

Improving Service Delivery The Veterans Agency



REPORT BY THE COMPTROLLER AND AUDITOR GENERAL
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Preface

This report is one of four¹ which consider the action agencies are taking to improve the services they provide to the public.

The Veterans Agency², an Executive Agency of the Ministry of Defence based in Norcross in Blackpool, is responsible for administering the War Pensions Scheme. There are currently 271,000 beneficiaries of this scheme receiving some £1,200 million annually in war pensions and other benefits. Over 26,000 of these beneficiaries live abroad in over 100 countries. The Agency is also responsible for providing welfare services to veterans and their dependants as well as managing the Ilford Park Polish Home, a residential care and nursing home established under the 1947 Polish Resettlement Act. The Veterans Agency employed 921 staff and had an operating cost of £34.5 million in 2001-02.

The total number of claims received by the Veterans Agency is declining. In 2001-02 the Veterans Agency received 48,950 claims compared to 202,828 claims received ten years ago. The number of claims received by the Agency peaked in 1992-93 as a result of heightened awareness of eligibility for deafness claims (some 80 per cent of claims received were for deafness). Pension rates in 2001-02 ranged from £23.93 to £119.80 per week depending on the degree of disablement. During the same period, additional allowances which some pensioners are eligible for, amounted to £78.98 per week on average for widows and widowers - and £16.11 for disablement pensioners. Awards for medical expenses amounted to some £8 million in 2001-02.

The Agency has improved its performance by reducing the average length of time it takes to process all claims from 146 working days in 1994-95 to 73 working days, well within its target of 90 working days, for 2001-02. Clearance times vary, however, depending on the type of claim - a disablement claim submitted for the first time takes an average of 131 working days to clear whilst a first claim for a war widow pension only takes an average of 32 working days to clear. The time it takes to reach a decision on an appeal has also reduced significantly but still takes an average of 329 working days. The Agency is continuing to work with the Lord Chancellor's Department to set targets to reduce this clearance time further.

The study analyses the timeliness, accuracy and quality of the services provided by the Veterans Agency. The report also highlights good practice that other agencies delivering services to groups of people who can be isolated or difficult to reach might follow.

¹ The other three related reports are *Improving Service Delivery: The Forensic Science Service (HC 523, 2002-03)*; *Improving Service Delivery: The Food Standards Agency (HC 524, 2002-03)*; and a summary report *Improving Service Delivery: The Role of Executive Agencies (HC 525, 2002-03)*.

² Formerly the War Pensions Agency established in 1994 as an Executive Agency of the Department of Social Security.

executive summary

- 1 Some 271,000 beneficiaries currently receive over £1,200 million annually in war pensions and other benefits. Over 78 per cent of pensions are paid in respect of service personnel injuries relating to World War II onwards and include those arising from more recent conflicts, such as the Gulf, Bosnia and Kosovo conflicts. The majority of the remainder relate to World War II onwards non-service categories such as civilians and merchant seamen. Less than one per cent of pensions in payment relate to World War I and inter-war cases. As at March 2002 there were some 2,200 claimants receiving a war pension who had served either during the Gulf, Bosnia or Kosovo conflicts. Awards are made for disablement arising from or made worse by injury or illness due to factors of service. These include injuries sustained during conflict, training or sometimes organised sports and can involve illnesses arising many years after service has terminated, such as arthritis.
- 2 The Veterans Agency, an Executive Agency of the Ministry of Defence, is responsible for administering the War Pensions Scheme. The Agency employs some 921 staff with an annual operating cost of £35 million. The Ministry of Defence agrees the Agency's annual performance targets (**Figure 1**).
- 3 In 2001-02 the Agency received a total of 48,950 claims compared to a total of 202,828 claims received in 1992-93, excluding appeals. The number of beneficiaries of the Scheme is, however, similar to what it was ten years ago. Total expenditure on awards has risen from £840 million in 1992-93 to £1,200 million a year. There are four main types of award (**Figure 2**) which are non-discretionary, not means tested and tax free. Awards are most commonly made in respect of 20-30 per cent assessed disablement. The value of awards is reviewed annually by the Agency and is up-rated using the Retail Price Index. Approval to up-rate payments under the War Pensions Scheme is given by Order in Council³.
- 4 In addition, the War Pensioners' Welfare Service provides support to recently bereaved widows and war pensioners, with a gateway to other services such as healthcare. It also puts war pensioners in touch with ex-service and other voluntary organisations. The Welfare Service consists of 145 staff and 27 local offices across the United Kingdom.
- 5 This report considers the progress that the Veterans Agency has made in improving the services it provides to war pensioners. The Committee of Public Accounts last reported on the work of the Agency in 1993 and we considered the action that was taken in response to the Committee's recommendations. The report also highlights good practice that other agencies might adopt in the drive to improve the delivery of public services.

