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FILE TITLE: Identity Cards		SERIES HOME AFFAIRS
		PART 5
PART BEGINS 1 May 2004	PART ENDS 5 MAY 03	CAB ONE

Labour Administration

PREM 49/H/HLO

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# PART

# CLOSED

DATE CLOSED	5 MAY 2005
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Series : **HOME AFFAIRS**  
File Title : **IDENTITY CARDS**  
Part : **5**

Date	From	To	Subject	Class	Secret
				C	
04/05/2004	DPM	HS	identity acrds Publication of draft bill	R	
30/09/2004	DoT	HMT	National identity register and citizen information project	U	
01/10/2004	HS	DPM	Identity Cards Changes to the Draft Legislation and Taking Forward	C	
01/10/2004	HS	DPM	Identity Cards Changes to the draft legislation and taking forward deli	C	
08/10/2004	PD(WP)	PM	Identity Cards	R	
10/10/2004	ss/dti	DPM	Identity Card Legislation	C	
10/10/2004	ss/dti	DPM	Proposed changes to the draft identity card legislation	C	
11/10/2004	SS/DoH	DPM	Identity Cards Bill	C	
13/10/2004	SS/DfT	DPM	Identity Cards	C	
15/10/2004	AG	DPM	Identity Cards Changes to the Draft Legislation and Taking Forward	U	
18/10/2004	MWP	DPM	Identity Cards	C	
21/10/2004	SS/WAP	DPM	Identity Cards	C	
22/10/2004	ms/cabinet office	DPM	ID cards changes to the draft legislation and taking forward delivery	R	
22/10/2004	PD(WP)	PM	Visit Identity cards enrolment 0930 Monday 24 October	R	
25/10/2004	CST	DPM	Identity cards changes to draft legislation and taking forward delivery	U	
25/10/2004	ms/ODPM	DPM	identity cards charges to the draft legislation and taking forward deli	C	
25/10/2004	DPM	HS	Identity cards Changes to the draft legislation and taking forward de	R	
25/10/2004	ms/ODPM	DPM	Identity cards changes to the draft legislation and taking forward deli	C	
28/10/2004	dpmo	HO	Identity cards changes to draft legislation and taking forward delivery	R	
28/10/2004	PD(WP)	CDL	Identity Cards Costs	R	
02/11/2004	HS	FCS	Identity Cards: Oversight of the Provision and Use of Information on t	R	
02/11/2004	HS	DPM	Identity Cards	C	
16/11/2004	FCS	HS	Identity cards - oversight of the provision and use of information on t	R	
16/11/2004	HO	dpmo	Identity Cards Regulatory Impact Assessment	R	
19/11/2004	PD(MT)	PM	ID Cards Bill and Immigration Five Year Plan	C	
30/11/2004	HO	CWO	Parliamentary Debate on the Government's Position towards Article	U	
10/02/2005	PD(EM)	PM	Identity Cards: Briefing for Photocall	U	
03/03/2005	HO	PD(EM)	Identity Cards Programme - Strategy Board	U	
17/03/2005	HOC - Leader	MS/HO	Private Member's Bill: Control of Identification Documents (Offences)	R	





KEG  
✓  
JR  
EM

LEADER OF THE HOUSE OF COMMONS

THE RT HON PETER HAIN MP

Our Ref: LP 3503

17 March 2005

Dear Minister,

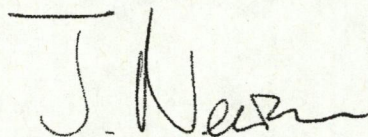
**PRIVATE MEMBER'S BILL: CONTROL OF IDENTIFICATION  
DOCUMENTS (OFFENCES) BILL**

Thank you for your letter of 15 March seeking LP clearance to oppose the Control of Identification Documents (Offences) Bill at Second Reading on 18 March.

Although you are sympathetic to the objectives of Chris McCafferty's Bill, the majority of offences it contains would simply replicate provisions of the Identity Cards Bill, which is currently before Parliament. You point out in your letter that the Vienna Convention is a binding international obligation, which benefits all signatory States. Any derogation or withdrawal from this Convention would, evidently, have significant implications for the UK. It is, therefore, recommended that clearance be given to oppose this Bill at Second Reading.

No member of LP replied. You may, therefore, take it that you have LP clearance to oppose this Bill at Second Reading, on the basis of the reasons set out above.

I am copying this letter to the Prime Minister, members of LP committee, Sir Andrew Turnbull and First Parliamentary Counsel.

  
PP PETER HAIN

(Approved by the Leader of the House and signed in his absence)

Des Browne MP  
Minister of State  
Home Office





# Home Office

Sir John Gieve KCB  
PERMANENT SECRETARY

2 Marsham Street, London SW1P 4DF  
E-mail john.gieve@homeoffice.gsi.gov.uk

Emily Miles  
10 Downing Street  
Whitehall  
London  
SW1A 2AA

21/3  
3 March 2005

De. Emily

## Identity Cards Programme: Strategy Board

I am writing to invite you to become a member of the Identity Cards Programme Strategy Board as the representative from No 10. This is to replace William Perrin who as you know has recently moved to the eGovernment Unit.

The aim of the Strategy Board is to review strategic and cross-Departmental issues relating to the Identity Cards Scheme, and also to ensure that the principal eventual user departments are widely represented in the governance of the scheme. The terms of reference and membership are attached.

I chair the Strategy Board and the next meeting will be held on 10 March 2005 at 14:00-16:00 in 2 Marsham Street (room P3-46).

If you are willing to become a member of the Strategy Board and would like more background information, Katherine Courtney the Programme Director would be happy to give you a personal briefing.



I look forward to your support and active engagement with the Programme.

V. - sincerely

J. Gieve

**JOHN GIEVE**



CONSERVATION



## **Identity Cards Programme:**

### **Strategy Board**

#### **Terms of Reference**

- To steer the Identity Cards Programme towards successful implementation
- To consider strategic options and Programme decisions at key milestones
- To decide critical strategic issues, especially those that cross Departmental boundaries
- To direct progress towards achievement of the core proposition and its objectives
- To advise the Senior Responsible Owner (SRO)

#### **Membership**

Emily Miles (to replace William Perrin) No 10

Robin Fellgett	Cabinet Office
Ian Watmore	eGovernment Unit (Cabinet Office)
Dickie Stagg	Foreign & Commonwealth Office (FCO)
Peter Unwin	Office of the Deputy Prime Minister (ODPM)
Hugh Taylor	Department of Health (DoH)
Michael Stevenson	Department for Education and Skills (DfES)
Julian Kelly	HM Treasury (HMT)
John Middleton	Inland Revenue (IR)
Dennis Roberts	Office for National Statistics (ONS)
Bernard Herdan	UK Passport Service (UKPS)
Bill Jeffrey	Immigration & Nationality Department (IND)
Mark Fisher	Department for Work and Pensions (DWP)
Stephen Hickey	Department for Transport (DfT)
Robin Barnett	UK Visas
Robert Hannigan	Northern Ireland Office
Leslie Evans	Scottish Executive
Hugh Rawlings	Welsh Assembly
Denise Kingsmill	Non-Executive Member
Gill Lungley	Non-Executive Member

#### **Meeting Schedule**

The Strategy Board meets quarterly. The first meeting was held on 29 November 2004. Meetings for 2005 are planned for: 10 March, 25 May, 27 July, and 30 November. All meetings will be held from 14:00-16:00.



**From:** Emily Miles  
**Date:** 10 February 2005

**PRIME MINISTER**

**cc:** Justin Russell  
Emily Hands  
David Hill  
Ivan Rogers  
Kate Gross  
Pat McFadden

## **IDENTITY CARDS: BRIEFING FOR PHOTOCALL**

**ID cards Bill:** The Commons 3<sup>rd</sup> Reading and Report Stage are today. Michael Howard supported the Bill at 2<sup>nd</sup> Reading on 20 December, although the second reading was given by 385 votes to 93, a Government majority of 292, indicating that a number of Labour and Tory backbenchers abstained.

During the Committee Stages, the Conservatives tabled 150-200 amendments on a variety of issues, all of which were debated. The vast majority were withdrawn before being pushed to a vote.

### **Top Lines:**

- This is an **ambitious, long-term project**, which will be introduced incrementally over a number of years. We are determined to get it right.
- The whole issue of identity cards has changed in the last four years, because of the nature of international terrorism, the threat that we face. **We need to tighten document security**, and as we will move to biometric passports in any event, it makes sense to move to identity cards.
- **This is not rushed legislation.** We published a consultation document in July 2002, a draft Bill in April 2004, and the Home Affairs Select Committee have scrutinised the Bill carefully. We took on board their comments, including by making the statutory purpose of the scheme clearer and by giving a broader role to the National Identity Commissioner.
- Identity cards are long overdue in our action against **illegal working and immigration abuse; against the use of multiple identities by organised criminals and terrorists; and against identity fraud and theft.** ID cards will also ensure that public services are only used by those entitled to them.



I attach yesterday's PMQ briefing on identity cards.

*Emily Miles*

**EMILY MILES**



## **ID CARDS**

### **Costs**

It will cost £500m a year to introduce biometric passports, (which we have to do any way) and ID cards. The ID card element is £85m a year. By bringing two together, as they use the same technology, we save money.

Current best estimate is that biometric passport and ID card package will cost £85 in 2008 [whereas by then a biometric passport on its own would have cost £70]. We are planning to provide substantial discounts to those on low incomes. ID cards issued with passports to British citizens will be valid as travel documents throughout the EU

### **Is the technology sufficiently well developed and robust?**

The Identity Cards Bill is enabling legislation. The government has always made clear that before the final move to compulsion there will be a rigorous evaluation that the technology is working and public services have implemented the technology and business changes necessary to take full advantage of the scheme

### **Is the Home Office capable of making the cards work?**

The Identity cards project is subject to regular scrutiny by the Office for Government Commerce (OGC) gateway review process. ID cards will be issued by a new agency building on the existing UK Passport Service and working in close conjunction with the Home Office Immigration and Nationality Directorate. This will not be a "big bang" implementation.

### **ID cards must be the most cost-effective way of tackling the problems they are seeking to address.**

Many of the costs of introducing biometric identity cards will be needed in any event with the move to introduce biometric passports. The Government remains confident that the benefits of the ID cards scheme will outweigh its costs.



## **ID cards**

### **Accusation**

In embarrassing U-turn Howard to withdraw support for ID cards. Senior Tory says that Government has failed to answer points opposition has raised. *"Unless we get [answers] Thursday we will have to abstain"*. (Sunday Telegraph)

### **Facts**

- Conservative Opposition voted in favour of the Identity Cards Bill at 2<sup>nd</sup> Reading on 20<sup>th</sup> December 2004;
- Press reports suggest that they have decided to abstain at 3<sup>rd</sup> Reading on 10<sup>th</sup> February 2005;
- Michael Howard announced in August 1996 that the then Conservative Government would go ahead with plans for a voluntary identity card scheme linked to the photocard driving licence;
- Then said this would deliver benefits both to society as a whole and directly to individuals - on compulsion the Conservative Government made clear that "the possibility of introducing legislation making it compulsory to hold an identity card should remain open for the future".

### **David Davis's 5 tests**

#### **1. Legislation must clearly define the purpose of the cards.**

The Identity Cards Bill sets out statutory purposes at Clause 1 and makes clear that identity cards are both to provide individuals with a secure and reliable method of proving identity and to helping identify people securely in the public interest – to help prevent and detect crime, help enforce controls on immigration and illegal working, safeguard national security and deliver more efficient and effective public services.

#### **2. Is the technology sufficiently well developed and robust?**

The Identity Cards Bill is enabling legislation. The government has always made clear that before the final move to compulsion there will be a rigorous evaluation that the technology is working and public services have implemented the technology and business changes necessary to take full advantage of the scheme

#### **3. Is the Home Office capable of making the cards work?**

The Identity cards project is subject to regular scrutiny by the Office for Government Commerce (OGC) gateway review process. ID cards will be issued by a new agency building on the existing UK Passport Service and working in close conjunction with the Home Office Immigration and Nationality Directorate. This will not be a "big bang" implementation.

#### **4. ID cards must be the most cost-effective way of tackling the problems they are seeking to address.**



Many of the costs of introducing biometric identity cards will be needed in any event with the move to introduce biometric passports. The Government remains confident that the benefits of the ID cards scheme will outweigh its costs.

### **5. ID cards will not pose a threat to civil liberties**

The Identity Cards Bill will allow ID cards to be used by any service – public or private – to establish identity with the consent of the card-holder, but with strict limits on the information available – no access to, for instance health or tax records, via the Register.

Information may be provided without consent only in specified circumstances set out in the Bill to the police and other organisations and there will be independent oversight by a new National Identity Scheme Commissioner. No new powers for the police to stop someone and demand to see their card.

### **Lines To Take**

- This is an ambitious, long-term project which will be introduced incrementally over a number of years. We are determined to get it right,
- Support for the proposed introduction of ID cards is good with ICM survey on ID cards (on behalf of “Reform” - Dec 2004) showing that: -
  - 81% agreeing that it is a good idea
  - 73% agreed that law-abiding people have nothing to fear from ID cards
  - 65% agreed that ID cards will help to prevent benefit fraud
  - 60% agreed ID cards will help to control illegal immigration
  - 56% agreed that ID cards will help Britain fight the war against terrorism
  - 88% of Conservative, 81% of Labour and 72% of Liberal Democrat supporters think ID cards are a good idea.

### **Political Context**

- Bill passed Second Reading on 20 December with 385 MPs voting for, and 93 against. Conservatives voted in favour, Liberal Democrats/Scottish Nationalists/Plaid Cymru against (although some Labour/Conservative MPs voted against their party line).
- Committee Stage ended on 27<sup>th</sup> January. Conservatives opposed Programme Motion and claimed 4 days of Committee was not enough time (Leader of the House said on 27<sup>th</sup> January that “It is very interesting to note that an unusual amount of filibustering took place in Committee on this Bill”) – 1½ hours were spent by Conservative members on 25<sup>th</sup> January debating costs amongst themselves rather than progressing business;
- Over 240 amendments tabled at Committee (only 6 Govt. amendments) but most withdrawn or not moved - key concerns were: -
  - Costs
  - Reliability of biometric technology
  - Number of “registrable facts”, particularly addresses
  - Provision of information without consent including “audit trail” of when a card is checked or information provided.



- Conservatives are in favour subject to David Davis's 5 tests:
  - legislation defines purposes of cards
  - -ID cards address purposes as laid out
  - -Clear that the system will work
  - -It is cost effective
  - -Not a threat to civil liberties
- Liberal Democrats are opposed in principle for reasons of cost, compulsion, and they say ID cards will not tackle terrorism and money could be better spent on intelligence and police officers.

