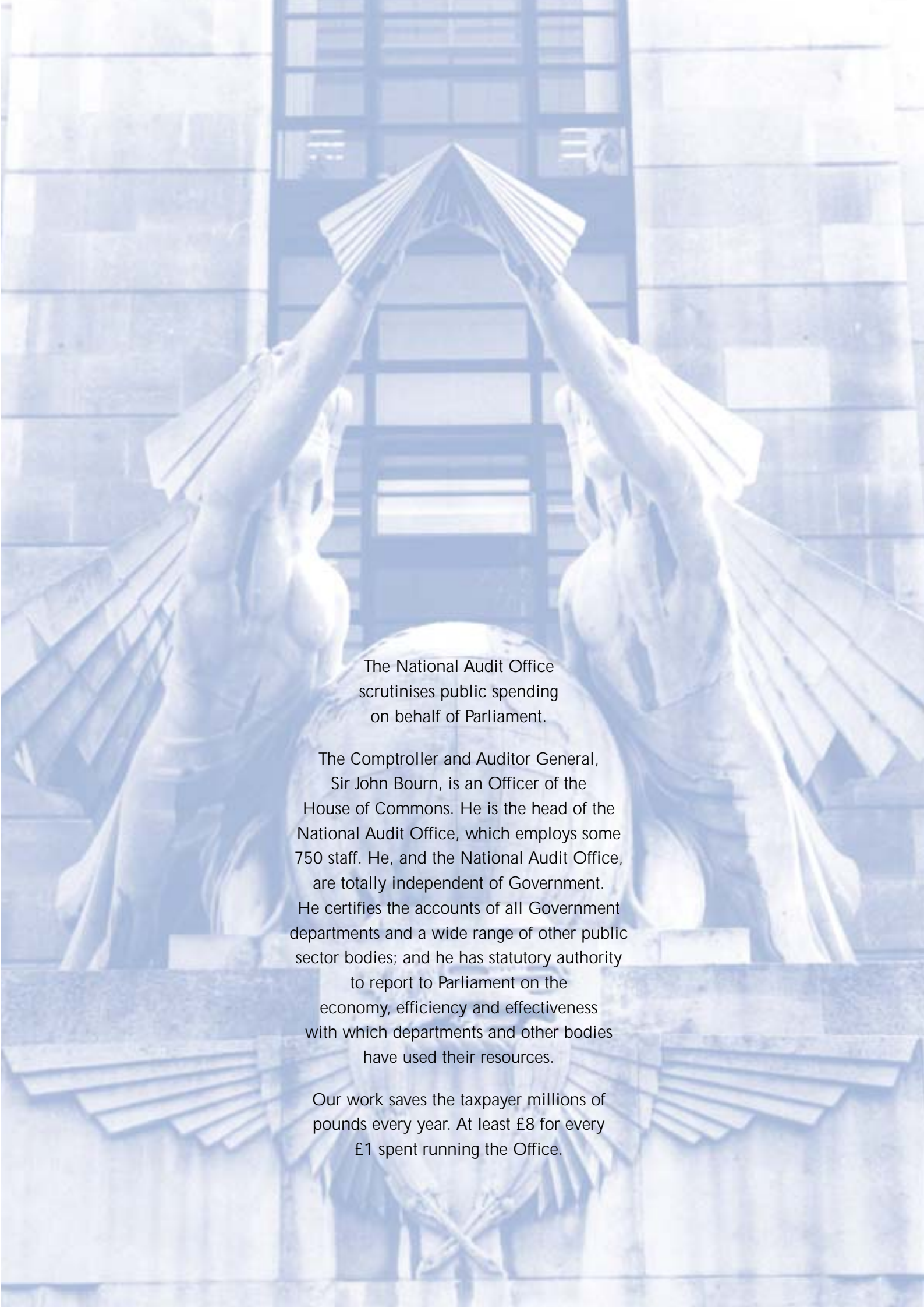


# Getting it right, putting it right

## Improving decision-making and appeals in social security benefits

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL  
HC 1142 Session 2002-2003: 7 November 2003





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# Getting it right, putting it right

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REPORT BY THE COMPTROLLER AND AUDITOR GENERAL  
HC 1142 Session 2002-2003: 7 November 2003

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This report has been prepared under Section 6 of the National Audit Act 1983 for presentation to the House of Commons in accordance with Section 9 of the Act.

*John Bourn* National Audit Office  
Comptroller and Auditor General 27 October 2003

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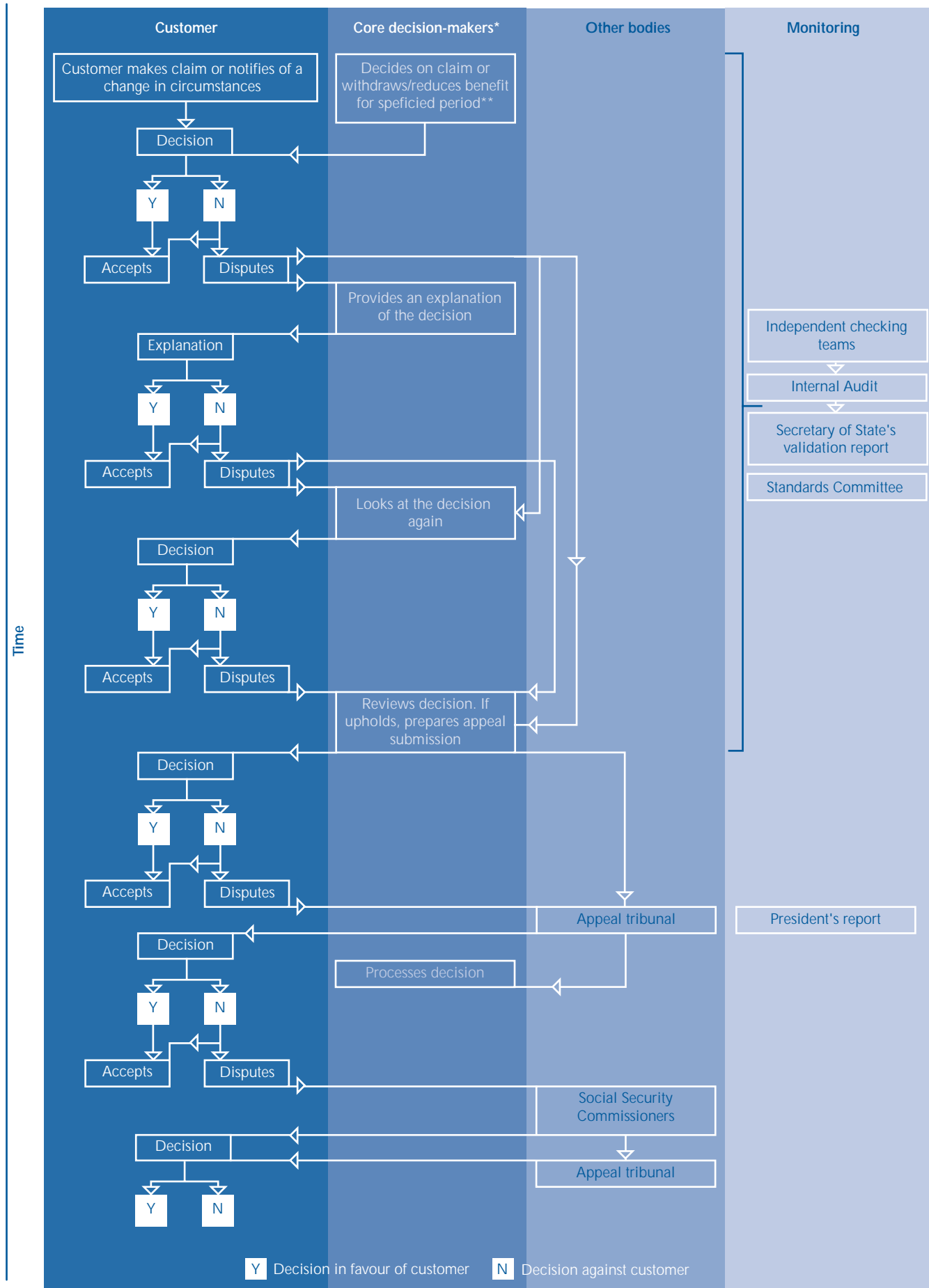
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# 1 Overview of the decision-making and appeal process



A **decision** is made in respect of a new claim, renewal or change in circumstances, using information in the claim form and additional evidence. Complex decisions are made by specialist staff. A decision notification letter should be sent to the customer, detailing the decision and impact on her/his benefit. Decisions to withdraw or reduce Jobseeker's Allowance for specified periods are also made at this stage. Independent checking teams monitor decisions. The results of their work feed into Internal Audit monitoring which itself feeds into the Secretary of State's validation report. This three-tiered approach of checking and validation covers decisions before they reach tribunal. The independent Standards Committee has a separate role, covering all stages of the decision-making and appeals process, to provide assurance and make recommendations on monitoring, and to engage in dialogue with the benefit user community.

An **explanation**, setting out the reasons for the decision, is given on customer request. It may be given in person, in writing or over the telephone. It is given by the person that made the decision, another decision-maker, other local staff or by dedicated explanations helpline. It is not necessary for a customer to seek an explanation before requesting a reconsideration or making an appeal.

The original decision is **looked at again** on customer request (sometimes referred to as a reconsideration). A decision-maker reviews the original decision and the supporting evidence to determine whether the previous decision can be upheld. The decision may also be reconsidered as part of local checking procedures. It is not necessary for a customer to request a reconsideration before making an appeal.

When a customer makes an **appeal** the appeal writer reviews the case and may revise the original decision. If it is revised in the customer's favour the appeal will lapse, but there is a new right of appeal against the new decision. If not, she/he prepares an appeal submission and sends it both to the customer and the Appeals Service. If the customer wishes to proceed she/he may opt for either an oral hearing (the appellant or representative may attend the hearing) or a paper hearing (no such attendance). The tribunal considers the facts of the case and checks that the law was correctly applied when the decision was made. The tribunal notifies the customer of the outcome of the hearing and officials process the decision. A tribunal hearing does not take place if the customer withdraws the appeal, if the appeal is deemed "misconceived" (considered to have no chance of success) or if the appeal is struck out (e.g. because enquiries are not received on time). The report by the President of the appeal tribunals on the standards of decision-making by the Secretary of State details the results of monitoring of appeal tribunal decisions.

A customer can appeal the decision of an appeal tribunal on a point of law only. The **Social Security and Child Support Commissioners** may finally decide an appeal or order a rehearing at tribunal. They give binding rulings on interpretation of the law and remedy procedural injustices. Social Security Commissioner judgements form decision-making case law. There is a further right to appeal on a point of law only from the Commissioners to the Court of Appeal or the Court of Session.

\* Jobcentre Plus / Disability & Carers Service / Pensions Service  
 \*\* Withdrawal or reduction applies to Jobseeker's Allowance only

# executive summary

- 1 The Department for Work and Pensions make millions of benefit decisions every year and revise them when customer circumstances change, if appropriate. In the great majority of cases customers accept the decisions on their applications. Decisions are looked at again (reconsidered) when customers dispute them and may be changed. Some 230,000 decisions a year (around 1 per cent) end in an appeal tribunal. Of these, around 40 per cent are changed in favour of the customer.
- 2 Many benefit decisions are complex, involving examination of evidence from different sources and interpretation of complex legal rules. This work is carried out by a large number of front-line staff within Jobcentre Plus, The Pension Service and the Disability and Carers Service. While getting the decision right and demonstrating this to the customer is a key aspect, making the decision in good time and improving other aspects of customer service are also important drivers for performance.



- 3 In 1999, the Department implemented major changes to their arrangements for decision-making and appeals under the Social Security Act 1998. This was part of efforts to modernise the service and came against a background of lengthy waits for appeals and continuing reports of errors in decisions. The changes included the abolition of the independent Chief Adjudication Officer, who had been responsible for the standards of decision-making and whose role was transferred to the Department's own agency chief executives. The Department implemented the changes to timetable and estimate they cost £62 million.
- 4 Against this background, we examined the overall impact of the changes to decision-making and appeals arrangements, and the effectiveness of arrangements in two major benefits: Jobseeker's Allowance and Disability Living Allowance. We chose these benefits because they affect a large number of people - some 1 million and 2.4 million respectively - and have contrasting methods of delivery and evidence requirements.



- 5 To compile the report, we analysed performance data collected by the Department and identified illustrative case studies by examining customer files and interviewing a sample of customers. We visited a variety of departmental offices, consulted welfare rights advisers from Citizens' Advice and other groups, and carried out a survey of a representative sample of 340 offices involved in delivering Jobseeker's Allowance. The report does not cover arrangements for decision-making and appeals in Housing Benefit and Council Tax Benefit (which are administered by local authorities), tax credits (which are administered by the Inland Revenue), or Child Support Assessments (handled by the Child Support Agency). Our methodology is described in detail at Appendix 2.

## Performance on payment accuracy, case clearance times and decision-making

- 6 Payment accuracy has improved in four out of the five benefits for which it is measured and clearance times have reduced for most of the major benefits. Overall, around a fifth of benefit decisions contain errors of some kind, although not all will result in a payment error (Figure 2).

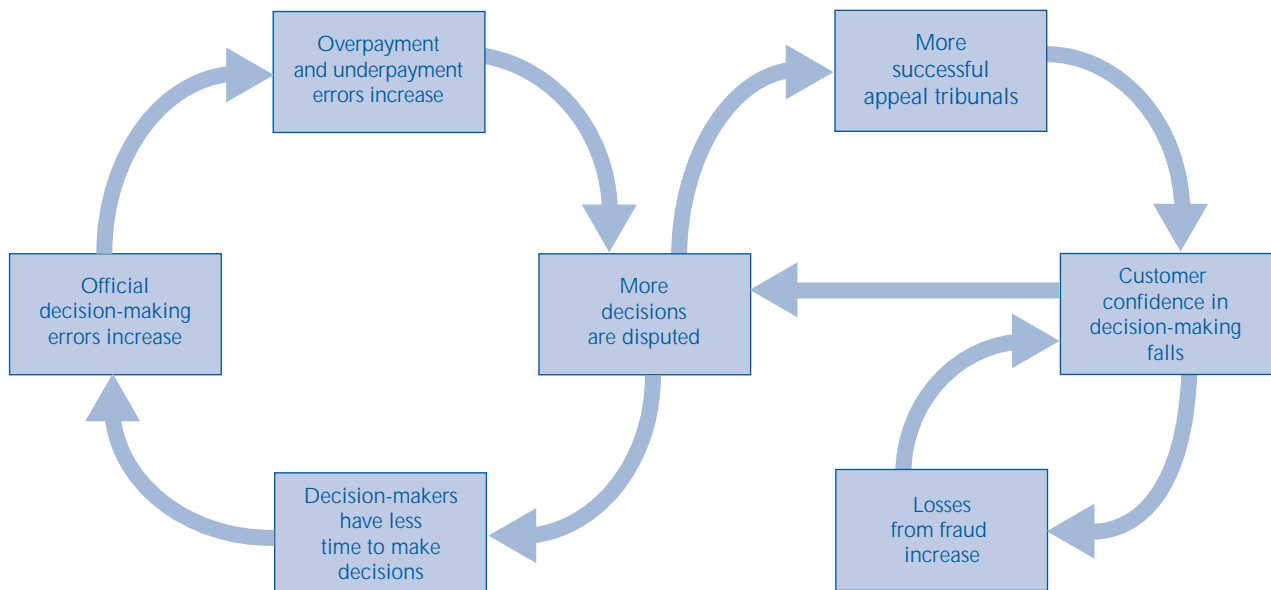
### 2 Not all decision errors result in the wrong payment, because:

- the right decision, and therefore the right payment, may be made for the wrong reasons or without sufficient evidence;
- a wrong decision may lead to the same payment as the right one where, for example, different entitlements are paid at the same rate; and
- "payment accuracy" can in some cases be simply a measure of the administrative accuracy of payments to the customer following a decision (regardless of the correctness of that decision).

- 7 Official and customer errors cost the Department an estimated £1 billion in 2001-02 in terms of the net overpayment of benefits. Dealing with disputes about decisions is also costly. The Appeals Service, established in 2000, spends some £63 million a year. Handling appeals against Disability Living Allowance decisions before they reach the Appeals Service costs £6 million a year, while handling Jobseeker's Allowance appeals costs a further £2 million. The cost of handling an appeal can be at least four times that of reconsidering the case internally. Incorrect decision-making also costs customers money and may deprive them of benefit altogether.
- 8 The level of error in benefit decision-making is also a reputational risk for the Department and the social security system. For example, in our discussions with welfare rights groups they argued that a high level of errors can generate a lack of trust among customers and their advisers in the Department's decision-making and contribute to the levels of disputes and appeals (Figure 3).



### 3 Decision-making quality has direct and indirect financial effects

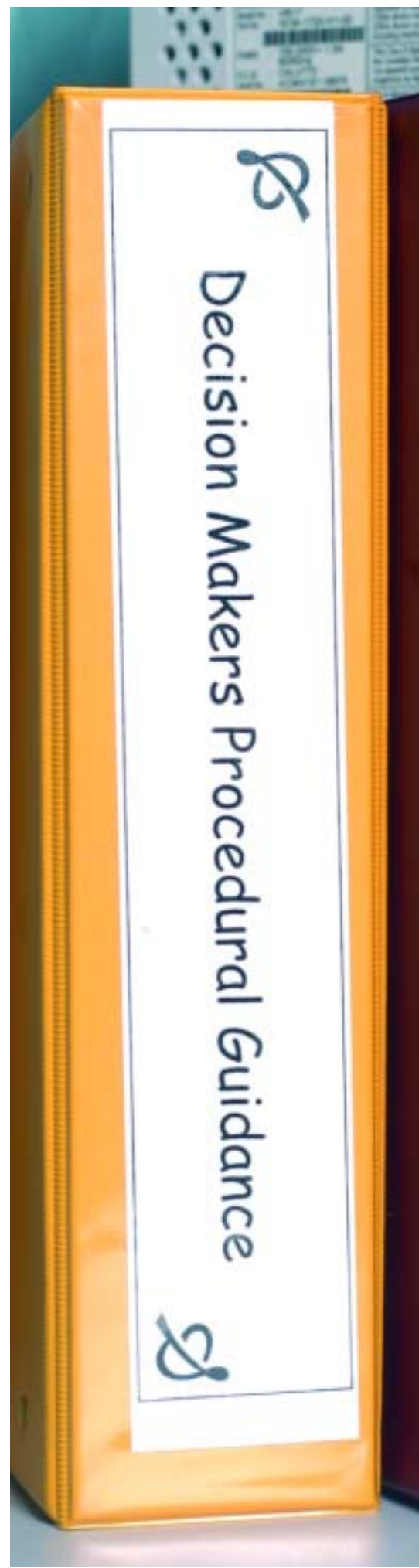


Source: National Audit Office

## The impact of the reforms and continuing improvements

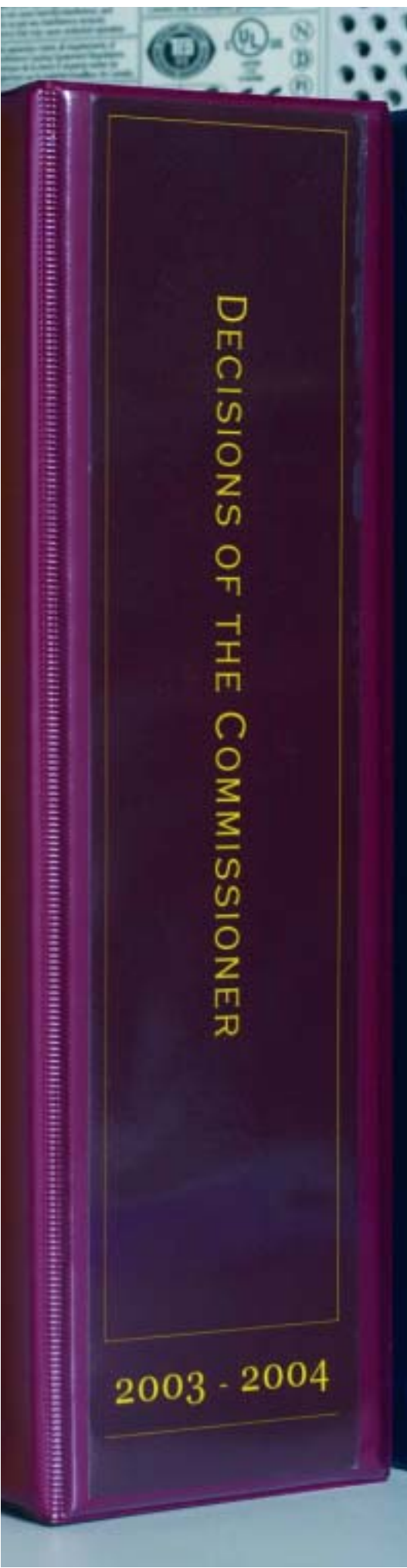
- 9 The 1998 reforms were an ambitious set of changes to decision-making and appeals (Appendix 1) and also expected to facilitate cultural change and improve the quality of service to customers, through better explanation of decisions and by using opportunities to correct decisions without the need for a formal appeal. The expected drop in appeals overall of around 15 to 20 per cent, with associated cost savings (Figure 13), has been achieved, although there has been an increase in the number of appeals in Disability Living Allowance to around 90,000 in 2002-03, compared with around 50,000 before the reforms. Among the reasons for this outlined in paragraphs 2.24 - 2.26 are the removal of the statutory review and welfare groups encouraging claimants to appeal. The reduction in the overall clearance time for appeals has not been significant and the average stands at around 26 weeks.
- 10 The Department have made progress against their high-level targets for the accuracy of benefit *payments* and the time taken to clear cases. They have also improved the quality of service during customers' visits to their offices. At the same time, the data reported by the Department (Figure 10) shows scope for improvement in the quality of decision-making for certain benefits. We consider that, while they do not figure explicitly in high-level targets, good decision-making standards are inextricably linked with making accurate payments and satisfying customers. The Department could do more to make that link, in their measurement and management of performance.

