

Title: Transforming the Services of the Office of the Public Guardian IA No: MOJ 186. Lead department or agency: Office of the Public Guardian Other departments or agencies: Ministry of Justice	Impact Assessment (IA)		
	Date: 19 December 2012		
	Stage: Consultation Response		
	Source of intervention: Domestic		
	Type of measure: Secondary legislation		
	Contact for enquiries: Jayne Bowman@justice.gsi.gov.uk		
Summary: Intervention and Options			RPC Opinion: N/A

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, Measure qualifies as One-Out?
£m	£m	£m	No No

What is the problem under consideration? Why is government intervention necessary? The Office of the Public Guardian (OPG) wishes to transform the way in which it delivers its services to customers in terms of the process for making and registering Lasting Powers of Attorney (LPA) and the supervision of deputies. The current IT system within the OPG is obsolescent and much of it is, in fact, out of support. As a result the OPG is losing a significant number of man hours per month due to computer down time (currently around 2000) and cannot adapt the computer system to deal with new ways of working. There are two options: either replace the computer system only or replace the computer system and add a digital front end. By providing digital channels to citizens, the OPG will improve customer service, enable business growth and reduce costs and fees from their current levels over time and it will also make the creation and registration of an LPA easier and more efficient. Government intervention is needed to reform the existing public service and provide citizen benefit. This also closely aligns to the Government's Digital by Default Strategy.

What are the policy objectives and the intended effects?
OPG's vision is to encourage everyone to prepare for a possible lack of mental capacity and to empower and safeguard those who lack mental capacity now. The policy objectives are to deliver excellent services to customers; to develop innovative ways of improving services; and to develop effective relationships with partner organisations in order to support delivery and increase the impact of the Mental Capacity Act. The intervention is intended to provide streamlined ways for customers (individuals, professionals, businesses) to engage with OPG so as to improve quality and speed and reduce cost. There will be a supported, staged transition to digital. The reforms should encourage individuals to plan ahead and result in less involvement by the Court of Protection.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base): We have considered the following options:

- Option 0: Do nothing. This option is not viable, as the existing and ageing IT system carries significant risk of critical system failure and no customer or business improvements could be made.
- Option 1: Replace the legacy IT system only. This would address the risks associated with retaining the legacy IT system but would not deliver any customer or the vast majority of the business improvements.
- Option 2: Implement a digital service model. This is the preferred option, as it will deliver improvements for the customer in terms of speed, ease of use and cost. It will be delivered in a staged approach with this consultation and associated policy forming Stage 1. Stage 2 will require primary legislation to deliver and the timescale for delivery of this stage is therefore longer. This is in line with the Ministry of Justice Transforming Justice Programme and Government's commitment to Digital by Default services

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 04/2016					
Does implementation go beyond minimum EU requirements?				YES	
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro N/A	< 20 N/A	Small N/A	Medium N/A	Large N/A
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: NQ	Non-traded: NQ	

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 SELECT SIGNATORY:  Date: 08/01/13

Summary: Analysis & Evidence

Policy Option 0

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year 2012/2013	PV Base Year 2012/2013	Time Period Years 10	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	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	0	0	0

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

Monetised costs of do nothing consist of the annual running costs and the additional costs over and above that for the work necessary to keep the system working, as changes have to be made and work done just in order to keep it working day to day over and above any annual service charges.

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

Non-monetised costs include opportunity costs for the OPG during the transformation. There should be no non-monetised/ intangible costs for customers or business in complying with the reform.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	0	0	0

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

There will be no benefits from the do nothing solution. The OPG will continue to lose man hours due to computer down time and the customer will still be faced with a purely paper based solution

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

Key assumptions/sensitivities/risks

Discount rate (%) 3.5%

BUSINESS ASSESSMENT (Option 0)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs:	Benefits:	Net:	NO	IN/OUT/Zero net cost N/A

Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year 2012/2013	PV Base Year 2012/2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -3.3	High: -4.3	Best Estimate: -3.8

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	7.3	0.4	10

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

Monetised costs of implementing the reform include one-off programme costs, one-off organisational change costs, ongoing supplier charges. Decisions on whether OPG will acquire capital assets (eg IT) or services affects this. Reform places no financial burden on customers or businesses. The cost of delivery would be met from the current revenues generated by fee income.

