countries (paragraphs 2.20 to 2.22).**
- 9 The Department considered that there would be few claims for compensation but set aside £8 million for compensation payments. By August 2002, 250 claims had been received and just over £500,000 paid out. In the view of the National Audit Office, the Department could have done more to continue to draw the availability of compensation to the attention of potential claimants. **When communicating with a large number of customers, some of whom are known to have been misled, the Department should draw the possibility of compensation to their attention (paragraphs 2.27 to 2.29).**



On action to improve the Department's systems for communicating with the public

- 10** The Department have made considerable progress against the Committee of Public Accounts' recommendations aimed at improving their organisation and systems for dealing with the public, although the extent has varied in different parts of the Department. The key developments include:
- the re-organisation of the Department and agencies to provide a better focus on different customer groups, from policy development through to front-line service delivery, for example in the creation of The Pension Service as a separate agency;
 - a clearer allocation of responsibility and accountability for the delivery of projects and programmes;
 - the development and roll-out of the Department's intranet as a means of informing staff about current benefit information products, standards and guidance;
 - a content management system introduced on the Department's intranet in December 2002, which allows staff to view all external information products;
 - standardised procedures, involving a greater degree of external consultation, for developing new information products and reviewing existing ones;
 - the development of standards covering the provision of information and advice, by letter, telephone or face-to-face, including improved quality assurance arrangements;
 - improvements in the way in which the Department monitor information contained in correspondence and complaints received; and
 - progressive improvements to the way in which risks are identified and managed.
- 11** The Accuracy of Information project, which initiated many of these improvements, closed in March 2002 and its initiatives are now being further developed as part of the Department's mainstream business. However, although significant progress has been made, more needs to be done to embed the improvements into the organisation. The effectiveness of improvements to the Department's systems for communicating with the public will depend to a large degree on the extent to which staff are aware of, and comply with, the new standards, guidance and procedures. Initial work by the Department's Internal Assurance Service suggests that awareness of these developments among staff delivering front-line services is patchy, and our examination also found variations in adherence to new standards.

- 12 The National Audit Office reports *Tackling Pensioner Poverty: Encouraging take-up of entitlements* (HC37, 2002-03) and *Progress in making e-services accessible to all - encouraging use by older people* (HC428, 2002-03) underline the importance of clear communication with the public. The Department and agencies intend to make further improvements to their systems for dealing with the public, and ensure that improved standards and procedures are embedded throughout the organisation. **On the basis of our work, we consider attention should be paid to:**
- making sure that the benefits of the intranet for disseminating information among staff are fully realised, so that all are up to date with developments (paragraphs 3.6 to 3.9);
 - ensuring that, where timetables for the production of information products allow, there is sufficient time in the quality assurance processes for input by external parties, such as the Department's independent Social Security Advisory Committee and voluntary bodies, to maximise their contribution (paragraphs 3.12 to 3.14);
 - ensuring, as far as possible through routine checking, that departmental literature available in public places is up to date (paragraphs 3.16 to 3.18);
 - developing checks (including "mystery shopping") on the accuracy of staff communications with the public, whether by letter, telephone or face-to-face (paragraphs 3.29 to 3.31);
 - improving the quality of letters sent to the public to avoid ambiguous or confusing communications (paragraph 3.30); and
 - making better and more consistent use of the data collected on complaints, so that trends or themes can be identified (paragraphs 3.34 to 3.36).
- 13 The Department and agencies are in the middle of a period of major organisational and procedural change, with a substantial number of staff moving and adapting to new roles. **It will be crucial, therefore, to ensure that the momentum generated during the past two years is maintained during this period, and that all staff are properly trained and comply with the new standards and procedures.** There is a key role here for the Department's Internal Assurance Service.