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Northern Ireland Audit Office

Decision-Making and Disability Living Allowance

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

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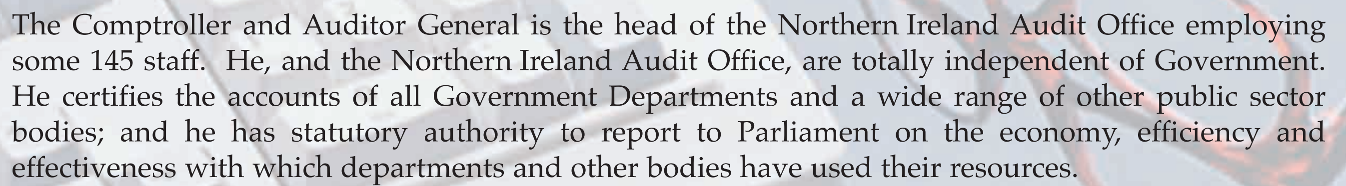

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for Northern Ireland

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Decision-Making and Disability Living Allowance

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J M Dowdall CB
Comptroller and Auditor General

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List of Abbreviations

AACTs	Actual Average Clearance Times
C&AG	Comptroller and Auditor General
DLA	Disability Living Allowance
DMA	Decision-Making and Appeals
DSD	Department for Social Development
DWP	Department for Work and Pensions
EDS	Electronic Data Systems
EMP	Examining Medical Practitioner
GP	General Practitioner
IT	Information Technology
MSS	Medical Support Services
NIAO	Northern Ireland Audit Office
NAO	National Audit Office
PAC	Public Accounts Committee
PFI	Private Finance Initiative
PSA	Public Service Agreement
PWC	PriceWaterhouseCoopers
SSA	Social Security Agency
TAS	The Appeals Service (NI)

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Executive Summary

Decision-Making and Disability Living Allowance

Introduction

1. Disability Living Allowance (DLA) is a "self-reporting" benefit which requires the customer to complete a form answering questions about his or her disability and its effects. This is a complex benefit to administer because it is not based on a set of objective criteria. It is not about assessing the medical condition, but the impact of the medical condition on the needs of the person claiming the benefit. The staff in the Social Security Agency's (the Agency) Disability and Carers Service who take decisions have to apply complex rules and complex law within that context. In Northern Ireland, DLA provides vital support for about 160,000 individuals who received payments totalling £515 million in 2003-04, accounting for close to one third of total non-contributory social security expenditure[1]. In 1999, as part of efforts to modernise the social security system, major policy changes were implemented to the arrangements for decision-making and appeals. In the case of DLA, this came against a background of lengthy waits for appeals and continuing reports of errors in decisions and fraud. Indeed, the Committee of Public Accounts at Westminster reported on these themes in 1998[2].

General Conclusion

2. We examined the impact and effectiveness of the changes to decision-making and appeals arrangements on DLA since the Committee of Public Accounts report. We found that in spite of the Agency's progress in reducing the volume of claims held and improved accuracy in 2003-04, improvements in processing claims (paragraph 2.5) and the high level of financial error overall (paragraph 3.12) are a matter of concern.

3. Implementing such changes can be difficult to accomplish successfully and can take time to bed in. However, the problems which exist today have a long history. We acknowledge that, at least in part, these stem from the complex legislative and fragmented administrative structures under which DLA operates. Given this complexity, the disability claims process can be confusing and frustrating for claimants and also difficult for Agency Decision-Makers to implement.

4. As a result, there are still lengthy waiting periods for claimants seeking DLA. For example, the 9 per cent of claimants who wish to appeal a decision on award of benefit, frequently wait more than one year for a final decision on their eligibility. Ensuring that decisions about a claimant's eligibility for benefits are accurate and consistent across all levels of the decision-making process continues to present a challenge for the Agency. The nature of DLA is such that there is always likely to be some degree of variation in the percentages of claims allowed from year to year and component to component (see para 1.1) and some uncertainty as to the causes of that variation.

5. When considering the Agency's performance on a number of indicators against its counterpart in Great Britain, the Department for Work and Pensions (DWP), we noted the following: paragraph 3.6 points out that decision-making accuracy in Northern Ireland is correct in 85 per cent of cases compared with only 55 per cent in Great Britain; paragraph 2.5 shows that, while 85 per cent of new claims in the Agency were less than 60 days old at the end of March 2004, in DWP the average clearance time for new claims was 40 days; on appealed decisions, paragraph 4.4 suggests that DWP clears appeals much faster

1 Non-contributory social security benefits are entirely financed by government and can be payable to any individual under certain conditions. Contributory social security benefits, on the other hand, are payable only to, or on behalf of, those persons who have paid contributions to the National Insurance Fund.

2 Northern Ireland Social Security Agency: The Administration of Disability Living Allowance, Committee of Public Accounts, Forty Fourth Report, Session 1997-98, HC 527

than the Agency, however, paragraph 4.12 indicates that, whereas in Northern Ireland a quarter of appeal cases were overturned, the National Audit Office report[3] shows that in Great Britain the level was much higher at 46 per cent.

6. The changes in decision-making and appeal procedures since 1999 have led to a general drop in appeals across the range of Social Security benefits. However, the expected decrease in appeals has not been realised within DLA. Moreover, the fact that one quarter of all DLA appeals are successful raises questions about the decision-making process because many claimants are awarded benefits only after a lengthy appeal. The Agency said, however, that there are many reasons why appeals are overturned some of which are outside its control. However, variations between initial decisions and appeals and continuing high levels of fraud and error may undermine confidence in the integrity of the benefit. The later a DLA case is finally decided in the appeals process, the more expensive administratively it is to arrive at a decision.

7. The Report shows also that DLA necessarily involves many different organisational entities: the Agency; Medical Support Service; the Departmental Appeals Service; and independent tribunals. As this can pose problems for the smooth operation and administration of the programme, close teamwork is required between all the entities involved to ensure that the public are served efficiently and effectively. We would agree with the Chairman of the Standards Committee (see paragraph 4.7) that there is a need to establish improved liaison arrangements between the various elements involved in order to monitor and co-ordinate the running of the programme.

8. We welcome the positive actions taken by the Agency to address the weaknesses in the decision-making and appeals process across the range of benefits it provides. Recent Annual Reports by the Agency on decision-making and payment accuracy for social security benefits have concluded that, in general, there has been a marked improvement in the accuracy of benefit payment. However, in the specific case of DLA this has not been the case with accuracy levels at 88 per cent in 2003-04 against a target of 90 per cent. Improving the quality of service provided to claimants and providing greater accountability for taxpayers, therefore, will require continued focused and sustained attention in dealing with a number of long-standing challenges posed by its administration:

- reducing the time it takes for claimants to receive final decisions on their claims;
- making the right decision on a higher proportion of claims at the initial claim stage;
- moving disputed claims through the system more quickly;
- strengthening the claims process against the vulnerabilities of fraud and customer error;
- ensuring the quality assurance system is focused on providing effective and systematic feedback on the decision-making process; and
- establishing a more comprehensive set of performance indicators to help in monitoring progress and improving accountability for implementing change.

Main Conclusions and Recommendations

On improving the speed of decisions (Part 2)

9. The reporting of Agency performance values is an important measure for customers on the quality of service being provided by the Agency. The present measures included as Public Service Agreement targets are high level and reflect the Agency's performance in processing DLA applications. We consider that the Agency should

3 Getting it right, putting it right: Improving decision-making and appeals in social security benefits, National Audit Office, November 2003, HC 1142

develop additional clearance targets that reflect the life-cycle of DLA processes, measuring Actual Average Clearance Times (AACTs) (paragraph 2.7 and 2.8).

10. The Agency recognises that it can do more to increase the benefit awareness of frontline staff. While we understand that it has no plans to recruit and train staff specifically for information and advice posts, we would stress the need for it to ensure that it provides and develops support and training for Decision-Makers that will foster continuous learning and raise standards (paragraph 2.11).

11. The Agency is relying heavily on the proper implementation and functioning of the new computer systems in order to cope with current workloads and to enhance its processing capabilities. Success in meeting this service delivery challenge, therefore, will depend to a large extent on how effectively its PFI partner manages this information technology initiative. The disappointing results in reducing the time taken to deal with DLA claims can be linked, in part, to the fact that the new technology was not introduced in February 2002. The development of the EISIS system to support the disability claims process holds promise as a large step in the direction of a faster, more uniform, efficient and well-managed DLA programme. Significant operational improvement is however, dependant on the PFI partnership delivering the business requirements specified (paragraph 2.14).

12. One of the main contributing factors to the delays in processing claims for DLA in recent years has been in the number of medical practitioners that the Agency's Medical Support Service has had available. This, combined with an increased demand for Medical Support services from DLA referrals, has resulted in a failure to meet the internal clearance target for scheduling and clearance of DLA referrals of 17 working days, leading to an accumulation of cases awaiting examination over and above the normal volume of work in progress (around 1,450 cases) (paragraph 2.18).

13. Reducing the number of cases referred to Medical Support Services will certainly improve the overall speed with which decisions are reached. There is, of course, a risk that this could affect the quality of decisions made and possibly increase disputed decisions. It is to the benefit of the claimant and the administration of DLA that decisions are reached as quickly and as fairly as possible. In view of previous PAC concerns surrounding low rate of referrals (paragraph 2.17), we asked the Agency if it was satisfied that the new arrangements had achieved a proper balance between these competing priorities. The Agency told us that because of the difficulty in achieving this balance, it keeps the issue under continual review. While we recognise that the Agency faces difficulties in achieving such a balance, it is essential that pressures to speed up the processing of claims should not be allowed to compromise the quality of decision-making. It is important, therefore, that the Agency maintains a proper balance between competing priorities and ensures that adequate resources are provided for all components of the DLA decision-making process (paragraph 2.20).

14. In 1996, the then Medical Referee Service was the subject of both an administrative and medical review commissioned jointly by the Agency and the Department for Social Development (The Department). Both reviews examined the management structures in the Branch, roles and responsibilities of staff, relationships with the Agency and technical infrastructure. The lack of progress made by the Agency on key recommendations of the two reviews is disappointing. Given the long-standing challenges presented by the disability claims process, we consider that addressing the concerns raised at that time deserved a higher priority. We would expect the Agency to ensure that any findings are fully considered and that any recommendations emerging from the current review are implemented promptly (paragraphs 2.21 to 2.23).

On identifying Error and improving the quality of decision-making

15. The Agency set a target of 95 per cent financial accuracy for decisions made in 2002-03 and 2003-04. The outturn figures show that 91 per cent of decisions sampled were error-free in 2002-03 and 94 per cent in 2003-04. The Standards Assurance Unit estimated the monetary value of financial error arising for DLA amounted to £33.5 million which directly contributed to the formal qualification of the Department's Resource Account for 2003-04 by the Comptroller and Auditor General (paragraph 3.7).

16. A comprehensive quality assurance system focuses on building in quality as disability decisions are made and improving quality reviews after decisions are made. The Agency's Annual Report on Decision-Making and Payment Accuracy provides transparent detail of the ways in which the outcomes of accuracy and decision-making checks are fed back to Decision-Makers. However, the Agency's failure to meet the new financial accuracy targets in recent years, signals a need by the Agency to ensure that accurate decision-making continues to be promoted and that standards are maintained (paragraph 3.8).

17. In addition to measuring the level of internal error, following a PAC Report in 1995 the Agency introduced a programme of Benefit Reviews in all the social security benefits it administered in order to establish the levels of fraud and incorrectness. In July 2002, a Benefit Review estimated that over and underpayments in DLA amounted to £41.7 million, which represented around 9.3 per cent of expenditure. Taken together Standards Assurance monitoring (paragraph 15) and Benefit Review provide a measure of the monetary implications of internal and external incorrectness in DLA payments. However, as the sample of cases they examine cover different periods and are drawn from the caseload in different ways, it would be inappropriate to add the two amounts together to arrive at a total sum of incorrectness. Nonetheless, it is clear that the overall amount of error - from whatever source - is a substantial sum and greater than the £33.5 or £41.7 million emerging from the Accuracy Monitoring and Benefit Review (paragraphs 3.9 to 3.12).

18. While Accuracy Monitoring and Benefit Reviews were developed with different purposes in mind, the Agency acknowledges that the two separate exercises complicate the process of reporting on incorrectness in DLA. As a result of our review, the Agency is currently investigating how information from the two associated exercises can be combined in order to provide a more accurate and meaningful estimate of the total potential level of error in DLA payments. We consider the development of such a composite measure worthwhile, both in terms of greater accountability to the taxpayer and in providing a clearer focus for the Agency in its efforts to stem the problem of erroneous payments. We also consider that the Agency should extend this approach to other benefits to ensure that the total amount of incorrectness is determined for all social security benefits. Separately the Agency is currently considering using a common sample of DLA cases for the purpose of Monitoring Accuracy and Benefit Review similar to that used for Income Support and Jobseekers Allowance (paragraph 3.13).