**Key Quotes: -**

- **Michael Howard** (Daily Telegraph 20<sup>th</sup> December 2004) *"I have listened to the police and security service chiefs. They have told me that ID cards can and will help their efforts to protect the lives of British citizens against terrorist acts. How can I disregard that?..... We must protect our citizens in every way we can and, in my judgment, that includes ID cards."*
- **Michael Howard:** (News of the World 23 Sept 2001) *"Britain is the easiest country in Western Europe in which criminals and terrorists can lose themselves. If we are serious about tackling this problem, there is one obvious remedy: identity cards."*
- **Michael Howard:** (Tory Party Conference, 1994) *"In time, carrying your ID card would seem as natural as carrying a credit card is at the moment"*.
- **David Steel** (23 November 2004): *"I think the people will find them very useful. And although the Lib Dems are against a compulsory scheme, even if you had a voluntary scheme I think you'd pretty soon find that people wanted to have them."*
- **Home Affairs Committee report, overall conclusions** (30 July 2004): *"We believe that an identity card scheme would make a significant contribution to achieving the aims set out for it..."*
- **Sir John Stevens** (on Frost on Sunday 9 November 2003): *"It is absolutely essential, in the modern world, the dangerous world we live in, that we have proper means of identification."*
- **Confederation of British Industry (CBI)** (23 July 2004): *"The benefits of a single means of authenticating identity are considerable."*
- **Financial Services Authority (FSA)** (July 2004) *"...in the long-term if the identity card were a more effective token of identity than any currently available, this could contribute substantially to the fight against crime and reduce the cost to industry."*
- **British Medical Association** (May 2004): *"Identity cards that contain information about the bearer's right of access to public services clearly have the potential to assist in the efficient delivery of health services."*



## Tory U Turn on ID Cards

### **THEN (PRO):**

"We had a very good discussion about it in Shadow Cabinet, we reached a firm conclusion. I've always said that I would take decisions which I thought were in the best interests of Britain, and I also said we would not oppose the Government for the sake of opposition. Now the police say that ID cards would help them in their fight against terrorism, crime and immigration, and I agree with them. And it's for that reason that we will be supporting the Government in parliament next week." (*Michael Howard – WATO – 14/12/04*)

"I've reached a view, which has been confirmed by the Shadow Cabinet, that the Police are right when they say that a scheme of this sort could make a contribution to the fight against terrorism, crime and immigration, could help to make Britain a safer place. There is nothing more important than that." (*Michael Howard – WATO – 14/12/04*)

"It is absolute nonsense to say that such cards are a threat to our human rights. The sooner identity cards are introduced, the better. We should get on with it and not just talk about it." (*Tory MP David Amess – Hansard – 23/11/04*)

### **NOW (ANTI):**

"Well I think if it's not going to work ... it's not worth supporting." (*David Davis – PA News – 06/02/05*)

"What really are we trying to achieve with this? Because the Government hasn't been clear. Is it technically possible? Can the Home Office do it? They're not exactly brilliant at running computer systems at the Home Office. Is it cost effective? And can we protect civil liberties? I have to tell you so far we haven't had a decent answer to one of those questions." (*David Davis – PA News – 06/02/05*)

*Asked whether his party would oppose the Bill on Thursday, Mr Davis said:* "No, what I'm intending to do is to have one last chance. It's going to the Lords after this and there is ... an approach in the Lords where you have a select committee look at a Bill and what I'm going to try to do is get the most constructive outcome of it and actually have the Lords address the questions I have raised." (*David Davis – PA News – 06/02/05*)

"We continue to support ID cards in principle which is why we voted for it at second reading. We did so making clear that we had a list of questions to ask and tests to apply. The Government has failed to give enough time for proper scrutiny of this Bill so our questions remain unanswered. We may therefore abstain at third reading but this is not a sign that we are backing down from the principle, but that we want the Government to allow proper scrutiny of the proposals." (*Conservative Central Office, formal statement – Daily Mail – 07/02/05*)

### **NB:**

"Instead of wasting hundreds of millions of pounds on compulsory ID cards as the Tory Right demand, let that money provide thousands more police officers on the beat in our local communities." (*PM – Speech to 1995 Party Conference – 03/10/1995*)



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# Home Office

From: The Private Secretary

Roy Stone,  
Government Whips' Office,  
9, Downing Street  
London,  
SW1A 2AA

30 NOV 2004

KEG

*Dear Mr Stone*

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AP.

**PARLIAMENTARY DEBATE ON THE GOVERNMENT'S POSITION  
TOWARDS ARTICLE 62 (2) (A) AS THE LEGAL BASE FOR THE DRAFT  
COUNCIL REGULATION ON STANDARDS FOR SECURITY FEATURES  
AND BIOMETRICS IN EU CITIZENS' PASSPORTS – 9 DECEMBER 2004.**

The House of Commons European Scrutiny Committee has recommended that the House should debate the legal base of Council document (255390) 6406/1/04 Com (2004):

"The draft Council Regulation on Standards for Security Features and biometrics in EU Citizens' Passports"

I am proposing to motion the debate on Thursday, December, 9, 2004.

At the present time the Commission Communication has cleared scrutiny in the House of Lords but is still under scrutiny in the House of Commons. The European Scrutiny Committee's report published on 9<sup>th</sup> September highlighted concerns over Article 62 (2) (a) as the legal base for the Passport Regulation which establishes standards and procedures to be followed by Member States in carrying to checks on persons at such borders. The Committee was particularly concerned by the following issues:

- The Commission's view that Article 62 (2) (a) is an appropriate legal base.
- The Government's view that Article 62 (2) (a) is an appropriate legal base. This follows the Government's provisional view - related to the Committee in March – which was that Article 62 (2) (a) was not an appropriate legal base for the draft Regulation. In July, the Parliamentary Under-Secretary of State at the Home Office wrote to the Committee and stated that the Government was now content that Article 62 (2) (a) was an appropriate legal base. This was explained in the Minister's letter of 18<sup>th</sup> August on the basis that; "there is a need for external border authorities to have verification equipment at the external border crossing points that is capable of reading electronically





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sorted data in EU Passports...and this requires compatibility of the data stored and the technical specifications. On this basis the measure proposed is of direct relevance to the exercise of controls at the external border."

The Committee argue that Article 62 (2) (a) relates to measures to establish standards and procedures to be followed by Member States "in carrying out checks" and argues that the "specification of the contents of passports is distinct from the checking process." It is not persuaded that article 62 (2) (a) is the appropriate legal base for the measure.

Des Browne, as the Minister responsible for this subject, would like to propose the following motion for the debate:

"That the Committee takes note of European Union document No.6406/1/04, draft Council Regulation on standards for security features and biometrics in EU citizens' passports and travel documents issued by Member States; and considers that the proposed legal base is valid."

I am copying this letter to the Private Secretary to the Prime Minister, Private Secretaries of members of the EP and LP Committees, the Secretaries of EP and LP Committees and John Gieve.

*Yours sincerely*  
*Natasha Yusuf*

NATASHA YUSUF  
APS/DES BROWNE



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**From:** Matthew Taylor  
**Date:** 19 November 2004

**PRIME MINISTER**

**cc:** Alan Milburn  
Ruth Kelly  
Jonathan Powell  
Sally Morgan  
Pat McFadden  
Justin Russell  
Emily Miles  
Julian Le Grand  
Andrew Adonis  
Gareth Davies  
Liz Lloyd  
Darren Murphy  
Michael Barber

*but we can surely still  
use them to say it will  
be one way of  
checking identity.*

Both the ID Cards Bill and the immigration five-year plan could open up the issue of eligibility of non-UK citizens to public services and welfare benefits. We will want to demonstrate that we are being tough and consistent and to defend ourselves from regular press and Opposition accusations that the rules are too lax and not properly implemented.

There have been a number of policy changes and initiatives in this area, but we need to demonstrate that we are not only keeping our eye on the ball but are stepping up action. The Home Secretary has stated publicly that ID cards can not be required to access public services until they are made compulsory for the whole population. However, during the voluntary roll-out phase the ID card will still mean that the frontline has a more reliable way to check an individual's identity and immigration status, which will speed up consideration of their entitlement. In the run up to voluntary roll out of the card from 2008 we need to instil a culture in public services of robust checking of identity and entitlement, Proposals 1 and 2 (below) do this.

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In addition, the review of eligibility for public services, which you commissioned alongside Cabinet agreement to ID cards, found that people can feel that they are not getting a fair deal, because eligibility rules are too complex. For example, definitions of "ordinary residence" (NHS and higher education) and "habitual residence" (benefits and housing) are not aligned. While reform of the rules on entitlement to public services will be easier than reform on the rules for benefits and tax credits (which have all been designed to meet particular policy objectives at the time the benefit or credit was introduced), we should work to provide a much more coherent regime. Proposal 3 is a way to take this forward.

If agreed this can be briefed to coincide with the ID Cards Bill and/or made an element of the Immigration 5YP.

1) Getting the front line to apply the rules

This is the easiest and most direct measure. Howell James could be asked to use his network of Departmental Heads of Communication to work up a strong communications campaign aimed at front line staff in the health service and elsewhere to encourage enforcement of existing rules about identity checking and entitlement

Agree?



2) Ensuring that the centre is being clear and tough on entitlement

Although there are occasional flurries of activity –for example from DoH on health tourism – our sense is that eligibility issues, and specifically those appertaining to non UK citizens are not given the prominence they should. PMDU could be asked to



undertake an exercise in pressing the departments on their current strategy for enforcing entitlements and make recommendations on how might beef this up

Agree?



3) A robust and coherent entitlement regime across public services and benefits

OPSR have done some excellent groundwork on the much more complex and controversial issue of differing eligibility rules and enforcement across Whitehall. Wendy Thompson did a note for you on this in August (copy attached). However, with OPSR resources stretched and resistance to this exercise from some of the key departments, we think the process needs to be given new momentum and asked to produce specific recommendations in time for a possible third term commitment. In particular, a review of entitlement to benefits, as opposed to public services, needs enthusiasm and drive from DWP. I suggest that Cabinet Office sets up and supports a Working Group, under the chairmanship of Des Browne or Ruth Kelly, and reporting to DA, to take this forward. Simultaneously you should write or talk to Alan Johnson to set out what you are looking for. If you agree I can take this forward next week.

Agree?



*Signed : Matthew Taylor*  
*19/11/2004*

**MATTHEW TAYLOR**



**RESTRICTED**



The Prime Minister's  
**OFFICE OF PUBLIC  
SERVICES REFORM**

**To: PRIME MINISTER**

**From: Wendy Thomson**

**Date: 31<sup>st</sup> August 2004**

**Cc: Sir Andrew Turnbull**

**Eligibility for Public Services**

You commissioned me (through Jeremy Heywood's letter of 5 December) to examine eligibility to public services and assess the scope for making it simpler and more efficiently administered. Paul Boateng and Douglas Alexander provided you with an interim report on 26 May. They enclosed the analysis we conducted across services provided by government, and identified the issues that most easily lent themselves to reform. Since then, under Paul and Douglas' guidance, we have sought agreement from departments to take on the work necessary to address these issues.

I believe that eligibility - a sense of fairness - is vitally important to how people experience the value of public services. Too often people feel that they don't get what they should, and others are getting what they shouldn't (hence the sensitivity around "benefit scroungers" and "health tourists", etc). But despite its importance, our work reveals that this aspect of service design is not being approached with any sense of strategy by departments. Nor will the full cross-department benefits of some major developments on IT systems and Identity Cards be realised. On the other hand, anything to do with changing eligibility has high political and financial risks.

Hence my purpose in writing to you now is to ask you to indicate which of the two options you would like me to pursue:

*1) Conclude the project, by drawing together the implications of our research and setting out a high level recommendation on the principles that departments should consider in shaping their policies about service entitlements. There may also be value in having a second look at progress in 2 years' time.*

*2) Pursue one or more of the issues outlined below, as a second stage of the project, by you writing to the relevant Secretaries of State asking them to take on this work in a project that will be overseen on a day to day basis by the Chief Secretary for the Treasury, supported by officials from OPSR.*





## The Prime Minister's OFFICE OF PUBLIC SERVICES REFORM

### Background

Eligibility rules have developed in a haphazard fashion for specific purposes and in response to different pressures in respect of particular services. Departments are already working to tackle the complexity and the practical difficulties this causes but there are four key areas where an indication of your interest and support for reform could help galvanise departments into greater action or action sooner rather than later.

#### 1. Residence tests

A number of tests relating to residence apply to different services. The most important relate to eligibility for free NHS services, social security benefits, housing and education support. They rely on a period of presence in the country (periods differ between services and are not precisely defined: they usually amount to between three and six months but can go up to three years) plus evidence of the intention to remain. Giving greater objectivity and consistency to these tests could be less confusing for the public and bring efficiency gains. Without such changes, identity cards' usefulness in establishing entitlement to services could be undermined. *An early signal of your interest in addressing residence tests would ensure that a systematic look at the rules could be built in to the identity card programme's 'benefits realisation' workstream and given suitable priority from the outset.* Without this input, the current programme will continue understandably with its preoccupations with the drafting of the bill, and developing viable technology.

The Home Affairs Select Committee's recent report on identity cards recommends that the Government should "review entitlements to public services across the board with the aim of rationalising and standardising them". The Government's response could include the first public reference to the eligibility project, the principles it has developed for eligibility criteria (accessibility, fairness, responsiveness, consistency and value for money), and announce any further work that is to take place. *The response is due in October. Should it mention the work on eligibility or be more non-committal, for example, just giving an indication that such work will be considered?*

#### 2. Means testing mechanisms

Means-testing operates in relation to a wide range of services. Useful arrangements are in place to share the results of means tests between some of them (for example, receipt of Income Support means that the test for the NHS low income scheme is automatically passed). But in circumstances where, for example, income is slightly higher than benefit levels, separate assessments of means are made. A single set of means-related rules to fit all services and circumstances is not a realistic proposition but greater consistency in their application (for example, in the definitions of what counts as capital or savings and what as income) would be well worth exploring. A DWP project to simplify the benefit system is already under way. I am trying to find out more about what options are being explored and what proposals for reform are likely to follow but DWP Ministers have yet to decide the precise direction the work should take. *If you feel that this is an area where services in*



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### The Prime Minister's OFFICE OF PUBLIC SERVICES REFORM

*addition to social security should be considered in order to create more consistency and efficiency, we will press DWP to ensure that other departments are involved.*

#### **3. Access to services through work**

As well as providing the means of support during which entitlement is built up, evidence of work is often produced to back up an application for a service. For example, pay slips can be used as evidence of residence or of income. While enforcement of the rules to prevent it remains inconsistent, illegal work will continue to facilitate access to public services. While the Home Office supports more rigorous enforcement, others - chiefly the Treasury - are concerned that this would put additional burdens on business and hamper economic competitiveness.

A Home Office project to assess the impact of illegal working on the economy is currently being commissioned. Its results are expected next year but it is not being pursued with any great urgency. *Are you happy to let this remain fairly low profile?*

#### **4. Data sharing**

Obstacles to sharing data between public services are seen - especially at the front line - as significant. They can make eligibility checks more cumbersome and delay or prevent services from reaching those who need them. The DCA was preparing for the possibility of having to amend data protection legislation if Michael Bichard's Soham report found that it represented an obstacle to data sharing. In the event it concluded that, in itself, the legislation had not caused the problems relating to the gathering and keeping of intelligence that had initially been claimed. "Radical revisions" were not necessary but better guidance on the collection, retention and use of information was needed. DCA is thinking about how it might take forward work to improve data sharing now that it is clear that new legislation is not required. *An indication that you were concerned to see progress on removing barriers to data sharing would help to give the work a higher profile in departments and strengthen DCA's hand in pursuing reform.*

#### **Next steps**

Once I have your views I will draft a note for you to send to the CST and MCO, and/or other ministers, as appropriate.

**Wendy Thomson**



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## Home Office

The Private Secretary to the Home Secretary

(24)

Im  
cc JR.

Private Secretary to the Deputy Prime Minister,  
Office of the Deputy Prime Minister,  
26 Whitehall,  
London SW1A 2WH.

16 NOV 2004

Dear Ciana,

### IDENTITY CARDS REGULATORY IMPACT ASSESSMENT

The Home Secretary has asked that I should circulate to DA Committee members for information the attached **Regulatory Impact Assessment** on the Identity Cards scheme which has been included with the Memorandum circulated to LP Committee on the Identity Cards Bill. The LP papers have been circulated on a Committee Members Only basis so the attached RIA also has this marking.

In his letter of 1<sup>st</sup> October to the Deputy Prime Minister seeking DA clearance to policy changes to the draft Bill, the Home Secretary made clear that the Bill itself places no regulatory demands on the public, private or voluntary sectors and that such impacts will arise only in the future once the card scheme has been introduced and identity cards are widely held. However, he said that a full Regulatory Impact Assessment was being prepared to go with the LP memorandum and would be published with the Bill.

I am copying this letter to Emily Miles at No 10, to the private secretaries to members of DA Committee, Jack Straw and Hilary Benn and to Robin Felgett.

Yours sincerely,

NICOLA THOMAS

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# Identity Cards Programme



## Identity Cards Bill - Regulatory Impact Assessment

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### Purpose

The regulatory impact assessment provides an overview of the four policy outcomes to which the identity cards scheme contributes. It explains the nature of the problem for each of the four areas and how the identity cards scheme will help. It identifies the nature of the costs and benefits which may arise and sets out the key assumptions. It does not provide a risk assessment of the identity cards scheme. This is maintained separately by the programme and is reviewed regularly by the cross-departmental programme management arrangements.



<i>Approved by</i>					
<b>Name</b>	<b>&lt;&lt;Role&gt;&gt;</b>	<b>date</b>	<b>Name</b>	<b>&lt;&lt;Role&gt;&gt;</b>	<b>date</b>
<b>Name</b>	<b>&lt;&lt;Role&gt;&gt;</b>	<b>date</b>	<b>Name</b>	<b>&lt;&lt;Role&gt;&gt;</b>	<b>date</b>

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Version No.	Date	Details of Changes included in Update	Author(s)
1.0	5 November 2004	Version for distribution to Home Office senior officials and special advisers.	Diane Cotton & Stephen Harrison
1.1	9 November 2004	Incorporates comments on version 1.0. Version for clearance by Home Office Ministers	Diane Cotton & Stephen Harrison
1.2	10 November 2004	Incorporates further comments	Diane Cotton, Stephen Harrison & Robin Woodland
1.3	12 November 2004	Incorporates ministers comments	Diane Cotton, Stephen Harrison & Robin Woodland



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## **1. Purpose and Intended Effects**

### **(a) Objective**

1. The identity cards scheme will help to deliver the following outcomes:

- (i) less illegal migration and illegal working; and better community relations as a result;
- (ii) an enhancement to the UK's capability to counter terrorism and serious and organised crime;
- (iii) reduced identity fraud;
- (iv) more efficient and effective delivery of public services.

