



## **Treasury Minutes on the Eleventh, Twelfth and Sixteenth Reports from the Committee of Public Accounts 2003-2004**

- 11th Report: Helping consumers benefit from competition in telecommunications
- 12th Report: Getting it right, putting it right: Improving decision – making and appeals in social security benefits
- 16th Report: Progress in improving the medical assessment of incapacity and disability benefits

**Presented to Parliament by the Financial Secretary  
to the Treasury by Command of Her Majesty  
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TREASURY MINUTES DATED 10 JUNE 2004 ON  
THE ELEVENTH, TWELFTH AND SIXTEENTH REPORTS  
FROM THE COMMITTEE OF PUBLIC ACCOUNTS,  
SESSION 2003-2004

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# Eleventh Report

## Office of Communications (Ofcom)

### Helping consumers benefit from competition in telecommunications

The eleventh report by the Public Accounts Committee took evidence from the Office of Telecommunications (Ofcom) on its regulatory strategy, the choices for consumers, and the measures it was taking to combat anti-competitive behaviour. From 29 December 2003, the Office of Communications (Ofcom) took over Ofcom's regulatory functions, as well as those of four other bodies.

Ofcom supports the conclusion of the Public Accounts Committee Report that Ofcom should establish an effective strategic approach to ensure that the information needs of telecommunications customers are addressed.

To shape Ofcom's strategic approach to telecommunications regulation, Ofcom is currently undertaking a three stage review. The aims of the review are:

- to consider the options to improve the value on offer to UK customers by promoting competition and innovation in the telecoms market;
- to identify the most appropriate regulatory strategy to further the interests of residential and business customers; and
- to identify options to roll back regulation where appropriate.

This review will endeavour to find solutions to many of the issues and concerns raised by the Committee. The review will for example, consider the practical application of the principles that Ofcom proposes to adopt in relation to the provision of information to citizen-consumers.

Also relevant to some of the Committee's findings is Ofcom's 2004 review of the Universal Service Obligation, the aim of which is to ensure that basic telecommunications services continue to be made available to all customers on reasonable request.

Shaping these reviews will be Ofcom's overall approach to its duties, that of a light touch regulator with decisions being evidence-based; open to industry and consumer views; with a bias against intervention; and made swiftly and effectively where we see a major competition or public interest concern.

**PAC conclusion (i): The market is confusing for consumers. Competition in the telecommunications market is well established, bringing a wide range of choices for consumers, including which company will provide their phone line and which tariff they should choose. Whether consumers can make informed choices depends on whether they can make meaningful comparisons between companies.**

1. Ofcom welcomes the Committee's recognition that increased competition, for example cable, indirect access (IA), Carrier Pre Selection (CPS) and wholesale line rental together with the removal of barriers to switching such as number portability have brought benefits for customers. Over three million phone lines now use CPS. 40 per cent of telecoms customers have chosen to switch supplier since liberalisation and around 70 per cent are aware of alternative suppliers.

2. An effective consumer information strategy should be a valuable tool in helping to counter any confusion that may exist. Customers making informed choices are essential for an effectively competitive market and to help make sure all customers get the best possible deal. Ensuring that consumers can make those

choices is a key part of Ofcom's role in promoting competition and furthering the consumer's interests.

**PAC conclusion (ii): Consumers may not have the right information to identify the best deal. Many telephone bills do not provide enough information to allow customers to determine the best tariff and discount options, and the differing ways in which companies quote phone tariffs means that comparisons can be difficult. Ofcom should disseminate guidance on how consumers should identify the best supplier, using a series of typical phone bills as case studies.**

3. Ofcom acknowledges the Committee's recommendation. The large range of telecommunications tariffs is likely to be a reflection of companies actively competing to provide innovative packages that provide cost savings to consumers. However, it may as a result be difficult and time-consuming for customers to make comparisons between providers. Ofcom agrees that the provision of comparable price information is beneficial for customers. For this reason, Ofcom has an accreditation scheme the Ofcom PASS (Price Assurance Standard) whereby it approves websites offering consumers impartial, easy-to-use and high quality price comparisons. In June 2003, uSwitch.com was accredited. It offers fixed residential price comparisons from over 25 different phone companies. Ofcom is encouraging other companies to seek accreditation.

4. It is also important to note that factors other than price also influence customers' decision making. For example, research conducted by Oftel suggested that for some customers reliability can be the most important aspect of a telecoms service – four in ten residential consumers with a fixed-line phone cited reliability as the most important aspect of their service; in comparison 25 per cent cited value for money. Ofcom has finished its consultation on comparable quality of service performance indicators and will be publishing its conclusions soon.