19. In response to the 1998 report by the Committee of Public Accounts, the Agency introduced a system of Periodic Enquiry in September 1999 (paragraph 3.14). The outcomes from the Periodic Enquiry process to date are very encouraging and have resulted in significant improvements in the accuracy of cases examined. Although the examination of 6,300 represents only 5.25 per cent of the DLA load, the risk-based approach taken by the Agency in targeting the cases that appear to have the highest propensity to change should continue to improve the accuracy of the DLA caseload. Given that the greatest single cause of incorrectness is unreported change in circumstances which accounted for 97 per cent of the cases changed under the most recent periodic enquiry process, this may indicate that many DLA claimants still do not under-

stand the rules surrounding DLA. This draws attention to the need for the Agency to continue to ensure that in dealing with customers and in correspondence, the requirements attached to a claim and the basis of the decision on an award of DLA are clearly explained (paragraph 3.16).

On disputing decisions on award of benefit

20. The number of appeals, in particular, increased significantly in the year following the introduction of the decision-making changes in October 1999 (paragraph 4.3). The pressure of appealed decisions has also had an impact on the time claimants must wait for a final decision on appeals. For instance, in 2003-04 the Agency was able to process only 82 per cent of lodged appeals within 60 days against a target of 95 per cent in this time period (paragraph 4.4).

21. The administration and operation of the DLA appeals process is dispersed between the Agency, the Department's Appeals Service and independent tribunals under the President of Appeals. This dispersal of functions among these different entities can pose a problem in trying to ensure that DLA appeals are processed as promptly as possible. In order to address the potential problems caused by this fragmentation of the process, the chairman of the Standards Committee has called for better liaison between the Agency and the Appeals Service. We would concur with this recommendation. We welcome the introduction by the Agency in April 2004 of an Actual Average Clearance Time target of 40 days to forward appeal submissions to the Appeals Service and the inclusion of an "end-to-end" target in the Agency's Business Plan for 2003-04, which is the same as in Great Britain. However, we consider that this "end-to-end" target would be more meaningful if it was also based on actual average clearance time (paragraphs 4.7 and 4.8).

22. The time taken to hear and clear DLA appeals at the tribunal stage is within the overall targets set and performance against targets has improved. However, we consider that customer service would be further improved if the gap in performance between the Belfast and Omagh regions was bridged. It is important that the independence of the President of Appeals Office and the constitution of the tribunals is maintained. However, there is equally a need for the Department to develop joint management arrangements between the Appeals Service and the President of Appeals Office to ensure there is a common strategic direction and that the issue of variable approaches to the number of hearings at tribunals is addressed (paragraph 4.11).

23. As part of a strategy aimed at reducing costly appeals, we recommend that Decision-Makers should make more use of personal communication with claimants to collect initial or follow-up evidence. An applicant for DLA is unlikely to have a detailed grasp of the disability eligibility rules, what is required in the way of evidence and how the programme is administered. It is imperative that Decision-Makers take full opportunity to convey an understanding of how a particular claimant's condition relates to the requirements for eligibility, that they advise the claimant as to the types of evidence that are needed and that they continue to pursue the evidence that is relevant. Again, this reinforces the importance of initial contact with the claimant and the information gathering process. If this process is performed well the outcome should be improved decision-making which should help to limit the number of disputed decisions. In this context, we also acknowledge that the Agency's plan to locate designated Disability Advisors in its local offices should help to improve the exchange of information between the Agency and claimants (paragraph 4.17).

24. In order to better manage the decision-making process and reduce inconsistencies, we recommend that the Department and the Agency should take steps to develop their quality review systems so that they focus on the overall process, and are able to provide timely feedback to Decision-Makers on factors that cause differences in decisions. We recognise that the application of

scarce resources to allow the Agency to provide more presenting officers at hearings may not necessarily provide value for money in terms of a reduction in the rate at which initial decisions are overturned. However, if increased Agency representation results in better resourced and justified decisions at the front end of the appeals process and can also provide valuable feedback to improve the initial decision-making stage, then over time the number of appeals should reduce with consequent savings for the system. In this regard we acknowledge that it is the Agency's intention to achieve 100 per cent attendance at all appeal hearings (paragraph 4.22).

25. In a similar vein, we consider that the value of the information produced by the President of Appeal Tribunals also needs to be maximised. Each year the President reports to the Department on the standard of decision-making in cases that are referred to appeal tribunals. However, his reports for 2000-01 and 2001-02 were only published by the Department during 2003-04. The delay in the publication of this report raises concerns about the accountability of the new arrangements. We recommend, therefore, that steps are taken to ensure that the President's analysis of the reasons why tribunals over-turn decisions is produced in a timely manner in order to demonstrate a commitment to improving decision-making and the independence of the monitoring arrangements (paragraph 4.23).

26. We calculated that if the Agency were to work towards a 10 per cent reduction in DLA/Attendance Allowance appeals the savings would be in excess of £190,000 per year.
Minimising the level of appeals, for example by continuing to improve the quality of evidence gathering and communication with customers at the initial claim level (paragraph 4.17), should lead to a more cost-effective decision-making process. The Agency should, therefore, establish an action plan containing the measures it intends to take to improve decision-making and appeals and use this to report on progress in reducing the level of appeals required. The Agency should also consider extending the benchmarking of costs against DWP further, to enable them to assess the cost-effectiveness of their appeals preparation procedures (paragraph 4.25).

Part 1

Background and Scope

Eligibility for DLA is not based on the customer's particular illness or disability, but on the effect it has on his/her life

1.1 The Department for Social Development (the Department) provides financial support for disabled people through the Social Security Agency (The Agency). The main disability benefit, Disability Living Allowance (DLA), is aimed at helping those who become ill or disabled and need help before their 65th birthday. Eligibility for DLA is not based on the customer's particular illness or disability, but on the effect it has on his/her life. In determining a person's ability to perform key daily tasks, the Agency applies the "main meal test". This is a measurement of a person's physical and mental capacity to carry out complex functions and is based on whether a person is capable of performing the necessary skills to prepare a meal such as handling utensils, using a cooker, coping with hot pans, etc. The Benefit is not means-tested and has two components:

Care - this recognises the amount of attention, help or supervision a claimant needs to care for themselves. This can include washing, dressing, using the toilet, eating, communicating with others, and taking medication. It does not consider the type of help received, but the type and frequency of help needed.

Mobility - this recognises the amount of help a claimant needs to get around. Consideration will be given to difficulty with walking i.e. how far a claimant can walk, how long it will take, and whether he/she experiences pain or symptoms such as difficulty with breathing. The component also considers whether help is needed to ensure claimants can reach their destination, e.g. are they likely to get confused or lost.

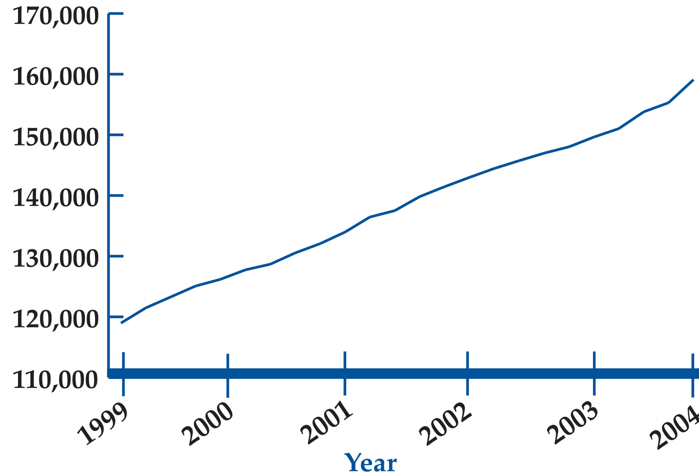
It is possible to qualify for either component or both and claimants who are awarded the benefit may receive either one of the components or a combination of both. It may also provide entitlement to other benefits, or higher rates of other benefits. A summary of the main features of DLA, including the weekly rates in effect for 2004-05, are set out in Appendix 1.

1.2 DLA is administered centrally by the Agency in the Disability and Carers Service in Belfast City Centre and claims for benefit are made using the Agency's self-assessment claim forms. A free telephone service is also in place to assist applicants in completing the application forms. Many of the decisions on entitlement to DLA are complex, involving the collection and examination of evidence from different sources and determination of awards based on complex legal rules. This complexity is reflected in the cost of processing claims. The Agency calculates this at about £125 per claim processed, which is at the higher end of a range of benefit processing costs which runs from £25 to £126.

DLA is paid to 160,000 claimants with over £515 million paid in 2003-04

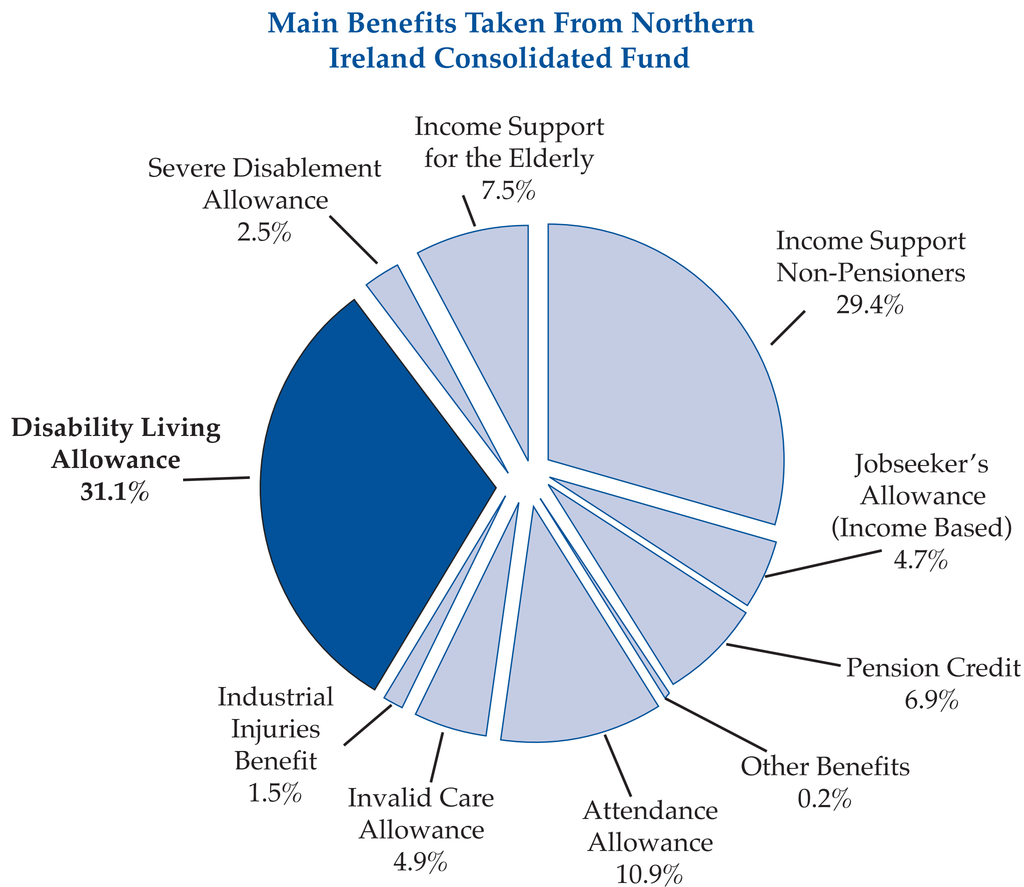
1.3 Figure 1 shows that the DLA caseload managed by the Agency has grown over the last five years, from 121,000 claimants in 1998 to 160,000 in March 2004 - a rise of 32 per cent. A similar increase also occurred in Great Britain over the same period. These beneficiaries receive payments totalling £515 million a year (2003-04), comprising 31 per cent of the total spent on non-contributory social security benefits in Northern Ireland making it now the largest share of the main programme benefits. (Figure 2).

Figure 1: DLA Caseload has grown by 32 per cent in the last five years



Source: DSD statistics

Figure 2: The £515 million paid in DLA makes up 31 per cent of benefit spend



Source: DSD statistics

1.4 The 1998 report by the Committee of Public Accounts (see paragraph 1 of the Executive Summary) raised the issue of the much higher level of uptake of DLA in Northern Ireland compared with Great Britain. In November 2002, the Agency commissioned the Queen's University of Belfast to undertake research which among other things would investigate the reason for the apparently higher level of DLA uptake in Northern Ireland compared with Great Britain. The methodology has been agreed and research is underway at present with the results expected later this year. The Agency told us that findings emerging from the research showed that the geographical distribution of the uptake of DLA across the United Kingdom is very closely related to variations in health status. Available health and social care data[4] indicates that on many key performance indicators Northern Ireland compares unfavourably with the rest of the United Kingdom: for example, 16 per cent of the population in Northern Ireland have reported that they suffer from poor health compared with 6 per cent in England and Scotland, while the death rate for those aged under 75 in Northern Ireland is 4 per cent above the United Kingdom average. In addition, a recently published study by the Northern Ireland Mental Health Association[5] reveals that mental health problems are particularly prevalent in Northern Ireland. The number suffering from such problems is estimated to be 25 per cent higher than in England.

1.5 We asked the Agency why it had not carried out its own review much sooner, in light of the Committee's concerns. The Agency said that while it acknowledged the level of uptake was higher than Great Britain as a whole, when compared to individual regions which have similar characteristics to Northern Ireland there was little difference. They also stated that their main focus was on implementing other recommendations that were contained in the Public Accounts Committee report that were considered a higher priority as they impacted on customer service.

