Department for Communities and Local Government

Local Digital Programme

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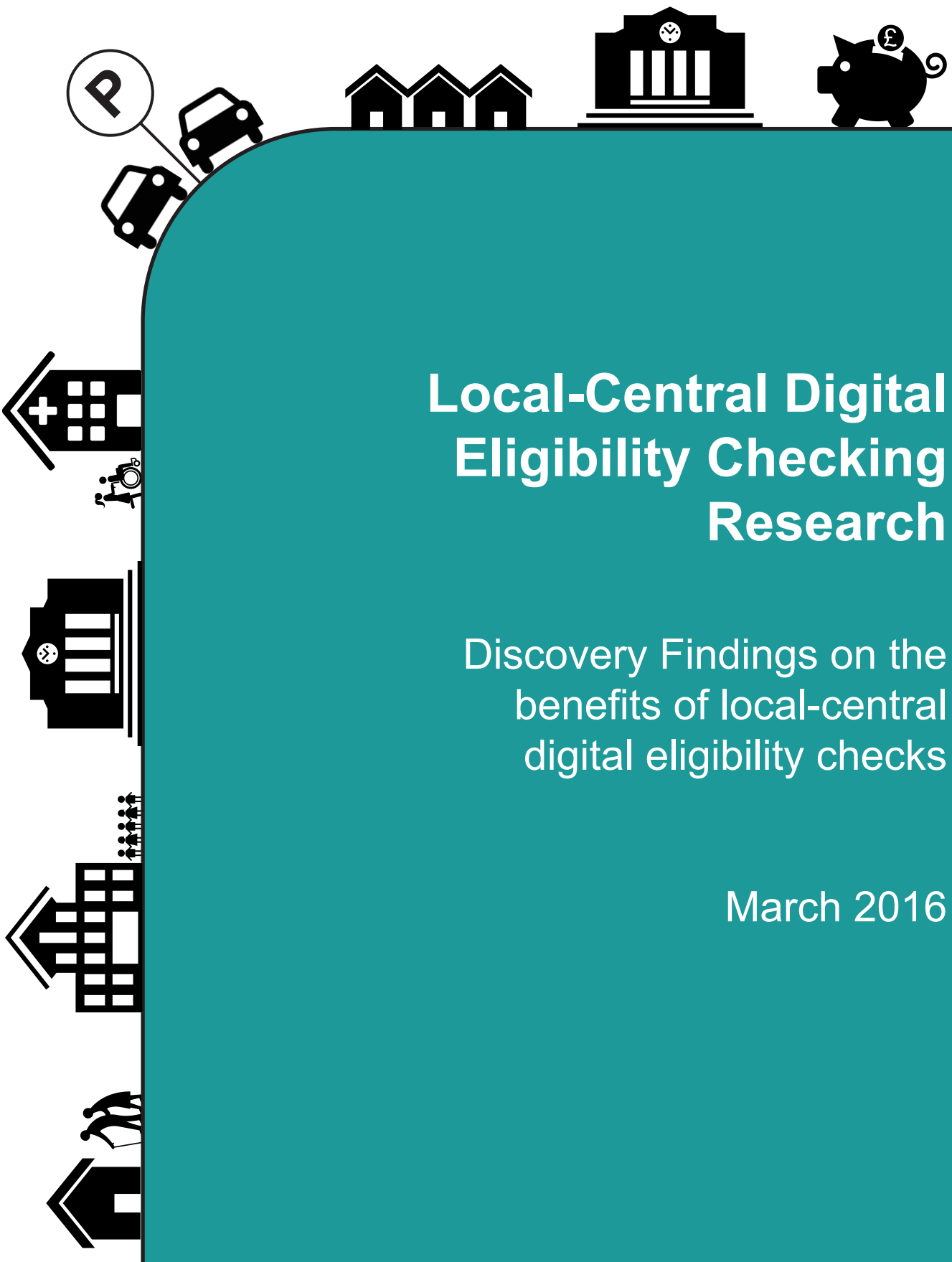

Local-Central Digital Eligibility Checking Research

Discovery Findings on the benefits of local-central digital eligibility checks

March 2016

OVERVIEW

In these financially constrained times ensuring that eligibility for scarce public resources is assured has never been more important. However local authorities currently spend millions of pounds and significant time checking basic eligibility facts, such as driver's licence, passport, benefits or tax information, before being able to deliver a service.

