

Verify and Government Gateway

Business Case Review

10th June 2015

V0.6

Purpose

1. This paper details the current proposed costs of providing identity assurance for individuals, businesses, and intermediaries using a combination of Verify and Government Gateway. This will inform the cross-government Identity Assurance Investment Plan.

Introduction

2. The digital by default agenda means that Government requires the capability to validate the identity of customers using its online services. As more government services migrate onto digital platforms this need will become greater. Government currently provides online services to 25m user accounts using the Government Gateway platform, which was created in 2001 to support Government's growing digital agenda. The current strategy for identity assurance is:

- Citizens GOV.UK Verify
- Business Govt Gateway
- Intermediaries Govt Gateway

Gov.UK Verify

3. The new solution for individuals, GOV.UK Verify, provides re-usable digital identity assurance at Level of Assurance 2 (LOA2) as defined by the national Government standards published by CESG. This allows departments to make more services available digitally because they have greater trust that the user is who they say they are. Each extra service can adopt Verify at little or no marginal cost. Once someone has created an LOA2 account, which is a digital process, they can use that account to access all services that have adopted Verify.

4. GOV.UK Verify has been developed using an Agile approach and is currently providing identity assurance as a public beta for 7 services, with a further 30 services to be added this financial year. So far, GOV.UK Verify has been using to authenticate 160k people, which represents a 25% success rate across all services for which it has been deployed. A live service will be available by April 2016 covering all government services for 90% of users with a 90% success rate.

5. Gov.uk Verify also aims to create a new market of identity services to meet identity assurance needs in the wider public and private sectors, and is scalable to more services at low / negligible marginal cost, so as more services are added the cost per transaction continues to decrease. There are currently 4 identity providers and the intention is for this to grow to 9. This federated approach also means that Government avoids creating a government owned identity database, placing this responsibility with third parties instead.

6. It is anticipated that all of the current 25m individual users of Government Gateway will have migrated over to Gov.uk Verify by 2020.

Government Gateway

7. Government Gateway currently supports over 150 services that have cumulatively exceeded 1 billion authentications, 225 million submissions and 45 million enrolments since 2001.
8. There are four core Government Gateway services:
- **Registration and Enrolment (R&E):** This provides a digital identity that can be used across online Government Services.
 - **Employee Authentication Service (EAS):** This is a shared identity service for Government, providing credential authentication and a registration authority for the validation of Government employees to allow them access to Pan Government systems.
 - **Transaction Engine (TxE):** This enables electronic information to be sent between citizen and government, government to government and businesses to government.
 - **Secure Data Transfer (SDT):** This is used by over 400 financial institutions to send high volumes of sensitive data securely over the internet to HMRC.
9. HMRC are the main users of Government Gateway, in the last year nearly half of all new enrolments were for HMRC services and 98% of all traffic on Government Gateway was for HMRC. The current Government Gateway contract is due to finish in March 2016.
10. There are core gaps in the current approach of Government Gateway, namely the lack of authentication of the customer (limited to posting a pin number to the customer's known address), and the lack of a secure credential due to no second factor authentication. Now it has been agreed that Government Gateway will be retained to provide identity assurance for businesses and intermediaries work has been put in place to address both of the core gaps, some of which is funded by Cabinet Office. These will be complete by October 2015.

Summary Costs and Benefits of Identity Assurance for Individuals and Businesses during this parliament

| | FY15/16 (£m) | FY16/17 (£m) | FY17/18 (£m) | FY18/19 (£m) | FY19/20 (£m) | Total Platform Cost (£m) |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------------------------|
| Verify fixed cost | ■■■ ■■■■ | ■■■ | ■ | ■ | ■ | ■■■ |
| Verify variable cost | ■■■ | ■■■■ | ■■■■ | ■■■■ | ■■■■ | ■■■■■ |
| Government Gateway fixed cost | ■■■ | ■■■■ | ■■■■ | ■■■■ | ■■■■ | ■■■ |
| Government Gateway variable cost | ■■■ | ■ | ■ | ■ | ■ | ■■■ |
| Total 15/16 cost | ■■■ | ■■■■ ■■■ | ■■■■ ■■■ | ■■■■ ■■■ | ■■■■ ■■■ | ■■■■■ ■■■ |

*Reports differ

*Estimate of cost of new contract

Benefits

11. The benefits case for Verify has not yet been agreed and for Government Gateway it is embedded in BAU operations. The recommendation of this paper is that Identity Assurance is considered as a cost case only

as it provides an enabling service. Without strong identity assurance it would not be possible to put Government services online.