Changes in decision-making and appeals processes were introduced in 1999 to improve and modernise the service to claimants

1.6 The Committee expressed concern over the high levels of error in DLA awards and underlined an expectation that the Agency should take all possible steps to significantly improve its performance and lead to a situation where claimants could be confident that their claims would be carefully considered and adjudicated upon. A summary of the main PAC recommendations is set out in Appendix 2 of this report.

1.7 The Social Security (Northern Ireland) Order 1998 introduced provisions to streamline the processes of social security benefit decision-making and appeals in general. The objectives of the changes were to redesign these processes so that they would be more efficient and would improve the service provided to claimants. Specifically, the main operational aims of implementing the Decision-Making and Appeals (DMA) Programme provisions were to:

- Improve accuracy and speed of decision-making throughout the benefit range;
- Improve claimant understanding of decisions, the disputes process and their involvement;
- Create a much simpler disputes process with the aim of improving customer service and reducing appeals; and
- Establish a new streamlined Appeals Service.

1.8 The process of claiming DLA begins when a claimant completes a claim form on which he/she assesses his/her level of disability and its impact and returns it to the Agency. Entitlement to DLA is decided by non-medical staff in the Agency known as Decision-Makers who normal-

4 Annual Report of the Chief Medical Officer 2002.
5 Northern Ireland Association for Mental Health - Annual Review 2002-03.

ly collect evidence in order to decide on the claim. This includes factual reports from general practitioners; hospital doctors and health care professionals; or referral to an independent examining medical practitioner in conjunction with the claimant's self-assessment.

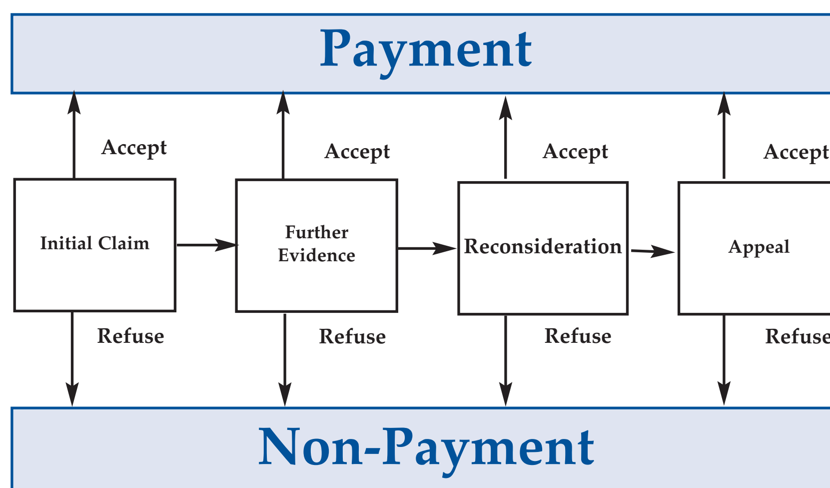
1.9 Dealing with fresh claims is only one process in the administration of DLA. While some DLA awards are for a fixed period: for example, three years, most last for an indefinite period. However, during the period of either type of award, if a claimant's circumstances change DLA records need to be up-dated. Moreover, if a claimant is not satisfied with a decision he/she can challenge it, either by asking for the decision to be reconsidered or by appealing it. Figure 3 provides an overview of the DLA claims process.

What this report covers

1.10 The aim of the study is to examine progress in the management of DLA since the Committee of Public Accounts reported in 1998 and how effective the changes in decision-making and appeals arrangements have been since their introduction in 1999 (paragraph 1.7):

- Part 2 looks at the issue of the timeliness of disability assessments given that delays and the build-up of claims can have major implications for customers forced to wait for a decision on their benefit entitlement.
- A key aim of the decision-making changes was to allow decisions to be made more accurately by streamlining the process and improving communications between decision-makers and customers. Part 3 assesses the performance of the Agency in bringing about improvement in the quality of decision-making on DLA cases and in measuring and reducing the level of over and underpayments.
- Part 4 looks at the effectiveness of the Agency's arrangements for handling disputes and examines the effect decision-making and appeals changes have had on the quantity of DLA cases going to appeal, and aspects of the quality of service provided by the Agency to those customers who do appeal.

Figure 3: Overview of the DLA Decision-Making Process



Source: NIAO

1.11 In preparing this report, we liaised with the National Audit Office (NAO), who reported on similar issues in November 2003. Locally, we interviewed personnel at the Agency's Disability and Carers Service and Medical Support Services and also analysed the Agency's management information data and published statistics on decision-making. We consulted with the Joint Standards Committee for the Social Security and Child Support Agencies and reviewed the work of the President of Appeal Tribunals. In addition, we consulted with the Law Centre (NI), the Northern Ireland Association of Independent Advice Centres (now known as Advice Northern Ireland) and received advice on the report from Derek Alcorn, Chief Executive of the Northern Ireland Citizens Advice Bureaux.

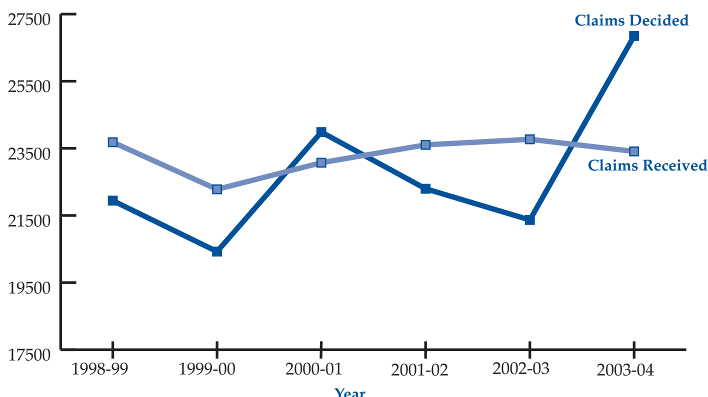
Part 2

Improving the Speed of Decisions

As far as possible, initial decisions should be timely, made correctly in accordance with relevant criteria and communicated clearly to customers

2.1 When DLA was first introduced in 1992 almost 40,000 applications were submitted during the following year. Since that time, the annual numbers applying for DLA have reduced but the volume remains large, with 23,409 claims submitted in 2003-04. An examination of decisions made against claims received can provide an indication of how effectively the Agency is administering DLA. Figure 4 shows that in some years there was a gap between claims received and decisions made. In 2003-04, however, the Agency has made progress in clearing the numbers of outstanding claims.

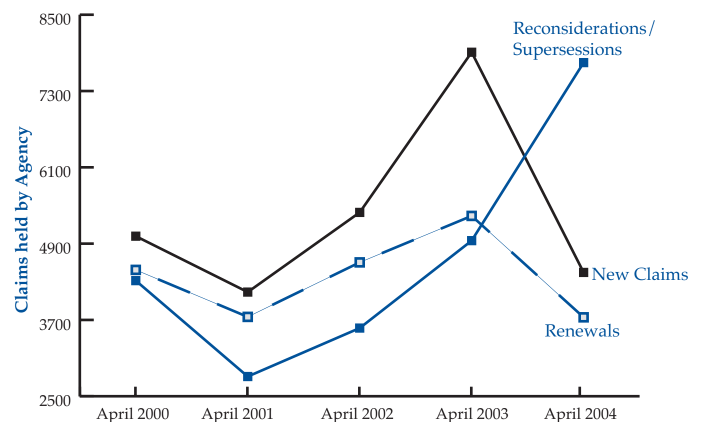
Figure 4: In 2003-04 the Agency have reduced the levels of outstanding claims



Source: SSA Management Information

2.2 At any particular time, a percentage of claims will be in the process of being considered by the Agency. Figure 5 demonstrates that, while the Agency had faced significantly increasing work-in-progress at all levels of the decision-making process in recent years, in 2003-04 the backlog of outstanding cases has been substantially reduced, however the trend for reconsiderations remains upward.

Figure 5: DLA Work in Progress



Source: SSA DLA Monthly Performance Statistics.

Clearance times for claims have not improved

2.3 Recognising that clearance times are an integral part of customer service, in 2001-02 the Agency introduced ministerial clearance targets for initial claims for some of the key benefits it administers, including DLA. Prior to this, the Agency had used the ministerial target of the Benefits Agency (UK) as an internal performance target. From 2002-03 the Agency, like its UK counterpart, have amended their DLA claims clearance target to better reflect the lifecycle of DLA claims, measuring Actual Average Clearance Times (AACTs). These Public Service Agreement (PSA) targets are included in the Department's Service Delivery Agreement and are based on a calculation of the average clearance time (working days) of all cases cleared. From 2002-03 the Agency also extended its PSA targets to include a clearance target for DLA Special Rules[6] cases.

6 Special Rules cases are for people with a terminal illness who are not expected to live longer than six months, where the Agency attempts to process their claims more quickly.

2.4 As well as PSA clearance targets the Agency also monitors the throughput of reconsiderations, supersessions[7] and appeals (see Part 4), through internal management targets[8]. Figure 6 sets out the Agency performance against their PSA and internal management targets.

2.5 Figure 6 indicates that the Agency's performance in improving the timely processing of claims has generally been below target - in some areas well below target. The standard achieved by the Agency in 2003-04 for new claims was an average clearance time of 95 days (nearly five months) and seven weeks outside its target. The Agency explained that these results have to be considered in the context of the introduction of a new DLA computer system in April 2003. It added that an indication of progress made is that clearance time peaked at 122 days in August 2003 and by February and March 2004 had been reduced to 75 and 80 days respectively. Furthermore, the Agency points out that its efforts have resulted in a reduction in the claims outstanding by 50 per cent towards the end of 2003-04 and (at the end of March) 85 per cent of claims outstanding were less than 60 days old. This compares with an average clearance of 40 days for new claims in the rest of the UK. We asked the Agency if it had investigated why DWP seemed to have much better results. It told us that it had initiated contact with a number of comparable Disability Benefit Centres in Great Britain in spring of 2004 and continues to contact those centres in order to benchmark performance, identify best practice and learn more about their approach that enables them to perform at their current levels. However, it is important also to recognise that there is a potential trade-off between quality and speed in decision-making.

2.6 In June 2003, the Agency Management Board agreed the terms of reference for a review of its target package including the establishment of a working group tasked with producing proposals for a new target regime by December 2003. The review focussed on the Agency's PSA and Service Delivery Agreement targets and concluded that the existing accuracy, clearance times and fraud reduction targets should remain. The Agency told us that it now has a more streamlined process whereby the lead responsibility of target setting and monitoring performance is carried out by its Planning Unit.

Figure 6: The Agency has not met Clearance Targets

Clearance Target (Working Days)	2001-02 Target	2001-02 Result	2002-03 Target	2002-03 Result	2003-04 Target	2003-04 Result
Public Service Agreement						
New Claims	95% in 73 Days	**84% in 73 Days**	60 Days (AACT)	**74 Days (AACT)**	60 Days (AACT)	**95 Days (AACT)**
New Claims (Special Rules)	N/A	**N/A**	20 Days (AACT)	**22 Days (AACT)**	20 Days (AACT)	**18 Days (AACT)**
Internal Management Targets[8]						
Reconsiderations	95%in 99 Days	**96%in 99 Days**	95% in 99 Days	**92% in 99 Days**	95% in 99 Days	**61% in 99 Days**
Supersessions	95% in 99 Days	**75% in 99 Days**	95% in 99 Days	**59% in 99 Days**	95% in 99 Days	**53% in 99 days**

Source: DSD Service Delivery Agreement 2002-03; SSA Management Information

7 Supersessions - a new decision that replaces an earlier decision, for example, where a customer identifies a change in their circumstances since the original decision was given.

8 These management targets are used by the Agency at operational level and are not endorsed by the Agency's Management Board.

2.7 For targets to be meaningful, it is crucial that the Agency has the capacity to achieve them and, therefore, this exercise should be useful in helping to re-focus management attention on the results the Agency hopes to achieve. One of the key advantages of such performance measurement and targets for customers is that they give some indication of what standards they might reasonably expect when applying for DLA. However, if customers' expectations are not to be raised unrealistically, it is also important that they know to what extent they can be guaranteed the target level of service.

2.8 The reporting of Agency performance values is an important measure for customers on the quality of service being provided by the Agency. The present measures included as PSA Targets are high level and reflect the Agency's performance in processing DLA applications. We consider that the Agency should develop additional clearance targets which reflect the lifecycle of DLA processes, and measures Actual Average Clearance Times.

The Agency needs to maintain a focus on supporting and training Decision-Makers

2.9 It is vital to both the customer and the effective clearance of the DLA claim that a decision is reached as quickly and as accurately as possible. The customer must understand the process and should be encouraged to provide all relevant evidence. Usually this is best provided at the first point of contact with the customer, which is now carried out primarily by telephone. In some cases, an application for DLA can be decided based on readily available medical evidence. In many other cases, such as those involving mental illness, the issue is more complex and will require careful consideration of an individual's medical history. The percentage of DLA claimants with mental impairments has increased from 17 per cent of awards in 1997 to over 30 per cent in 2003. It has to be recognised that, in general, many claimants will be approaching the Agency with limited literacy ability.