2. The cards scheme is part of a longer term strategy to deliver these outcomes and is complementary to other measures such as more effective enforcement measures in IND as set out at Annex A.

### **(b) Identity Cards Bill**

3. New legislation is required:

- (i) to establish a clear legal framework for what is a major policy development and
- (ii) to provide a statutory basis for spending public money on setting up the scheme and charging the fees required to recover the costs of enrolment services, issuing and maintaining cards and providing verification services.

4. The Bill is an enabling measure. It sets out the framework for the identity cards scheme, which is an inclusive scheme designed for everyone aged 16 or over who is legally resident in the United Kingdom for 3 months or more.

5. The main features of the legal framework needed to introduce identity cards are:-

- (i) Setting up a National Identity Register of basic personal information;
- (ii) Specifying information that may be recorded in the Register (including biometric data) and safeguards to ensure this is only available to those with lawful authority;
- (iii) Powers to issue identity cards both as free-standing cards and linked to the issue of designated identity documents (such as passports);
- (iv) Powers for card issuing organisations to verify data provided by people applying for ID cards as part of reducing the risk of people attempting fraudulently to obtain ID cards;
- (v) Provision of information from the National Identity Register to law enforcement and security agencies in specified circumstances, such as on grounds of national security or for the pre-



vention or investigation of crime, and ensuring there is independent oversight of these arrangements;

- (vi) Establishing new criminal offences and civil sanctions to make the scheme effective;
- (vii) Powers to set a date in the future when the scheme would become compulsory, with a requirement to register with the scheme and to set civil penalties for failure to register;
- (viii) Enabling public and private sector organisations to verify a person's identity by checking a card and/or information held on the National Identity Register with the person's consent and enabling powers to make regulations for required identity checks for public services;
- (ix) Establishing an independent National Identity Scheme Commissioner to oversee the operation of the scheme and report to Ministers and Parliament.

6. As with any project of this size and complexity there is a great deal of development work to be done before it is possible to finalise all the operational details, including the precise technical arrangements for recording biometric identifiers such as facial image, finger scans and iris images, which will provide a way of uniquely confirming the identity of cardholders.

7. The Bill therefore strikes a balance between setting a clear legislative framework for the scheme, for example by limiting the type of information which may be recorded, and avoiding constraining the design of the scheme, eg by setting out the precise details of application forms in primary legislation. Parliament will continue to have oversight of these arrangements by debating regulations which will set out these details as the scheme develops. Before Regulations are laid the Government will consult where appropriate, particularly if regulations affect business or voluntary sectors, and appropriate regulatory impact assessments will be produced.

#### Compulsory Scheme

8. No date has yet been set for a decision on a move to compulsion for identity cards. There are a number of factors which the Government will need to consider before recommending a move to compulsion to Parliament. These are explained in *Identity Cards: the next steps* (CM 6020).

9. The Bill sets out a "super-affirmative" process whereby:

- (i) the Government must publish a report setting out its case for the move to compulsion;
- (ii) the report must include a proposition on how compulsion would work;
- (iii) the report must be laid before Parliament for debate and vote in both Houses. Both Houses may amend the proposition;
- (iv) the Government then lays for 60 days an order for compulsion via affirmative resolution. The order must be consistent with the motion agreed by Parliament;
- (v) there would be a debate and vote in both Houses.



10. The Government must go back to (i) if the process fails at any point. However, the Government does not need to go back to (i) if it subsequently proposes to relax compulsion in some way, for example not to require individuals over a certain age to renew their registration.

#### Impact

11. As the provisions set out above show, the Bill as drafted places no burdens on business, charities or voluntary bodies. There are no provisions in the Bill which will allow the Government to require business, charities or voluntary bodies to make identity checks using the identity cards scheme. The required identity checks power relates only to public services.

12. Should the Government propose any new requirements through other legislative vehicles for business, charities or voluntary bodies to require identity checks or to incorporate the identity cards scheme within existing requirements to undertake checks, the Government will produce and publish regulatory impact assessments relevant to the sector(s) affected. An example of where this has already been done is the RIA produced when revised regulations on identity checks for foreign workers were published earlier this year.

#### c) Cost/ Benefit Analysis

13. A strategic outline case was produced prior to the Home Secretary's announcement that the Government was proceeding with an identity cards scheme in November 2003. The strategic outline case confirmed that the benefits of the scheme outweighed the costs.

14. A Gateway 0 Review of the Identity Cards Programme was carried out by an independent review team under the auspices of the Office of Government Commerce (OGC) during January 2004. The team confirmed that the Gateway 0 preconditions had been satisfied and that the Identity Cards Programme was ready to proceed to the next stage. The next key revision of the cost/benefit case is scheduled for completion in early 2005 at the end of the Programme Definition phase when an OGC Gateway 1 review will be conducted.

15. Considerable work has been undertaken to develop further the estimates of costs and benefits in preparation for the Gateway 1 review. This includes:

- (i) more detailed specification of the requirements of the scheme both in terms of enrolment and verification services;
- (ii) a trial of biometric technology to assess the public's reaction to it and in particular any lessons which can be learned about difficulties which the public might have in using the technology. Particular emphasis has been given to people with disabilities;



- (iii) a review of the options for delivering the scheme which has concluded that risks will be best managed by creating a new agency to issue ID cards and provide verification services which incorporates the UK Passport Service;
- (iv) close working with key stakeholder groups in the public and private sector to develop benefits profiles and gain a better understanding of what facilities and levels of service they require to make best use of the scheme;
- (v) consultation with the wider public and interested groups, particularly the Home Affairs Select Committee. This has identified additional facilities which will be needed to increase public confidence in the scheme.

### Costs

16. The Government's decision to set up a new agency incorporating the functions of the UK Passport Service and to link the issue of ID cards closely to passports was influenced not only by the need to have clear lines of political and operational authority for the scheme but by the need to respond to international developments. The US has already imposed a fingerprint requirement on all visitors to the US who have historically not required a visa ('the visa waiver scheme'). This includes British citizens. The EU will be mandating biometric passports for its citizens in the next few months. The costs of recording biometric information and issuing more secure identity documents (in the form of biometric passports) is therefore unavoidable.<sup>1</sup> Passports are currently held by 80% of the adult population. Similarly, for foreign nationals, the EU is mandating biometric residence permits for all third country nationals by 2007.

17. In March 2004, the UK Passport Service (UKPS) published its forward financial projections in its five-year corporate plan which would fund the infrastructure for issuing biometric passports incorporating one biometric identifier and cover increased running costs associated with the additional work such as interviewing first time passport applicants from 2006. Current projections under this plan forecast annual operating costs of UKPS of £415m<sup>2</sup> in 2008/09.

18. Building on these developments in the Passport Service, the additional costs of the ID cards scheme over and above the published forward plans for the UK Passport Service comprise:

- (i) the cost of covering the whole resident population<sup>3</sup> aged 16+ rather than the 80%+ who will have passports by 2008;

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<sup>1</sup> Those without biometric passports wishing to visit the US will require a visa when all US requirements are implemented. The current cost of a US non-immigrant biometric visa is \$100 and requires a personal visit to either London or Belfast. It currently takes 31 working days to make an appointment for fingerprints to be recorded and a further 3 working days to issue a visa.

<sup>2</sup> All financial figures are in real terms at estimated 2004 prices and exclude contingency unless otherwise stated.

<sup>3</sup> British and qualifying Irish nationals only.



- (ii) the cost of recording, matching and storing three types of biometric information (face, fingerprint and iris) rather than the one which is the current standard required for the first generation of biometric passports (face);
- (iii) the cost of providing an on-line verification service which can validate ID cards and other identity enquiries for user organisations. Continuing discussions with user organisations and work on reducing the delivery risks have led to a design decision that on-line checks provide an optimum combination of simplicity, reliability and auditability. However this does mean that the central IT infrastructure will require more capacity and will need to be more resilient than the current passport IT infrastructure or that envisaged in the 2004 UKPS corporate plan. Sufficient allowance also has to be made for supporting users of the verification service via a helpdesk.

19. The current best estimate is that the additional running costs of the new Agency to issue ID cards on a wider basis will be £85m pa when averaged over a ten year period. A further £50m pa is the estimate for the average cost over ten years of the verification service but this would not fall on the individual card holder. Some set-up costs will be incurred after the first ID cards/biometric passports are issued as some parts of the infrastructure can be built incrementally. The costs of issuing cards to foreign nationals will be accounted for separately under IND's plans, subject to further detailed planning on the relationship between the new agency and IND. As with UKPS, IND will have to invest in issuing biometric documents in the form of residence permits to Third Country Nationals which will be mandated by the EU from 2007. Some of the infrastructure investment identified for the issuing of cards via the new agency will apply to foreign nationals, for example the National Identity Register database will cover both UK and foreign nationals.

20. The running costs of the scheme will be recovered via fees charged for:

- (i) the issuing of passports and ID cards;
- (ii) the maintenance of passports and ID cards – eg to issue replacements for lost documents; and
- (iii) the verification service – e.g. through charges to accredited organisations.

21. The process of setting a fee structure will require the explicit consent of the Treasury and Parliament. The Identity Cards Bill provides flexibility to set charges for components of the above services, eg the accreditation of a user of the verification service as well as charges for usage<sup>4</sup>. Decisions on the actual fee structure will be made before the first chargeable cards are issued and when costs which need to be recovered will be clearer having agreed contracts with suppliers. The legislation provides an appropriate freedom of scope to set fees, with the proviso that the scheme cannot be used to raise net revenue for the Exchequer. Therefore it would be possible not to set

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<sup>4</sup> The Bill also includes a separate measure to allow for the cost of issuing of free passports to those born before 2 September 1929 to be met by the fees charged to other passport holders.



fees in some areas providing the total expenditure is covered by total revenues. An example might be when people notify changes of address. A fee for the handling of these transactions might be counter-productive.

22. With this cost profile, the current best estimate for an indicative price for an adult passport/ID card package for UK citizens valid for 10 years would be £85. The actual amount charged to a person will depend on future policy decisions on charging within the scope allowed by the Identity Cards Bill as discussed above. Issues which the Government wishes to explore further on charging include:

- (i) refining estimates of revenues for the verification service as potential users develop more detailed plans for how they will use the scheme;
- (ii) whether and to what extent offering cards at lower cost, for example to people on low incomes, should be met by higher charges for other parts of the scheme.

23. Organisations wishing to use the on-line verification service will have the following options:

- (i) an on-line enquiry facility to confirm information provided with the consent of the card holder. Organisations will be expected to fund any costs associated with their end of this link;
- (ii) a card/biometric reader with on-line access to the verification service. Organisations will be expected to fund the costs of card readers. The current working assumption is that the cost of card readers would fall within a range of £250-£750 depending on their level of sophistication and performance – for example whether they are able to check a biometric as well as the card in high risk, high value transactions where the card holder is present. Of course, integrated with other security and verification requirements, this cost could fall substantially over the years ahead. No allowance in these estimates has been made for reductions in cost due to volume discounts, however the use of a common standardised technical interface for the online verification system will encourage a competitive market for card and biometric readers to develop, which can be expected to bring costs down over time. The rollout of 'Chip & PIN' card readers (see paragraph 61) will also help to establish a competitive market.

### Benefits

24. Examples of the benefits of the scheme are given in section 2 below. In general, benefits fall into the following categories:

- (i) more efficient processes. The scheme will speed up and simplify identity checks for user organisations. This will allow for redeployment of resources, eg reducing police resources tied up in administrative tasks to use for front-line services. In some cases it may also generate cashable benefits to the Exchequer, eg by increasing the recovery of unpaid fines. It



- should also allow for reductions in compliance costs with some regulations, eg money laundering and rules on checks on the immigration status of employees even in advance of any explicit requirement to use the scheme;
- (ii) removing duplication of functions. A number of Government departments revalidate a person's identity in the absence of a single definitive record. An example would be a foreign national establishing his immigration status for the purposes of a work permit and then having a separate interview with the Department for Work and Pensions to obtain a National Insurance number;
  - (iii) reduced fraud. A Cabinet Office study published in 2002 estimated the cost of identity fraud in the UK to be £1.3 bn pa split equally between the public and private sectors. Work is underway with key stakeholders to revalidate these estimates and identify other sectors affected by identity fraud which were not counted in the original research, for example telecommunications operators. Key stakeholders such as the Department for Work and Pensions and financial services organisations agree that an ID cards scheme will reduce some of their exposure to identity fraud. In addition to reducing identity fraud, the scheme could also reduce fraudulent use of services by those not entitled to them, eg the use of free non-emergency NHS treatment by those whose immigration status requires them to pay;
  - (iv) more convenient access to services. Fast track immigration and security clearance through iris recognition automated barriers at major UK airports is being deployed for certain categories of pre-registered foreign national. Use of the automated barriers could potentially be extended to those registered with the ID cards scheme.

25. Important benefits which cannot yet be quantified completely are:

- (i) improved enforcement of immigration controls which will help to maintain public confidence in the immigration system. Identity cards will give everyone a means to prove their immigration status which will allow service providers and employers to make checks without the need for specialised knowledge of immigration rules. This will help to reduce the illegal immigration 'pull factor' as currently there is no simple, universal basis for enforcing in-country immigration controls. It will also help to maintain public confidence that current levels of lawful inward migration can be sustained. Lawful migrants currently contribute £2 bn pa to the economy which could be put at risk if the resident population lacks confidence in controls;
- (ii) enhancing the UK's ability to counter terrorism and organised crime. Rebuilding Manchester city centre after the 1992 PIRA bombings cost £1.2 bn. The economic and social costs of organised crime have been estimated at £20 billion pa and the consequences of just one major terrorist outrage can be severe. The identity cards scheme will help to disrupt the support networks of terrorists and organised criminal operations which rely extensively on the use of multiple identities to make it more difficult to monitor their activities;
- (iii) reducing the fear of crime. This is validated by research with the general public which shows that people do see identity cards as a way of re-establishing a sense of order in soci-



ety and helping the police deal with crime. Parents of younger teenage children see ID cards as a way of protecting their children from unauthorised access to age-restricted goods and services. Fear of crime – particularly terrorism – may also influence organisations' decisions, eg on investment;

- (iv) continued benefit of free movement. UK business depends on free movement between our main economic partners. As noted above, failure to conform with enhanced travel document specifications would mean UK citizens having to obtain biometric visas to visit the US at considerable additional cost.

26. In the longer term, should the card scheme become compulsory it could provide the means to make more fundamental improvements in the delivery of Government services. Everyone registered with the scheme will have a unique National Identity Registration number (NIRN). While not part of the immediate business justification for the scheme, as Government services update their systems over time they could cross-reference their personal numbering schemes with the NIRN. This would allow for more efficient interaction between citizens and public services and allow citizens to quote just one number in their dealings with different parts of Government while still ensuring that service specific information remained under the control of each service, thereby protecting privacy. While not currently costed as part of the functions of the Identity Cards Scheme, it could also provide a basis for people to notify changes of personal details, such as address, only once. The scheme could then notify other Government services.

27. As noted in paragraph 13, the Government was satisfied that the benefits of the identity cards scheme justified the costs when it announced the decision to proceed in November 2003. The ongoing work on costs and benefits - especially in the light of confirmation of international requirements to introduce biometric passports and residence permits – continues to support this judgement.

d) Business Sectors Affected

28. There are no proposals in the legislation on identity cards to require any organisations or individuals to undertake any checks on identity cards.

29. However, business sectors such as financial services and employers are likely to be affected by the scheme once it becomes established. If any specific regulations or changes to regulations are made with regard to these groups, there will be consultation and publication of relevant regulatory impact assessments. In the absence of specific regulations applying to these sectors, organisations will need to weigh up the costs, risks and benefits to them of changing current practices to incorporate the use of identity cards. This is a move which the Government would encourage and it will therefore continue to work closely with private sector organisations to ensure that the scheme develops along lines which will meet their business requirements.