³ The most recent such Order was *The Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Amendment Order 2002 (S.I. 2002/792)*.

1 The Veterans Agency's performance against its 2001-02 targets agreed with the Ministry of Defence

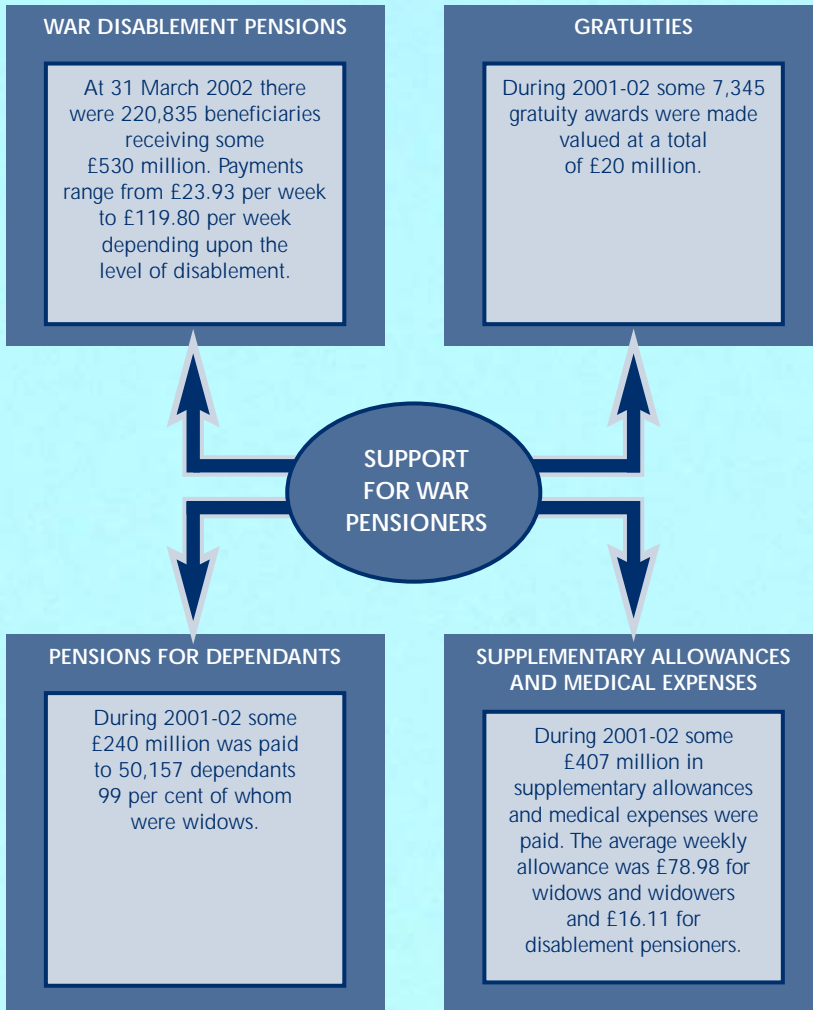
Target	Achievement
<p>Putting Service First</p> <p>Secretary of State Target: To deliver a quality service to war pensioners and war widows by achieving the standards published in the War Pensions Agency's Service First Charter.</p>	
<p>Management Targets</p> <ul style="list-style-type: none"> ■ To issue decisions on claims to war pensions within an average of 90 working days. ■ To issue decisions on war widow(er)s claims within an average of 36 working days. ■ To visit all recently-bereaved war widow(er)s within 15 working days of a request being received. ■ To achieve a claims accuracy rate of at least 94 per cent. 	<ul style="list-style-type: none"> ✓ 73 working days ✓ 25 working days 99.86 per cent of visits within 15 working days ✓ 96.17 per cent of claims were assessed as accurate
<p>Working in Partnership</p> <p>Secretary of State Target: To reduce the average time it takes an appeal to pass through the war pensions appeal process. By 31 March 2002 the average time should reduce by ten per cent from 2000-01 baseline levels.</p>	(time reduced by 42 per cent)
<p>Management Targets</p> <ul style="list-style-type: none"> ■ To clear appeals to war pensions within an average of 195 working days at Stage 1 of the process. ■ To clear appeals to war pensions within an average of 15 working days at Stage 3 of the process. 	<ul style="list-style-type: none"> ✓ 135 working days ✓ 11 working days
<p>Modernisation and Managing Change</p> <p>Secretary of State Target: To implement the recommendations of the War Pensions Agency's Decision Making and Assessment Review to the standards and timetable agreed with the Department of Social Security.</p>	✓ achieved
<p>Valuing our People</p> <p>Secretary of State Target: To lead and manage people effectively through specified measures and contribute to the reduction in public sector sickness absences by 22 per cent from 1998 Public Service Agreement baseline levels by 31 December 2001.</p>	✗ not achieved, see note ¹
<p>Efficiency</p> <p>Secretary of State Target: To generate efficiencies during 2001-02 to absorb the effect of pay and price pressures; and to improve efficiencies so that the Agency operates within its running cost allocation.</p>	✓ achieved

