

## **Partial Regulatory Impact Assessment for the IS Index Regulations 2007**

### **Title of proposal-**

The Information Sharing Index (England) Regulations 2007

### **Purpose and intended effect**

#### Objective

It is proposed that regulations should be made under Section 12 of the Children Act 2004, for the establishment and operation of an Information Sharing (IS) Index for children and young people in England<sup>1</sup>.

The IS Index is an information system that will contain basic details for all children and young people in England and contact details for their carers, and for any children's services practitioners with whom they have had contact.

The IS Index will not contain case information relating to the child or young person, and access to information held in the IS Index will be limited to practitioners who have passed appropriate security checks, received training in the use of the IS Index and been authenticated as registered users of the system.

The purpose of the IS Index is to make it easier and less time consuming for practitioners in the children's workforce to obtain contact details for other practitioners who are involved with a child or young person.

This information will enable practitioners to:

- Take account of other practitioners' involvement with a child or young person when they undertake assessments of their circumstances and needs;
- Undertake joint multi-agency service planning and delivery; and,
- Provide earlier and more effective intervention and support to children and young people and their families.

#### Background

The final report of the inquiry led by Lord Laming, following the death of Victoria Climbié<sup>2</sup>, found that better information sharing was a key change needed to minimise risk to children, alongside other major changes in the way children's services are organised. The report recommended that:

- Front-line staff in each of the agencies that regularly come into contact with families with children must ensure that in each new contact, basic information about the child is recorded. This must include the child's name, address, age, the name of the child's primary carer, the child's GP, and the name of the child's school if the child is of school age. Gaps in this information should be passed on to the relevant authority in accordance with local arrangements.

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<sup>1</sup> *The Information Sharing Index (England) Regulations 2007*

<sup>2</sup> *The Victoria Climbié Inquiry: Report of an Inquiry by Lord Laming*, January 2003

(*Recommendation 12*)

- The Government should actively explore the benefit to children of setting up and operating a national children's database on all children under the age of 16. A feasibility study should be a prelude to a pilot study to explore its usefulness in strengthening the safeguards for children. (*Recommendation 17*)

The Government's strategy for change in the provision of children's services was set out in *Every Child Matters (ECM)* in September 2003. It highlighted better information sharing between workers and practitioners in the children and young people's workforce as key to successful early intervention.

The Children Bill was presented to Parliament in March 2004, and subsequently received Royal Assent on 15 November 2004. The Children Act 2004 imposes statutory duties on practitioners and organisations involved in delivery of children's services to co-operate to improve children's well-being and to safeguard and promote their welfare. Statutory guidance on the duties imposed on local authorities includes an expectation that improved information sharing practice is embedded throughout every local area. The IS Index will enable and support that objective.

Section 12 of the Act, which came into force in January 2006, gives the Secretary of State for Education and Skills the power to make regulations to enable the establishment and operation of one or more IS Indexes. These would contain basic information which will assist a practitioner to:

- Verify the identity of a child with whom they have contact, regardless of the geographical boundaries of their own service or agency;
- Identify whether a child is getting the universal services to which they are entitled (so that appropriate action can be taken in circumstances where the child is not on any school roll and no other educational setting is recorded, or where a child is not registered with a GP);
- Determine which other practitioners are currently (or have recently been) involved with a child or young person; and
- Determine whether any practitioners have indicated that they have information about a child, have undertaken an assessment, or have taken action.

The provisions at Section 12 of the Act apply to the establishment of the IS Index in England only. However, there is provision elsewhere in the Act for the creation of an Index in Wales, subject to the will of the Welsh Assembly.

The details of how these IS Indexes will work in practice are to be set out in regulations and guidance. It is these regulations that form the topic of this RIA.

#### Rationale for government intervention

The Government outlined its strategy for change in the management and delivery of children's services in December 2004 in *Every Child Matters: Change for Children (ECM:CfC)*. The strategy sets out a national framework for local change programmes to build services around the needs of children and young people.