Annex 1: Verify Costs and Benefits

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| Fixed cost | <u>Verify Specific Costs</u> <ul style="list-style-type: none">• ██████ in 15/16 [According to latest update 12/6/2015]<ul style="list-style-type: none">○ ██████ programme team - in house team of 106 people<ul style="list-style-type: none">▪ ██████ – Technical delivery, operations and on-boarding▪ ██████ – Interims and contractors▪ ██████ – Legal – commercial▪ ██████ - Communications○ ██████ platform development costs<ul style="list-style-type: none">▪ ██████ – security<ul style="list-style-type: none">• ██████ – CESG• ██████ – Monitoring• ██████ – Pen testing• ██████ – Digital certificates• ██████ - Amberhill▪ ██████ – Product Innovation<ul style="list-style-type: none">• ██████ – OIX• ██████ – EU pilot• ██████ - Interoperability▪ ██████ – Cloud hosing services▪ ██████ – Operations<ul style="list-style-type: none">• ██████ – Peripheral• ██████ – CRM system• ██████ - Ticketing▪ ██████ – Membership of international organisations• ██████ in 16/17• ██████ in 17/18• ██████ in 18/19• ██████ in 19/20 | | | | | | |
| Variable costs | | | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
| | Users (millions) | First time verification* | ██████ | ██████ | ██████ | ██████ | ██████ |
| | | Annual renewal** | ██████ | ██████ | ██████ | ██████ | ██████ |
| | | Transactions (millions) | ██████ | ██████ | ██████ | ██████ | ██████ |
| | Average price per | First Time Registration | ██████ | £██████ | £██████ | £██████ | £██████ |
| | | Recurring Registration | £██████ | £██████ | £██████ | £██████ | £██████ |
| | | Price per transaction | £██████ | £██████ | £██████ | £██████ | £██████ |
| | Total variable cost | HIGH | £██████ | £██████ | £██████ | £██████ | £██████ |
| | | MID | £██████*** | £██████ | £██████ | £██████ | £██████ |
| | | LOW | £██████ | £██████ | £██████ | £██████ | £██████ |

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|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>*Identity providers are paid for each successful LOA2 verification</p> <p>**Identity providers are paid annually for maintaining each account at LOA2</p> <p>***Assumed to be £[REDACTED] for 15/16.</p> <p><u>Payment Structure</u></p> <ul style="list-style-type: none"> • Payments to identity providers are for successful LOA2 verifications • There is a 5% payment for and LOA1 verification • There is no payment for failed verification • It is assumed that user will total [REDACTED] by 19/20 |
| Cost recovery model | <ul style="list-style-type: none"> • Charge per department is £[REDACTED] in 15/16 (across 9 departments). |
| Benefits | The benefits case for Verify has not yet been agreed. |
| Level of Assurance | <ul style="list-style-type: none"> • Level of Assurance 2 (LOA2) |
| Future plans | Verify has been designed to provide the single identity assurance mechanism for all government online services for citizens. Verify is <u>not</u> designed to provide an online identity assurance capability for businesses and intermediaries. |
| Historic costs | From 2012/13 to 2014/15 Verify has spent £[REDACTED]. |

Annex 2: Government Gateway Costs and Benefits

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| Fixed cost | <ul style="list-style-type: none"> • £[REDACTED] in 14/15 <ul style="list-style-type: none"> ◦ £[REDACTED] – operating costs (ATOS) ◦ [REDACTED] – internal costs (14 headcount) ◦ £[REDACTED] development costs • £[REDACTED] in 15/16 <ul style="list-style-type: none"> ◦ £[REDACTED] – operating costs ◦ £[REDACTED] – internal costs ◦ £[REDACTED] – development costs <p><i>[*assumed 20% reduction in cost following contract renewal]</i></p> <ul style="list-style-type: none"> • £[REDACTED] in 16/17 • £[REDACTED] in 17/18 • £[REDACTED] in 18/19 • £[REDACTED] in 19/20 |
| Variable cost | <ul style="list-style-type: none"> • £[REDACTED] in 14/15 • £[REDACTED] in 15/16 (print and post) <p><i>[Digitisation complete – print and ‘pin in the post’ end]</i></p> <ul style="list-style-type: none"> • £[REDACTED] in 16/17 • £[REDACTED] in 17/18 • £[REDACTED] in 18/19 • £[REDACTED] in 19/20 |
| Cost recovery model | <ul style="list-style-type: none"> • HMRC currently pays approximately 50% • The rest is split between departments with DWP by far the largest contributor. |
| Benefits | GGW has also been proven to operate at scale, particularly around the online SA peak and is a known entity to many users. It is also fairly simple to build additional services onto GGW to meet departmental requirements. |
| Level of Assurance | Would require additional services to be built onto it to provide LOA1 and LOA2. |
| Future plans | Planned improvements include: <ul style="list-style-type: none"> • Adding 2-factor authentication by October 2015 - £[REDACTED] • Digitising Government Gateway (to provide paperless services) by October 2015 - [REDACTED] |
| Historic costs | Fixed GGW costs have dropped from £[REDACTED] in 09/10 to £[REDACTED] for this financial year. |