

Title: Digital Economy Bill - Home Office Data Sharing IA No: Lead department or agency: Home Office Other departments or agencies: Cabinet Office	Impact Assessment (IA)		
	Date: 1/2/ 2016		
	Stage: Development/Options		
	Source of intervention: Domestic		
	Type of measure: Primary legislation		
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Summary: Intervention and Options	RPC Opinion: RPC Opinion Status
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Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Two-Out? Measure qualifies as
£m	£m	£0m	Yes OUT

What is the problem under consideration? Why is government intervention necessary?
Current legislation around the sharing of registration data, e.g. records of births and deaths, is restrictive and information from those records can only be shared where there is a specific legal gateway which doesn't meet all current/future requirements. Data sharing can only take place with those specifically named in legislation and the scope cannot be widened without an appropriate legislative gateway. It is necessary to amend current legislation to provide wider data sharing powers which provide more flexibility and allow for the modernisation of a range of government services.

What are the policy objectives and the intended effects?
The policy objectives are to introduce enhanced data sharing provisions which will benefit other government departments, (which will be specified by Order) and members of the public in accessing services from departments for which evidence of a birth or death record is required. Removing the requirement for paper birth or death certificates to be produced when accessing services reduces the potential for identity fraud. This will allow for the development of secure government digital services that require robust identity verification.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
Option 1: Do nothing
Option 2: To introduce new data sharing powers removing the current restrictions and allow for registration data to be verified or shared with other government departments to confirm the information in a birth, marriage or death entry and the fact that the event took place. This will support the government agenda of fraud prevention, digital delivery, efficiency and public service reform.

Option 2 is the preferred option

Will the policy be reviewed? It will be reviewed. If applicable, set review date: Month/2017						
Does implementation go beyond minimum EU requirements?			No			
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro No	< 20 No	Small No	Medium No	Large No
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: N/A		Non-traded: N/A	

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

Signed by the responsible Chief Executive: _____ Date: 1 February 2016

Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate:

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low			
High			
Best Estimate			

Description and scale of key monetised costs by 'main affected groups'

Other key non-monetised costs by 'main affected groups'

Home Office - Training, familiarisation and guidance in year one only
 Interface architecture costs to request birth or death information in year one only
 IT resource costs to administer the scheme

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low			
High			
Best Estimate			

Description and scale of key monetised benefits by 'main affected groups'

Other key non-monetised benefits by 'main affected groups'

Removes the administrative burden on government departments to request paper certificates from members of the public accessing their services, e.g. child benefit.
 Improving the customer experience by removing the requirement for paper certificates to be provided.
 Removes the risk of paper certificates getting lost in transit
 Reduced opportunity for, and cost of fraud

Key assumptions/sensitivities/risks	Discount rate (%)
Assumes the training and familiarisation costs will be similar to the cost of implementing the Immigration Act 2014 Transfer payments have been ignored. This includes reduced income from the public for issuing duplicate paper certificates and increased income from OGDs for accessing the digital records.	

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs: £0	Benefits: £0	Net: £0	No	Zero net cost

Evidence Base (for summary sheets)

A. Strategic Overview

A.1. Background

Civil Registration in the UK is a devolved function. The registration of births, still-births and deaths is primarily governed by the Registration Service Act 1953 and the Births and Deaths Registration Act 1953. Other than what is provided for in legislation, no information may be disclosed other than in the form of a certified copy of an entry of birth, marriage or death which are held in registers at the Register Office in the district in which the event occurred, or by the Registrar General, upon payment of the statutory fee. The registration of marriages is governed by the Marriage Act 1949.

Registration officers are only allowed to share information from the records of births, marriages and deaths where there is a specific statutory gateway. These have been built up over time, in a piecemeal manner, in response to requests for registration information. Where no such gateway exists, registration officers cannot share the information they hold; they have no common law powers to rely on. This means that they are unable to share some valuable registration information across the Home Office and wider government.

There is demand for registration information from within Government and beyond for a number of purposes, e.g. to establish identity for child benefit claims. However, at the moment, information may only be provided in the form of a birth, marriage or death certificate, which is then used to access other services or products.

Anyone can obtain a certified copy of any record (for example, a birth certificate) if they are able to provide sufficient information to identify the record from a relevant index of records that are held in the public domain.

Other government departments are not able to verify birth, marriage or death registration information except in certain circumstances where a provision exists in legislation.

Existing provisions include the Identity Documents Act 2010¹ which allows HM Passport Office to verify birth and death information with the Registrar General at the General Register Office, (who holds a record of all births and deaths which have occurred in England and Wales since 1837) when processing passport applications.