Most of these eligibility checks rely on the citizen bringing in paper proof, which then gets checked in an often manual, time consuming, paper-based process. Often the citizen has to contact the issuing department and ask for copies of their paperwork – which they then submit to the council!

But many of these key facts sit in central government data sets, or registers.

So, what if we were to create a central-local eligibility checking hub that could use digital techniques and technologies to instantly check the required facts and confirm eligibility? This could unlock hundreds of millions of pounds of efficiency savings. Even better, this would avoid the need to share data between organisations and would help keep our data more secure.

If a citizen can be verified as being who they say they are, for example, using GOV.UK Verify, they could then be asked to give explicit permission for their local authority to carry out an eligibility check. Importantly, this consent-based model ensures that the citizen remains in control of the eligibility checking process.

Our research has identified some of the highest volume local service touchpoints with central government departments. These are predominantly with DWP, HMRC, Home Office and DVLA, and most frequently concern data checks relating to benefits, disability, tax status and rights to rent and work. Millions of transactions each year require eligibility and status checks, making this an opportunity to dramatically improve local services through digital transformation.

The data we have gathered for just seven services suggests national savings for local authorities could be in excess of **£100 million per year**. In total there are over 50 local government services that could benefit from checking eligibility using central government data, so the potential savings are even greater.

Furthermore, data checks like this will make transactions more secure and help reduce fraud and error at source. This will ensure that only those truly eligible for a service will receive it and help to reduce the estimated **£2.1 billion per annum** fraud committed against local government.[1] We call this a win-win situation: a win for the citizen in need of services and a win for safeguarding the public sector purse.

1. 2013 figures: http://www.localgov.co.uk/Fraud-costing-local-government-over-2bn-a-year/28023

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1. BACKGROUND

The DCLG Local Digital Programme aims to highlight common challenges faced by local authorities, and explore how common solutions could encourage digital service transformation across the sector. One of the most significant challenges identified in two years of work by the Programme is the need to find better ways of establishing eligibility for high-volume, expensive services.

This paper summarises our findings relating to local-central data-sharing, including estimations of the potential national savings for a handful of transactions. We have made a series of recommendations for the ways forward in meeting the needs identified in order to make these savings a reality.

1.1 The way things are

Currently UK local authorities spend a lot of time checking key eligibility information before delivering many services. This is often simply a case of finding a 'yes/no' answer to questions such as "Is this person on disability benefits?". And yet the process is laborious: citizens need to provide paper proof of eligibility, which is slow, inconvenient and prone to error.

For example, research into current practice around Blue Badge applications states:

> *"Although there is a national Blue Badge application system, hosted on GOV.UK, it relies on paper proof of identity and paper proof of eligibility to complete the application. Some councils quote up to 10 weeks to process a Blue Badge application when the application is submitted on paper."* [2]

This service is inefficient in several ways:

1. The need to prove eligibility against information held by the DWP means processing applications takes longer
2. Council resources and staff time are used to deal with application errors, which can be expensive
3. The process is susceptible to fraudulent applications
4. In spite of a national online application system, the process still relies on paper proofs of eligibility and identity, which must be verified
5. The onus is on the customer to provide all the necessary proofs

In order to make local services 'digital by default',[3] an effective means of checking data held by central government departments is essential. This should be underpinned by some clear principles: these data checks should be online and real time; the data exchanged should be the minimum necessary and specific to the transaction in hand; and the customer should give explicit permission for the data checking to be carried out.

1.2 The way things could be

Digitally-enabled e-checking would allow us to ask the right question of the right data source to instantly answer a simple question - to determine eligibility, for exmaple.

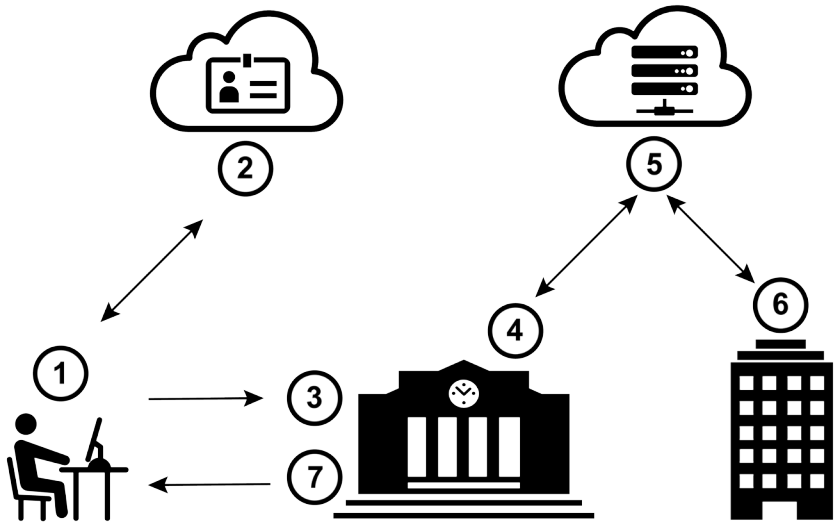
A question might be: "DVLA: is car registration XYZ 1AB registered to John Doe at 1 Acacia Avenue?" If the answer is yes, then a parking permit can be issued immediately; if the answer is no