Local authorities and their partners are expected to improve information sharing

practice and processes, building on the foundations laid by local information sharing and assessment projects and trailblazers, and to improve multi-agency planning and delivery of services for children and young people.

Around 30% of children and young people in England are in receipt of specialist or targeted services. These services are provided to children and young people with identified needs, and are in addition to the 'universal' services (i.e. education and primary healthcare) to which every child is entitled. In 2003, the total number of children considered to be 'vulnerable' was 3 to 4 million.

However, it must be borne in mind that children and young people's needs evolve over time. Those children and young people whose needs are currently met by universal services may develop needs for additional specialist or targeted services at any time.

If the practitioners who encounter these children and young people are to determine the most appropriate, effective and timely action to meet their needs, it is important that they should be able to:

- Verify the identify of the child or young person;
- Identify any other practitioners who are involved; and
- Make contact with other practitioners who are involved.

At present, there is no reliable means by which practitioners can achieve this. In the absence of a tool such as the index, this means that:

- Children and young people may receive less effective or less timely intervention and support than they might otherwise have done;
- Children's services may not be delivered in the most effective or efficient manner, including through multi-agency working, where appropriate;
- Children and young people who are missing universal services may not be quickly identified and provided with these services; and
- Children with unidentified or unmet needs for targeted or specialist services may not receive these in good time to prevent their needs escalating towards more specialist support and intervention.

There is a need, then, for an information sharing solution that helps practitioners to:

- Identify any information they may need to make timely and effective decisions about the needs of children and young people;
- Contact other practitioners who may hold that information; and
- Implement multi-agency working to meet the needs of children and young people.

The IS Index will help practitioners to:

- Take account of the involvement of other children's services practitioners when considering their circumstances and needs;
- Identify whether a Common Assessment Framework has been completed by another practitioner who has contact with a child or young person that might impact on an assessment of their needs or the best way to help them;
- Plan and implement interventions and support for children and young people using multi-agency working where appropriate;
- Provide early and appropriate intervention for children and young people, which may help to prevent their circumstances declining; and
- Verify that a child or young person is in receipt of the universal services to which they are entitled (so that local authorities, for example, can ensure that they discharge their statutory duties to provide education for every child).

Children who are currently in receipt of the universal services to which they are entitled and who have no further service needs or risk factors will, nevertheless, benefit from the creation of an IS Index which helps practitioners to identify the child, their parents or carers and any current or recent practitioner involvement, should the child be referred to them or give any cause for concern in the future.

The creation and implementation of an IS Index will nonetheless be a complex undertaking. Local authorities have responsibility for ensure that children and young people receive services which they are entitled to receive and which help ensure their wellbeing. This function is discharged by the Director of Children's Services in each local authority area.

In order to create the IS Index each local authority and a range of local delivery partners will need to play an active part in the creation and ongoing management of the IS Index. In the absence of statutory regulations and guidance there would be no requirement for local authorities to do so, and no requirement for practitioners or organisations at local or national level to provide information about children and young people and about practitioner contacts to support this.

Each local authority would have to establish a series of data sharing agreements and protocols with the practitioner groups in their local area. Then, in order to create a national database, each local authority would need to establish data sharing agreements with each of the other 150 local authorities, to enable information sharing between them. In practice, a significant number of authorities might choose not to participate, or to delay action to enable them to concentrate on other priorities. Delivery partners might similarly choose to opt in or out of participation in the IS Index.

This would be complex and cumbersome to implement and manage, in practice. The resulting gaps in coverage, together with the differing levels of engagement of practitioner groups between local authority areas, would result in considerable variation in the quality of information collected in different areas across the country.

This, in turn, would limit the impact of the IS Index on improving service delivery and outcomes for children and young people. As a result, the project would not meet the

policy objectives.

The alternative to this scenario is to introduce the IS Index with statutory regulations and guidance, which will enable the appropriate sections of the Children Act 2004. The regulations will thus require or permit local authorities, practitioners and bodies to perform the functions required to make the IS Index a success and to ensure that it meets the policy objective to create a national database to record basic information about practitioners' contact with children and young people.