The Immigration Act 2014² introduced new data sharing powers which allows registration officers and the Registrar General to share or verify registration information for immigration purposes. The Act also allows for registration information to be verified or shared with other government departments in certain circumstances on a case by case basis, e.g. the registration officer has reasonable grounds for suspecting that a criminal offence has been, is being, or is going to be committed. The provisions in the Act do not fully meet the needs of other government departments who require access to registration data for other purposes and it doesn't allow for the sharing of bulk data.

Each request to verify or share information contained in a birth, marriage or death entry is considered on a case by case basis, ensuring that the requesting body has sufficient evidence to demonstrate that a crime has been, is being or will be committed and the data provided is limited to that which is necessary for that purpose, and that the information is not available from any other source.

¹ Section 10 of the Identity Documents Act 2010

² Schedule 6 of the Immigration Act 2014

The Police and Justice Act 2006³ makes provision for the sharing of death information from the England and Wales records. The disclosure of death registration information (DDR) scheme allows the Registrar General for England and Wales (Scotland and Northern Ireland have similar provisions) to disclose death registration information to assist in the prevention, detection, investigation or prosecution of offences. Applicants can apply to receive the death data, providing they meet specific criteria, for which a fee is charged. The DDR scheme is administered on behalf of the three jurisdictions by the Registrar General (England and Wales) and this data is provided mainly to credit reference agencies, pension providers and for mortality screening for fraud prevention.

Data sharing can only take place with those specifically named in legislation and the scope cannot be widened without an appropriate legislative gateway. Stolen and forged certificates circulate with limited opportunity for checks or validation. Verification procedures could provide other government departments and approved organisations with the ability to run checks against civil registration records to fulfil their statutory functions.

A.2 Groups Affected

Those affected by the policy include:

The General Register Office will be responsible for administering the enhanced data sharing powers in the Act providing the verification service to other bodies.

The General Register Office and the local registration service will lose revenue from certificate sales as a result of the verification service as government departments (and other relevant organisations) will be able to verify information without having to request someone accessing their services to submit a birth, marriage or death certificate.

Customers will no longer have to obtain a certificate to obtain access to some government services, e.g. child benefit.

A.3 Consultation

Aside from the Home Office (including HM Passport Office) the government departments consulted or involved in the formulation of policy include: Cabinet Office, HMRC, DWP, DCLG, DfT, HM Passport Office, the National Archives, the Ministry of Justice and HM Treasury. We will continue to engage with HM Treasury on charging models.

Detailed discussions have been held with HMRC and DWP in relation to being able to access information from birth entries that would facilitate the registration of identities on their systems and subsequently improve verification of identity for citizens accessing their services and support counter fraud activities.

We have also engaged with The National Archives who has expressed interest in accessing birth and death information in relation to its Traces through Time Project to help link existing datasets and establish whether individuals are deceased.

HM Passport Office has successfully trialled the benefits of replacing hard copy birth certificates from the passport application process with a direct check against birth records held on the Registration Online (RON) system.

³ Section 13 of the Police and Justice Act

Whilst we have consulted with government departments on the proposals we are also committed to complete a public consultation prior to any implementation.

B. Rationale

Statistics produced by the Office for National Statistics by Action Fraud show that in the year ending March 2015 a total of 230,630 fraud offences were recorded in England and Wales, equivalent to 4 offences per 1,000 of the population. In addition, in the same year the National Fraud Intelligence Bureau received 389,718 reports of fraud from Cifas National Fraud Database and Financial Fraud Action UK (includes Scotland and Northern Ireland). 81% of these were in the category of banking and credit card industry fraud. This includes fraud involving plastic cards, cheques, online banking and also payment fraud relating to fraudulent applications for hire purchase agreements, insurance or public sector organisations. Accessing these types of services often requires the production of evidence of identity in which a birth certificate is often the document presented.

Being able to share information directly with others either on a case-by-case basis, or on a bulk basis, if appropriate, removes the need for paper certificates to be produced and therefore reduces the risk of fraud in relation to forged or altered certificates, or someone producing a document which is not theirs. HM Passport Office has already successfully trialled the benefits of replacing hard copy birth certificates from the passport application process with a direct check against civil registration birth records. Searching the electronic records for passport applications enabled the examiners to reduce the potential for identity fraud.

Being able to share or verify registration data could increase the security and efficiency of wider government services that rely on paper certificates.

Consultation with other government departments, in particular HMRC and DWP has identified areas for which no data sharing provisions exist, e.g. in respect of obtaining information on life events (marriage) to support the development of wider counter fraud capabilities in identifying 'living together' fraud – e.g. people claiming benefit as single individuals when in reality they are a couple.