2. See "*Can attribute provision, together with identity assurance, transform local government services?*", p.6: http://oixuk.org/wp-content/uploads/2014/09/WCC-2-white-paper-FINAL.pdf
3. See the Digital by Default Service Standard in GDS's Government Service Design Manual: https://www.gov.uk/service-manual/digital-by-default

then the customer might be asked to provide evidence to support their application.

A citizen's eligibility can be confirmed after they have given explicit permission to securely access their data as part of a single, specific online transaction. A further layer of security could be added by linking the transaction to an identity assurance service, like GOV.UK Verify, as a first step in the transaction. The transparency of this process aims to build trust and confidence for citizens around a sensitive issue.

By making these eligibility checks and associated decisions in real-time we could revolutionise the delivery of local services.



1. Citizen: "I want a service"
2. Identity Provider: "I can prove who you are"
3. Service Provider (Council): "I know who you are. I want proof of eligibility."
4. "I'll ask a question - with your permission"
5. Eligibility hub: "I can find the answer"
6. Data owner (Govt. Dept.): "I've got the answer"
7. Service Provider: "I have proof, I can deliver the service."

Citizen centred data checking would have the following benefits:

- Less bureaucracy and manual processing for councils, saving time and money
- Simpler, quicker and more convenient services for citizens
- More secure transactions for citizens
- Fraud prevention at source
- Enabling end-to-end online delivery of complex transactions

2. METHODOLOGY

We've pooled together findings from different Local Digital Programme events, activity and research in this document.

2.1 Discovery day events

We held one specific discovery day on local data sharing with local authority and public sector staff. This took place in January 2015 and was attended by over 100 people. In this event we heard of some of the challenges, costs and resources needed to process various transactions. We also considered what better digital services might be able to achieve in several discussion groups that identified key services and pinch points in local-central data sharing.

We ran three events in collaboration with the DVLA, which were open to local authority and public sector staff. Over 90 people attended one or more of these events. The aim was to introduce the changes brought about by the digital transformation of the DVLA, and how the digitisation of certain information would impact local authorities. In light of these conversations the group began to imagine which DVLA datasets could be accessed digitally and what the benefits would be. This has been written up into a more extensive report.[4]

2.2 Individual interviews

In the March 2015 we commissioned three researchers to interview staff from various local authorities in order to estimate the volumes of certain transactions each year and the approximate time and costs involved. Contributions from 11 UK councils have informed this research.

2.3 Existing publications

There is a growing interest across government in making better use of the data held by departments, within the confines of data protection rules and laws. This document is an addition to thinking on this subject, which it also draws from.[5] Reference is made to existing publications and data, particularly on national transaction volumes, from publicly available statistics.

We have used the data available to make national extrapolations of the costs that could be achieved through data querying. These include the cost of a digital transaction (priced conservatively at £0.50 per transaction; others, such as SOCITM put this at £0.15 per transaction[6]). These are estimates and as such are intended to offer an indication of what could be saved in local services if digital eligibility checks were mainstreamed across the sector.

Local Authorities do not typically record transaction volumes nor transaction costs for delivering services. This makes research challenging in terms of providing concrete numbers.