NOTE

- 1 The transfer of personnel records from the Department for Work and Pensions to MoD has disrupted the Agency's recording of sickness absence data. Consequently the Agency was unable to measure sickness levels across 2001. Data the Agency had available, however, indicated it was unlikely to achieve its 2001-02 target.

Source: Veterans Agency and NAO examination

2 Four types of award are paid



Source: Veterans Agency



Findings

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- 6** We examined six aspects of the Agency's performance that are key to delivering high quality services for war pensioners.
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- How long it takes for claims to be processed**
- 7** In 2001-02 it took an average of 73 working days for the Agency to reach a decision on all claims, well within its target of 90 working days. Processing times varied, however, depending on the type of claim. For example, a first claim for disablement pension took 131 working days whereas a claim arising from deterioration in health took 92 working days. Claims for war widow pensions and allowances were dealt with most quickly at 25 working days against a target of 36 working days. As at 31 March 2002, the average age of all outstanding claims was 73 working days, a reduction of ten working days compared to the previous year.
- 8** Some claims took longer to reach a decision because of the need to seek medical evidence and service records to confirm eligibility. For example, the Agency has an agreement with the Ministry of Defence that it should provide service records within 20 working days (in 2001-02, 73 per cent of requests for such records were met within 25 working days). An agreement also exists with the Department of Health for hospital records to be supplied to the Veterans Agency within ten working days⁴. It took an average of 24 working days to provide hospital case notes and 38 working days for General Practitioner records. Overall, 72 per cent of those surveyed that had received a decision on a claim in the last six months said that the service provided by the Veterans Agency was good or excellent.
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- Accuracy in processing claims**
- 9** The Agency has a target to achieve 94 per cent accuracy in processing all claims and it achieved 96 per cent in 2001-02 - the same as it did at the time of our last examination in 1992. Medical assessments were assessed as completely satisfactory or acceptable in 96 per cent of cases.
- 10** The 1993 Report by the Committee of Public Accounts noted that the Agency sometimes had difficulty in locating case papers. At the time the Agency did not undertake periodic searches for files it was unable to locate. Now, however, the Agency undertakes regular searches for case files. As at January 2003 the Agency had 84 case files that it was unable to locate, of which 30 files have subsequently been found. If the Agency discovers a case file is missing it will set up a temporary case file and use this to process the claim thereby helping to curtail any delays.
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- Keeping veterans and their widows informed about the progress of their claims**
- 11** The Agency's customer satisfaction surveys indicate that claimants consider the need to be kept regularly informed of the progress of their claims as the second most important aspect of the service which they want the Agency to provide, the most important aspect being that they are helpful and courteous. The Agency aims to acknowledge in writing claims received from veterans within five working days and to issue an interim letter after three months if a decision has not been reached. Acknowledgements of claims within five working days forms part of the Agency Service Charter Standards and in 2001-02, the Agency acknowledged 98 per cent of claims within five working days. The extent to which interim letters are issued after three months is not, however, routinely monitored in this way.

- 12 In April 2001 the Agency, working with the Court Service, set targets to reduce the average time it takes an appeal to pass through the three stages of an appeal process. The target set was to reduce the 565 working days taken in March 2001 by ten per cent to 508 working days by the end of March 2002. This target was achieved, with an average of 329 working days by the end of March 2002 (a reduction of 42 per cent). The average age of an outstanding appeal within the Agency prior to referral to the Court Service was 97 working days in March 2002. During October 2002 there were 15 appeals outstanding for more than 350 working days prior to referral to the Court Service, the longest being 444 working days.

