



House of Commons
Northern Ireland Affairs
Committee

The Compensation Agency Government Response

Sixth Special Report of Session
2003–04

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The Northern Ireland Affairs Committee

The Northern Ireland Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Northern Ireland Office (but excluding individual cases and advice given by the Crown Solicitor); and other matters within the responsibilities of the Secretary of State for Northern Ireland (but excluding the expenditure, administration and policy of the Office of the Director of Public Prosecutions, Northern Ireland and the drafting of legislation by the Office of the Legislative Counsel).

Current membership

Rt Hon Michael Mates, MP (*Conservative, East Hampshire*) (Chairman, main Committee)
Mr Adrian Bailey, MP (*Labour / Co-operative, West Bromwich West*)
Mr Roy Beggs, MP (*Ulster Unionist Party, East Antrim*)
Mr Tony Clarke, MP (*Labour, Northampton South*) (Chairman, Sub-committee)
Mr Gregory Campbell MP (*Democratic Unionist Party, East Londonderry*) (appointed 4.05.04)
Mr Stephen Hepburn, MP (*Labour, Jarrow*) (appointed 15.03.04)
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The following Members were also members of the Committee during the Inquiry:

Mr Harry Barnes, MP (*Labour, North East Derbyshire*)
Mr Peter Robinson, MP (*Democratic Unionist Party, East Belfast*)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/parliamentary_committees/northern_ireland_affairs.cfm.

Committee staff

The current staff of the Committee are Dr John Patterson (Clerk), Hugh Farren (Attached Clerk), Dr Aileen O'Neill (Committee Specialist), Tony Catinella (Committee Assistant), Camilla Brace (Secretary).

Contacts

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Sixth Special Report

The Committee Published its Fourth Report of Session 2003–04 on 5 May 2004. The response from Rt Hon John Spellar MP, Minister of State for Northern Ireland, was received in the form of a letter dated 1 July 2004 and is published as the Appendix to this report. The attached paper referred to in the Minister's letter is published as the Government Response.

Appendix

Thank you for sight of the Northern Ireland Affairs Committee Report on the Compensation Agency.

I am grateful for the careful and constructive way in which your Committee considered all of the issues relating to the working of the Agency, and have found your conclusions and recommendations to be thoughtful and most helpful.

In the main, I share the Committee's views on the way forward, as outlined in your report's recommendations. For your convenience, I have considered each of these in turn and outlined my response in the attached paper. I am, of course, more than happy to discuss any issues arising from this response.

Finally, I am particularly grateful to the Committee for the time and interest that it devoted to this important service. Please convey my personal thanks to your members and staff for bringing together such a comprehensive and helpful Report.

Government Response

1. We are concerned that, having withdrawn financial support for legal assistance in making a claim for criminal injuries compensation, steps were not taken to ensure that adequate alternative help and support is available for potential applicants. We call on the Minister to undertake an urgent review of the capacity of Victim Support Northern Ireland to provide assistance to all applicants, and to take steps to ensure that applicants are fully aware of the options open to them. (Paragraph 17)

A review of the Victim Support Northern Ireland's Criminal Injuries Compensation Service commenced in May 2004. The Terms of Reference for the review includes consideration of capacity issues such as workloads and staffing.

In 2003-04 the NIO provided substantial funding to Victim Support Northern Ireland (VSNI) to specifically promote their Criminal Injuries Compensation Service. The further promotion of this service will be included in a VSNI PR Strategy for 2004-05, which is funded through the NIO core funding of VSNI. The VSNI Criminal Injuries Compensation Service is also promoted in Compensation Agency literature for the Criminal Injuries Compensation Scheme.

2. We appreciate that there have been some initial problems associated with the introduction of the new Tariff Scheme. However, we recommend that the Agency reviews its targets for processing claims and sets more challenging, while still achievable, targets year on year. (Paragraph 2)

A review is currently underway as required by HMT as a conclusion of the Quinquennial Review. Targets will be reviewed following consideration of that report and the implementation of agreed recommendations.

3. We commend the success of the Agency staff in reducing the outstanding claims under the 1988 Order, and we urge them to continue their efforts to deal with the remaining cases as quickly as possible. (Paragraph 24)

The Agency is working through a strategy to resolve the 1988 Order cases as quickly as possible. Currently the number of unresolved pre-appeal cases is around 4320; having reduced from last December's figure of around 6500 cases, with appeals currently standing at around 3390.

4. We recommend that the Minister undertake a review of the current policy in relation to recovery of compensation, which restricts the use of recovery powers to cases where offenders themselves subsequently become entitled to compensation. (Paragraph 27)

A judicial review is currently underway which will impact on this matter. When the outcome of that is known the Agency and Department will take this issue forward.

