



Veterans Affairs  
Canada

Anciens Combattants  
Canada

# EVALUATION OF THE VAC-SERVICE CANADA PARTNERSHIP

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Audit and Evaluation Division

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## Executive Summary

In 2012, Veterans Affairs Canada (VAC) and Service Canada entered into a Partnership whereby Service Canada would use their web, in-person and telephone services to provide general information on VAC's benefits and services to individuals who visit Service Canada's website, visit a Service Canada Centre or call VAC's toll-free line. In addition, Service Canada would accept and review applications for the Disability Benefits Program and the Veterans Independence Program (VIP). The intention of the Partnership was that Veterans would have broader access to VAC's services on the web, in-person and on the phone. By having Service Canada answer general inquiries on VAC's behalf, it was expected that VAC would be able to re-focus their resources on more complex cases. The Partnership was also intended to increase points of access for VAC Services, particularly for residents in rural and remote areas. In addition, Service Canada would use their expertise and experience with all Government of Canada programs and bundle VAC's information with a broader array of related Government of Canada programs and services.

In February 2014 the Partnership was expanded to include employee hosting services, whereby Service Canada would provide office and meeting space for a VAC representative to be co-located in the Service Canada Centre closest to each of the VAC area offices that were closing.

As part of the approval of the Partnership, an evaluation was required which would assess whether applicable service standards for Veterans had improved, whether resources were effectively refocused on improving case management and if efficiencies had materialized that could provide longer term operational savings without reducing the level of service to Veterans. The evaluation would also determine if there was compliance with the documented agreement between VAC and Service Canada, and identify any areas for improvement.

While visiting 18 Service Canada Centres and 6 VAC area offices between June and November 2014, the evaluation team assessed practices and processes in place relating to the Partnership. The evaluators also observed 62 calls to Service Canada's Canada Enquiry Centre (CEC) and 118 calls to VAC's National Contact Centre Network (NCCN). Eighty-five interviews were conducted with VAC and Service Canada staff, representatives from the Office of the Veterans Ombudsman and subject matter experts in the field of telephone services. In addition, a review of documentation and analysis of performance and demographic data was completed.

There were limitations to the evaluation. The evaluators were not able to quantify the number of VAC resources reallocated to complex cases and were also not able to obtain the opinions from individuals who used the services under the Partnership.

There are a number of key requirements outlined in the Partnership agreement surrounding the governance structure, data requirements and committee requirements. The evaluation determined that there was compliance with these key requirements. One area for improvement identified was in regards to VAC's communication to Service Canada concerning changes to VAC's processes, benefits or services.

During the planning phase of the Partnership, VAC was receiving one million calls per year and was struggling to meet the demand. Having a third party handle a percentage of calls was a welcomed solution. VAC had determined that 10% of calls to the toll-free line were general inquiries which could be handled by Service Canada; thus allowing VAC resources to devote more time to complex cases. Since the planning phase of the Partnership, VAC has invested in its telephone system with the result that more callers have their inquiry answered the first time they call. As a result, VAC has experienced significant improvements in decreasing the number of calls abandoned (callers who hang up) from 176,000 in 2010-11 to 24,904 in 2013-14. VAC's response rate has improved from 61% in 2010-11 to 96% in 2013-14.

The intended Partnership goal of a 10% reduction in calls to VAC's NCCN was not realized because the volume of general inquiries, as defined in the agreement (Tier 1 calls), has not materialized. In 2012-13 and 2013-14, 63% of calls to the CEC were transferred to VAC's NCCN, leading to an approximate reduction of 3.5% in calls to VAC's NCCN (versus the anticipated 10% reduction). In addition, there are unintended impacts of the current telephone strategy. The evaluation team observed 62 calls to the CEC and identified the following unintended impacts that occurred as a result of applying the Tier 1 methods to calls that are not general inquiries:

- Callers were being screened for eligibility, sometimes improperly;
- Cues to transfer to VAC's NCCN for additional action were missed; and,
- Cues that additional VAC-related benefits and services that could be available to the caller were missed.

Since 63% of calls are returned to VAC's NCCN, callers often have to speak to multiple agents in order to have their inquiry answered. The caller experience, the unintended impacts identified above, and the efficiencies gained through internal investments indicate that an alternative arrangement should be considered.

The evaluation team analyzed how many VAC NCCN agents would be required to answer the same number of calls currently answered by the CEC and found that it would require three additional agents. In addition to answering the caller's inquiry, NCCN agents are also able to perform the supplementary tasks required to complete the calls. For example the NCCN agents also refer follow-up activities to appropriate VAC staff, create new recipient files in the system, update recipient files and provide recipients with information relevant to their specific case. The salary cost of three additional NCCN agents would be approximately \$200,000 (including 20% for employee benefits). It is expected that the costs for space allocation, office furniture and information technology requirements would be minimal or could be absorbed within VAC's existing infrastructure. In 2013-14, VAC spent \$454,180 in variable costs for the telephone services portion of the Partnership.

The ability for individuals to access in-person services at Service Canada's 581 points of service has provided VAC with the opportunity to reach a larger audience. That being said, the uptake of individuals accessing these services has fallen short of expectations.

Over the past three years, the number of individuals accessing in-person services has amounted to approximately 15% of anticipated volumes. The cost of ensuring that systems and infrastructure are in place to provide service, combined with the lower than expected uptake, has resulted in a higher than anticipated unit cost. Had the forecasted volumes been realized, the unit cost would have been approximately \$21 compared to the current unit cost of approximately \$93.

While the Partnership has provided increased access points, the lower than anticipated uptake has meant that the Partnership's ability to improve overall service standards was not possible, as the number of applications received by Service Canada accounts for less than 1% of all Disability Benefits applications received by VAC. VAC should review the in-person services to determine if there are opportunities to lower unit costs or improve the uptake of in-person services.

Performance data is important in order to determine if the Partnership is achieving its goals. VAC receives data and reports on the volumes of applications received and information provided by Service Canada. Further information would aid in determining if the Partnership has achieved its goal of bundling information with a broader array of Government of Canada programs and if individuals are satisfied with the services they receive. VAC should review the performance data to ensure the information required to manage the Partnership is being reported.

Information on VAC's benefits and services is available on Service Canada's website, with links to VAC's website for more detailed information. The evaluation team reviewed both websites and identified some outdated and/or inconsistent information presented on both sites. This suggests a need for better communication when changes to the websites occur. VAC's website does not clearly describe Service Canada's role in the Partnership. A visitor to the website could be given the impression that Service Canada is able to provide services beyond the scope of the Partnership. For example, the VAC website implies that individuals can submit an application for additional VAC programs, not just Disability Benefits Program and Veterans Independence Program. VAC should review the information on both websites to ensure the information is accurate and complete and that Service Canada's role is clearly defined.

While employee hosting services have not been implemented for long, early indications show this is a beneficial arrangement. The arrangement has provided VAC the opportunity to increase face-to-face access for individuals requesting more detailed information and collaborate with front-line Service Canada staff. At the same time, the arrangement maximizes resource utilization as VAC staff complete their regular work activities while also being available to assist individuals in-person with non-general inquiries.