- 11 In addition, there are difficulties in making changes to IT and standard customer letters. Further improvement in the training and experience of front-line staff would ensure customers are referred to the most appropriate person for a detailed explanation. The Adjudication and Constitutional Issues Division within the Department have now made improvements in providing advice and guidance to decision-makers.
- 12 In a number of benefits, decision-making can involve a considerable degree of judgement and needs to be clearly explained to customers to ensure that all appropriate evidence has been obtained and properly interpreted. Moreover, as the Committee of Public Accounts reported in July 2003<sup>1</sup>, the complexity, especially of the means-tested benefits, which stems from regulations designed to tailor them to individual need, increases the risk of errors as well as fraud.
- 13 In 2002, the Department created Jobcentre Plus, which includes a major programme of change in buildings, business processes and providing IT for all staff, with intranet access to benefit guidance. These changes should help to bring about the cultural change and improved decision-making that the reforms alone could not achieve. The replacement of the Department's Customer Management and Evidence Gathering Systems should help reduce errors in decision-making and improve communication with customers.
- 14 The Department have established arrangements for monitoring and reporting on standards of decision-making. We consider they could make better use of the Standards Committee, and improve the published performance information. The Department have accepted that the information reported externally thus far<sup>2</sup> has been late, and are taking steps to improve future published reports.



<sup>1</sup> *Tackling Benefit Fraud, Committee of Public Accounts: thirty-first report, 2002-03 (HC 488).*

<sup>2</sup> *Department for Work and Pensions (2002, 2003) Secretary of State's reports on the standards of decision-making in the Benefits Agency, Child Support Agency and Employment Service.*



## Disability Living Allowance

- 15 Disability Living Allowance requires complex decisions, involving a high degree of judgement and the interpretation of detailed medical evidence. Around one in twelve decisions result in appeal tribunal hearings, with more than half of these decided in the customer's favour. Following the 1998 reforms, appeals numbers increased significantly when the mandatory review of all decisions was discontinued, and they have remained high. Based on 2001-02 figures, errors continue to be found in more than one-third of cases, including those that are being looked at for a second time, and key evidence often does not emerge until the case reaches an appeal hearing. While the Department have taken steps to improve the quality and interpretation of medical evidence, more needs to be done.
- 16 The key to improving decision-making in this benefit is obtaining the right kind of evidence about the customer's own circumstances and not simply their disability. Efforts have been hindered by poor IT, long and confusing forms, and a lack of contact between decision-makers and customers, who are dealt with by post. In addition to the guidance work of their Adjudication and Constitutional Issues Division, the Department are now trialling a range of approaches to clarify the decision-making process for both customers and staff, including improved reconsiderations and more telephone contact with customers. The National Audit Office estimate that if, over the next five years, the Department could reduce by 25 per cent the number of these cases that need to go to a tribunal, by putting more decisions right on a second look and with the help of new IT systems, they could expect to save £4 million a year.

## Jobseeker's Allowance

- 17 Jobseeker's Allowance is administered through a network of over 1,400 regional, local and district offices. Entitlement is based on conditions relating to both financial eligibility and also whether the customer is available for, and seeking, work. Until recently, these two aspects were administered separately by the Benefits Agency and the Employment Service, which respectively prioritised speed and accuracy of payments, and placing customers into jobs. They are now both the responsibility of Jobcentre Plus. Payment accuracy has improved but there is scope to improve decision quality. There is also some regional variation which suggests scope for lessons to be learned from the best-performing regions. This is one of a number of areas for improvement which Jobcentre Plus is addressing in its reorganisation. Relatively few Jobseeker's Allowance decisions reach a tribunal.

- 18 Jobcentre Plus aims to achieve cultural change within the organisation and a seamless national service. In doing so, it should draw on many good practices at local level. Setting national standards for improving decision-making and appeals would not only reduce service variations but could also contribute to reducing fraud and improving jobseeking customers' compliance with the Government's requirements, by reducing customers' perception that the benefit system is open to abuse.
- 19 Jobcentre Plus are planning efficiency initiatives which could save £3 million a year and improve the handling of disputed cases. The National Audit Office estimate that, if they could put right ten per cent more decisions without an appeal tribunal, they could save an additional £1.1 million a year across all their benefits.

## The handling of appeals

- 20 The creation of the new Appeals Service in 2000 has led to significant improvements in the speed and quality of service from that Agency to customers who are disputing a decision. If they are to achieve substantial reductions in the average six month end-to-end time for an appeal, the Department's agencies need to focus on reducing preparation time for submitting cases to the Appeals Service, which currently varies considerably. Centrally, both Jobcentre Plus and the Disability and Carers Service are now focusing on this. The Department's Adjudication and Constitutional Issues Division handles higher appeals to the Social Security Commissioners and is exceeding its clearance targets. Waiting times for these higher appeals have also reduced.

## The future

- 21 The changes brought in with the 1998 legislation have put the Department in a good position to get more decisions right first time, explain them effectively to customers and put more right without an appeal. Further improvements in these areas could bring the Department financial savings in administrative costs (Figure 4), although there would need to be some additional expenditure to achieve them (e.g. on reorganising teams, improving training and IT improvements). The net effects on administrative and programme costs are difficult to determine, and have not been included in Table 4 below.





#### 4 Potential for annual savings by improving decision-making and appeals

Area for savings	Estimated annual potential savings	Possible methods of achieving
Reduction by 25 per cent over five years in the number of Disability Living Allowance claims that go to appeal tribunals	£ 4 million	<ul style="list-style-type: none"> <li>■ More pre-checks on quality before decisions are finalised</li> <li>■ Improve quality, relevance and reliability of evidence gathered from customers, medical reports and other sources</li> <li>■ Make more effective use of the reconsideration stage</li> </ul>
Efficiency savings through creation of teams to handle Jobcentre Plus appeals	£ 1 million	<ul style="list-style-type: none"> <li>■ Centralisation of staff handling Jobcentre Plus appeals into teams (already planned)</li> </ul>
Removal of duplication of reconsideration work in Jobcentre Plus benefits	£ 2 million	<ul style="list-style-type: none"> <li>■ Transfer all reconsideration work to appeals teams (already planned)</li> </ul>
Reduction of ten per cent in tribunals for Jobcentre Plus benefits	£ 1.1 million	<ul style="list-style-type: none"> <li>■ More pre-checks on quality before decisions are finalised</li> <li>■ Improve communication of the reasons for decisions to customers</li> <li>■ Make more effective use of the reconsideration stage</li> <li>■ Improve consistency across the country in the identification of doubts about eligibility where a decision is needed</li> </ul>
Total	£ 8.1 million	

- 22 In advance of this, there is scope to make significant improvements in decision-making and related customer service by further sharing of good practices and reducing variations. There is also a need to communicate the desire for change to staff, through national quality standards, leadership and guidance, and to customers and their advisers, through greater openness about the current standards and targets for improvement. Our recommendations suggest ways in which the Department can address these issues.

# Recommendations



*The Department have taken important steps to improve the quality of decision-making and appeals, but standards remain a concern. In the medium term there remain obstacles, in the form of inadequate IT and over-complex benefits, to achieving the improvements required. The Department are now planning to address the IT issues. The National Audit Office's recommendations show how the Department could integrate improvements in decision-making quality with broader organisational changes and begin to achieve the savings outlined above.*

*The Department have advised us that they welcome the report and its consideration of the issues. They now need to consider how to take forward this work as an integral part of the existing change programme.*



- 1 **The Department should further develop the skills of all their decision-makers through enhancing existing feedback and on-the-job training.** Enhancements might include more frequent rotation where possible between initial decision, reconsideration and appeal stages, support and training in customer communication, a programme of secondments to central guidance and checking teams, and joint training activities with welfare rights representatives and local tribunal members (paragraphs 2.17-2.18, 3.8-3.9, 3.15-3.16, 3.21).
- 2 **The Department should investigate and reduce the variations in treatment of cases across the country where benefits are locally administered (e.g. identification of doubts about eligibility for Jobseeker's Allowance).** Such inconsistencies can contribute to a lack of confidence in the benefits system. To achieve a consistent approach, the Department should provide new national good practice guidance and monitor trends over time and by region (paragraphs 3.17-3.18).
- 3 **The Department should set minimum standards in all benefits for the process of looking at a decision again, to which all offices are expected to adhere, and communicate these to customers.** Standards should include a maximum waiting time, and a stipulation that decisions are re-examined by a different decision-maker. While amending standard customer letters may prove difficult until computer systems are replaced, communication of the service standards could be achieved by improving the training of frontline staff and clearly stating the standards in posters, leaflets and other customer communications (paragraphs 2.28-2.31, 3.26-3.30).
- 4 **The Department should increase, where there are benefits to doing so, the proportion of decisions that are pre-checked, to reduce the number of errors and hence appeals.** Investing more time in identifying wrong decisions early should provide both a better service to customers, by reducing the need for lengthy and stressful appeals, and a more cost-effective use of resources. The proportion of decisions pre-checked should depend on the incidence of errors found and may vary depending on the decision type, the benefit, the office and the member of staff (paragraphs 2.28-2.31, 3.20, 3.27).

- 5 **The Disability and Carers Service should make more effective use of personal communication with customers to collect initial or follow-up evidence on Disability Living Allowance and Attendance Allowance claims.** This could improve the quality of communication with customers, improve staff skills and contribute to a reduction in the need for appeals. The Department should evaluate the likely costs and benefits of different forms of direct communication (paragraphs 2.8-2.12).
- 6 **The Department should consider implementing a "spend-to-save" scheme to send a presenting officer to all complex appeal tribunals, to represent them, to advise the tribunal and to provide direct feedback to decision-makers.** Along with efforts detailed elsewhere to reduce the number of unnecessary appeals by putting more decisions right earlier, this could have a positive effect on both administrative and programme costs (paragraphs 4.20-4.22).
- 7 **The Department should reduce the geographical variations in the time taken to prepare appeals submissions, in order to provide a consistent and improved level of service for all customers.** They should set appropriate national standards covering quality as well as time, so that faster does not mean lower quality. These service standards should be communicated to customers and supported by matching resources to workloads (paragraphs 4.7-4.9).
- 8 **The Department should implement the published recommendations of the Comptroller and Auditor General with respect to improving the range, design and level of detail in the Secretary of State's report on standards of decision-making.** This should improve the accountability of the arrangements and provide a balanced picture of the accuracy, speed and consistency of performance (paragraph 1.28, Figure 15).
- 9 **The Department should publish in full the annual reports and work programmes of the Standards Committee.** This will demonstrate their commitment to improving decision-making standards and the independence of the monitoring arrangements (paragraphs 1.22-1.23).
- 10 **The Department should produce an action plan for achieving improvements to decision-making and appeals, including measures for the long, medium and short terms.** The action plan should be used by the Standards Committee to monitor and report progress.



# Part 1

## Progress in improving the quality of benefit decisions and appeals

### Getting decisions right is important for customers and for the credibility of the benefit system

1.1 Each year, the Department for Work and Pensions (the Department) make tens of millions of decisions on eligibility for benefits, pensions and child maintenance assessments. Getting decisions right helps the Department provide a high quality service and is fundamental to the credibility of the social security system. It is also important for the efficient running of the Department. Correcting errors and handling appeals are wasteful of departmental resources and can cause uncertainty and inconvenience for customers.

1.2 This report focuses on:

- the Department's overall performance in decision-making (Part 1);
- getting decisions right and putting them right in Disability Living Allowance (Part 2) and Jobseeker's Allowance (Part 3); and
- the Department's performance in handling appeals (Part 4).

We focused on two benefits which affect a significant number of customers and present different challenges, although many of the conclusions are relevant to other benefits. Jobseeker's Allowance, often claimed for short periods, requires evidence that a person is looking for work. Disability Living Allowance is claimed for much longer periods and is based on examination of medical evidence.

1.3 Decisions about social security benefits are based on applying complex legal regulations and case law, and interpreting information supplied by the customer. In addition, every time a customer informs the Department of a relevant change in circumstances, one or more decisions must be reassessed. Decisions about deducting benefit are also taken where a customer has not complied with the rules, or where overpayments may need to be reclaimed.

1.4 Decisions are made by staff at Executive Officer level or below within Jobcentre Plus (which administers Jobseeker's Allowance and a range of other benefits), The Pension Service and the Disability and Carers Service (which administers Disability Living Allowance and the related benefit, Attendance Allowance) (Figure 5).

#### 5 Decisions on benefits are made throughout the Department

**Jobcentre Plus:** provides work and benefit services for people of working age through 11 regions and 1,400 local offices. It aims to help more people into work, help employers to fill their vacancies, and provide people of working age with the help and support to which they are entitled.

**The Pension Service:** delivers benefits and services to current and future pensioners through nine regions and 26 pension centres. It aims to combat poverty and promote security and independence for its customers.

**Disability and Carers Service:** administers disability benefits through 11 regional centres and a main office in Blackpool.

*Source: National Audit Office*

### Customers can dispute or appeal against decisions, or complain about their handling

1.5 In the great majority of cases for most benefits, claimants accept the decision on their application (Figure 6). If not satisfied, they can ask for it to be looked at again (often called a "reconsideration"), providing they do so within a month of the date of the decision. If they decide the decision needs changing, the Department will revise it and, where appropriate, backdate changes to the date of the original decision. A challenge to a decision beyond one month of the decision date may also be successful but, without special circumstances, the Department are not required to backdate changes. Reconsideration of a decision may cost, we estimate, around £20. Customers have a statutory right of appeal to an independent tribunal against most decisions made by the Department, within one month of the date of the decision. There are also provisions allowing the Department to accept late appeals in some circumstances.



**6 Volumes of initial decisions, decisions looked at again and appeals tribunals for some major benefits**

	Initial decisions made on claims 2002-03	Decisions looked at again 2002-03 <sup>1</sup>	All decisions 2002-03 <sup>3</sup>	Appeal Tribunal hearings held 2002-03 <sup>2</sup>	
Jobseeker's Allowance	3,184,000	111,000	3,295,000	9,000	0.3 per cent of all decisions <sup>3</sup>
Disability Living Allowance	680,000	421,000	1,101,000	89,000	8 per cent of all decisions <sup>3</sup>
Incapacity Benefit	803,000	85,000	888,000	51,000	6 per cent of all decisions <sup>3</sup>
Income Support	1,266,000	32,000	1,298,000	16,000	1 per cent of all decisions <sup>3</sup>

**NOTES**

1. Decisions looked at again includes: reconsidered decisions; decisions superseded when circumstances change; decisions looked at again on the Department's own initiative; and appeals requests received, not all of which will reach a tribunal. Some initial decisions may therefore be looked at again more than once.
2. Owing to the time taken to prepare for tribunals, those held in 2002-03 do not necessarily relate to claims or decisions made in that year.
3. "All decisions" includes both initial decisions on claims and decisions looked at again. A number of the cases reaching an appeal tribunal may have had two or more decisions made on them in the same year. Therefore the percentage shown is not the same as the percentage of claims that reached an appeal tribunal.

Sources: Department for Work and Pensions and The Appeals Service. All figures are given to the nearest thousand

- 1.6 The appeal tribunal decision carries a right of appeal on a point of law to the Social Security and Child Support Commissioners. There is a further right of appeal from the Commissioners to the Court of Appeal or the Court of Session, and thence to the House of Lords and European Court (Figure 1, facing page 1). Between 200,000 and 250,000 appeals are handled every year, and some 6,500 of these go on to the Commissioners or higher appeals. Appeals can incur overall costs of around £200-£350 if they reach a tribunal. Separately from the decision making and appeals process, customers who believe their claims have been inappropriately handled, even if the decision is correct, may complain about the handling of the administrative aspects to the Parliamentary Commissioner for Administration (the Ombudsman) through their Member of Parliament.

The Department also work to Secretary of State's targets for clearing new benefit claims in a timely way, which depends on efficient decision-making. They have reduced clearance times for most major benefits (Figure 8).

## The accuracy of decisions is not the same as payment accuracy

- 1.8 Payment accuracy (whether or not the amount of benefit has been correctly calculated and subsequently paid) and decision-making accuracy are not necessarily the same. For a decision to be correct:

- all the appropriate and necessary evidence to support the decision must have been before the decision-maker (Sufficient evidence);
- the decision-maker must have asked any necessary questions of clarification before making the decision (Determination of questions);
- the decision-maker must have correctly determined the facts of the case from the evidence before him/her (Findings of fact); and
- the decision-maker must have correctly considered and applied both statute and case law appropriate to the decision (Interpretation and application of law).

## The accuracy of payments has improved in recent years, along with case clearance times

- 1.7 Many decisions affect the amount of benefit paid. Levels of payments are decided by detailed rules relating to, for example, levels of other income or extent of disability. The Department have been set and have achieved demanding Public Service Agreement targets for payment accuracy over recent years, linked to the aim of reducing losses from error and fraud<sup>3</sup>. Accuracy improved in four out of five benefits for which it is measured (Figure 7).

## 7 Benefits payment accuracy results

Percentage of benefit <i>payments</i> which were accurate	1999-2000 per cent	2000-2001 per cent	2001-2002 per cent
Income Support	86.8	89.7	92.9
Jobseeker's Allowance	89.4	92.3	93.7
Incapacity Benefit	94.6	95.3	95.6
Disability Living Allowance	97.1	96.9	98.1
Retirement Pension, Widows & Bereavement Benefit	96.4	96.8	94.8

### NOTE

The Department measure payment accuracy for the above benefits only.

Source: *Department for Work and Pensions*

## 8 Performance in timely clearance of benefit decisions

Benefit	1999-2000	2000-01	2001-02
Retirement Pension	94.8% within 60 day target	96.5% within 60 day target	97.4% within 60 day target
Child Benefit	94.1% within 30 day target	96.9% within 38 day target	94.7% within 35 day target
Income Support	87.2% within 13 day target	89.0% within 13 day target	9.7 days average (against 12 day target)*
Jobseeker's Allowance	97.0% within 21 day target	95.1% within 21 day target	9.8 days average (against 12 day target)*
Incapacity Benefit	93.1% within 30 day target	93.8% within 30 day target	15.4 days average (against 22 day target)*
Disability Living Allowance	79.0% within 53 day target	88.7% within 73 day target	91.3% within 73 day target

### NOTE

\* From 2001-02, the Department have changed how they measure clearance times for certain benefits, following recommendations from the National Audit Office.

Source: *Department for Work and Pensions*.

1.9 For a decision to be accurate, it must meet these criteria. However, an incorrect decision may not always result in a recorded payment error and, conversely, even if the decision is correct, there could still be an error in the payment. This is because:

- the right decision, and therefore the right payment, may be made for the wrong reasons or without sufficient evidence;
- a wrong decision may lead to the same payment as the right one where, for example, different entitlements are paid at the same rate; and
- "payment accuracy" can be simply a measure of the administrative accuracy of payments to the customer following a decision, regardless of the correctness of that decision.