The length of time it takes to reach a decision on appeals

3 Typical cases considered by the Veterans Agency

An example of a first claim for a disablement pension

Mr X finished his service in February 2001 after 11 years service in Northern Ireland, the Falkland Islands, and Germany as a Lance Corporal in the Royal Signals. On 5 March 2002 Mr X phoned the Agency's helpline at Norcross to make a claim for a war disablement pension.

During this call the Agency took details from Mr X of his service background and medical history. The following day the Agency sent Mr X a claim form for a war disablement pension and put in a request for Mr X's service medical documents.

On 9 April 2002 the Agency received Mr X's completed claim form detailing his claimed conditions: ruptured anterior cruciate ligament on his left knee; chronic pain, instability and inflammation on his left knee; and arthritis on his left knee. An Agency caseworker checked the Departmental Control Index to confirm that this was Mr X's first claim for a war disablement pension and scrutinised the claim for completeness. Mr X was then phoned by the caseworker to explain how his claim would be processed and to advise him of the helpline freephone number.

Mr X's claim was then passed over to an Agency Medical Adviser who considered the type of service medical documents which had been requested, and decided that more medical evidence would be required. Mr X was asked to attend a medical examination and a report was obtained from his General Practitioner.

On 7 August 2002 the Agency received Mr X's service medical documents and shortly afterwards Mr X visited the Departmental Medical Board.

After Mr X's visit to the Medical Board, the Agency's caseworker scrutinised Mr X's claim and decided that sufficient evidence was available to make a decision on whether to accept Mr X's claim on behalf of the Secretary of State. Mr X's claim was then passed over to a Medical Adviser who decided that no further medical evidence was required and who awarded Mr X a 20 per cent disablement pension for internal derangement of the left knee and osteoarthritis of the left knee, both attributable to Mr X's service.

Mr X was notified of this decision on 2 September 2002. He has not appealed.

Source: Veterans Agency



An example of an appeal

Mr T finished his service in 1956 after five years in the Royal Engineers, the Territorial Army and the British Army on the Rhine (BAOR). On 10 December 1999 Mr T submitted a claim for a war disablement pension for deafness. On 14 July 2000, an assessment of 6-14 per cent for bilateral noise induced sensorineural hearing loss was certified and a nil assessment for left otitis externa was certified, both attributable to service.

On 9 April 2001 Mr T sent a letter to the Agency requesting an appeal form but did not clearly state the reason for his appeal. The Agency subsequently contacted Mr T to confirm that he wished to appeal against both of his assessments and immediately sent Mr T the appropriate appeal form. On 2 July 2001 the Agency received Mr T's completed assessment form.

Mr T's appeal was examined by an Agency caseworker to identify the documentation required within a Statement of Case. Once completed, the appeal was sent to an Agency Medical Adviser who recommended that the Agency's assessment of Mr T's conditions was appropriate for defence at the Pensions Appeals Tribunals (PAT) and identified that no further evidence was required.

The caseworker then prepared a draft of the Secretary of State's Reason for Decision (the lay defence of the Agency's decision) for inclusion in the Statement of Case and obtained all relevant documentation. Drafts of the front cover, contents page and summaries of Mr T's assessment were also prepared.

The appeal was then referred to the Agency's 'PAT Types' section where a draft proforma was produced. The draft Statement of Case was then compiled and checked for errors, accuracy of dates, and for information that might be distressful to Mr T. No amendments were made and the Statement of Case was subsequently printed and distributed to Mr T and one of his representatives. Mr T also received a letter detailing his right to comment on the Statement of Case within 28 days and the appropriate form allowing him to do so.

Mr T did not comment on the Statement of Case and the Agency sent four copies of this document to the PAT Issue Section. On 22 August 2002 Mr T's appeal was heard and both Mr T's assessments were upheld.