## **Consultation**

### Within government

The government agencies and departments that have been consulted on the proposed IS Index and associated regulations include:

- Cabinet Office;
- Department for Constitutional Affairs (DCA);
- Department for Communities and Local Government (DCLG) - formerly the Office of the Deputy Prime Minister;
- Department of Health (DH);
- Department for Work and Pensions (DWP);
- HM Revenue and Customs (HMRC); and
- Home Office.

Consultation within government has included participation by selected departments in:

- The IS Index Project Board;
- The cross-departmental committee of Ministers which approved the IS Index project in December 2005; and
- Bilateral discussions to produce Memorandum of Understanding agreements to permit data to be provided to the IS Index by DWP, HMRC and NHS.

### Public Consultation

Local Authorities and practitioner organisations have also been extensively involved in discussion and development of the project and of the proposed regulations. A number of forums have been created to support this engagement. These include the:

- Information Sharing Advisory Group (ISAG) - an advisory body with representatives from Voluntary and Community Sector Organisations (VCSOs), the Association of Directors of Social Services, the Association of Local Government, the National Register of Unaccompanied Children, and the Association of Chief Police Officers (ACPO);

- Trailblazer Keep in Touch (KiT) - this was a consultative forum to ensure that the Project is informed by the experience of Trailblazer projects which were established to develop and test a range of improvements in information sharing and assessment in selected local authority areas;
- Local Authority Implementation Support Group (LAISG) - a consultative forum consisting of 20 Local Authorities whose purpose is to inform implementation of the IS Index.

Trailblazers' experience with local IS Indexes helped identify a range of direct benefits of the IS Index. Trailblazers have also undertaken significant communication and consultation with children, young people and families. This has included publication of information about the content and purpose of local IS Indexes and dealing with enquiries from the public about data security and privacy. Further consultation with children, young people and families is ongoing within the IS Index project and the wider ECM programme.

Other bodies that have been consulted on the project and the proposed regulations include the National Health Service (NHS), the Office of the Information Commissioner, The Children's Commissioner, and a number of voluntary sector and charity organisations.

A public consultation on two aspects of the IS Index was conducted in October 2004.

The formal public consultation on the draft regulations and on this Partial Regulatory Impact Assessment during 2006, will considerably widen the scope of consultation on the IS Index. However, consultation and communication with the public will continue throughout the development and implementation of the project.

## **Options**

### Options for achieving the policy objective

The options for the department to pursue its policy objective to establish a national database to record basic information about practitioners' contact with children and young people are described below.

These options have been informed by input from, and consultation with, front-line practitioners and managers across a wide range of children's services organisations. They also reflect the experience of Trailblazers who have developed local IS Index systems under existing legislation.

The options assess the impact of proceeding without and with regulations and statutory guidance.

Option 1: Implement the project to create an IS Index with **no regulations or statutory guidance**. This represents the 'Do Nothing' Option: the project to create an IS Index database would continue, but without the legislation that requires organisations to participate in and support this.

Under this option, it would not be impossible for DfES to create a single national IS Index. Instead, each local authority would need to be persuaded to participate in the project, and to create a local IS Index for which they would be responsible. Each local authority would have to establish a series of data sharing agreements and protocols with practitioner groups in their local area. They could then populate a

Index database that could be provided by DfES.

Differing priorities for local authorities, practitioner groups and bodies across the country would result in considerable geographic variation in take-up and quality of information collected. As a result, this option would not meet the policy objective.

Option 2: Implement the project to create an IS Index with **limited regulations and statutory guidance**, covering only those organisations and practitioners who, under the terms of the Children Act 2004 are **required to disclose** information for inclusion in the IS Index.