30. The Identity Cards Bill also provides a power for the Secretary of State to require any person to provide information to help validate information on the National Identity Register. The purpose of this provision is to conduct background checks on individuals to authenticate the identity a person wishes to register in the National Identity Register. As the nature of the checks will vary from applicant to applicant and also over time, it is not possible to identify at this stage whether any particular business sector will be affected by any regulations made under these powers. The substantive Bill reflects comments received on the draft Bill by some commercial organisations and now allows for the Secretary of State to reimburse people and organisations affected by this provision (see paragraph 75).

## **2. Achieving the policy outcomes**

31. This section is divided into four sub-sections to cover in turn each of the four main outcomes that the cards scheme will help to deliver:

- (a) less illegal migration and illegal working; and better community relations as a result;
- (b) an enhancement to the UK's capability to counter terrorism and serious and organised crime;
- (c) reduced identity fraud;
- (d) more efficient and effective delivery of public services.

32. Each sub-section addresses the nature of the problem; how the identity cards scheme will help and gives examples of the types of costs and benefits to particular sectors, society and individuals. The nature of any likely costs and indications of whether and when any obligation to use the service might arise along with any assumptions are also set out. Other current initiatives which complement the use of ID cards are set out at Annex A.

### (a) Less illegal migration and illegal working; and better community relations as a result;

#### The problem

33. The government wants to encourage lawful migration to the country to meet the challenges of demographic changes and skills and labour shortages. Lawful migrants across all income levels benefit the economy by around £2 billion per annum. In sustaining and perhaps increasing current levels of lawful migration, it is important to retain the confidence of the resident population that immigration controls will not be abused, particularly with regard to people staying longer than their entitlement and who then work illegally and use services for free to which they are not entitled.

34. It is difficult to establish the scale and trends of illegal migrant working in the UK. The UK is currently reviewing the methods used in other countries to estimate the scale of their illegal working



populations. Illegal working occurs in sectors where principally casual, low-skilled jobs prevail eg; construction, textiles/clothing, hotel & catering, household services/cleaning, agriculture and the sex industry.<sup>5</sup>

35. There is very little evidence on the wages of illegal migrant workers although it is reasonable to assume that large numbers are working below the minimum wage. Even in cases where some work at or above the minimum wage, they may be working very long hours, under poor conditions.

36. The effect of illegal working and the sectors affected are summarised in the table below.

Those affected	Implications
Illegal workers	<ul style="list-style-type: none"> <li>• Poor pay rates and working conditions</li> <li>• Poor living conditions</li> <li>• Risk of exploitation</li> </ul>
Government	<ul style="list-style-type: none"> <li>• Loss of taxation and National Insurance revenue<sup>6</sup></li> <li>• Fraudulent claims for benefits, eg asylum seeker support payments</li> </ul>
Businesses	<ul style="list-style-type: none"> <li>• Distortion of legitimate trade through unfair competition<sup>7</sup></li> <li>• Lost productivity when legitimate employers find they have been employing illegal workers</li> </ul>
Society	<ul style="list-style-type: none"> <li>• Supplying illegal workers is often part of organised criminal activity and helps support other forms of criminality such as the sex industry and drug abuse</li> <li>• Lack of confidence in immigration controls can put at risk the cohesiveness of communities</li> </ul>

#### How the ID cards scheme will help

37. The scheme will provide a straightforward means to record and verify the immigration status of all residents aged 16 and over. The verification service will be available not just to the authorities responsible for maintaining immigration controls but to providers of public services and private sector organisations. It will help to ensure that decisions on service entitlement or employment are

<sup>5</sup> Information from OECD, TUC and discussions with IND enforcement officials

<sup>6</sup> The DWP-led Operation Gangmaster is designed to facilitate the sharing of intelligence and the mounting of joint operations against illegitimate gangmasters by enforcement agencies from a variety of departments. Past operations undertaken by multiple agencies indicate that often (especially in this sector), the employment of illegal workers goes hand in hand with non-payment of tax and National Insurance.

<sup>7</sup> Intelligence from the agricultural labour supply sector suggests that legitimate gangmasters are struggling to retain business because they are undercut by those who employ illegal workers and do not pay the national minimum wage to their staff.



made with reference to the correct immigration status of the individual concerned. This is particularly important for employers as the law is becoming increasingly difficult to comply with because of the greater range of documents which employers have to check due to enlargement of the EU. The measure would therefore help legitimate employers who would have a simple way to check status. It would also help to enforce the law against unscrupulous employers who would no longer have a defence in claiming that they examined an unfamiliar document which appeared genuine to them. Increasing the effectiveness of enforcement measures against unscrupulous employers is part of existing strategic measures to counter the problem of illegal working - see Annex A. There are limits to what increased enforcement and regulation can achieve if people are able to stay in the country unregistered as most can at present.

38 The scheme will have greatest impact on illegal immigration and illegal working if it became compulsory to register with the scheme. The Identity Cards Bill requires a separate decision by Parliament via a super-affirmative procedure before this can take place. It would be possible for the scheme to be made compulsory for foreign nationals (or categories of foreign national) in advance of UK nationals. Any requirement to produce a card for accessing public services which have to be provided for free or for social security benefits can only be made if the scheme were compulsory. However, even prior to any decision to make the scheme compulsory, the Government expects that legitimate employers would want to encourage their employees to provide verifiable proof of identity when taking up a job. The availability of a highly secure, easily verifiable ID card as an option would make it easier to take action against unscrupulous employers as they would have less of a defence should they choose not to carry out appropriate checks. The scheme allows for records of on-line ID verification checks to be held, so establishing whether an employer has complied with the law will be more straightforward.

### Costs

39. The costs which could fall on employers will depend on the following factors:

- (i) The cost of card readers. The move towards a standardised and principally on-line verification service should reduce the level of complexity and therefore cost of card readers though there may be some additional running costs, eg to cover the transmission and receipt of information.
- (ii) The cost of the verification service. While the Bill contains powers to charge for such a service, the Government has not decided whether to apply any charges to employee checks. Any decision will be taken only after extensive consultation once the costs of the service are clearer and account can be taken of other benefits which might accrue to employers, eg simplifying the recording of employee data, better information on which to vet job applicants.
- (iii) The level of check which an employer decided is necessary. Only an on-line check would give an employer the assurance that a record of the check would be held on the National



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Identity Register and would therefore provide a defence against prosecution. However the demand for on-line checks will probably be greatest in those sectors most affected by illegal working such as agriculture, construction and hotels and for those working in sectors where the public could potentially be at risk if a person is employed under a false name eg staff working in airports.

**Timescales**

40. No reference to checking a UK ID card in the legislation on illegal working can be made until the scheme goes live which is currently scheduled for 2008. At this point, the list of documents which may be used to show eligibility to work to comply with section 8 of the Immigration and Nationality Act 1996 could be amended by order using powers in the 1996 Act.

41. Any move to make an ID card the preferred document for checking eligibility to work would depend on the rate of takeup of the card, particularly among foreign nationals. A majority of the population would be registered by 2014, though the Bill would allow for the possibility of bringing categories of foreign national onto the scheme more quickly.

42. To make the ID card near-mandatory for employee checks would require the scheme to be compulsory. The Bill sets no dates for a move to compulsion. Compulsion could also apply to particular groups, eg certain categories of foreign national, but this would require the same level of Parliamentary approval as any general compulsion provision see paragraphs 9-10.

**Assumptions**

43. The assumptions about the contribution of an ID card scheme in maintaining immigration controls and reducing illegal working and the actions being taken to validate those assumptions are set out in the table below.

<b>Assumption</b>	<b>Actions</b>
Immigration officers and police officers will be able to check immigration status during enforcement operations.	<p>The Immigration and Nationality Directorate is part of the delivery arrangements for the scheme to ensure that immigration status information is recorded correctly.</p> <p>It has been established that the necessary legal powers to undertake checks are in place and that the National Identity Register can lawfully record immigration status.</p>



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Assumption	Actions
	<p>The requirements specification for the scheme includes processes for undertaking identity checks.</p> <p>Work is continuing with the police and Immigration Service to estimate the specification and numbers of readers. This work is also identifying the relationship with existing plans to deploy similar equipment, eg mobile fingerprint readers for the police and increasing the number of mobile fingerprint readers already in use by the Immigration Service for checking the status of asylum seekers.</p>
Legitimate employers will want to undertake checks in advance of any regulations requiring them to do so.	Consultation with industry groups is identifying added value benefits of identity checks, eg improved vetting of potential employees, which might encourage take-up of checks.
Sufficient enforcement resources are allocated to deal with unscrupulous employers.	Increased enforcement is already part of IND's strategy. The introduction of ID cards will allow for more effective use of these resources.
Robust internal controls do have a deterrent effect on illegal immigration.	The sharp drop in asylum claims in 2003 has demonstrated how applicants divert away from countries that put in place stronger controls.
Full benefits only accrue if the scheme is made compulsory.	Plans allow for wide ownership of ID cards even if the scheme is not made compulsory for some time (or never), by linking registration to the issuing of documents such as passports and residence permits.

**b) An enhancement to the UK's capability to counter terrorism and serious and organised crime**

**The problem**

44. Those involved in facilitating and funding terrorist and organised criminal activities make use of multiple identities to make it more difficult to investigate their crimes. At least one-third of terrorist suspects are known to have used more than one identity either for facilitation or planning the commission of terrorist acts. The facilitation and funding of terrorist activity increases the risk of terrorist outrages in the UK and abroad. Quite often several traces can point to different aliases of



the same person and valuable time can be lost in linking the different names being used by the same person. The risk is mainly focussed on the use of false identities for facilitation but there are also cases where weaknesses in the issuing of identity documents increase the risk of commission of terrorist acts, for example the ease with which Richard Reid ('the shoe bomber') was able to obtain more than one passport.

45. False identities and false identity documents are standard 'tools of the trade' for organised criminal organisations. As well as the economic costs of organised crime it is also linked to many of the crimes which cause most misery in society such as drugs misuse and drug-related crimes, people-trafficking, prostitution and people working illegally in unsafe and overcrowded conditions. It is estimated that organised crime may cost the country up to £20bn pa.

46. Fear of crime – either crime facilitated by organised criminal operations or of terrorist outrages – can result in unquantified economic losses as organisations might be less likely to make investments in the UK.

#### How the ID cards scheme will help

47. Disrupting the activities of terrorists and organised criminals is a key Government priority. The ID cards scheme will contribute in the following ways:

- (i) reducing the opportunity for those facilitating terrorist and organised criminals to operate using multiple identities. Most people who facilitate terrorist activities obtain legitimate Government-issued ID documents or good quality forgeries so as not to draw obvious attention to themselves;
- (ii) encouraging or requiring verifiable proof of identity when conducting major financial transactions. The requirement to produce existing forms of identity such as passports is already in place but the vulnerability of passports to forgery and the lack of a standard, checkable document for foreign nationals currently allows people to appear to comply with the law but still hide their tracks;
- (iii) in cases of serious crime or threats to national security, providing the capability for law enforcement and intelligence and security agencies to be provided with information on when a person's record on the National Identity Register has been checked or amended. The National Identity Register would be capable of holding audit information of on-line checks. Provision of this information would be subject to appropriate authorisation procedures – akin to those used for covert surveillance – and independent oversight. In conjunction with the rollout of e-Borders systems at UK ports, ID cards will provide the police and security services with better information on the movements of key targets in and out of the country. The Spanish authorities have confirmed the value of their compulsory identity card scheme in helping to marginalise ETA terrorists by keeping their activities under proper surveillance. Police identification of terrorist suspects makes the terrorists' lives harder: they have to find



round-about ways to stay in hotels, rent accommodation, hire cars, buy mobile phones, and generally carry out their activities. It also means that the police have a better idea of who they are looking for: recent photograph, age, address, etc. and can therefore focus their investigations faster.

- (iv) Allowing for more efficient use of police resources. There is considerable scope for reducing the administrative burden on the police in dealing with the routine identification of individuals with their consent e.g. motorists. The voluntary production of an ID card – or a biometric ‘card not present’ check – would save police administrative costs and be more convenient for the general public.
  - (v) Checking of fingerprint biometric information at scenes of crime. The police retain records of fingerprints from scenes of crime which could not be matched against their records. It would be possible for the police to run checks of this information against the National Identity Register to identify possible suspects in unsolved cases. This would have a broader application than terrorist offences.
48. The support of the security services for an ID cards scheme has already been noted. This is echoed by the police. Sir John Stevens, the Commissioner of the Metropolitan Police has said:
- “...I think identification cards would be of great assistance...Up to a year and a half ago I would have been against identification cards because we had no certainty that the documentation used for identification cards could actually prove with certainty the identification of someone. Biometrics, the use of eyes, the use of fingerprints is now a certainty in a way that never was before so therefore identification either whether it be on border controls or whether we have to deal with stop and search in the street, anti-terrorism kind of activity or even along the normal way that police officers work would give a certainty we need.”

#### Assumptions

49. The assumptions on which the benefits of an ID card scheme in combating terrorism and organised crime and the actions being taken to validate those assumptions are set out in the table below.

Assumption	Actions
The scheme would provide a step change in preventing people from obtaining multiple identities.	<p>This requirement is intrinsic to the design of the scheme.</p> <p>The legislation allows for the conduct of rigorous background checks, coupled with the recording of biometric information unique to each individual.</p>



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Assumption	Actions
	<p>The requirements for the enrolment and issuing processes are being specified taking account of best practice, eg lessons learned from piloting biometrics and background checks on passport applicants.</p>
<p>Key ID card checks would be performed on-line to minimise the usefulness of high quality forged cards and to provide an audit trail.</p>	<p>Following consultation with key user groups, there is a clear requirement for most verification checks to be made on-line. Ongoing specification work is taking account of the need for the verification service to have the necessary capacity to support this.</p> <p>There is close collaboration with key stakeholders, particularly in the financial services sector, to ensure that conducting on-line ID card checks provides them with a business benefit.</p>
<p>The police and security services will be able to examine the use of ID cards held by criminal suspects.</p>	<p>The legislation allows the scheme to provide information provided the necessary authorisation procedures have been followed. The arrangements will also be subject to independent oversight.</p> <p>The scheme requirements specifications include business processes to meet these needs.</p> <p>The transition planning arrangements include establishing independent oversight arrangements and best practice is being drawn from the experience of organisations with similar oversight functions.</p>

### Costs

50. The costs of the facilities necessary for the ID cards scheme to contribute to the fight against terrorism and organised crime are already covered as part of:



- (i) the basic costs of the scheme, eg the ability to conduct background checks and record biometric information is integral to the scheme as are the facilities to allow for authorised information to be provided to the police and security services;
- (ii) continuing work with the police and Immigration Service to estimate the specification and numbers of readers. This work is also identifying the relationship with existing plans to deploy similar equipment, eg mobile fingerprint readers for the police and increasing the number of mobile fingerprint readers already in use by the Immigration Service for checking the status of asylum seekers.

51. The costs to organisations of conducting on-line checks are covered in section (c) below as these checks should also deliver tangible benefits to these organisations, eg reductions in identity fraud.

#### Timescales

52. There is no particular date envisaged when organisations might be required to conduct specific checks purely for the purposes of countering terrorism and organised crime. The ID cards legislation does not allow for exclusive mandatory ID card checks in advance of the scheme becoming compulsory unless specifically authorised by Parliament.

#### c) Reduced identity fraud

##### The problem

53. Identity fraud costs the economy at least £1.3 billion every year<sup>8</sup>. Individuals pay for this in general through higher charges for financial services. There can also be a heavy personal cost in putting right credit ratings and in extreme cases parents suffering the trauma of having a deceased child's identity stolen. While there are some cases of straightforward theft of a person's identity, identity fraud is rarely committed for its own sake, rather it is an enabler for other offences such as money laundering. It has been estimated that false identities are used to launder around £390m every year.

54. The Cabinet Office study estimated that around 50% of the cost of ID fraud fell on the private sector, primarily on the financial services sector. Members of the Credit Industry Fraud Avoidance Service reported a 275% increase in incidents of identity theft between 1999 and 2002 and a 35% increase from 2002 to 2003 alone. These are likely to be underestimates as some incidents of identity theft or fraud are recorded as other crimes or just written off as bad debts. It is likely that the introduction of 'Chip and PIN' credit and debit cards over the next few years will fuel a further rise in identity fraud. 'Chip and PIN' will mean that the value of stolen credit cards will be

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<sup>8</sup> 2002 Cabinet Office Study



much reduced. The Association for Payment Clearing Services (APACS) which processes most card transactions in the UK believes that fraudsters will resort to stealing identities and then applying for legitimate Chip & PIN cards with the stolen details.