Source: Veterans Agency

- 13 The Agency provides advice on claiming a war pension through its Welfare Service. Although there is no specific formula to determine the priority in which cases are dealt with, factors such as pensioners' level of disablement - for example if it is assessed as 80 per cent or higher - or if they are homeless or are facing financial difficulties, are strongly taken into account. Ninety-five per cent of war pensioners surveyed by the Agency in 2001-02 were satisfied with the service they received from the Welfare Service and similar satisfaction levels were reported by the ex-service organisations, such as the Royal British Legion who are often the first point of contact for a war pensioner seeking help.
- 14 The Agency often receives claims many years after veterans have left the Services. In 2001-02 over 4,000 claims were from people who had left more than 27 years ago. It is important, therefore, to promote awareness so that ex-service men and women know of the support that is available. This is done by writing once a year to existing war pensioners, providing information on the Agency's website, maintaining close contact with the ex-service community and by providing a free telephone helpline number (0800 169 2277). In 2001-02, 54 per cent of veterans surveyed said that they found it easy or very easy to find out about the services provided by the Agency. Twelve per cent found it difficult or very difficult.
- 15 The number of claims received by the Agency has reduced significantly over the last ten years with the trend set to continue. At the same time the average age of beneficiaries is increasing with 66 per cent of beneficiaries now aged 70 years or over. The Veterans Agency is therefore likely to have fewer pensioners dependent on its services in the years to come but as some pensioners become more frail they are likely to have different needs. The Veterans' Initiative, which was launched in March 2001, is intended, among other things, to provide better integration of all the public services, including health and social welfare, which veterans depend on to maintain their quality of life and mobility.

Help and support provided to war pensioners

How easy it is to find out about the services which the Veterans Agency provides



Recommendations

- 16 The Agency has made good progress in improving its performance, particularly in reducing the average length of time it takes to process all types of claims and in achieving high levels of customer satisfaction. In doing so, the Agency has won a number of external awards including the Charter Mark and the Public Services category of the Management Today/Unisys Service Excellence Awards. Our examination suggests that there are four ways through which performance could be further enhanced.
- 1 **Seek to identify ways of reducing processing times further.** While the Agency has done well to reduce the average length of time it takes to reach a decision on all claims, 131 working days to process a claim for a disablement pension submitted for the first time and 92 working days for someone whose health is deteriorating are still long times for veterans to have to wait for a decision. In its drive to reduce all clearance times further the Agency should: (i) Consider whether its targets are sufficiently challenging (the current target for 2002-03 is 82 working days overall but achievement in 2001-02 was 73 working days); (ii) To reduce the time waiting for supporting material, assess the feasibility of medical and service record information being transmitted electronically by hospitals and the Ministry of Defence; and (iii) Explore with the Court Service how the current 183 working days it takes to reach a legal decision on an appeal might be reduced.
 - 2 **Monitor the cost of processing claims.** The Agency has reliable procedures for allocating resources to the different functions necessary to process a claim. It does not, however, routinely monitor the cost of processing the different types of claims and the costs of providing its welfare service. Reliable costing information is important to provide assurance that resources are used efficiently and also to identify opportunities to improve cost effectiveness. The Committee of Public Accounts, in its 1993 report, recommended that a system for monitoring the cost of administering the War Pensions Scheme should be introduced. The Veterans Agency needs to bring cost and resource management information together and use this to monitor its performance. The Agency's key performance indicators should also cover the costs of delivering its services.
 - 3 **Enhance how customer satisfaction is assessed.** The Agency seeks the views of veterans as to the quality of service they receive. While the results of these surveys can help improve performance, monitoring satisfaction levels alone will not provide a complete assessment of quality. This is often because people do not have a yardstick against which they are able to assess quality of service. More developed approaches to quality assessment now ask customers about their expectation of what the service should provide and then how far this expectation is being met. This information provides a much better yardstick because the results, for example, where an expectation gap exists, can help target action on introducing improvements which are likely to be of most benefit to customers. Conversely, it can indicate where customer expectations are unrealistic and need to be managed. The NAO notes that the Agency has plans to use customer focus groups and encourages it to use them to assess customer expectations. The NAO also encourages the Agency to develop its customer satisfaction surveys to include information on veterans' expectations. It should assess the impact on a sample basis of help provided by the Agency to determine how this has made a difference to the quality of veterans' lives.
 - 4 **Determine how claimants find out about the Agency.** The Agency does not compile information on how claimants initially find out about the Veterans Agency, and in only two of its customer surveys does it collect information on the various sources used by veterans and dependants to obtain information on the War Pensions Scheme. This information is useful because it would allow the Agency to target potential users of its services better, by enabling it to evaluate the most appropriate channels of communication, therefore providing more systematic and structured delivery of its services. Such information would also help assess the cost effectiveness of campaigns run by the Agency.

Annex 1

The Veterans Agency: Good practice in improving service delivery

The Veterans Agency delivers services directly to people who are disabled or bereaved and who are more likely to be older and more isolated than the general population. Delivering a quality service requires sensitivity, minimising anxiety and inconvenience of claimants. How the Veterans Agency achieves this demonstrates some good practice that other agencies delivering services to groups of people who can be isolated or who it may be difficult to reach should find useful.