There are four types of costs we have taken into account when calculating our estimates:

1. Staff costs – based on the salary of council staff performing certain checks, and the approximate amount of time needed for each check and any follow up
2. Transactional costs – this might be quantified in terms of the amount paid to a third party provider of services, or data. It can range from outsourcing the responsibility to gaining access to a data store
3. Overheads – such as paper, postage and printing costs

4. Download the full report from the Local Digital Coaltion website: http://www.localdigitalcoalition.uk/resource/discovery-findings-on-better-dvla-data-checking-services-for-local-authorities-march-2016/
5. See for exmaple, the work led by Warwickshire County Council on: http://oixuk.org/?page_id=444, and Identity and Authentication: Briefing Note 1 by ADASS, Socitm and LGA, 2015: https://www.socitm.net/files/download/11
6. Cited in GDS's 2012 Digital Efficiency Report: https://www.gov.uk/government/publications/digital-efficiency-report/digital-efficiency-report

4. Money lost – due to error or fraud

In addition to organisational costs there are, of course, costs to customers if they are expected to provide proof of eligibility by post or in person; these are largely unquantified in this research.

We have not provided estimates as to how much it would cost to develop the appropriate technical solutions for these data checks. As such this document falls short of being a business case for investment, though we hope that this is a line of enquiry that can be developed by others in the future.

3. KEY FINDINGS

3.1 Highest volume service touchpoints

The key information local authorities most commonly need to check is predominantly held in four government departments: DWP, HMRC, the Home Office and DVLA (DfT).

The table below highlights the data that needs to be checked most regularly, and with whom:

Department	High volume service touchpoints	Other services touchpoints
DWP	Benefit fraud	Blue Badge
	Benefits (advice, claim and assessment)	Disabled Facilities Grant
	Council tax benefit (advice, claim and assessment)	Concessionary Travel
	Housing benefit (advice, claim and assessment)	Independence support
	Social Care Eligibility	School clothing grants
	Early education for 2 year olds	Local Housing Allowance
	Free school meals[5]	
HMRC	Benefits (advice, claim and assessment)	Keeping warm in winter
	Housing benefit (advice, claim and assessment)	Independence support
	Benefit fraud	Local Housing Allowance
	Council tax benefit (advice, claim and assessment)	
	Debt enforcement	
Home Office		
	DBS Vetting of contract and supplier staff	Anti-social behaviour
	Benefits (advice, claim and assessment)	ASBO
	Housing benefit current claim	Child protection
	Right to work	Adoption & Fostering
	Right to rent	Hate crime
DVLA	Parking Permits	Fleet management
	Parking Fines	Abandoned vehicles
	Taxi Driver Licensing	Van permits
		Commercial waste
		Enforcement/debt collection
		Local congestion charging

3.2 Highest transaction volumes

We have also compiled available data on transaction volumes, which indicate where eligibility checks are already being performed. This is only the tip of the iceberg, given that the numbers for the few we have gathered are into the tens of millions.

Local Authority Service	Average transactions per year	
	Nationally	Data source
Parking	8,000,000	Daily Mail obtained by FOI July 2013 – parking fines
Blue badge	874,000	Gov.uk National Statistics, 2015
Adult social care means testing assessment	599,085[a] (England only)	HSCIC 2013-14
Housing Benefit fraud	50,000	LG Inform/DWP (Current as at August 2015)
Concessionary fares/ passes	9,730,000	DfT - Sept 2014
Single person discounts	7,700,000	LA Council Taxbase England -2014
Licensed Vehicles in total	231,000[b]	DfT – taxi/hire car licences - 2013
Licensed Drivers	297,000[c]	DfT – drivers licences - 2013
Abandoned vehicles	48,500	DeFRA – 2008 (no longer published). Up to 250,000 in earlier years.
Free school meals	945,000[d]	LG Inform/DfE (Current as at August 2015)
Nursery places for 2 year olds	280,000	LG Inform/DfE (Current as at August 2015)
Housing/council tax benefit	5,508,000[e]	LG Inform/DWP (Current as at August 2015)
DBS Vetting of contract and supplier staff	193,050[f]	LG Inform/LGA (Current as at August 2015)
ASBO (Now Criminal Behaviour Order)	1,349[g]	(ASBO) Statistics – England and Wales 2013
Disabled Facilities grant	124,490	Gov.uk (stats no longer kept) 2010/11

Notes:

a. England only
b. County and unitary councils
c. District and unitary councils
d. England and Wales
e. England and Wales
f. England and Wales
g. England only

Many of these services, however, require the same eligibility checks to be performed. Data checks on right to reside, benefits or disability status and tax eligibility status, for example, will cut across several of these high volume transactions. This means that there is an opportunity to develop digital solutions that cut across multiple services.

4. BENEFITS OF AN IMPROVED SERVICE

We estimate **over £100 million** could be saved across the country per year in the services we have looked at.

