

Appendix B

Innovation and Change Management

Tri-borough Business Intelligence Programme

Project Business case

Freedom Passes

1. Introduction/summary

- The Tri-borough spends approximately £30.5m each year on accessible transport for disabled and vulnerable people in the form of freedom passes. (LBHF £9m, WCC £13m, and RBKC £8.5m)
- This equates to £338(LBHF), £317(WCC), £314 RBKC per pass per year. Each pass is issued for a five year period.
- Since the last Freedom Pass renewal in 2010 until the summer of 2013, there had been no attempt to cleanse or validate the freedom pass holder list, and so spend and volume has been increasing as the boroughs are paying for passes for people who have died or moved out of the borough.
- By comparing and matching various data sets from disparate systems it is possible to identify discrepancies that indicate a possible fraud. A risk score can be assigned to each pass depending on the indicator, allowing the service to investigate those most likely to be closed and so ensuring the most effective use of resources.

2. Objectives

a. Current State description

Hammersmith and Fulham

- An internal exercise has been undertaken that resulted in 730 passes being closed by the Accessible Transport team in H&F Direct. This realised an avoided cost of £240k pa. It is estimated that on-going annual cost avoidance will be in the region of £100k pa. These figures are net of any passes closed or cost avoidance as a result of a separate exercise to review eligibility by the London Councils and Experian.
- 670 additional passes that can be closed have been identified through work undertaken by London Councils and Experian. These are currently being closed.
- The backlog has been cleared and the target date for next full check is under consideration

Westminster

- In Westminster the budget for Freedom Passes lies in Adult Services
- Westminster undertook an exercise in June 2013 to scope the extent of the Freedom Pass issue in the Borough.
- The type of discrepancies found are broadly aligned with those identified by Hammersmith and Fulham and are shown in Appendix 1.
- Westminster does not have a significant issue with passes issued to out of Borough households, but does have a particular issue with multiple passes at properties which support vulnerable adults – in particular day and residential hostels.
- The methodology for identifying potential discrepancies is slightly different from H&F, and RBKC, although the principles are the same. A full solution would encompass other available data-sets from, for example Housing and Electoral Roll databases.
- No passes have been deactivated in Westminster and the percentages used to estimate deactivations are conservative based on a reprise of a sample of cases given more in-depth scrutiny, as opposed to actual deactivation.
- The Westminster Knowledge and Information Board, 14th November 2013, agreed that Adult Services should arrange to switch off passes for those deceased, write to out of borough households, and that the BI service should undertake further investigations to bring back improved certainties around other discrepancies.
- The Cabinet Member has agreed with this approach, and SEB informed of intended actions.

Kensington and Chelsea

- In RBKC the budget for Freedom Passes lies in Adult Services. An initial exercise in RBKC identified 1695 passes with some level of discrepancy and 572 that are the most likely to be able to be closed immediately. This equates to a saving of £179.6k per annum. The remaining discrepancies will need further investigation to confirm (544 cases with a potential saving of £170.8k). These figures are net of any passes closed or cost avoidance as a result of the London Councils / Experian eligibility review.
- The type of “discrepancies” are broadly aligned with those detailed by Hammersmith and Fulham and are outlined in the table below.
- No passes had been de-activated in RBKC (mid November 2013).
- Due to experience with London Councils/ Experian closure exercise the Council will take a cautious approach to closing Freedom Passes.

b. Target State description

A rule-based model is to be produced that provides a score indicating the likelihood that a pass can be cancelled because they were either issued in error or because of change in circumstances. The model will be developed continuously as new datasets are identified and added to the warehouse and as new business rules are identified based on feedback from customers. In this way it will become more effective as it is used.