2.10 In view of the potential difficulties involved in assessing disability claims, therefore, it is essential that frontline Decision- Makers are supported by appropriate advice, guidance and training. The Agency has a number of mechanisms for providing these: for example, it provides formal advice and guidance through its Decision-Makers' Guide; team meetings; feedback from the Standards Assurance Team and monthly bulletins. In particular, we welcome the initiative to pilot Disability Advisers in two of the Agency's local offices. The Agency told us that subject to evaluation its intention is to replicate this local service across Northern Ireland. While staff in Social Security Offices and the Benefits Shop in Belfast are trained to provide general advice, information and assistance about all benefits, the availability of fully trained and experienced staff with knowledge of DLA eligibility rules and requirements at local office should provide the customer with a better understanding of the process and help them provide better evidence in support of their application. The Agency told us that it has been working with the Disability Living Allowance Advisory Board to develop refresher training for Decision-Makers on particular areas such as autism, mental health and cancer. This training, given by medical specialists, was completed in the Autumn of 2004. In addition, the Agency pointed out that it has been liaising with DWP to import some aspects of its training which the Agency does not carry out currently.

2.11 The Agency recognises that it can do more to increase the benefit awareness of frontline staff. While we understand that it has no plans to recruit and train staff specifically for information and advice posts, we would stress the need for it to ensure that it provides and develops support and training for Decision-Makers that will foster continuous learning and raise standards.

Delay in IT implementation has hindered the timely clearance of claims

2.12 In December 2000 the Agency entered into a strategic partnership PFI agreement with a consortium (EISIS) led by Electronic Data Systems (EDS) and PriceWaterhouseCoopers (PWC) to improve the operational performance of the branches administering the three disability benefits - i.e. Attendance Allowance, Carers Allowance[9] and DLA. According to the Agency, the investment of approximately £20 million over a ten year period was aimed at bringing about significant and much needed improvements in services to customers. The system is expected to modernise clerical processes allowing the Agency to reduce clearance times for the payment of benefits and includes components such as document imaging, workflow / case management and new telephone call-handling arrangements.

2.13 A phased implementation of systems was planned beginning with Attendance Allowance in October 2001 followed by full implementation of all three benefits by February 2002. However, new systems were not fully implemented until November 2003. In September 2002 the Agency initiated a formal re-negotiation of the contract with EISIS. The Agency found this course of action necessary due to"recognition of changing policy environment, a greater understanding of the relationship potential and the desire to overcome a number of contractual difficulties that had arisen"[10]. As a result of this re-negotiation, the existing contractual provisions were augmented and strengthened. There is little doubt that the delay in the availability of the new systems for DLA processes has been one of the main contributing factors to the increases in the volumes of uncleared DLA cases, leaving the DLA section operationally stretched. Compounding this, there has been an increasingly rapid turnover of staff engaged in the processing of DLA claims and a continuing loss of experienced personnel through promotion or transfer. However, the new system became operational for DLA in April 2003 and we understand that this has resulted in halving of the number of new claims held for processing (see Figure 5, paragraph 2.2).

2.14 The Agency is relying heavily on the proper implementation and functioning of the new computer systems in order to cope with current workloads and to enhance its processing capabilities. Success in meeting this service delivery challenge, therefore, will depend to a large extent on how effectively its PFI partner manages this information technology initiative. The disappointing results in reducing the time taken to deal with DLA claims can be linked, in part, to the fact that the new technology was not introduced in February 2002. The development of the EISIS system to support the disability claims process holds promise as a large step in the direction of a faster, more uniform, efficient and well-managed DLA programme. Significant operational improvement is however, dependant on the PFI partnership delivering the business requirements specified.

Gathering medical evidence can be a barrier to timely clearance of DLA applications

2.15 Judgements over the effects particular illnesses or disabilities have on customers' lives are at the heart of the disability determination process. In some cases, an application for DLA can be decided relatively quickly and easily by Decision-Makers. As already pointed out at paragraph 2.9, this assessment may be made by the Decision-Maker on the basis of readily available medical evidence submitted by a customer. Alternatively, they may need to refer to the Disability Handbook[11] or seek advice from Agency Medical Officers. The decision can also

9 Attendance Allowance is a tax-free benefit paid to people, aged 65 or over, who need help with their personal care because of an illness or disability. Carer's Allowance is a benefit for people aged 16 and over who spend at least 35 hours a week caring for a disabled person.

10 Social Security Agency "Revised full Business Case for SSA Strategic Partnership Contract with EDS" August 2003.

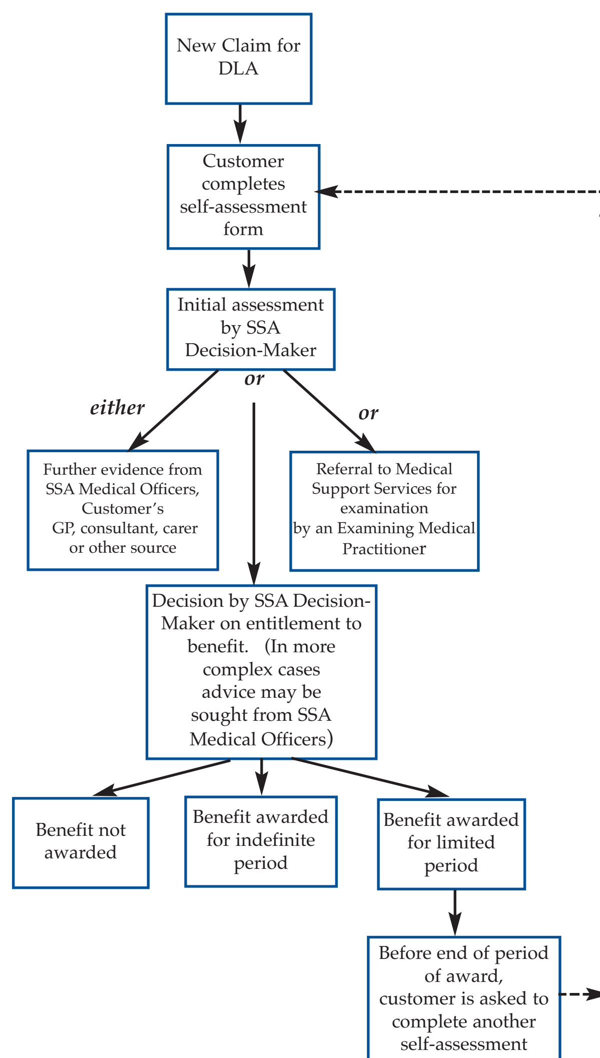
11 The Disability Handbook is an authoritative source of information on the likely effects that more commonly occurring conditions have on a person's care and/or mobility needs. Medical staff of the Department of Social Security composed it having sought advice from the Disability Living Allowance Advisory Board and many organisations representing people with disabilities.

be based on the Decision-Maker obtaining further medical evidence from the customer's general practitioner and/or consultant. However, medical providers do not always respond promptly to requests for evidence and the replies provided frequently do not contain sufficient evidence. The importance of prompt and accurate responses to those requests has been reiterated to relevant Health and Social Services Staff in a recent Circular.[12]

2.16 In many other cases, however, the nature and extent of the customer's disability may require additional consideration of the customer's medical condition by an independent doctor before a decision can be reached (Figure 7). The Medical Support Service (MSS), which is a specialist unit within the Department, provides Examining Medical Practitioners (EMPs) to undertake such work. These medical practitioners will normally interview the customer, focusing on their disability and how it affects them, record what the customer says, conduct a non-invasive examination and complete a report for the Decision-Maker in the Agency. Independent medical assessments, therefore, can be an important element in providing support to Decision-Makers in determining the appropriate level of disability payments.

2.17 The Committee of Public Accounts pointed out that, prior to its report in 1998 (see paragraph 1.4), the highest percentage of cases referred to the MSS (or Medical Referee Service as it was then known) for advice was around 12 per cent in 1993-94 and 1994-95, falling to 2 per cent in 1996-97. The Committee expressed concern about the low rate of referral and recommended that fuller use be made of the service in future. In the intervening period, the Agency has made progress in meeting this recommendation. For instance, in 2003-04, 15 per cent of decisions were based on EMP evidence and 8,000 DLA cases were referred by Decision-Makers to MSS.

Figure 7: Medical Assessment of DLA Benefit Claims



Source: Adapted from NAO Report *"The Medical Assessment of Incapacity and Disability Benefits"* HC280

A shortage of professional staff and increased demand for medical assessments has meant that clearance targets have not been met

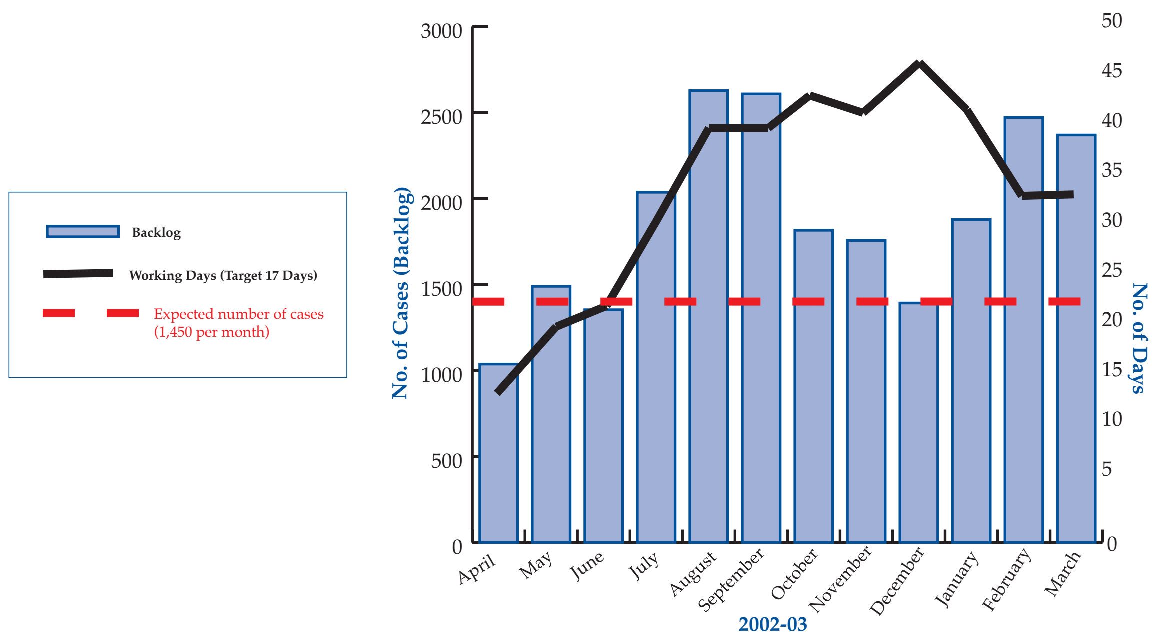
2.18 One of the main contributing factors to the delays in processing claims for DLA in recent years has been in the number of medical practitioners that the Agency's MSS has had available.

12 "The provision of Confidential Patient Information to the Social Security Agency for benefit assessment purposes" (Circular HSS(F) 2/2003 March 2003).

This, combined with an increased demand for MSS from DLA referrals, has resulted in a failure to meet the MSS internal clearance target for scheduling and clearance of DLA referrals of 17 working days, leading to an accumulation of cases awaiting examination over and above the normal volume of work in progress (around 1,450 cases). Figure 8 demonstrates this accumulation of cases and the resulting impact it had on clearance time for scheduling and completion of EMP consultative examinations. At March 2003 this represented 850 cases over and above the normal work in progress level and had the overall effect that cases were taking on average 34 working days - twice the target clearance time of 17 working days.

2.19 In response to the increasing demands being placed on the MSS from DLA referrals, the Agency recruited 17 new medical practitioners during March 2003. In April 2003, following a review by the Agency of the nature of referrals to the MSS, it directed Decision-Makers to gather and fully evaluate the most relevant source of evidence available at initial application before considering passing cases to EMPs for examination. It was hoped that this would address the problems the Agency faced in processing DLA claims in a timely way. The directive resulted in a fall in the number of referrals to EMPs from an average of 1,100 each month between 2001-02 and 2002-03, to an average of less than 500 in each month since the directive was issued. It is recognised that these measures result in significant

Figure 8: Caseload during 2002-03 accumulated leading to delays in processing independent medical examinations



Source MSS Monthly Statistics

improvements in clearance times, which in March 2004 was 14 working days, against the target of 17 working days.

2.20 Reducing the number of cases referred to MSS will certainly improve the overall speed with which decisions are reached. There is, of course, a risk that this could affect the quality of decisions made and possibly increase disputed decisions. It is to the benefit of the claimant and the administration of DLA that decisions are reached as quickly and as fairly as possible. In view of previous PAC concerns surrounding low rate of referrals (paragraph 2.17), we asked the Agency if it was satisfied that the new arrangements had achieved a proper balance between these competing priorities. The Agency told us that because of the difficulty in achieving this balance, it keeps the issue under continual review. While we recognise that the Agency faces difficulties in achieving such a balance, it is essential that pressures to speed up the processing of claims should not be allowed to compromise the quality of decision-making. It is important, therefore, that the Agency maintains a proper balance between competing priorities and ensures that adequate resources are provided for all components of the DLA decision-making process.

