National Audit Office

NAO

Report
by the Comptroller
and Auditor General

Cabinet Office

Investigation into Verify

What this investigation is about

1   The Government Digital Service (GDS) developed GOV.UK Verify (Verify) as the government's flagship identity verification platform,[1] following ministerial agreement on a cross-government approach to identity assurance.[2] Verify was intended to be the default way for people to prove their identity when using digital services that need to know who the user is (such as claiming tax back and receiving benefit payments). GDS expected the programme to cost £212 million and generate benefits of £873 million over four years from 2016-17 to 2019-20.

2   People sign up for Verify to prove their identities, so they can securely access online government services such as Universal Credit or to claim a tax refund. Once online, people are asked to pick from a list of 'identity providers', who verify their identities using a range of evidence and methods (including documentation checks). Once their identities are verified, people are then provided with a log-in so they can access the online services they need. Verify uses commercial organisations to verify people's identities.

3   In October 2014, GDS began public trials of Verify with a small number of government services. It has since added more government services, and 3.6 million people have been verified by February 2019. The performance of Verify has consistently been below the standards set out in each of its business cases. GDS intended that Verify would be largely self-funding by the end of March 2018, but low take-up means that government continues to fund it centrally.

4   The Cabinet Office announced in October 2018 that government would stop funding Verify in March 2020. It has capped the amount it will spend on Verify during this time to £21.5 million. GDS has confirmed 18-month contracts with five commercial identity providers who will continue to verify people's identities. After March 2020, GDS's intention is for the private sector to take over responsibility for Verify. It believes providers will take responsibility for "invest[ment] to ensure the delivery of Verify" and "broadening the usage and application of digital identity in the UK".[3]

1   Cabinet Office, 'Five new providers join flagship identity verification service', press release, 25 March 2015. Available at: www.gov.uk/government/news/five-new-providers-join-flagship-identity-verification-service
2   See paragraph 1.1.
3   House of Commons, 'GOV.UK Verify programme: written statement', HLWS946, 9 October 2018. Available at: www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2018-10-09/HCWS978/.

5 This report follows on from our previous work on Verify in the *Digital transformation in government* report.[4] This found that take-up of Verify had been undermined by its performance and that GDS had lost focus on the longer-term strategic case for the programme. This report looks at:

- how Verify was set up, what it intended to achieve and performance to date;

- total costs of Verify and estimated benefits;

- key decisions made during the programme, including the recent government decision to stop funding Verify; and

- how Verify will operate in the future and the implications for government services currently using Verify.

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4   Comptroller and Auditor General, *Digital transformation in government*, Session 2016-17, HC 1059, National Audit Office, March 2017.

Summary

Key findings

1   GOV.UK Verify (Verify) was intended to be a flagship digital programme to provide identity verification services for the whole of government. The Government Digital Service (GDS) considers it to be a strategically ambitious programme that includes not only the development of the Verify platform, but also an identity assurance framework and a commercial model that supports a growing identity market. In its 2016 business case, GDS identified the following key targets and expectations for the platform: 25 million people would use Verify by 2020, and 46 government services would be accessible through Verify by March 2018.

Verify's performance and benefits

2   **GDS developed an identity assurance framework on which the Verify platform is based.** The UK's National Technical Authority on Identity Assurance issued guidelines that GDS used to develop its identity assurance framework in 2012. Based on this framework, GDS developed the Verify platform for public trials by October 2014. In 2017, the Infrastructure and Projects Authority (IPA) noted that the Verify platform "has been an innovative technical success and is performing to specification, [but] it is not producing the promised benefits, which rely on the large numbers of people signing up" (paragraph 1.2).[5]

3   **GDS is not on track to meet the target of 25 million users signed up to Verify by 2020.** By February 2019, 3.6 million people had signed up for Verify. If current trends continue, approximately 5.4 million users will have signed up by 2020. Lower than expected take-up had started to become evident by 2016 and has persisted despite efforts to boost user numbers (paragraphs 1.7, 1.9 and 1.10 and Figure 2).

4   **Nineteen government services currently use Verify, less than half the number expected by March 2018.** In 2016, GDS expected 46 government services to have connected to Verify by March 2018. At least 11 of the 19 government services using Verify can be accessed through other online systems. Some government service users, for example those using Universal Credit, have experienced problems using Verify. As a result, departments have needed to undertake more manual processing than they anticipated, increasing their costs (paragraphs 1.7 and 1.11 – 1.15 and Figure 3).

5   Infrastructure and Projects Authority, *GOV.UK Verify: Project Assessment Review (PAR)*, February 2017.

5   GDS reported a verification success rate of 48% at the beginning of February 2019, against a 2015 projection of 90%. The verification success rate measures the proportion of people who succeed in signing up for Verify in a single attempt out of all those who try. These people have had their identities successfully confirmed by a commercial identity provider. Some failures to sign up are not counted as part of this measure, such as the number of people dropping out before they finish their applications. The verification success rate also does not indicate whether people can actually access and use the government services they want after being successfully verified (paragraphs 1.7, 1.16 – 1.17).

6   GDS currently estimates that Verify's expected benefits would be £217 million for the four years between 2016-17 and 2019-20. In its 2016 business case, GDS estimated that Verify's benefits would total £873 million for the period 2016-17 to 2019-20. It has now revised its benefits estimate for this period to £217 million, 75% lower than its original estimate. GDS classifies these benefits as non-cash releasing.[6] A significant proportion of Verify's expected financial benefits come from avoided building costs (spending that departments would otherwise have needed to incur to build or procure an alternative identity verification system). We have not been able to replicate or validate GDS's estimated benefits on the evidence made available to us (paragraphs 1.18 – 1.21 and Figure 4).

