

Title: Veterans Advisory and Pensions Committee (VAPC) – Modernisation of statutory basis. IA No: RPC Reference No: N/A Lead department or agency: Ministry of Defence Other departments or agencies: N/A	Impact Assessment (IA)			
	Date: 19 Dec 22			
	Stage: Final			
	Source of intervention: Domestic			
	Type of measure: Primary legislation			
Contact for enquiries: MOD				
Summary: Intervention and Options				RPC Opinion: Not Applicable

Cost of Preferred (or more likely) Option (in 2019 prices)			
Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status
N/A	N/A	N/A	Non qualifying position

What is the problem under consideration? Why is government action or intervention necessary?

The VAPCs predate the Armed Forces Covenant (AFC) and the landscape in which they operate has changed since the Covenant was introduced. VAPCs have taken on broader (non-statutory) roles in raising awareness of other initiatives e.g. the Armed Forces Covenant, but this work cannot be done as the VAPC, but rather as a group of private individuals, acting in accordance with Terms of Reference from MOD. The VAPCs enabling Act (the Social Security Act 1989) restricts the scope of their functions to dealing only with a specific cohort of veterans (those entitled to war pensions or armed forces compensation scheme benefits), rather than the whole Armed Forces Veteran Community. Intervention is necessary to ensure the work the VAPCs currently undertake is captured in statute and improving their performance, the quality of advice given, and reflects the work they are currently doing.

What are the policy objectives of the action or intervention and the intended effects?

The objective is to regularise the role of the VAPCs in statute to reflect the work that they are currently doing. This will include widening the cohort of veterans in scope of the VAPCs' primary functions to include all veterans and their families (rather than, as currently, just those applying for, or in receipt of, payments from MOD compensation schemes). It will also include widening the formal scope of the VAPCs' functions to cover other aspects of the MOD's DBS Armed Forces and Veterans services, such as the Veterans Welfare Service and Defence Transition Services, as well as awareness-raising of initiatives such as the Armed Forces Covenant. The intervention should also enable the MOD in future to issue terms of reference under statute to the VAPCs.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Option 1: do nothing. The VAPCs would continue to operate in a hybrid fashion: as a VAPC when exercising the statutory functions and as a collection of individuals when operating under wider Terms of Reference from MOD Ministers.

Option 2: continue to use current Terms of Reference to set objectives and measure performance of VAPCs. Using the current TORs is unlikely to improve the VAPCs ways of working and performance and improve their quality of advice to the Armed Forces Veteran Community. The VAPCs would continue to operate in a hybrid fashion.

Option 3: modernise the statutory basis of the VAPCs through legislation (preferred). Reform the VAPCs through legislation. Legislating for their role in statute will ensure they improve their ways of working, performance and the quality of advice they give to the Armed Forces Veteran Community and Ministers.

Will the policy be reviewed? It will be reviewed. If applicable, set review date:				
Does implementation go beyond minimum EU requirements?		N/A		
Is this measure likely to impact on international trade and investment?		No		
Are any of these organisations in scope?	Micro No	Small No	Medium No	Large No
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)		Traded: N/A		Non-traded: N/A

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister: _____ Date: _____

Description: Continue to use current Terms of Reference

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)			
			Low: N/A	High: N/A	Best Estimate: N/A	
COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Cost (Present Value)	
Low	Not Quantified		Not Quantified		Not Quantified	
High	Not Quantified		Not Quantified		Not Quantified	
Best Estimate	Not Quantified		Not Quantified		Not Quantified	
Description and scale of key monetised costs by ‘main affected groups’						
It has not been possible to monetise any of the costs associated with this option.						
Other key non-monetised costs by ‘main affected groups’						
This option would require MOD staff and VAPCs volunteers to spend time updating and interpreting the new Terms of Reference. This cost has not been quantified but is assumed to be negligible.						
BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Benefit (Present Value)	
Low	Not Quantified		Not Quantified		Not Quantified	
High	Not Quantified		Not Quantified		Not Quantified	
Best Estimate	Not Quantified		Not Quantified		Not Quantified	
Description and scale of key monetised benefits by ‘main affected groups’						
It has not been possible to monetise any of the benefits associated with this option.						
Other key non-monetised benefits by ‘main affected groups’						
The VAPCs would continue to operate in a hybrid state, on a statutory basis when advice relates to the War Pensions or Armed Forces Compensation Schemes but as a collection of individuals for any wider advice. It has not been possible to quantify the impact of this however it is judged to be inconsistent and cause confusion.						
Key assumptions/sensitivities/risks					Discount rate	N/A
It has been assumed that changing the Terms of Reference is not sufficient to improve the VAPCs ways of working.						