Although key recommendations were outlined in a review of the Medical Support Service in 1996, it would be considered that little progress was made in implementing them

2.21 In 1996, the then Medical Referee Service was the subject of both an administrative and medical review commissioned jointly by the Agency and the Department. Both reviews examined the management structures in the Branch, roles and responsibilities of staff, relationships with the Agency and technical infrastructure. The reviews also included a consideration of options for the future delivery of Medical Support Services. The Agency examined all the recommendations and introduced a number of changes, for example:

- the amalgamation of what were two services into one under a single Senior Medical Officer, who then became the Medical Director;
- a re-focusing on the services provided by Medical Support Services;
- new roles and responsibilities for the Medical Officers, who then took lead responsibility and specialised in specific benefit areas, including DLA.

2.22 In May 2003 the Agency initiated a further review in recognition that "although key recommendations were outlined in both (earlier) reports, it would be considered that little progress was made in implementing them" and that "there were still many outstanding areas of concern."[13]

2.23 The lack of progress made by the Agency on key recommendations of the reviews of the Medical Support Services undertaken in 1996 is disappointing. Given the long-standing challenges presented by the disability claims process, we consider that addressing the concerns raised at that time deserved a higher priority. We would expect the Agency to ensure that any findings are fully considered and that any recommendations emerging from the current review are implemented promptly.

13 Medical Support Services Review: Project Initiation Document, Social Security Agency, May 2003.

Part 3

Identifying Error and Improving the Quality of Decision-Making

Persistently high rates of decision-making errors within the system will undermine confidence in the decision-making process

3.1 As a first step in the process of claiming DLA, the Agency relies on applicants and recipients to accurately self-report important information relating to their need for personal care and mobility. Changes in the needs of clients can increase or decrease the amount of DLA to which they are entitled or make them completely ineligible for benefits. "Care" and "Mobility" components of DLA are awarded at rates designed to cover the additional costs of help with those needs. This is ultimately a judgmental issue and may be decided differently by different Decision-Makers. Furthermore, two customers with the same medical condition can receive different decisions if the effect on their lives is different. As a result, it is not surprising that there can be a degree of variation in the standards of decisions from year to year and some uncertainty as to the causes of that variation. We recognise that expectations about the level of administrative accuracy possible in such circumstances have to take account of this fact. However, persistently high rates of decision-making errors within the system will undermine confidence in the decision-making process.

3.2 Effective quality assurance mechanisms are essential to establish a measure of the levels of fraud and error that exist within the system. The identification and reporting of error and fraud in this way can help operational managers and staff within the Agency take corrective action and bring about improvements. The Agency has transparent and independent quality assurance systems in place for identifying and estimating the value of fraud and error and assessing quality of decision-making within DLA. Within the Agency, there are three main ways in which decisions on DLA are checked and validated:

- Continuous centralised monitoring of payment and decision-making accuracy by a Standards Assurance Unit;
- Annual assurance by an independent Standards Committee to the Agency's Chief Executive that effective decision-making monitoring procedures are in place; and
- A periodic Benefit Review process aimed at establishing the level of external fraud and error.

3.3 The Standards Assurance Unit is responsible for monitoring and reporting on the accuracy of benefit payments and on the standards of benefit decision-making. The payment accuracy check looks at all the evidence, including retrospective evidence, which is available to substantiate the amount of benefit awarded. The check focuses on the quality of the decision-making process taking account of evidence available at the time the decision is made. On an annual basis, the Standards Committee summarises the results of the monitoring findings in relation to both payment accuracy and the standard of decision-making. Figure 9 sets out the reported standards of DLA payment accuracy and decision-making accuracy in the years 2000-01 to 2003-04.

Figure 9: DLA Payment and Decision-Making Accuracy*

Source: SSA Standards Assurance Unit

**Note: Midway through 2000-01 the methodology was changed to include in the accuracy sample, not just current cases but also a selection of cases from the DLA "liveload". This will mean that the yearly accuracy figure reported also includes an element of historical error.*

3.4 Payment accuracy measures whether the amount of benefit paid is actually correct, irrespective of errors in the decision-making process. Up to 2001-02, the Agency had exceeded its Ministerial target for DLA payment accuracy. However, the introduction of the new decision-making and appeals changes does not appear to have had any further enhancing effect on performance. Indeed, the Agency has failed to meet the 2003-04 target, achieving 88 per cent against a payment accuracy target set for that year of 90 per cent. The Agency told us that the inclusion of older cases in the sample (see Note at Figure 9) meant that any errors found in these could have a disproportionate impact on the final error figures. For example, in 2001-02 there were 3 cases with historical error detected; in 2002-03 there were 28 cases.

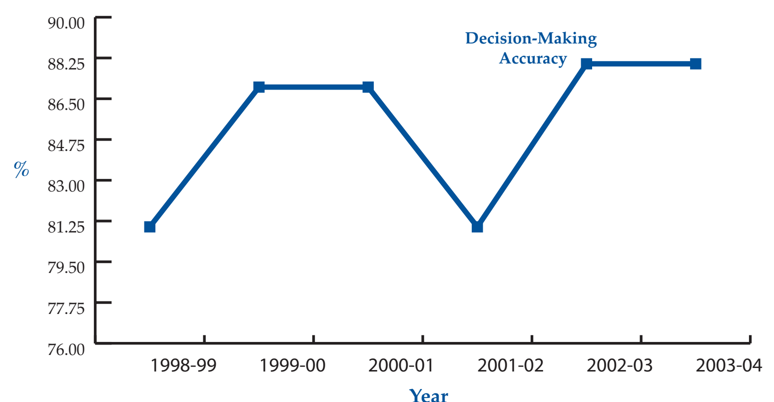
The Agency has continued to develop its decision-making targets

3.5 In raising a decision-making accuracy comment the Agency's Standards Assurance Unit considers the following elements:

- **Evidence** - is there enough evidence on which to base a decision?
- **Determination of questions** - have all relevant questions been decided?
- **Fact Finding** - have the correct facts been found from the evidence available at the time of the decision?
- **Interpreting and applying the law** - have statute law (Acts of Parliament) and case law (previous commissioner / court decisions) been correctly interpreted and applied?

3.6 Until 31 March 2002 measuring decision-making meant that a decision could be recorded as an error even if the correct amount of money has been paid to the claimant. With effect from May 2002, the checks were brought into line with each other and a decision-making error is now only reported if a payment error also exists. This has been the main contributory factor in the improvement in the rate of decision-making accuracy which reached 88 per cent in 2003-04 (see Figure 10). The Agency told us that it worked very hard to achieve its performance level. However, the independent Chairman of the Standards Committee commented in the 2002-03 Report[14] that the DLA decision-making target could have been more robust, acknowledging that this was remedied for 2003-04 when the target was set at 90 per cent.

Figure 10: Decision-Making accuracy has varied



Source: SSA Standards Assurance Unit

A directly comparable decision-making accuracy figure for DLA in Great Britain is not available from the data collated by DWP. While latest published figures show that 55 per cent of disability cases were correct in 2001-02 [15], this figure combines both DLA and Attendance Allowance. If the two benefits are combined in Northern Ireland, the Agency performs much better with 85 per cent of decisions correct.

3.7 As a result of the harmonisation of the two quality measures, the outcome of a decision will be linked directly to the associated payment with the emphasis now being placed on the accuracy of the outcome rather than the process of decision-making. It is intended that this will allow the Agency to look at the practical implications of poor decision-making on the payment of benefit and help it to target its improvement efforts more effectively. A target of 95 per cent financial accu-

14 Social Security Agency Annual Report Decision-Making and Payment Accuracy 2002-03.
15 Secretary of State's report on standards of decision-making in the Benefits Agency, Child Support Agency and Employment Service, 2001-02.

racy for decisions made in 2002-03 and 2003-04 was set. The outturn figures show that 91 per cent of decisions sampled were error-free in 2002-03 and 94% in 2003-04. The Standards Assurance Unit estimated the monetary value of financial error arising for DLA amounted to £33.5 million (£17.8 million overpayments and £15.7 million underpayments) which directly contributed to the formal qualification of the Department's Resource Account for 2003-04 by the Comptroller and Auditor General. In this context, PAC has expressed concern at the loss to the taxpayer and to claimants, some of whom will suffer hardship due to underpayments[16].

3.8 A comprehensive quality assurance system focuses on building in quality as disability decisions are made and improving quality reviews after decisions are made. The Agency's Annual Report on Decision-Making and Payment Accuracy provides transparent detail of the ways in which the outcomes of accuracy and decision-making checks are fed back to Decision-Makers and records that the Standards Committee was impressed with the Agency's commitment to improved decision-making. However, the Agency's failure to meet the new financial accuracy targets in recent years, signals a need by the Agency to ensure that accurate decision-making continues to be promoted and that standards are maintained.

A Benefit Review in 2002 shows that the level of estimated over and underpayments within DLA was over £41 million

3.9 In addition to measuring the level of internal error, following a PAC Report in 1995[17], the Agency introduced a programme of Benefit Reviews in all the social security benefits it administered in order to establish the levels of fraud and incorrectness. The first Benefit Review on DLA reported in May 1999, setting the baseline for future reviews. A further review was completed two years later and reported in July 2002. The results of these reviews were based on statistical samples of 600 cases covering all areas of Northern Ireland and covering a range of claimants. Interviews were conducted by Agency Review Officers in claimants' homes using a standard questionnaire and the analysis of sample results was undertaken by the Department's statisticians.

3.10 Figure 11 shows that estimated over and underpayments reported in July 2002 in DLA amounted to £41.7 million, which represented around 9.3 per cent of expenditure. This compares to estimated over and underpayments reported in May 1999 of £42.8 million, representing 11.4 per cent of expenditure. The number of suspected and confirmed fraud cases identified fell dramatically between the two reviews, from 37 in May 1999 to only 2 cases in July 2002. There has however, been a significant increase in the level of customer error (Figure 12). This is a particularly complex area, as it requires a customer to identify changes in their medical condition since their original award which would have a consequential effect on their care and mobility needs and hence may affect their rate of benefit.

Figure 11: Total Overpayment and Underpayment Errors are over £41 million

Category	May 1999 Review £	July 2002 Review £
All Overpayments	26,189,500	20,702,070
All Underpayments	16,614,359	21,031,995
Total Error	**42,803,409**	**41,734,065**

Source: SSA Benefit Review Team

To reduce the level of error, urgent action is required to improve the process of estimating total incorrectness

3.11 The 1995 Committee of Public Accounts report (paragraph 3.9) expressed concern that the Agency was falling behind its counterpart in

16 19th Report, Session 1995-96 (HC 224) Department of Social Security income support fraud and security.

17 Social Security Agency (Northern Ireland): Prevention, Detection and Prosecution of Fraud, Committee of Public Accounts, Twelfth Report, Session 1995-96, HC 267/58-i.

Great Britain in securing the social security system. To address this issue, the Agency developed a strategy[18] and as described above it has introduced various initiatives designed to reduce error and fraud. The summary provided in Figure 12 shows that some progress has been made as a result of the significant resources that the Agency has dedicated to improving the operation of the system. However, a significant problem remains, particularly in relation to customer error.

Figure 12: Customer error continues to be a problem

Category	May 1999 Review	July 2002 Review
Customer Fraud	1.0%	0.3%
Customer Error	12.6%	18.5%
Official Error	0.7%	0.2%
Suspected Fraud	5.1%	-
Total Error	**19.4%**	**19.0%**

Source: SSA Benefit Review Team

3.12 Paragraphs 3.3 to 3.7 describe how the Standards Assurance Unit examines samples of DLA benefit awards on a continuous basis and that from these samples the Agency is able to monitor the accuracy of payments made and the quality of decision-making, and estimate the gross monetary value of internal error. Paragraphs 3.9 and 3.10 outline the Benefit Review process wherein a sample of active DLA cases are examined in depth, including a complete administrative file review, re-interviewing the claimant in their home in order to re-establish eligibility. This process is used to derive an estimate of the potential extent of external fraud and error within the DLA system. Taken together therefore, Standards Assurance monitoring and Benefit Review provide a measure of the monetary implications of internal and external incorrectness in DLA payments. However, as the sample of cases they examine cover different periods and are drawn from the caseload in different ways, it would be inappropriate to add the two amounts together to arrive at a total sum of incorrectness. Nonetheless, it is clear that the overall amount of error- from whatever source - is a substantial sum and greater than the £33.5 or £41.7 million emerging from the Accuracy Monitoring (see paragraph 3.7) and Benefit Review (see paragraph 3.10). As demonstrated in Figure 12, the bulk of payments identified as incorrect by the Benefit Review fall under "Customer Error", a category of error which is outside the scope of the Accuracy Monitoring process.

3.13 While Accuracy Monitoring and Benefit Reviews were developed with different purposes in mind, the Agency acknowledges that the two separate exercises complicate the process of reporting on incorrectness in DLA. As a result of our review, the Agency is currently investigating how information from the two associated exercises can be combined in order to provide a more accurate and meaningful estimate of the total potential level of error in DLA payments. We consider the development of such a composite measure worthwhile, both in terms of greater accountability to the taxpayer and in providing a clearer focus for the Agency in its efforts to stem the problem of erroneous payments. We also consider that the Agency should extend this approach to other benefits to ensure that the total amount of incorrectness is determined for all social security benefits. Separately the Agency is currently considering using a common sample of DLA cases for the purpose of Monitoring Accuracy and Benefit Review similar to that used for Income Support and Jobseekers Allowance.