Based on the findings, the evaluation team made the following recommendations:

**Recommendation 1:**

**It is recommended that the Assistant Deputy Minister, Service Delivery, refocus the telephone services portion of the Partnership on special projects or initiatives that do not require VAC program expertise, such as calls related to commemorative activities and discontinue the Service Level Agreement for general inquiries.**

**Recommendation 2:**

**It is recommended that the Assistant Deputy Minister, Service Delivery, review and, if required, change the activities provided for in-person services.**

**Recommendation 3:**

**It is recommended that the Director General, Service Delivery, review the data collected by Service Canada, on VAC's behalf, to ensure relevant and accurate information is available to measure the success of the Partnership.**

**Recommendation 4:**

**It is recommended that the Director General, Service Delivery, review the Veterans Affairs Canada website to ensure the services available through Service Canada are clearly stated, and review the current VAC-related content on Service Canada's website for accuracy.**

## 1.0 Introduction

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In June 2011, Treasury Board authorized Veterans Affairs Canada (VAC) to proceed with its Transformation Agenda. The Transformation vision was to revitalize and streamline the delivery of services VAC offered to Veterans and their families. The changes were focussed on providing services faster and in more convenient and modern ways. One of the Transformation initiatives was a partnership with Service Canada.

Service Canada<sup>1</sup> helps Canadians “access its programs—as well as other Government of Canada programs and services .... In addition to in-person services, the organization serves the needs of Canadians online at Service Canada and by telephone through 1 800 O-Canada and its network of program-based call centres.”<sup>2</sup>

A Memorandum of Understanding (MOU) for a new service delivery partnership between VAC and Service Canada was signed in July 2012. As part of the approval of the VAC-Service Canada Partnership (hereinafter referred to as “the Partnership”), an evaluation was required three years post-implementation.

VAC intended to accomplish the following goals through the Partnership<sup>3</sup>:

- Reach a larger audience of Veterans and their families across Canada through increased points of services, in particular in rural and remote areas;
- Provide Veterans and their families with broader access to service on the internet, telephone and in-person;
- Improve service to Veterans and their families by having Service Canada deliver information and provide assistance to Veterans about VAC benefits and services, bundled<sup>4</sup> with a broader array of related Government of Canada programs and services; and,
- Enhance VAC’s delivery of core services including case management and claims adjudication by allowing VAC agents to focus on dealing with more complex cases.

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<sup>1</sup> Service Canada is one of the organizations under the Employment and Social Development Canada portfolio. It delivers a range of programs and services that affect Canadians throughout their lives. The other portfolio organizations include: the Department of Employment and Social Development, the Labour Program, the Canada Housing and Mortgage Corporation and the Status of Women Canada.

<sup>2</sup> Human Resources and Skills Development Canada 2013–14 Report on Plans and Priorities, p. 2. (Note: Human Resources and Skills Development Canada was officially renamed Employment and Social Development Canada effective December 12, 2013).

<sup>3</sup> Partnership Planning Documents.

<sup>4</sup> Service bundling consists of identifying additional Government of Canada programs or services related to the need or inquiry of the individual.

In order to achieve these goals, VAC, through the Partnership, would utilize Service Canada's telephone, in-person and web service delivery network. The Partnership was implemented in multiple phases. A description of the service channels and implementation dates are provided in Table 1 below.

**Table 1- Implementation Dates and Descriptions of Partnership Service Channels**

Implementation Date	Service Channel	Description <sup>5</sup>
<b>January 2012</b>	Telephone Services	Provision of bilingual general enquiries services on behalf of VAC through VAC's toll-free line.
<b>July 2012</b>	In-Person Services	Provision of general information and receiving agent services for the Disability Benefits Program <sup>6</sup> and the Veterans Independence Program <sup>7</sup> at Service Canada in-person points of service.
<b>July 2012</b>	Web Services	Provision of general information on Service Canada's website, including hyperlinks to VAC's website.
<b>February 2014</b>	Employee Hosting Services <sup>8</sup>	Provision of office space, meeting space and reception services for VAC employees in eight Service Canada locations.

## 1.1 Service Channel Processes

Specific processes are in place related to each of the service channels. This section of the report provides a high level description of these processes in place at the time of the evaluation.

### Telephone Services Process

When an individual calls VAC's toll-free line, two options are presented:

*Option 1:* Press 1 if the caller, or the person on whose behalf they are calling, is a Veteran and is in receipt of VAC benefits or services; or

*Option 2:* Press 2 if the caller is calling regarding a general inquiry.

<sup>5</sup> Partnership Planning Documents

<sup>6</sup> Disability Benefits Program: provides financial payments to individuals who have a service-related disability.

<sup>7</sup> Veterans Independence Program: provides financial assistance to help individuals remain independent and self-sufficient in their home and community.

<sup>8</sup> Subsequent to the signing of the original MOU, Service Canada agreed to provide employee hosting services.

*Option 1* is directed to VAC's National Contact Centre Network (NCCN)<sup>9</sup>. Callers who choose *Option 2* have their call routed to Service Canada's program-based call centre known as the Canada Enquiry Centre (CEC). Calls are then seamlessly directed to one of seven agents dedicated to answer general inquiries on VAC's benefits and services between the hours of 8:30 and 16:30 local time. These agents have received training on responding to calls of a general nature (not case specific), and using the reference tools to assist in answering VAC-related calls.

### **In-Person Services Process**

When an individual visits one of Service Canada's points of service with a VAC-related inquiry, they can:

- Submit an application for VAC's Disability Benefits Program and/or Veterans Independence Program to a Service Canada employee who will receive, review and assist with the completion of the application form and any accompanying documentation. The application and supporting documentation are then securely forwarded to VAC for processing;
- Ask a question of a Service Canada employee who will provide general information on VAC's benefits and services;
- Receive information on other government programs; and/or,
- Access VAC's website and online services (e.g., My VAC Account) using self-serve computer stations.

### **Web Services Process**

When an individual visits the Service Canada website, they can view high-level descriptions of VAC's benefits and services under a section created for the Veteran audience. Service Canada reformats the information provided by VAC and provides the information to VAC for approval. Service Canada then publishes the information, including hyperlinks to bring the individual to the VAC website for more detailed information.

### **Employee Hosting Services Process**

When an individual visits one of the eight Service Canada locations hosting a VAC representative (Corner Brook, Sydney, Charlottetown, Thunder Bay, Windsor, Brandon, Saskatoon and Kelowna) they will be greeted by Service Canada staff. Service Canada staff will ask a series of questions to determine the nature of the inquiry and refer the individual to the VAC on-site representative, if required.

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<sup>9</sup>

The NCCN is VAC's national network of call centres, which accepts calls to VAC's toll-free phone number.

## 1.2 Partnership Forecasts

The following table provides the details on forecasted volumes for telephone and in-person services, as well as the associated costs of the Partnership. These forecasts were prepared and approved by both departments at the outset of the partnership, and prior to the addition of the employee hosting services.

**Table 2 – Forecasted Partnership Volumes and Costs**

	2012-13	2013-14	2014-15
<b>Volumes</b>			
<b>Telephone Calls</b>	100,000	110,000	115,500
<b>In-Person Services</b>	18,000	26,000	26,000
<b>Costs</b>			
<b>Start-Up Costs<sup>10</sup></b>	\$ 808,573		
<b>Variable Costs<sup>11</sup></b>	\$ 888,776	\$ 948,400	\$ 952,264
<b>Fixed Costs<sup>12</sup></b>	\$ 527,236	\$ 355,855	\$ 360,470
<b>TOTAL COSTS</b>	<b>\$ 2,224,585</b>	<b>\$ 1,304,255</b>	<b>\$ 1,312,734</b>

Source: Partnership planning documents

<sup>10</sup> Includes costs associated with the implementation of the Partnership, such as developing and delivering employee training.