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

Non-monetised costs include opportunity costs for the OPG during the transformation. There should be no non-monetised/ intangible costs for customers or business in complying with the reform

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	0.5	0.8	6.2

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

The benefits for the OPG are around reduced spend on maintaining the current IT system, reduced level of man hours lost through IT downtime and more stability to enable the organisation to deal with increasing workloads. This could lead to reduced fees but the savings will be less than from a digital service and, hence, any fee reduction is likely to be lower. However, the processes will remain paper based so limited time savings (other than those saved through current down time) will accrue. There will not be any benefits to the citizen as they will need to continue to fill in the same forms that they currently do as we would not be looking to change any of the existing forms at the same time. As the OPG will still be receiving paper copies of all LPAs a greater scanning capability will need to be retained and more staff will also be needed to register an LPA.

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

Key assumptions/sensitivities/risks

Discount rate (%) 3.5%

The key assumption is that any new computer system will be able to deal with increasing workloads over time and will be flexible enough to deal with any changes to the process in the future. The fact that the IT system will not be able to do one or both of these is also a considerable risk for the future

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs:	Benefits:	Net:	NO	IN/OUT/Zero net cost

Summary: Analysis & Evidence

Policy Option 2

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year 2012/2013	PV Base Year 2012/2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 2.9	High: 18.4	Best Estimate: 12.8

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
	Low	7.9		0.2
High	15.8		0.6	18.9
Best Estimate	11.8		0.4	14.6

Description and scale of key monetised costs by 'main affected groups' Monetised costs of implementing the reform include one-off programme costs, one-off organisational change costs, ongoing supplier charges. Decisions on whether OPG will acquire capital assets (eg IT) or services affects this. Reform places no financial burden on customers or businesses. It will also potentially reduce the numbers of citizens obliged to go through the Court of Protection, with the attendant cost and complexity; that also delivers savings to the justice system. 'Affected groups' is likely to include G-Cloud suppliers, at least in detailed options discussion. OPG continues to engage with stakeholders on how changes and costs affecting professional stakeholders (eg around their legacy systems) can be minimised. Possible partnerships eg with 3rd sector organisations, may come at a charge to OPG to meet their resource costs. The costs of the programme will be met from the current increase in fee levels.

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

Non-monetised costs include opportunity costs for the OPG during the transformation. There should be no non-monetised/ intangible costs for customers or business in complying with the reform.

BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
	Low	0.7		Optional
High	2.7		Optional	Optional
Best Estimate	2.3		3.4	27.4

Description and scale of key monetised benefits by 'main affected groups' Monetised benefits are primarily the reduction in administration costs flowing from the quick and rapid capture of data from customers, removing the need for manual intervention. There are also possible estate savings. These lower costs will translate into reduced fees charged to customers. There will be less pressure on the justice system (Court of Protection) – although these costs have not been quantified for the purposes of this IA and any savings that may accrue would therefore be above and beyond the monetised benefits outlined in his section. Other benefits include lower IT running & upgrade costs. There will be environmental savings from significant reductions in printing. For the citizen the key monetised benefits are a reduction in fees and a reduction in error rates leading to less need to resubmit LPAs and pay an additional fee.

Other key non-monetised benefits by 'main affected groups' Increased numbers of citizens protected, especially the vulnerable. Improved customer experience – quicker, easier, with more guidance available. Ability to update guidance quickly. Online payments. Removal of the 'burning platform' IT risk. Robust and scaleable business system to accommodate increasing workloads. Better customer intelligence data, so services can be matched to needs & demand. Motivated, flexible workforce.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5%
The risks around costs have been mitigated by working closely with MOJ ICT to understand the costs of the IT elements are currently being further tested with potential suppliers. Development of the web element is in partnership with the Government Digital Service, taking an agile approach, so as to maximise the delivered requirement and ensure there is tight control of cost. Risks exist around the rate of take-up of the digital channels – a slower rate would not impact the value to the customer of providing the channels but it would impact the financial business case; however, the most pessimistic assumption about customer behaviour still makes economic sense.		