Adopting a customer driven approach to developing and delivering services

The Agency has set targets for completing the processing of claims and appeals in consultation with the recipients of its services. These have been based on regular feedback from war pensioners through customer satisfaction surveys and consultation with ex-service organisations. The Agency has re-engineered its internal working processes giving priority to improvements that are most likely to benefit its customers. This approach has contributed to the significant reduction in the time taken to reach a decision on a claim.

Having the capacity to meet sudden changes in service demand and workload so that service delivery is not put at risk

The Agency has set up a dedicated specialist team to manage a sudden increase in claims. The Agency processed over 25,000 claims and made over 20,000 ex-gratia payments of £10,000 each over a six-month period in support of the Far Eastern Prisoners of War scheme. In the face of this additional unexpected requirement it maintained a timely service for its core business of processing war pensions claims and appeals. It did this by setting up a dedicated specialist team drawing expertise from across the Agency and earning praise from ex-service organisations about the sensitivity and promptness with which the Agency had administered the scheme.

Giving special attention to the timeliness of service delivery

The Agency closely monitors its workload at each stage of the claims process and targets the oldest claims outstanding. Veterans want their claims processed quickly with minimum inconvenience. The time taken to reach a medical opinion has a direct impact on the length of time taken by the Agency to make a decision on a claim. The Agency's operational team administering claims will monitor closely, for example, the number of cases that are awaiting medical opinion. The operations team help manage the workload of the medical team by identifying, for example, the longest outstanding claims and ensuring they are given priority by the Agency's medical doctors.

Working closely with organisations which have detailed knowledge of the client group and their interests and concerns.

The Agency works closely with ex-service organisations to meet the needs of war pensioners. In order to improve the likelihood of war pensioners who may wish to use the Agency's services having access to the Agency's services, the Agency maintains a close working relationship with ex-service organisations at national and local levels. The Agency works in partnership with these organisations to ensure the interests of its war pensioners are met. The Agency's Welfare Service managers and the ex-service organisations will often refer cases to one another so as to ensure that the right skills, advice and support is provided for the war pensioner. The Agency also has a dedicated helpline for ex-service organisations to use whenever they need to contact the Agency.



Adopting a portfolio approach to quality management

The Agency brings together the monitoring of all aspects of its quality of service performance. A high quality service often depends upon many factors - for example, timeliness, accessibility, accuracy, inclusiveness (avoiding the exclusion of eligible customers) and reasonable cost. The Agency has, since April 2001, monitored its overall quality performance - in terms of the speed and accuracy of administering claims and welfare services provided to claimants and existing war pensioners, and the efficiency of administration - through a Quality Standards Committee. Membership has been drawn from across all areas of the Agency. The Committee assists management in investigating, checking and verifying the Agency's activities by analysing qualitative and quantitative data on performance. The Committee has no executive responsibility but acts as an independent challenge function that questions the Agency's achievements and identifies where the Agency needs to improve its services. In 2002-03, the Committee is being chaired by one of the Agency's non-executive directors to enhance its independence.

Seeking regular external assessments of the quality of service delivery

The Agency has sought external assessments of its service delivery and the quality of the services it provides through applications for Charter Mark⁵ and the Service Excellence Awards Programme⁶. Prior to becoming an Agency, a Charter Mark award was first secured for War Pensions work in 1993, and the Agency was subsequently awarded the Charter Mark in 1998 and 2001. The Agency lost its Charter Mark in 1996 after the Assessors found a failure to meet some key performance targets which had resulted in a higher than usual number of complaints, in particular with respect to the length of time taken to administer appeals. The Agency won back its Charter Mark in 1998 and, furthermore, in 2001, was named winner of the Public Services category of the Management Today/Unisys Service Excellence Awards. It has also been selected as a Government Beacon, which other public sector organisations can learn from under the Cabinet Office's Central Government Beacon Scheme⁷.

⁵ Charter Mark is a customer focused quality improvement tool which concentrates on the results of the service received by the customer. The Cabinet Office currently administers it.

⁶ The Agency competed with other public sector providers in the Public Services category of the Management Today/Unisys Service Excellence Awards.

⁷ The Central Government Beacon Scheme is run from the Cabinet Office and identifies the best performing parts of central government to enable others to learn from their experience. In 2002-03, there were 39 central government beacons.