<sup>11</sup> Includes costs driven by volume, which are incurred when Service Canada employees perform activities such as provide information on VAC programs and services through its in-person offices; review applications for completeness, verify identity of applicant, and collect any supporting documents required by the application process; and provide information on VAC programs and services through the CEC.

<sup>12</sup> Includes ongoing costs associated with the day-to-day management of a service offering across all services channels as well as performance monitoring and measurement.

## 2.0 Scope and Methodology

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The evaluation is not of a specific program, but rather of a partnership and its associated MOU and Annexes. The objective of the process evaluation was to assess the ongoing operations of the Partnership since it was implemented, with the aim to identify areas where the Partnership could be improved. The evaluation objectives also included the following, in relation to the Partnership, to determine:

- Whether applicable service standards for Veterans have improved;
- Whether VAC effectively refocused its resources on improving case management; and,
- Whether efficiencies have materialized that could provide longer term operational savings [for government] without reducing the level of service.

The evaluation of the Partnership covered the MOU, including the Service Level Agreements (SLA)<sup>13</sup>, which were in place from January 2012 to March 31, 2014. Site visits to VAC area offices and Service Canada centres occurred between June and November 2014, during which time the evaluation team assessed processes and practices in place. Statistical data and documents from fiscal years 2009-10 through 2013-14 were analyzed.

### 2.1 Multiple Lines of Evidence

The lines of evidence used to evaluate the Partnership's relevance and performance are outlined in Table 3 below.

**Table 3 - List of Methodologies**

Methodology	Source
Interviews	A total of 85 in-person and telephone interviews were conducted among the following: <ul style="list-style-type: none"><li>• VAC and Service Canada staff</li><li>• Office of the Veterans Ombudsman staff</li><li>• Subject matter experts in the field of telephone services</li></ul>

<sup>13</sup>

A service level agreement (SLA) is a contract between a service provider (either internal or external) and a company/department. The SLA outlines the expectations for both parties.

Methodology	Source
Direct Observation	<p>Systems, processes, and practices in place were observed at:</p> <ul style="list-style-type: none"> <li>• 18 Service Canada Centres (operated by Service Canada)</li> <li>• 6 VAC Area Offices and Management Centres (operated by VAC)</li> <li>• the Canada Enquiry Centre (operated by Service Canada)</li> <li>• 2 National Contact Centre Network sites (operated by VAC)</li> </ul> <p>In addition, 62 VAC-related calls were observed at the Canada Enquiry Centre and 118 calls were observed at one of VAC's National Contact Centre Networks. Sequential sampling methods<sup>14</sup> were applied.</p>
Documentation Review	<p>The following documents were reviewed to understand the Partnership, its authority and requirements: Memorandum to Cabinet, Treasury Board Submission, MOU and Annexes, and strategy documents.</p> <p>A review of the following documentation was also conducted to assess success of the Partnership: VAC and Service Canada business processes and procedures, records of decisions, performance and progress reports, and pre-existing public opinion research.</p>
Statistical Analysis	<p>Financial, demographic, and operational data collected by VAC and Service Canada for fiscal years 2009-10 to 2013-14 was analyzed.</p>

## 2.2 Limitations and Analytical Challenges

The following limitations were identified during the evaluation:

- › Information on how many resources were refocused to more complex cases or case management, as a result of the Partnership, was not available nor was it possible to compile this information as a number of initiatives which would affect resource allocation were occurring simultaneously at VAC.
- › The evaluation team did not speak directly with individuals using services under the Partnership. The evaluation team attempted to mitigate this limitation, by performing the following activities:
  - Reviewed public opinion research (e.g., VAC's 2010 National Client Survey).
  - Conducted interviews with representatives from Service Canada who deal directly with Veterans and their families and who could act as a proxy. Due to the low volume of Veteran visits, Service Canada staff was often unable to provide tangible feedback to the evaluation team on Veterans' needs or views.

<sup>14</sup>

Sequential sampling is a non-probability sampling method wherein the researcher picks a single or a group of records in a given time interval, analyzes against criteria and then determines if more records are needed. In this way, the test continues until the researcher is confident in the results.

- Assessed incoming calls to both the Canada Enquiry Centre and the National Contact Centre Network (NCCN).

These limitations should be considered when reading the evaluation findings. It is the evaluation team's opinion that these limitations impacted the evaluation team's ability to determine if Veterans were satisfied with the increased services offered through the Partnership and to calculate how many resources were refocused as a result of the Partnership.

## 3.0 Evaluation Findings

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In this section of the report, the evaluation findings are presented in regards to compliance with the MOU and management of the Partnership, and then by service channel: telephone services, in-person services, web services and employee hosting services.

### 3.1 Compliance and Management of the Partnership

*There is compliance with the key requirements outlined in the MOU.*

The Partnership has evolved since its inception. Service Canada has been a responsive and adaptive partner as evidenced by their ability to adjust and implement changes requested by VAC (e.g., Employee Hosting). The evaluation team assessed the Partnership against the key compliance criteria in the MOU and determined that there is compliance with the requirements. For example, a governance structure is in place, meetings occurred regularly to discuss operational and strategic issues, data was collected by Service Canada and shared with VAC, and a Privacy Impact Assessment was completed.

There is an opportunity to improve the communication between VAC and Service Canada when changes to VAC benefits or services are being made. While Service Canada has been responsive to VAC's requests, the evaluation team noted two instances where the response time provided to Service Canada, while in compliance with the MOU, was minimal. Due to the size and complexity of Service Canada, VAC should ensure changes are communicated well in advance of a planned change, when possible.

### 3.2 Telephone Services

*Having general inquiries answered by a third party does not optimize VAC's telephone strategy.*

The intent of the telephone services portion of the Partnership was for Service Canada to answer VAC's general telephone inquiries, resulting in a 10% reduction in call volumes to VAC staff which would free up VAC resources to address more complex Veteran issues<sup>15</sup>. It was estimated that 10% of calls to VAC's NCCN line were general inquiries, which would not require CEC agents to have access to VAC's systems or have detailed knowledge of VAC program entitlement/eligibility. Table 4 provides details on what types of inquiries were to be answered by the CEC and which types would be answered by VAC.

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<sup>15</sup> Partnership planning documents.