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:	In scope of OIOO?	Measure qualifies as
Costs:	Benefits:	Net:
	NO	IN/OUT/Zero net cost

Evidence Base (for summary sheets)

Annual profile of monetised costs and benefits* - (£m) constant prices

Option 0

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs	0.0									
Annual recurring cost		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total annual costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transition benefits	0	0	0	0	0	0	0	0	0	0
Annual recurring benefits	0	0	0	0	0	0	0	0	0	0
Total annual benefits	0	0	0	0	0	0	0	0	0	0

Option 1

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs	3.9	3.0								
Annual recurring cost			0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3
Total annual costs	3.9	3.0	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3
Transition benefits	0	0	0.5							
Annual recurring benefits				0.8	0.9	0.9	0.8	0.8	0.8	0.8
Total annual benefits	0	0	0.5	0.8	0.9	0.9	0.8	0.8	0.8	0.8

* For non-monetised benefits please see summary pages and main evidence base section

Option 2

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs	6.3	4.1	1.4							
Annual recurring cost				0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total annual costs	6.3	4.1	1.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Transition benefits	0	0.4	1.9							
Annual recurring benefits				2.5	3.0	3.5	3.9	4.0	4.1	4.1
Total annual benefits	0	0.4	1.9	2.5	3.0	3.5	3.9	4.0	4.1	4.1

* For non-monetised benefits please see summary pages and main evidence base section

1. Introduction

This Impact Assessment forms part of the response to the consultation into the digitalisation of services provided by the Office of the Public Guardian (OPG). The OPG provides four main services, the registration of Lasting Powers of Attorney (LPA) and Enduring Powers of Attorney (EPAs, which were replaced by LPAs in October 2007), the supervision of deputies appointed by the Court of Protection and maintaining the Registers of LPAs, EPAs and Deputies.

Lasting Powers of Attorney and Enduring Powers of Attorney. In order to be used an LPA, or an EPA once the donor has lost capacity, must be registered with the OPG. Since 2007, the OPG has witnessed a year on year increase in the number of applications to register LPAs and EPAs (Table 1).

Table 1: LPA/EPA registrations

Year	LPA and EPA Applications	Monthly Average
2007/2008 (6 months)	20,225	3,370
2008/2009	79,867	6,655
2009/2010	126,159	10,513
2010/2011	190,638	15,887
2011/2012	197,701	16,475

The OPG is responsible for registering the EPAs and LPAs for those members of the general public who decide they wish to make one. An LPA is made by a member of the public (the Donor) in order to give someone else the power to make decisions on their behalf should they lose the capacity to do so. They give those powers to one or more people (Attorneys) who are normally members of the public i.e family members, but could also be a professional such as a solicitor or a trust corporation. Currently a fee of £130 pounds is charged to register each LPA.

Supervision of Deputies.. The Court of Protection appoints a Deputy when ‘P’ (a member of the general public) loses capacity to make decisions for themselves but they have not taken out an LPA or an EPA . The Deputy could be a family member, another member of the general public such as a friend, a social worker, a local authority deputy, a professional deputy such as a solicitor or a member of the OPG Panel of Deputies.

The OPG then has a responsibility to supervise the Deputy to ensure they are acting in the best interests of ‘P’ . Part of the supervisory process includes receiving reports from deputies on how they have carried out their responsibilities. Currently, the reports are heavily paper based and have to be posted into the OPG. OPG wish to move to a process whereby the reports can be submitted online by the Deputy. A fee is charged for that supervision

Vision for the Future

OPG’s vision is to encourage everyone to prepare for a possible lack of mental capacity and to empower and safeguard those who lack mental capacity now. The current system with complex forms and guidance and the perceived need to engage legal advice can be seen as off putting to many people and hence they do not always prepare for the future in the most effective way. The policy objectives are to deliver excellent services to customers; to develop innovative ways of improving services; and to develop effective relationships with partner organisations in order to support delivery and increase the impact of the Mental Capacity Act.

OPG wishes to transform the way in which it delivers its services to customers in terms of the process for making and registering LPAs and the supervision of deputies. By providing digital channels to citizens, the OPG will improve customer service, enable business growth and reduce costs and thereby fees from their current levels over time. This closely aligns to the Government’s Digital by Default Strategy which sees the use of digital technologies to drive the delivery of efficient, cost-effective public services responsive to the needs of the citizen and business. Government intervention is needed to reform the existing public service and citizen benefit will not otherwise be provided.

The intervention is intended to provide streamlined ways for customers (individuals, professionals, businesses) to engage with OPG so as to improve quality and speed and reduce cost. There will be a supported, staged transition to digital. The reforms should encourage individuals to plan ahead and result in less involvement by the Court of Protection.

