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Alex Chisholm
Civil Service Chief Operating Officer
and Cabinet Office Permanent Secretary
15 December 2022

Dame Meg Hillier
Chair of the Public Accounts Committee

Dear Chair

**RESPONSE TO QUERIES RAISED IN REFERENCE TO CABINET OFFICE ACCOUNTING
OFFICER ASSESSMENTS - IT RELATED**

My thanks for your letter of 24 November raising further queries over the Accounting Officer Assessments published by the Cabinet Office on 29 September.

I have responded to these in turn in the Annex to this letter.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'A Chisholm', written in a cursive style.

Alex Chisholm

Civil Service Chief Operating Officer & Cabinet Office Permanent Secretary

ANNEX: RESPONSES TO QUESTIONS FROM THE CHAIR

1. Verify Programme

The Accounting Officer assessment presents a positive net benefit picture including up to closure of Verify in 2023. This raises a question about the analysis used and I would be grateful if you could provide a response to the following query:

a) Remaining costs to closure. The assessment states that Verify will show a net cost for its final year because of the loss of discounts related to volume and spreading of fixed costs over a smaller user base as services and users withdraw. It states that the overall economic appraisal remains positive if the following are also considered: time savings for citizens, reduced fraud and avoided costs of departments implementing their own solutions or reverting to “costly in-person methods.”

However, no analysis is presented to underpin this statement and a number of counterarguments may be advanced. Time savings for citizens are undermined by the diminishing number of services and the need for re-enrolment in the One Login solution when it is rolled out. The counterfactual of departments developing their own solutions is undermined by the existence of the One Login programme which is actively seeking to use and develop the mechanisms developed by departments where Verify did not meet their needs.

Please provide further analysis of the conclusion that the “overall economic appraisal remains Positive”.

Response

The economic analysis for GOV.UK Verify presented in the Accounting Officer Statement is focused on the financial year 2022/23. It is important to note that the spending objectives in this period (and, indeed, since the previous COVID-driven decision to extend Verify for 2021/22) have significantly shifted from the original SR16 business case, and are now focused on ensuring service continuity. More specifically, the economic appraisal of the most recent agreement to extend GOV.UK Verify, covering 2022/23, is based on a counterfactual where it is closed in April 2022.

All but seven of Verify’s connected services had planned to - and then did - disconnect by April 2022. Each of those remaining made it clear that going ahead with the closure as planned would lead to them having to put in place, 1) interim online solutions and/or, 2) default to slower and more expensive offline channels. This would require significant investment to develop and support these channels typically over a 6-12 month period. The economic analysis therefore estimated that extending Verify through 2022/23 avoided £8.1m in mobilisation costs (“Avoided Build”), which was quoted in the most recent COAB-approved business case and in the Accounting Officer Statement. Providing temporary solutions for a few hundred thousand users, when a cheaper alternative (GOV.UK Verify) already existed, would not have offered value for money.

You rightly highlight that the diminishing opportunity for identity reuse and the requirement for re-enrollment with GOV.UK One Login has shifted the original conception of the "Time Savings for Citizens" benefit. Nonetheless, there is still a user time saving associated with GOV.UK Verify's extension in FY 2022/23 because the alternative offline channels (as described above) would have been slower, requiring, for example, phone calls, emails and sending/receiving post. We have estimated this saving at £1.6m.

2. One Login Programme

One Login aims to overcome the issues associated with Verify's operation and the Accounting Officer assessment presents a positive picture in terms of the likely join up across government and the related benefits associated. This assessment raises some points for clarification and I would be grateful if you could provide a response to the following queries:

a) Barriers to joining up government systems. The Accounting Officer assessment states that One Login will "replace duplicative and disjointed systems across government". This was the same objective that Verify had. It also states that OneLogin will "remove barriers to service integration". However, it is not clear to us how a system which confirms identity at the point of accessing the service will achieve back-office integration, especially where this involves legacy systems that typically contain siloed and poor-quality data. Please explain the extent to which the programme can realistically address this objective in these circumstances.

Response

The quoted excerpt refers to an objective of the programme to remove barriers to service integration. This is primarily concerned with ensuring that the needs of departments are met by the GOV.UK One Login product, and making it as easy as possible for departments to adopt its sign-in and identity functionality at the 'front end' of their services. Although it does not refer to backend integration or fixing the departmental owned services, as part of the technical implementation, One Login will support matching identities to records that exist in departments legacy systems where this is required.

Learning from GOV.UK Verify, we are working collaboratively with departments on migration approaches that make this easier. And we are developing exception pathways where it is more complex - working with departments to understand their data and internal business rules. Additionally, we have budgeted a significant proportion of the programme's SR21 funding package to support departments with software development, engineering, testing and other activities required to integrate their services and ensure a smooth transition to GOV.UK One Login.

Although addressing the issue of siloed and poor-quality service data is not in scope for GOV.UK One Login, providing joined-up sign-in and identity is an opportunity for services to start to build better and less fragmented services.

b) Assumptions underpinning the benefits case. The assessment states that "the programme has been subject to extensive economic appraisal" and has a "strong benefits-costs ratio". However, no further detail or supporting statements are provided.

This was the case with Verify. Please clarify these assertions with the basis on which they are formed and the sensitivity of the underlying assumptions.

Response

GOV.UK One Login will reduce costs and drive major savings across government. One Login's Outline Business Case has been assessed and assured by the IPA. It has also been approved by the Cabinet Office and HM Treasury. We are investing £305m in this critical infrastructure from 2022/23 to 2024/25. We conservatively estimate that One Login will deliver total benefits of at least £723m over the same period (at net present value with optimism bias applied). Of this, £500m will be cashable savings for HMG, resulting from:

- Reduced duplication, as departments will no longer need to run their own systems or repeatedly verify the identity of users (£67m);
- Moving government services wholly online, with more citizens using them instead of expensive face-to-face channels (£82m);
- Countering identity-related fraud more effectively across government (£351m).

Beyond the above benefits that we have monetised, we expect One Login to provide wider social benefits. This includes distributional impacts that will result from increasing access to online services in excluded groups and positive environmental impacts from extending the provision of digital services. Further to this, not implementing One Login would aggravate existing problems associated with digital identity in HMG, such as fragmentation, reliance on offline processes and unacceptable levels of digital exclusion.

Extensive sensitivity testing has demonstrated that, even with reasonable changes in input values and assumptions, GOV.UK One Login will provide value for money. It will deliver a BCR of 1.82^[1] and meet our strategic objectives. As part of the sensitivity analysis we tested all of the input variables (from a total of over 160) that scored 'low' for confidence or 'high' for impact, for instance by increasing optimism bias from 40% to 200%, deferring the delivery schedule by one year or analysing what level of change would be needed for the benefit-cost ratio to fall to 1. None of the input variables were shown to have a material impact on the value for money case for One Login; we are therefore confident that the Economic Case is robust.

^[1] BCR is presented at net present value, with the inclusion of optimism bias.