18 Tackling Fraud and Error in Social Security, Social Security Agency, June 1999.

The Agency's Periodic Enquiry process has resulted in significant improvements in the accuracy of cases examined

3.14 In response to the 1998 report by the Committee of Public Accounts, the Agency introduced a system of Periodic Enquiry in September 1999. Because the needs of disabled customers may deteriorate or improve over time, this process is aimed at getting an up to date picture of disabled customers' needs to see whether a review of entitlement is appropriate. Customers are asked to fill in a detailed questionnaire - either by post or at a home visit - based on the current DLA claim form. On the basis of this, a review could lead to an increase or decrease in the level of award depending on the current need for personal care or mobility. Since 1999 over 6,300 cases have been examined, resulting in 52 per cent of awards unchanged, 23 per cent increased and 25 per cent decreased.

3.15 The process was developed in consultation with local disability and voluntary groups and has been introduced using a phased approach, with the Agency evaluating the results of each phase. The first three phases involved a sample of 3,000 customers which the Agency analysed by variables such as age of customer, disability group, award rate, age of award and method of enquiry. This analysis enabled the identification of DLA cases that have a higher propensity to change and this refined case selection process was piloted in the subsequent phase. In this sample, where customers were found to need their award changed, the monetary error was multiplied to provide an annual assessment of the scale of incorrectness which was remedied. In 2002-03 this was calculated to be around £1.9 million against staff costs of £379,000.

3.16 The outcomes from the Periodic Enquiry process to date are very encouraging and have resulted in significant improvements in the accuracy of cases examined. Although the examination of 6,300 represents only 5.25 per cent of the DLA load, the risk-based approach taken by the Agency in targeting the cases that appear to have the highest propensity to change should continue to improve the accuracy of the DLA caseload. Given that the greatest single cause of incorrectness is unreported change in circumstances which accounted for 97 per cent of the cases changed under the most recent Periodic Enquiry process, this may indicate that many DLA claimants still do not understand the rules surrounding DLA. This draws attention to the need for the Agency to continue to ensure that in dealing with customers and in correspondence, the requirements attached to a claim and the basis of the decision on an award of DLA are clearly explained.

Part 4

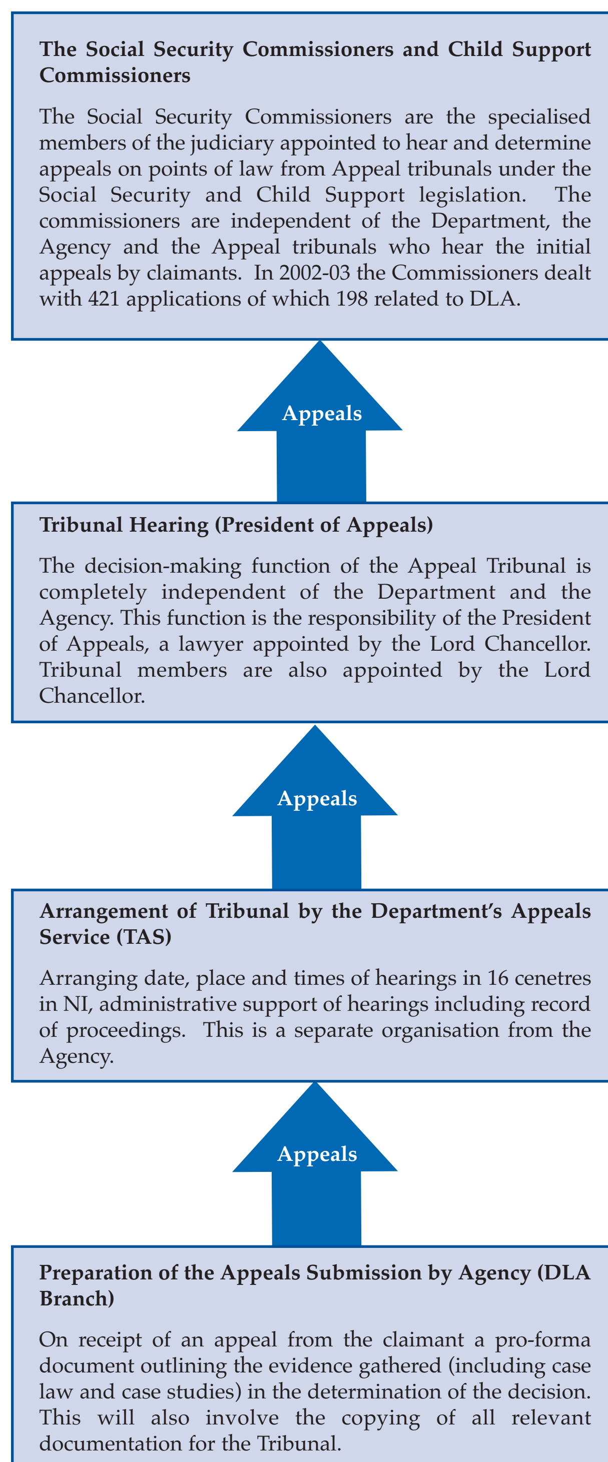
Disputing Decisions on Award of Benefit

The reform of decision-making was expected to reduce the level of appeals by putting decisions right earlier

4.1 Efficient decision-making systems should ensure that, as far as possible, primary decisions are made correctly, in accordance with relevant criteria, in a timely fashion and communicated clearly to clients. The aim of the new decision-making and appeals procedures was to develop a system where there would be a high degree of satisfaction among first-time claimants and a low level of dispute raised against primary decisions. Claimants who are unhappy with initial decisions can ask to have the Agency reconsider them. If the decision at this reconsideration level remains unfavourable, the claimant can then request a hearing before an Appeals Tribunal.

4.2 The DLA appeals process is summarised in Figure 13. When a claimant appeals against a decision, an appeals submission is prepared by the Agency and presented to the Appeals Service (TAS) which is an office of the Department. TAS provides administrative support to an independent tribunal Non-Departmental Public Body, headed by the President of Appeal Tribunals. This body has responsibility for the judicial functioning of appeals tribunals which hear appeals against decisions made by Decision-Makers in the Social Security Agency and other government Agencies and Departments including the Child Support Agency, Inland Revenue and the Northern Ireland Housing Executive.

Figure 13: Overview of Northern Ireland DLA Appeals Process

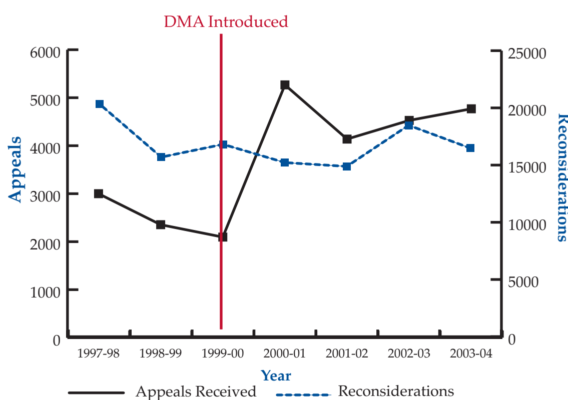


Source: NIAO

DLA appeals increased following decision-making reforms

4.3 Under the new Decision-Making and Appeals procedures, the number of appealed decisions was expected to decline because disputed decisions would be settled before reaching appeal stage. While the expected drop in appeals across the range of Social Security benefits has been achieved overall, as Figure 14 shows, the incidence of disputed DLA decisions remains high. Of the 52,000 DLA decisions made[19] during 2003-04, over 4,700 (9 per cent) went to an independent tribunal. The National Audit Office (see paragraph 1.11) also report that a high proportion of DLA decisions continue to result in appeals in Great Britain. In Northern Ireland, the number of appeals, in particular, increased significantly in the year following the introduction of the decision-making changes in October 1999. The subjective nature of decision-making for this benefit is such that a high level of appeals may be inevitable.

Figure 14: DLA Appeals increased after DMA Changes



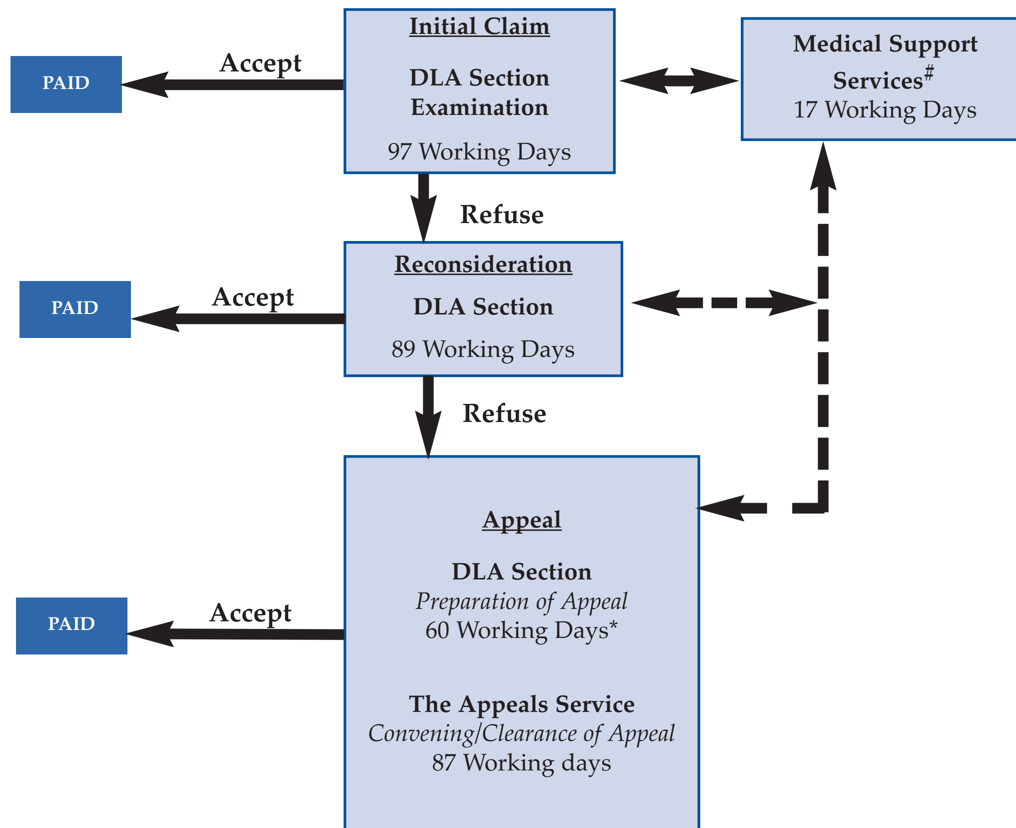
Source: Social Security Agency Statistics

There is scope to reduce significantly the time taken to process appeals

4.4 Figure 15 demonstrates that, if a DLA appeal case was to run through each of the steps from initial application to consideration at an appeal hearing, the process would take on average over one year to complete. The impact of the surge of appeals received in 2000-01 continues to pose a particular challenge for the Agency in terms of managing its workload. The number of cases held by the Agency waiting to be referred to the Appeals Service has risen from 441 in April 2002 to 1,112 in March 2004 - an increase of 152 per cent. The pressure of appealed decisions has also had an impact on the time claimants must wait for a final decision on appeals. For instance, in 2003-04 the Agency was able to process only 82 per cent of lodged appeals within 60 days against a target of 95 per cent in this time period. While this is an improvement on the 61 per cent processed in the same time-period in 2002-03 the Agency's performance still contributes significantly to delays in the DLA appeals process. Although a direct comparison with the GB rate is not possible due to the differences in performance measurement, the average clearance time in Great Britain of 34 days appears significantly faster. The Agency has amended appeal targets from April 2004 to reflect Actual Average Clearance Time, with a target of 40 days to forward submission to the Appeals Service. The Agency has also included a target, in their 2003-04 Business Plan, of 95 per cent of appeals passing from initial stage to final decision within 51 weeks. This is designed to improve performance in this area and minimise delays.

19 Includes decisions on New Claims, Renewal applications, Reconsiderations and Supersessions.

Figure 15: Claims Processing Steps and Average Processing Times 2003-04



* Targeted time - no average clearance available. Performance against target was 82 percent of appeals passed to Appeals Service in 60 days

\# Examining Medical Practitioner Referrals (15 per cent of Initial Applications)

Source: NIAO

4.5 In his Annual Report for 2001-02, the Chairman of the Standards Committee[20] raised concerns about customer anxiety over the length of time that elapses between an appeal being lodged and a tribunal hearing. Although the Chairman acknowledged that, compared with the previous year, the Agency had made improvements in the turnaround time for the writing and submitting of appeals, the increased throughput had caused significant difficulty in the convening of appeal hearings by the Appeals Service. In 2002-03, the Department told us that, on average, it took 36 weeks from the lodgement of an appeal to the appeal being cleared. This, however, has improved in 2003-04 with appeals being cleared by the Appeals Service in less than 30 weeks.