This is in line with the Ministry of Justice’s Transforming Justice Programme and the government’s Digital by Default strategy. There has been considerable engagement and testing with customer groups ahead of the formal

consultation and we will continue to engagement with them at the appropriate times throughout the delivery of the Programme.

Problem under consideration

Table 1 (above) illustrates the demand for LPAs. This has grown due to increased awareness of LPAs from media and press coverage and an increasingly aged population. OPG's existing IT systems are unreliable and at risk of critical failure and currently result in a loss of approximately 2000 man hours per month. New processes coupled with investment in an end-to-end digital service is needed in order to maintain and improve current processing times, improve levels of customer service and increase the capacity and flexibility to deal with higher volumes of applications in the future.

Economic rational:

In this case we believe that government intervention is justified on efficiency grounds. The Government is intervening to improve efficiency in the OPG, provide better customer service and allow OPG to cope with increasing case volumes. The current computer system is unreliable and the OPG is losing on average around 2000 man hours per month. This means that the organisation finds it difficult to deal with increasing workloads and means that applicants have to wait longer for their LPAs to be registered, often at a time when they need to be able to use them as soon as possible. This can, in some cases, mean that people have to apply to the Court of Protection for a judgment instead.

The current system is also heavily paper based with forms that are perceived as complex and often off putting levels of guidance. As a result, people often put off preparing for the future until a time when it is essential or in some cases unfortunately too late.

The digital service would allow easier interactions between the OPG and the customer and also with tailored guidance available at the point at which it is needed when filling in the form, and the whole process should appear less daunting. It is also envisaged that with a digital approach it should be easier to encourage people to prepare for the future at an earlier age, and the fact that that the computer system has been replaced will enable the OPG to do far more marketing of our services. At the moment we are unable to do this as the current IT system cannot cope with current workloads let alone any increase through marketing. The OPG is also in a position where it would find it difficult to cope with increased workloads should any marketing be undertaken by an independent 3rd party.

Affected stakeholder groups

- Donors
- Attorneys
- Deputies
- P (the person for whom a deputy is appointed)
- Social Services
- Legal professionals
- Professional Deputies
- Panel Deputies

Description of Options

This Impact Assessment focuses on two options

- Option 0 : "Do nothing"/ Base Case
- Option 1: Replacement of the IT System
- Option 2 : Digitalisation of services
 - Enable individuals to complete their LPAs online, accessing guidance
 - Enable individuals to submit the LPA or EPA for registration to the OPG via electronic means, paying fees online
 - Allow Deputies to record transactions in real time and submit their annual reports to the OPG via electronic means

Option 0 - Do Nothing/ Do Minimum

This does nothing to address the significant business risk of the ageing, unreliable IT platform which has no scalability scope. Without the development of the digitalisation of services to enable customers to access OPG services online, the OPG cannot reduce organisational costs which result from the heavy paper based manual processes. It cannot provide customers with greater service choice and cannot meet strategic requirements to provide services digitally.

The costs and benefits of do the do nothing/ do minimum option are not low cost as the OPG have to continue to keep the current IT system running and try to make updates where and when possible to address business needs but it has zero benefit.

Option 1: Replacement of the IT System

Under this option the OPG would replace the existing systems with a new core system which supports five of the OPG's six business functions but there would be no digital enabled services offered to customers. This would mean that the customer would still have to fill in multiple paper forms with all the risks that that entails in relation to incorrect transcription of data and the greater opportunity to make mistakes. If they cannot be corrected simply it means that the customer may need to resubmit the LPA and pay an additional fee. The OPG would also still have to scan and check all the data, as a direct feed from an electronic front end would not be available. Savings in productivity would occur due to the improved reliability of the system and the consequent reduction in down time but these would not be as great as they would be for a digital service as outlined below.

Option 2: Digitalisation of services

As a result of improving and developing its IT systems the OPG will be in a position to take a further step and digitalise their services. This includes online data capture and validation in relation to LPAs, online payments and in the long term identity assured customers and the use of digital signatures. This will allow the OPG to provide excellent customer service, grow its business in line with anticipated demand, move away from the current heavily manual process and provide customers with greater service choice. The single entry of data through a digital interface will also aid the customer by cutting down the errors caused by the current need to enter the same data multiple times across multiple forms. The majority of these business savings and significant improvements for the customer can be delivered in stage 1 (the basis of the consultation carried out July/ October 2012) but the remainder of the business benefits and the additional non-monetised benefits to the customer could only be delivered through stage 2. As stage 2 requires primary legislation, the timescales for delivery are therefore longer.