Local Authorities are currently unable to share registration data that is neither health, education (where there are current gateways for sharing information) more widely within the Local Authority about the births of children and perhaps more significantly, unregistered births.

B. 2 Supporting wider Government modernisation

As registration data, in particular digital birth data, is increasingly recognised as an enabler to designing digital services (in view that digital records can remove a requirement to obtain hard copy certificates), registration officers have come under increasing pressure to provide access to civil registration records for verification and wider service delivery purposes.

It has become apparent that there is a growing problem with the completeness of DWP and HMRC data in relation to children, caused by the introduction of the income threshold for Child Benefit entitlement. With parents earning over the threshold no longer registering to claim Child Benefit HMRC expects that a gap will develop of children who have not been registered with Child Reference Numbers (which eventually become National Insurance Numbers) and the gap is set to grow annually.

HMRC and DWP have confirmed that being able to access civil registration data would assist in addressing this issue and would facilitate the registration of identities on their systems and

subsequently improve verification of identity for citizens accessing their services for fraud prevention purposes.

Additional potential requirements for registration data have also been identified within both HMRC and DWP in respect of obtaining information on life events to support the development of wider service modernisation (e.g. future delivery of digital services) and also to support counter-fraud capabilities. A verification service approach has been suggested as the most appropriate method for exchanging information. There are currently no legal gateways for sharing this information.

The National Archives has expressed interest in accessing birth and death data in relation to its 'Traces through Time' Project which aims to develop a methodology and toolkit that will enable researchers to automatically identify individuals across large and disparate datasets. It is suggested that access to civil registration data would help link up existing datasets and therefore provide the necessary confirmation as to whether records related to deceased individuals - for example confirming that an individual contained in 20th century military service records was deceased.

HM Passport Office has trialled the benefits of replacing hard copy birth certificates from the passport application process with a direct check against birth records held on the Registration Online (RON system) at the General Register Office. Examiners were able to pick up on births that have been re registered and not disclosed. The information provided from the search results provided the necessary assurance for the examiners to make the same decision as if the birth certificate was the only evidence provided.

B.3 Increasing efficiencies across Government, both central and local

Providing other parts of government with secure and controlled access to digital civil registration data supports efficiency objectives contained in the civil service reform plans, HM Passport Office business plans and wider public sector modernisation agendas. Provision of electronic data to support the delivery of digital public services could therefore contribute to realising the Government's Digital Strategy savings that are estimated to be in the region of £1.7 to £1.8 billion a year.

B.4 Social benefits

The sharing of civil registration records would provide benefits for citizens in a number of different ways including the removal of barriers when accessing government/public services, safeguarding of vulnerable children and adults, creating greater efficiencies and therefore enhancing public access to services. Information supplied could also benefit wider society in terms of providing data to deal with ad-hoc situations such as flu pandemics where there is currently no gateway in place to provide the information.

C. Options

The following options were considered –

Option 1: To do nothing

Option 2 (preferred): Implement enhanced data sharing powers removing current restrictions and allow for registration data to be verified or shared with other government departments to confirm the information in the birth, marriage or death entry or that the event took place.

D. Appraisal (Costs and Benefits)

General assumptions and data

The IA covers a 10-year period from 2016 – 2026. The Digital Economy Bill is expected to obtain Royal Assent during 2016. The IA aims to set out the best estimates of the policy impacts at the consultation stage of policy development using the evidence available.

Baseline volumes

The data used in the full IA will be based on the volume of child benefit claims in 2012 which is around 6.6 million at a cost to the Treasury of £12bn each year, the number of births for the same year at a figure of 729674. Figures provided by DWP in 2012 on the numbers of individuals in receipt of at least one income related benefit (which includes housing benefit) or tax credit is around £23,100,000. This figure also includes those on retirement pension.

The Home Office makes no official forecast of future statistics but for the purpose of this IA we assume that the volumes used above will have remained broadly constant at those levels in the absence of any other changes. It is from these baselines that the impacts of policy proposals are calculated.

Option 1 – no change to policy

Costs

There will be no additional cost of option 1. However there will be risks and costs that will continue including:

Harms associated with instances of identity fraud – fraudsters will continue to seek access to forged documents which could be used to commit identity fraud.

Negative public perception – public accessing government services will continue to have to produce paper certificates as evidence of identity.

Burdens on the taxpayer – those participating in identity fraud may unjustly access public services and claim benefits using a false identity.

Benefits - There will be no additional benefits with option 1. By not facilitating wider electronic data sharing with other government departments does not move forward the government's digital agenda.

Option 2 (preferred): Implement enhanced data sharing powers to allow for registration data to be verified or shared electronically with other government departments and relevant private companies (Table 1)

The estimated volume impacts of the policy framework are translated into monetary values for inclusion in the cost benefit analysis.

