

Title: Data sharing in relation to welfare services and housing benefit. Lead department or agency: Other departments or agencies: Pension, Disability and Carers Service	Impact Assessment (IA)
	IA No:
	Date: 16 February 2011
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Primary Legislation
Contact for enquiries:	

Summary: Intervention and Options

What is the problem under consideration? Why is government intervention necessary?

Local authorities need customer social security information to decide if a person is eligible for welfare assistance, or is liable to pay a charge in connection with that assistance. The existing legal gateway allowing customer information to be shared between the Department for Work and Pensions (DWP) and local authorities in relation to the provision of a welfare service is quite limited, and excludes a lot of services that a local authority delivers, or is likely to deliver in the near future. Also there is no general legal gateway allowing local authorities to share customer information to enable DWP or local authority HB teams to reassess social security awards when a person moves into hospital or residential care, or needs overnight care at home. Customers therefore have to provide duplicate information to different parts of Government, or give consent for data to be reused on a case by case basis, resulting in delays, increased administration costs and potential overpayments.

What are the policy objectives and the intended effects?

To broaden data sharing powers so that: DWP can share customer social security data with local authorities (and their service providers) for the purpose of deciding whether a person is

- entitled to support or assistance where eligibility is linked to being on a low income or in receipt of a specific social security benefit; or
- liable for any charges in respect of a welfare service; and
- local authorities can share customer information with DWP and HB teams when a person is
- admitted to or discharged from hospital or residential care, or
- needs overnight care at home.

The new powers will apply to England, Wales and Scotland.

What policy options have been considered? Please justify preferred option (further details in Evidence Base)

Currently data is only reused where customers have given written consent. This system could continue but is inefficient, costly to administer, and can lead to mistakes. Sharing data on this basis makes it difficult to introduce a more streamlined process for handling information. Alternatively, customers could be required to provide the necessary information themselves in every case but this is difficult for many, such as older or disabled customers, leading to delays and inaccurate assessments.

When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?

The policy will be monitored and reviewed at regular intervals.

Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?

Yes, see Annex 1.

Summary: Analysis and Evidence

Price Base Year 10/11	PV Base Year 10/11	Time Period Years 5	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: £76.6m

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Cost (Present Value)
Low	-		-		-
High	-		-		-
Best Estimate	-		-		£13.5m

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

A reduction in overpayment due to faster notification will result in an economic cost to customers of approximately £13.5m. Only a small proportion of overpayments are eventually recovered, therefore this estimate represents a net reduction in overpayments.

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

Extending data sharing powers will not incur any additional costs.

There may be costs associated with implementation of the power, depending on factors such as the IT solution used. Full impact assessments will be completed when any specific proposals are brought forward.

BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Benefit (Present Value)
Low	-		-		-
High	-		-		-
Best Estimate	-		-		£90.1m

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

Reduced administrative expenditure - Expected savings to Pension, Disability and Carers Service (PDCS) of at least £1.1m (equates between 12-15 FTE), to Jobcentre Plus of approximately £0.3m and administrative savings to local authorities of approximately £75.2m.

Reduced benefit overpayments - Only a small proportion of overpayments are recovered. Therefore this will result in a net reduction of approximately £13.5m on overpayments detected if changes of circumstances are processed a week earlier through faster notification of customers moving into care/hospitals.

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

The measures will: enable more efficient administration, ensuring that right benefit is paid at the right time; provide a better service to customers; reduce the number of home visits to customers to obtain written consent to seek additional information; and will improve accuracy and timeliness of financial assessments. The additional room for non-resident carers will benefit around 10,000 disabled customers from April 2011, and these new data sharing powers will enable faster verification of this entitlement.