Figures provided by participating local authorities have been extrapolated to the national scale. We have taken a more in-depth look at local services that rely on DVLA data, which is an interesting case study as a central government agency that has gone through rapid digital transformation.

Transaction	Department(s)	Current Cost/ Saving Identified
Blue badge applications	DWP	£12,000,000
Adult social care means test	DWP/HMRC/Home Office	£13,200,000
Single person council tax dis-counts	DWP	£51,590,000
Parking permits	DVLA	£8,700,000
Fleet management	DVLA	£10,600,000
Taxi licensing	DVLA	£4,500,000
	Total	**£100,590,000**

4.1 Use Case: Blue Badge applications[7]

Annual local authority savings: **£12 million**

There are approximately 2.39 million blue badge holders in the UK. These must be renewed every three years; in 2015 874,000 were issued.

41% (around 360,000) of these were issued without the need for further assessment – for these applications an automated data check against DWP data could establish eligibility. Furthermore, automated checks against NHS data could automatically establish eligibility for an even greater proportion of applicants.

Currently the costs come in two forms:

1. Staff time spend processing applications, and following up on errors and any cases requiring special attention
2. Costs of getting an occupational therapist or mobility assessor involved to determine whether or not the applicant must attend a mobility assessment

It is estimated that across the country these costs add up to around **£12 million** per council each year. Furthermore the team behind the prototype Blue Badge service estimate that the current process costs DWP £0.5 million and citizens around £5 million in time and expenses required to send in application forms and to provide supporting documents.[8]

7. For the full report see: http://oixuk.org/wp-content/uploads/2014/09/WCC-2-white-paper-FINAL.pdf Further documents related to this project are online at http://oixuk.org/?page_id=444
8. See http://www.ukauthority.com/local-digital-news-blog/entry/5958/local-and-central-government-work-together-to-explore-online-eligibility-checking-within-digitised-services

4.2 Use Case: Adult social care means testing assessments[9]

Annual local authority savings: **£13.2 million**

For local authorities, one of the most costly aspects of an adult social care assessment is means testing. Means test are conducted by are made in home visits by council finance officers through home visits, where they seek evidence or confirmation of : occupants of the property; income; savings and capital; housing costs (including benefits and taxes); and any disability-related expenses. These are then confirmed with DWP and HMRC, as appropriate.

Yet in 60% of cases a home visit is unnecessary. Key information could be looked up in advance of a financial assessment by checking DWP data. This could dramatically reduce the time between an initial referral being made and a financial assessment being issued to less than an hour.

A study across three councils in the North West of England found that the best performing authority could save £101,000 per year on these assessments (thought to be 60% of total referrals). The 'worst performing' authority in the study showed larger savings of £165,000.

An extrapolation of the more conservative figure to the 152 authorities responsible for adult social care suggests **£13.2 million** could be saved across England every year.[10]

Optimising this means testing process could have knock-on effects, such as reducing the 'free care' period subsidised by councils while assessments are carried out. It is suggested that better access to DWP data to speed up the process could save local authorities around **£35 million** a year.

4.3 Use Case: Single person council tax discounts

Annual local authority savings: **£51.6 million**

People living by themselves are entitled to a 25% reduction on their council tax. In 2014 there were 7,700,000 single person discount transaction in England.

Local authorities attending our data sharing discovery days estimated that it can take around 30 mins for council staff to process these requests, which include checking eligibility against Home Office and DWP data. Assuming a current staff cost of £14.40 p/h, the savings brought about by digitally-enabled eligibility checking across England could be as high as **£51.6 million per year**.

4.4 In-depth: querying DVLA data

Annual local authority savings: **£24 million**[11]

Local authorities perform a number of transactions that require them to check two key sets of DVLA data: driver license information and vehicle registration information.

At the moment effective digital services for data checks are relatively new and either not widely used by local authorities, or unsuitable to their needs. The DVLA is currently exploring ways to make data more open in the future.

4.4.1 Fleet management – checking license validity

9. Information from NWEGG (2010), *Business Case: Common Financial Assessment Initiative*
10. This figure has been calculated by taking the best performing authority's size into account in relation to the national average of households – 151,243 according to DCL Open Data Communities – for local authorities responsible for adult social care. More info on population projections: http://opendatacommunities.org/data/households/projections/population
11. Though these are listed as 'savings', this figure does not take into account the cost of a digital transaction, which cannot be effectively quantified.