Business customers will be able to access the model via dashboards and excel, providing a tool to enable likely cancellations to be carried out at source or picked up quickly and so maximising savings.

c. Measures of Success

- Increase in number of passes closed and related avoided costs.
- Decrease in number of passes closed and subsequently reinstated.
- Decrease in number of complaints.
- Decrease in number of discrepancies not investigated
- Possible further avoided costs not yet realised
- Increase in model success (hit) rate

3. Business champion, buy-in

Hammersmith and Fulham

- John Collins (Director, H&F Direct, Finance and Corporate Services) has been identified as Business Sponsor from H&F Direct and is actively engaged and pursuing projects within his area.
- Natalie Luck has been identified as key operational manager and fully engaged in initial project to identify and close freedom passes. Key officer responsible for the closure of passes, and the monitoring of benefits. Delivered successful project to clear backlog of LBHF cases.

Westminster / Kensington and Chelsea

- Rachel Wigley is the budget holder and project sponsor in both Westminster and Kensington and Chelsea. Christian Markandu is the lead Commissioner. The solution in

Westminster is being driven forward by Damian Highwood (corporate analyst team manager) and Manisha Patel (Adult Services Business Analyst).

- Within Westminster and RBKC there is full agreement that for the purpose of protecting the public purse that Freedom Pass findings should be implemented.
- Other key data holders Westminster (Council Tax, Phil Black, Electoral Roll, Martin Pyriannous) have been involved and supportive in the scoping exercise, and would likely support data usage (providing the correct Information Management templates are developed) in implementation.
- Alice Devine and Ray Brown have been identified as key RBKC operational managers, and are fully engaged in initial project to identify and close freedom passes. They will be instrumental in the process of closing passes and the monitoring of benefits.
- RBKC key data holders include Danny McIlroy for Council Tax and Housing, Manisha Patel for Frameworki and Amanda Gill for Temporary Accommodation.

4. Outline business case

Financial profiles differ across the councils due to H&F already addressed the backlog and RBKC/WCC not having done so yet

Hammersmith and Fulham Financial Benefits

The financial benefit is future cost avoidance and reducing unnecessary waste.

It is estimated that each Freedom Pass costs the local authority £338 per annum. Based an estimate of 300 passes closed per annum on an ongoing basis the savings in the following table are possible, based on the assumption that each pass closed would have been opened for 2.5 years (the time of eligibility reviews).

Freedom Pass benefits - over 5 years, all financial information in £(000's)	Yr 1 2014/15	Yr 2 2015/16	Yr 3 2016/17	Yr 4 2017/18	Yr 5 2018/19	Total
Number of Passes Deactivated in Each Year	300	300	300	300	300	1500
Value of Passes Closed in Year 1	£100	£100	£50			£250
Value of Passes Closed in Year 2		£100	£100	£50		£250
Value of Passes Closed in Year 3			£100	£100	£50	£250
Value of Passes Closed in Year 4				£100	£100	£200
Value of Passes Closed in Year 5					£100	£100
Total Savings	£100	£200	£250	£250	£250	£1050

Note that Local Authorities are billed for Freedom Pass costs based on the list at the end of May each year. This means that a reduction in Freedom Passes through deactivation work completed by the end of May 2014 would result in those costs being avoided in financial year 2015/16.

Westminster Financial Benefits

- The potential financial benefits to Westminster in the table below were presented to KIB.
- The percentage estimated to deactivate was originally taken from early Hammersmith and Fulham work- they may require revisiting to reflect later H&F research and local conditions in Westminster.
- Savings have been produced on the basis of the annual cost of a Freedom Pass (taken as £317¹), and are shown below over 5 years. These figures assume that since year 1 will sweep up historic discrepancies which could have occurred in the past 5 years (an average of 2.5 years has been used), all subsequent discrepancy figures will be 33.7% of year one. 33.7% is derived from actual pass discrepancies picked up by LBHF in subsequent years.

Freedom Pass benefits - over 5 years, all financial information in £(000's)	Yr 1 - 2014/15	Yr 2 - 2015/16	Yr 3 - 2016/17	Yr 4 - 2017/18	Yr 5 - 2018/19	Total
Number of Passes Deactivated in Each Year		1,700	680	680	680	4420
Value of Passes Closed in Year 1		£539	£539	£269		£1,347
Value of Passes Closed in Year 2			£182	£182	£91	£539
Value of Passes Closed in Year 3				£182	£182	£539
Value of Passes Closed in Year 4					£182	£431
Value of Passes Closed in Year 5						£216
Total Savings		£539	£721	£633	£455	£3,072

RBKC Financial Benefits

- Savings have thus far been produced on the basis of the annual cost of a Freedom Pass (taken as £314²), and are shown below over 5 years. These figures assume that since year 1 will sweep up historic discrepancies which could have occurred in the past 5 years (an average of 2.5 years has been taken), all subsequent discrepancy figures will be 33.7% of year one. 33.7% is derived from actual pass discrepancies picked up by LBHF in subsequent years.