This option could be implemented only for those organisations and practitioners identified in the Children Act 2004 as being required to disclose<sup>3</sup> information. However, the Act also provided for the addition of any other persons or bodies that the Secretary of State for Education and Skills might wish to add to the list of those required to disclose information for inclusion on the IS Index. It is assumed in this option, that the regulations would name any practitioners or organisations whom the department had already identified should be added to the list included in the Act, and thus avoid the need for further legislation to be introduced to do this at a later date.

This option would enable the creation and implementation of a national IS Index, but would prevent a range of key practitioner groups, including some in the health sector and many in the voluntary and community sector, from either providing information or making use of the IS Index. As a result, this option would not fully meet the policy objective.

Option 3: Implement the project to create an IS Index with **full regulations and statutory guidance** covering both organisations and practitioners who are **required to disclose** and those who are **permitted to disclose** information for inclusion in the IS Index.

As for option 2, this option could, in theory, include only those practitioners and bodies listed in the Children Act 2004. However, in this case we assume that it is also extended to include any other person or bodies whom the Secretary of State for Education and Skills wishes to add to the lists of those required or permitted to share information<sup>4</sup>.

This option would meet the policy objective in full and create a national IS Index.

### Risks

The department has evaluated the risks associated with each option in detail. A summary of these risks is presented below.

The risks associated with Option 1 (Do nothing) are:

- Key bodies (e.g. the Department of Health, Primary Care Trusts) cannot supply data without an established legal basis;
- Local authorities and delivery partners would have differing interpretations of the legal position, regarding provision of data for inclusion on the IS Index;

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<sup>3</sup> See Sections 11(1), 12(7) and 12(8) of the Children Act 2004.

<sup>4</sup> Section 12(7)(f) and (8)(e)

- Coverage and data held in the IS Index would be incomplete, as a result of varying commitment and priorities across the country;
- Take-up and use of the IS Index would vary between areas and organisations, resulting in variations in practice and service provision;
- Additional costs would be incurred, as there would be considerable duplication of effort in local authorities and partner organisations; and
- The policy objective to create a national database to record basic information about practitioners' contact with children and young people would not be met.

The risks associated with Option 2 (Limited regulations and statutory guidance) result mainly from the failure to include 'permitted' practitioners and bodies (including many VSCOs) in the regulations. In theory, many of these organisations could be allowed to participate in the IS Index if suitable information exchange agreements and protocols could be agreed. In practice though, this would prove cumbersome to arrange for a large number of organisations at national level, and would be dependent on each organisation's interpretation of its legal position. As a result:

- Practitioners and bodies who are not 'required' to provide data for inclusion in the IS Index would vary widely in their response;
- The IS Index would not include much valuable information about children and young people in hard to reach groups, which tend to be better served by VCSOs and small organisations;
- The resulting variation in coverage would only partially meet the policy objective for the IS Index; and
- Development of the regulations may heighten perceptions that the Index could have a negative impact on privacy, necessitating additional resource to be allocated to stakeholder management and communications.

The principal risks associated with Option 3 (Full regulations and statutory guidance) are that:

- The administrative costs incurred by practitioners and bodies in order to comply with the regulations are judged to be excessive; and
- Some local authorities or delivery partners may fail to comply with the regulations.

In addition, there are a number of delivery and implementation risks that are common to all options (e.g. the risk that Information held on the IS Index may be accessed or passed to people who are not entitled to have it, or misused by authorised users).

The project has plans in place to address these and other delivery and implementation risks which have been identified for the project. The mitigation measures are discussed in further detail in the sections that follow. However, these include:

- Provision of funding to cover the additional costs that will be incurred by key organisations preparing for implementation and supporting ongoing management



of the IS Index;

- Establishing efficient and effective monitoring and reporting of preparation, delivery and achievement (including benefits realisation) for the IS Index;
- Ensuring that access to the IS Index is controlled and limited to approved, security checked users;
- Providing adequate training for users, covering both use of the IS Index and information sharing best practice;
- Monitoring use of the IS Index and highlighting any potential misuse for investigation and possible disciplinary action;
- Providing restricted access to information held on the IS Index about children and young people's use of sensitive services (services related to sexual health, mental health and substance abuse);
- Providing mechanisms whereby the basic information about children and young people held on the IS Index may be only made visible to named users, for example, information that could divulge the location of a child or young person deemed to be at risk of harm; and
- Communicating the purpose and content of the IS Index to stakeholders, providing re-assurance about data security and privacy.