Costs and funding

7   Verify and its predecessor programme have cost at least £154 million so far. From 2011-12 to September 2018, GDS's total programme spending on Verify and the predecessor Identity Assurance Programme was £154 million. Of this, payments to providers came to £58 million – more than one-third of total reported costs. However, £154 million is likely to be an underestimate of all costs across government, as GDS's reported spending does not include, for example, the costs to departments of reconfiguring their systems to use Verify (paragraphs 2.2 – 2.3 and Figure 5).

8   GDS has not achieved the goal set out in its 2016 business case of making Verify largely self-funding by March 2018. Under the original commercial model for Verify, GDS expected that prices paid per sign-up would fall over time as user numbers increased. In practice, user volumes did not increase as expected and average prices paid to providers remained above £20 for new verifications. High prices meant that GDS has continued to subsidise departments for using Verify. Moreover, most departments have not paid the Cabinet Office and GDS even for subsidised services. HMRC has paid £6.7 million for its Verify usage, but between 2016-17 and 2018-19 no other department paid for using Verify, despite being issued invoices by the Cabinet Office. It is unclear why some departments have not paid these invoices (paragraphs 2.3 and 2.5 – 2.8).

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6   The IPA's guidance on benefit management defines non-cash releasing benefits as benefits that result in departmental efficiencies but not necessarily a budget reduction, while cash releasing benefits are benefits that directly reduce a departmental budget. See Infrastructure and Projects Authority, *Guide for Effective Benefits Management in Major Projects*, October 2017.

9 **The most recent Verify contracts reduce prices paid to providers.** GDS has signed new contracts with providers which apply from October 2018 to March 2020. These new contracts set a lower price for each user sign-up and provide for the price to reduce further as user volumes increase. By April 2020, GDS expects the price per sign-up to fall to a level that would make the delivery of Verify cost-neutral (paragraph 2.4).

Decisions on Verify's future

10 **GDS and the Cabinet Office have tried several times to address problems with the Verify programme.** Verify has been subject to over 20 internal and external reviews. The number of reviews in part reflects efforts by GDS to re-evaluate and reset the programme. In 2016, GDS revised its business case and planning assumptions following an internal review to refocus the programme. It commissioned external support in 2017 to inform the strategic direction of the programme and implemented several measures to try to increase user volumes (such as introducing verifications at a lower level of assurance). Despite these efforts, a review by the Infrastructure and Projects Authority (IPA) in July 2018 recommended that Verify be closed as quickly as practicable, bearing in mind Universal Credit's critical dependency on Verify (paragraphs 3.2 – 3.4 and Figure 6).[7]

11 **The Cabinet Office and HM Treasury decided in 2018 to stop government funding for Verify.** In May 2018, the Cabinet Office and HM Treasury approved GDS's proposal to 'reset' Verify to improve its performance and value for money. The Chief Secretary to the Treasury adopted tests recommended by the IPA, requiring GDS to work with other departments to get their buy-in and increase the number of user verifications. These tests were not met. The Cabinet Office announced in October 2018 that government funding to Verify would cease in March 2020. GDS will withdraw from its operational role running Verify at this point (paragraphs 3.5 – 3.7).

12 **GDS is currently considering what the commercial model for Verify will look like post-April 2020, and how private sector providers will take over control and management of Verify.** One possibility is that departments would procure identity verification services directly from the market of private sector providers. Departments currently do not pay their full usage costs for Verify but would have to under a market-based model. After April 2020 GDS will no longer set prices, so it cannot guarantee what prices will be determined by the market in future. There is consequently a risk that the market price for identity verification services could be unaffordable for government departments using Verify (paragraphs 3.8 – 3.11).

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7 Infrastructure and Projects Authority, *Identity Management – Verify: Assurance of Action Plan (AAP)*, July 2018.

13   Universal Credit remains Verify's biggest government customer.
The constraint on closing Verify entirely is Universal Credit, which uses it to verify the identities of claimants. However, most claimants cannot actually use Verify to apply for Universal Credit: only 38% of Universal Credit claimants can successfully verify their identity online (of the 70% of claimants that attempt to sign up through Verify). The Department for Work & Pensions is working with GDS on an improvement plan to increase the number of claimants successfully verified, and has provided £12 million to support the continued operation of Verify to March 2020 (paragraphs 1.14, 2.5 and 2.8).

Concluding remarks

14   In many ways the Verify programme is an example of how government has tried to tackle a unique and unusual problem, adapting over time in response to lessons learnt and the changing nature of the external market. Government has identified fraud as a growing threat across the modern economy, both within and beyond the public sector, and that confidence in identity is an important element of protecting services and users. In an attempt to strengthen online identity while maintaining a high degree of privacy, GDS has helped to define standards, build the Verify platform, and develop the market of private sector identity providers. After struggling to build demand within the public sector for Verify, government has now decided to hand over control of Verify to providers from 2020 with the aim of encouraging its use for non-government services, to deliver wider benefits and build scale that may benefit government in the longer term through lower prices.

15   Unfortunately, Verify is also an example of many of the failings in major programmes that we often see, including optimism bias and failure to set clear objectives. Even in the context of GDS's redefined objectives for the programme, it is difficult to conclude that successive decisions to continue with Verify have been sufficiently justified.