Freedom Pass benefits - over 5 years, all financial information in £(000's)	Yr 1 2014/15	Yr 2 2015/16	Yr 3 2016/17	Yr 4 2017/18	Yr 5 2018/19	Total
Number of Passes Deactivated in Each Year		1,110	370	370	370	2220
Value of Passes Closed in Year 1		£350	£350	£175		£875
Value of Passes Closed in Year 2			£118	£118	£59	£295
Value of Passes Closed in Year 3				£118	£118	£236
Value of Passes Closed in Year 4					£118	£118
Value of Passes Closed in Year 5						
Total Savings		£350	£468	£411	£295	£1,524

¹ Total annual cost in Westminster divided by total live Freedom Passes.

² Total annual cost in RBKC divided by total live Freedom Passes.

a. Benefits - non financial

- Reputational benefit – cracking down on fraud and reducing unnecessary waste.
- Potential secondary benefit of identifying possible fraud in other areas – single person discounts, empty homes etc.
- This project will further highlight the need for clarity about the policy of establishments such as hostels who may support clients for a short period, but should not be used as Freedom Pass long-term addresses, thus tightening control procedures.

b. Benefits realisation outline plan

Hammersmith and Fulham

- Initial meeting was held with operational leads to determine which flags or data items could indicate discrepancies.
- Data sets were pulled together and flags identified for each pass. A sample of passes with each type of flag was checked and validated. The model was then developed and applied to all freedom passes and assigned a risk score (between 0 and 1) to each freedom pass. Those with the highest risk scores were prioritised.
- This is an ongoing process and the risk scoring mechanism will be continually refined based on feedback to improve results.
- Operational Team will log on CMS all passes closed and the source and reason behind the closure. They will log how many passes are closed and over what period. They will also log the number of complaints and number of passes closed and subsequently reinstated.
- There is no way of querying CMS directly so a manual exercise will need to be undertaken to feed back results to analysts to refine the model.
- Outstanding discrepancies to be monitored by the accountable officer and finance staff.

Westminster

- Benefits realisation plan has yet to be fully developed in Westminster
- It is anticipated that around 35% of benefits would be made from the removal of deceased and out of borough clients at minimal cost.
- Those discrepancies relating to single person discount, empty properties and multiple (over 5 in household) need to be better understood, i.e. more finesse in terms of risk before the associated costs of de-activation for those people can be estimated.

RBKC

- The benefits realisation plan has been agreed with the key responsible officers (Alice Devine/ Ray Brown) and will be implemented only when the data safeguards have been undertaken.
- The approach for those passes identified deceased and out of borough will be the similar to the approach taken in LBHF.
- For those passes identified as deceased the passes will be switched off and the relevant systems updated and the experience of LBHF indicates that the level of certainty of accuracy is high with minimal queries raised.
- The approach for those persons who have moved out of borough is to notify these pass holders by letter that our records indicate they have moved out of the borough and their pass will be de-activated unless they respond with recent proof of residence. These

letters will be sent out with 'do not forward' envelopes. Once the time period has elapsed and no response received then the passes will be de-activated..

- Additional costs through staff overtime for the closure of passes, issue of notification letters and dealing with queries is estimated at approximately 85 hours additional staff hours that would cost an estimated £1,530.
- For all other categories of discrepancy further investigation will be required

c. Business Costs (staff resource cost on the business side + benefits realisation costs)

Hammersmith and Fulham

- The estimated operational, implementation cost to LBHF of the original exercise was £3.8k, all of which is officer time. On an ongoing basis, 2 hours per month to refine model (analyst) and 1 day per month operational staff to close passes down and 1 day per month of CAFS / validation time. Overall estimate per month is £450, equating to £5.4k pa.