Stage 1 will allow the customer to fill in the LPA forms on line, but they will still need to print off a copy and sign and send to the OPG. However, data that is currently entered in multiple places on multiple forms will only need to be entered once – cutting down both time and opportunity for error on behalf of the person filling in the form. Although the OPG will still need to receive a paper copy (as wet signatures are still necessary) there will also be a direct electronic feed of the entered data to the OPG system once the back office system is in place in 2014, This will significantly reduce the amount of scanning and checking of data that the OPG currently has to undertake. Stage 1 will also give deputies the opportunity to interact with the OPG in a more digital fashion such as the ability to submit annual reports on line. The OPG will also look at ways in which it can use digital means to improve how it interacts with Court of Protection Visitors, (who visit deputies as part of the OPG supervisory regime) and file reports on the outcomes from their visit with the OPG

Stage 2 (which requires primary legislation) will allow the LPA to be submitted fully digitally without the need for any wet signatures or any paper to be received by the OPG.

This option also ensures that the OPG delivers on a key government commitment to deliver all Government services digitally. To replace the IT and not ensure that it delivers on key commitments would not make the full use of the opportunity to deliver the highest level of benefits to the most people.

Initial time savings analysis has identified savings in the range of 11,700 Man Days based on a take up of 30% online submission to 23,600 Man Days based on 80% take up of online submissions.

Based on the evidence in the following sections, this proposal is assumed not to have any direct impact on business or the third sector and thus it is considered out of scope of the current One-in, One-out'.

Costs and benefits:

This Impact Assessment identifies both monetised and non-monetised impacts on individuals, groups and businesses in the UK, with the aim of understanding what the overall impact to society might be from implementing these options. The costs and benefits of each option are compared to the do nothing option. Impact Assessments place a strong emphasis on valuing the costs and benefits in monetary terms (including estimating the value of goods and services that are not traded). However there are important aspects that cannot sensibly be monetised. These might include how the proposal impacts differently on particular groups of society or changes in equity and fairness, either positive or negative.

The table below summarises the costs and benefits for each of the 3 options¹.

Table 2

	Economic Analysis (2012/13 prices)		
Option	Total Costs	Total Benefits £m (Present Value)	NPV £m)
Option 0: Do Minimum	0	0.0	0
Option 1: Replace Core System	10.0	6.2	-3.8
Option 2: Replace Core System and include digital services	14.6	27.4	12.8

It should be made clear that these benefits will not be in the form of cashable savings to the Government. Through the efficiencies that are bought in by the new IT system they will be a) avoided costs in that the increasing workloads can be dealt with by the same number of staff and b) a reduction in fees for those submitting an LPA to the OPG for registration.

The following assumptions have been made with respect to volume growth.

¹ For the NPV analysis expected Programme costs have been used and for the Economic Analysis, the incremental costs over and above the do minimum baseline are considered.

LPA's Volume Growth

Baseline Volumes (2011)	Go Live + 1 year	Go Live + 2 years	Go Live + 3 years	Go Live + 4 years	Go Live + 5 years
0%	16%	32%	47%	57%	67%
209,607	243,144	276,681	308,122	329,083	350,044

Deputyships Volume Growth

Baseline Volumes (2011)	Go Live + 1 year	Go Live + 2 years	Go Live + 3 years	Go Live + 4 years	Go Live + 5 years
0%	21%	34%	47%	57%	67%
39,545	47,849	52,990	58,131	62,086	66,040

The costs of options 1 and 2 are to be funded from the OPG fee increases that were put in place in October 2011 for the period of 2 years. As a result, one of the key benefits of the IT system will be to allow the OPG to reduce its fees back to these levels or below. Therefore, one of the key benefits will fall to the user of the OPG as they will pay reduced fees when they register an LPA.

Base Case / Option 0

Under the do nothing/ Do minimum, case:

- there would be no strategic system replacement and no strategic development.
- Existing systems would continue to degrade and would not support the business, resulting in lost man days and poor service to customers.
- The OPG would not be able to deliver an on line service to customers as envisaged under 'Digital by Default'

Because the do-nothing option is compared against itself its costs and benefits are necessarily zero, as is its Net Present Value (NPV)."