1.10 Nevertheless, the level of error in decision-making is important, because it casts doubt on what may appear to be accurate decisions, in particular if all the appropriate evidence is not available for later checking to justify the decision to award benefit. Errors in

decision-making also generate reconsiderations and appeals, which are wasteful in resources. Where they are not picked up, they can result in claimants not receiving benefits to which they are entitled, or receiving benefits to which they are not entitled.

## In 1998 the decision-making and appeals arrangements were reformed

1.11 The current arrangements for benefit decision-making were introduced following concerns in the 1990s about the significant levels of decision-making errors, the complexity of arrangements for changing wrong decisions, and average clearance times for appeals of more than six months. The Social Security Act 1998 introduced new arrangements for all social security benefits and child support. The changes were phased in between June and November 1999 and the Appeals Service Agency launched in April 2000 (Figure 9).

## 9 Main changes to decision-making and appeals under the Social Security Act 1998

	Pre-1998 Act	Post-1998 Act
<b>Who makes decisions?</b>	<p>Adjudication Officers and Child Support Officers, working in Department of Social Security executive agencies and the Employment Service of the Department for Education and Employment, under guidance issued by the Chief Adjudication Officer.</p> <p>On certain benefits, decisions made by doctors employed by the Department.</p>	<p>Civil servants, acting on behalf of the Secretary of State, working in agencies and business units.</p> <p>Civil servants also make decisions on medical benefits, using medical advice provided by a doctor working for Medical Services, the Department's contractor.</p> <p>Post of Chief Adjudication Officer and Chief Child Support Officer have been abolished. Adjudication and Constitutional Issues Division, Leeds is now responsible for the Advice and Guidance Unit and issues the Decision Makers Guide.</p>
<b>Can customers challenge decisions?</b>	Yes. Customers could appeal within three months of a decision.	<p>Yes. Customers have one month to ask for a decision to be looked at again or appeal against it.</p> <p>Appeal tribunals have the power to "strike out" "misconceived" appeals with no basis in law.</p>
<b>Who handles appeals?</b>	<p>The Independent Tribunal Service was a tribunal non-departmental public body, with the President responsible for administration. He appointed a chief executive to head the administrative staff, who were civil servants. There was no direct accountability to the Secretary of State, who was thus unable to set performance targets.</p> <p>There were five different tribunal types, for different types of benefits each with different procedures.</p> <p>All tribunals had three members, sometimes including lay members.</p>	<p>The Appeals Service consists of two distinct bodies within a single organisation. The first is a tribunal non-departmental public body, with responsibility for the judicial functioning of appeals, headed by the President. The second is an executive agency of the Department with responsibility for the administration of appeals, headed by a Chief Executive. The Secretary of State sets annual targets for performance.</p> <p>Tribunal types now unified with one set of common appeal procedures.</p> <p>Tribunals have one, two or three members, depending on the case, with a minimum of one legally qualified. May also include medically or financially qualified members or disability specialists. Lay members abolished.</p>
<b>How is quality monitored?</b>	Sample checking by the independent Central Adjudication Service.	<p>Large-scale monitoring of decisions by central departmental checking teams. This is validated by Internal Audit.</p> <p>An independent Standards Committee provides assurance to the agency Chief Executives on decision standards.</p> <p>President of Appeal Tribunals monitors the standards of Secretary of State decision-making in a sample of those decisions heard by an appeal tribunal.</p>
<b>What information is publicly available?</b>	<p>The Chief Adjudication Officer, on behalf of the Secretary of State, annually published results of monitoring (Appendix 3).</p> <p>Quarterly appeal tribunal statistics published by the Department of Social Security.</p>	<p>Secretary of State is required to publish a report annually on the standards of decisions in the Department and their agencies.</p> <p>President of Appeal Tribunals' report is also published.</p> <p>Quarterly Appeal Tribunal Statistics, published by the Department.</p>

Source: National Audit Office

1.12 The aims of the Department's decision-making and appeals programme, set out in detail at Appendix 1, were broadly to:

- increase the accuracy of decisions;
- improve the process of resolving disputed decisions, including, where necessary, reconsidering them to avoid recourse to appeal;
- reduce appeal levels and waiting times; and
- improve customer service in the decision-making process, including by introducing standard methods of explaining decisions to customers.

1.13 Under the 1998 Act, the Department implemented internal monitoring arrangements, to replace those of the Chief Adjudication Officer and Chief Child Support Officer with, for the then Benefits Agency, a three-tier approach of checking and validation, and an independent standards committee to advise Chief Executives (Figure 1). The then Employment Service, an executive agency of the Department for Education and Employment, had slightly different arrangements, with results of monitoring reported to the Corporate Governance Committee. The Act also required the Secretary of State for Work and Pensions to report annually to Parliament on standards of decision-making. The first report, covering the year 2000-01, was published in July 2002. The Comptroller and Auditor General examines the performance data contained in the report and his comments are included in the Secretary of State's publication.

1.14 Initially after the changes to decision-making and appeals, the Department's Advice and Guidance Unit was criticised by benefit decision-makers for the speed and quality of the advice given. The Adjudication and Constitutional Issues Division, which provides advice on adjudication issues and makes submissions on appeals to the Social Security and Child Support Commissioners, took over responsibility for the Unit in June 2001 and has improved the service. In the year to August 2002, the Division exceeded clearance targets for responding to requests for guidance. It also revised out-of-date decision-making guidance which is now available on the Department's intranet. Surveys indicate that nearly all users think the written guidance service is now good or excellent. The division also provides guidance in the form of seminars, and is taking steps to raise awareness of these among decision-makers.

## The accuracy of decisions varies across the benefits

1.15 The Department report their performance in getting benefit decisions right in terms of:

- the error rates in initial decisions and reconsiderations;
- the error rates in overpayment recovery decisions; and
- the quality of appeal submissions.

1.16 The most recent results - 2001-02 - show that for some benefits, including Jobseeker's Allowance and Retirement Pension, a high percentage of decisions are accurate. For others, there were errors in a quarter or more (Figure 10 overleaf). In addition, overpayments decisions were significantly more prone to error (Figure 11 overleaf), while there was also scope for improvement in the quality of appeals submissions (Figure 12 overleaf).

1.17 Decision-makers may not reach the right decision first time for a variety of reasons. Evidence from decisions that reach appeal and from departmental checking suggests that reasons include:

- a lack of appropriate evidence at the time the decision was made;
- the decision-maker arriving at an incorrect decision based on the evidence available; or
- inappropriate consideration being given to the available evidence.

## Nearly two fifths of appealed decisions are overturned, with the highest rate of overturn being in medically assessed benefits

1.18 An indicator of the effectiveness of decision-making is the incidence of disputed decisions and appeals. Overall, the number of claims reaching appeal has fallen since 1997 and now appears to have stabilised at around 20,000 a month (Figure 13 on page 17). But the composition of the appeals workload has changed, with those involving medical assessment representing the major proportion of all appeals (Figure 14 on page 17).



**10 Accuracy of initial and reconsidered decisions**

Benefit	Correct decisions in 2000-01	Correct decisions in 2001-02
Income Support	59 per cent	62 per cent (70 per cent)
Jobseeker's Allowance	67 per cent	79 per cent (85 per cent)
Short Term Benefits	91 per cent	64 per cent (66 per cent)
Long Term Benefits (mainly Retirement Pension)	80 per cent	79 per cent (85 per cent)
Attendance Allowance/Disability Living Allowance	61 per cent	55 per cent
Child Benefit	57 per cent	77 per cent
Guardian's Allowance	99 per cent	98 per cent
Invalid Care Allowance	85 per cent	84 per cent
Industrial Injuries Benefit	98 per cent	97 per cent
Pensions Overseas Directorate	86 per cent	81 per cent
Sure Start Maternity Grants	93 per cent	82 per cent
Social Fund Funeral Payments	76 per cent	68 per cent
Jobseeker's Allowance (labour-market decisions)	68 per cent (91 per cent)	76 per cent (95 per cent)

**11 Accuracy of recoverable overpayment decisions**

	Correct decisions in 2000-01	Correct decisions in 2001-02
Overall	50 per cent	38 per cent

**12 Accuracy of appeal submissions**

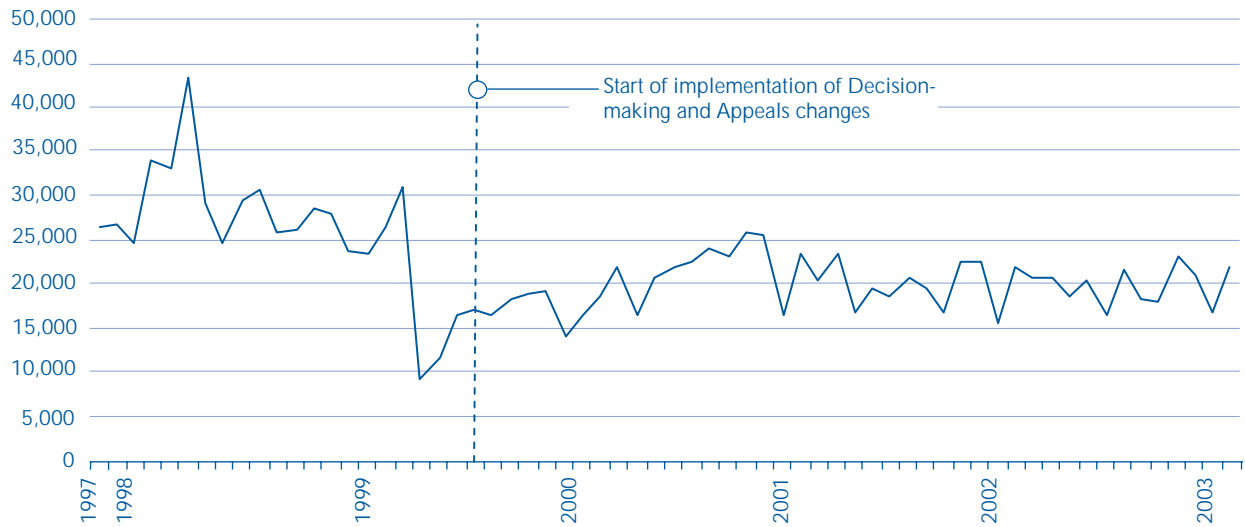
	Correct decisions in 2000-01	Correct decisions in 2001-02
Overall	77 per cent	71 per cent

**NOTES**

The figures shown are estimates of the percentages of decisions found to be correct, derived from the results of both the large-scale and independent Internal Audit testing.

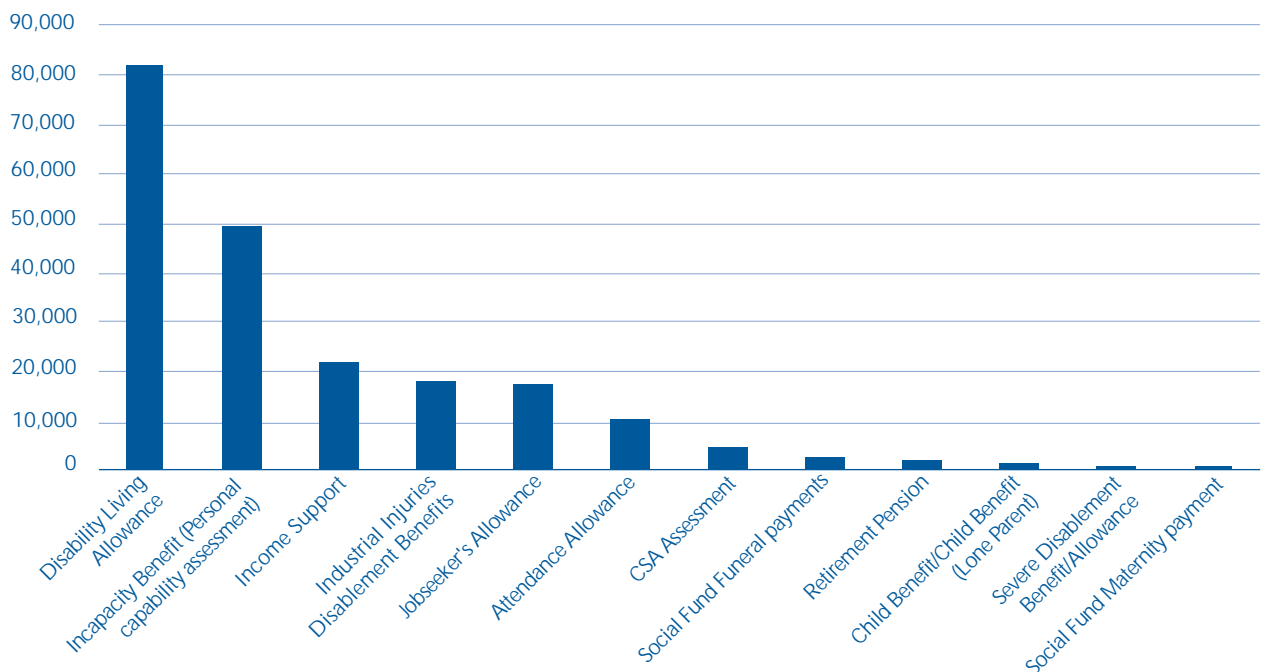
A significant proportion of errors identified through monitoring are caused by the supporting evidence not being available at the time the decision was checked. The evidence may in fact have been available to the original decision-maker, but cannot be verified. The Department consider these "doubtful decisions" rather than full errors, and therefore report a separate error rate (shown in brackets in Figures 10, 11 and 12), which does not include these cases.

Sources: Secretary of State's report on the standards of decision-making in the Benefits Agency, Child Support Agency and Employment Service, 2001-02 and the Department for Work and Pensions.

**13** Number of appeals received by the Appeals Service, 1997-2003**NOTE**

The figure includes all appeals received by the Appeals Service, of which more than 90 per cent originate from the Department.

Source: Department for Work and Pensions

**14** Appeals lodged by customers, by benefit, September 2001 to September 2002

Source: National Audit Office analysis of Quarterly Appeals Statistics, published by the Department for Work and Pensions

1.19 In 2002-03, 47 per cent of decisions reaching a hearing were upheld (the appeal tribunal agreed with the Department's decision) and 38 per cent were overturned in the customer's favour. The remainder were adjourned for later decision. The proportion of cases in which decisions were overturned in favour of customers is again highest for medically assessed benefits. Performance in handling appeals is examined in Part 4.

1.20 Under the 1998 Act, the President of Appeal Tribunals reports publicly on the standard of Secretary of State decision-making in cases that reach a hearing, based on a sample. Key points<sup>4</sup> include:

- in 615 (61 per cent) of the sampled cases where the decision was overturned in favour of the customer, the tribunal was given additional evidence not available to the decision-maker;
- in 21 per cent of cases (208 of those in the sample), tribunals were willing to accept evidence that had been available to decision-makers but they had not been willing to accept; and
- the tribunal formed a different view of the same evidence in 437 cases (43 per cent).

## The Department have yet to maximise the value of the Standards Committee

1.21 The Department's independent Standards Committee (which replaced the Benefits Agency Standards Committee in 2002) is required to:

- provide independent advice and assurance to Agency Chief Executives; and
- identify and make recommendations on the areas where standards can be improved.

In addition, the Agency Chief Executives and the Disability and Carers Service Director may ask the Committee to look at issues they believe may affect the standard of decision-making. The six non-executive members of the Committee, including the Chairperson, are appointed by Agency Chief Executives, and are experts from the field of welfare and public sector management. The Committee provides annual reports to Agency Heads.

1.22 The former Benefits Agency Standards Committee did not publish its findings externally. Agency Chief Executives were not required to publish the Committee's recommendations or their response to them. In 2001, the Committee made 13 recommendations on improving the standard of decision-making. In 2002 it reported that only seven had been progressed by the Department, and made a further 19. The Committee also expressed concerns about the quality of data available to it.

1.23 The Standards Committee was reconstituted in February 2003 in a new form, to cover the whole Department except the Child Support Agency, and has yet to produce an annual report. At present, the Department have no plans to publish its work. By contrast the separate Child Support Agency Standards Committee's reports are published.

## The reform of decision-making has met some but not all of its aims

1.24 Since 1999, the reform of decision-making and appeals arrangements has achieved progress against two of its key aims (see paragraph 1.12) by:

- reducing the overall number of appeals against decisions (Figure 13); and
- reducing the waiting time for customers who appeal, by reducing the time it takes the Appeals Service and, in a small number of cases, the Social Security Commissioners to process cases (examined in detail in Part 4).

1.25 A third key aim was to improve the accuracy of decisions. Differences in the current definition of decision-making error compared with that used prior to 1999 make accurate comparisons difficult, but there is no conclusive evidence that standards have improved overall. In some benefits, the level of correct decisions has improved significantly in the first two years, but in others it has deteriorated (Figures 10-12). Overall, around a fifth of decisions checked currently contain errors, with particular concerns about overpayment recovery decisions and appeals submissions. Currently there are no targets either at high-level or locally for improving the standards of decision-making and appeals in the Department generally, although the Child Support Agency, which is beyond the scope of this report, does cover decision-making in its Public Service Agreement targets.

1.26 Against the aim of improving customer service, there have been improvements in payment accuracy and timeliness, but there remains scope for improvement in other aspects. There has also been some improvement in the handling of disputed decisions but there is scope for further progress in correcting decision errors before they reach an appeal. These aspects are examined in detail with reference to Disability Living Allowance (Part 2) and Jobseeker's Allowance (Part 3). There are also continuing concerns among welfare rights groups about the effects of:

- reducing the time limits within which customers can appeal. They are concerned that a month is too short a time for customers to prepare a case and this is likely to be a deterrent; and
- customers not automatically being granted an oral appeal hearing, but needing to request one. Representatives consider that this may put customers who do not so request at a disadvantage. This issue is examined in more detail in Part 4.

1.27 The abolition of the Chief Adjudication Officer was designed to improve decision-making by making Agency Chief Executives accountable for standards although external observers were concerned that it removed an element of independence. New monitoring arrangements and the requirement for the Secretary of State to report to Parliament annually on standards were included to balance this. The new decision-quality monitoring arrangements have the potential to provide better information than previously, because they check a larger sample of cases (up to 9,000 a year in the larger benefits), which can be broken down to show regional variations. The results are agreed with local offices and validated by the Department's Internal Audit function.

1.28 There is scope, however, to improve both the timeliness and the content of the published information. The latest data were published some 15 months after the year end<sup>5</sup> and were, in places, less detailed than in previous Chief Adjudication Officers' reports. In his 2000-01 report, the Comptroller and Auditor General made recommendations for improvements to reported information, which the Department have yet to implement (Figure 15).

#### 15 Extract from the Comptroller and Auditor General's report on information reported by the Secretary of State for Work and Pensions 2000-01 (published July 2002)

In future years, I expect the Department to improve the range, design and level of detail in the performance information provided. Over time they should work towards a Secretary of State's Report which, inter alia:

- compares performance year on year and sets targets for improvement;
- analyses the reasons for incorrect decisions and how the Department are using that information to raise standards;
- reports separately the performance in decision-making where decisions are being examined for the second or a further time (reconsiderations), for each benefit;
- reports the standard of appeals submissions separately for each benefit to show where the different benefits perform differently and whether the reconsideration process is effective in addressing disputes that do not need to go to appeal;
- reports the time taken at each stage of the decision-making process, from initial decision to the implementation of a decision by an appeal tribunal;
- reports the number of decisions made, re-examined and revised during the year, subject to this information being obtainable in a cost-effective way. This will illustrate how effective the Department is at getting decisions right at the first attempt; and
- refers to the trends in the number and outcome of appeals against decisions and any links with the working of the new arrangements.