Key assumptions/sensitivities/risks

Discount rate

3.5%

Reduced administrative costs to LAs: a consortium of local authorities in the North West of England have been piloting new ways of completing the community care service financial assessment. They estimate that being able to access customer data more quickly and easily will save local authorities across England at least £50-80 million annually. However this figure is indicative and further work is underway with DWP and the pilot to ensure robustness of this data. Therefore the £75.2m quoted above is based on a conservative estimate of savings from the pilot and volumes provided by PDCS (for both PDCS and Jobcentre Plus). The £0.3m savings to Jobcentre Plus is based on the assumption that the savings per unit for Jobcentre Plus is the same as that for PDCS. The policy for the localised delivery of assistance to replace elements of the discretionary social fund is still in development, and further work will need to be conducted before any benefits can be calculated.

Impact on admin burden (AB) (£m):

Impact on policy cost savings In

New AB:	AB savings:	Net:	Policy cost savings:	
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Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?			GB		
From what date will the policy be implemented?			April 2012		
Which organisation(s) will enforce the policy?			DWP		
What is the annual change in enforcement cost (£m)?			NIL		
Does enforcement comply with Hampton principles?			YES		
Does implementation go beyond minimum EU requirements?			NO		
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: n/a	Non-traded: n/a	
Does the proposal have an impact on competition?			NO		
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?			Costs: 100%	Benefits: 100%	
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	Micro	< 20	Small	Medium	Large
Are any of these organisations exempt?	N/A	N/A	N/A	N/A	N/A

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties ¹	YES	Separate publication
Economic impacts		
Competition	NO	
Small firms	NO	
Environmental impacts		
Greenhouse gas assessment	NO	
Wider environmental issues	NO	
Social impacts		
Health and well-being	NO	
Human rights	NO	
Justice system	NO	
Rural proofing	NO	
Sustainable development	NO	

¹ Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base

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

	2010/11	2011/12	2012/13	2013/14	2014/15
Transition costs	£0	£0	£0	£0	£0
Annual recurring	£0	£0	£5m	£5m	£5m
Total annual	£0	£0	£5m	£5m	£5m
Transition	£0	£0	£0	£0	£0
Annual recurring	£0	£0	£33.3m	£33.3m	£33.3m
Total annual	£0	£0	£33.3m	£33.3m	£33.3m

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

Evidence Base

1. Introduction

1.1 The measures described here aim to extend current data sharing powers in relation to the use of customer social security data. The measures also introduce a new power which will allow local authorities to share certain customer data with DWP and local authority HB teams in certain circumstances.

2. Policy Rationale

What is the current policy

2.1 Currently, DWP is able to share customer social security data with local authorities for the purpose of administering Housing Benefit and Council Tax Benefit (HB/CTB). The gateway permitting this is included in the Social Security Administration Act 1992.

2.2 In addition, DWP and local authority HB Teams can supply information to other parts of a local authority for determining eligibility and liability to pay for a welfare service that is connected with the application of a relevant grant. This provision has been used to assist local authorities and their service providers to decide if a person is eligible for help under the Supporting People scheme. It also allows local authority Supporting People teams to share information with local authority HB teams in order to decide if a person is vulnerable and requires housing costs to be paid direct to the landlord, or lives in supported accommodation and is exempt from Local Housing Allowance rules.

2.3 There is no general legal gateway allowing DWP or local authority HB teams to share social security data with local authorities to help them decide eligibility for or liability to pay for other types of welfare support or assistance. Also, local authorities have no general power to share customer information about welfare services with DWP for social security benefit purposes. Where information is shared this can only normally be done where the customer has given signed written consent.

What is the change in policy

2.4 The measures proposed here will allow:

(a) DWP and local authority HB teams to share customer social security data with local authorities (and their service providers) for the purpose of deciding liability for charges for a welfare service, and for prescribed purposes such as deciding eligibility;

(b) local authorities to share customer information with DWP or local authority HB teams when a person is admitted to or discharged from hospital or a care

home, or requires overnight care at home; and for other prescribed purposes in relation to the assessment of a social security benefit.