Option 1

Under Option 1 the OPG would just replace its current IT systems.

Costs of Option 1

Cost estimates for the replacement of the core system functionality are based upon estimates from MOJ ICT and external consultants. Costs include the solution costs, programme team, business improvement and change costs and termination costs. Optimism bias of 20% has been included. These costs are given in Table 2 above

Benefits of Option 1

Replacing the case management system will eliminate the existing risk associated with the current systems. Coupled with updating the scanning solution, there are time savings to be had by reducing elements of current manual work and automating data validation, standard repeatable supervision activities and letter generation and signing generally.

Benefits to the Affected stakeholder groups

- There will be no benefits for the citizen under this option as they will still need to fill in paper based forms and will still need to enter data multiple times in multiple places – meaning that transcription errors will continue to occur.
- If this leads to a mistake that cannot be rectified it will also lead to additional cost via a resubmission fee for the LPA. So for an expected cost of £10m, this option would give benefits of £6.2m and hence have a negative NPV.
- There would be no facility to pay registration fees via an on line method
- Likely that fees would not be reduced

HMCTS

- It is likely that the Court will see an increase in applications for deputyship orders (as customers do not make LPAs because they find the paper based forms cumbersome), thereby increasing HMCTS workload.
- There would be no savings in staff and judicial time

Organisational Benefits

There will be few benefits to the OPG under this option

- Staff skills base will remain at current levels
- Engagement with affected stakeholders will continue via the more traditional methods rather than using digital channels

Option 2

Under Option 2 the OPG would replace its existing IT with a new core system, which would be capable of allowing the OPG to offer online service to customers

Costs of Option 2

Cost estimates for the replacement of the IT core system functionality and delivery of line services are based upon estimates from Ministry of Justice ICT and external consultants. Programme cost estimates include the solution costs, entire programme team, business improvement and change costs and termination costs. Cost estimates will vary depending upon the procurement route and have been estimated as a range. Optimism bias of 20% has been included... The costs of option 2 are given in Table 2 above.

Benefits of Option 2

With the move to online services the OPG's long term aim, post 2015 is that the making and registration of Lasting Powers of Attorney will be a completely digital service including the use of digital signatures. This, however, requires primary legislation. However, the stage of the programme to which this Impact Assessment relates will allow significant benefits to accrue to the OPG from 2014 onwards through the reduction in scanning and checking necessary. The benefits of the fully digital service will take longer to realise.

Predicted take up rates of Online submissions year on year as a percentage of total submissions are as follows. Predictions are based on Lasting Power of Attorney "typed" applications currently being submitted.

- Year 1 20%
- Year 2 40%
- Year 3 50%
- Year 4 60%
- Year 5 70%
- Year 6 80%

The most significant cashable benefits are in the form of Time Savings to be realised by the elimination of currently labour intensive manual work in the processing of LPA applications (currently in the region of 209,000 submissions per year and predicted to grow by up to 32% over the coming 3 years). However, as workloads continue to increase within the OPG the cost savings may not be realised in terms of staff reductions but in terms of an avoided cost of having to employ more staff to deal with rising workloads. This will still allow the OPG to reduce transactional costs and hence fees.

Benefits to the Customer

The key benefit to the fee paying customer (donor, attorney or P) is a long term reduction in the fees charged by the OPG. We are not currently in a position to say what level of fee reduction will be possible but as the OPG is fee funded any efficiencies (and hence savings/avoided costs) will be returned to the customer in the form of reduced fees.

Providing on line services will provide the following benefits to OPG customers

- Easy access to information regarding how to apply for an LPA online
- Flexibility - ability to complete the LPA application at their pace
- Faster registration times
- Easy payment of fees via the on line facility
- Reduced fees in the future

Organisational Benefits

The digitalisation of OPG's business systems and process will drive a cultural change within the organisation. The following benefits have been identified:-

- Staff with a wider range of skills
- Improved engagement levels with customers through the ability to use digital channels
- Staff competent at delivering services through the digital medium
- There is no impact on HMCTS.
- Improved management information, aiding continuous improvement