Source: Secretary of State for Work and Pensions (2002): *The Standards of decision-making in the Department for Work and Pensions 2000-01*



# Part 2

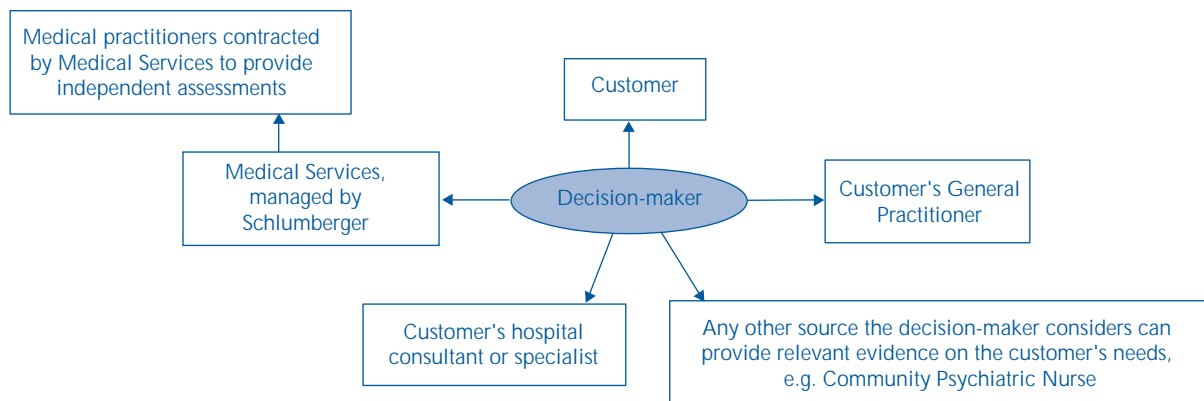
## Getting it right and putting it right in Disability Living Allowance

- 2.1 This Part examines the effectiveness of arrangements for making decisions about eligibility for Disability Living Allowance (see Appendix 4 for further details), and for putting them right where they are wrong. Disability Living Allowance is a "self-assessed" benefit. The customer must complete a form answering questions about his/her disability and its effects. These cover, for example, the customer's needs in respect of carrying out everyday tasks such as washing, eating, getting around the house or taking medication. This is the core evidence on which the decision-maker decides eligibility, possibly with evidence from elsewhere (Figure 16).
- 2.2 In 2002-03, the Department received some 430,000 new claims and 244,000 renewals for Disability Living Allowance. The total number of people receiving the benefit has gradually increased and now stands at some 2.4 million. It provides automatic entitlement to other benefits, or to higher rates of other benefits. Attendance Allowance is a closely related benefit for those who first claim over the age of 65.

### Decisions require judgement and many are changed at appeal

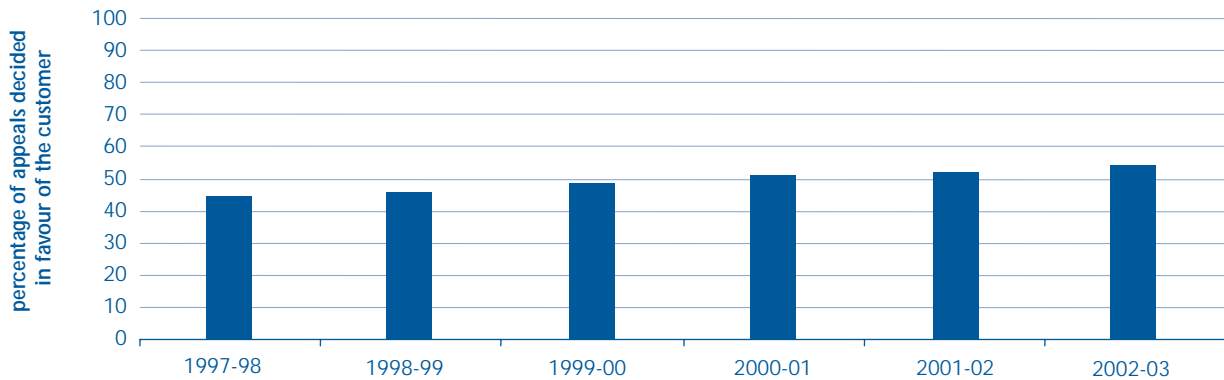
- 2.3 Eligibility for Disability Living Allowance is based not on the customer's particular illness or disability, but on the effect it has on his or her life. "Care" and "mobility" components of benefit are awarded at rates designed to cover the additional costs of help with these needs. As a result, two customers with the same medical condition can correctly receive different decisions if the effect is different. Thus, decision-making requires a considerable degree of judgement (Case A).
- 2.4 Some 89,000 appeals - around a twelfth of decisions - reached a tribunal hearing in 2002-03. Currently more than half of these appeals are decided in favour of the customer, with the rate on a rising curve (Figure 17 overleaf).

#### 16 Sources of evidence available to the Disability Living Allowance decision-maker



Source: National Audit Office

17 Success rates for appeals in Disability Living Allowance are rising



Source: National Audit Office analysis of Quarterly Appeals Statistics, published by the Department for Work and Pensions

CASE EXAMPLE A

## Decision-making in Disability Living Allowance can require careful judgements

A customer applied for Disability Living Allowance in July 2002. He had had an accident a number of years previously and felt that his condition had deteriorated since then. The decision-maker in the Disability and Carers Service sought evidence from an Examining Medical Practitioner report provided by Medical Services which was well-written and comprehensive. The decision-maker also sought advice in interpreting the report from Medical Services. Medical Services felt that the client's condition was likely to improve in the near future. On 22 August, the client's application was refused. On 4 September, the customer telephoned to ask for the decision to be looked at again. The decision-maker sought another opinion about the original medical report from a different member of staff at Medical Services. This time, Medical Services advised that the client was likely to require domestic support. The decision was revised on 15 October.

Source: National Audit Office/IFF Research Ltd

## Monitoring shows scope to improve the quality of decision-making

- 2.5 In 2001-02, some 45 per cent of decisions on Disability Living Allowance and Attendance Allowance contained decision-making errors, although not all of these involved paying the wrong amount (paragraph 1.9). These reported data combined both initial decisions and those looked at again, with the level of error broadly similar in both. The main reasons for errors were decision-makers failing to ask all the necessary questions, and problems with interpretation and application of the law. There were also errors in appeals submissions, which the Department do not report separately, mainly where the submission supported a decision that was wrong originally.
- 2.6 Payment errors found through checking are corrected by the Department, but more than 30,000 Disability Living Allowance decisions each year are corrected by appeals tribunals. The findings of the President of Appeal Tribunals' sample examination of cases suggests that there is more the Department could do to get decisions right before they reach appeal (**Figure 18**).
- 2.7 The most common single factor leading to tribunals overturning decisions was presentation of new evidence not available to the original decision-maker, often new medical evidence or sometimes evidence provided by the customer orally. The President of Appeal Tribunals considers that this suggests there is insufficient investigation of the circumstances surrounding a decision before the matter comes before the tribunal.

## Some customers find the postal self-assessment procedures difficult

- 2.8 The form for Disability Living Allowance is 47 pages long and designed to cover all types of disability. Welfare rights representatives consider that customers find completing it onerous and confusing and, without assistance, often fill it in inadequately. In particular, because the form seeks corroborative evidence by asking apparently similar questions, customers felt they were being asked for the same information more than once and so did not complete it all.
- 2.9 Welfare rights advisers also commented that some disabilities were not well reflected in the claim form, so customers were not able to provide all the relevant evidence. In a 2001 survey of nearly 1,000 deaf people carried out by the Royal National Institute for Deaf People, 93 per cent found the claim form difficult and two-thirds of these said most of the questions did not seem relevant to deafness<sup>6</sup>.

### 18 Comments from appeals tribunals on the reasons why they overturned Disability Living Allowance and Attendance Allowance decisions

Comment by the Chairman of the tribunal	Percentage of cases
<b>1. Additional evidence:</b> The tribunal was given additional evidence not available to the decision-maker, most commonly by the customer in person.	72%
<b>2. Accepted evidence:</b> The tribunal accepted evidence that the decision-maker had available but was not willing to accept.	22%
<b>3. Incorrect weight:</b> The decision-maker did not give relevant facts or evidence due weight.	13%
<b>4. Different view:</b> The tribunal formed a different view of the same evidence.	42%
<b>5. Different view (medical):</b> The tribunal formed a different view based on the same medical evidence.	25%
<b>6. Underestimated disability:</b> The medical report underestimated the severity of the disability.	27%
<b>7. Avoid the appeal:</b> The Agency could have avoided the appeal.	7%

#### NOTE

Results are based on a sample of 516 overturned appeals examined by the Appeals Service. More than one comment may have been recorded on each case.

Source: Report by the President of Appeal Tribunals on the standards of decision-making by the Secretary of State 2002-03

- 2.10 The Department are piloting a revised approach to completion of Disability Living Allowance claim forms, in which customers contact a call centre at the Disability Benefit Centre, which tailors the claim form that is sent out to them. In the pilot, the maximum length of the tailored form is 17 pages and feedback is encouraging.
- 2.11 Welfare rights advisers believe that the decision letters are often confusing and unhelpful. Generally, decision-makers use standardised "reasons" selected from a list, which do not explain how a particular decision was made or against which parts the customer may appeal. The Department are currently piloting a revised approach, in which decision-makers include "reasoned decision" information. Before deciding whether to roll out the approach more widely, they will assess the effect of the changes on: the number of appeals received; the success rates; the incidence of customers correcting any incorrect facts used in the decision-making; and the overall speed of the process.

<sup>6</sup> Can't hear, can't benefit: a survey of deaf people's experiences of claiming Disability Living Allowance, The Royal National Institute for Deaf People, October 2001.

2.12 In 2002-03, the President of Appeal Tribunals highlighted the importance of speaking to the appellant directly. In the past it has not been common for decision-makers to telephone customers to ask for clarification of facts or evidence contained in their applications, or for customers to telephone the decision-maker directly, although this is now happening more often. Customers can obtain an explanation of their decision, but this is not generally given by the original decision-maker, because aside from initial decisions, customer services are centralised in Blackpool. Explanations are instead given by call-centre operators working from the case details recorded on a computer screen. Customers can speak to the decision-maker if they so request.

## The quality and source of medical evidence used in decision-making is vital

2.13 In choosing which type of medical evidence to use, decision-makers weigh up a range of factors (Figure 19). There are advantages to certain types of evidence in certain cases but, while official guidance requires use of the most appropriate source, decision-makers can feel under some pressure to select the cheapest and quickest.

2.14 Decision-makers consider the Medical Services examination reports the most reliable and independent type of medical evidence and, in 2002-03, requested some 220,000, covering both Disability Living Allowance and Attendance Allowance. There have been some concerns, however, about the quality of the reports. We reported in 2001 that 12 per cent of reports

### 19 Factors involved in selecting medical evidence

Type of evidence	Advantages	Disadvantages	Cost to Department	Likely wait
GP "Factual report"	The GP may know the customer well.  Relatively quick and cheap.	Handwritten - may be difficult to read.  GP may not be able to answer detailed questions about the customer's capabilities designed for benefit assessment.  May not have seen the customer recently.  May not be familiar with the conditions of entitlement for the benefit.	£17	2 weeks
Medical Services examination report	Seen as the most independent evidence by decision-makers.  Involves an actual interview and examination of the customer for the purposes of benefit assessment.  Up to date.  Medical Services' doctors are familiar with the conditions of entitlement of the benefit.	Doctor does not know the customer, who may find it difficult to describe his/her difficulties to a stranger.  Not as effective in assessing non-physical and variable conditions, e.g. panic attacks.	£45	6 weeks
Hospital consultant or specialist report	Specialist treating the customer may know the case very well.	Long waits for evidence.  Doctor may not be familiar with the conditions of entitlement for the benefit.	£nil	6-8 weeks or longer
Other sources e.g. customer's Community Psychiatric Nurse (CPN)	Source may know the case very well.	May not be familiar with the conditions of entitlement for the benefit.	£nil	variable

Source: National Audit Office



on Disability Living Allowance were unacceptable and a further 26 per cent below standard in some respect, and that the quality of service provided to customers undergoing examinations required improvement<sup>7</sup>. Since then, the Department have been working with their contractors, Schlumberger, to improve the quality of Medical Services outputs and in 2002-03 the reported percentage of unacceptable reports had fallen to 4.2 per cent. The Comptroller and Auditor General is reporting separately on their progress.

2.15 In his 2002-03 report, the President of Appeal Tribunals highlighted problems in obtaining good quality medical evidence. He reported that chairmen considered that medical reports underestimating the severity of disability were a factor in 27 per cent of decisions that were overturned on appeal. Of these, more than one third were produced by Medical Services.

2.16 The Department recognise these problems and are working on several initiatives to improve the quality of medical evidence. These include redesigning the General Practitioner's factual report, which in its previous form was unpopular with doctors and often poorly completed. The new form has been in use in certain areas since November 2002 and the Department consider it has improved both report quality and speed of response.

## The Department are improving training, feedback and support for decision-makers

2.17 Decision-making in Disability Living Allowance requires a degree of judgement, with no standard solutions, and the need to use medical evidence (Figure 20). Many decision-makers we met had had many years of experience. New staff are given an initial five-week training course and learning support in the early stages of their career, but there has not been a programme of regular updates to ensure standards are maintained.

### 20 Difficulties in decision-making using medical evidence

The President of Appeal Tribunals found in 2002-03 that:

- medical evidence not in keeping with the Department's own evidence was ignored or given insufficient weight, as if the decision-maker discounted any view other than that in the report;
- decision-makers were often unable to go on to consider the medical evidence and relate it directly to the individual, for example, where a decision-maker considered that putting a ready prepared meal into a microwave meant that an appellant could prepare a meal; and
- decision-makers also tended to give insufficient weight to related medical conditions that have an impact on the medical/disability question at issue.

Customer representatives from Citizens Advice and other organisations we spoke to noted that decision-makers seemed particularly unsure of how to treat certain types of disability, such as mental health problems, and this was echoed by the President in 2002-03.

*Source: National Audit Office*

2.18 Recognising the difficulties involved in assessing certain key disabilities, the Department have devised specialist training for decision-makers. Modules deal with mental health and learning disabilities and some 60 per cent of those attending the former module said it would help them make better decisions. The Department expect to complete full roll-out of the training by December 2003 and are planning further specialist modules.

2.19 The Department have set up a range of mechanisms for providing formal and informal advice, guidance and training to decision-makers. The Adjudication and Constitutional Issues Division provides formal guidance and advice through its Decision Makers' Guide and intranet guidance, and gives ad hoc advice on specific cases. Other mechanisms include: team meetings; feedback from Decisions and Appeals Assurance Team checking; conferences for decision-makers; a decision-making advice procedures team and monthly bulletins. However, decision-makers consider that there is scope for greater learning from colleagues, commenting that time pressures often prevented them seeking guidance from advice teams or Medical Services doctors as much as they would like, and that online intranet-based guidance was difficult to use.

#### Good practice example

At Glasgow Disability Benefit Centre, some decision-makers rotated between doing initial decisions and reconsiderations (looking again at decisions), which staff felt enhanced their skills at both stages.

2.20 The Department recognise the need for better support for decision-makers in Disability Living Allowance to foster continuous learning and raise standards. The introduction of a standard template for appeals submissions throughout the benefit is expected to increase the quality of work at this stage. The Department are also scoping an IT-based project intended to:

- improve the quality of, and access to, online guidance;
- provide computerised decision-support, with automatic links to relevant guidance and prompts for more information;
- generate suggested parameters for an appropriate benefit award to increase consistency of decisions, with decision-makers required to justify any deviations; and
- automatically identify any missing evidence at an early stage.

## The Department are focused on making decisions in a timely way

2.21 In 2002-03, the Department dealt with Disability Living Allowance claims in an average of 42 days. For those "special rules" cases, where a customer is terminally ill and benefit is required more urgently, they dealt with cases on average in just under seven days.

2.22 The Department aim to improve performance continuously against clearance time targets, which are cascaded through the departmental agencies to drive performance. Decision-makers we met at Disability Benefits Centres were expected to make ten initial decisions each day. This guideline drives their work and may influence the type of medical evidence to seek, but the staff looking again at decisions that had been disputed felt that, if more time had been taken at the initial decision stage, there would have been fewer errors and disputes.

2.23 The Department have looked at ways of improving the decision-making processes to save time on administrative elements. They are currently working on reducing the need for claims to be passed from one official to another and also plan to eliminate the practice of decision-makers handwriting customer letters for administrative staff to type out. In future, decision-makers are to prepare their own letters for the first time.

## There is scope to reduce appeals levels by putting decisions right earlier

2.24 Prior to 1998, Disability Living Allowance differed from most other benefits in having a statutory review process for every decision. This recognised the greater subjectivity of these decisions and had to take place before an appeal could be processed. The changes removed the review stage and also reduced the amount of detail recorded about each decision.

2.25 The removal of the extra stage was seen by many welfare rights groups as reducing the reliability of decisions and they have since encouraged more customers to appeal. The 1998 Act also reduced the time limit within which customers must lodge appeals from three months to one month after the decision notice is issued. This meant more customers lodged appeals immediately, for fear of missing the deadline, rather than first seeking an explanation or reconsideration. The increase in appeals contributed to backlogs during 1999-2000, which have now been eliminated.

2.26 Although the initial surge in appeals on Disability Living Allowance has levelled off slightly, the numbers remain higher than before the 1998 changes and our discussions with customer groups confirmed that the appeal route is still preferred by many. Reasons for this include the need to avoid missing the deadline, and a perception that decision-makers are reluctant to change decisions made by their colleagues (**Case B**).

2.27 In 2002-03, the Department looked again at 103,000 Disability Living Allowance decisions at the request of customers. They also received 91,000 appeal requests, all of which they looked at again before preparing an appeal submission. Currently around one in seven appeals does not need to go to a tribunal because the Department have revised the decision in favour of the customer, although in some of these cases the customer may still not be fully satisfied and may appeal again.

2.28 The Department's monitoring data indicate, however, that there are still a significant number of errors when decisions are looked at again - a level broadly similar to that at the initial stage. For some customers, therefore, the second stage is not proving effective. Moreover, monitors in 2002-03 also found errors in 15 per cent of appeals submissions checked and recorded a further 873 procedural comments - more than two per case checked.<sup>8</sup>

<sup>8</sup> From the Disability and Carers Service Decision Makers Monitoring Report, January to December 2002. The sample includes both Attendance Allowance and Disability Living Allowance cases.

## CASE EXAMPLE B

## A customer who disputes her decision goes straight to appeal

A customer made a claim for a renewal of her Disability Living Allowance but was refused in March 2002. The customer felt that the reason for the decision was not made clear to her, but she was told she could appeal.

The customer asked for an explanation of the decision but found the oral explanation given very difficult to understand. She was told that, contrary to her own experience, doctors thought that she could walk without pain. She had expected someone to visit and assess her disability, but this did not happen; the assessment was made on the basis of a report from her GP. She also thought that her benefits office was not helpful: staff had poor knowledge of procedures and customer rights and were discourteous. The customer said she found it "stressful and depressing speaking to people who couldn't answer questions".

The customer did not ask for the decision to be looked at again but went straight to appeal. A tribunal decided in her favour in November 2002, after she provided extra medical evidence. The customer received extra payments as a result but she said that the lengthy process had meant that she had had to sell her car.

*Source: National Audit Office / IFF Research Ltd*

- 2.29 In a significant number of Disability Living Allowance cases, not all the relevant evidence is produced by customers or their advisers until the claim reaches an appeal tribunal, evidence which could have enabled a decision-maker to revise the decision (Figure 18). The Department have not investigated the reasons for this, but in his 2002-03 report, the President of Appeal Tribunals commented on an absence of dialogue with customers once the appeals process begins.
- 2.30 The evidence from our case examples and interviews suggests that the procedure for reconsideration of decisions is not being communicated well to customers and their advisers, contributing to their lack of confidence in the Department's process and increasing their preference for the appeals route. But while customers who have access to a welfare rights adviser can get help to appeal, others may not be able to do so and could be losing benefit as a result. Nevertheless, we also found examples of good practice where, by looking again at decisions effectively, the Department can save the cost and customer inconvenience of an appeal tribunal (Case C).
- 2.31 Recognising that current procedures for putting more decisions right without appeal are not working as intended in Disability Living Allowance, the Department are considering changes. They are examining whether changes to performance targets for the clearance of appeals submissions - currently an average of 34 days - would incentivise staff to carry out more robust reviews. And they are examining, through a pilot project in Bristol, whether initiating telephone contact with the customer immediately on receipt of an appeal, providing a full oral explanation and seeking any further information, might clarify the reason for the appeal and improve the standard of reconsiderations.

## CASE EXAMPLE C

## On looking again at a decision, the Department were able to put it right

A customer submitted a claim for Disability Living Allowance in May 2002. Before making a decision, the Benefit Centre sought a factual report from her GP.