#### Compliance and enforcement

Compliance with the regulations introduced under Options 2 and 3 would be monitored as part of the readiness assessment process for implementation of the IS Index and supported by national and local level communication and stakeholder engagement.

Following implementation of the IS Index, compliance would be monitored by:

- Collection of performance metrics and management data;
- Inspections and assessment, as part of existing audit and performance management regimes; and
- Monitoring use of the IS Index by individual users;

Enforcement of the regulations will thus make use of existing mechanisms and sanctions.

Appropriate and lawful use of information provided for inclusion in the IS Index will thus be governed by:

- The Data Protection Act 1998. This requires that information sharing must be fair and lawful, and in accordance with a set of data processing principles.
- The Human Rights Act 1998. This stipulates conditions for lawful processing of information relating to individuals.

## Unintended consequences

The impact of introducing the IS Index and the proposed regulations has been considered in detail and discussed with stakeholders. The design requirements for the IS Index have been developed and refined to mitigate unintended consequences, where these have been identified.

The potential impacts of greatest concern for stakeholders seem to be:

- An increase in workload for practitioners, as information collected in the IS Index highlights previously unknown needs and thus increases demand for children's services;
- An increase in administrative costs for practitioners and organisations, which imposes a burden of compliance on local authorities and delivery partners; and
- A perceived negative impact on the privacy of children, young people and their families.

The department has reviewed these concerns with stakeholders. Periodic reviews of the project may also highlight additional areas of concern. However, the conclusions drawn for the time being are, respectively, that:

- Whilst the IS Index will make it easier for practitioners to identify the practitioners who are involved with a child or young person, and to contact those practitioners to discuss their needs and circumstances, the Index itself only provides a tool to facilitate what is already established good practice. Where the existence of the IS Index does help to highlight previously unknown needs, this should help practitioners to understand priorities for intervention and support, and to provide that intervention and support earlier, where appropriate, to prevent children's circumstances from deteriorating. More complete information about the needs and circumstances of young people, resulting from greater information sharing between practitioners and facilitated by use of the IS Index, should result in better allocation of resources within and between children's services, and to better outcomes for children and young people.
- The majority of the cost of data collection and management undertaken by local authorities and delivery partners undertaken in support of the IS Index will be funded by DfES. The department will also fund the costs of training and administrative support for IS Index users. The IS Index will be designed to take information feeds automatically from practitioners' existing information systems, so that there will be virtually no requirement for practitioners to key information directly into the IS Index. When practitioners do use the IS Index to collect information relating to children with whom they are in contact, this will typically take very much less than the time than they would previously have spent searching for this information using current methods. As a result, the net effect of the IS Index should be to reduce the time spent by practitioners on this administrative activity and increase the time they can devote to planning, intervention and support. As a result, neither the IS Index nor the regulations should increase the burden on local authorities or delivery partners.
- The information held on the IS Index is limited to the basic information required to facilitate contact between practitioners who are involved with a child or young person. The IS Index will not contain case information, and access to the system

will be limited to practitioners who have passed appropriate security checks and received training in the appropriate use of the IS Index and in information sharing good practice. In most cases, the information held on the IS Index will be basic information that is currently held by practitioners in the children's workforce and which children and young people, or their carers, would already be aware of and consider benign. Trailblazer's experience of implementing local IS Index systems under existing legislation, and on a consent basis, has demonstrated that the concerns of children, young people and families can be addressed by effective communication of the content, purpose and benefits of the IS Index. As a result, neither the IS Index nor the proposed regulations should have a negative impact on privacy of children, young people and their families.