4.6 In response to concerns over the increasing pressure of appeals, additional funding totalling £1.6 million has been made available since 2001-02 to the Appeals Service for the recruitment of additional permanent and casual staff and the additional costs associated with convening more tribunal hearings. Since the funding was made available, the Appeals Service reports that the total work in hand of DLA appeals has reduced from over 5,000 DLA components[21] at the beginning of 2002 to 2,800 in March 2003. In 2003-04 the Appeals Service achieved its targets for the average number of calendar weeks for a disability appeal to be first heard within 20 weeks, achieving 9 weeks for that year. It also met its target for the average number of weeks for a disability appeal to be finalised of 30 weeks, achieving 17 weeks.

20 Annual Report Decision-Making and Payment Accuracy , Social Security Agency, 2001-02, NIA 7/02.
21 The Appeals Service treat each of the DLA 'mobility' and 'care' components as separate appeals.

4.7 As outlined in Figure 13, the administration and operation of the DLA appeals process is dispersed between the Agency, the Department's Appeals Service and independent tribunals under the President of Appeals. This dispersal of functions among these different entities can pose a problem in trying to ensure that DLA appeals are processed as promptly as possible. In order to address the potential problems caused by this fragmentation of the process, the chairman of the Standards Committee has called for better liaison between the Agency and the Appeals Service. We would concur with this recommendation.

4.8 We welcome the introduction by the Agency in April 2004 of an Actual Average Clearance Time target of 40 days to forward appeal submissions to the Appeals Service and the inclusion of an "end-to-end" target in the Agency's Business Plan for 2003-04, which is the same as in Great Britain. However, we consider that this "end-to-end" target would be more meaningful if it was also based on Average Actual Clearance Time.

Greater consistency is needed to ensure prompt handling of appeal tribunals

4.9 As set out in Figure 13, the Appeals Service and the President of Appeals Office are two distinct bodies. The Appeals Service is a branch within the Department and the President of Appeals Office is a tribunal non-departmental public body with responsibility for judicial functioning of appeals tribunals. Despite the distinction between these organisations they share a common aim to provide appellants with an impartial re-examination of a decision under appeal in a prompt and effective way. The Appeals Service told us that there are a number of factors that influence the clearance of appeals after it receives an appeal submission from the Agency, including:

- **availability of venue**: in addition to availability in the Service's two official premises in Belfast and Omagh, it has to compete with other users for the use of 14 other public/private venues across Northern Ireland;
- **mix of panel members**: DLA panels require three members, one legally qualified chairperson, one medical member and one lay member. The majority of other appeal types only require one or two members for a panel;
- **flexibility of panel members**: panel members indicate the venues they are prepared to travel to hear tribunals. In addition not all panel members are trained in hearing DLA appeals;
- **adjourned appeals**: there are a high number of DLA appeals adjourned and if evidence has been taken at the first hearing it is necessary to reconvene the case before the original panel i.e. the same three members.

4.10 Tribunals are held at 16 centres in Northern Ireland, administratively categorised under Belfast and Omagh regions. Scheduling tribunal hearings at each centre is the responsibility of the Appeals Service, however, the legally qualified members who chair tribunals have discretion over how many cases they will hear at each half day session. While the legally qualified members chairing all tribunals in the Omagh region hear three cases per session, most legally qualified members in the Belfast region hear only two. This difference in workload management is reflected in Figure 16. Although both regions met their individual targets for the year, there is a clear variation in clearance times between the Belfast and Omagh regions.

Figure 16: There are significant variances in regional clearance rates for appeals

	Year	Target	Belfast	Omagh
Average TAS waiting time for valid appeal to be first heard	2002-03	30 weeks	18 weeks	11.4 weeks
	2003-04	20 weeks	9.2 weeks	7.7 weeks
Average TAS waiting time for valid appeal to be cleared	2002-03	40 weeks	27 weeks	18.5 weeks
	2003-04	30 weeks	19.2 weeks	14.1 weeks

Source: Appeals Service (NI) (TAS)

4.11 The time taken to hear and clear DLA appeals, at the tribunal stage is within the overall targets set and performance against targets has improved. However, we consider that customer service would be further improved if the gap in performance between the Belfast and Omagh regions was bridged. It is important that the independence of the President of Appeals Office and the constitution of the tribunals are maintained. However, there is equally a need for the Department to develop joint management arrangements between the Appeals Service and the President of Appeals Office to ensure there is a common strategic direction and that the issue of variable approaches to the number of hearings at tribunals is addressed.

A quarter of appealed decisions are overturned

4.12 In 2003-04 1,000 claimants who went through an appeals tribunal (27 per cent of those applying) achieved a more favourable decision. There are a number of reasons why an initial decision may be reversed at appeal stage: additional information or insights may be developed; the evidence available on a case may be such that it could reasonably be decided differently by different decision-makers; or the applicant's condition may have worsened. As part of its report in 2003, NAO research on the decision-making and appeals process in Great Britain found that some customers and advisors may not have a full understanding of, or confidence in, the decision-making process. As a result, decision-makers may not always take the full opportunity to put errors right at an early stage in the decision-making process.

Attendance by and representation of claimants may affect the outcome of an appeal hearing

4.13 Claimants can choose whether or not to attend an Appeal Tribunal. While the Agency does not collect statistics on attendance, evidence from the NAO report in 2003 suggests that those who do attend usually do better than those who do not attend. As Figure 17 shows, claimants appealing decisions in Northern Ireland also fare better if they are represented at a hearing, for example by a welfare rights adviser. Many of the cases summarised will involve DLA appellants. The relationship between claimant attendance, representation and success has not been conclusively proven, and it is perhaps more likely that those with a good chance of success are more likely to attend and to be represented.

Figure 17: Northern Ireland Social Security Appeal Tribunals 2003

	Successful	Unsuccessful	Total
Presented with Representation	2,206 (44%)	2,832 (56%)	5,038
Presented without Representation	1,473 (17%)	7,123 (83%)	8,596

Source: The Appeals Service (NI)

The number of decisions overturned due to the appeal tribunal receiving additional information remains high

4.14 The latest quality monitoring report available from the President of Appeal Tribunals which covers the period 2001-02, records that a key factor in the overturning of decisions was additional information it received which was not available to the initial Decision-Maker. This may indicate that not all the relevant evidence is produced by claimants until the claim reaches an appeal tribunal, or the tribunal could request further evidence. The President's report concluded that Decision-Makers could make more use of information directly available from claimants. This point was also raised by the Committee of Public Accounts in 1998 (Appendix 2, Ref. 20).

4.15 Although Appeal Tribunals use the medical evidence assembled by Decision-Makers, they often base their decisions on additional documentary or testimonial evidence. This both contributes to inconsistent decisions and makes it difficult to reconcile those differences. Procedures at appeal hearings, such as longer timeframes for developing evidence and permitting the introduction of new information, result in the availability of new documentary evidence for appeal cases. In addition, testimony during the face-to-face hearing and the opportunity it provides for further assessing the claimant's credibility, provide new information not in the Decision-Makers original case papers.

4.16 The President of Appeal Tribunals' reports of 2000-01 and 2001-02 also indicated that information from general practitioner records played a crucial role in influencing decisions. More recently, in Great Britain the counterpart of the President of Appeals Tribunals also reported[22] that the most common single factor leading to tribunals overturning decisions was the presentation of new medical evidence. While the local Appeals Tribunal report recognised that it would be impractical for the Agency to directly access GP records when making decisions, it recommended that the information currently sought from GPs should be re-considered with a view to improving input from this source.

4.17 As part of a strategy aimed at reducing costly appeals, we recommend, therefore, that Decision-Makers should make more use of personal communication with claimants to collect initial or follow-up evidence. An applicant for DLA is unlikely to have a detailed grasp of the disability eligibility rules, what is required in the way of evidence and how the programme is administered. It is imperative that Decision-Makers take full opportunity to convey an understanding of how a particular claimant's condition relates to the requirements for eligibility, that they advise the claimant as to the types of evidence that are needed and that they continue to pursue the evidence that is relevant. Again, this reinforces the importance of initial contact with the claimant and the information gathering process. If this process is performed well the outcome should be improved decision-making which should help to limit the number of disputed decisions. In this context, we also acknowledge that the Agency's plans to locate designated Disability Advisors in its local offices should help to improve the exchange of information between the Agency and claimants.

22 Report by the President of Appeal Tribunals on the Standards of Decision-Making by the Secretary of State 2002-03

The Agency aims to send officers to represent it at all tribunals

4.18 In his report in 2001-02, the Chairman of the Standards Committee pointed out that the problem of feedback from tribunals had become acute because in many cases the Agency failed to provide a Presenting Officer at hearings. The attendance of a Presenting Officer at an appeal hearing also allows the Agency to clarify issues and introduce greater consistency and accountability into decision-making. In February 2003, the low attendance rate of Presenting Officers representing the Department/Agency at appeals resulted in the President of the Appeal Tribunals directing the Chief Executive of the Agency to nominate a presenting officer at all tribunal hearings.

4.19 Before the direction from the President of Appeal the rate of attendance of Presenting Officers was around 25 per cent. This has now been increased to an attendance rate of 43 per cent. (By comparison, the report by the National Audit Office (see paragraph 1.11) records that, in 2002, presenting officers attended tribunals in only 20 per cent of disability cases.) In the Agency's view, the resourcing implications of providing more Presenting Officers at tribunal hearings can conflict with its objective of presenting submissions to the Appeals Service as quickly as possibly. As a result, attendance was only expected in complex cases, however, the Agency told us that from April 2004 it has strived to achieve 100 per cent attendance at all hearings.

Learning from appeals

4.20 While there are data and mechanisms in place across the Department, Agency and Tribunals which provide quality review on aspects of social security benefit decision-making, the system currently lacks integration. A particular drawback, already raised by the Joint Standards Committee in its Annual Report for 2001-02, is that the quality review process for DLA tends to focus on decision-making and appeals in isolation from one another and, therefore, does not reconcile differences between them. Before the introduction of the decision-making and appeals changes in 1999, there was a legal requirement on the Chairperson of the Social Security Appeal Tribunal to issue a detailed written decision giving the reasons for over-turning an initial decision and allowing an appeal.

4.21 This change was introduced to enable any revised decision in the customer's favour to be implemented immediately whereas previously it could not be implemented until the written report confirming the decision was received. The present system will only accommodate such a report if specifically requested by one of the parties in the appeal, which the Agency does so if it intends to pursue the case to the Social Security Commissioner on a point of law. More often than not this facility is not used by the Agency and thereby they are losing an invaluable source of information for decision-makers and appeal writers on the reasons for overturned decisions. We recognise that the Agency has developed feedback procedures for Decision-Makers in light of its plan to attend 100 per cent of tribunals. A recent review of tribunals in Great Britain[23], inter alia, also draws attention to the need for government departments to have a central capacity for scrutinising tribunal decisions, drawing out common themes, and disseminating to Decision-Makers the lessons learned. It also calls for regular discussions between the tribunals and departments concerned.

23 Tribunals for Users - One System, One Service, Report of the Review of Tribunals by Sir Andrew Legatt, August 2001

4.22 In order to better manage the decision-making process and reduce inconsistencies, we recommend that the Department and the Agency should take steps to develop their quality review systems so that they focus on the overall process and are able to provide timely feedback to decision-makers on factors that cause differences in decisions. We recognise that the application of scarce resources to provide more Presenting Officers may not necessarily provide value for money in terms of a reduction in the rate at which initial decisions are overturned. However, if increased Agency representation results in better resourced and justified decisions at the front end of the appeals process and can also provide valuable feedback to improve the initial decision-making stage, then over time the number of appeals should reduce with consequent savings for the system. In this regard we acknowledge that it is the Agency's intention to achieve 100 per cent attendance at all appeal hearings.

4.23 In a similar vein, we consider that the value of the information produced by the President of Appeal Tribunals also needs to be maximised. Each year the President reports to the Department on the standard of decision-making in cases that are referred to appeal tribunals. However, his reports for 2000-01 and 2001-02 were only published by the Department during 2003-04. The delay in the publication of this report raises concerns about the accountability of the new arrangements. We recommend, therefore, that steps are taken to ensure that the President's analysis of the reasons why tribunals over-turn decisions is produced in a timely manner in order to demonstrate a commitment to improving decision-making and the independence of the monitoring arrangements.

Reducing the need for appeal could generate savings for the Agency

4.24 An increased number of appeals may be taken to reflect a transparent and accessible system of justice. However, decisions taken to appeal not only increase the length of time that claimants must wait for a final decision on their eligibility, they also add considerably to the administrative expense involved in dealing with DLA claims. The cost of appeals is a necessary part of the cost of administering DLA decision-making but, in an effective system, the aggregate cost of appeals should form a small proportion of those costs. We examined the Agency's staff costs for 2002-03 and calculated that the preparation of a DLA/Attendance Allowance appeal by the Agency cost, on average, £260 per case before submission to the Appeals Service. The Appeals Service then calculated that each case cost it £160 per hearing. This means that, in Northern Ireland, the average cost of handling DLA/Attendance Allowance appeals is around £420. In line with our recommendation at paragraph 4.17, we consider that a greater focus by Decision-Makers on collecting initial and follow-up evidence and through continuing to pursue the evidence that is relevant could reduce the number of DLA cases going to appeal and generate savings for the Agency. For instance, if the Agency were to work towards a 10 per cent reduction in DLA/Attendance Allowance appeals the savings would be in excess of £190,000 per year.