On 5 July, officials wrote to the customer refusing the claim. The customer told us, "I was surprised because the information on the form was enough. I explained my arthritic back and my inability to walk very far without severe pain." She contacted the centre to request an explanation and to reiterate her difficulties. She explained that she had received two epidural injections during the past year and had been referred to a pain clinic by her doctor. She was not satisfied with the explanation she received and requested the decision be looked at again.

A different decision-maker looked at the decision again, using the claim pack, the GP's report and the additional oral evidence the customer had submitted, and decided to revise the original decision. The customer noted that "if they asked for details of your pain, not just your condition, it would have been dealt with earlier."

*Source: National Audit Office /IFF Research Ltd*



# Part 3

## Getting it right and putting it right in Jobseeker's Allowance

3.1 This Part examines the Department's performance in decision-making for Jobseeker's Allowance (Appendix 4), a benefit for those of working age who are unemployed. Errors in decisions can have a wider impact, as claimants may also be entitled to other benefits and services, such as free school meals.

### Jobseeker's Allowance is a complex benefit requiring a range of different decisions

3.2 Eligibility for Jobseeker's Allowance - claimed by 936,900 people as at April 2003 - is assessed with respect to two criteria (**Figure 21**), and customers must satisfy both. During the life of a claim, a number of different decisions may affect how much benefit is paid (**Figure 22 overleaf**). Formerly, the Benefits Agency assessed the payment aspects and the Employment Service the labour-market aspects. While the two types of decision-making are still carried out within separate organisational structures, they are now both within Jobcentre Plus. The latter was established in 2002 and will continue to roll out its new organisational structure until 2006.

### Payment accuracy has improved, but there is scope to improve decision quality

3.3 Against high level targets in Jobseeker's Allowance, the agencies which now form Jobcentre Plus:

- met, by March 2002, a target to reduce by 10 per cent the level of Jobseeker's Allowance and Income Support overpaid;
- met targets for payment decision speed, so that, in 2001-02, the average time to clear a Jobseeker's Allowance claim was 9.8 days, against a target of 12 days; and

#### 21 The two types of decision on Jobseeker's Allowance<sup>9</sup>

**Payment decisions.** Factors affecting eligibility include the customer's income, savings and family situation. Decisions are made at the beginning of the claim and customers must inform the Department if circumstances change, so that they can be reassessed.

**Labour-market decisions.** Factors affecting eligibility include whether the customer is seeking and available for work on a continuing basis during the period of the claim. Decisions are made at the beginning of the claim, and the customer is required to sign a "Jobseeker's Agreement" about the steps he or she will take to seek work. During the life of the claim, jobcentre staff refer to labour-market decision-makers any doubts they identify about whether the customer is meeting the conditions, for example, if he or she refuses to take up a job offer or fails to sign on. An adverse decision can result in benefit being removed altogether or reduced for a period of between one and 26 weeks, determined by the decision-maker (a sanction).

*Source: National Audit office*

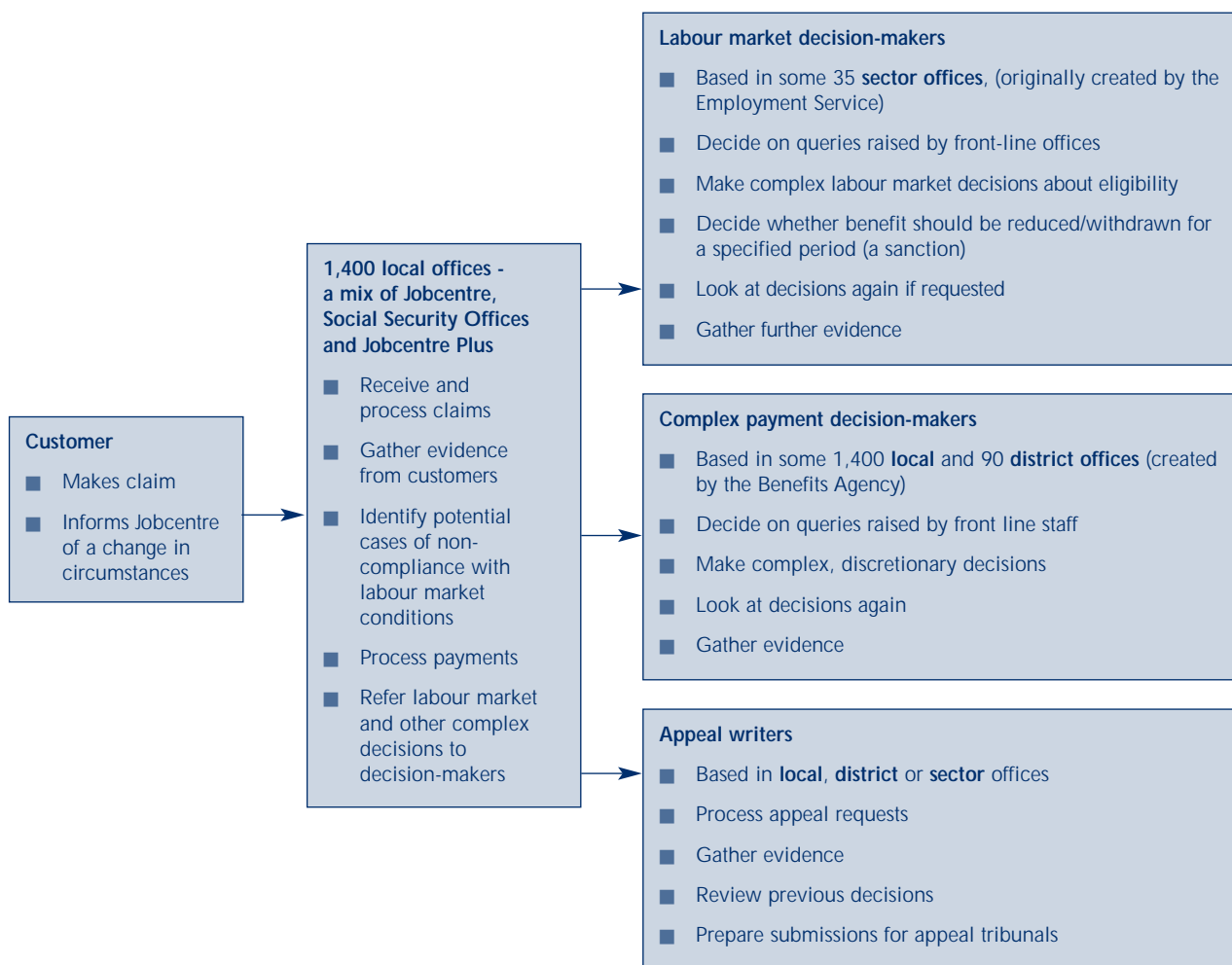
- helped 1.13 million people into work in 2001-02, falling short of their target by 94,000.

The Department estimated that, for 2001-02, the value of customer and official error in Jobseeker's Allowance was £100 million - or four per cent of benefit payments (there was also fraud of £170 million). They do not calculate the value of over or under payments arising from errors in labour-market decisions, which can either reduce or temporarily stop benefit.

3.4 For 2001-02, 79 per cent of Jobseeker's Allowance payment decisions and 76 per cent of labour-market decisions were correct. These results were an improvement on the previous year. Excluding cases where not all the evidence was available to checkers, performance for both was over 80 per cent. However, there is some regional variation (**Figure 23 overleaf**), reflecting the discretion allowed to managers at local level and the absence of minimum standards. This suggests scope for lessons to be learned from the best performing regions.

<sup>9</sup> The benefit also has two elements: contribution-based and income-based. See Appendix 4 for more detail.

## 22 Different decision-makers in different locations make decisions on the same claim



Source: National Audit Office

## Lack of evidence is at the root of many decision-making errors

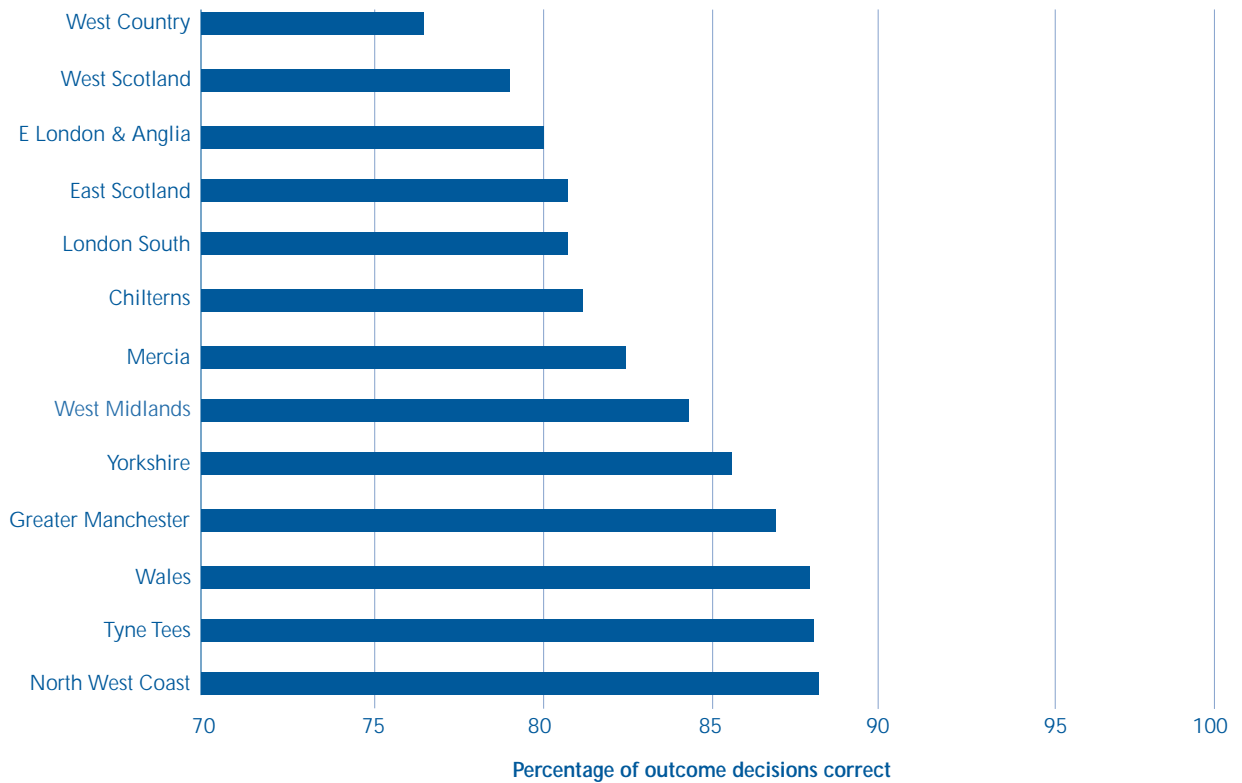
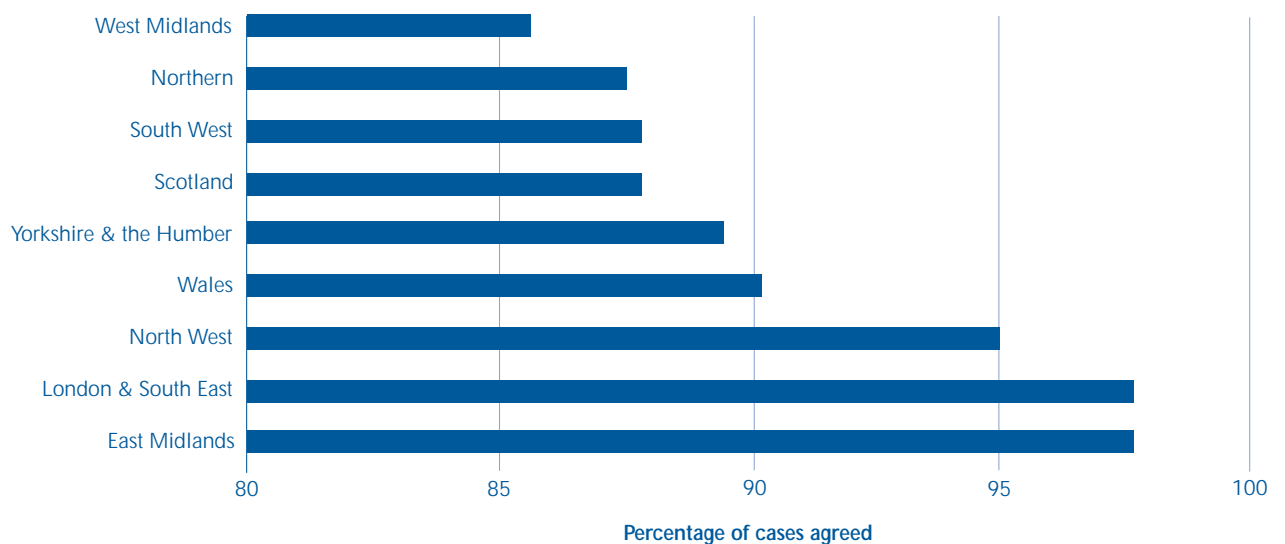
3.5 Lack of evidence may lead to customers not receiving benefits to which they are entitled. The evidence required to prove entitlement can be complex, including details of savings and earnings, or details of children and housing arrangements. In 2001-02, the former Benefits Agency Standards Committee reported that lack of evidence represented a significantly higher proportion of error in those cases where benefit had been disallowed. This could indicate that, where there is a lack of evidence, decision-makers are more likely to disallow a claim than seek the evidence that is required (**Figure 24**). The Department have not carried out research to confirm whether this is the case.

3.6 Lack of evidence is also behind a large proportion of payment errors. The Department's monitoring regime identified, in 2001-02, that the largest single cause of

overpayments - some £35.6 million<sup>10</sup> (34 per cent of overpayments) - was a lack of a "Jobseeker's Agreement". This agreement is a key piece of evidence, and a customer is not entitled to benefit without signing it. It sets out the preferred type and pattern of work and the steps to be taken to find it, forms the basis of job searches during fortnightly personal adviser interviews, and is used to check a customer's job-seeking activities.

3.7 But the monitoring data does not separate out cases where the relevant Jobseeker's Agreement was missing or not completed (an error) from those where it had been replaced - a new version was in force and the original was no longer available for checking - (not an error). This means that the Department have not been able to monitor what proportion of the £35.6m was paid in error. The Department recognise this problem and have changed the checking regime to enable better monitoring.

<sup>10</sup> The figure, provided by the Department for Work and Pensions, does not take into account possible overlap with fraud and customer error, and therefore is not comparable with figures published by National Statistics.

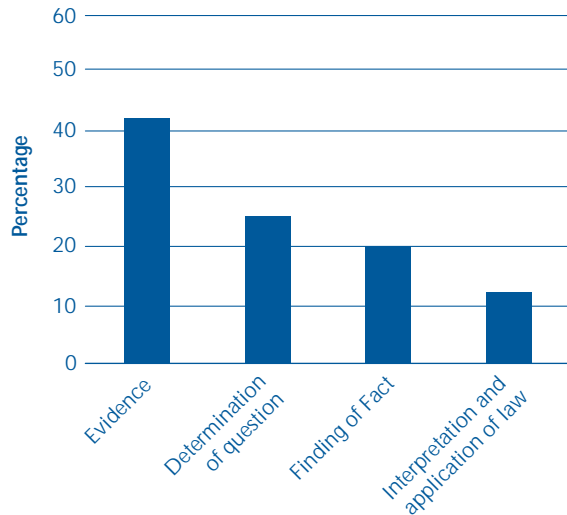
**Accuracy of initial Jobseeker's Allowance payment decisions 2001-02****Accuracy of Jobseeker's Allowance labour-market decisions 2001-02****NOTE**

Each region's result is itself the aggregate of a number of individual districts' results. The different regions for payment and labour-market monitoring mirror the different regions within the Benefits Agency and Employment Service before the creation of Jobcentre Plus.

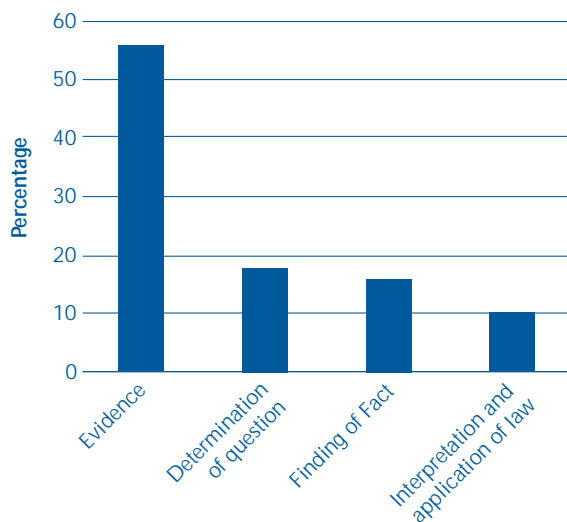
Source: National Audit Office analysis of Department for Work and Pensions data

## 24 Lack of evidence accounts for most wrong decisions to disallow benefit

Error types as percentages of total errors in cases where Jobseeker's Allowance is allowed / continues



Error types as percentages of total errors in cases where Jobseeker's Allowance is disallowed



Source: National Audit Office analysis of data from Benefits Agency Standards Committee Annual Report 2001-02. Data cover April-December 2001. Figures add to more than 100 per cent, as some cases had more than one type of error

## Evidence errors can result from poor communication with customers

3.8 Decision-makers do not always deal directly with customers. Though customer access to decision-makers has improved more recently, customers generally deal directly with front-line staff at their local jobcentre, and expect them to be able to answer queries on both payment and labour market aspects. These staff are also responsible for collecting the key evidence on which decisions are based and for making judgements about entitlement, although are not themselves "decision-makers".

3.9 Welfare rights groups told us that customers saw the Department as one body and did not distinguish between the different staff or types of office. Thus, it is important that all staff have some understanding of decision-making procedures and evidence requirements and can communicate these effectively to customers (**Case D**).

3.10 A key aim of Jobcentre Plus is to improve customer contact, including by removing protective screens and changing the physical environment to reduce the risk of confrontation. The success of this approach could be at risk if front-line staff are not better equipped to discuss customers' cases and there remains a lack of access to decision-makers.

## Poor written communication means some customers may not understand the reasons for decisions

3.11 Notification letters should be sent out following a decision on a claim, although computer problems mean that this is not always so. Thus, the first a customer may know of the benefit being withdrawn or reduced is when payment is refused. Because they have no access to the letters, front-line staff are not able to confirm or deny whether they were sent or what they contained. Welfare rights groups told us that Jobseeker's Allowance letters did not explain the reasons for decisions in a helpful way. Some letters may list the reasons for a decision but they do not explain the decision with respect to the customers' specific situations. The Department are aware of the unsatisfactory nature of the decision letters, but told us that the required changes to computers are costly.



## CASE EXAMPLE D

## Failure to communicate the complex rules led to an appeal

In October 2001, following redundancy, a customer applied for contribution-based Jobseeker's Allowance. He was told that he was not entitled because he had not made sufficient National Insurance contributions during 1998-1999 and 1999-2000 to be eligible. On 4 January 2002, the customer went back to re-register at the jobcentre and on 7 January returned to submit a new claim, dated from 4 January. He believed that, as this was a new benefits year, his contributions for 2000-2001 would ensure his eligibility. The adviser did not inform him that the benefits year starts from the first Sunday in the year, which in this case fell on 6 January.

Ten days later, the customer received a letter from the jobcentre telling him he was not entitled to benefit. On his contacting the jobcentre officials told the customer that, since benefit years run from the first Sunday of the year, not the first day, his claim was ineligible. If instead he had submitted his application dated from 7 January, he would have been entitled to contribution-based Jobseeker's Allowance. He had not been advised of this when submitting his claim.

The customer complained to the jobcentre. Officials wrote back agreeing that he had received poor advice, and suggesting he appeal. The appeal, which took place in September 2002, was upheld in the customer's favour.

*Source: National Audit Office/IFF Research Ltd*

3.12 Customers in receipt of a decision letter are likely to approach their jobcentre for an explanation. While decision-makers are trained to explain the reasons, front-line staff in jobcentres are often unable to satisfy customers, as they do not have access to details via computer. In some cases, front-line staff make appointments for the customers to speak to the relevant decision-makers, but others advise customers to go straight to appeal.

## Delegated management of the benefit contributes to variations in decision-making

3.13 Delivery of the payment aspects of Jobseeker's Allowance, as well as a range of other benefits including Income Support, is managed through a decentralised structure of regional and local offices designed to serve varying local needs. While district managers need flexibility over the number and mix of staff, so they can adapt to meet local requirements regarding benefits delivery, there is no standard approach or minimum standards for handling decision-making work (Figure 25).