**Table 4 – Telephone Service Description by Tier<sup>16</sup>**

Service Canada	Veterans Affairs Canada	
Tier 1	Tier 2	Tier 3
<ul style="list-style-type: none"> <li>• Needs assessment</li> <li>• General information about Government of Canada programs</li> <li>• Teletypewriter services (for the deaf and speech impaired)</li> <li>• Pathfinding<sup>17</sup></li> <li>• Referrals</li> <li>• Promotion of self-serve tools</li> <li>• Mail-out of information packages/brochures<sup>18</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Entitlement/eligibility determination</li> <li>• Authentication of applicants (for purposes of payment accuracy)</li> <li>• Payment issuance</li> <li>• Specialized call centres</li> <li>• Call backs</li> <li>• Account maintenance (change of address, direct deposit)</li> <li>• Provide explanations to callers</li> <li>• Escalate issues to Tier 3</li> </ul>	<ul style="list-style-type: none"> <li>• Policy interpretation</li> <li>• Liaison with policy departments</li> <li>• Appeals</li> <li>• Decision on complex cases</li> </ul>

### ***Telephone Inquiry Volumes***

While approximately 10% of annual calls (59,082 of 657,935 calls in 2013-14) to VAC's toll-free line are routed to the CEC as planned, the expected reduction in call volumes (10% annually) to VAC staff has not occurred. Because the majority (63%) of calls are redirected to VAC from the CEC, the actual reduction in call volumes to VAC staff was 3.5% in 2012-13 and 3.4% in 2013-14 (see Table 5).

**Table 5 - Calls Accepted by the CEC**

	2012-13	2013-14
Calls Accepted by the CEC	65,414	59,082
Calls Redirected to VAC	41,126	37,255
Percentage of Calls Redirected to VAC	63%	63%
Percentage of Calls to VAC's Toll-Free Line Answered by the CEC (number of calls that are not redirected to VAC by the CEC as a percentage of the total number of all calls accepted by VAC's toll-free line)	3.5%	3.4%

Source: VAC Telephone Performance Update.

<sup>16</sup> VAC Project Initiation Document, July 2010.

<sup>17</sup> Pathfinding is the practice of proactively offering clients information on additional programs or services that are related to their needs but of which they may not have been aware.

<sup>18</sup> This piece of the Partnership was not implemented as VAC has moved to online/self-serve access to information.

## ***Types of Calls Directed to the CEC***

While observing calls to the CEC, the evaluation team identified that calls to the CEC were case specific or required a level of program expertise that exceeded the agreed upon scope of Service Canada's role. The majority of calls required a detailed understanding of VAC's eligibility criteria for the various benefits or services offered through VAC, or access to VAC systems to retrieve or update specific information. As shown in Table 6, the majority of calls observed by the evaluation team were Tier 2. In other words, the majority of calls observed were not general inquiries as defined in the Partnership planning documents.

**Table 6 - Calls Observed at the CEC by Tier**

<b>Tier</b>	<b>Number of Calls</b>	<b>Percentage of Calls</b>
Tier 1 calls	14	23%
Tier 2 calls	44	71%
Tier 3 calls	4	6%
<b>TOTAL</b>	<b>62</b>	<b>100%</b>

Source: Direct observation by evaluation team

While observing VAC calls to the CEC, the evaluation team identified some unintended impacts of VAC's current telephone strategy (i.e., Tier 1 calls routed to a different call centre). Applying Tier 1 tools and methodologies to Tier 2 calls can lead to inaccurate or incomplete information being provided to callers and referrals to VAC can be missed. The evaluation team observed these unintended impacts in 10 of 62 calls. Some of the errors noted included one or more of the following:

- Screened eligibility for VAC benefits and services, sometimes improperly;
- Missed cues that call should have gone to VAC NCCN for additional action; and,
- Missed cues that additional VAC-related benefits and services could have been available to the caller.

Service Canada conducts regular monitoring of the CEC calls (approximately 300 calls per year) which ensures that the performance measures outlined in the SLA are being met. The SLA does not stipulate a requirement for more-in-depth monitoring that would have been needed to detect the unintended issues identified above. The standard call centre performance measures have been met and reports have been produced but they did not identify the concerns listed above.

## ***Caller Experience***

The SLA requires the CEC to ask callers for basic demographic information. The evaluation team observed 62 calls. Frustration and/or confusion was expressed by 15% of callers when answering these questions. This demographic information is reported on, but the utility of this information is not evident and therefore the collection of it should be reviewed.

As the majority (63%) of calls accepted by the CEC are redirected to VAC, these callers speak to multiple agents to resolve their inquiry and repeat the details of their situation. Callers who choose *Option 1* (i.e., VAC NCCN) when calling the VAC toll-free line are on the phone with an agent for an average<sup>19</sup> of five minutes<sup>20</sup>. Callers who choose *Option 2* (i.e., CEC) are on the phone with a CEC agent for an average of four minutes<sup>21</sup> and when transferred, are then on the phone with an NCCN agent for an average of six additional minutes<sup>22</sup>.

### ***Investments in VAC's Telephone System***

During the planning phase of the Partnership (2010-11), VAC was struggling to meet telephone performance measures and having Tier 1 calls addressed elsewhere was a welcomed solution to improve service to Veterans who used its telephone services. Since that time, VAC made changes and invested in its internal telephone system. In 2010, VAC invested in a telephone system which enabled better call distribution among its call centres to improve the caller experience. In September 2011, VAC implemented a more sophisticated workforce management tool. This has enabled VAC to better forecast call volumes and plan staff schedules accordingly, thereby improving VAC's telephone service (see Figure 1).

Since the implementation of these investments, VAC's annual call volume decreased by roughly 10% a year, as can be seen in Table 7.

**Figure 1 – VAC NCCN Service Level Improvements 2010-11**



Source: Veterans Affairs Canada

<sup>19</sup> This average includes the time the caller is waiting in the queue and the call talk time.

<sup>20</sup> 2013-14 VAC Queue Contact Agent Time Report.

<sup>21</sup> Service Canada, Canada Enquiry Centre.

<sup>22</sup> 2013-14 VAC Queue Contact Agent Time Report.

Due to the investments described above, more callers have their inquiry answered the first time they call. As illustrated in Table 7, the number of unsuccessful calls (calls abandoned) to VAC's toll-free line has been significantly reduced (from 19% of calls offered in 2010-11 to 4% in 2013-14). The telephone system investments have also allowed VAC to improve its response rate by 15% between 2010-11 and 2013-14. The standard of answering calls within two minutes (i.e., the grade of service) also improved 23% during this same period. These internal investments have improved VAC's capacity to handle telephone inquiries and there is an opportunity for VAC to further capitalize on these internal investments.

**Table 7 - VAC Telephone Volumes and Performance Measures**

	2010-11	2011-12	2012-13	2013-14
<b>All Calls Offered to VAC's Toll-Free Phone Number<sup>23</sup></b>	914,862	804,545	730,838	657,935
<b>Number of Calls Abandoned<sup>24</sup></b>	176,621	81,602	40,132	24,904
<b>VAC's NCCN Response Rate<sup>25</sup></b>	81%	90%	95%	96%
<b>VAC's NCCN Grade of Service</b>	61%	79%	81%	84%

Source: Veterans Affairs Canada Facts and Figures Book.

### **Telephone Costing and Alternatives**

The Partnership's intended goal of a 10% reduction in calls to VAC staff has not been realized. The majority (63%) of calls are transferred to VAC as they are not Tier 1 inquiries. The efficiencies VAC has gained through the implementation of a new telephone system and workforce management tool have resulted in improved caller access to VAC NCCN agents, enhanced service standard performance, and maximized VAC NCCN resource utilization. These investments, coupled with the unintended impacts of VAC's current telephone strategy of directing Tier 1 calls to a third party, indicate that an alternative to the current arrangement should be considered.