### Implementation and delivery plans

Implementation and delivery of the IS Index and of the proposed regulations will be managed by the IS Index project team which has been established in DfES. This team will place and manage contracts for the design and development of the IS Index and for its ongoing management and support. The IS Index team will coordinate stakeholder management and communications, including consultation on the draft regulations and guidance. It will also negotiate memorandums of understanding covering data supply by other government departments.

The IS Index project team will also work closely with local authorities to support readiness assessment and project planning. Local authorities will be responsible for working with delivery partners at local level, facilitating the supply of information from practitioners' and its input into the IS Index, and coordinating administration, training and support for practitioners who are entitled to use the IS Index.

The project is being conducted in line with good practice for government IT projects, and is subject to review at key decision points using the Office of Government Commerce's Gateway™ review process. It aims to make an IS Index available for use by practitioners by the end of 2008.

### **Costs and Benefits**

#### Sectors and groups affected

The benefits of the IS Index will accrue to:

- Central government;
- Organisations in the public, private and voluntary and community sectors who provide children's services;
- Practitioners; and
- Children, young people and families.

The costs of developing, implementing, managing and assuring use of the IS Index, and of providing information for inclusion on the IS Index, will fall to:

- Central government departments including DfES, the Department for Work and Pensions, and the Department for Health, each of whom will incur costs in preparing and supplying information at national level about children and young

people;

- Organisations who are required or permitted to provide information for inclusion in the IS Index;
- Providers of practitioners' existing information systems, who may need to modify these systems to allow them to interface with the IS Index.

#### Analysis of costs and benefits

The principal benefit of **Option 1 (Do nothing)** is that by introducing the IS Index with no regulations or statutory guidance the government can emphasise local ownership and responsibility for developing the IS Index. This would encourage local diversity, but would inevitably mean that some local authorities would have greater commitment and place greater priority on creation of an IS Index than others. In the absence of a legal requirement for organisations to provide information to populate the IS Index, the response from delivery partners would also vary widely, with the result that coverage of children and young people and inclusion of data about practitioner contacts would vary widely between geographic areas. As a result, this option would not meet the policy objective.

However, the costs of trying to achieve an IS Index in this way would nonetheless be substantial. The actual cost of the project would reflect the number of local authorities in England that go on to create local IS Indexes, and the level of integration that is achieved between them. If 120 out of the 150 local authorities in England contributed in a project to create a national IS Index without statutory legislation or guidance then the estimated implementation cost would be £288m (including VAT and inflation). The estimated operating cost of the IS Index under this option is £54m per annum.

These estimates include the estimated costs that would be incurred by:

- The central IS Index project team - to manage the project and to contract for development and operation of the IS Index system;
- Other government departments and bodies to prepare and provide information for inclusion in the IS Index;
- Local authorities - to prepare for and manage implementation of the IS Index, to undertake data cleansing and management on an ongoing basis, and to coordinate security checking and administration of users;
- National and local bodies and practitioner organisations – to provide information for inclusion in the IS Index;

The benefits associated with the creating and IS Index under **Option 2 (Limited regulations and statutory guidance)** are that:

- Local authorities would be able to collect and manage relevant data from all organisations and practitioners who are required to provide it, without having to establish bilateral data sharing agreements with each of them;
- IS Index data could be shared between local authorities, without the need for negotiation of cross-border data sharing agreements, enabling a single record of practitioner contacts to be created for each child and young person, even if they

have received services in more than one local authority area;

- The IS Index would be implemented within a common, and well-defined legal framework in all areas; and
- The legal basis and process for organisations and practitioners who are 'required' to share information would be clearly defined.

This Option offers significant benefits over Option 1 (No Regulations). However, the Limited Regulations would not cover those practitioners and bodies that the Children Act stated should be permitted to supply information for inclusion in the IS Index. This would prevent a range of practitioner contacts, including many for practitioners in the voluntary and community sector, from being recorded in the IS Index.

Since some children's services are delivered by public sector bodies in one area and by VCSO organisations in others, this would result in geographic variations in the level of coverage achieved from area to area.