5. The Strategic Review of Telecoms will also consider whether further action is needed by Ofcom or the providers to address this issue. Consideration will be given to a range of options including the potential for using other comparable measures such as 'typical' phone bills.

**PAC conclusion (iii): Consumers may be confused about what they are paying at present. Consumers will find it harder to make an informed choice if their current phone bill is obscure. Ofcom should work with phone companies to develop more standardised and transparent charging structures that enable comparisons to be made.**

6. Ofcom agrees that clarity in charges helps consumers make informed choices. All Communications Providers are subject to a number of obligations to help customers to be informed about tariffs. There is a requirement to provide itemised billing so that customers can monitor and verify their charges. Communications Providers with residential and small business customers are obliged to have an Ofcom approved code of practice that should include details of where customers can find price information. In addition, there is a requirement on Communications Providers to publish and supply a list of standard charges. The Strategic Review of Telecoms will consider whether further action is needed by Ofcom or the providers. The Review will need to balance the possible benefits of clearer tariff structures with the disadvantages that may arise from an intervention in the market with its risks of stifling innovation and competition in pricing.

**PAC conclusion (iv): Many consumers are not taking advantage of existing opportunities to save money. Ofcom should conduct a study into the take-up of the BT Light User scheme, to quantify the existing level of take-up and establish the reasons why more eligible consumers do not take advantage of the scheme. Ofcom should also conduct an education campaign to ensure that consumers know that it costs more to rent than to buy handsets.**

7. Ofcom agrees that it is very important that customers who qualify for special schemes should be made aware of their existence and encouraged to take advantage of such benefits.

8. The Light User Scheme (LUS) provides a reduction on line rental to BT customers who spend less than £18.74 (including VAT) a quarter on calls using the BT network. The scheme is meant to be focussed on reducing the costs of telephony services for those customers with special social needs including those on low incomes or older people who are housebound. The scheme is not meant to benefit other categories of customers such as those whose bills are low simply because the phone is installed in their second holiday home or those whose bill is low because they are using other competitive providers (such as indirect access companies) to reduce the cost of their bills. This means that although there are around 4 million BT customers who spend less than the qualifying amount on calls, this includes a substantial number of customers who for example make all their calls using Indirect Access or Carrier Pre-Selection and who are excluded from membership of LUS.

9. There are measures already in place to bring LUS to the attention of those customers who, potentially, might be entitled to use the scheme. BT currently publicises the scheme by contacting all customers who may be eligible informing them that they may be entitled to use the scheme. Ofcom concurs with the Committee's recommendation that LUS should be studied further and Ofcom's review of the Universal Service Obligation will consider whether LUS is being appropriately marketed and will seek customer's views on the scheme and whether more needs to be done to publicise this and other special schemes.

10. BT has recently reduced its handset rental charges by 15 per cent and publicised the alternatives to rental on its bills. Ofcom intends to monitor the impact of these developments on the rentals market and will discuss with BT the need for further publicity.

**PAC conclusion (v): Oftel was remote from consumers and did not do enough to help them. Its guidance did not give practical examples of how consumers might make choices, and its external publicity budget in 2002-03 of £45,000 was only 0.2% of its overall budget of £19.5 million. It nevertheless told us that if consumers continued not to switch to the most beneficial options, it would have to question human nature in the face of overwhelming information.**

11. Ofcom acknowledges the Committee's conclusions. Ofcom is taking advice from the independent Consumer Panel on both the appropriate level and nature of the guidance that needs to be given to consumers.

**PAC conclusion (vi): Ofcom should actively encourage consumers to switch supplier. Oftel did not follow the practice of Ofgem and Energywatch in encouraging consumers to switch supplier to get a better deal. Switching supplier or tariff is, however, the best way to take advantage of competition and Ofcom should tell consumers about the opportunities and risks of switching, and draw public attention to the savings available from switching supplier.**

12. Ofcom agrees that consumers can benefit from exercising the choice that exists between competing suppliers.

13. In telecommunications, the role of the regulator has been to enhance competition and to make it easier for consumers to exercise the choices available to them. Ofcom's Strategic Review of Telecoms will consider the issue of switching behaviour including approaches to switching in other sectors. There may however, be valid reasons for having a different approach as there are added layers of complexity in the telecommunications sector where the variety of services, the emphasis placed upon customer service, different usage patterns and the importance placed upon quality may all play their part in influencing a customer's decision as to whether switching will be beneficial.