5. We are very concerned that flaws in the law governing compensation have resulted in some child sexual abuse victims being unintentionally debarred from claiming compensation. We urge the Minister to take steps as a matter of urgency to remove this barrier. (Paragraph 30)

Government recognises the concerns expressed by the Committee. The Department will again examine the legislation to ascertain how these concerns may best be addressed.

6. We welcome the commitment by the Minister to give detailed consideration to the recommendations in the Greer Report on scar viewing, in consultation with the legal profession. (Paragraph 33)

A number of recommendations have been acted upon and the Agency is working closely with the legal profession to implement the remainder.

7. We were reassured both by the Agency and by the Minister that the Agency has the capacity and the expertise to cope with a major incident, through having a major incident team in place, and continued contingency plans to draft in additional staff from other agencies if necessary. (Paragraph 36)

The Government remains content that a process is in place to ensure the Agency can cope with a major incident..

8. We recognise the difficulties and uncertainties facing the insurance industry at the present time. However, in view of the improving security situation in Northern Ireland, we welcome the assurance from the Minister that, as part of the planned review of the

Criminal Damage Compensation Scheme, the issue of providing cover for terrorist related incidents will again be explored with the insurance industry. (Paragraph 38)

This matter is being pursued as part of the on-going review into the Criminal Damage Scheme.

9. It seems clear to us that blatant exploitation and abuse of the Terrorism Act compensation schemes occurred on a large scale, particularly over the two-year period following the introduction of the Terrorism Act 2000. The Minister described this as a “tendency towards something between fraud and opportunism”. That the abuse should have continued unchecked for a considerable period is a very great cause for concern, but we are pleased to note that it was eventually confronted head on and we congratulate the Compensation Agency on tackling the issue in a vigorous and effective manner. The introduction of a new robust claims procedure, and closer liaison with the Army aided by an improving security situation on the ground, has had a dramatic effect. (Paragraph 43)

Government notes the committee’s concerns and is encouraged by its recognition that robust steps have been taken to address, head on, possible abuse.

10. We wanted to know the total actual loss to public funds over this period but the Minister, while acknowledging that “it must be quite considerable”, was unable to provide an estimate. Based on the estimated saving in the current year as a result of the introduction of the revised procedures, we calculate that the overall loss was probably in excess of £5 million over the two year period. (Paragraph 44)

The Government accepts that a significant proportion of the current savings may have arisen from reducing the loss to public funds through fraudulent claims. However, other factors, such as changing operational requirements for security services’ patrolling, increased Army sensitivity to the importance of minimising accidental damage and improved administrative practices will also have contributed to overall savings. It is not possible to quantify the impact of these factors and, consequently, the precise loss to public funds over the period cannot be estimated.

11. The priority must remain to pay compensation to those entitled to it but we recognise that schemes of this kind can and will continue to be susceptible to fraud and abuse. We urge the Minister to continue to review these schemes to ensure that funding goes to those who deserve it and that any irregularities are detected and dealt with at an early stage. (Paragraph 45)

All schemes are currently under review. In addition the Northern Ireland Audit Office examines the processes. The Agency and the Department will continue to review the robustness of processes which permit the identification of any anomalous trend.

12. On reviewing the Agency’s budget we were concerned to find that the allocation for the current year was more than double the forecast outturn across a range of headings leaving the Agency with a potential surplus of just over £40 million. (Paragraph 46)

See text at Recommendation 13.

13. We have been assured that the Department had been alerted to the underspend and that this money is being used to meet funding pressures elsewhere. However, we believe that with more accurate forecasting by the Agency this additional money could have been available for allocation at the outset of the year to other vital priority programmes in Northern Ireland. We urge the Minister to take steps to ensure much more realistic forecasting in future. (Paragraph 48)

As part of its contribution to the Spending Round 2004 (and with the benefit of data obtained from the first two years of operation of the Tariff scheme), the Agency's forecast of its Resource expenditure for 2004-2005 is £24.9m. This forecast has been reflected by the Department in the Main Estimates.

14. In the past the Agency has identified 'achieving an improvement in its level of user satisfaction' as one of its key performance targets but dropped the target in 2003 - 04. We would urge the Agency to restore that target accompanied, if necessary, by a more robust methodology for distinguishing between 'genuine' dissatisfaction and irritation at refusal of a claim. (Paragraph 51)

The Agency accepts this recommendation and intends to restore this target in 2005/06, when the next Applicant Satisfaction Survey is scheduled to take place.