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: N/A	Benefits: N/A	Net: N/A	
			N/A

Description: Modernise the statutory basis of the VAPCs through legislation

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)			
			Low: N/A	High: N/A	Best Estimate: N/A	
COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Cost (Present Value)	
Low	Not Quantified		Not Quantified		Not Quantified	
High	Not Quantified		Not Quantified		Not Quantified	
Best Estimate	Not Quantified		Not Quantified		Not Quantified	
Description and scale of key monetised costs by 'main affected groups'						
It has not been possible to monetise any of the costs associated with this option.						
Other key non-monetised costs by 'main affected groups'						
This option would require MOD staff and VAPCs volunteers to spend time updating and interpreting the new legislation. However, it is assumed that the legislation will not change the day-to-day functions of the VAPCs, as it will formalise the work that they are currently doing. Therefore, all costs associated with the legislative changes are assumed to be negligible.						
BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Benefit (Present Value)	
Low	Not Quantified		Not Quantified		Not Quantified	
High	Not Quantified		Not Quantified		Not Quantified	
Best Estimate	Not Quantified		Not Quantified		Not Quantified	
Description and scale of key monetised benefits by 'main affected groups'						
It has not been possible to monetise any of the benefits associated with this option.						
Other key non-monetised benefits by 'main affected groups'						
The VAPCs would be able to operate under a statutory basis for all of the advice they give, relating to the War Pensions and Armed Forces Compensation Schemes as well as wider issues (such as transition services and other areas). This will regularise and modernise their work and improve VAPC working practices, performance and the quality of advice to the Armed Forces veteran Community. It will also increase the cohort of veterans in scope of the statutory functions.						
Key assumptions/sensitivities/risks					Discount rate	N/A
There is a risk that the widened scope will increase the number of personnel receiving support from the VAPCs under this option and the VAPCs workload may increase. However it is assumed that all VAPCs have already taken on a wider role than in is outlined in statute over a number of years and therefore there will be no substantial costs or increased workload associated with the wider scope.						

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: N/A	Benefits: N/A	Net: N/A	
			N/A

Evidence Base

A. Background/ Problem under consideration

1. There are 12 VAPCs across the UK – nine in England, and one each in Scotland (following the merger of the East and West Scotland Committees), Wales and Northern Ireland. The statutory function of the VAPCs is to engage at local level with War Pensioners /Armed Forces Compensation Scheme (AFCS) recipients, in particular raising awareness of the War Pensions and Armed Forces Compensation Schemes – as well as wider DBS Armed Forces and Veterans welfare services, so far as they relate to War Pensions/AFCS recipients – and making representations and recommendations to Government regarding any issues experienced with those services locally.
2. The landscape in which the VAPCs operate has changed considerably over the past ten years, and it has been a long running feature of the VAPCs that they have taken on a broader (non-statutory) role in raising awareness of other initiatives of potential interest to all veterans and their families, such as the Armed Forces Covenant. They currently provide advice, guidance and feedback on issues in relation to the Strategy for our Veterans in relation to healthcare issues (e.g. mental health), and education (e.g. impact of service life on serving members children) even though this is not within their statutory functions.
3. There are no definitive statistics to quantify the veterans in scope, however widening the scope of the VAPCs functions mean that they will assist all veterans and their families and can therefore continue to play an active role, under statute, within the current Armed Forces Veteran Community.

B. Options considered

4. Officials considered that the ideal point to contemplate legislative change for the VAPCs would be after a comprehensive review of their activities in late 2022/early 2023, however a Ministerial decision supported bringing forward measures to reform the statutory regime governing the VAPCs which will be contained in this Private Members Bill.
5. MOD proposes to modernise the formal role of the VAPCs to bring it more into line with that broader role the VAPCs now play and to enable the department to make changes to their functions more easily in the future. In particular:
 - Widen the cohort of veterans in scope of the VAPCs primary functions to include all veterans and their families (rather than just those applying for, or in receipt of, payments from certain MOD compensation schemes).
 - Correspondingly, widening the scope of the VAPCs functions to cover other aspects of the MOD's DBS Armed Forces and Veterans services, such as the Veterans Welfare Service and Defence Transition Services, as well as awareness-raising of initiatives such as the Armed Forces Covenant.
 - Enable the MOD in future to issue terms of reference or guidance under statute to the VAPCs.
6. In order to achieve these objectives, two options are being considered and compared to the do nothing:
 - **Option 1: Do nothing.** The VAPCs would continue to operate in a hybrid fashion: as a VAPC when exercising the statutory functions and as a collection of individuals when operating under wider Terms of Reference from MOD Ministers. This is considered unsatisfactory as it is complicated, and it may be difficult for members and stakeholders to understand the differences.
 - **Option 2: Continue to use current Terms of Reference to set objectives and measure performance of VAPCs.** The current TORs cannot resolve the issue of the hybrid working outlined at option 1, nor the modernisation of their role as this requires a legislative fix. It has also been established over the last 12 months that the current TORs are not sufficient to support the required outputs needed to improve VAPCs ways of working and performance to increase the quality of their advice to the wider Armed Forces Veteran Community.

- **Option 3 (preferred): Modernise the statutory basis of the VAPCs through legislation.** Bring forward legislation in this session. The Secretary of State for Defence is supporting measures to reform the statutory regime governing the VAPCs which will be contained in this Private Member's Bill. Legislating for their role in statute regularises their role, ensuring they are acting as a VAPC at all times, and will ensure improved ways of working and performance and quality of advice to the wider Armed Forces Veteran Community. This will also include moving the VAPCs enabling power from the Social Security Act 1989 to the Armed Forces Act 2006. This is considered a more suitable home given that their sponsoring department is the MOD.