**PAC conclusion (vii): Ofcom should undertake a research programme into the information needs of consumers. Oftel claimed to place the consumer at the heart of its work, yet adopted a hands-off approach to consumer information, allocated a small proportion of its resources to improving consumers' knowledge, and assumed that consumers conformed to a model of "rational" behaviour. Where the market is complicated and changing rapidly, however, there is a greater, rather than a lesser need for the regulator to understand consumer needs.**

14. Ofcom agrees with the Committee's recommendation that there is a need for a comprehensive research programme.

15. Ofcom intends to carry out a programme of research as part of the Strategic Review of Telecoms. The research will look at customer behaviour and needs, focusing on three key areas: decision-making priorities; switching behaviour including consumer perceptions of price/cost savings available and the awareness/interest in suppliers; consumer information including what sources of information are required, where should they be available, in what format and to what level.

16. Ofcom will analyse residential, small and large businesses in order to ensure that Ofcom's regulatory strategy serves the needs of all consumer groups and market segments. The analysis will assess factors such as geographic location, age, ethnic grouping, industry sector, income/turnover, telecoms spend together with attitudinal and behavioural data.

# Twelfth Report

## Department for Work and Pensions

### **Getting it right, putting it right: Improving decision-making and appeals in social security benefits**

**PAC conclusion (i): The complexity of the benefit system remains a major problem for staff and customers alike and is a key factor affecting the performance of the Department. The Department explained that benefit regulations must reflect a wide range of circumstances and complexity was, in part, driven by a desire to avoid unfair treatment of individuals. The Department agreed, however, that complexity can lead to mistakes by staff and confusion amongst customers.**

1. The Department shares the Committee's concerns about the complexity in the benefit system. It must provide for a wide range of circumstances and, as the Committee notes, is designed and changed to avoid unfair treatment of individuals. At the same time, the department is seeking to improve procedures for claiming benefits, as illustrated in the following paragraphs.

2. Jobcentre Plus is introducing the electronic Customer Management system to improve the gathering of evidence. This new approach for working age clients seeks to ensure that claims are correct at the outset, including assisting customers to complete electronic claim forms over the telephone and by face to face. The implementation of the new system will also contribute to the reduction in fraud and error. The new Jobcentre Plus offices have appointed Financial Assessors who deal direct with the customer, enabling customers to gain a better understanding of what is required and why.

3. Disability and Carer's Service (DCS) introduced a shorter clerical version of the Attendance Allowance (AA) claim form from 6 October and this has been well received by customers. Shorter Disability Living Allowance (DLA) adult claim forms have been tested and the results are being used to inform future claim form development. DCS has improved communications with its customers to understand better their needs, by making greater use of the telephone where appropriate to resolve queries or to seek information.

4. The Pension Service has introduced new procedures to help pensioners claim Pension Credit and simplified the rules governing the reporting of changes of circumstances. For example, customers are asked to provide correct savings information at the outset of their claim and notify the Department only of major changes as and when they occur.

**PAC conclusion (ii): The Department should further develop the skills of all decision-makers through enhanced training and wider on-the-job experience. To date, there have been ad hoc local initiatives to enhance skills but proven initiatives should be implemented more systematically. There could, for example, be more frequent rotation between the different stages of the work, secondments to central guidance and checking teams, and joint training with welfare rights bodies. There should also be better feedback to decision-makers about the results of their cases that go to appeal to help them learn from their work.**

5. All decision makers undergo comprehensive training before they are allowed to make decisions. On DLA there are two 4-week classroom based training programmes followed by a period of consolidation with access to mentors from within operational commands. There is some rotation of duties already to enable staff development. Network meetings are held between front line decision makers and with checking/advice teams and policy officials hold liaison meetings with decision makers.

6. In DCS there are initiatives to improve medical evidence gathering and decision makers' understanding of the effects of disability. There is a programme of specialist training run by an externally-recruited disability-specialist delivering decision maker training modules on general awareness, learning disabilities and mental health modules. DCS is developing two further modules called:

- “Attention Deficit Hyperactivity Disorder (ADHD) and children’s mental health” to be piloted in July and
- “Cognitive impairment/neurology” with development beginning in the autumn.

DCS is also carrying out a feasibility study to consider whether it might be appropriate for decision-maker training to be subject to accreditation to help drive up standards of decision making. This work is still in its early stages.

7. DCS deliver a programme of Specialist Training for Decision Makers focussing on mental health and learning difficulties. The organisations that represent DCS customers are consulted about the content of the training courses and are influential in determining new modules of training. There are no plans to deliver training courses jointly but the material produced by welfare rights organisations is reviewed and reflected in the training briefs.

8. DCS do seek to learn from cases overturned at appeal. Liaison arrangements are in place at all levels between DCS and the Appeals Service.

9. Jobcentre Plus are looking to improve the skills of its decision makers by implementing a number of initiatives within its DMA Improvement Action Plan. These initiatives include:

- Improved “feedback loops” from a variety of sources to identify where existing processes and standards require improvement - such sources would include the Appeals Service, welfare rights and policy colleagues;
- Improved analysis of existing management information, for example on the reasons for reconsideration and appeal;
- Centralisation of decision making and appeal structures and “complex” decision making designed to promote specialist skills and identify best practice opportunities; and,
- The development of specific training products designed to improve decision making and appeals skills.