### 25 Local variations in the organisation of decision-making

**There are large variations in approaches between offices. For example:**

- In Social Security offices, up to 45 people carry out the various decision-making stages. In some offices, specialist teams work on each stage. In others, all decision-making staff have multiple tasks and can make decisions, give explanations, look at decisions again and prepare appeals. In some cases, staff work on other benefits as well as Jobseeker's Allowance.
- In some offices, local guidance is limited and decision-makers simply seek advice from colleagues and line managers. Other offices seek guidance from, variously, a training officer, an office mentor, an in-house tutor and an unofficial network group of decision-makers.
- Local management checks vary. For payment decisions some offices only use centrally-set payment checks, while others have adopted localised approaches. Another office monitors the reasons for overturning decisions (when they were looked at again) to identify trends and weaknesses. For labour market decisions, sector offices in one region have a formal quality control guide, which mixes local management checks with regional team checks of a random sample of decisions by each decision-maker each month.

*Source: National Audit Office*

- 3.14 Compared with the payment aspects of Jobseeker's Allowance, labour-market decision-making has been more uniformly organised, with a smaller number of centralised sector offices. Guidance on labour-market decision-making was provided from one source in Sheffield, although the reorganisation of Jobcentre Plus in 2002 saw this role all but disappear. In June 2003 the Adjudication and Constitutional Issues Division took over responsibility for providing guidance in this area.
- 3.15 Differences in organisation of payment and labour-market aspects of the benefit are also apparent in the training of decision-makers. Prior to reorganisation, labour-market decision-makers followed a comprehensive 18-month programme, but there was no common training programme for payment decision-makers, and funding was at the discretion of district managers. Much of the work was learned on the job, and our survey showed that three-quarters of decision-makers had received no refresher training within the past year.
- 3.16 There is also a wide variety of guidance and support available to decision-makers. Nationally, key sources of advice are the Adjudication and Constitutional Issues Division and the national advice line, although decision-makers said it was difficult to get immediate support and guidance on complex cases. There was also a concern that there was no effective system for cascading changes in case law to widely dispersed payment decision-makers. In sector offices, grouping together decision-makers made mutual support and guidance possible and led to greater local standardisation, but in offices with just one or two payment decision-makers this was more difficult.

## There are marked variations in the proportion of benefit cases referred for labour-market decisions

- 3.17 The most contentious decisions regarding labour-market aspects of the benefit relate to customers' continuing eligibility for benefit. Where jobcentre staff doubt that the customer is complying with conditions they should refer the case to a labour-market decision-maker at a sector office. But decision-makers at some sector offices we visited were concerned that front-line staff lacked the confidence and the necessary training to refer all the appropriate cases. The wide variations (Figure 26) suggest that treatment of customers can vary between offices.
- 3.18 In 2002, the Department attempted to address this issue and researched, among other things, how to provide consistent standards and remove duplication of effort. During the Jobcentre Plus Corporate Structure Review this work was suspended. In future it is to be led by the newly established regional networks.

## The lack of performance targets and consistent monitoring results in decision-making being given a lower priority than payment accuracy

- 3.19 Historically, the agencies that now make up Jobcentre Plus have focused on meeting targets for payment accuracy and job placements, cascaded down to district and local level from national targets. There are no national targets for decision-making accuracy and our interviews with staff in local and district offices showed that they viewed it as separate from the achievement of payment accuracy and therefore attached lower priority to it.

### Good practice examples

Doncaster Social Security Office has held a liaison day for local jobcentres in order to create a consistent approach to handling decisions, such as on late attendance and refusal of employment.

In another region, a networking group for payment decision-makers has been set up to provide a forum for exchange of ideas and to host Adjudication and Constitutional Issues Division seminars.

Payments decision-making has been centralised for the locality in the Edgware Social Security Office. This has created a centre of expertise, with the aim of achieving greater consistency in decisions and enabling decision-makers to benefit from mutual support and guidance.

3.20 This lower priority has been reflected in arrangements for checking decision-making in Jobseeker's Allowance. While the Department's Quality Support Teams monitor payment accuracy and decision-making accuracy together, in the former Employment Service there has not been consistent monitoring of labour-market decisions. The Department are now working towards incorporating labour-market decisions and the related appeals into the national Jobseeker's Allowance quality checking regime, from 2004-05.

3.21 The value of performance monitoring lies not only in reporting results externally, but also in feeding back results to help improve standards. In many cases, local accuracy officers give feedback to decision-makers individually, at team meetings, presentations or in written form. The monitoring data gathered for the Secretary of State's Report, though, are statistically valid only down to regional level, and are therefore not of use

to district and local level decision-makers. Feedback from the outcomes of appeals at local level is also patchy. We consider that if staff were able to relate their handling of all types of individual decisions not only to outcomes for customers but also to the Department's performance at regional and national levels, this would contribute to improving standards.

## Inadequate IT support hinders decision-making

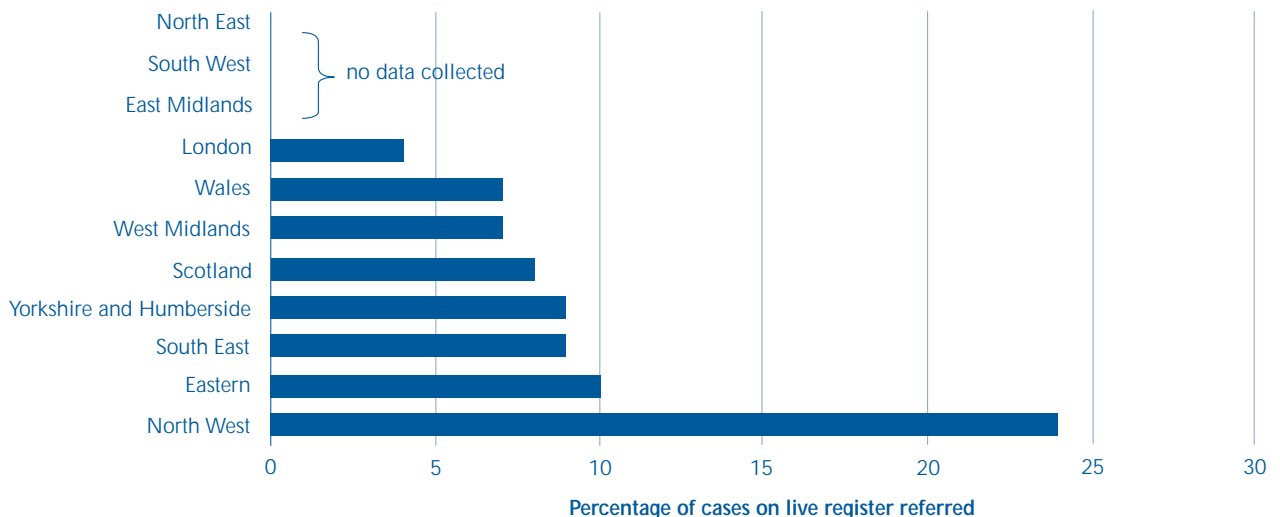
3.22 Jobseeker's Allowance decision-makers use three different computer systems (**Figure 27 overleaf**). This makes interaction between decision-makers - and with other government departments (for example, to share evidence and prevent fraud and error) - difficult. The situation also hinders good communication, as not all staff have access to all three systems.

### Good practice examples

Wolverhampton Social Security Office has updated the Refusal of Employment training pack, which led to improved submissions and sharply reduced the number of cases returned to local offices. The Jobcentre Plus head office is currently considering rolling this out nationwide.

In Wellingborough, the sector office produces a "decision-making and appeals matters" newsletter to give advice and guidance to all Jobcentre Plus staff in the region on submissions to the sector office and on subjects identified by jobcentre staff.

## 26 Variations in the proportion of benefit cases that were referred for labour-market decisions, 2002-03



### NOTE

East Midlands, South West and North Eastern regions did not collect data on the number of referrals.

Source: Department for Work and Pensions

- 3.23 Staff told us that the computer systems made it difficult to record details of the reasons for decisions about customers' payments, what explanations had been given, and details of when decisions had been looked at again, so decision-makers did not always use them. Our survey showed that no one method was consistently used by offices to record customer requests for explanations. This means that there is no one place to which decision-makers or jobcentre staff can routinely refer for information on explanations given and decisions looked at again.
- 3.24 The Department are aware of the limitations of their IT systems and, through the Digital Office Infrastructure project, are upgrading computers in local offices and providing access for all decision-makers to the departmental intranet, with its online benefit guides and manuals. They plan to roll out a new Customer Management System in 2003-04 to capture information electronically and issue customer statements reflecting information supplied.

## While few decisions reach a tribunal, the service around customer disputes is variable

- 3.25 Relatively few Jobseeker's Allowance decisions reach an appeal tribunal - around 8,000 each year, mainly relating to labour-market decisions - and, of these, the majority are decided against the customer. But appeals teams in different parts of Jobcentre Plus handle around 130,000 appealed decisions a year - including 17,000 for Jobseeker's Allowance - the majority of which are changed or the appeal later dropped by the customer. Welfare rights groups commented that many customers may be less likely to challenge decisions once they move back into work.
- 3.26 Overall, Jobcentre Plus changes around 40-50 per cent of the decisions they reconsider. This suggests that it can be an effective means of correcting errors and preventing appeals by identifying new evidence or reinterpreting the evidence already gathered ([Case E](#)). Staff in jobcentres should advise customers of this option, but this does not always happen and customers may be advised to appeal. Welfare rights groups and front line staff told us that there seemed to be a lack of customer trust in the objectivity of the process, with an appeal seen as a more independent and thorough procedure, more likely to result in a favourable decision.

## 27 Jobseeker's Allowance computer systems

**Jobseeker's Allowance Payments System** - All Jobseeker's Allowance payments are processed using this system. Screens are used by jobcentre and Social Security Office staff to record decisions, explanations and decisions looked at again. Only some screens are readable by labour-market decision-makers in Sector Offices.

**Decision-making & Appeals System** - Sector office labour-market decision-makers use this system to make their decisions but it is not accessible by jobcentre and Social Security Office staff. It contains some personal information about the customers taken from the Labour-Market System (below) and can be used to track the progress of a customer's claim. It also produces notifications about certain decisions on customers' jobseeking agreements. It produces management information on work flows, clearance times and numbers of decisions, explanations, decisions looked at again and appeals. It also houses a database of the relevant laws and legislation and contains a series of templates for letters to customers, employers, etc.

**Labour-Market System** - This system was developed for the former Employment Service for recording jobcentre activity. Decision-makers can use it to record conversations with customers and some decision-making activities.

*Source: National Audit Office*

- 3.27 The Department do not report separately on the standards of decisions looked at again. Monitoring data suggest that they are less accurate than initial decisions: on average 72 per cent of reconsiderations (decisions looked at again) were correct in 2001-02, compared to 83 per cent of initial decisions.
- 3.28 There are no high level targets, standard procedures or minimum standards for looking at Jobseeker's Allowance decisions again, and our survey showed large disparities in locally-set targets. For example, of the new Jobcentre Plus Pathfinder offices looking at decisions again, providing explanations or preparing appeals, only 12 had clearance time or quality performance targets for these procedures. Among staff in jobcentres, clearance targets varied between seven days and one month. The Department do not accurately record the actual time taken, as it is not a key indicator for assessing local offices' performance.
- 3.29 There is no consistent approach to how and by whom decisions should be looked at again. In 38 per cent of offices it was normal for the original decision-maker to look again at the decision, but in nearly half a different decision-maker did so, introducing an element of independent checking, and possibly increasing the chance that incorrect decisions are identified.

## CASE EXAMPLE E

## The reconsideration stage (having a decision looked at again) enables customers to submit further evidence

In February 2003, a customer applied for a renewal of his Jobseeker's Allowance but his claim was refused because the jobcentre identified that he had recently sold his shop. The proceeds from the sale increased his assets such that he was not eligible for Jobseeker's Allowance.

The customer asked that this decision be looked again and supplied further documentation to show that the proceeds of the sale had all been used to repay debts. When it was looked at again, the initial decision was overturned in favour of the customer.

*Source: National Audit Office/IFF Research Ltd*

3.30 There are also regional variations in the numbers of decisions looked at again, with the percentage of payment decisions reconsidered ranging from less than 0.5 per cent to 4.5 per cent across the 90 districts. There are a number of factors behind this. In some areas, welfare rights groups are highly active in assisting customers to dispute decisions. Certain types of more subjective decisions around compliance with eligibility conditions (which may be more common in areas of high unemployment) are more likely to be disputed. However, these variations also suggest some offices make more use than others of the option to look again and correct disputed decisions. There are also significant variations at district level between the proportions of decisions overturned when they are looked at again. The Standards Committee is investigating and is expected to report to agency Chief Executives and the Disability and Carers Service Director in late 2003.

## Jobcentre Plus is seeking to change its organisational culture

- 3.31 Jobcentre Plus is standardising delivery of Jobseeker's Allowance. Jobcentre Plus Pathfinder offices, to be rolled out across the country by 2006, are designed to bring a more modern approach to dealing with customers of working age and provide a fully integrated service. Customers can meet personal advisers to discuss work, and financial assessors to deal with their benefit claims at the same time.
- 3.32 Jobcentre Plus recognises that its approach to improving decision-making and appeals has had lower priority than aspects such as increasing job placements. It is now looking to build on many useful local initiatives already in place, through the "Efficiency Challenge 2" project, set up in 2003 ([Figure 28 overleaf](#)). Jobcentre Plus has yet to agree a timetable for implementing its recommendations.



## 28 Jobcentre Plus "Efficiency Challenge 2"

This Jobcentre Plus project focused in early 2003 on arrangements for handling decision-making and appeals in respect of Jobseeker's Allowance, as well as Income Support and Incapacity Benefit. It aimed to identify efficiencies arising from best practice, creativity and smarter ways of working. Run by a team from the East of England region, its recommendations included:

- raising awareness among front-line staff of the option to have a decision looked at again;
- considering the centralisation of both labour-market and payments decision-makers in offices, possibly at district level;
- ensuring that a different decision-maker looks at all decisions the second time;
- designating appeals officers to be responsible for looking at decisions again;
- underlining for staff and managers the importance of better decision-making and appeals in delivering the core business of Jobcentre Plus;
- setting standards for the quality, speed and customer service around decisions and communicating these to customers;
- reviewing and improving training for decision-making and appeals;
- sharing good practices more widely via technical working groups and good practice guides; and
- making better use of IT.

*Source: National Audit Office*



# Part 4

## Handling appeals by customers

4.1 This Part examines arrangements for dealing with appeals against benefit decisions. Initially, they are handled in the first tier agencies - The Pension Service, Jobcentre Plus and the Disability and Carers Service - and then taken on by the Appeals Service ([Figure 29 overleaf](#)), which also takes cases from the Inland Revenue and local authorities. The Appeals Service processes cases in nine locations, serving 133 tribunal venues, and held nearly 58,000 sessions in 2001-02.

4.2 One aim of the decision-making and appeals changes was to reduce appeals waiting times. Prior to the Social Security Act 1998, the average end-to-end time taken was not accurately measured, but it was estimated that around one quarter of customers whose cases reached the then Independent Tribunal Service waited a year or more for a hearing. Currently, the average end-to-end time taken is around 26 weeks across all benefits, of which a significant element is taken up by the departmental agencies ([Figure 30 on page 41](#)). The proportion waiting a year or more for a hearing has fallen significantly to 1.5 per cent.

### The Appeals Service has speeded up its part of the appeals process

4.3 The Appeals Service comprises two distinct bodies within a single organisation. The first is a tribunal non-departmental public body with responsibility for the judicial functioning of appeals tribunals. The second is an executive agency of the Department for Work and Pensions, which administers appeals. In April 2000, it inherited a backlog of some 140,000 appeals cases, 20,000 (14 per cent) of which had been awaiting a hearing for over 18 months. Overall clearance times for appeals were more than 25 weeks, although the Appeals Service was not responsible for the time spent by agencies in preparing cases for hearings.

4.4 The Agency's performance is currently measured on the basis of its portion of the appeal process only. Since 2000, the Agency has reduced the backlog - by March 2003 the

number of cases outstanding for more than 24 weeks was less than 5,000, or 9.6 per cent of the workload, with fewer than 300 cases over 18 months old. This was against a background of taking on responsibility for Housing Benefit and Council Tax Benefit appeals from July 2001. Average waiting times in the Appeals Service currently stand at under 13 weeks, and the Agency aims to reduce them further. There is also scope for further progress against other targets ([Figure 31 on page 41](#)).

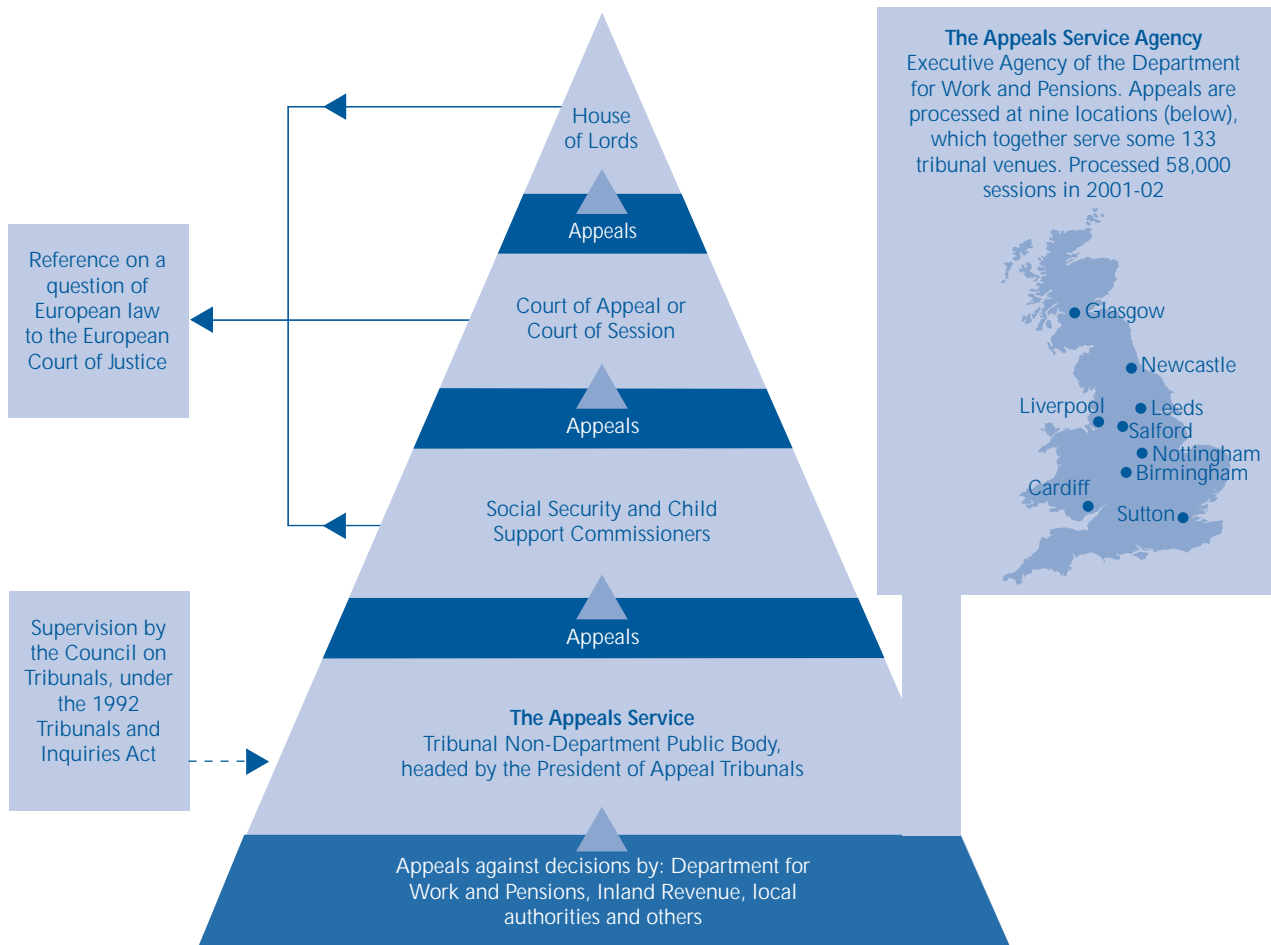
### There have been improvements in handling appeals to the Social Security Commissioners

4.5 Around 6,500 cases a year are dealt with by the Social Security and Child Support Commissioners, a body of lawyers equivalent to Circuit judges and headed by the Chief Commissioner. Some cases are direct appeals but most cases start as applications for leave to appeal, fewer than half of which are granted. The Commissioners themselves deal with around 3,000 appeals, which may be complex and decisions may set legal precedents. These appeals are initially dealt with by the Adjudication and Constitutional Issues Division, which makes appeal submissions to the Commissioners. In 2002-03 it made submissions in 97 per cent of claimant appeals within the statutory limit of one month, exceeding its target. The cost to the Department of handling these cases is around £700,000 a year.