Reason for change in policy

Sharing customer data for welfare services purposes

2.5 Local authorities provide a range of welfare services to customers in their area, and many of these services are in part dependent on a means test either to determine eligibility or to assess a person's ability to contribute towards the cost of the service. Local authorities require details of a person's income and capital to complete the means test. Very often the customer is unable to provide all their details and DWP or HB/CTB teams will be approached for information about any social security benefit in payment.

2.6 Legislation allows data to be shared in England and Wales, for the purpose of deciding whether a person is entitled to free or subsidised help under the Supporting People scheme. Supporting People is a scheme that is in part funded by a grant from central government. Legislation does not allow data to be shared in relation to other welfare services which are not grant funded.

2.7 The data share measure described at para 2.4 (a) above relates to the provision of any welfare service, whether it is grant funded or not. This will allow data to be shared in relation to a wider category of welfare service and will include domiciliary care (home helps, meals, day care etc) and residential care. The regulation making power will be used to provide for data sharing in relation to schemes that support people with specific needs, such as Disabled Facilities Grants and Discretionary Housing Payments. It could also be used in relation to new schemes such as the local assistance to be provided in place of Social Fund Community Care Grants and Crisis Loans for general living expenses, which are being abolished.

2.8 Currently customers are asked to supply the necessary information themselves in respect of any social security benefit they receive. If the customer is unable to provide the necessary evidence, an approach is made to the relevant benefit team in either DWP or the local authority HB/CTB department. Customers must provide signed written consent agreeing to their data being shared in this way. Obtaining the information direct from the customer, or getting the consent form signed, involves at least one additional visit to the customer at home. Recording details of the consent, and passing it on to the relevant data owner, is administratively difficult and open to error. Staff in DWP benefit teams and in HB/CTB teams receive a high number of requests for customer data and this puts a considerable burden on them, both in responding promptly but also making sure that data is only disclosed within the terms of the consent form. Requests are frequently refused due to issues around consent, and lack of knowledge about what can and cannot be disclosed.

2.9 Delays in obtaining details about a person's social security award can mean that where a charge is liable in respect of a service such as domiciliary care, the local authority often has to provide several weeks of free care until an accurate financial assessment can be completed. Customers may be discouraged from accepting the provision of a service until they know how much it might cost them.

Sharing data for the purposes of reassessing entitlement to a social security benefit

2.10 The data share measure described at paragraph 2.4(b) above relates to the need to reassess a person's social security benefit award when key changes take place. Customers are required to report any relevant changes in their circumstances, including when they move into care or are absent from home due to a stay in hospital. Both of these events can be quite traumatic and customers may not realise the need to report them promptly, or they may not always be in a position to report the change themselves. As a result, benefit is often overpaid due to a delay in reassessing entitlement. Local authorities report that they often know before DWP, when a person moves into hospital or residential care, particularly when that person is a client of the social services department.

2.11 Moves into hospital or residential care account for a large proportion of benefit overpayments. Customers find the process of being notified about overpayments and being asked to repay them, very stressful. It is far preferable to ensure the right benefit is paid at the right time.

2.12 Currently staff in local authorities can pass on details of a person's change of address, but only where the customer has given written consent. This is not always easy to obtain, particularly where the customer is frail or ill, and may not fully understand what they are consenting to. This measure would provide an additional route for certain changes (moves to hospital or residential care) to be notified to the relevant benefit team, helping to ensure more awards were reassessed promptly and accurately.

2.13 In addition, new rules come into force from April 2011 which will allow people on Housing Benefit to receive a higher rate of benefit where they need an extra room for an overnight carer.

2.14 Customers who live in the private rented sector receive help with their housing costs calculated under Local Housing Allowance rules. Awards are assessed in part by reference to the number of rooms a customer is deemed to require. Prior to April 2011, no allowance was made where a customer lived in a property with an additional bedroom that is used by a non-resident carer (often referred to as a sleepover room). In some cases the additional cost has been met by social services or by the local authority through a Discretionary Housing Payment.