While rotation of decision making staff will be encouraged, it will be for district management to determine need and operational impact.

10. Organisational changes in The Pension Service in 2004/05 will increase the focus on handling complex cases and end-to-end decision making. The Pension Service is considering feedback from tribunal decisions as part of its end to end review of appeals handling. There are no current plans to undertake joint training with welfare rights organisations.

**PAC conclusion (iii): There is a need for greater transparency in monitoring and reporting on performance in decision making. In particular:**

**a. the Department should implement the recommendations made by the Comptroller and Auditor General in 2002 to improve the range, design and level of detail of the Secretary of State’s report on standards in decision-making; and**

**the reports of the Standards Committee should be published in full, along with information about its work programme.**

11. The Department accepts that including the information suggested by the C&AG would enhance the value of the report. The next report to be published will

be that for 2002-03 when the Department intends to include information on reconsiderations, revision and appeals. In later reports the Department will be looking to include more of the C&AG's recommendations.

12. The Department accepts the recommendation relating to the Standards Committee. The Standards Committee is now considering the format and content of their report.

**PAC conclusion (iv): Too few decisions are right first time. For Disability Living Allowance the error rate is nearly 50% and 54% of cases which go to appeal are overturned in the customer's favour. The Department should advise customers of the importance of providing all evidence as early as possible in the process, and should seek to increase contact with customers where this can help to obtain additional information quickly. The Department should also develop amongst staff involved at all stages (from initial decision to appeal tribunal) a shared understanding of the eligibility requirements for benefits, including through common training.**

13. The Department notes the Committee's recommendation. The DCS Change Programme has piloted a new and shorter claim form and process, involving greater customer contact, supported by an IT prototype. The findings from the pilot have been positive, and will inform the design of new IT currently being planned. In the meantime, further work is progressing to develop, test and introduce simpler clerical DLA claim forms.

14. DCS introduced revised AA claim forms from 6 October 2003, and from November 2002 has been testing an interactive claiming process for DLA adult customers. Both forms involve greater contact with customers during the claim process. Decision makers are expected to use telephone customer contact to resolve queries with benefit claims, wherever possible and sensible to do so.

15. Jobcentre Plus will be launching the Effective Case management Framework in May to support improved benefit accuracy. This will include increasing awareness through improved guidance, addressing the common errors, identifying and reducing variation, providing improved support products, learning and development and improved IT.

16. Additionally, Jobcentre Plus aims to improve customer communications and is working with external welfare rights groups to achieve this. Welfare rights representatives have been invited to take part in monthly Jobseeker's Allowance (JSA) decision making and appeals meetings. The agency is also working with Trade Unions through the Social Security Advisory Committee and the JSA Sanctions Review, to improve customer communications.

**PAC conclusion (v): Better use should be made of the reconsideration stage. The Department should raise awareness of the value of the reconsideration stage amongst customers and their advisers, and staff should make more use of this opportunity to correct or clarify decisions. Increasing the number of reconsiderations and reducing the number of customers who feel the need to appeal would also lead to administrative savings.**

17. The Department is committed to making more effective use of the process to reconsider original decisions. In DCS all decisions queried at appeal are reconsidered prior to submission to the Appeals Service and the latest figures from September 2002 to August 2003<sup>1</sup> show that nearly 40 per cent result in a change of decision.

18. Jobcentre Plus intends to embed the importance of reconsideration as a priority in the draft DMA action plan. This is taking forward the recommendations of the Efficiency Challenge. Some Regions have already taken steps to address this, for example by ensuring reconsiderations are carried out by an officer other than the

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<sup>1</sup> Source: Management of Information Statistics

original decision makers. A national approach to dealing with reconsiderations will be implemented through the DMA action plan. The steps within the Action Plan will be developed throughout 2004-05 and beyond.

**PAC conclusion (vi): No customers should first learn that their benefit has been withdrawn when they discover that the payment has been refused. The Department should improve the quality of explanations provided to customers about the outcome of their decision, and ensure that computer problems do not prevent some notification letters going out. Staff too should be able to access letters sent to customers so they can answer questions from customers making contact with the Department.**

19. It has always been and remains the department's aim that customers are notified in advance of the outcome of their claim and of changes to their benefits. In addition if required the customer will be given the opportunity to receive a detailed explanation of benefit decisions. The agencies are planning more direct contact with customers to discuss the decision made on their benefit. The "Notifications On Line" package and relevant guidance was released in April 2004 for officers on a Digital Office Infrastructure IT platform. This will help staff explain letters issued to customers.