It would also make it more difficult for practitioners to identify circumstances in which practitioners in these groups might hold valuable information about children and young people in hard to reach groups. As a result, this option would not fully meet the policy objective.

Option 2 would offer no significant cost advantage over **Option 3 (Full regulations and statutory guidance)**. However, **Option 3** overcomes the disadvantages listed above and offers a number of further benefits, beyond those identified for Option 2 (Limited regulations and guidance). These are that:

- All parts of the children's workforce (including VSCOs) will be able to work together to improve services and outcomes for children and young people;
- Information sharing practices can be developed in a more coherent and consistent manner across the children's services workforce; the desired change in working culture may therefore occur more consistently across the practitioner workforce, leading to faster development and implementation of best practice;
- It will be easier to implement coherent national monitoring, compliance and enforcement procedures; and
- The IS Index can provide a better foundation and support for other Change in Practice Projects (including e-CAF, Lead Professional, and Multi-agency Working).

The estimated cost of implementing Option 3 is £224m (including VAT and inflation), and this option fully meets the policy objective. The estimated annual cost for operation of the IS Index under this option is £41m per annum<sup>5</sup>.

The costs of compliance with the regulations for users of the IS Index will result from the need to record the reason for accessing information held on the IS Index in certain circumstances. The amount of time taken to do so is expected to be far less than the amount of time saved by practitioners in obtaining this information from the

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<sup>5</sup> Funding for the IS Index project was approved at this level by the Secretary of State in November 2005.

IS Index, rather than from existing sources, which is estimated, conservatively to be worth £88m per annum.

The costs of compliance for practitioners and bodies supplying information for inclusion in the IS Index will result from collation and cleansing of data before it is passed to the central IS Index management team or to a local authority for inclusion in the IS Index. In practice, this process will be largely automated, so that following an initial implementation cost the annual cost of data supply to the IS Index will be quite modest. In addition, additional costs incurred by organisations supplying data for inclusion in the IS Index will be funded by the IS Index project.

The table below presents a conservative estimate of the maximum annual cost of compliance for stakeholder organisations under Option 2 and Option 3. It errs on the side of caution, by allowing the possibility that compliance might affect a far greater number of practitioners than the current estimate of the number of users of the IS Index (330,000).

<b>Group / Sector</b>	<b>Maximum Number of Staff Affected</b>	<b>Maximum Annual Cost £000s</b>
Education	178,000	4,697
Health Care (inc CAMHS)	135,000	3,991
Social Care	101,000	528
Home Office	39,000	206
Youth Offending	23,000	121
Youth Support	11,000	60
Department of Work & Pensions	N/A	120
Office of National Statistics	N/A	60
Local Authorities	600	3
Voluntary & Community Sector Organisations	81,000	423
<b>Maximum Estimated Cost of Compliance for Options 2 and 3</b>		<b>10,209</b>

### **Maximum Annual Cost of Compliance with the Regulations**

In addition, it is expected that the one-off costs for data to be provided by central Government departments (DfES, DWP and DoH) to support creation of the initial list of children and young people in England, by local authority area<sup>6</sup> will be £3m.

#### Summary of costs and benefits

The estimated implementation cost of the IS Index project under Option 1 would be £288m. For Options 2 and 3 this would be reduced to £224m. Similarly the annual operating cost of the IS Index under Option 1 would be £54m per annum, compared to £41m per annum for Options 2 and 3.

However, neither Options 1 or 2 fully meet the policy objective to create a national IS Index. The policy objective can best be met by implementing Full Regulations and Statutory Guidance. This option fully meets the policy objective, at lower cost than

<sup>6</sup> Cost fully reimbursed by DfES under the IS Index project.

Option 1, and with reduced risk when compared to Options 1 and 2.