C. Rationale and evidence

7. The VAPCs are statutory bodies, with functions set out in primary legislation. Amendments to the functions of the VAPCs must be done through primary legislation. There is no delegated power to amend the functions by secondary legislation.
8. The do nothing would result in the VAPCs continuing to operate in a hybrid fashion; as a VAPC when exercising the statutory functions and as a collection of individuals when operating under wider Terms of Reference from MOD Ministers. This is considered unsatisfactory as it is complicated, and it may be difficult for members and stakeholders to understand the differences. Legislating for their role in statute modernises their role and will ensure improved ways of working and performance and quality of advice to the wider Armed Forces Veteran Community.

D. Risks, assumptions and limitations

9. There is a risk that the widened cohort of veterans in scope will increase the number of personnel receiving support from the VAPCs under Option 3, where it is assumed that all VAPCs have already taken on a wider role than in is outlined in statute over a number of years. If this is not the case, then some VAPCs may see additional costs arising from the time taken to give additional advice, but this is highly unlikely.
10. There is also a presentation risk around timing as the MOD has yet to complete its own review of the VAPCs.
11. If the VAPC review does not conclude before legislation is taken forward, the main risk is that the policy is not settled enough in order to be able to anticipate the powers that should be enabled, which will increase the risk of having to legislate again in the future. This can be mitigated by creating a more flexible statutory framework, rather than setting out rigid legislation which is more likely to require further amendments in the future.

E. Costs and benefits

Option 1 – Do Nothing

Costs

12. The VAPCs currently cost around £30,000 per annum to operate, which is funded by the MOD. This is largely for travel and subsistence, which is reimbursed to the volunteers. The 12 VAPCs are run by Committees, each has between 12 – 20 members who work on a voluntary basis.
13. As options are assessed relative to the do nothing, the costs of this option are zero.

Benefits

14. The VAPCs offer advice on the War Pensions and Armed Forces Compensation Schemes under a statutory footing. All wider advice is given as a collection of individuals. This will result in the VAPCs continuing to function in an unsatisfactory hybrid state.
15. As options are assessed relative to the do nothing, the benefits of this option are zero.

Option 2 – Continue to use current Terms of Reference to set objectives and measure performance of VAPCs

Costs

16. Changing the current Terms of Reference to set further objectives for the VAPCs will require MOD staff time to make the changes and the time required for the VAPCs to understand, implement and deliver on the new objectives. This cost has not been monetised but is assessed to be negligible.

Benefits

17. There are no benefits for the department. VAPCs remain functioning in an unsatisfactory hybrid state, as updating the Terms of Reference would not resolve this issue. This is likely to result in further diminution of their working practices, performance and quality of advice to the Armed Forces Veteran Community due to a lack of consistency across VAPCs and the absence of a statutory role being laid out. It has not been possible to monetise these dis-benefits.

Option 3 (preferred) – Modernise the statutory basis of the VAPCs through legislation

Costs

18. There will be a cost associated with the staff time required to take this legislation through parliament. There will also be a cost to the VAPCs of the volunteers having to spend time understanding and embedding the new statutory guidelines in to practise. These costs have not been monetised but are assessed to be negligible. The legislation will formalise the additional roles that the VAPCs are already conducting as a group of individuals, so it is expected that there will be no change in their day-to-day functions. Therefore, the cost to the VAPCs of understanding the updated legislation should be minimal.

Benefits

19. Moving the VAPC's enabling power over to MOD reflects the fact that the MOD is their sponsoring department. It will also make it easier for the MOD to amend their functions by secondary legislation if required in the future. This should improve their working practices and performance and increase quality of the services they provide.

20. The main benefits will be widening the statutory cohort of the veterans, widening the scope of the VAPCs activities to cover all DBS Armed Forces and Veterans services; and enabling the issue, under statute, of direction on their activities which will increase the quality of advice being given. These benefits are difficult to quantify but their impact should benefit the Armed Forces Veteran Community as a whole.

21. In the 2021 Census 1,853,112 people in England and Wales reported that they had previously served in the UK armed forces (3.8% of usual residents aged 16 years and over)¹. There are no current figures for Scotland or Northern Ireland, though in 2017 it was reported there were over 230,000 veterans residing in Scotland². While more people will be in scope for help, this option will not increase the workload of the VAPCs as they have been undertaking this work for many years just not under statute.

F. Impact on small and micro businesses

22. The private sector is out of scope and therefore there will be no impact on small or micro businesses.

G. Monitoring and Evaluation

23. MOD will monitor the VAPCs through annual reporting and in line with Non Departmental Public Body Guidance produced by Cabinet Office (providing they remain an advisory NDPB).

¹ [UK Armed Forces Veterans, England and Wales Census 2021](#)

² [2017 Scottish Veterans Commissioner Report on Veterans' Health and Wellbeing in Scotland.](#)