**PAC conclusion (vii): There are some striking regional differences in certain decision-making practices which may be leading to payments to people who are not eligible for benefit. The Department should examine the differences between regions, for example, in the proportion of cases referred for scrutiny of adherence to Jobseeker's Allowance agreement terms to establish whether low levels of referrals increase the risk of ineligible customers receiving benefits. The Department should advise the Standards Committee on the outcome of this research.**

20. The Department notes the Committee's conclusion. All decision makers are aware of the National standards. Jobcentre Plus will improve compliance with these standards through improved sharing of good practice. As part of its DMA Action Plan, Jobcentre Plus will address the variation in the volumes of all the different types of JSA labour market cases referred to a Sector Decision Maker for a decision.

**PAC conclusion (viii): The Department should take a more risk-focused approach to sending presenting officers to represent them at tribunals in order to ensure that the Department's case is properly heard. Currently, there is no strategy or logic dictating when presenting officers attend. The Department should devise and adhere to criteria for attendance. These might include, for example, sending presenting officers to all complex appeals tribunals, to represent them, to advise the tribunal, and to provide feedback to decision-makers.**

21. The department already has published guidance on complex appeals and it plans to send presenting officers to all complex tribunal hearings. In addition, DCS aim to present at least 20 per cent of all appeal cases. The Pension Service is streamlining its approach to appeals handling and presentation. It will implement a national improvement plan in the first quarter of 2004-05.

**PAC conclusion (ix): A number of current targets appear to serve little purpose. The Department should look again at the targets set for the time for the preparation of appeals submissions to ensure they are stretching and provide incentives to staff in some districts and offices to improve performance. A target of 50 days for Jobseeker's Allowance would seem more realistic as it is already met by half the districts.**

22. The DCS has a target of 40 days which is kept under review. In 2002-03 DCS performance was 32 days and in 2003-04, 30 days.

23. The Jobcentre Plus target has been 90 days. As the Committee acknowledge, this target was met in 96.6 per cent of cases in 2002-03. Performance for 2003-04 was 96.4 per cent of appeals submitted within 90 days. The agreed key Management Indicator for appeals submission speed for 2004-05 is now set at 60 days in 90 per cent of cases.

24. The Department notes the Committee's conclusion. Obviously it is important to avoid incentivising speedy clearance at the expense of accuracy. We will monitor the effect on quality of the reduction of the target from 90 to 60 days over the coming year, after which the level of the target will be reviewed.

# Sixteenth Report

## Department for Work and Pensions

### Progress in improving the medical assessment of incapacity and disability benefits

**PAC conclusion (i):** Since 2001 performance has improved in many aspects of medical assessment. The Department has taken action in relation to all of our earlier recommendations. New performance targets have been set and met, or are on track to be met. Schlumberger has halved the number of substandard medical reports and the number of complaints against them has reduced steadily. In some areas, our recommendations have been implemented but have not yet fed through into service improvements.

1. The Department for Work and Pensions (DWP) is pleased that the Committee of Public Accounts have acknowledged the significant improvements made in the medical assessment of benefit claims. The Committee have recognised action we have taken to enhance the training of doctors and improve the quality of medical reports. The regular performance meetings enable Senior Managers to evaluate the improvements brought about.

**PAC conclusion (ii):** The Department has improved the time taken to process medically-assessed benefits, but performance in poorer offices needs to be brought up to the standard of the best. For Incapacity Benefit, the backlog of examinations, which had reached 368,000 cases in 2001, has almost been eliminated, saving the taxpayer £29 million in payments to those no longer eligible for benefit. For Disability Living Allowance and Attendance Allowance, improved processing times means that in 2002-03 customers received their benefit on average five-six days earlier than in 2000-01, but there is still a 25 per cent difference between the best and worst offices.

2. The backlogs of Incapacity Benefit (IB) examinations were fully cleared by March 2004 resulting in an updated estimate of one off savings to the tax payer of £10.9 million. The Department has also reduced the average time taken to complete Personal Capability Assessments (PCA) since 2001, which has resulted in an updated estimate of annual savings amounting to £21 million. This now means an updated estimate of an overall £31.9 million savings to the taxpayer.

3. The Department accepts the conclusions reached by the Committee. Regional variations in processing times for Disability Living Allowance (DLA) and Attendance Allowance (AA) are continually monitored. Work and resources are moved within and between Units as necessary to reduce work on hand levels and improve processing times. Improved performance management within Units has resulted in better clearance times in recent years, particularly in those Units where there had previously been a poorer performance.