VAC NCCN agents have access to VAC systems and have an in-depth understanding of VAC benefits and services. They can complete supplementary tasks required to handle calls, such as referring activities to appropriate VAC staff, creating new recipient files in the system, updating recipient files and providing recipients with information relevant to their specific case. On average, VAC NCCN agents answer approximately 40 calls per day in addition to completing the supplementary tasks. The evaluation team analysed how many VAC NCCN agents would be required to answer the same number of calls currently answered by the CEC. If VAC NCCN agents were to answer the calls that currently go to the CEC, an additional three VAC NCCN agents would be required, for a total annual salary of approximately \$200,000 (including 20% for employee benefits). It is expected that the costs to VAC for space allocation, office furniture and IT

<sup>23</sup> The total number of calls to VAC's toll-free line (including calls abandoned).

<sup>24</sup> The calls abandoned are calls that are terminated by the caller before they reach an agent.

<sup>25</sup> The response rate is the percent of calls offered to VAC's toll-free line that reach an agent.

requirements would be minimal or could be absorbed within VAC's existing infrastructure. In 2013-14, VAC paid approximately \$454,180 in variable costs to Service Canada for calls answered.

Prior to the Partnership, the CEC answered calls on a periodic basis for VAC. For example, calls related to Veterans Week, Year of the Veteran, or other commemorative activities. There are opportunities for VAC to continue to partner with the CEC for these specific projects as required.

### **Recommendation 1:**

**It is recommended that the Assistant Deputy Minister, Service Delivery, refocus the telephone services portion of the Partnership on special projects or initiatives that do not require VAC Program expertise, such as calls related to commemorative activities and discontinue the Service Level Agreement for general inquiries.**

### **Management Response:**

Management agrees with this recommendation. Service Delivery will discontinue the Service Level Agreement (SLA) for the Canada Enquiries Centre (CEC) for general enquiries. However, VAC will continue to partner with the CEC in Service Canada, on special projects or initiatives, using telephony services that require neither access to VAC's systems nor a detailed knowledge of VAC's programs and services.

### **Management Action Plan:**

Corrective Action to be Taken	Office of Primary Interest (OPI)	Action Completion Date
VAC will:		
1.1. Discontinue the SLA for the CEC; and,	VAC Service Delivery and Program Management	Completed
1.2 Consult with leads in Service Delivery to identify any other types of telephony services where VAC can continue to partner with the CEC in Service Canada for telephony services. These would be on special projects or initiatives with a limited scope, for example, taking orders for commemorative items.		Completed

### 3.3 In-Person Services

*The Partnership has been successful in increasing access to in-person services, but the uptake is lower than expected.*

The primary intent of in-person services was to expand VAC's reach across the country, particularly in rural and remote areas<sup>26</sup>. Specifically, at its points of service, Service Canada provides general information on VAC benefits and services; reviews and accepts applications for the Disability Benefits Program and the Veterans Independence Program<sup>27</sup>; and bundles VAC information with other related government programs. It was also expected that these activities would aid VAC in meeting its service standards for the Disability Benefits Program because Service Canada would ensure a more complete application was submitted to VAC.

#### ***Increased Access Points***

Service Canada's infrastructure has provided VAC with the opportunity to reach a larger audience through Service Canada's 581 points of service<sup>28</sup> located nationwide. In 2013-14, 96% of Canadians had access to a Service Canada point of service within 50 kilometres of where they live<sup>29</sup>. Prior to the Partnership, VAC had 65 points of service<sup>30</sup> located across the country, in urban areas. Figure 2 depicts all available points of service for VAC-related inquiries including Service Canada at October 31, 2014.

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<sup>26</sup> Partnership Planning Documents.

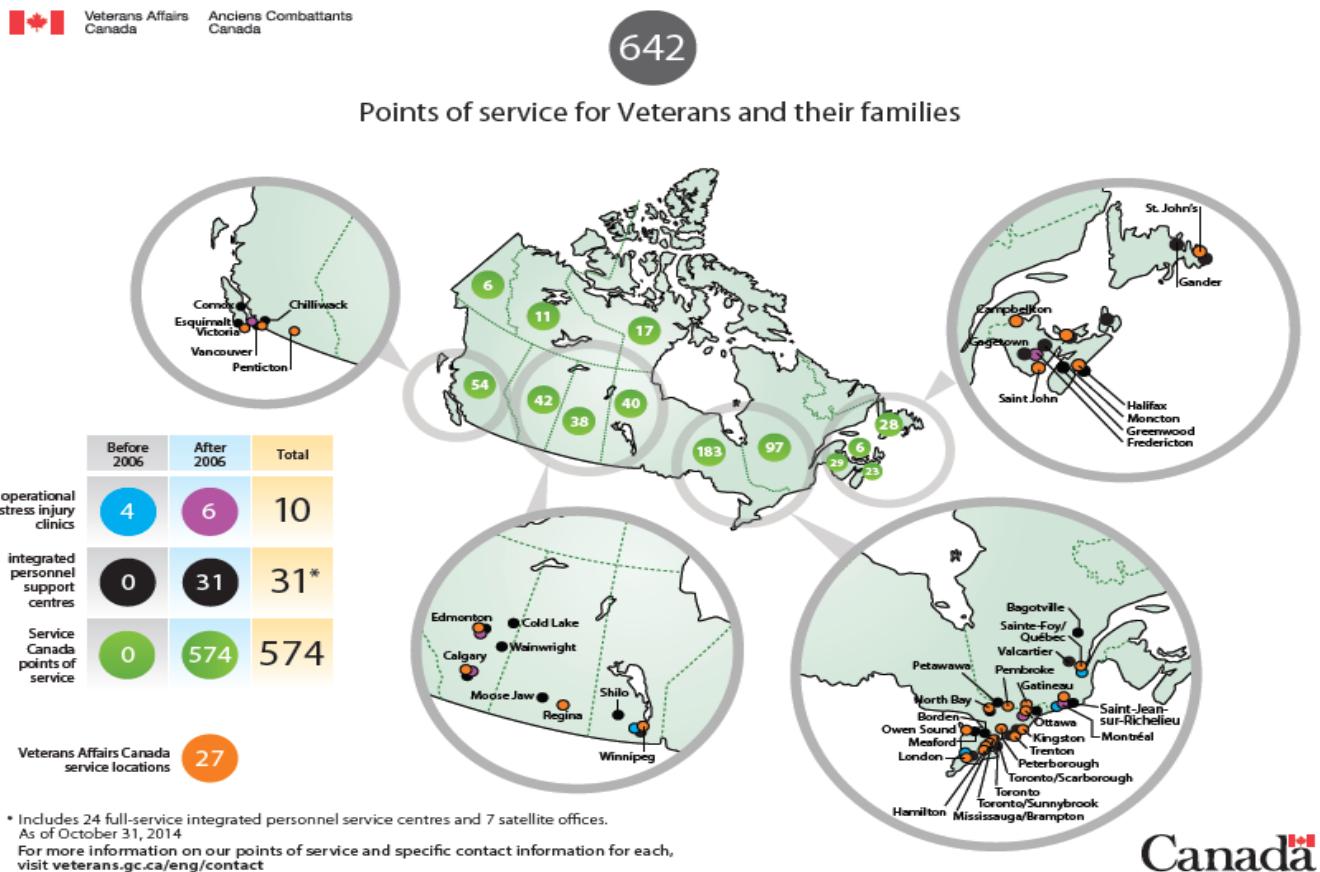
<sup>27</sup> Processing of applications for the Disability Benefits Program and the Veterans Independence Program is the responsibility of VAC.