4.6 The Commissioners have also reduced waiting times for hearing appeals which were commonly more than a year - the delays were criticised by the Social Security Select Committee in 2000<sup>11</sup>. Since then, average times in England and Wales have fallen from around 73 weeks to around 28 weeks. By the end of 2002, the number of outstanding cases had fallen from 6,000 to 1,500, of which 187 were more than 12 months old. About a third of those cases were deferred, awaiting judgements on test cases in higher courts.

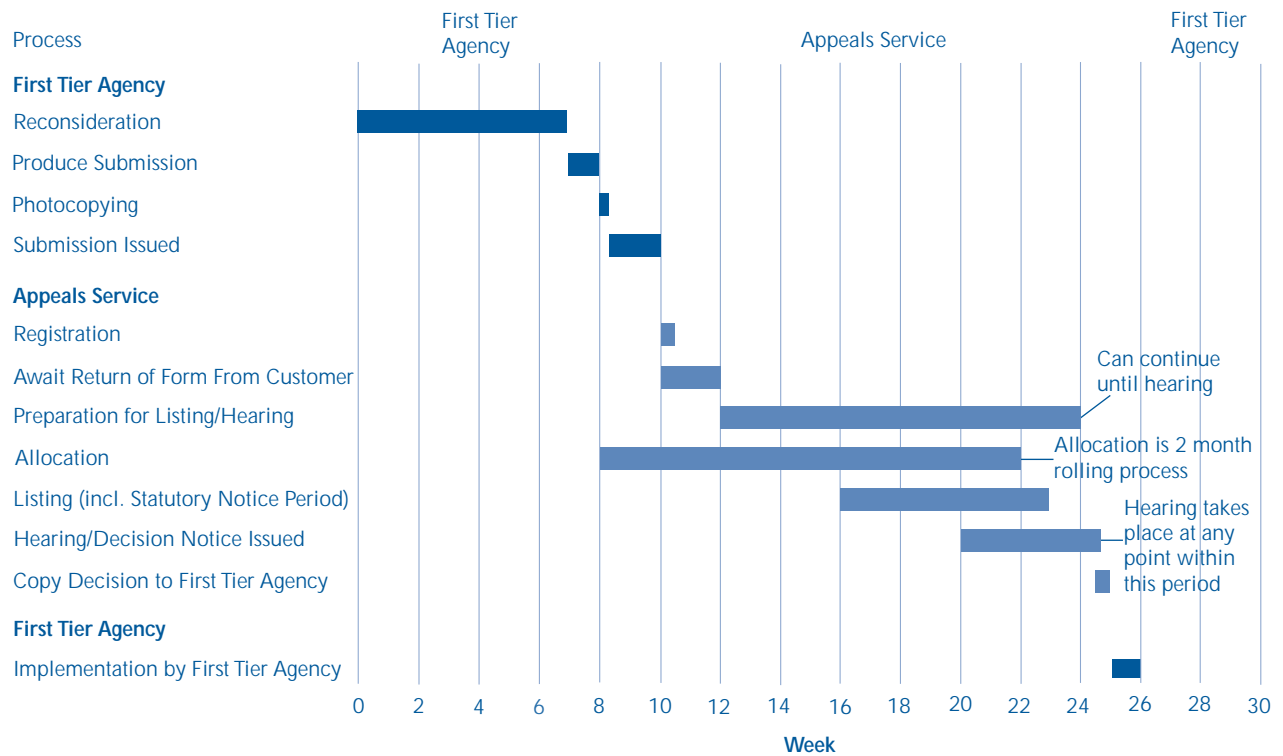
11 *Social Security and Child Support Commissioners, Fourth Report of the Social Security Committee, HC 263, Session 1999-2000, May 2000.*

29 The organisation and hierarchy of appeals administration



Source: National Audit Office

### 30 Average appeals clearance and waiting times 2001-02



■ First Tier Agency Process (First Tier Agencies include Jobcentre Plus, Disability and Carers Service and The Pension Service)

■ Appeals Service Process

The right hand end of the bars represents the average time taken for a particular process.

The left hand end of the bars represents the earliest starting point.

Source: *The Appeals Service*

### 31 Appeals Service achievements against selected Secretary of State's targets 2002-03

<b>Target:</b>	Average waiting time for an appeal to be heard will be no more than 14 weeks.
<b>Achievement:</b>	Average time was 12.5 weeks.
<b>Target:</b>	The number of cases over 24 weeks old as at 1 April 2002 will be reduced by at least 30% by 31 March 2003.
<b>Achievement:</b>	Number of older cases was reduced by 48%.
<b>Target:</b>	For cases returned by the Commissioner, the average waiting time for an appeal to be re-heard will be no more than 10 weeks from the date of return to the Appeals Service in at least 75% of cases.
<b>Achievement:</b>	On average 71% of Commissioner cases were re-heard within 10 weeks of the date of return to the Appeals Service.
<b>Target:</b>	Reduce regional waiting time variations by at least 5% over a two year period.
<b>Achievement:</b>	Year-end figure of 3.9 weeks against a target of 6.7 weeks.

Source: *Appeals Service Annual Report 2002-03*

## There is scope for the Department's agencies to reduce significantly the time taken to prepare cases for appeals to tribunals

4.7 There is no standard departmental target for the time taken to prepare appeals submissions. Historically, the Benefits Agency aimed to process appeals submissions in 90 days and this has been carried forward into Jobcentre Plus. However, data on the actual time taken to prepare submissions for our two benefits indicate that this management target is not sufficiently stretching. While there is noticeable variation in performance, most offices were meeting it by a considerable margin (Figures 32 and 33).

4.8 Our survey of Jobcentre Plus offices showed that, locally, offices set a range of lower-level targets for processing appeals, based on estimates of what was achievable. The staffing of appeals submissions against payment decisions in Jobseeker's Allowance is at managers' discretion, with some appeals officers working alone or in small teams based in local offices. Appeals against labour-market decisions are more centralised, in some 35 sector offices, where teams of up to 15 staff work on all levels of decision-making. As part of a recent exercise, Jobcentre Plus estimated that, nationally, it had 651 staff working on appeals at

185 sites. It is considering how best to bring more officers together to improve both the management and the quality of the work and save an estimated £1 million in staff costs. If the speed of workflow could be improved, such that the lower quartiles worked at the median speed, the average time for preparation of these appeals would be reduced by 10 days to 39 days.

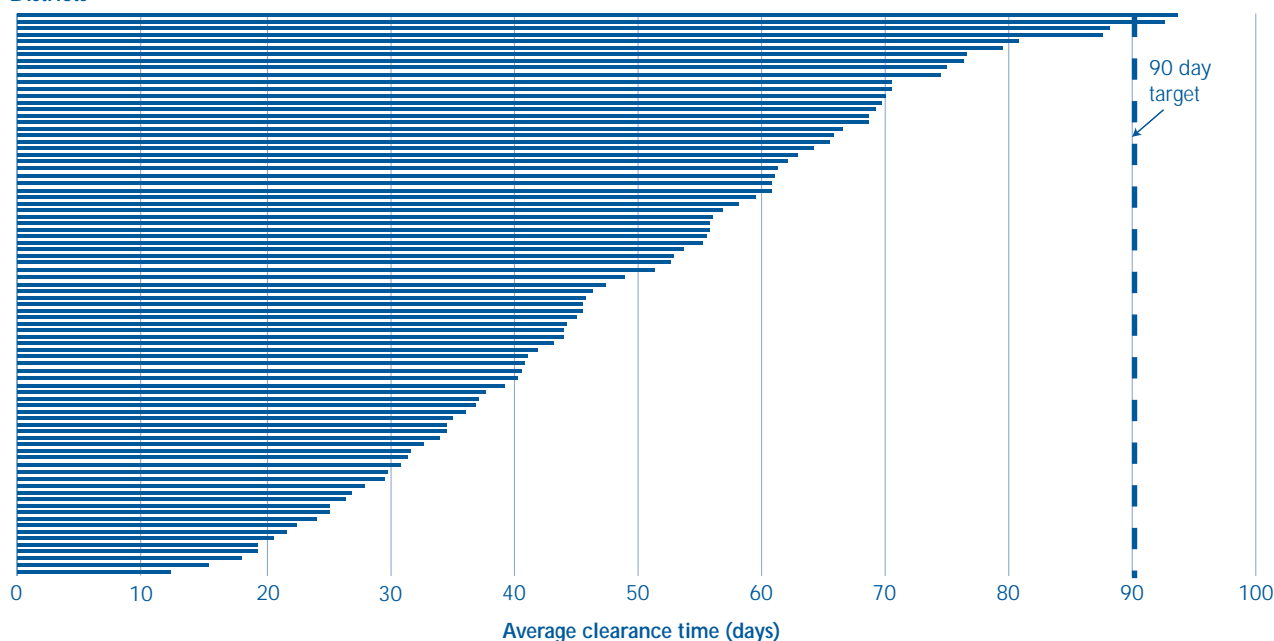
4.9 In Disability Living Allowance, where decision-makers are centralised in 11 regional centres, turnaround time for appeals submissions is faster, at around 32 days nationwide, and gradually improving. But there is still considerable variation in performance. If the lower two quartiles were to process cases at the median speed, the average time could be reduced by 5.4 days to 27 days.

## There are potential savings from reducing the number of appeals

4.10 Of the millions of decisions made each year by the Department, a relatively small proportion, between 200,000 and 250,000 (about 1 per cent or less), reach an appeal tribunal. The administrative costs are small in comparison with the overall spend on benefits, but reducing the number of cases that go to appeal by correcting errors or effectively explaining decisions to customers earlier could generate savings for the Department. The effect on overall benefit payments is difficult to determine, but would be expected to include

### 32 Time taken by Jobcentre Plus to prepare appeals submissions in 2002-03

#### Districts

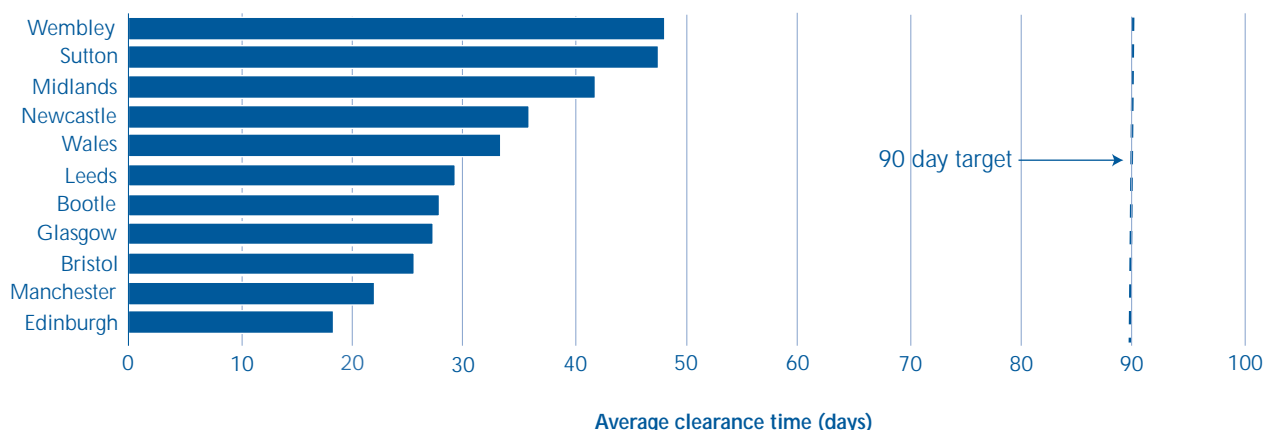


#### NOTE

Data were available for 84 of 90 districts.

Source: Department for Work and Pensions



**33 Time taken to prepare Disability Living Allowance appeals submissions in 2002-03**

Source: Department for Work and Pensions

both cases where more benefit was payable and cases where benefit was reduced. The Department have not attempted to calculate the cost of reconsidering decisions internally more effectively, but we looked at the potential for savings if they were to put more decisions right without a tribunal.

## Potential savings and costs in Disability Living Allowance

4.11 The Disability and Carers Service estimates that appeals handling in Disability Living Allowance costs around £75 each, not including the cost of any additional medical evidence required, while reconsidering a decision costs only around £34. The Appeals Service Agency estimates that the average variable cost of each of the disability benefit appeals with medical input that it handles is around £198.

4.12 Improving the quality and handling of reconsiderations in Disability Living Allowance to reduce the number of cases that reach appeal may involve the Disability and Carers Service in investment of additional resources. Other initiatives already under way such as improving the quality of evidence gathering (paragraph 2.16) and communication with customers (paragraph 2.10), should also help. By incurring the costs of this investment, they should expect to generate financial savings in future by reducing the time they spend preparing unnecessary appeals submissions. There should also be savings accruing to the Appeals Service through a reduction in the number of tribunals required. The National Audit Office consider the Department could work towards a ten per cent reduction in Disability Living Allowance tribunals over two years, and in total a 25 per cent reduction in five years, which would eventually save the Appeals Service £4 million a year.

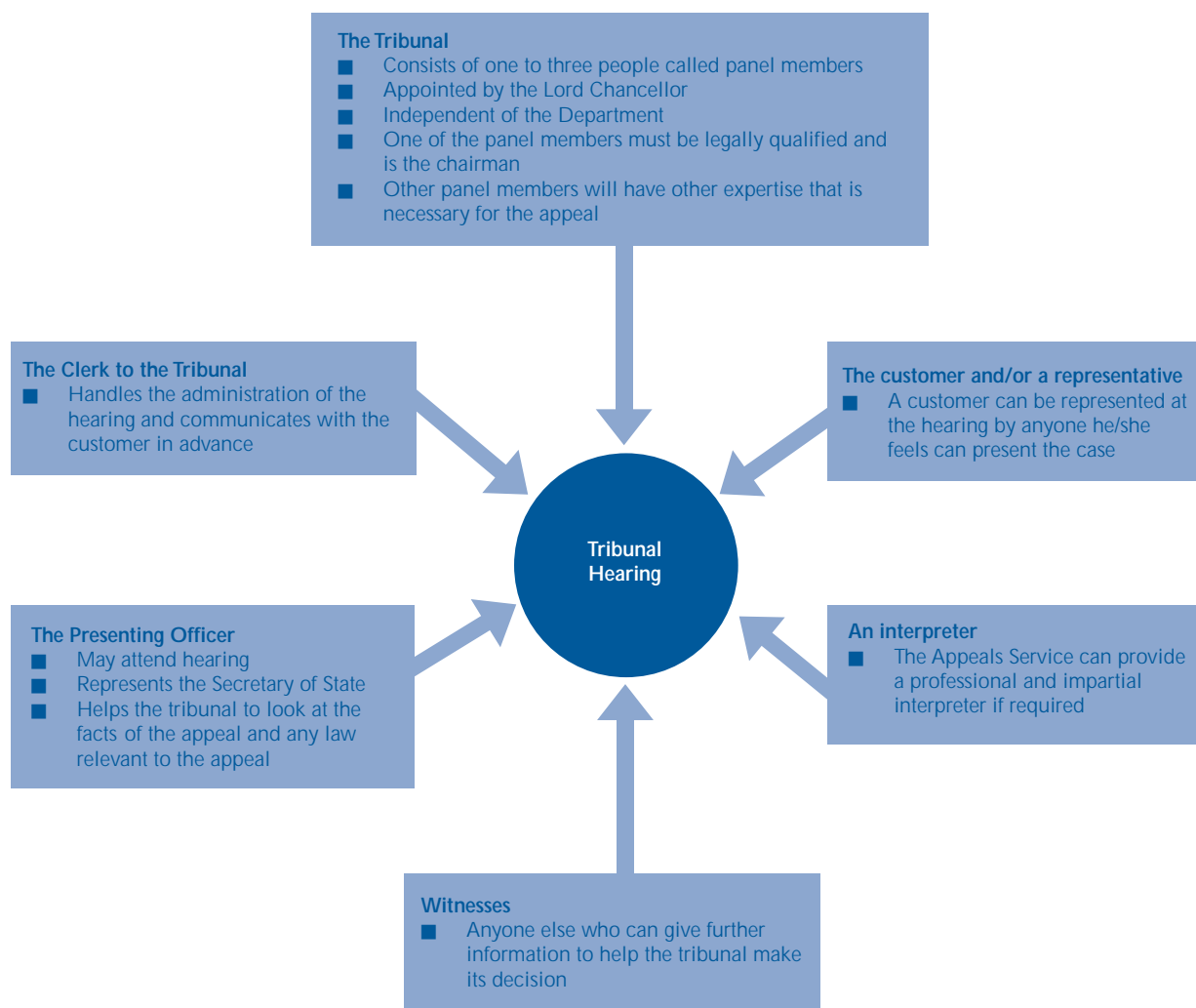
## Potential savings and costs in Jobseeker's Allowance

4.13 Jobcentre Plus have estimated that they spend £15 million a year on handling 130,000 appeals across all their benefits. (Some 17,000 of these were for Jobseeker's Allowance, of which 8,000 reached a tribunal.) Preparing each Jobseeker's Allowance appeal costs Jobcentre Plus roughly £115, and each tribunal costs the Appeals Service some £116.

4.14 As well as efficiency savings from rationalising appeals teams (paragraph 4.8), Jobcentre Plus plan to move reconsideration work from first line decision-makers to appeals teams (who reconsider all cases anyway), thus avoiding duplication of work. We estimate that this could save some £0.3 million a year in Jobseeker's Allowance alone and up to £2 million a year across all Jobcentre Plus benefits.

4.15 By placing reconsideration work with more experienced staff, Jobcentre Plus should expect to put right more decisions without the need for an appeal and hence save the cost of preparing the appeals submissions, although this could be offset by investing more time in each case. If they could reduce by ten per cent the number of Jobseeker's Allowance cases that go to a tribunal, they could save the Appeals Service alone £90,000 a year, and if this were extended to all Jobcentre Plus benefits, the savings could reach £1.1 million.

### 34 People attending an oral appeal tribunal hearing



Source: The Appeals Service

## Attendance by the customer may affect the outcome of an appeal hearing

4.16 Appeals customers can choose an oral hearing (Figure 34), or a paper hearing where the tribunal makes its decision on the basis of the submission and any further evidence provided. Customers can also choose whether to attend an oral hearing, although the Department advise that those who do attend usually do better than those who do not.

4.17 Quarterly Appeals Statistics, published by the Department, confirm that customers choosing an oral hearing have a greater rate of success. Of 34,000 appeals cleared at oral hearing between April and June 2002, 52 per cent were decided in favour of the customer, compared with 23 per cent of the 11,000

paper hearings. Customers also fare best when accompanied by a representative - 67 per cent of these hearings were decided in the customer's favour.

4.18 The causal relationship between customer attendance and success has not been conclusively proven, and it could be that those with a good chance of success are more likely to attend and to be represented by a welfare rights adviser. Nevertheless, especially for medically assessed benefits, it is likely that the presence of the customer provides crucial evidence. For Disability Living Allowance, 61 per cent of oral hearings were decided in favour of the customer, compared with 34 per cent of paper hearings, and the President of Appeal Tribunals has indicated that the presence of the appellant has a significant impact on the outcome<sup>12</sup>. Our interviews with customers also confirmed that many saw the tribunal as important (Figure 35).

### 35 Customers are able to communicate better at oral hearings

Customers we interviewed felt that oral evidence was more effective than paper-based evidence when appealing to a tribunal:

- "Things that can't be said on paper can be said in person and be seen to be different. Papers have no emotion."
- "I thought that, if they saw me, they would realise there was something wrong with me. I thought it was obvious to see that I have a disability."
- "I preferred to put my case across in person, so I could explain fully and answer any questions there and then."
- "I would be able to put across my point of view better than if I wrote it down."
- "I hope I could explain better by talking to someone face-to-face. I'd have a better chance of explaining my circumstances in greater detail."