Net Impact of Option 2

This section demonstrates the robustness of the Economic case for the changes to IT and the digitalisation of services, by looking at the sensitivity of the NPV to key drivers of costs and benefits. The drivers tested are:

- **Initial set-up and ongoing costs** – Cost estimates are underpinned by assumptions and optimism bias is included. Until bidder costs are received, there remains uncertainty in initial estimates. To illustrate the impact of higher costs across the range of estimates, a sensitivity analysis has been performed to show the impact of a 20% increase to all initial set-up and ongoing operating costs.
- **Level of benefits realised** – Conservative assumptions have been made to the level of benefits expected from the project. A reduction in benefits accessible to the project is tested.
- **Timing of benefits realisation** – Conservative assumptions have been made to the timing of expected benefits. A number of factors could potentially delay benefits (e.g. slower than expected solution delivery). A delay in benefits realisation to the project is tested.
- **Online take-up** – Assumptions have been made to the take-up of online submissions. A gradual ramp-up to 80% is assumed for the basecase. A case where percentage of online submissions only reaches 60% is tested.
- **Timing of delivery** – Delivery delays could adversely impact the realisation of benefits. As a proxy, the timing of benefits realisation has been used.
- **Volumes** – Assumptions have been made to the expected product volumes for OPG. Work is ongoing to refine these estimates. To illustrate the impact of lower than expected volumes, a sensitivity analysis has been conducted where volumes remain at 2011/12 levels. This case is considered unlikely and previous experience has shown that there is growing demand for OPG products.

Worst case – To test the impact on the NPV, a worst case is tested in which costs are higher than expected, benefits lower and later than expected and volumes remain at 2011/12 levels. This case is considered extremely unlikely

Sensitivity Analysis for Option 2

			Pessimistic	Expected	Optimistic
Risk Tested	Description of Risk	Change variable in	NPV £m	NPV £m	NPV £m
Base case	Base case	Base case	- 29	12.8	18.4
Costs	Set-up and ongoing Costs Higher than Expected	20%	-2.3	8.5	15.1
Benefits	Benefits lower than expected	-20%	-1.6	7.3	12.8
	Benefits later than expected	Realisation delayed 1 year used as a proxy	-1.7	7.8	13.4
	Take up of on line submissions	Maximum take-up 60%	0.3	9.2	14.8

Delivery	Delivery later than expected	Benefits realisation delayed 1 year used as proxy	-1.7	7.8	13.4
Volume	No growth in volumes	Flat-lined at 2011/12 volumes	-4.8	2.8	8.5
Worst case*	Costs higher than expected, Benefits lower and later than expected	Costs +20%, Benefits - 20% Benefits +1 year, Volumes flat, Max60% move to online	-15.9	-8.3	-1.7

* The worst case NPV represents the total impact of all risks occurring. The table is not cumulative but is a discrete measure of each individual effect

These sensitivity tests have shown that for the expected and optimistic range of estimates, the economic case is robust, with a positive NPV being returned in all but the worst case. For pessimistic estimates, the sensitivity analysis demonstrates the NPV is at risk if further adverse risks occur, however the already pessimistic estimates make this unlikely.

Option 1 versus Option 2

For an expected spend of just under £15m option 2 would realise benefits of £27.4m with a positive NPV of £12.8m. So for an additional £5m spend over and above option 1 it would realise an additional £21m in benefits over the life time of the programme. Therefore, Option 2 is the preferred option.

Risks and Assumptions

The key assumption behind the costs and benefits of the introduction of the IT system are that the volumes of registrations of LPAs and EPAs continues to rise – allowing us to make efficiency savings within our current workforce without the cost of any redundancy.

There is also the assumption that the computer system that we put in place will be both able to deal with increasing workloads and flexible enough that it can deal with any policy changes in the future that will impact on the ways in which the OPG processes and conducts its business.

There is also an assumption that over the period of 5 years after it is available that 80% of LPA registrations will be via the OPG's digital service with a direct feed of that information into the back end case management system of the OPG. If the take up rate is not that high there are still significant benefits to those who do use the digital service and the OPG but they will not be as high as predicted.

One key risk is that the OPG has yet to go to tender to the market in order to engage a supplier for the back end case management system and hence do not know the final costs of delivery. However, the indicative costs included here have been based on prior market engagement as so reduce the risk that the final figures will be significantly different. However, until that engagement happens there may be changes to the cost base of this proposal.