2.15 Customers who want to be considered for the additional room rate after April 2011, need to provide evidence that they have a disability or health

condition that requires the provision of an overnight carer. A large number of customers will have sought help through their local social services department, and will have a care plan specifying that overnight care is required.

2.16 This measure will allow social services departments to confirm that such a plan has been drawn up which states that overnight care is required. This will help to ensure that the customer's application for Housing Benefit is dealt with quickly and that the correct amount is awarded.

Why sharing data on the basis of consent is not appropriate

2.17 All of the data shares covered by the proposals described above can currently be undertaken where customers have given their written consent. They need to understand what they are being asked so that the consent is 'informed'. However this process is not without its risks, and causes significant administrative problems.

2.18 Many of the customers affected by the policies described above are elderly, and either disabled, frail or infirm. Some will have learning difficulties or mental health conditions. It is difficult to obtain consent unless people fully understand what it is they are consenting to.

2.19 Consent forms may only allow data to be shared for one specific purpose on one particular date, and unless this is recorded properly staff may not realise the limitations of the consent form. Staff who are unsure whether it is appropriate to share data in a particular circumstance will usually refuse to do so. It is a serious disciplinary offence to share data where the law does not allow this. While this does ensure customer data is protected, it often means that legitimate activities are delayed or compromised in some way, leading to reduced customer services, potential underpaid or overpaid benefit, and extra work for staff.

2.20 The scale of the data being shared is considerable. Dealing with this work on a case by case basis is inefficient and gives rise to possible breaches of security. Having a legal gateway will allow a streamlined system to be put in place with safeguards to ensure data is not shared illegally, and that all data is handled securely.

3. Estimating Costs and Benefits

Estimated Costs

3.1 The power to share social security data with local authorities for the purposes described above will not in itself result in new or additional costs to either the department or to local authorities.

3.2 The power is permissive and not mandatory. There will be no requirement that data must be shared.

3.3 Under current arrangements data is already shared on the basis of collecting customer consent. The legal gateway will mean that consent is no longer required, allowing for more streamlined administrative arrangements to be put in place.

3.4 This measure will open the way to considering new ways of handling data. Before any changes are made an assessment will be undertaken exploring different methods of handling data, and this will be fully costed.

3.5 The estimated cost of £5m per annum is in relation to the economic loss to customers who will not receive extra benefit following a change in circumstances. However this represents a net reduction in overpaid benefit, and not a reduction in entitlement.

Estimated Benefits

Sharing customer data for welfare services purposes

3.6 Benefits will be realised by local authorities in relation to the delivery of services where a charge is payable by the person receiving the service. This includes services such as home helps, day care etc where those who can afford to do so are asked to contribute towards the cost of the service. Local authorities will be able to complete their financial assessment at an earlier stage, and issue bills more promptly. It will help to improve the accuracy of such bills, ensuring people are asked to pay the right amount towards their care. It will allow local authorities to reduce the number of home visits to people, which are often done in order to obtain the written consent form or to seek additional evidence about income. Local authority staff will not need to spend as much time dealing with each assessment, as it will be simpler and quicker to obtain most of the financial evidence that is required.

3.7 Robust and comprehensive data is not available to quantify these assumptions. However, a consortium of local authorities in the North West of England have been piloting new ways of completing the community care service financial assessment (for people receiving a welfare service which is subject to a charge). The following data comes from their findings so far.

- There are currently 152 local authorities with social care responsibilities in England. It is estimated that they undertake roughly 450,000 new financial

assessments a year, and a similar number of re-assessments (undertaken when a case is reviewed). This results in an estimated 810,000 requests for customer data, by local authorities each year.

- The majority of the assessments are for customers who are in receipt of a social security benefit. Around 60% of assessments are for pensioners. The remaining are for people with learning or physical disabilities, mental health problems or behavioural problems. Almost all of the non-pensioner customers are economically inactive and on a social security benefit.
- They estimate that being able to access customer data more quickly and easily will save local authorities across England some £50-80 million annually.