Annual local authority savings: **£10.6 million**

Before the removal of the paper counterpart checking council drivers' licences was an easy visual check, but it also required a copy of the paper document to be filed away. Now the data is held in an electronic register.

One London Borough that took part in our research has 800 council drivers. Each driver requires six monthly licence checks, with copies filed for reference. The checks take around one hour.

They estimate the cost to be between £50,000 and £100,000 a year. Applying the more conservative value to 152 English authorities (which includes London; metropolitan; unitary; and county councils), and taking into account this council's size in relation to the average local authority, the current annual spend on this is £10.6 million.

4.4.2 Parking Permits – check Vehicle registrations

Annual local authority savings: **£8.7 million**

To approve a parking permit council staff need to see a vehicle's ownership history via a V5C vehicle registration certificate. A resident will apply online for a parking permit, though one important step still requires manual intervention. The V5C document must be verified against the resident's name and current address; time could be saved using a real-time digital eligibility check to confirm this information.

Currentlyone London Borough that took part in our research employs two full time officers to process permit applications at a combined cost of £63,000 per year.

At least 224 councils are involved in parking, so a nationwide extrapolation of this cost, using this figure in relation to other local authorities, is £8.7 million per year.

4.4.3 Further DVLA Services

A further £4.5 million could be saved when renewing taxi licenses, and checking the validity of road tax on council vehicles. Research has been undertaken into four out of the nine local services identified as relying on access to DVLA data – a detailed look at the remaining five services is likely to show even greater potential savings.

4.5 Fraud Reduction

In 2013 the National Fraud Authority put fraud against local authorities at £2.1 billion annually.

Among the losses to fraud across local and central government, specifically linked to the use cases mentioned in this document are:

- £46 million on Blue Badge scheme misuse
- £92.5 million on single person council tax discount fraud

The amount lost to benefits fraud, across local and central government is thought to be £1.2 billion. By enabling eligibility checks online and in real-time at the point of application digital data checking services – potentially linked to GOV.UK Verify in the future – could made it much more difficult for an individual to commit fraud.

5. NEXT STEPS

5.1 What we have learned

Our discovery work around eligibility checking in local services has illustrated the following:

- There are an enormous number of transactions that could benefit from digital eligibility checks
- The technology behind these checks – such as an eligibility hub – could be reused across many different services
- Improved eligibility checking could reduce back office costs and free up staff time to provide better quality face-to-face services for those who most need it
- Citizen-facing services would be simpler, smoother and faster. If complex transactional services are to be delivered end-to-end online, then automating eligibility checking is essential.
- These methods must be secure and privacy-respecting, and based on trust and citizen consent before any data is accessed
- Citizens who have taken part in user testing have been very happy to give permission for local authorities to check eligibility against information held by government departments. They welcome the speed and convenience this brings
- A significant additional benefit is the potential to reduce fraud and error at source by performing checks in real time
- Local authorities and central government departments are very supportive of the need to develop these ideas further; there are already a series of studies and initiatives taking place in local government, in the Cabinet Office, in GDS and in DH/the NHS around digital data checks

5.2 Recommendations

There is still a lot of work to do before digital eligibility checks become a reality.

We suggest the following as important next steps:

1. Define a coordinating entity to convene people and take local-central data sharing work forward in the future. The sector could rally around the Local Digital Coalition, a group of digital leaders from representative bodies across local government, which aims to convene forward thinking ‘quick win’ digital projects
2. Deliver a project, such as the Blue Badge pilot being led by Warwickshire County Council, in collaboration with key central government stakeholders to develop a methodology for delivery, and a generic, reusable ‘eligibility hub’
3. Work with local authorities, through the Local Digital Coalition, to further develop the business case for extending digital eligibility checks to other service areas
4. Create a priority list of services that could benefit from better data checks
5. 5. Local government needs to work closely with the key central government departments identified (DWP, Home Office, HMRC, DVLA) to identify obstacles, and develop capabilities for a more open approach to data in the future
6. Create a programme to ensure all local-central eligibility checking projects are connected and designed to form part of a wider ecosystem that can be rolled out across the sector.

5.3 In summary

Digital service transformation requires a significant reimagining of how we deliver local services. Digital data checking is an essential part of the ‘plumbing’ that underlies such transformation. For many this is an intuitive solution, but more work is now needed to present a compelling case for investment. This document has shown that this is an area worth pursuing, and has issued the challenge for others to continue the work in making it a reality.