<sup>28</sup> As of March 31, 2014, Service Canada had 324 Service Canada Centres (SCCs) across Canada, as well as 257 Outreach Sites. SCCs are open Monday to Friday from 8:30am to 4:00pm local time. Outreach Sites have scheduled hours of operation, e.g., Tuesdays and Thursdays from 9:00am to 11:00am local time. (Employment and Social Development Canada 2013-14 Departmental Performance Report, p.140).

<sup>29</sup> Employment and Social Development Canada 2013-14 Departmental Performance Report, p.140.

<sup>30</sup> VAC's Report of Plans and Priorities, 2010-11.

**Figure 2 – Points of Service for VAC-related inquiries at October 31, 2014**



Source: Veterans Affairs Canada

Canada

### ***Provision of General Information and Applications Accepted***

The uptake for in-person VAC services at Service Canada locations is considerably lower than forecasted. Less than a fifth of the estimated in-person service volumes have materialized in both 2012-13 and 2013-14. Based on year-to-date figures, a slightly higher percentage is expected for 2014-15. Details on in-person activity volumes are provided in Table 8.

**Table 8 - VAC Activity Volumes for In-Person Services**

In-Person Services Activity	2012-13 <sup>31</sup>		2013-14		2014-15	
	Forecast	Actual	Forecast	Actual	Forecast	Actual <sup>32</sup>
<b>Applications Accepted</b>	3,000	164	6,000	191	6,000	202
<b>Information Out</b>	15,000	2,647	20,000	3,172	20,000	3,570
<b>TOTAL</b>	<b>18,000</b>	<b>2,811</b>	<b>26,000</b>	<b>3,363</b>	<b>26,000</b>	<b>3,772</b>
<b>Percent of Actual to Forecasted Activity</b>	<b>16%</b>		<b>13%</b>		<b>15%</b>	

Source: Service Canada Performance Management Reporting and Partnership Planning Documents.

Note: Figures presented in Table 8 are based on activities, versus unique individual visits. For example, during a single visit, an individual could submit an application and obtain general information, which would be considered two activities.

There was insufficient information available for the evaluation team to make a conclusion on why the forecasted activity volumes were not realized. The evaluation team attempted to assess the forecasting methodology for in-person volumes, but was unable to obtain the information on the forecasting methodology. Also, the evaluation team was not able to speak directly to the target population to determine why individuals did not access the services (as noted in the Limitations and Analytical Challenges, Section 2.2). A marketing plan was developed and implemented, including press releases, social media posts, and a joint announcement by the Minister of VAC and the Minister of Employment and Social Development Canada, but at the time (July 2012), the news was not widely picked up, other than in two cities where a VAC office was scheduled to close.

In 2013-14, Service Canada reported VAC activity (i.e., applications accepted or information out) in 327 sites, including 39 outreach sites. As of March 30, 2014, three quarters of the 327 sites had less than ten VAC-related activities<sup>33</sup> throughout the year. The median<sup>34</sup> number of annual VAC activities for the 327 sites was five. Therefore,

<sup>31</sup> In-person services were launched in July 2012; therefore, 2012-13 does not represent a full year's activities.

<sup>32</sup> At the time of evaluation reporting, only half of the 2014-15 actuals were available. In order to compare fiscal years 2013-14 and 2014-15, the actual 2014-15 numbers were pro-rated (based on the first half of the year) to represent a full year.

<sup>33</sup> VAC activities include the total annual sum of activities conducted by Service Canada in-person (provision of VAC information, review and acceptance of VAC applications).

<sup>34</sup> A median calculation was determined to be a better measure of central tendency of activity (versus an average/mean calculation) due to a few outliers which would skew an average calculation.

while many of the Service Canada sites had VAC-related activity, the volume of activity in each of those sites was quite low (with a median of five).

Financial support for the training of approximately 1,900 Client Service Officers (CSOs) was included in the start-up costs for the Partnership. Service Canada developed training materials for VAC's approval and delivered training on VAC's behalf. During site visits, the evaluation team observed that CSOs were client-service oriented and had tools available to provide general information about VAC and other government programs. Although CSOs had received training, the limited VAC activity<sup>35</sup> has made it difficult for CSOs to retain knowledge obtained through training, and could impair their ability to gain efficiencies in delivering VAC services.

### ***Impact on VAC Service Standards***

By having Service Canada review and accept application forms, it was expected that a more complete application would be received by VAC, thereby aiding VAC to meet service standards for processing decisions<sup>36</sup>. The Disability Benefits Program service standard is: a decision will be made within 16 weeks of receiving all information in support of an application<sup>37</sup>. There is currently no service standard associated with Veterans Independence Program applications.

As a receiving agent for specific VAC applications, VAC has asked Service Canada to accept and verify the completeness of VAC applications and supporting documentation, verify the identity of the applicant<sup>38</sup> and mail the application to VAC for processing<sup>39</sup>. If all mandatory fields are not filled in, or if there are discrepancies, VAC has instructed Service Canada to make a note on a transmittal slip and mail the application to VAC. A review of a very small sample of 10 applications found that VAC did not scan the transmittal slip into the VAC system, meaning that VAC adjudicators would not be provided with information on discrepancies.

VAC does not have an identifier for applications received from Service Canada, nor does VAC have information on how many applications VAC receives that are missing the mandatory fields or supporting documentation that Service Canada counsels applicants to include. Without this information, it is difficult to determine if the Service Canada application process is more efficient than another process (e.g., applying online, contacting VAC directly, applying through Royal Canadian Legion, etc.). Tracking this type of information would help VAC monitor the Partnership application process.

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<sup>35</sup> 3,363 VAC service activities for approximately 1,900 CSOs equates to less than two inquiries per CSO in 2013-14.

<sup>36</sup> Partnership Planning Documents.

<sup>37</sup> VAC Service Standards.

<sup>38</sup> Verifying the identity of the applicant only occurs if the applicant is not a recipient of VAC benefits or services.

<sup>39</sup> Partnership Planning Documents.

Although the Partnership has provided increased access points, the evaluation team found no change in VAC meeting its overall service standards. As can be seen in Table 9 below, the portion of Disability Benefits applications received through Service Canada was minimal (representing less than 1% of total application intake) and therefore had a minimal impact on the achievement of VAC service standards for the period of time presented in Table 9.

**Table 9 - Disability Application Intake**

	Service Canada Application Intake	Total Application Intake at VAC	Service Canada Application Intake as Percentage of Total Application Intake
July 2012 – March 2013	98	14,800	0.7%
April 2013 – March 2014	123	19,500	0.6%
April 2014 – September 2014	49	9,097	0.5%

VAC applications received through Service Canada are sent to VAC's central mail operations to be logged for quality control purposes. Applications are then forwarded to another centralized location where documentation is electronically scanned into the VAC system. While the quality control process can be useful, it adds an additional step to the application decision process as applications sent via other means normally go directly to the location where VAC documentation is scanned.

### ***In-Person Service Bundling***

Another intention of the Partnership was that Service Canada would help improve service by combining VAC services with a broader array of government services. For example, if a Veteran entered a Service Canada site to inquire about a Disability Benefits application, a CSO could also provide information on other applicable Government of Canada benefits, such as Employment Insurance, Canada Pension Plan, or Old Age Security.