4. Performance variation was reduced again in 2003/04.

Improvements in actual average clearance times			
	2001/02	2003/04	Improvement
DLA New Claims	49.7	43	6.7 days
AA Claims	36.6	30.6	6 days

This demonstrates a commitment to improving poorest performing Units and this will in turn continue to reduce performance variation.

Improvements in variations in processing times			
	2001/02	2002/03	2003/04
DLA New Claims	16.6 days	14.1 days	10.9 days
AA New Claims	9.7 days	9.5 days	7.4 days

**PAC conclusion (iii): Pilot Incapacity Benefit reforms have led to further reductions in the time taken to carry out examinations. The Department should make these levels the norm. Schlumberger have reduced the average time taken to carry out medical examinations from 52 days to 30 days, which has contributed to an annual cost saving of 21 million. On the basis of evidence from Incapacity Benefit reform pilots, the Department consider it is possible to reduce this further to 15 days, which would result in further financial savings as ineligible customers are identified quicker.**

5. The Department acknowledges that there is merit in investigating ways of reducing the time taken to carry out examinations and significant improvements in processing times have already been achieved. Achieving the capability to deal with medical referrals and exchange information electronically between DWP & Medical Services may provide scope for reducing the processing times further. DWP is considering this as part of its overall IS/IT strategy.

6. The *Pathways to Work* pilots, which now account for 9 per cent of the overall number of IB referrals made to Medical Services, are achieving clearance of medical examinations within 15 days through the use of revised business processes. These processes are significantly more labour intensive and operating on a 15 day target as standard would require significant additional administrative, medical and IT resources. The pilots have only been running a short time and it is much too early to make any assumptions or decisions based on the results so far. Prior to any national roll out, there will be careful evaluation of the potential benefits and likely resource requirements.

**PAC conclusion (iv): The Department should determine the unit cost of processing benefit claims to improve its management of the decision-making process. The Department cannot allocate and manage resources efficiently without knowing the full cost of assessing medical benefits.**

7. This issue is recognised by the Department and work has been ongoing over the last twelve months to put a robust unit costing system in place. The system has now been developed and unit cost information is now routinely available within the Department to support decision-making. There is a need to train managers in the use of this technique but this work is ongoing, having commenced back in February. Further improvements to this system are envisaged so that we can ultimately capture the full cost of all Departmental transactions, the information being currently restricted to staffing costs. It is planned to migrate this system on to the new Resource Management System, once available, to reduce clerical effort in loading data and improve the reliability of the interfaces with other systems.

**PAC conclusion (v): The re-tendering of the medical services contract should be used to seek further service improvements and more innovative ways of delivering medical services. The Department needs to encourage bidders to make better use of information technology and to gather medical evidence more effectively from a range of sources. Investment in improving IT systems should be a criterion for selecting the winning contractor.**

8. The current contract ends 31 August 2005 and a procurement exercise is currently underway to contract for services beyond that date. The Department accepts that service improvements and innovation are key to the provision of further enhancements to the service offered to customers.

9. The Department is looking for innovation in four areas: better use of information technology especially in developing electronic interfaces between the Department and the medical services provider, more flexible use of accommodation, wider use of other healthcare professionals and redesign of existing processes. These potential areas for improvement will be discussed with the three short listed service providers and their proposals for innovation, service improvements and value for money improvements will form part of the negotiations with the Department.

10. In addition to the areas of potential innovation already identified the Department will also seek to identify improvements in other areas of the contract and will encourage service providers to recognise and propose innovative delivery models. Furthermore, the unique opportunity offered by the re-tender allows the Department to work together with providers, customers and external advisors to produce the optimum delivery model and commercial contract.

**PAC conclusion (vi): The Department should assess the risk that a significant proportion of decisions are incorrectly overturned at appeal. If so the Department will need to improve the training of appeals tribunal doctors and provide for more systematic review of their work.**

11. The Department accepts that it should assess the risk that a significant proportion of decisions are being incorrectly overturned at appeal. The recommendations that improvements should be effected to the training of appeals tribunal doctors and the provision of a systematic review of their work are matters for the Appeals Service judiciary, with whom the Department continue to work closely.

12. The appeal tribunal panel members are appointed by the Lord Chancellor, in the case of medical practitioners, after consultation with Chief Medical Officer (Department of Health, England), and the appointments are made following a rigorous recruitment process. Panel members are only appointed where they possess the requisite qualifications.

13. Medical Services have developed a closer working relationship with the Appeals Service and taken steps to better understand why tribunals form a different view of the same medical evidence. Experience so far shows that this is sometimes a matter of differing perceptions of the nature and purpose of a report in connection with disability assessment. Medical Services have also offered the Appeals Service access to the training products delivered to examining doctors. The appeals tribunals have stressed the importance of the opportunity to question, sometimes at length, the appellant at the hearing directly and investigate all their personal circumstances. This process often elicits new evidence or sheds new light on existing evidence enabling them to uphold the appeal.