RBKC

- Using the same basis for staff time as in the benefits realisation cost there is an additional 34 hours operational staff time equating to £600 and an additional 1 day per month analyst time.

5. BI Deliverables & Project Plan

- As the freedom pass project will be the first to be delivered by the Tri-Borough service there is minimal reuse of existing data available.
- With the exception of deceased pass holders, data sharing agreements will need to be in place in order to implement BI findings. This means that the Information Governance project is a key dependency for this work stream
- To enable the identification of erroneously issued passes a risk matrix will be produced for each borough. The matrix will allocate a score on a from 1 to 10 to each pass, where a score of 1 indicates a valid freedom pass and 10 indicates that the pass has been issued in error or is no longer required.
- The risk matrix may be made available to the business either through a dashboard interface or via excel. The scores in the matrix enable the business to make informed decisions on which passes can be turned off and which require further investigation.
- It is estimated that the project, from scoping to productionisation of the matrix, will take 131 man days, this includes time from all members of the virtual team and the customer.
- The project will be completed within the first 3 months of the BI service, with the matrices released in phases as datasets are added to the data warehouse and matched to the freedom pass list. This means that the business does not have to wait for the project completion before making use of the matrix score.

Risk Description	Impact Description	Impact L/M/H	Likelihood L/M/H	Mitigation	Containment
Information Owners not prepared to share data for purpose	Passes that could be closed will not be identified and avoided cost would not be maximised	H	H	Meet data providers and reassure around security, uses and auditing.	Chief Executive / SROs to corporately manage risk and authorise the exchange of data.
Operational staff capacity to implement findings	Passes might not be closed and costs avoided might not be maximised.	H	L	Need to be embedded as business as usual	Consider additional resources (at cost)
Operational staff capacity to record results	Difficulty in assessing effectiveness of overall project and model	H	L	Need to be embedded as business as usual – create simple systems for capturing key data	Escalation through Business Sponsor
Increase in number of complaints / reputational risk	Members of the public will complain if freedom passes are incorrectly closed	H	L	Model as accurate as possible and findings carefully validated where possible.	Existing complaints processes
The assembly of the information sharing agreement (ISA) is protracted	Analysis and implementation is delayed and excessive staff time taken in securing agreement	H	H	Information Governance Position Statement and action plan.	
Operational staff capacity to review and update policies (e.g. Hostels providing an address for FP claimants)	Ongoing passes may be issued to non-residents as lack of clarity over policy	M	M	Need to engage stakeholders fully in implementation	

Appendix 1

Westminster – Freedom Pass – Numbers & Potential Discrepancies

Factors	Measure	Incidence	Est. % to deactivate	Number to deactivate
Demographic Comparison	More passes than residents in single year groups over 60 (compared to Census 2011)	4,130		
Out of Borough Properties	No of FPs issued at out of borough properties	27	100	27
Deaths	No of FPs active where individuals are deceased	551	100	551
Multiple Passes at Single Discount Properties	No of multiple FPs at addresses which according to the Council Tax list are claiming single person discounts	1,511	30	453
Empty Properties	No of FPs at address which have no occupants according to the Council Tax list	911	30	273
5 or more at a single property	No of FPs at addresses where at least 5 Freedom Passes are active	1,431	39	555
Cumulative Anomalies		4,431	299	1,859
<i>Minus FP's in > 1 risk factor</i>		156		
Grand Total		4,275		1,703

Westminster Financial Benefits

Discrepancies identified in Year 1 resulting in savings for 2015/16 would be realised from passes closed in the circumstances below

Factors	Measure	Incidence	Est. % to deactivate	Number to deactivate	Potential saving
Demographic Comparison	More passes than residents in single year groups over 60 (compared to Census 2011)	4,130			£1,309,210
Out of Borough Properties	No of FPs issued at out of borough properties	27	100	27	£8,559
Deaths	No of FPs active where individuals are deceased	551	100	551	£174,667
Multiple Passes at Single Discount Properties	No of multiple FPs at addresses which according to the Council Tax list are claiming single person discounts	1,511	30	453	£143,696