3.8 These figures from the pilot are indicative, and further work is underway with DWP and the pilot to ensure robustness of this data. Therefore the saving per request (based on the conservative estimate of £50m-£80m savings to local authorities and 810,000 requests quoted above), has been applied to 450,000 (see 3.10-3.11 below) requests the local authorities raise to both PDCS and Jobcentre Plus. This results in an estimated saving to local authorities of £28m a year.

3.9 To help put this in context, it was compared with statistics showing the numbers of people applying for and receiving community care services and the costs for local authorities in providing such care. Figures are for England, which has a much higher caseload compared to Wales and Scotland. This data has not been used to help analyse the financial impact.

- An estimated 1.78 million clients were receiving community care services during 2008-09. Of these, 28% (495,000) were new clients. (Note: This is similar to the 450,000 estimated by the pilot authorities referred to above).
- An estimated 1.22 million (68%) were aged 65 or over. (Note: compares to 60% identified by the pilot authorities).
- 1.54 million (86%) received community care services; 222,000 received residential care and 97,000 received nursing care.
- Of the 1.54 million receiving community care services, 582,000 received home care; 547,000 received equipment and adaptations; 501,000 received professional support such as occupational therapy; 214,000 received day care and 121,000 received meals. Some clients received more than one service so there will be some double counting here.
- Most services (72%) were received by clients in the classification 'physical disability, frailty and sensory impairment' while 18% were in the classification 'mental health'.

Source: Community Care Statistics 2008-09: Social Services Activity Report, England (published April 2010)

- Local authorities spent £16.1 billion on Adult Social Services in 2008-09.
- Expenditure amounted to £7.6 billion on residential care services, and £6.5 billion on domiciliary care.
- Client contributions amounted to £2.22 billion.

3.10 Benefits will be realised by DWP as staff will not have to spend as much time dealing with requests for data. The majority of requests are submitted to the Pension, Disability and Carers Service (PDCS), as most of the people applying for community care or residential care services are elderly and/or disabled. PDCS have also indicated that some requests are submitted by local authorities to Jobcentre Plus for customers who are in receipt of working age benefits, such as Employment Support Allowance, Severe Disablement Allowance and Incapacity Benefit (which can be paid along with disability benefits such as Disability Living Allowance).

3.11 Detailed Information relating to the process adopted by PDCS and Jobcentre Plus to inform the financial assessments undertaken by local authorities is not currently recorded. However, PDCS has provided an initial high level estimate of current volumes and costs associated with providing this information. Based on the limited data which is currently available, it is estimated that PDCS processes somewhere in the region of 350,000 enquiries relating to financial assessments from local authorities per year, and a further 100,000 by Jobcentre Plus. These figures are similar to the 450,000 new claims estimated by the pilot, and 495,000 new claims identified in the Community Care Statistics above. It does not account for the additional 360,000 enquiries identified by the pilot authorities which are generated by annual reviews, but it is difficult to obtain any robust data as historically this information has not been recorded. The NW Region pilot data is based on a small sample size, and there is a lack of reliable data about local authority administration costs, which mean their estimates are broad approximations. As the pilot progresses more reliable data will be available.

3.12 Dealing with 350,000 enquiries is estimated to cost PDCS around £0.4m a year. The process for dealing with these enquiries varies within PDCS, but this estimate is based on each enquiry taking, on average, around five minutes to process. This equates to between 15 and 20 full time staff equivalents. This estimate relates to work carried out by PDCS. Due to lack of data available from Jobcentre Plus, it is assumed that Jobcentre Plus would spend the same time as PDCS, around five minutes, to process each of the 100,000 enquires they are estimated to process. So dealing with 100,000 enquiries is estimated to cost Jobcentre Plus around £0.1m a year.