55. The UK often follows the trends in the US. Reports of identity theft in the US rose by 87% between 2001 and 2002 (the last year for which figures are available) and the US Federal Trade Commission (FTC) has reported that identity theft tops its list of consumer complaints accounting for 43% of all complaints in 2002<sup>9</sup>. The FTC's most recent report published in September 2003 estimated the cost of ID theft in the US based on the experience of individuals (ie through misuse of credit cards and other financial services) as \$50 billion pa.

56. The public sector also suffers. For instance, identity fraud facilitates some VAT missing trader fraud by allowing people to register companies for VAT, charge VAT to customers but then disappear without paying the VAT to HM Customs & Excise. Customs estimates that missing trader intra-community (MTIC) fraud for the period 2001-2003 was between £1.7 - £2.6bn pa.

57. There is also a financial and emotional cost to victims of identity fraud. Heinous cases such as the theft of the identity of a deceased child ('Day of the Jackal' frauds) are now increasingly rare thanks to improved data exchanges between the UK Passport Service and the Office for National Statistics. However victims of more conventional forms of ID fraud can still spend many hours getting their credit history put right alongside the emotional distress. A US survey found that some victims can spend over 240 hours correcting their records.

#### How the ID cards scheme will help

58. The ID cards scheme would provide the means both for individuals to protect themselves from ID fraud by ensuring that their personal details were associated with biometric information which was unique to them and for organisations to make more rigorous checks on the identities of their customers. The verification service offered by the card scheme will support more rigorous checks in:

- (i) face-to-face transactions where a person can produce a card which can be verified;
- (ii) 'card not present' transactions where an on-line check could still be made, supported by some additional verification measures. While this type of check would be less reliable than a check involving the presentation of a card, it would still be highly beneficial in some cases.

59. An example of a 'card not present' transaction would be Customs' checking of personal details provided with an application for a VAT registration number with the verification service. Most applications are currently processed by post. Checks could be batched via a direct interface

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<sup>9</sup> National and State trends in Fraud and ID Theft, Federal Trade Commission 2003



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between the VAT registration systems and the verification service. Applications showing any anomalies would be referred for further investigation. Customs have already begun trialing such an approach with checks against the National Insurance number database though the sophistication of the checks which can be done is very limited, eg a name and date of birth match only. Customs estimate that this type of fraud could be reduced by around 10% pa if all checks could be made against the National Identity Register.

60. In addition to reductions in fraud, the ID cards scheme could also generate efficiency savings in processing some transactions. For example the Know Your Customer (KYC) regulations designed to counter money laundering require financial services organisations to check identity documents for major transactions. In addition to providing a higher level of assurance, the on-line verification of an ID card would be a quicker and less resource intensive process than keeping a manual record of a passport (eg a photocopy) as the results of the transaction could be recorded automatically on both the organisation's systems and the National Identity Register.

#### Assumptions

Assumption	Actions
Key ID card checks would be performed on-line to minimise the usefulness of high quality forged cards and to provide an audit trail.	<p>Following consultation with key user groups, there is a clear requirement for most verification checks to be made on-line. Ongoing specification work is taking account of the need for the verification service to have the necessary capacity to support this.</p> <p>There is close collaboration with key stakeholders, particularly in the financial services sector, to ensure that conducting on-line ID card checks provides them with a business benefit.</p>
Support for 'card not present' checks would be available to support organisations which use telephone and post to deliver services to customers.	<p>Consultation is continuing with the Association for Payment Clearing Services to learn from their experience in reducing 'card not present fraud' to see if the procedures and solutions they are adopting are applicable to ID cards.</p> <p>The ability to conduct automatic verification enquiries via interfaces between users' IT systems and the verification service is also being investigated.</p>



## Costs

61. The ID Cards Programme is working closely with APACS to examine the technical architecture underpinning Chip & PIN and to benefit from lessons learned during the rollout. The dialogue will help to develop considerations of where shared technical opportunities with the Chip & PIN infrastructure might exist in the future. Financial services and retail organisations are already investing heavily in the 'Chip & PIN' smartcard reader infrastructure. As of September 2004, 438,000 Chip & PIN tills had been installed (about 50% of the final target). ID cards will be more widely held at the time when these readers will need to be replaced or upgraded. If the replacement readers could also read ID cards, the cost of the ID card reader infrastructure for organisations which have invested in Chip & PIN could be negligible.

62. In addition to the costs of the equipment, organisations may have to make a contribution to the costs of the verification service (see paragraphs 20-21). The charging structure will not be decided before further detailed consultation with user organisations. The Identity Cards Bill does not impose a particular charging structure, eg whether charges are levied by transaction, fixed subscription charges or some combination.

63. Estimates of readers for key public service providers are included in section (d) below.

## Timescales

64. There are no provisions in the Identity Cards Bill to require financial services organisations to make use of the scheme. In fact the Bill prohibits any organisation from making the ID card the exclusive way to prove identity for its products or services in the absence of any specific regulation on compulsion. Organisations will therefore be free to decide for themselves when would be the most appropriate time to begin investing in card readers. The only Government regulation which might encourage earlier take up would be any move to amend the Money Laundering Regulations to make the checking of an ID card a more explicit requirement. There are no plans to make such an amendment.

### d) More efficient and effective delivery of public services

#### The problem

65. Across public services there is a drive for more efficiency to make services more customer friendly. There is also pressure to make sure that services are only provided to people who are entitled to them. The lack of a simple, secure common method of identification inhibits organisations' ability to achieve these objectives. Currently there is a very large range of different documents that can be produced, none of which is designed to be verified electronically. There is a risk



that those who are entitled to public services suffer from reduced and slower service levels because of the overheads of conducting eligibility checks using current methods.

66. There are already many situations in which statutory services require an individual to produce proof of identity, for example, in claiming benefits, in taking up a place in Higher Education, applying for a student loan, or in applying for social housing. Currently, people need to provide a number of different cards or pieces of paper in order to prove identity.

67. As pressures grow on public services, service providers will have to bring in complex procedures for checking a range of documentation as the old assumption that if you are here you are probably here legally is no longer acceptable. There are also cultural problems about getting service providers to ask only certain groups for proof of identity for fear of being accused of discrimination. An added risk is that the lack of a common way to authenticate transactions is an inhibitor to take-up of e-government. Departments wishing to conduct more sensitive business on-line have to set up specific processes for each transaction.

#### How the ID cards scheme will help

68. The ID card will be the most secure and reliable form of verifiable identification issued by the Government. It will be designed to be verifiable in a way that is not possible with current forms of ID such as passports and driving licences.

69. Should the Identity Cards Bill pass into law in its current form, there will be no automatic requirement to produce an ID card for any public service. The Government recognises that there is no 'one size fits all' approach to how the card scheme will help public services. The Bill does include a 'Required Identity Checks' provision. This allows the Government to make regulations as to how the card scheme might be used for particular services which allows for full consultation and debate with those involved in using and administering the services. This will include any assessment of any new burdens on local authorities that may arise. The Government is prohibited from mandating the production of an ID card for services which must be provided for free, or for social security benefits, in advance of any compulsory requirement to have a card.

70. Providers of public services will be able to use the verification service in the following ways:

- (i) 'card present' checks where there is a personal interaction with the individual, eg registering with a GP;
- (ii) on-line 'card not present' checks where inquiries can be made of the verification service while the individual is perhaps on the telephone or has forgotten to bring their card;
- (iii) more automated on-line checks between service providers' IT systems and the verification service, eg verifying details such as name, address and date of birth which have been keyed in from an application form or by the individual themselves via the Internet.



71. Examples of areas where public services will benefit from the ID cards scheme include:

- (i) administration of social security benefits. Currently the Department for Work and Pensions interviews foreign nationals wishing to obtain a National Insurance number. The need for this interview could be eliminated as it would duplicate the interview for an ID card/residence permit. The card scheme would also give a clear indication of a person's immigration status and help DWP make more thorough eligibility checks. A limited amount of more general benefit fraud – approximately £50m pa - is estimated to be identity related
- (ii) improving eligibility checks for free non-emergency NHS treatment. Eligibility for free non-emergency NHS treatment is based on a person being 'ordinarily resident'. An ID card would help in making this determination. The Department of Health currently estimates, in England alone, that an annual benefit of £41m could be realised by charging patients who are not entitled to free NHS services;
- (iii) speeding up and improving the accuracy of Criminal Records Bureau (CRB) checks. An ID card check could provide greater certainty that the person applying for clearance was not using false documentation or a false identity, simplify the process for organisations which conduct the visual checks on identity documents and could streamline the background checking process by the CRB itself;
- (iv) higher education. Some illegal immigrants apply to British universities to gain access to the country but have no intention of studying. An ID card/residence permit which clearly recorded their immigration status would make this more difficult. There are also cases of overseas students applying as home students to pay lower course fees;
- (iv) general administration of services. The ID cards scheme could provide the infrastructure for a one-stop shop for people to notify changes of personal details such as address. For e-Government services alone it is estimated that by the time ID cards are widely held, there could be as many as 39m re-registrations from businesses and citizens. Currently these incur postal and other costs eg in providing new/updated PINs to citizens. As noted in paragraph 26 this is not currently part of the core proposition for ID cards but indicates some of the longer term potential for the scheme to improve the delivery of public services.

72. Some Government services are used disproportionately by those in more socially excluded groups. Because the ID cards scheme is universal, it provides a means to provide secure ID to everyone, not just those who can afford to drive or travel abroad. Benefits will be maximised if the scheme is made compulsory as service providers can then plan on the basis that all their customers should be able to produce a card. The fee setting powers in the Identity Cards Bill allow for reduced charges or no charges to be levied in particular cases.

#### Assumptions

Assumption	Actions
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Assumption	Actions
The verification service meets the needs of user organisations	<p>All of the key public service organisations have been consulted about the requirements specification.</p> <p>Special teams have been formed in some cases to work with service providers to help them analyse the potential benefits to their businesses.</p> <p>Performance criteria for the verification service such as availability, response times and resilience are being derived in consultation with user organisations.</p> <p>The Identity Cards Bill includes provision for each public service to set out its own rules for the production of ID cards if it does not already have sufficient powers via other legislation.</p>
Where cards have genuinely been lost or stolen, procedures will be in place to ensure that services are not denied	<p>The requirements specification allows for 'card not present' checks.</p> <p>The Identity Cards Bill provides the power for organisations to check whether a card has been reported lost or stolen.</p>
Cards are widely held	<p>The ID Cards Programme is conducting research to identify what features of the card scheme might create incentives for people to obtain cards in advance of renewing their passport.</p> <p>The Identity Cards Bill allows for the scheme to become compulsory provided Parliament consents after a rigorous super-affirmative procedure.</p>

### Costs

73. Providers of public services will have to invest in card reader infrastructure and the timescales of the ID Cards Programme allow for this to be planned into technology refresh programmes.



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The ID Cards Programme is working closely with key public service stakeholders to agree where the scheme can be of most benefit to them and to ensure that the necessary facilities are built into the verification service. The current best estimate for the number of card readers needed for DWP is 4,500.

**Timescales**

74. There are no provisions in the Identity Cards Bill to require identity checks for public services by a particular time. The Bill allows for each service to decide when and how ID cards could be used and requires Parliament's consent if no identity checking powers already exist in other statutes. There is also a requirement for consultation about any regulations made under the Bill. Decisions on investment necessary to make use of the scheme, eg card readers, are likely to be made in the light of the rate of takeup of cards and investment plans to introduce or refresh technology.

**(e) Other regulatory implications of the Identity Cards Bill**

75. The Bill includes a power to require 'any person' to provide information to the Secretary of State which may be required to conduct background checks on people applying for ID cards. The provision will be used in cases where the legal basis for sharing such information is unclear or does not exist. The power must be exercised by laying a specific order before Parliament for each 'gateway'. It is not meant to circumvent using and paying for commercial services which provide such a function, eg credit reference agencies, and the Bill makes clear that the Secretary of State may pay for information received under this power. Should there be any requirement for businesses to provide information outside usual commercial arrangements like credit reference agencies, the Government would consult widely and publish specific regulatory impact assessments.

**3. Equity and Fairness- wider implications**

76. The Bill and the administration of the scheme is bound by the Race Relations Act 1976, as amended by the Race Relations (Amendment) Act 2000 and by the Disability Discrimination Act 1995 and the Disability Discrimination (Amendment) Regulations 2003.

77. The identity cards scheme will be a universal and inclusive scheme, designed to cover everyone who has the right to be here. This will be especially the case if the scheme moves to compulsion. It will show that everyone belongs to our society whether they were born here, have chosen to make their home here or are just staying for a while to study or work.

78. The Bill is flexible enough to cater for special requirements in the applications procedure, including for those who may have difficulty in applying. Ongoing work is being done to identify



problems which may be encountered by people with particular needs so that these can be taken into account in the process design work. This includes:

- (i) including 1000 disabled people in a broader trial of biometric enrolment technology to ensure that lessons learned can be fed into the requirements specification;
- (ii) qualitative research with disabled people or organisations representing their interests, again to feed into the requirements specification to ensure that the scheme meets their needs. Similar research is also being undertaken with race and faith groups to ensure that any cultural sensitivities are identified and included in the design of the scheme.

79. A Race Equality Impact Assessment has been prepared as a separate document.

#### **4. Consultation with Small Businesses - Small Firms' Impact Test**

80. There are no proposals in the Identity Cards Bill to require employers to undertake any specific checks on identity cards, or any obligation over and above those imposed by existing and new immigration legislation<sup>10</sup>. Employers and financial and other private service providers will need to weigh up the costs, risks and benefits of changing current practices to incorporate the use of identity cards. An Impact Test does not, therefore, apply, although the requirements specification for the verification service includes simpler forms of check which might be more affordable for small businesses. The Government will address any specific cost implications for small businesses in further regulatory impact assessments as the programme develops.

81. Illegal workers are more likely to be working in particular employment sectors, some of which have a large proportion of small businesses, such as employment agencies/ labour providers, construction and agriculture which also all have a high turnover of staff. The Small Business Service has been consulted throughout the consultation periods and the Programme has participated in a number of events and workshops with employers' organisations which will continue.

#### **5. Enforcement and Sanctions**

82. Offences and civil penalties included in the Bill are summarised in the tables below.

<b>Criminal Offences</b>	<b>Maximum Penalty</b>
A person involved in the administration of the scheme to disclose information about people registered on the scheme without authorisation	<i>Summary</i> – 6 months imprisonment, or fine, <i>Indictment</i> – 2 years imprisonment

<sup>10</sup> The Immigration (Restrictions on Employment) Order 2004 (SI 2004 No. 755).



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<b>Criminal Offences</b>	<b>Maximum Penalty</b>
To obtain fraudulently an identity card	<i>Summary</i> – 12 months (England, Wales and Northern Ireland) 6 months (Scotland) imprisonment, or fine, or both <i>Indictment</i> – 2 years imprisonment, or fine or both
To use fraudulently an identity document	<i>Summary</i> – 6 months imprisonment, or fine, or both <i>Indictment</i> – 10 years imprisonment
To alter fraudulently an identity card	<i>Summary</i> – 6 months imprisonment, or fine, or both <i>Indictment</i> – 2 years imprisonment
To create a false entry, or to tamper with the National Identity Register	<i>Summary</i> – 6 months imprisonment, or fine, or both <i>Indictment</i> – 10 years imprisonment
To fail to surrender an identity card or to notify an invalid card when required to do so	6 months imprisonment or a fine, or both
To possess false identity documents	<i>Summary</i> – 12 months (England, Wales & Northern Ireland) 6 months (Scotland) imprisonment, or fine, or both <i>Indictment</i> – 2 years imprisonment, or fine or both

<b>Duties not giving rise to a criminal offence</b>	<b>Civil Penalty</b>
Duty to register when required to do so under the Bill.	£2,500
Duty to apply in manner prescribed when required to register.	£1,000
Duty to renew ID cards for those compulsorily registered.	£1,000
Duty to inform the National Identity Register of a change to prescribed registered details.	£1,000

## 6. Competition Assessment

83. It is not anticipated that costs associated with the ID cards scheme would impact disproportionately on any particular types of business / market nor that these would be sufficient to result in market exit nor changes to the structure of any market. Should the scheme become compulsory and employers were required to check ID cards in preference to other documents, there could be a



disproportionate effect on employment agencies/labour providers, construction and agriculture, other employers with a high turnover of staff and a high incidence of migrant workers and organisations employing people in sensitive organisations, eg where the actions of their employees might pose a significant risk to the public. However, requirements would be applicable to all businesses in each sector and so the costs should not disadvantage particular firms within a sector.

84. The scheme would also benefit these markets and other industries by helping to secure their ability to meet any labour and skills shortages which cannot be met from the resident population via managed migration.