The direct costs and benefits are those that could occur as a result of the direct impacts of using the verification service. Currently, the electronic records only go back to 2009, therefore would mainly be used to combat child benefit fraud or to verify recent marriages for 'living together' fraud. In addition, there is also the potential for government departments to use the death information to check whether the identity of a deceased person is being used to secure services or for list cleaning for mail suppression.

Even if there isn't any further digitisation of the birth, marriage and death records the amount of electronic records will continue to grow with around 1.5 million records added each year. As the database increases the benefits will grow with the potential for more government departments to request verifications for more purposes.

There will be other wider costs and benefits which relate to the impact on the government departments accessing the verification service and the impact it would have in reducing benefit and identity fraud.

The fee for verifying information would be included in a fees order to cover the cost of providing the service. To show the potential of implementing enhanced data sharing powers, which allows for the introduction of a verification service, we have assumed that the following government departments would use the service for the following purposes and would all pay a unit cost of 50p.

Current policy

Currently registration officers are only allowed to share information from the records of births, marriages and deaths where there is a specific statutory gateway. Where no such gateway exists, registration officers cannot share the information they hold; they have no common law powers to rely on.

Members of the public accessing government services will produce evidence of identity to show the event took place, e.g. producing a birth certificate of their child in order to claim child benefit.

Proposal

To introduce new data sharing powers which allows other government departments and other relevant bodies to verify birth marriage and death information to confirm the identity of the person applying for the service, e.g. child benefit claim and that the event took place.

To allow for the birth, marriage or death information to be verified electronically meeting the government's digital agenda.

Costs

Set up costs

Training and familiarisation – public sector

There are likely to be some training costs for GRO caseworkers and registration officers. This would also include updating the handbooks for registration officers. The Home Office estimate these costs to be around £0.3m and fall in year 1 alone.

IT set up and maintenance costs – public sector

The Home Office will look to develop interface architecture which allows other government departments and relevant private companies to request a verification of a birth, marriage or death entry. This is expected to cost around £0.2m and fall in year 1 alone.

Direct ongoing costs

Operational costs to the public sector

It is expected that there will be an increase in Home Office IT costs required to administer the verification service and maintain the systems. Additional resource may also be required in the casework area dealing with any queries following the verification service being used. We don't anticipate any additional costs as staff currently working in the Data Unit at GRO will receive less cases due to the implementation of the verification system.

The Home Office will also see a loss in revenue over the next five years as less people will buy a certificate as government departments are able to verify information without having to request a paper certificate.

Operational costs to the local registration service

The local registration service will also see a loss in revenue over the next five years as less people will buy a certificate as government departments are able to verify information without having to request a paper certificate.

Benefits

HMRC

It is assumed HMRC would verify 90% of all requests for child benefit (those in higher income bracket can no longer claim child benefit and statistics show this is around 10%).

It is estimated that one fictitious child via the use of a false birth certificate can generate sixteen years of child benefit, child Tax Credit and childcare fees. If one false claim was stopped this would save up to £180,000 in benefits (depending on whether childcare fees are claimed) payable until the child is 16. Finding 200 false identities would generate savings for HMRC of between £11m without childcare fees and £36m with childcare fees.

The provision for HMRC to verify birth entries would improve the customer experience as they wouldn't have to send a birth certificate to HMRC when claiming for child benefit. HMRC have confirmed that it would make the checking and verifying of birth information much simpler and lead to resource efficiencies.

There will also be reduced admin costs associated with handling paper certificates.

DWP

It is assumed that DWP would use a verification service to check marriage entries for living together fraud, e.g. People claiming benefit as single individuals when in reality they are a couple. Being able to use the verification service could lead to a reduction in benefit claims.

There will also be reduced admin costs associated with handling paper certificates.

Public

There is also a benefit to the public who save time and effort from not having to produce paper certificates.

Transfers

There will be a loss of income from the public when applying for duplicate certificates.

There will be an increased income from OGDs in the form of a fee for the digital checks.

These are transfers from one group to another and therefore do not affect the overall appraisal of the proposal.

D. Review and Evaluation

A pilot exercise was conducted with HM Passport Office to test the processes of electronic verification of birth information without the need for the checking of a paper birth certificate. This was to test the approach for using an electronic method of data matching. The outcome showed that it was possible to develop a generic technical solution which could be used for identity verification allowing digital access to a wider range of services.

Once the verification service is implemented it is expected that the service will be expanded beyond HM Passport Office to include a number of other government departments that are currently working to develop digital services that require similar electronic identity verification. Following the on-boarding of other government departments' regular assessments and reviews will be conducted to ensure adherence to required security standards.