14. From April 2004 a formal appraisal system has been introduced for all medically qualified panel members in liaison with the General Medical Council (GMC). A salaried medically qualified panel member was appointed for the first time in January 2004 to oversee this new appraisal system and advise the President on medical issues relevant to appeal tribunal decision-making.

15. From April 2004 a further £169,000 has been made available to provide additional training to medically qualified panel members. District Chairmen and the Chief Medical Member will run this new medical training programme and the aim is that all medical members will attend a one day training event over a one year rolling programme.

**PAC conclusion (vii): It is difficult to see how doctors and decision-makers can improve their performance if they do not know the outcomes of the cases they examine. In our report *Getting it right, putting it right: Improving decision-making and appeals in social security benefits*<sup>2</sup> we highlighted the error rate of**

<sup>2</sup> 12th Report from the Committee of Public Accounts, *Getting it right, putting it right: improving decision-making and appeals in social security benefits* (HC 406, Session 2003–04)

nearly 50 per cent for Disability Living Allowance decisions. The Department should:

- (i) provide regular feedback on decisions reached and on the results of appeals;
- (ii) speed up implementation of systems to improve the quality of medical evidence; and
- (iii) look again at the standards used to assess the adequacy of medical reports and consider whether they should be raised, or the contractor set a more demanding target.

16. The Department accepts that improvements in this area are required and has already taken a number of steps to address these.

- A substantial amount of liaison takes place between DWP and the Appeals Service and we are exploring the most effective way of getting feedback which will facilitate identification of good practice and areas for improvement e.g. where guidance needs to be strengthened.
- Tribunals can refer medical reports they consider seriously substandard to Medical Services managers and they are asked to return submissions to decision makers if they are considered deficient.
- When the Appeals Service provides evidence of substandard reports the information is fed into Medical Services' quality management systems to ensure that the doctor has the appropriate feedback or retraining and review. Medical Managers have proactively met with the Appeals Service to encourage feedback by means of this route which also provides opportunity to identify and address gaps in perception between Medical Services and appeal tribunals in relation to the assessment that has been carried out.
- A pilot trialling 100 per cent attendance by Presenting Officers at DLA Tribunals appeared to indicate that the presence of a Presenting Officer did not significantly affect the outcome of appeals. Although additional feedback can be obtained from Presenting Officers, the cost of using Presenting Officers in all appeal cases appears to significantly outweigh the benefits. DCS are taking steps to increase current levels of Presenting Officer attendance particularly for the more complex cases.
- As part of the *Pathways to Work* pilots, attendance by Presenting Officers at all Incapacity Benefit Personal Capability Assessment Appeals is being piloted at seven sites. Management Information gathered during the pilots will demonstrate whether presenting officers can provide useful feedback to decision-makers on the reasons for decisions being overturned.
- First tier decision making business units/agencies within the Department receive quarterly interim reports on the findings gathered from a sample of cases coming before appeal tribunals. This information is collected by the Appeals Service to inform the publication of the President's annual report on the standards achieved by the Secretary of State in the making of decisions against which an appeal lies.
- Details of appeals which were allowed and formed part of the sample of cases considered for the President's annual report are sent to the relevant first tier decision making business/agency within the Department to consider whether any guidance is required to decision makers. Copies of any medical reports considered inadequate from the sample are being sent to the Chief Medical Adviser's representative to consider if any action is appropriate.

- The DWP agency chief executives are advised by an independent standards committee on monitoring and improving standards of decision making in benefits and employment matters. This includes matters relating to decision making in IB and DLA.

17. The Department and Medical Services have jointly developed a system based on fully researched, up to date and reliable medical opinion on the disabling conditions most commonly seen in people undergoing the IB Personal Capability Assessment (PCA). This system already supports doctor training and underpins delivery of IB medical assessments. The system is further supported by an IT programme which uses information from the researched evidence based medical protocols and from the doctor's interaction with the individual customer, to guide the doctor into giving advice which is logical, consistent with the evidence, and clearly justified. The IT system, which will be rolled out across the country by June 2004, is expected to lead to more evidence-based and consistent medical advice. By providing computer-generated reports instead of hand-written ones, it will also remove any issues relating to illegibility.

18. DWP and Medical Services have a structured methodology for auditing medical quality (IQAS) that is constantly reviewed. Auditors' behaviour is scrutinised regularly by a joint DWP/Medical Services quality assurance committee. DWP & Medical Services, as part of their commitment to on-going quality improvements, continuously appraise and assess the value and stringency of the key attributes and criteria that underpin the quality grading system and will continue to do so. As part of this regular process, the quality criteria will be amended as and when the need arises. All medical quality targets are being reviewed as part of the retendering process for the new Medical Services contract.