## **7. Monitoring and Review**

85. The identity Cards Programme is subject to continuing external review by the Office for Government Commerce (OGC) Gateway process. The next Gateway review of the Programme is scheduled for early 2005. The legislation requires additional Parliamentary debate and approval for key decisions about the scheme over and above the passing of the Bill. Examples are:

- (i) decisions on which documents will be linked to the issuing of ID cards, eg present plans are based on passports and residence permits but others could be added such as driving licences
- (ii) approval for each individual public service to require identity checks and the nature of those checks
- (iii) any move to set a date by which it would be compulsory to register with the scheme.

## **8. Consultation**

86. Findings from the initial consultation exercise, which ended in January 2003 are published in "Identity Cards - A Summary of Findings from the Consultation Exercise on Entitlement Cards and Identity Fraud" (Cm 6019). This includes a summary of findings from qualitative and quantitative research.

87. The draft Identity Cards Bill was published in April 2004 (Cm 6178). The consultation period ran for 12 weeks. A summary of the findings from the consultation and the results of further qualitative and quantitative research was published on 27 October 2004 (Cm 6358), alongside the Government's response to the Home Affairs Select Committee report on identity cards (Cm 6359).

88. Further and ongoing consultation with all stakeholder groups will be taking place throughout the development of the scheme. The Programme includes a Research workstream, as well as Communications, Stakeholder management and Benefits Realisation workstreams to take forward various forms of consultation.



**9. Burden on other Government Departments**

89. Work is continuing with Government departments to update the work undertaken for the Strategic Outline Case produced in November 2003. Current plans are for this to be completed in time for the OGC Gateway 1 review due in early 2005. The Identity Cards Bill itself places no obligation on any department to make use of the scheme.

**10. Ministerial Sign-Off**

I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs.

Signed.....

Date.....

Contact:



## Annex A - Complementary Initiatives

Many initiatives are currently under way with the objectives of tackling illegal immigration and illegal working, security and organised crime, identity fraud and improving the administration of public services. The identity cards scheme is not intended to be the sole method of solving any of these problems. Therefore, all these other initiatives are continuing regardless of the introduction of the cards scheme, which will act as complement these measures, not replace them. Assessments of some of the other initiatives that are under way are summarised in the table below.

OUTCOME	MEASURE	ASSESSMENT
Less illegal migration and illegal working; and better community relations as a result	Increase the resources provided to the Immigration Service, and intelligence/ security agencies.	Around £3bn p.a. is spent on immigration and security measures relating to borders, immigration and counter-terrorism. It would require a substantial increase in resources for there to be step-change in delivery from these agencies, beyond the initiatives that they have already identified.
	Tighten up on existing regulations	Under section 8 of the Asylum and Immigration Act 1996, employers can establish a statutory defence to the charge of employing someone illegally by checking and recording one of a number of specified documents at the point of recruitment. The laws preventing illegal working have proved difficult to enforce with low levels of prosecutions, hence the Government's decision to introduce the Immigration (Restrictions on Employment) Order 2004 earlier this year, strengthening the regime of document checks by employers. However, this change is not capable of addressing the fundamental issue of having a universal form of ID which is secure and highly verifiable.
	Enhance the security of existing documents eg by the introduction of biometrics.	Biometrics are already being used with great success in the UK visa application process in certain countries. There is an international drive towards the incorporation of biometrics in visas, travel documents etc. An EU directive covers incorporation of biometrics in visas and residence permits and a further, draft, Directive deals with passports and travel documents. Enhancing document security alone has limited benefits without the ability to ensure that there is a definitive database (or set of linked databases) to guarantee against duplicate identities and that all biometric documents can be verified against the database record.
Reduced identity fraud	Strengthening the criminal law.	The penalties for fraudulently obtaining a driving licence and passport were aligned in the Criminal Justice Act 2003 and both offences were made arrestable. The Identity Cards Bill includes further measures to strengthen the law in relation to possession and control of false identity documents.
	Increase cross-working between public and	The Home Office has established an Identity Fraud Reduction Steering Committee and Forum to oversee



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**COMMITTEE MEMBERS ONLY**

IDENTITY CARDS BILL – REGULATORY IMPACT ASSESSMENT

OUTCOME	MEASURE	ASSESSMENT
	private sector organisations to reduce identity fraud.	joint projects. Early progress includes establishing a website to increase public awareness, production of a manual on identity fraud which provides guidance on spotting counterfeit documents, setting up a database of passports which have been reported as lost or stolen and providing access for DVLA to the Passport Service database for identity checking purposes. None of these initiatives or other projects in progress (such as better identification of illegal use of the identities of deceased persons) will provide the protection against identity fraud which a universal identity card scheme offers.
<b>An enhancement to the UK's capability to counter terrorism and serious and organised crime</b>	The ID fraud programme is making a major contribution to the Government's counter-terrorism strategy through improving identification systems to support the counter-terrorism effort by enabling swift identification of, and action on, suspects.	<p>The shorter term measures to enhance the security of identity documents such as the introduction of biometrics into passports and residence permits will make an important contribution to the counter-terrorism strategy. The limitations of adopting only this approach have been noted above.</p> <p>The false identity document offences will also provide a means to disrupt terrorist networks' use of false identities by providing a simpler route to prosecute those in possession of false documents without the need to prove intent to use them.</p>
<b>Speedier, more convenient access to public services and services to consumers more widely.</b>	Departments are involved in a range of initiatives to improve the delivery of services. The two major initiatives which are related to ID cards are encouraging the wider use of e-Government services and trials of local authority smartcards.	<p>e-Government services will be facilitated by the ID card scheme's verification service which will be able to provide a higher level of authentication of individuals in an on-line environment.</p> <p>Local authority smartcard schemes are used primarily for low value services. They are not issued as proof of identity documents on a par with passports. However there are important lessons to learn on how people use smartcards for accessing services and what benefits they see as individuals.</p>



RESTRICTED AND PERSONAL COMMITTEE MEMBER ONLY



## Home Office

Home Secretary  
50 Queen Anne's Gate, London SW1H 9AT

The Rt Hon John Prescott MP  
Deputy Prime Minister and First Secretary of State  
Office of the Deputy Prime Minister  
26 Whitehall  
London SW1A 2WH

Dear John

### IDENTITY CARDS

I am sending this note in parallel with talking to you on the phone yesterday evening (Monday 1st November). As you know, we published our response to the Home Affairs Select Committee report on ID cards last Wednesday. The Liberal Democrats used the opportunity to make some misleading comments about the likely fees for ID cards - saying that people would have to pay twice, first the full price for a passport and then a second time for the plain ID card, adding up to a combined total of over £100. This is of course untrue, but it received some coverage, and when I appear before the Select Committee's annual meeting this afternoon they are now even more likely than before to press me on fees and costs.

I am committed to publishing an RIA alongside the bill, and to sharing this with you, Gordon, and DA colleagues beforehand. The RIA must include some details on current cost estimates. The draft RIA will be shared with officials shortly, in advance of being circulated formally for LP clearance on 11 November. But I will need to say something about current cost estimates in response to questions from the select committee this afternoon, to avoid any impression that I have misled them - and just as importantly to reassure the public that there is no question of 'double charging' in the way the Liberal Democrats claimed.

Most of the costs we are talking about are driven by the enhancements we are already committed to making in passports. International pressures and increased security concerns are creating an unstoppable momentum towards biometrics. As you know, the US has already made clear that next October people who don't have biometric passports will have to queue and pay for biometric visas: a British family of four will have to pay an extra \$400 to go on holiday to Florida, as well as

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**RESTRICTED AND PERSONAL: COMMITTEE MEMBER ONLY**

attending personal interviews for biometric recording which is only available in London or Belfast and currently takes a minimum of 6 weeks to arrange.

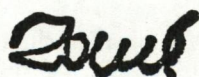
We have already said we are going to put biometrics into passports. We announced in February (in the UKPS forward plan) that a biometric passport would cost up to £78. We have been reviewing the cost of incorporating a second and third biometric (fingerprints and iris – for greater security) and to build a new secure database and our latest costings for a combined passport and ID card come out a little higher than that (I'm suggesting £85 as the combined figure while we work on cost reductions). This is what I plan to tell the Home Affairs Select Committee this afternoon – to correct the wholly misleading impression about the costs of ID cards and the accusation of double charging.

I ought to stress that these costings reflect the work we have been able to do on the cost of issuing a single standalone ID card - which DA colleagues, the Select Committee, and the public consultation have strongly favoured.

We are also working on the details of how we will manage reduced charges for 16 year olds, those on low incomes, and older people, but this will inevitably depend on issues of take-up and revenue from charging, which means it is too early to give full details of a charging scheme at this stage (however, we have taken account of this in the above figures so there will not be add-ons for this element).

I am copying this letter to Tony and Gordon.

Best wishes



**DAVID BLUNKETT**

**RESTRICTED AND PERSONAL: COMMITTEE MEMBER ONLY**



02072733965 RESTRICTED



# Home Office

Home Secretary  
50 Queen Anne's Gate, London SW1H 9AT

The Rt Hon Jack Straw MP  
Secretary of State  
Foreign and Commonwealth Office  
King Charles Street  
LONDON  
SW1A 2AH

JR  
ccm

2/11/04

Dear Jack

## IDENTITY CARDS: OVERSIGHT OF THE PROVISION AND USE OF INFORMATION ON THE NATIONAL IDENTITY REGISTER BY THE INTELLIGENCE AND SECURITY AGENCIES

As you are aware, the Identity Cards Bill will establish the National Identity Register in statute.

The principle of the scheme is that information is held in confidence but that there are exceptions to this principle. One such exception is where the legislation allows information to be provided to certain specified organisations without the consent of the individual. The Bill as drafted would allow the intelligence and security agencies to be provided with information for any of their statutory purposes subject to appropriate authorisation. This does not widen the agencies' current powers and merely ensures that the Bill is clear that information may be provided from the Register to those agencies for their purposes.

The Bill also includes a clause which would ensure that the Identity Cards Bill would not affect any other powers that the agencies have to share or receive information.

As you may recall from DA correspondence on ID cards, we have decided to widen the scope of the National Identity Scheme Commissioner to oversee the general operation of the scheme. Previously the Commissioner's role was limited to overseeing the arrangements for how information would be provided without individuals' consent.

We left open during the consultation on the draft Bill whether the National Identity Scheme Commissioner's role could in practice be undertaken by existing commissioners. The widening of the scope of the duties of the National Identity Scheme Commissioner means that it is no longer practical for all his functions to be



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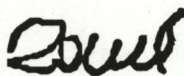
split between existing Commissioners as they do not have the necessary expertise or the inclination to take on these duties.

However, I would prefer that any oversight of the intelligence and security agencies use of the ID cards scheme remains with the Intelligence Services Commissioner. I would rather keep the knowledge of methods used to people who already need to know how similar arrangements operate and have experience in overseeing them. We have kept the Intelligence Services Commissioner and his officials in touch with our emerging thinking and the Agencies would also prefer this approach. Given your responsibilities for GCHQ and SIS, I would be grateful for your views on this proposal. Complaints about provision and use of information on the National Identity Register by the ISAs fall within the existing remit of the Investigatory Powers Tribunal to investigate complaints about any conduct of the Agencies. John Gieve is consulting the Commissioner and the President of the Tribunal formally.

If you agree to this approach, I will write to Ann Taylor and John Denham to explain the arrangements.

I am copying this minute to the Prime Minister, Sir Andrew Turnbull, Sir David Omand, the Director General of the Security Service, the Chief of the Secret Intelligence Service, and the Director of GCHQ.

Best wishes,



DAVID BLUNKETT



*File*

*we can't have these figures funded about - we need a proper analysis done. Otherwise this will be a hell of a bill.*

ALAN MILBURN

**From:** William Perrin  
**Date:** 28 October 2004

**cc:** PS/Ruth Kelly; Sally Morgan; Ivan Rogers; Matthew Taylor; PMOS; Paul Britton; Justin Russell; Emily Miles; Miles Gibson;

**IDENTITY CARDS - COSTS**

A round of DA correspondence on ID cards has just concluded. DB managed to get agreement to simplification of the card scheme without mentioning how much the card would cost.

John Gieve, PUS at the Home Office came in with the ID cards team to see me and Ivan today. He says that now Home Office have completed the cost modelling, the previous estimate of £77 has gone up to £85 per adult. The £85 figure is a bare minimum with no contingency reserve and some favourable assumptions - 25% contingency is normal (slides are attached). Under any normal planning assumptions £100 is perilously close. DB might be forced to reveal this to the HASC next Tuesday. Colleagues will be informed when a Regulatory Impact Assessment on the Bill is circulated round LP committee next week.

Gieve is concerned that they have as much of an internal as an external handling problem. The DPM and the Party Chairman both raised the cost issue in the first round on ID Cards, Alan Johnson raised the cost for poor people in this DA clearance. Although the card is self-funded, the Chancellor might be concerned about the resemblance to a tax.

**They could see the cost increase coming after policy agreement as a bounce.** Cards are a long way away (2008) but this could be an unhelpful media story. You might wish to speak to the DPM and Party Chairman or advise how we might otherwise handle this.

It would be helpful to discuss briefly tomorrow.

WILLIAM PERRIN





DEPUTY PRIME MINISTER

*From the Private Secretary*

RESTRICTED - CMC

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Nicola Thomas  
PS/Home Secretary  
Home Office  
50 Queen Anne's Gate  
London  
SW1 H 9AT

28 October 2004

*Dear Nicola*

**IDENTITY CARDS: CHANGES TO THE DRAFT LEGISLATION AND TAKING FORWARD DELIVERY**

The Deputy Prime Minister wrote to the Home Secretary on 25 October, confirming DA Committee's clearance of the identity cards policy changes proposed in the Home Secretary's letter of 1 October. Unfortunately, due to an oversight, the Deputy Prime Minister's clearance letter omitted reference to the Foreign Secretary's letter of 25 October.

In his letter, the Foreign Secretary said he was content with the proposed changes to the Identity Cards Bill, noting that FCO officials are in touch with the Home Office about the proposed changes to the Consular Fees Act. With reference to the delivery of the Identity Cards scheme, where much of the detail is yet to be decided, he reiterated that there are a number of important issues to be resolved from an FCO perspective: compatibility with current and future EU regulations; impact on British citizens overseas and foreign nationals wishing to reside in the UK; and implications for the delivery and funding of consular and visa services. The Foreign Secretary asked that final decisions on the delivery of the Identity Cards scheme are subject to further DA clearance. The Foreign Secretary also requested that Home Office officials keep in touch with their FCO counterparts to ensure that FCO Posts have up-to-date lines for briefing host governments and handling public enquiries when the changes to the Bill and delivery programme are announced in November.

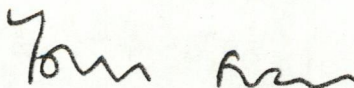
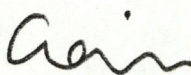
I understand that the Home Secretary has confirmed he is content to proceed as the Foreign Secretary wishes, and that Home Office officials are in touch with the FCO. I

WP  
JR  
cc MG  
IR



should be grateful if you would consider this letter as an addendum to the Deputy Prime Minister's letter of 25 October, with DA clearance subject to the Foreign Secretary's points above.

I am copying this letter to Emily Miles (No.10), the private secretaries of members of DA Committee, PS/Jack Straw, PS/Hilary Benn, First Parliamentary Counsel and PS/Sir Andrew Turnbull.

A handwritten signature in dark ink, appearing to read "John Arden". The letters are cursive and somewhat stylized.A handwritten signature in dark ink, appearing to read "Ciara". The letters are cursive and fluid.

CIARA MULLIGAN





Office of the  
Deputy Prime Minister

Creating sustainable communities

**COMMITTEE MEMBER ONLY**

*EM*  
*JR*

Rt Hon John Prescott MP  
Deputy Prime Minister and First Secretary of State  
Office of the Deputy Prime Minister  
26 Whitehall  
LONDON  
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The Rt Hon Nick Raynsford MP  
*Minister for Local and Regional Government*

*Office of the Deputy Prime Minister*  
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[www.odpm.gov.uk](http://www.odpm.gov.uk)

P/R/018877/04

25 OCT 2004

*Dear John*

**IDENTITY CARDS CHANGES TO THE DRAFT LEGISLATION AND TAKING FORWARD DELIVERY**

I have seen the Home Secretary's letter of 1 October to you seeking DA clearance for the above.

I am happy to clear these changes, subject to his agreement that any future new burden, placed on local authorities by the introduction of the ID Cards scheme, should be funded in full by the Home Office, in accordance with the agreed New Burdens procedure.