### **Local Authorities Impact Test**

If option 3 above is chosen, local authorities will incur costs of £93m in set-up costs, but these will be reimbursed by the IS Index project out of its £224m funding. Most of these costs relate to training, implementation, CRB checking and data loading. Likewise, some £34m per annum will be incurred by local authorities in ongoing operating costs after implementation; this too will be funded by the IS Index project out of its £41m annual operating budget. The costs forecast have been based on assumptions informed by the experience of Trailblazer local authorities; further Readiness Assessments currently underway in all local authorities will further inform these projections.

Incidental costs which are not specific to the IS Index project are not included in the figures above. These include potential new supply or upgrades of IT equipment, and training in basic IT skills. If incurred, these would be part of an LA's larger IT programme, whose benefits would need to be balanced with the costs incurred. Any such costs would not be driven by the IS Index alone, and would be funded by the LA. Further feedback on the need for such activity will be obtained in Readiness Assessments and Training Needs Analyses to be received in late 2006 and early 2007.

The essential costs incurred by local authorities to implement and operate the IS Index will be paid for out of the central IS Index budget. It is therefore not envisaged that implementation and operation of the Index will place a burden on local authority finances. A large portion of the benefits of using the Index will accrue to local authorities, whilst the costs will be met from central Government.

### **Small Firms Impact Test**

An impact assessment was carried out to consider the impact of the proposed regulations on organisations with fewer than 250 full time equivalent staff. In the context of the IS Index, this is likely to include small Voluntary and Community Sector Organisations (VCSO's) and Case Management System providers.

The cost impact of the Regulations and Guidance on data providers has been identified above and is expected to be funded by the department.

The net effect of the Regulations and Guidance on Delivery Partners and users was shown in sections to be positive in most cases.

The IS Index will, in most cases, draw information from Practitioners' existing Case Management Systems. The department will fund the modification of the larger and more popular of such systems to permit them to interface with the IS Index, where this is technically feasible and commercially sensible; the negative impact of regulations on the providers of such systems should thus be limited.

As a result, it is considered that none of the regulatory options would have a disproportionate affect on small organisations.

### **Competition Assessment**

The Competition Filter Test has been applied and it has been determined that a full Competition Assessment will not be required to support this RIA, as implementation

of the IS Index Regulations should have no discernable effect on competition.

## **Enforcement, sanctions and monitoring**

### Enforcement

Section 12 of the Children Act 2004, states that any person or body establishing an Index must have regard to any guidance, and comply with any direction by the Secretary of State. In practice, enforcement of the Regulations will be through each organisation's existing performance management and disciplinary processes and through the exertion of pressure between customer and supplier organisations, where appropriate.

### Sanctions

The following Sanctions are available:

- The provisions of the Data Protection Act 1998 require that information sharing must be fair and lawful and in accordance with a set of data processing principles. The Act prohibits the unlawful disclosure, or accessing, of personal information.
- The Computer Misuse Act 1990 provides that unauthorised access, or attempted unauthorised access to a program or data held on a computer may be punishable by imprisonment.
- The Human Rights Act 1998 also stipulates conditions for lawful processing of information relating to individuals. The Act provides that it will be unlawful for a public authority or person to act in a way which is incompatible with a Convention right. Where a court finds against a public authority it may grant such relief or remedy, or make such order, within its powers as it considers just and appropriate.

Any person or body required and permitted to use the Index must ensure that, in sharing data, they act in a manner which ensures compliance with the legislation listed above.

In addition to the above sanctions, individual citizens may also seek to challenge misuse of information using existing complaints and appeals processes, or by taking civil action, where appropriate.

### Monitoring

The suggested monitoring regime is that:

- The Index will hold a full record of security-relevant events which will include all Practitioner access to the IS Index. This audit log may be viewed or interrogated by administrators and used to identify any inappropriate use of the IS Index.
- Appropriate metrics and good practice inspections and assessments will be incorporated into current performance management regimes (i.e. Ofsted, ISI, Audit Commission, CHAI, CSCI), Joint Area Reviews, Local Area Agreements and Public Service Agreements), so that good practice can be identified and potentially unsafe or inefficient practices eliminated.