VAC has not requested regular reporting on bundling. Service Canada provided the evaluation team with data which indicates that since 2012, on average 50% of VAC interactions resulted in a bundling with other services. The evaluation team attempted to verify the bundling rate through interviews and observation, but the results were inconclusive. The need for performance measures regarding service bundling is addressed at the end of Section 3.3.

## ***In-Person Costing and Alternatives***

In order to expand VAC's reach through Service Canada sites, associated up-front costs as well as ongoing costs are necessary. Examples of Partnership cost items include: ongoing training of Service Canada staff; developing and maintaining tools and procedures; maintaining/updating information holdings; overseeing everyday activities for quality control purposes; and providing general support to staff.

Though the volume of in-person VAC activities is low, there remains the requirement to have the necessary infrastructure and systems in place to deliver services should a person visit a Service Canada location. As can be seen in Table 10, the unit cost<sup>40</sup>, based on 3,363 in-person VAC activities for 2013-14, is \$92.62. Had the forecasted in-person volumes been realized, the unit cost would have been \$21.01. The Partnership has not achieved the expected efficiencies for in-person services as the forecasted volumes have not been realized.

**Table 10 – 2013-14 Forecasted and Actual Costs for In-Person Services**

	<b>Forecasted</b>	<b>Actual</b>
Variable Costs	\$260,600	\$25,911
Fixed Costs <sup>41</sup>	\$285,586	\$285,586
<b>Total</b>	<b>\$546,186</b>	<b>\$311,497</b>
VAC-Related Activity	26,000	3,363
Unit Cost	\$21.01	\$92.62

Source: Variable Costs, Fixed Costs and VAC-related activity was provided by Service Canada. Unit cost was calculated by the evaluation team.

VAC should review the in-person activities with a view to reducing the fixed costs. While the Partnership has enabled VAC to increase access points for VAC inquiries, the expected in-person activity volumes have not been realized. As a result, the CSOs who have been trained to serve VAC walk-in visitors have not been provided with the opportunity to become efficient on VAC-related services. Also, as a result of the limited uptake, the expected efficiencies have not been realized.

VAC's environment has changed since the implementation of the Partnership. VAC has invested in online technology and continues to make improvements in this regard. VAC may wish to explore a simpler arrangement with Service Canada whereby Service Canada could promote and assist individuals with accessing VAC online tools (e.g., My VAC Account). As online and self-serve options continue to evolve, a more prominent

<sup>40</sup> The unit cost is calculated by taking the variable and fixed costs and dividing by the number of VAC activities. It represents how much it costs to produce a unit.

<sup>41</sup> The fixed costs exclude \$12,200 for CEC training which was not used, and \$58,069 for warehousing and shipping VAC publications (which was not included in the final Partnership agreement).

promotion of, and assistance with, online tools by the CSOs would align with the current initiatives underway at VAC. Increased promotion of VAC's online tools would also work well with Service Canada's in-person service model, where computer/internet access is available in Service Canada Centres.

### **Recommendation 2:**

**It is recommended that the Assistant Deputy Minister, Service Delivery, review and, if required, change the activities provided for in-person services.**

### **Management Response:**

Management agrees with this recommendation and will explore options to address issues around the low volume of walk-ins which is resulting in higher than anticipated unit costs. VAC will work with Service Canada to explore options for alternative in-person services, as well as to increase the number of Veterans using in-person services, which could potentially reduce the cost per transaction.

### **Management Action Plan:**

Corrective Action to be Taken	Office of Primary Interest (OPI)	Action Completion Date
VAC, in consultation with Service Canada will:	VAC Service Delivery and Program Management	
2.1 Prepare an inventory of available services provided by Service Canada;		Completed
2.2 Explore with Service Canada the possibility of strengthening the in-person application in-take process;		Completed
2.3 Analyze feedback provided by Veterans on Service Canada's in-person services collected through Service Canada's comment cards and a VAC survey, if a survey is approved;		Completed and Ongoing
2.4 Follow-up with VAC staff embedded in the eight Service Canada Centres and Service Canada staff, in offices where the numbers of Veteran visits are the greatest, to collect feedback on potential alternative in-person services;		April 30, 2016
2.5 Develop a communications plan and targeted promotion activities to increase awareness; using mechanisms such as social media, emails, newsletters, online banners and/or radio;		April 30, 2016
2.6 Explore options with Service Canada as part of the Service Delivery Review.		January 31, 2017
2.7 Explore opportunities to partner further with Service Canada for walk-in services, focusing on areas identified in the above noted analysis; and,		March 31, 2017
2.8 Retain the eight embedded VAC employees at all of the eight Service Canada centers listed below:		Completed
<ul style="list-style-type: none"><li>• Charlottetown</li><li>• Corner Brook</li><li>• Sydney</li><li>• Thunder Bay</li></ul>	<ul style="list-style-type: none"><li>• Windsor</li><li>• Brandon</li><li>• Kelowna</li><li>• Saskatoon</li></ul>	

### ***Performance Measurement***

Service Canada collects data on VAC's behalf in regards to the number of applications accepted, the number of information units provided and the number of times a member of the public accessed VAC's website while at a Service Canada site. Over the course of the evaluation, there were some inconsistencies noted in the data by the evaluation team. This could be attributed, in part, to the differing data entry practices that the evaluation team noted during fieldwork. For example, in some offices, CSOs entered the provision of VAC's toll-free line as "information out" whereas others were not. Data entry is done manually which increases the likelihood of error or misinterpretation of data requirements. In addition, VAC activity has been low, so it is difficult to ensure consistency in practices among CSOs.

While there is regular reporting on performance for in-person services in terms of the applications and information provided to the public, there is no regular reporting for bundling of services. The bundling numbers provided to the evaluation team by Service Canada, while not verifiable, are promising as they indicate that 50% of services were bundled. Regular reporting should occur on bundling to monitor how well the Partnership is achieving its goal of bundling VAC services with a broader array of relevant Government of Canada programs and services.

The MOU indicates that recipient satisfaction will be measured. At the time of the evaluation, no information on recipient satisfaction was being reported although, Service Canada has systems in place to collect this type of information. For example, comment cards are available in Service Canada Centres which could be used to provide information on recipient satisfaction. VAC is unable to adequately determine if individuals are satisfied with the services they receive through the Partnership. VAC would benefit from requesting reports to help inform VAC program managers on whether the Partnership is reaching its goal of improved services. If the information is not available, additional quality assurance should be completed.

### **Recommendation 3:**

**It is recommended that the Director General, Service Delivery, review the data collected by Service Canada, on VAC's behalf, to ensure relevant and accurate information is available to measure the success of the Partnership.**

### **Management Response:**

Management agrees with the recommendation. VAC will work with Service Canada to take steps to ensure relevant and accurate information is available to measure the success of the Partnership.