I am pleased to note that the Home Secretary's officials are working with mine to explore the links between the ID Cards scheme and local authority Smart Cards. I trust that this work will continue, particularly to ensure the essential technical interoperability between the two sets of cards.

*Yours ever*

*Nick*

NICK RAYNSFORD





DEPUTY PRIME MINISTER

RESTRICTED - CMO

~~back~~  
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ilpn  
r/keu

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The Rt Hon David Blunkett MP  
Home Secretary  
Home Office  
50 Queen Anne's Gate  
London  
SW1H 9AT

25 October 2004

#### IDENTITY CARDS: CHANGES TO THE DRAFT LEGISLATION AND TAKING FORWARD DELIVERY

Your letter of 1 October informed colleagues of the outcome of the consultation on the draft legislation on identity cards and sought DA colleagues' agreement to a number of proposed policy changes to be included in the Identity Cards Bill. The letter also provided an update on progress in delivery of the Identity Cards Programme, including simplification of the plans for delivery of the identity cards scheme. This letter confirms policy clearance for your proposal, subject to taking account of colleagues' comments below.

Responses to your letter were received from Patricia Hewitt, Alistair Darling, John Reid, Peter Goldsmith, Paul Boateng, Alan Johnson, Ian McCartney, Ruth Kelly and Nick Raynsford. No other members of DA commented.

Alistair agreed that the revised plan for a freestanding ID card would be more straightforward as far as the driving licence was concerned. He noted with approval the intention to enable the new agency and DVLA to fully share data, (reducing the need for citizens to provide the same information twice) and for the driving licence to be covered by the proposed new offence of possession of a false identity document. Alistair also noted that by the time the Bill is published and debated, it would be important to address the full implications of the proposed modifications for the cost of the scheme to Government and to individuals applying for a card, and for the delivery timetable.



Ian, Alan and Paul also raised the costs of identity cards. Ian asked for greater clarity regarding the costs of the card both to individuals and to the Government where it will meet the costs for the less affluent. He also asked for further evidence relating to the effectiveness of the scheme in achieving its stated aims, drawing on similar schemes in Europe and America. Ian felt that a clearer connection between the Government's stated objectives in introducing identity cards, and the ability of the Government's proposals to meet those objectives would be essential in maintaining high public support.

Alan raised similar concerns in relation to registration fees. He felt that those on the very lowest incomes should be exempt from a registration fee, even if set at a very low figure. His view is this is essential to achieving wide population coverage for the identity card at the earliest opportunity.

In general, Alan welcomed the proposed changes to the legislation and the simplification of the delivery process. He was pleased to see reference to the inclusion of local authorities in information sharing powers where customer consent is not given. He was also pleased that no final decision has been taken on card numbering and that the door remains open to consideration of the National Insurance number (NINO). He noted that whatever the eventual number scheme, it will need to be compatible with the NINO.

As regards your proposal that, apart from lower level visual checks, readings of the identity card and the information contained on it may only be accessed via an on-line link to the supporting National Identity Register, Alan said that, notwithstanding the security and audit trail advantages of your proposal, he felt there was a case for local, off-line checks of cards for DWP business purposes. His officials are currently exploring the issue and he would be grateful if it could remain open-ended. He also asked that, in developing plans for the single new executive agency, you do not rule out expertise available across government – for example, JobCentre Plus – in addition to that provided by the Passport Office and the Immigration and Nationality Directorate.

Paul, who was broadly content with the proposed changes, also raised a note of caution over the proposed charging powers for identity cards. Paul noted that these powers are cast unusually widely. Whilst he accepts the need to retain flexibility on this issue given that key details of the scheme remain to be decided, he underlined that future passport and identity card fee proposals will continue to be subject to standard Treasury fees and charges guidelines.

Paul also highlighted two specific issues with implications for Inland Revenue: the number to be used as the unique identifier; and access to Revenue data. In relation to numbering, he asked that the option of displaying the NINO on the face of the card as a secondary number be kept under consideration. He considered that this would be very helpful both to Revenue and employers and warns that failure to do so would



reduce the card's utility for employers; undermine the benefits of the scheme in tackling illegal working; and damage Revenue business by reducing the quality of data supplied by employers. He therefore asked that the full costs and benefits of this option be set out in the final business case. In relation to data access, Paul stressed the Inland Revenue's duty of confidentiality towards taxpayer data. He noted that the gateway proposed in the Bill does not comply with the Revenue's normal principles of data supply. However, recognising the need for flexibility in the identity cards programme, he and the Paymaster General are content to agree to the proposed gateway, provided that access in practice is minimal; that any additional costs are borne by the Home Office; and this is not taken as a wider precedent. He asked that Revenue Officials continue to work closely with the Home Office on legislative and practical issues as this work goes forward.

In addition, Paul welcomes the inclusion of public service efficiency as one of the statutory purposes of the scheme. He notes that this, together with provisions on data sharing, will retain the flexibility to deliver Citizen Information Project (CIP) benefits through the National Identity Register, should further development work show that this would be affordable and worthwhile.

Patricia was content with the changes proposed to the Bill. She welcomed the removal of the requirement on industry to buy off-line ID card readers. However, she noted there was a need for further clarity as to exactly how industry would check ID cards under the new arrangements and to what extent they might be required to do so. She asked that the Home Office keep DTI closely informed of developments in this area. She also asked for early sight of the Regulatory Impact Assessment (RIA) on the identity cards scheme.

Ruth welcomed the proposed simplification of requirements, but underlined the need for thorough assessment of the possible impact of the identity cards in order to inform decisions on the scheme. She noted that the Home Office and Cabinet Office Regulatory Impact Unit officials have been in touch about the RIA, which has yet to be updated to reflect developments including the changes put to DA.

Nick was content with the proposed changes to the Bill, subject to agreement that any additional burdens on local authorities should be funded by the Home Office in line with the usual new burdens principle. He was also pleased to note that officials are working to explore links between ID cards and local authority Smart Cards to ensure intra-operability and hoped this work would continue.

Peter Goldsmith welcomed the useful clarification provided by the proposed changes to the Bill, particularly the proposal to set out more explicitly on the face of the Bill the statutory purposes for the ID cards scheme. He also reiterated the point he made in his letter of 4 March that if as a result of the introduction of the criminal offences associated with the scheme, the CPS will be required to undertake a significant

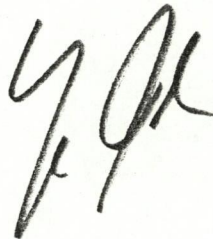


number of additional prosecutions, the Home Office should cover the associated prosecution costs.

John welcomed the proposed changes to the Bill. He noted that there were a number of technical drafting points to be resolved, which should be taken forward at official level.

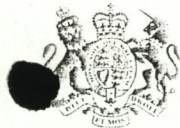
Peter Hain was content in principle. He noted that you have written to Rhodri Morgan and said that it was important to take Rhodri's views into account in relation to issues devolved to Wales.

I am copying this letter to the Prime Minister, members of DA, Jack Straw, Hilary Benn, First Parliamentary Counsel, Rhodri Morgan, Jack McConnell and Sir Andrew Turnbull.

A handwritten signature in black ink, appearing to be 'JP' or 'John Prescott', written in a cursive style.

**JOHN PRESCOTT**





Office of the  
Deputy Prime Minister

Creating sustainable communities

1. for  
2. 16/10  
COMMITTEE MEMBER ONLY

EM  
11 JR

Rt Hon John Prescott MP  
Deputy Prime Minister and First Secretary of State  
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P/R/018877/04

25 OCT 2004

Dear John

**IDENTITY CARDS CHANGES TO THE DRAFT LEGISLATION AND TAKING FORWARD DELIVERY**

I have seen the Home Secretary's letter of 1 October to you seeking DA clearance for the above.

I am happy to clear these changes, subject to his agreement that any future new burden, placed on local authorities by the introduction of the ID Cards scheme, should be funded in full by the Home Office, in accordance with the agreed New Burdens procedure.

I am pleased to note that the Home Secretary's officials are working with mine to explore the links between the ID Cards scheme and local authority Smart Cards. I trust that this work will continue, particularly to ensure the essential technical interoperability between the two sets of cards.

Yours ever

Nick

NICK RAYNSFORD





Top: KEG

“EM  
JR  
QS  
KOP

HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon John Prescott MP  
Deputy Prime Minister and First Secretary of State  
Office of the Deputy Prime Minister  
26 Whitehall  
London SW1A 2WH

25 October 2004

**IDENTITY CARDS CHANGES TO DRAFT LEGISLATION  
AND TAKING FORWARD DELIVERY**

I have seen David Blunkett's letter of 1 October 2004, setting out proposed changes to the draft Identity Cards Bill and delivery plans.

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Overall, I welcome these changes – which are likely to support a reduction in the risk and complexity of the programme as a whole.

2. I am also grateful for David's agreement to include efficiency in public services as one of the statutory purposes of the scheme. This, together with provisions on data sharing, will retain the flexibility to deliver Citizen Information Project (CIP) benefits through the National Identity Register, should further work show that this would be affordable and worthwhile.

SEP 25/10/04





3. In relation to the detailed legislative proposals, it is clear that the proposed charging powers for identity cards and passports are cast unusually widely – for example going well beyond what is necessary to allow the agreed cross-subsidy of passports for the over-75's. While I understand that key details of the identity cards scheme remain to be decided, and that accordingly the legislative proposals cannot be drafted as concisely as would normally be required, I would state that future passport and identity card fee proposals will continue to be subject to standard Treasury fees and charges guidelines. Even where there is appropriate legal authority, cross-subsidy between individual services can only be considered where there is a strong and agreed business or policy justification.

---

4. I would also highlight two specific issues with implications for Inland Revenue: the number to be used as the unique identifier; and access to Revenue data. In relation to numbering, it would be very helpful for both Revenue and employers if the National Insurance Number (NINO) were to be shown on the face of the card as a secondary number, where a good match can be made with an identity card applicant. Failing to do so would reduce the card's utility for employers; undermine the benefits of the scheme in tackling illegal working; and damage Revenue





business by reducing the quality of data supplied by employers. In this context, I would ask that the option of displaying the NINO as a secondary number of the face of the card is kept under consideration – with the full costs and benefits of the various possible approaches set out in the final business case.

5. Inland Revenue also have a strong duty of confidentiality towards taxpayer data. The gateway proposed in the Bill does not comply with Revenue's normal principles of data supply – in particular it is not clear what data may ultimately need to be accessed and to what extent. However, as noted above, I appreciate the specific circumstances created by the introduction of identity cards, which clearly necessitate flexibility. In this context, the

Paymaster General and I are content to agree to the proposed gateway, providing that access in practice is minimal; that any additional costs are borne by the Home Office; and this is not taken as a wider precedent. Of course, the Inland Revenue remains responsible for setting out how the gateway will be used and how this complies with the proportionality test. Revenue officials will continue to work closely with yours on legislative and practical aspects as this work goes forward.





6. I am copying this letter to the Prime Minister, members of DA Committee, Jack Straw, Hilary Benn, First Parliamentary Counsel, and Sir Andrew Turnbull. I will also be sending copies of this letter to Rhodri Morgan and Jack McConnell.

A handwritten signature in dark ink, appearing to read 'Paul Boateng', written in a cursive style.

**PAUL BOATENG**



*1/2R*  
*file***Ruth Kelly MP**

Minister for the Cabinet Office

70 Whitehall  
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The Rt Hon John Prescott MP  
Deputy Prime Minister and First Minister of State  
Office of the Deputy Prime Minister  
26 Whitehall  
London  
SW1A 2WH

**MATRIX***Vo**WP*  
*cc: m*  
*Em**22* October 2004

## **ID CARDS CHANGES TO THE DRAFT LEGISLATION AND TAKING FORWARD DELIVERY**

I have seen the letter from David Blunkett, dated 1 October, seeking DA Committee agreement for policy changes and to outline the outcome of consultation on the draft Bill. I am writing as Minister with responsibility for Better Regulation to welcome the proposed simplification of requirements.

I understand that Home Office and Cabinet Office Regulatory Impact Unit officials have been in touch about the Regulatory Impact Assessment (RIA), which has yet to be updated to reflect developments including the changes put to the DA Committee. It is important that information on possible impacts, both costs and benefits, is thoroughly assessed and is available to inform decisions.





RESTRICTED - COMMITTEE MEMBERS ONLY

I am copying this letter to the Prime Minister, members of DA Committee, Jack Straw, Hilary Benn, First Parliamentary Counsel and Sir Andrew Turnbull. I will also be sending copies of this letter to Rhodri Morgan and Jack McConnell.

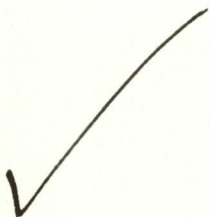
pp Lee O'Rourke.

( Signed on behalf of the  
Minister in her absence. )

RUTH KELLY



RESTRICTED - VISITS



PRIME MINISTER

From: William Perrin  
Date: 22 October 2004

cc: Implementation Group; Jonathan  
Powell; Tom Kelly; Justin  
Russell; Ben Wilson; Emily Miles

**VISIT - IDENTITY CARDS ENROLMENT 0930 MONDAY 24 OCTOBER**

You visit the new Passport Office near Victoria Station on Monday at 0935 to have your biometric data captured for a trial ID Card. You will be met by Bernard Hearnden the Chief Executive of the Passport Agency. There will be a pool photographer and camera present. You will not be interviewed. We are aiming for a quick turn around – 20 minutes in and out. This trial gives you a hook for your press conference.

The Passport Office is part of a 10,000 person trial of the biometric process to work out if how to capture the biometrics of the entire population – something that has not been done anywhere in the world.

You will sit at a desk and in quick succession: **put your hands on a pane of glass that will scan your hand prints: look into a camera that will take a photo of your facial shape: stare into some lights that will photo your iris pattern.** It should take between five and ten minutes. There is a small chance it could go wrong – there is a 1%-2% error rate.

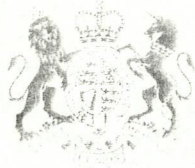
The computer turns the images from the cameras into a set of numbers in theory as unique as phone numbers. The computer then checks a trial database of a million other biometric numbers. If you have not enrolled before then **a trial card is issued with your photo and a chip containing your biometrics.**

**A journalist enrolling in the trial earlier this week had problems with the facial shape recognition and he ran a piece on Today.** This why we are having a trial, to work out which of the technologies works best, before we deploy them for real. However, the technology works to the extent that it **caught through matching duplicate iris patterns another journalist trying to enrol twice by pretending to be someone else.** This is the point we are trying to prove.

WILLIAM PERRIN

RESTRICTED - VISITS





From the Secretary of State  
for Work and Pensions

DWP

Department for  
Work and Pensions

Richmond House  
79 Whitehall  
London  
SW1A 2NS

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020 7238 0800

Email  
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## COMMITTEE MEMBERS ONLY

The Rt Hon John Prescott MP  
Deputy Prime Minister  
OPDM  
26 Whitehall  
London SW1A 2WH

JR  
c. EM  
KLG  
R'd 22/10  
21 October 2004

## IDENTITY CARDS

I have seen David Blunkett's letter to you of 1<sup>st</sup> October 2004 proposing some changes to the draft Identity Card legislation.

I am in general agreement with the contents of the letter, and welcome the proposed changes to the legislation and to the proposed simplification of delivery process.

In terms of specific issues, I am pleased to see reference to the inclusion of Local Authorities in terms of wider information-sharing powers where customer consent is not given. I see this as an essential requirement in terms of combating Housing Benefit and Council Tax Benefit fraud, which involves DWP benefits administered by Local Authorities.

One issue upon which we commented in our Departmental response to the Draft Bill, but which is not referred to in the DA Paper, is the question of registration fees. My view is that those on the very lowest incomes should be exempt from a registration fee, even if set at a nominal figure. I see this not only as an essential requirement for those individuals themselves, but also in terms of the wider aim of achieving greater population coverage for the Identity Card at the earliest opportunity.

I am pleased to see that there is no final decision on the Identity Card numbering issue and that the door remains open in terms of consideration of the National Insurance number (NINO) and the part that it may play in the overall scheme. One of the key drivers behind the initiative is to facilitate access to public services and the focus group research referred to in the letter



## COMMITTEE MEMBER ONLY

clearly indicates that the general public see access to benefits as one such area. The scheme will, therefore, need to work for DWP, and the NINO is the key to accessing the benefits system. Whichever numbering scheme is devised for the Identity Card will need to be compatible with the NINO.