Empty Properties	No of FPs at address which have no occupants according to the Council Tax list	911	30	273	£86,636
5 or more at a single property	No of FPs at addresses where at least 5 Freedom Passes are active	1,431	39	555	£175,780
Cumulative Anomalies		4,431	299	1,859	£589,339
<i>Minus FP's in > 1 risk factor</i>		156			
Grand Total		4,275		1,703	£539,887

RBKC – Freedom Pass – Numbers & Potential Discrepancies

actors	Measure	Incidence	Est. % to deactivate	Number to deactivate
Deaths	No of FPs active where individuals are deceased	314	100	314
Out of Borough Properties	No of FPs issued at out of borough properties	197	100	197
More than one at a single property (duplicates)	No of FPs where at least 2 Freedom Passes are active for the same person	122	50	61
Empty Properties	No of FPs at address which have no occupants according to the Council Tax list	183	47	86
Multiple Passes at Single Discount Properties	No of multiple FPs at addresses which according to the Council Tax list are claiming single person discounts	879	52	458
Grand Total		1695	66	1116

Discrepancies identified in Year 1 resulting in savings for 2015/16 would be realised from passes closed in the circumstances below

Factors	Measure	Incidence	Est. % to deactivate	Number to deactivate	Potential saving
Deaths	No of FPs active where individuals are deceased	314	100	314	98,596
Out of Borough Properties	No of FPs issued at out of borough properties	197	100	197	61,858
More than one at a single property (duplicates)	No of FPs where at least 2 Freedom Passes are active for the same person	122	50	61	19,154
Empty Properties	No of FPs at address which have no occupants according to the Council Tax list	183	47	86	27,004
Multiple Passes at Single Discount Properties	No of multiple FPs at addresses which according to the Council Tax list are claiming single person discounts	879	52	458	143,812
		1695	66	1116	350,424

LBHF – Freedom Pass – Numbers & Potential Discrepancies

Factors	Measure	Incidence	Est. % to deactivate	Number to deactivate
Deaths	No of FPs active where individuals are deceased	346	100	346
Out of Borough Properties	No of FPs issued at out of borough properties	455	31	139
Empty Properties	No of FPs at address which have no occupants according to the Council Tax list	136	46	63
5 or more passes at same address	5 or more freedom passes at the same residential address	226	5	11
Commercial properties	Freedom passes issued at properties flagged as commercial on the gazetteer	177	18	31
Age checks	Where an internal system contains a date of birth different to that recorded on the Freedom Pass extract, making the holder ineligible.	444	3	15
Multiple Passes at Single Discount Properties	No of multiple FPs at addresses which according to the Council Tax list are claiming single person discounts	867	27	231
Grand Total (unique)		2441	30	737

**a freedom pass might appear in more than one risk factor, hence the column totals do not sum to the row (Grand Total)*

LBHF Financial Benefits

Note these benefits have not been attributed to this project as they have been realised from the initial exercise. They are shown to support the overall case.

Factors	Measure	Incidence	Est. % to deactivate	Number to deactivate	Potential saving
Deaths	No of FPs active where individuals are deceased	346	100	346	116,948
Out of Borough Properties	No of FPs issued at out of borough properties	455	31	139	46,982
Empty Properties	No of FPs at address which have no occupants according to the Council Tax list	136	46	63	21,294
5 or more passes at same address	5 or more freedom passes at the same residential address	226	5	11	3,718
Commercial properties	Freedom passes issued at properties flagged as commercial on the gazetteer	177	18	31	10,478
Age checks	Where an internal system contains a date of birth different to that recorded on the Freedom Pass extract, making the holder ineligible.	444	3	15	5,070

Multiple Passes at Single Discount Properties	No of multiple FPs at addresses which according to the Council Tax list are claiming single person discounts	867	27	231	78,078
Grand Total (unique)		2441	30	737	249,106

**a freedom pass might appear in more than one risk factor, hence the column totals do not sum to the row (Grand Total)*