4.25 Minimising the level of appeals, for example by continuing to improve the quality of evidence gathering and communication with customers at the initial claim level (paragraph 4.17), should lead to a more cost-effective decision-making process. The Agency should, therefore, establish an action plan containing the measures it intends to take to improve decision-making and appeals and use this to report on progress in reducing the level of appeals required. The Agency should also consider extending the benchmarking of costs against DWP further, to enable them to assess the cost-effectiveness of their appeals preparation procedures.

Appendix 1

Summary of the Main Features of Disability Living Allowance

Summary

Disability Living Allowance is a tax-free benefit paid to you if you are under age 65 and need help with personal care, getting around, or both because of an illness or disability. The rate payable depends on your care and mobility requirements.

Who is entitled?

You may be entitled if:

- because of illness or disability you have developed care and/or mobility needs before the age of 65 and claim before then; or
- you have needed help with personal care or getting around for the last three months and the need is expected to exist for at least a further six months. A claim may be expressly made because of terminal illness and where a person is unlikely to live longer than six months. This rule applies to all customers, including babies under 3 months old; or
- you use a kidney machine at home or in a self care unit two or more times per week.

How long is it paid for?

For as long as the qualifying conditions are satisfied. Awards may be for a limited period or for an indefinite period.

Rates of Disability Living Allowance

Effective from 12 April 2004

Care Component

£58.80	Higher rate
£39.35	Middle rate
£15.55	Lower rate

Mobility Component

£41.05	Higher rate
£15.55	Lower rate

Disability Living Allowance has two components to help you with the extra costs which arise as a result of your illness or disability and the help that you need. The rate payable depends on how much care you need (care component) and the amount of difficulty you have in getting around (mobility component).

The care component is awarded if you need help with personal care. There are three rates depending on the amount of care you need.

The highest rate is payable if you need help both **day and night**.

The middle rate is payable if you need help during the **day or night**.

The lowest rate is payable if you need some help during some of the day (but less than the middle rate), or if over age 16, would need help to prepare a cooked main meal.

You can qualify for the care component if you use a kidney machine at home or in a self care unit two or more times per week.

Special rules apply if you are terminally ill (i.e. you have a life expectancy of less than six months). In this situation you will qualify for the highest rate of the care component straight away without the need to serve a qualifying period and regardless of any care needs you may have.

The higher rate mobility component is payable if you:

- cannot walk at all;
- or are virtually unable to walk; or
- have had both legs amputated at or above the ankle, or were born without legs or feet; or
- are both deaf and blind and needs someone with you when outdoors; or
- are severely mentally impaired with severe behavioural problems and are receiving the highest rate of care component.

The lower rate is payable if you can walk but are unable to do so out of doors unless someone is with you.

Other information

Claims for Disability Living Allowance include a section for your own assessment of how your illness or disability affects you. A minority of customers who complete the self assessment questionnaire will be asked to undergo a medical examination. If you do not want to fill in the self assessment part you can ask for a medical examination instead.

Appendix 2

Northern Ireland Department of Finance and Personnel Memorandum Dated 9th October 1998 on 44th Report from the Committee of Public Accounts Session 1997-98

Ref.	PAC Conclusion	Agency Response
	On the Implementation of DLA	
1.	We note that the Agency in Northern Ireland faced greater problems than the Benefits Agency in Great Britain in introducing DLA, particularly as it had to change from a manual to a computerised payments system after only six months of operations.	The Agency notes the Committee's comments.
2.	We note the Agency's acknowledgement that DLA could have been planned and implemented much more effectively. We consider that the absence of proper procedures and planning gave rise to a series of problems that stretched out over six years. We note the Agency's assurance that the lessons have been learned and the commitment to use proper planning methodology in the event of any future major benefit changes.	The Agency notes the Committee's comments. The Agency now uses formal methodology for planning and implementing major changes.
3.	We are concerned that the Agency got its staffing and caseload projections so wrong at the outset. We are also concerned that the number of uncleared cases remains so high each year and we look to the Agency to take urgent action to resolve the matter.	The Agency notes the Committee's concern. Staffing and caseload projections have become increasingly accurate due to more reliable, historic data on which to base workload forcasts and the use of the Integrated Complementing System. The Agency has employed additional adjudication officers and is confident that the number of uncleared cases will decrease significantly as a result of this action.
4.	It is clear to us that weaknesses in training contributed to a very poor standard of adjudication at the introduction of the benefit. We consider that well trained Adjudication Officers are the key to good decisions being made.	The Agency notes the Committee's comments. A comprehensive training programme, which includes input from Central Adjudication Service and Medical Referee Services, is now in place. The training is monitored and evaluated to measure its effectiveness
5.	It is very important that the Department should have a more timely and accurate estimating procedure in place when new benefits are introduced.	The Department notes the Committee's comments. The Department has made progress in this area, with initial forecast for Incapacity Benefit in 1995-96 coming within £1.5 million of total expenditure of £328.8 million.
6.	We are pleased that there is a review underway of the reasons why the uptake of benefits is so much higher in Northern Ireland than in Great Britain and expect the Agency to inform us of the outcome.	The review of benefit distribution across the United Kingdom was set up under the previous administration. Although some issues were examined, no definitive conclusions were reached. Should the review be undertaken in any form again it would need to take account of developments in Welfare Reform and of the fact that, under devolution, social security would be a transferred service in Northern Ireland. In the event that further work is undertaken, the Committee will be informed of the findings.

Ref.	PAC Conclusion	Agency Response
7.	The Committee recognise that changes to social security benefits are demanding and complex and this needs to be fully understood in the planning process. Consequently, we consider that it is important for both that Agency and the Department to reflect on the lessons that can be learned from this experience particularly when new benefits are introduced in the future.	The Agency and the Department note the Committee's comments.
8.	We note that the claim form was reduced in length in October 1997. However it is still a long form and difficult for claimants to complete. We suggest that the Agency keep this aspect under review.	Since the introduction of DLA there have been 12 revisions of the claim form. The Agency keeps the claim form under review and in so doing consults with Disability Action Groups, Social Workers and other interested parties.
	On the Adjudication Process	
9.	The Committee is concerned that so little use is made of the Advisory Board, particularly when the evidence in the NIAO Report indicates that the Agency was making so many incorrect adjudication decisions. While we commend the valuable work that the Advisory Board carried out producing a handbook for Adjudication Officers we will be interested to hear from the Department the outcome of its deliberations about the future of the Board.	A general review of benefits is being carried out at present, which may result in changes to Disability Living Allowance. The Department here continue to liaise closely with the Department of Social Security in relation to the review. The future of the Board will be influenced by the outcome of that review. The Committee will be kept informed.
10.	We consider that the Agency has not made the best use of the services available to it from the Medical Referee Service. We are concerned that the level of referral has fallen to only two per cent in 1996-97 and recommend that the Agency should ensure that all its Adjudication Officers make fuller use of the service in the future.	A Specialist Adjudication Officer has been appointed to ensure consistency of approach by Adjudication Officers to the Medical Referee Service. Medical Officers now provide reports on usage of the service by individual Adjudication Officers and these are monitored by management. The Agency is confident that the levels of referrals will increase.
11.	We regard the audit of new claims by the Medical Referee Service as an important contribution to checking on and maintaining standards. We recommend that the Agency complies with its obligations regarding the number of cases to be submitted for audit.	The Agency accepts the Committee's recommendation.
12.	We note that the Agency now has arrangements in place to obtain data from the Medical Referee Service on exaggerated claims.	The Agency notes the Committee's comments.
13.	The Committee agrees that the absence of formal training for Examining Medical Practitioners may have contributed to the unsatisfactory medical reports received by the Agency. The Committee is concerned that no one in the Department or the Agency recognised the importance of training for the role of Examining Medical Practitioners and that training was not provided sooner. In future where changes take place to benefits, training of all staff relevant to the operation needs to be considered early in the implementation process.	The Department notes and accepts the Committee's comments.
14.	We recommend that the Agency should encourage the use of written casework consultation when using the Central Adjudication Service as it provides evidence of the extent and nature of advice sought and whether all Adjudication Officers are making use of the service.	The Agency accepts the Committee's recommendation. On the more complex adjudication issues written consultation with the Central Adjudication Service is used. On minor issues that can be resolved quickly by telephone call a written record of the telephone conversation is now held on file.

Ref.	PAC Conclusion	Agency Response
15.	The Committee view the Chief Adjudication Officer's findings on the standard of adjudication with the utmost concern and we are not fully convinced that the Agency has grasped the significance of the problem that it faces. It is essential that the Agency sets in place a programme of sustained improvement in its adjudication standards that will lead to a marked change in the Chief Adjudication Officer's findings when he reports annually to the Department.	The Agency notes the Committee's comments.The Agency assure the Committee that is fully aware of the significant difficulties associated with the administration of DLA, a view that is shared by the Social Security Committee in its Fourth Report on DLA. The action plan already submitted to the Committee sets out the major activities the Agency will engage in to reduce the error rate to 10 per cent over the next three years.
16.	We recommend that the Agency should look again at its own monitoring of adjudication quality and introduce steps to compare the performance and decision success rate of Adjudication Officers. We regard this as an important component in the management process to identify weaknesses and to draw lessons for improving the quality of adjudication.	The Agency accepts the Committee's recommendation. Senior Adjudication Officers now monitor the accuracy and the success rates of individual officers.
	On the Examination of Claims by NIAO	
17.	It is clear that the Agency's staff face difficulties making adjudication decisions with the question of sufficient evidence being a major problem for the Adjudication Officers. However, we consider that the testing carried out by NIAO has revealed a level of error in the decisions made by the Agency that has cost the taxpayer many millions of pounds.	The Agency notes the Committee's comments.
18.	It is completely unacceptable to the Committee that payments to the disabled have been determined in such an unreliable way. The taxpayer has the right to expect that the Agency will take steps to ensure that both fraud and inaccurate payments are minimised. The Committee therefore urges the Agency to take immediate action to improve the level of payment accuracy that it is achieving. There are fundamental problems with a system in which under and overpayments are so commonplace and where so many claimants have had legitimate claims turned down.	The Agency shares the Committee's concerns. The Agency has taken the following steps to improve accuracy: • obtaining more medical evidence • implementing an action plan to improve quality of adjudication. The Agency also notes the Committee's observations that there are fundamental problems with the system. Simplifying the benefit will require considerable policy changes and DSS, with policy lead, is currently considering this in their response to the Social Security Committee's Fourth Report on DLA and to the Green Paper on Welfare Reform.
19.	We particularly welcome the Agency's decision to increase the numbers of home visits to claimants as such visits should enable the Agency to better assess the claimant's entitlement to benefit. Such visits are also likely to deter fraudulent claimants. We recommend that the Agency should consider, in conjunction with the Benefits Agency (GB), the merits of a rolling programme of visits over a number of years as it seems clear that savings arising from such a policy would more than meet the running costs.	The Agency accepts the Committee's recommendation.

Ref.	PAC Conclusion	Agency Response
20.	We expect the Agency to be more diligent in ensuring that it has obtained all the necessary evidence earlier in the process thereby reducing the likely number of appeals and the associated cost to the taxpayer.	The Agency notes the Committee's comments.
	On Quality of Service	
21.	The Committee see great value in performance targets but would be concerned if the Agency placed more emphasis on achieving its targets for clearance times than on obtaining a high level of accuracy. The level of error that was found in 1995-96 and 1996-97 suggests that this could be happening and the Committee expects the Agency to work in future to balance both goals.	The Agency notes the Committee's comments and can give an assurance that attention paid to clearance times will be balanced by a concern for quality and accuracy.
22.	It is disappointing that it has been necessary to pay compensation to claimants because of delays by the Agency in dealing with claims. However we note that the number of such claims at present is small and we expect such payments should be rare in future.	The Agency notes the Committee's comments and can give an assurance that the number of cases where compensation is paid as a result of unacceptable delays will be rare.
23.	We are concerned that the Agency's record on overpayments recovery is so poor. We expect the Agency to achieve a much higher recovery rate in the future. It is essential that the Agency ensures that vital evidence, encashed girocheques and paid orders are not destroyed.	The Agency shares the Committee's concern. Over the past few years the Agency has reviewed its debt recovery work and and established a debt recovery unit which has improved this aspect of the Agency's performance and increased the amount of overpaid benefit recovered. Vital evidence encashed girocheques and paid orders are now retained for a period approved by audit.
24.	The Committee welcomes the Agency's acceptance that savings are possible in its administration costs and also plans to benchmark its costs against the Benefits Agency in GB.	The Agency notes the Committee's comments.
	On the Security of the DLA System	
25.	The Committee is concerned that improvements that have been developed in Great Britain have not all been implemented in Northern Ireland. We reiterate the view of our predecessors that they "expect the Agency to ensure that it keeps fully abreast of the Benefits Agency in Great Britain regarding developments of ways of preventing and reducing fraud." The Committee welcomes the Agency's plans to make its security strategy more innovative and will be interested to learn about its progress in developing its security strategy.	The Agency notes the Committee's comments and will inform the Committee of progress in developing its security strategy.

NIAO Reports 2004-05

Title	NIA/HC No.	Date Published
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De Lorean: The Recovery of Public Funds	HC 287	12 February 2004
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The Management of Surplus Land and Property in the Health Estate	HC 298	26 February 2004
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2005		
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