3.13 This measure will also allow data to be shared in relation to the provision of other welfare support or assistance, where being on a low income or in receipt of a social security benefit may affect entitlement. Examples of this type of support already in place include Blue Badge parking permits, Disability Facilities Grants, and Discretionary Housing Payments. It is also expected that this will be used to cover the type of data sharing that will be necessary in relation to future schemes, such as assistance that will be delivered locally in place of Social Fund Community Care Grants and Crisis Loans for general living expenses, which are being abolished. This policy is still in development, and further work will need to be conducted before any benefits can be calculated. As local delivery of assistance in place of these

elements of the discretionary Social Fund is not proposed to start until April 2013, data sharing costs under the present arrangements would not be incurred until 2013-14 and the benefits of the new powers would not be experienced until then either.

Sharing data for the purposes of reassessing entitlement to a social security benefit

3.14 DWP savings are expected as a result of receiving information more quickly, about when a person goes into hospital or residential care. This will allow reassessment of their social security benefit at an earlier stage, improving the accuracy of payments.

3.15 More customers will have their awards reassessed promptly ensuring they get the right benefit at the right time. There will be savings for DWP as overpayments are expected to reduce.

3.16 Data on the levels of overpayments detected on a range of social security benefits, where a customer goes into hospital or care and fails to notify the department promptly, shows what the reduction in overpayments might amount to if notification was detected one week earlier than currently happens. Only a small proportion of overpayments are eventually recovered. Therefore, it is estimated that there will be a net reduction of approximately £5m a year on over payments detected if change of circumstances are processed a week earlier through faster notification of customers moving into care/hospitals.

3.17 The measure will also help to ensure disabled customers can receive the new HB rate. It will make it easier for staff assessing claims, to obtain the relevant evidence, leading to prompt and more accurate decisions.

3.18 HB Regulations have been laid, and the new rules for HB come into force in April 2011. An Equality Impact Assessment has been completed for this measure. It is estimated that the additional room for non-resident carers will benefit around 10,000 disabled customers. This assumption is based on analysis of the Family Resources Survey 2006-07, 2007-08 and 2008-09.

3.19 The majority of these customers will be getting their care arranged by social services. The new data share powers will allow local authority HB teams to seek verification of the need for an overnight carer directly with their social services colleagues, allowing savings to be made in administration. This will make it easier for customers to receive their full entitlement to HB more speedily than might otherwise have been the case.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review:

The impact of the policy changes will be reviewed and monitored regularly as roll out takes place. All analysis in the review will be subject to the ongoing availability of the underlying datasets.

Review objective:

To assess whether the data sharing measures help to reduce the burden on DWP staff dealing with requests for data; reduce overpayments when a person goes into hospital or care; help assess claims for extra housing benefit where a person requires overnight care at home; and allow local authorities to more quickly decide whether a person is entitled to a welfare service or is liable for a charge in respect of that service.

Review approach and rationale:

A mixture of approaches will be used including:

- 1) Analysis of internal administrative datasets,
- 2) Analysis of survey data such as Family Resources Survey
- 3) Work with external organisations,
- 4) Where practical, bespoke analysis to cover questions not addressed by the other approaches,

The review will use an eclectic approach, reflecting the fact that a range of datasets and methodologies are required to assess all of potential impacts of the policy.

Baseline:

Projected trends in caseload, expenditure, and other key variables under the benefit and tax credit system in the absence of the change.

Success criteria:

Criteria will include indicators such as benefit expenditure, and caseload trends, as well as potential wider impacts on local authority costs.

Monitoring information arrangements:

Single Housing Benefit Extract (SHBE) is the Department's main source of real time data on Housing Benefit and is collected on a monthly basis. This will contain information on caseloads, expenditure and rents. The review will assess impacts from survey data such as the Family Resources Survey, and will collect other information through existing stakeholder engagement arrangements; these networks will be used to gather qualitative evidence on the impact on customers and local authorities.