Some customers also felt that the oral hearing provided an opportunity to get their questions answered:

- "It made a difference because it gives you an opportunity to get a lot of questions you wanted answered."
- "It does make a difference, in an oral hearing the doctor can ask and answer questions."

Source: National Audit Office and IFF Research Ltd.

4.19 The Department's leaflet "How to Appeal" advises that it is usually better to attend the hearing. Welfare rights advisers believe that the Department should make it clearer to customers that attendance could help determine whether or not they were successful. They also note that many customers find the experience extremely stressful. Some find the oral hearing itself intimidating and for others the physical problems involved in getting to the tribunal may exacerbate their medical condition. The Appeals Service is surveying customers about barriers to attending hearing venues.

## The Department send officers to represent them at a quarter of tribunals

4.20 The presenting officer provided by the originating agency at an appeal tribunal represents the Secretary of State in explaining the decision and assists the tribunal to come to a legally correct decision. Although the Child Support Agency, whose appeal cases are often more complex, does invariably send presenting officers to oral hearings to support its cases, other parts of the Department often do not. The Department advised that this is a resource issue and that, during the recent period of major reorganisation, it has been particularly hard to release staff. The small size of teams dealing with appeals, particularly those against payment decisions on

Jobseeker's Allowance, makes attendance difficult and a dwindling number of staff have attended presenting officer training.

4.21 In his 2002-03 report, the President of Appeal Tribunals reported that overall attendance of presenting officers had fallen to 27 per cent of cases he sampled, from 40 per cent in the previous year. For Jobseeker's Allowance, the figure was around 19 per cent of cases in 2002, and 20 per cent for Disability Living Allowance. He warned that, combined with other factors, the absence of a presenting officer risks making the tribunal another level of decision-making rather than the appropriate appellate authority, a view supported by welfare rights advisers.

4.22 The Disability and Carers Directorate is evaluating the effect of full attendance of presenting officers on Disability Living Allowance appeals, but considers that it would be difficult to achieve because its staff are concentrated in only 12 locations across the country. However, the Department centrally is working with the Appeals Service on formal guidance on the role of the presenting officer in disability appeals. Jobcentre Plus is also considering whether to produce revised guidance or standards on presenting officer attendance as part of its Efficiency Challenge 2 (paragraph 3.32).

## The Appeals Service is taking the lead in improvements to the handling of appeals

4.23 The Appeals Service is refurbishing tribunal venues. Practical improvements already achieved include induction loops for the deaf provided in all permanent venues. It is also assessing the practicality of holding tribunals via video-conferencing. More fundamentally, the proposed Modernising Appeals Programme is expected to focus services better on users' needs, enabled by modern IT. Its scope is expected to include:

- restructuring the organisation in order to improve service and efficiency;
- replacing paper files with entirely electronic documentation and replacing the Appeals Service's IT infrastructure;
- linking the Agency with the Department's agencies and businesses via computer, so that officials in all parts of the system are able to monitor the progress of appeals cases throughout their life, measure the overall time taken for an appeal to be processed and provide progress updates for customers; and
- allowing customers to access details of their appeal via the internet.

4.24 The main impetus for changes came from the need to replace the Appeals Service's IT systems and meet Government targets for enabling citizens to use services via the internet. The Agency also aims to reduce further the time it takes to handle appeals cases which will depend on action being taken by the originating agencies. The Programme is part of the Department's overall modernisation work. Implementation of the full improvement programme is dependent on successful coordination with the Department's wider programme of IT improvements, which is currently under way.

## Appeals Service tribunals are to be incorporated into a new unified tribunal service

4.25 In March 2003, the Lord Chancellor announced plans for a new, unified national Tribunals Service. The proposed changes will be the biggest to the tribunal system in over 40 years, and part of a wider modernisation of the civil and criminal justice systems. The new Tribunals Service will be established as a distinct part of the justice system, accountable to the Lord Chancellor, and will bring together the 10 largest tribunals from across central Government, with smaller tribunals joining as appropriate. The precise form of changes to the Appeals Service, and the timetable for implementation, have yet to be announced, but the Department expect to publish a White Paper later in 2003.



# Appendix 1

## Strategic aims of the decision-making and appeals changes

The strategic aims and desired outcomes for Decision Making and Appeals, as set out by the Department in 1998, are as follows.

### Aim

- To preserve the essential elements of the current system, where:
  - decisions are made by suitably trained and experienced staff;
  - decisions are made impartially, by the application of the relevant law to the facts of the case; and
  - customers continue to have access to an independent appeal system.
- To ensure, as far as possible, that disputes are resolved at the business-unit level and thus reduce the need for customers to go to appeal to seek redress.
- To make the system more accessible to customers by:
  - improving claim literature;
  - improving notifications to make them clearer and easier to understand; and
  - providing the appropriate means for customers to receive a full explanation of any queries they raise.
- To enable the Agencies to achieve their aim to get decisions right first time and thus reduce the need for customers to raise a dispute,
  - by specifying more clearly the responsibility of customers, e.g. on the time limits for the submission of disputes and appeals.
- To provide simple and accessible systems of redress for dissatisfied customers.
- To provide guidance for decision-makers that is full, accurate, complies with the law and is available to customers and their representatives.
- To establish effective mechanisms for monitoring the quality of decision-making and for learning the lessons.
- To ensure that the Agencies and the Appeals Service provide a streamlined service to customers who appeal, which reduces substantially the current waiting times to appeal, particularly where the appeal is hopeless.
- To speed up service to those customers who are dissatisfied with the outcome of their appeal, by allowing tribunals to correct errors in certain specified circumstances.
- To enable business units to take opportunities to change the culture of their organisations and make them more customer focused.

### Required outcomes

- Revised literature on benefit claims, child support procedures and vaccine damage cases, which reflect the Decision-making and Appeals changes and, where possible, take the opportunity to clarify what the customer has to do, when and what the outcomes will be.
- Revised notifications that are expressed in simple, clear language and which concentrate on what is important to the customer.
- Simple and quick processes for dealing effectively with disputes that arise from the initial decision, which include a full reconsideration of that decision in the light of any points/additional evidence raised by the customer, the means to change the decision swiftly if it is found to be incorrect and the provision, by the most appropriate means, of a full explanation to the customer.



- Full, clear and accurate guidance for first-tier decision-makers.
- All necessary processes for monitoring and reporting the quality of decision-making and for taking account of the findings, so that areas producing errors can be put right and the quality of service improved.
- Efficient processes for handling appeals, including effective interfaces between the first-tier Agencies and the Appeals Service, effective procedures for handling all the outcomes of appeals and effective communications with customers on the progress of their appeal.
- The creation of a new Appeals Service Agency, which meets all the requirements of the Office of Public Service and provides a high-quality service to customers and to the judicial element of the Appeals Service.
- New processes for handling appeals, including effective sifting and allocation and arrangements for speedy disposal of hopeless appeals.
- Proposals for training staff, which will provide them with the knowledge and skills needed to operate the new system correctly.
- Demonstrably higher levels of customer satisfaction.

*Source: Department of Social Security DMA Programme Board paper DMA/PB/14/98 (July 1998)*

# Appendix 2

## National Audit Office Methodology

In preparing this report we examined the Department's arrangements for decision-making and appeals and assurance. To do this we:

- interviewed key personnel at the Department for Work and Pensions, including the **Adjudication and Constitutional Issues Division** (including personnel in the Leeds branch providing advice and guidance to decision-makers), the **Disability and Carers Service**, and related agencies: **Jobcentre Plus** and the **Appeals Service**;
- reviewed the Secretary of State's reports on the standards of decision making;
- analysed quality data on all benefits;
- consulted and reviewed the operation of the **Standards Committee**;
- consulted the **Standards Committee Consultative Group** of welfare rights advisers;
- held a workshop for welfare rights advisers from Citizens Advice;
- commissioned research on assurance arrangements and the issues of concern to stakeholders from the Social Policy Research Unit, University of York; and
- mapped decision-making processes.

We examined arrangements for decision-making in **Jobseeker's Allowance**. To do this we:

- analysed management information data and published statistics;
- visited jobcentres, social security offices, sector offices and a pathfinder office (nine office visits) in three regions: West Midlands, Glasgow, London;
- surveyed 340 offices handling Jobseeker's Allowance (see below);
- identified illustrative case examples by reviewing a selection of customer files and interviewing customers (see below); and
- reviewed relevant initiatives in Jobcentre Plus aimed at improving customer service or decision quality.

We examined decision-making in **Disability Living Allowance** and its effect on customers. To do this we:

- analysed management information data and published statistics on number and speed of decisions and reconsiderations in Disability Living Allowance;
- visited Glasgow Disability Benefits Centre and Blackpool Disability Benefits Unit;
- identified illustrative case examples by reviewing a selection of customer files and interviewing customers (see below); and
- reviewed relevant initiatives in the Disability and Carers Service aimed at improving customer service or decision quality.

We looked at the **handling of appeals**, from preparation of the appeal submission to consideration by Social Security Commissioners. To do this we:

- visited offices handling Jobseeker's Allowance and Disability Living Allowance appeals;
- surveyed offices dealing with Jobseeker's Allowance appeals (included in the survey population set out above);
- consulted the President of Appeal Tribunals and the Chief Executive and other personnel of the Appeals Service;
- reviewed the reports of the President of Appeal Tribunals;
- drew on the results of the Appeals Service customer surveys;
- interviewed key personnel handling appeals to the Social Security and Child Support Commissioners, at the Adjudication and Constitutional Issues Division in Leeds; and
- reviewed progress in Appeals Service and Social Security and Child Support Commissioners against earlier recommendations of the Social Security Committee and others.

We organised a **reference panel**, to comment on our emerging findings. The members of the panel represented:

- Adjudication and Constitutional Issues Division, Department for Work and Pensions;
- Internal Assurance, Department for Work and Pensions;
- Jobcentre Plus;
- Appeals Service; and
- Disability and Carers Directorate, Department for Work and Pensions.

### Survey of offices dealing with Jobseeker's Allowance

The key aims of the survey were:

- to gain information on local office practices in decision-making, explanations, reconsiderations and appeals;
- to identify any improvements in the consistency of approach to decision making, explanations, reconsiderations and appeals across the country;
- to find reasonable explanations for regional variations in quality and speed of decision-making; and
- to identify examples of both good and poor practice.

To achieve these aims the survey focused on:

- the amount of resource and regional structures used in the processing of claims;
- the quality and availability of training/guidance for team members making decisions;
- how explanations, reconsiderations and appeals were offered to customers at each office;
- the quality assurance procedures in place;
- the impact of performance measures on local offices; and
- local initiatives to improve the process.

In consultation with the Department we distributed the survey through the eleven deputy field directors to a sample of offices dealing with Jobseeker's Allowance. Our survey population comprised all Jobcentre Plus Offices, Sector Offices and Appeal Centres and 10% of local offices, as follows:

	Number surveyed	Number of responses received
Jobcentre	103	77
Jobcentre Plus	73	41
Sector	33	29
Social Security Office	110	79
Appeal Centre	20	4
Other	1*	6*
<b>Total</b>	<b>340</b>	<b>236</b>

The response rate was 69 percent (236 offices)

\* Five other offices, not directly sent the survey, also responded

### Case examples of Jobseeker's Allowance and Disability Living Allowance customers

We identified a sample of Jobseeker's Allowance and Disability Living Allowance customer case files to review, from all stages of the decision-making process. The sample was not intended to be representative but to provide illustrative examples of customer experiences. We reviewed 85 Jobseeker's Allowance files and 67 Disability Living Allowance files. We sent letters to the customers requesting interviews with them, which included opt-out forms.

We commissioned IFF Research Ltd, an independent research company, to conduct the interviews on behalf of the NAO. They interviewed 51 customers and gained their permission to use the information obtained in anonymous case examples. The 51 customers comprised 31 Jobseeker's Allowance and 20 Disability Living Allowance customers.

We used results from both the case file review and the interviews to compile the case examples.

# Appendix 3

## Results of the Chief Adjudication Officer's monitoring of decisions in 1999

Benefit	Number of decisions examined	"Comment rate" or percentage of decisions with a full or procedural error	Percentage of cases where the payment was correct	Cases where payment was in doubt
Income Support	130	35 per cent	65 per cent	17 per cent
Jobseeker's Allowance	132	61 per cent	43 per cent	47 per cent
Social Fund Funeral Payments	130	35 per cent	74 per cent	17 per cent
Industrial Injuries Disablement Benefits	65	14 per cent	93 per cent	5 per cent
Retirement Pension	131	16 per cent	98 per cent	0 per cent
Short Term Benefits	134	39 per cent	92 per cent	8 per cent
Attendance Allowance	81	11 per cent	99 per cent	1 per cent
Disability Living Allowance	150	7 per cent	96 per cent	3 per cent
Invalid Care Allowance	76	3 per cent	0 per cent	1 per cent
Jobseeker's Allowance Labour-market Decisions	234	17 per cent	Not applicable	Not applicable

Source: Annual Report of the Chief Adjudication Officer 1999



# Appendix 4

## Profiles of Jobseeker's Allowance & Disability Living Allowance

**Jobseeker's Allowance** replaced Unemployment Benefit in October 1996 for individuals who are capable of, available for and actively seeking work. There are two types of Jobseeker's Allowance: contribution-based and income-based.

To receive contribution-based Jobseeker's Allowance (a fixed rate for a maximum of 26 weeks), a customer must have paid or be treated as having paid a certain number of national insurance contributions.

Income-based Jobseeker's Allowance may be awarded regardless of whether they have previously paid national insurance contributions. Award decisions may be more complex than for contribution-based Jobseeker's Allowance, as decision-makers must consider, among other things, the customer's (or the customer's partner's):

- savings;
- working hours; and
- type of residence (e.g. residential care home or nursing home).

To claim the benefit, the customer must sign a Jobseeker's Agreement, which details her/his availability for work, the kind of work sought, what the customer will do to look for work and how Jobcentre Plus aims to help the customer. To continue to receive the benefit, jobseekers must attend their local office on a fortnightly basis to demonstrate that they are looking for work and are still eligible.

A customer receiving income-based Jobseeker's Allowance is entitled to:

- free NHS prescriptions, dental treatment and eyesight tests;
- free milk and vitamins for pregnant women and for children under 5 years of age; and
- free school meals.

and may also be entitled to, among other things:

- Housing Benefit;
- Council Tax Benefit; and
- a back to work bonus.

As at November 2002, nearly half of Jobseeker's Allowance customers had been claiming the benefit for less than three months and 162,000 had been claiming it for at least one year.

**Disability Living Allowance** was introduced in 1992, to replace Mobility Allowance and Attendance Allowance for the under 65s. Customers are eligible for the benefit if they need long term help because of severe physical or mental illness or disability.

Customers assess their own level of disability and its impact. Decision-makers may corroborate this using evidence from medical professionals. There are different benefit rates for different mobility and care needs. The benefit amount is not dependent on savings and is not affected by earnings.

A Disability Living Allowance customer may be entitled to higher payments of other benefits, such as:

- Income Support;
- Housing Benefit; and
- Council Tax Benefit.

Customers are awarded Disability Living Allowance either for a fixed term or for an indefinite period (a life award). New claims are administered in 11 regional Disability Benefits Centres.

As at November 2002, 2.44 million people were receiving Disability Living Allowance.

# Glossary of terms

<b>Appeals Service</b>	The Appeals Service arranges and hears appeals on decisions on Social Security; Child Support; Housing Benefit; Council Tax Benefit; Vaccine Damage; Tax Credit and Compensation Recovery.
<b>Appeals submission</b>	Prior to an appeals hearing, the Department prepare an appeal submission or schedule of evidence. The submission presents all the case evidence for consideration, which outlines the reasons for the Department's decision.
<b>Appeal hearing</b>	Consideration of a customer's appeal by an appeal tribunal. These can be oral hearings or paper hearings.
<b>Appeal tribunal</b>	An appeal tribunal (or just 'tribunal') is a group of people that hears appeals.
<b>Appeal session</b>	A half-day tribunal sitting, in which one or more appeals can be heard.
<b>Benefits Agency</b>	The Benefits Agency was responsible for the administration and payment of social security benefits. In 2002, most of its functions transferred to Jobcentre Plus.
<b>Clearance time</b>	The time it takes to deal with an application for benefit, from receipt to implementation of the decision.
<b>Decisions &amp; Appeals Assurance Team (DAAT)</b>	An independent checking team which monitors decision-making quality by re-examining a sample of Disability Living Allowance/Attendance Allowance decisions.
<b>Decision-making quality</b>	A measure of the correctness of a decision. For a decision to be correct, the decision-maker must gather sufficient evidence, ask the right questions, determine the important facts of the case from the evidence, and correctly interpret statute and case law. It differs from the measurement of payment accuracy, since the administration of a payment may be incorrect even though the decision was correct.
<b>Department</b>	Department for Work and Pensions
<b>Disability and Carers Service</b>	Part of the Department for Work and Pensions, concerned with disability and carers' benefits.
<b>Disability Living Allowance</b>	Disability Living Allowance is a non-means-tested, non-contributory benefit, paid as a contribution towards the extra costs associated with disability. Entitlement is based on a person's care and mobility needs. It is administered by the Disability and Carers Service.
<b>Employment Service</b>	The Employment Service helped people to find work by providing advice and information on employment and training opportunities. These functions transferred to Jobcentre Plus in 2002.
<b>IT</b>	Information technology
<b>Jobcentre Plus</b>	Jobcentre Plus was formed in 2002 from the merger of the Employment Service with those parts of the Benefits Agency that covered working age. It aims to enable customers to move into work or training and to claim the benefits they need through a single, integrated service.
<b>Jobcentre Plus offices</b>	These one-stop shops for benefits and job search are being rolled out nationally. By March 2003, 250 Jobcentre Plus offices had opened, covering about 25 per cent of the Jobcentre Plus network.

<b>Jobseeker's Allowance</b>	Jobseeker's Allowance is a benefit for those who need financial support because of unemployment. It is administered by Jobcentre Plus.
<b>Labour-market decisions</b>	Labour-market decisions affect a customer's eligibility for Jobseeker's Allowance. They assess conditions of entitlement, for example, availability, actively seeking employment, leaving voluntarily and refusal of employment at any time during the claim.
<b>Medical Services</b>	Medical Services manages the doctors and medical staff who conduct medical assessments for disability and incapacity benefits on behalf of the Department. The service is currently contracted out to Schlumberger.
<b>Pathfinder offices/sites</b>	The first Jobcentre Plus offices are referred to as Pathfinder offices, as they are intended to inform the development of the rest of the service in the coming years.
<b>Payment accuracy</b>	Whether or not the correct amount of benefit has been correctly calculated and subsequently paid. It differs from the measurement of decision-making quality, since a poor quality decision will not necessarily mean the payment is inaccurate.
<b>Payment decisions</b>	An assessment of a customer's eligibility for Jobseeker's Allowance according to criteria such as their income, savings and family situation.
<b>Personal Adviser</b>	A Jobcentre Plus officer who provides advice on all aspects of a customer's benefits and work search throughout the life of the customer's claim.
<b>Presenting Officer</b>	The representative of the Secretary of State who attends an appeals tribunal to present evidence on behalf of the Department.
<b>Quality Support Team (QST)</b>	A checking team which monitors decision-making quality by re-examining a sample of benefit decisions (including those for Jobseeker's Allowance). The Quality Support Team is part of the Department for Work and Pensions but is independent of Jobcentre Plus.
<b>Reconsideration</b>	A term commonly used to describe the process of looking for a second time at the facts, evidence and law used to make a decision.
<b>Review</b>	A term used in legislation to describe the process of looking for a second time at the facts, evidence and law used to make a decision.
<b>Sanction</b>	A withdrawal or reduction of benefit for a specified period of time.
<b>Sector office</b>	A geographical subdivision of the Jobcentre Plus network.
<b>Social Security &amp; Child Support Commissioners</b>	Commissioners decide appeals on points of law from Appeals Service tribunals in social security; Child Support; Housing Benefit; Council Tax Benefit; Vaccine Damage; Tax Credit and Compensation Recovery benefit cases. This stage follows the Appeals Service tribunal stage.
<b>Standards Committee</b>	A committee of the Department that provides advice and assurance about the quality of decision-making and makes recommendations for improvements.

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