## **Management Action Plan:**

Corrective Action to be Taken	Office of Primary Interest (OPI)	Action Completion Date
VAC, in consultation with Service Canada will:	VAC Service Delivery and Program Management	
3.1 Develop a performance measurement plan, to monitor the objectives of the Partnership;		April 30, 2016
3.2 Review current monitoring mechanisms to ensure all required information is being collected, and make adjustments as necessary; and,		July 31, 2016
3.3 Report quarterly to Senior Management on performance.		December 2016

### **3.4 Web Services**

*Information presented on VAC's and Service Canada's websites should be reviewed to ensure it is accurate and complete.*

The intent of the web services channel was to increase overall access to information on VAC benefits and services by using Service Canada's web presence. Service Canada's website provides high-level descriptions of VAC's benefits and services, and hyperlinks to more detailed information on VAC's website. In 2013-14, the web services portion of the Partnership provided an additional 20,514 VAC-related page views on the Service Canada website. VAC's website receives approximately 11 million page views per year.

Service Canada has a standardized template for presenting information on government programs and services on their website. Service Canada reformats VAC information to meet their standards. The reformatted information is approved by VAC prior to Service Canada posting on their website. Administration is required by both Service Canada and VAC in order to maintain the information on Service Canada's website. The evaluation team identified inconsistent information between Service Canada's and VAC's websites as well as outdated information. The presence of inconsistent and outdated information on the websites points to a need for better communication when changes are made to VACs benefits and services.

The Government of Canada has established the [www.Canada.ca](http://www.Canada.ca) website, and is merging 1,500 individual government websites into the one website by 2016. With the introduction of one website, Service Canada will no longer need to reformat VAC's information as VAC will be responsible for its own content on the consolidated government website. Thus, issues with inconsistencies in information presented on the existing websites should be eliminated.

There are opportunities to clarify Service Canada's role in the Partnership as it is described on VAC's website. At the time of the evaluation, VAC's website did not clearly describe the services available at a Service Canada site. In some instances, VAC's website implies that Service Canada offers in-person services which are outside the

scope of the MOU. For example, the website implies that individuals can submit applications for additional VAC programs, case management services are available, and an individual can visit VAC personnel at a Service Canada site.

#### **Recommendation 4:**

**It is recommended that the Director General, Service Delivery, review the Veterans Affairs Canada website to ensure the services available through Service Canada are clearly stated, and review the current VAC-related content on Service Canada's website for accuracy.**

#### **Management Response:**

Management agrees with this recommendation and will work with Service Canada to review the information on the VAC and Service Canada websites.

#### **Management Action Plan:**

Corrective Action to be Taken	Office of Primary Interest (OPI)	Action Completion Date
In consultation with Service Canada, VAC will:		
4.1 Review the VAC website to ensure the services available through Service Canada are clearly stated;	VAC Service Delivery and Program Management	Completed
4.2 Review the VAC related content on Service Canada's website for accuracy; and ensure content is visible and clearly presented; and,		Completed
4.3 Ensure necessary changes are made to the VAC website, provide updated information to Service Canada to update their website and continue to regularly update as required.		Completed

### **3.5 Employee Hosting Services**

*There are early indications that the employee hosting services portion of the Partnership is beneficial.*

The intent of the employee hosting services portion of the Partnership was for Service Canada to provide office space so that a VAC representative could be co-located in the Service Canada location closest to the VAC office that closed (Corner Brook, Sydney, Charlottetown, Thunder Bay, Windsor, Brandon, Saskatoon, and Kelowna).

#### ***Benefits of Employee Hosting Services***

At the time of the evaluation, it was still early in the employee hosting portion of the Partnership, which began in February 2014. The evaluation team identified benefits to having VAC representatives co-located with Service Canada staff:

- Increases face-to-face access for Veterans and others who want more detailed VAC program information or assistance with services outside the scope of the

MOU (e.g., eligibility information, form completion, and benefit/decision explanation);

- Facilitates information sharing and collaboration between both departments; and,
- Maximizes resource utilization as VAC staff continues to perform their normal work activities while being available to assist with in-person inquiries.

In theory, some of the challenges of this type of arrangement would include managing staff that are dispersed among numerous locations and ensuring consistent work practices among staff. It is important to have good communication, clearly defined roles and a good understanding of the mission of the Department. The evaluation team did not observe any specific issues regarding these potential challenges.

### ***Employee Hosting Costing***

The employee hosting services provides VAC with the convenience of Service Canada's existing infrastructure, including a secure building, a work space, use of a meeting room, reception services, and a personal security device. The 2014-15 forecasted cost for Service Canada's employee hosting services is \$176,328 for rent/fit-up and \$45,282 for security devices for a total of \$221,610.

There are opportunities for VAC to use some of its existing resources to help defray the rental costs. VAC has free space available in its space envelope<sup>42</sup>, which would be enough to pay the rent for the employee hosting services arrangement. The space envelope would be a better funding option compared to the current source, VAC's Operating and Maintenance Allotment. Prior to the Partnership, VAC had and still has an arrangement with Public Works and Government Services for space in an office where VAC and Service Canada are co-located and VAC pays for space out of VAC's envelope. A similar arrangement could be explored for the employee hosting portion of the Partnership.

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<sup>42</sup>

A space envelope is the amount of office space allotted to a department by Public Works and Government Services Canada.

## 4.0 Conclusion

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The evaluation team found that there was compliance with the key requirements outlined in the MOU. There are opportunities to improve the communication between the two departments when changes are made to VAC programs or processes. Improvements should be made to the performance measures. More specifically, VAC should ensure relevant and accurate information is available to measure the success of the Partnership.

In terms of the service delivery channels, the evaluation team found the following:

- Telephone services: Due to the calls being more complex than anticipated, calls are either directed back to VAC or in some cases, incorrectly handled. VAC did not achieve a 10% reduction as a result of the Partnership, but did achieve significant improvements based on internal investments. As a result, the evaluation team recommends that the telephone services portion of the Partnership be refocused only on special VAC projects or initiatives and discontinued for general inquiries.
- In-person services: These services have provided VAC with the opportunity to reach a larger audience, but the unit costs are higher than expected due to the low volume of individuals accessing in-person services. A review of the current services offered should be completed.
- Web services: The information on VAC's and Service Canada's websites should be reviewed to ensure it is accurate, complete and current.
- Employee hosting: There are early indications that the employee hosting portion of the Partnership is beneficial.

In addition to assessing the ongoing operations of the Partnership, the evaluation was required to assess the following:

- Whether applicable service standards for Veterans have improved;
- Whether VAC effectively refocused its resources on improving case management; and,
- Whether efficiencies have materialized that could provide longer term operational savings [for government] without reducing the level of service.

While the Partnership has provided increased access points, the lower than anticipated uptake has meant that the Partnership's ability to assist VAC in meeting service standards was not possible, as the number of applications received by Service Canada accounts for less than 1% of all Disability Benefits applications received by VAC.

As stated in the limitations section of this evaluation report, VAC has not reported on how resources were reallocated as a result of the Partnership. At the same time, the environment evolves as VAC continues to implement initiatives in an effort to improve

services for Veterans. Since the forecasted volumes have not occurred for in-person or telephone services, the Partnership has not realized the anticipated efficiencies.

In terms of whether efficiencies have materialized as a result of the Partnership that could provide longer term savings, it is difficult to say definitively, since the uptake is much lower than anticipated. There may be other opportunities for VAC to increase volumes and/or capitalize on Service Canada's in-person infrastructure to align the services with the current initiatives underway at VAC. There are opportunities for VAC to capitalize on internal investments made to VAC's telephone services.