**PAC conclusion (viii): The calibre of the doctors conducting examinations is crucial and the Department and its contractor should enforce rigorous standards. The Department should act swiftly to identify and, where necessary, remove those who fail to reach the necessary standards of care.**

19. The Department accepts that the performance of Medical Services and their doctors should be rigorously monitored.

20. The Department's Chief Medical Adviser on behalf of the Secretary of State must approve all doctors before they can carry out assessments. Approval is only granted when a doctor has undergone the required training and has successfully completed the multiple-choice examination that accompanied each training module. The full recruitment and training process to get to the point where a doctor is fully approved and operational can take several months.

21. The performance of Medical Services and their doctors is rigorously monitored through a variety of methods including monthly management information, customer satisfaction surveys and feedback from complaints

22. All doctors' work is subjected to random quality audit at least twice a year. Audit outcomes are regularly validated by Medical Services and doctors in the Department's Corporate Medical Group. Targeted audit of a doctor's work is triggered by a number of factors, including complaints or feedback from the Department's decision makers

23. In order to achieve and sustain the level of quality necessary to meet contractual targets, a policy of "zero tolerance" has been adopted by Medical Services. This proactive approach has required Medical Managers to lower the threshold for action and intervene at the earliest possible stage. Doctors involved in the feedback/remedial training process have been provided with additional training to equip them with additional skills to help them in these roles.

24. Persistent failure, despite remedial action by Medical Services, to meet a satisfactory standard results in revocation of approval to carry out medical

assessments by the Department's Chief Medical Adviser. Before recommending revocation, Medical Services will have made every effort to improve the doctor's performance, through feedback and retraining.

25. Medical Services are committed to raising the quality and professionalism of the doctors they employ by for example:

- an ongoing programme of mandatory Continuing Medical Education for all doctors to ensure they maintain up to date knowledge in relevant medical topics, in addition to modules on Customer Care and Disability Awareness
- commitment to the "Diploma in Disability Assessment Medicine" (DDAM) through sponsorship and provision of DDAM specific training to candidates.

**PAC conclusion (ix): The Department must understand better the causes of non-attendance and introduce measures to address them. The Department has put in place measures to deter non-attendance, but not all non-attenders are deliberately avoiding an examination. The Department and Schlumberger should identify and deal with those who are avoiding examination. But they should also make it easier for others to attend by for example, rethinking where examinations take place and improving the accessibility of medical examination centres.**

26. The Department accepts the Committee's specific concerns and will continue to work with Medical Services to secure a more reliable attendance pattern and to review the accessibility of all medical examination centres.

27. The vast majority of Medical Examination Centres are accessible by public transport and, unless previously agreed with the customer, Medical Services are contractually obliged to ensure customers are not required to travel for more than 90 minutes (one way) by public transport to attend an examination. Domiciliary visits are available for customers not fit to travel.

28. The Department is undertaking analysis and together with Medical Services has developed new management information reports to help identify customers most likely to not attend appointments and to establish the reasons why. This should facilitate more effective management of this customer group.

**PAC conclusion (x): Improvements should be made to medical assessments for specific groups, such as those with mental health problems. There is evidence that people with mental health problems experience greater than average difficulties in attending examinations, being assessed and getting a fair hearing. The contractor's doctors should be trained to recognise and deal with customers with mental health problems.**

29. The Department recognises that improvements in this area were required and has already taken action to identify areas for improvement in the medical assessment process for specific groups, such as those with mental health problems.

30. The Department and Medical Services have worked together to review processes to ensure that wherever possible individuals with mental health problems are not called to examination inappropriately.

31. All doctors have been provided with specific training on mental health and revised induction training in 2004 for new Medical Services doctors (but already fully experienced and selected medical practitioners) will include a full days training agreed by the Departmental Chief medical Adviser on interacting with people with mental health problems.

32. Medical Services continue to explore issues relating to the contracted service with Citizens Advice and other groups representing those with mental illness. A

specific Medical Services workshop in October 2003 was held with a number of groups acting for people with mental health issues. Knowledge gained from this consultation activity is used to review and further develop medical training products.

33. As part of the annual programme of continuing professional education for all Medical Services' doctors there are mandatory modules on mental health assessment and a new mandatory training programme on mental health via CD-Rom has been devised and issued. This ensures doctors have up to date knowledge of mental health conditions, and the skills to elicit information in a thorough but sensitive manner about the ongoing effects of the condition.

34. Decision makers within the Department undergo training to complement their understanding of procedural and medical issues. A number of training modules are specifically designed to increase Decision Makers' level of understanding of a variety of mental health conditions and hence help them to provide a better service to customers with such difficulties.





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