As part of the envisaged delivery process, reference is made to a simplified verification service. The proposal is that, apart from lower level visual checks of the Card, readings of the Card and the information contained from it could only be accessed via an on-line link to the supporting National Identity Register. Whilst appreciative of the security and audit trail advantages to such a proposal, it is my view that, for the purposes of DWP's business, there might be valid operational reasons for local, off-line checks of Cards via Readers. My officials are currently exploring this issue, and I would be grateful if the issue could remain open-ended in this respect.

I very much welcome the proposal for a new single executive agency and agree with the advantages such an approach would offer. Reference is made to the skills and capabilities that the Passport Office and Immigration and Nationality Directorate would bring to such an organisational set-up. However, we should not rule out other expertise that may also be available across government. For example, Jobcentre Plus is responsible for the allocation of NINOs to adults – the vast majority of whom are people from abroad – the process for which is based around the verification of the individual's identity. I know that our officials will be discussing how the creation of the new agency and the improvements in identity checking that it will bring at point of entry will impact upon the adult NINO allocation process.

I am copying this letter to the Prime Minister, members of DA committee, Jack Straw, Hilary Benn, First Parliamentary Counsel and Sir Andrew Turnbull.

Yours  
Alan

**ALAN JOHNSON**



COMMITTEE MEMBER ONLY

# CabinetOffice



1. PR  
2. FILED  
Top: KEG  
" R  
MG  
JR  
EM  
SPM

Rt Hon Ian McCartney MP  
Minister without Portfolio

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18 October 2004

11) Card

The Rt Hon John Prescott MP  
Deputy Prime Minister  
Office of Deputy Prime Minister  
26 Whitehall  
London, SW1A 2WH

## IDENTITY CARDS

I have seen David Blunkett's letter to you dated 1 October with new proposals regarding ID Cards, and responses from Patricia Hewitt and Alistair Darling.

Broadly, I welcome the proposals, though I would also like further clarity regarding the costs of the card, both to the individual, and to the government where it will meet the costs for the less affluent. In addition I would like to see further evidence relating to the effectiveness of the scheme in achieving its stated aims.

In view of the fact that similar schemes are already running in a number of European countries, as well as the unique identifier that America uses, there should be no shortage of such evidence. I believe that a clearer connection between our stated objectives (para 12 of David's letter), and the ability of our proposals to meet those objectives is essential if we are to maintain high public support.

I am copying this letter to the Prime Minister, members of DA Committee, Jack Straw, Hilary Benn, First Parliamentary Counsel and Sir Andrew Turnbull. I will also be sending copies of this letter to Rhodri Morgan and Jack McConnell.

Rt Hon Ian McCartney MP



INVESTOR IN PEOPLE

See notes





020-7271 2460

The Rt. Hon The Lord Goldsmith QC

9 BUCKINGHAM GATE  
LONDON SW1E 6JP

EM ✓  
cc JR  
KEG

The Rt Hon John Prescott MP  
Deputy Prime Minister  
Cabinet Office  
70 Whitehall  
London  
SW1A 2AS

KL October 2004

Dear John

**IDENTITY CARDS CHANGES TO THE DRAFT LEGISLATION AND  
TAKING FORWARD DELIVERY**

I have seen the Home Secretary's letter to you dated 1<sup>st</sup> October informing DA colleagues of the outcome of the consultation on draft legislation and seeking agreement to the main policy changes to the draft Identity Cards Bill.

I am grateful to David for the information on the outcome of the consultation process, and for that on the timetable for future progress. The proposed changes to the Bill provide useful clarification and I particularly welcome the proposal to set out more explicitly on the face of the Bill the statutory purposes for the ID cards scheme. As there are no proposals to change the offence provisions (except insofar as they concern Scotland) I have no other comments to make on these proposals. However, I reiterate the point I made in my letter of 4<sup>th</sup> March that if as a result of the introduction of the criminal offences associated with the Scheme, the CPS will be required to undertake a significant number of additional prosecutions, I will need to look to David to cover the associated prosecution costs.

I am copying this letter to the Prime Minister, members of the DA Committee, Jack Straw, Hilary Benn, First Parliamentary Counsel, Sir Andrew Turnbull, Rhodri Morgan and Jack McConnell.

Yours sincerely  
/hs





Department for  
**Transport**

**COMMITTEE MEMBERS ONLY**

From the Secretary of State

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The Rt Hon John Prescott MP  
Deputy Prime Minister  
26 Whitehall  
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14 OCT 2004

Web site: [www.dft.gov.uk](http://www.dft.gov.uk)

OUR REF: AD/014520/04

13 OCT 2004

WP  
cc: JR  
EM

## IDENTITY CARDS

I have seen David Blunkett's letter to you of 1 October with his latest proposals on legislation for and delivery of ID cards.

I welcome David's proposals, which should improve the Bill and raise confidence in the deliverability of the scheme.

So far as the driving licence is concerned, I agree that the revised approach will be simpler. Irrespective of whether the licence is technically a full ID card or not, it remains essential to improve its security.

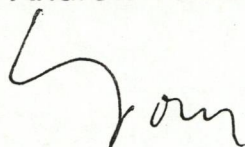
Although not explicit in the letter, I understand that it remains the intention to enable the new Agency and DVLA to fully share personal identity information (and thereby reduce the need for citizens to provide the same information twice); and for the driving licence to be covered by the proposed new offence of possession of a false identity document. These are important safeguards, which I welcome. As David recognises, the more that people are already registered for an identity card, the more straightforward the application process for a driving licence should be.

David's letter does not address the implications of the proposed modifications for the cost of the scheme - and the cost for individuals applying for a card; or for the delivery timetable. It will be important to have answers by the time the Bill is published and debated.



**COMMITTEE MEMBERS ONLY**

I am copying this to the Prime Minister, members of DA Committee, Jack Straw, Hilary Benn and Sir Andrew Turnbull.

A handwritten signature in dark ink, appearing to read 'Gordon'.A handwritten signature in dark ink, appearing to read 'Alistair'.

**ALISTAIR DARLING**



dti

cc  
EM  
WP.

10 October 2004

The Rt Hon John Prescott MP  
Deputy Prime Minister and  
First Secretary of State  
26 Whitehall  
LONDON  
SW1A 2WH

The Rt Hon Patricia Hewitt MP  
SECRETARY OF STATE  
FOR TRADE AND INDUSTRY

file

Dear John,

I have seen David Blunkett's letter to you of 1 October proposing some changes to the draft Identity Card legislation.

Broadly, these changes seem sensible. I note with interest that there is now no longer likely to be a requirement upon industry to buy off-line ID card readers as database information is not now to be held upon the ID cards themselves. This is a welcome development for industry, whose representatives have expressed great concern to me in the past on this point. It is however not entirely clear from David's letter exactly how industry would check ID cards under the new arrangements and to what extent they might be required to do so. May I ask David to keep me closely informed of developments in this area? I would also welcome an early sight of the RIA on the scheme that has been sent to the Cabinet Office Regulatory Impact Unit.

I am copying this letter to the Prime Minister, members of DA committee, Jack Straw, Hilary Benn, First Parliamentary Counsel and Sir Andrew Turnbull. I will also be sending copies of this letter to Rhodri Morgan and Jack McConnell.

Best wishes,

*Patricia Hewitt*

PATRICIA HEWITT

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COMMITTEE MEMBERS ONLY

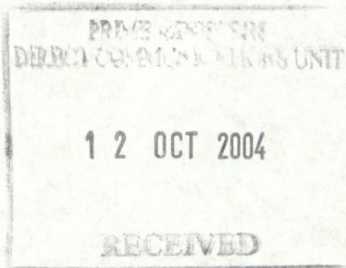
From the Secretary of State for Health



Department  
of Health

IMC: 34638

The Rt Hon John Prescott MP  
Deputy Prime Minister and  
First Secretary of State  
26 Whitehall  
London  
SW1A 2WH



Richmond House  
79 Whitehall  
London  
SW1A 2NS

Tel: 020 7210 3000

cc EM  
→ wp

11 October 2004

Dear John,

**IDENTITY CARDS BILL**

I have seen David Blunkett's letter of 1 October about the Identity Cards Bill. I welcome the Home Affairs Select Committee's endorsement of the principle of the Identity Card programme; David's proposed changes in response to their report and to the consultation are sensible and I think will be generally welcomed. There are one or two technical points of drafting to be resolved, but these can be left to discussions at official level.

I am copying this letter to the Prime Minister, members of DA Committee, Jack Straw, Hilary Benn, First Parliamentary Counsel and Sir Andrew Turnbull.

Yours  
John  
JOHN REID



2.

**From:** William Perrin  
**Date:** 08 October 2004

**PRIME MINISTER**

**cc:** Alan Milburn; Ruth Kelly; Sally Morgan; Pat McFadden; Ivan Rogers; Paul Britton; Matthew Taylor; Simon Morys; Justin Russell; Daniel Thornton; Emily Miles; Kate Gross

## **IDENTITY CARDS - UPDATE**

Home Office has significantly changed its plans for an ID Card, to make it more deliverable following a Scrutiny Committee report. The Home Secretary has written to DA committee (attached).

- The original idea of a 'family of cards' – a driving licence, a passport and a 'plain' id card will now be dropped to reduce complexity and thus risk of failure. Focus groups showed that this approach confused people they just wanted an honest ID card.
- There will now only be one version of the card – an ID card that can be used as an EU travel document, like a French or German card. A paper passport booklet will accompany the card for travel to countries that need a paper visa.
- The card will be issued only by the Passport Agency, that will itself mutate into a new ID Agency.
- To improve security, the card will not have an address on its face – that will be stored in the database, just like a credit card
- Checking the card will only be done online, like a credit card in a shop



## RESTRICTED - POLICY

- 2 -

- The card database will contain finger prints and an iris scan. I have been though the trial biometric enrolment myself. It worked fine but took about 15 minutes. The prospect of pushing 60 million people through this remains daunting.

IT delivery specialists working in the policy team brought about this overall simplification. However, although the concept is now more deliverable per se, the start date has slipped to '2008' (from FY 07-08) and the cost estimates are being reworked. **The cost per card will be a little higher than the £70 originally planned, but we don't know how much higher. It is not clear if Cabinet will accept a proposal without knowing the likely cost.** A young family of four going on holiday abroad together for the first time could have to spend £280 on documents, even on current estimates.

**These proposals are more sensible from a delivery perspective, subject to containing the cost per card. We can push them on the slippage but it is unlikely to be possible to make it up. Are you content ?**

Parliamentary Scrutiny by the HASC was mostly helpful:

*We conclude that ID cards would make a real and important contribution to fighting organised crime and terrorism by disrupting the use of multiple identities, identity fraud and related activities like money-laundering. We note the support for an ID card scheme from law enforcement agencies. We conclude that the full benefits would come with a compulsory scheme.*

*We consider the objections of principle raised to identity card schemes. We conclude that objections of principle should not be lightly dismissed and that the Government's proposed scheme would represent a significant change in the relationship between state and individual in this country. But we do not believe that identity cards should be rejected on constitutional grounds alone: the test should be whether the costs are proportionate to the benefits of an ID card system.*



Outstanding issues

- Home Office is not working closely enough with other similar projects – for instance the child-tracking database that DfES are developing, the NHS card and NHS database. **It is pointless to repeat spending to do the same thing. This is one for Ian Watmore the new head of Government IT to sort out.**
- In response to Scrutiny Committee recommendations, Home Office ministers are linking the card with entitlement to deliver public services. They intend to amend the Bill to make it clear that efficient delivery of public services is an object of the card. Whilst this is the right thing to do and in line with your long term vision, there is a **risk that this will re-open Cabinet differences over whether a card should be used compulsorily for accessing public services.** We won't know the strength of feeling yet, DA committee may have to meet to discuss. **Are you still keen on a link to entitlement to services?**
- Although public opinion apparently remains strongly in favour of a card, there is a noisy and articulate privacy lobby campaigning on the internet. They claim that the card will make no difference to fighting terror and will be a huge IT disaster, given Home Office's dismal track record. **Home Office is reluctant to engage this group that could feed trouble in the Lords. Government has no track record in dealing with online campaigns. Are you content to ask Home Office to focus on this ?**
- The Information Commissioner has made some odd comments about ID cards '*sleepwalking into a surveillance society*' and drawn a comparison with Franco's Spain. This is wild overstatement, but we do not want the Information Commissioner to become a rallying point for resistance. **It might be worth taking an overview of the huge range of databases we are developing and**



**RESTRICTED - POLICY**

- 4 -

restating clearly what people's rights and responsibilities are. This could be a big, double-edged piece of work that might be better for the medium term. Would you be interested in scoping this out or would you rather find other ways to bring the Commissioner onside?

- Northern Ireland – the new proposals no longer allow for a choice of identity document in NI, everyone will have to have a UK ID card. This may cause problems in the nationalist community. We have not yet had views from NIO.

The Bill is in a good state and should be ready to publish around the Queen's Speech. The Implementation Group is working up plans for an ID Cards visit for you to coincide with publication.



**WILLIAM PERRIN**

**RESTRICTED - POLICY**



COMMITTEE MEMBER ONLY



Home Office

Home Secretary

50 Queen Anne's Gate, London SW1H 9AT

The Rt Hon John Prescott MP  
Deputy Prime Minister and First Secretary of State  
Office of the Deputy Prime Minister  
26 Whitehall  
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SW1A 2WH.

01 OCT 2004

Dear John

**IDENTITY CARDS CHANGES TO THE DRAFT LEGISLATION AND TAKING FORWARD DELIVERY**

I am writing: -

- (i) to inform colleagues of the outcome of the Consultation on draft legislation on identity cards;
- (ii) to seek agreement to the main policy changes that I am proposing should be included in the Identity Cards Bill;
- (iii) to update colleagues on our progress in taking forward delivery of the Identity Cards Programme including simplification of the plans for delivery of the identity cards scheme.

**Summary**

2. The consultation on the draft Identity Cards Bill closed on 20th July and the Home Affairs Select Committee published its report on Identity Cards on 30th July, including its pre-legislative scrutiny of the Bill. Public support for the introduction of identity cards remains high and whilst the Committee raised a number of detailed points it concluded that the Government had made a convincing case for proceeding with the introduction of identity cards.

3. I am proposing that the legislative framework for the identity cards scheme established in the draft Bill should remain essentially unchanged. However, we do need to make some changes in order to respond to points during the consultation and to improve and clarify the Bill. The key changes I am proposing are as follows: -

COMMITTEE MEMBER ONLY



4.

- Set out more explicit statutory purposes for the scheme;
- Extend the role of the proposed National Identity Scheme Commissioner to cover the whole operation of the scheme rather than just the arrangements for disclosure;
- Clarify the distinction between "verification" of identity with consent of the individual and "disclosure" without consent (for example to the police or security services);
- Clarify some of the data sharing provisions to ensure that it will be possible to validate applicants' data and at the same time to ensure that the legislation enables other Departments to be provided with information to improve the accuracy of their data;
- Extend the provision prohibiting the production of identity cards in advance of compulsion in Clause 19 of the draft Bill to cover also checks against the National Identity Register;
- Provisions to enable data sharing provisions in Clause 11 to apply to the issue of passports and to allow free passports to be issued to over 75's;
- Ensuring that offences in the Bill do apply in Scotland and extending the disclosure powers to cover all requests from the police in Scotland as proposed by the First Minister;
- Some technical and minor amendments for inclusion in drafting instructions for Parliamentary Counsel which will be copied to Departmental officials.

5. Work on delivery of the Identity Cards Programme is progressing well and is on track for the next OGC Gateway Review early in 2005. However, the Home Affairs Committee commented that the proposed identity cards system is "unprecedentedly large and complex". As a response I am proposing that we should make clear that we are already proposing changes to the way the scheme is delivered to reduce complexity. This will have advantages in terms of explaining the scheme to the public, in the security of the scheme as well as in the confidence we can have in its deliverability.

6. I would be grateful for agreement from colleagues to proceed with changes to the Bill as proposed by 22nd October 2004.

#### Consultation on the draft Identity Cards Bill

7. We published the "Legislation on Identity Cards" consultation paper covering the draft Identity Cards Bill on 26th April and the consultation closed on 20th July 2004. 116 organisations responded to the consultation with various points on the draft legislation and during the consultation we received nearly 2000 letters and e-mails about identity cards from members of the public. Few of these however, made specific comments on the legislation.

8. At the same time we undertook specific focus group research to address public attitudes generally to Identity Cards. The groups covered people living in different regions and from different age groups, ethnic groups and social



backgrounds. This research over the summer months has shown increased awareness and ongoing support for identity cards amongst the general public. Identity cards are perceived as being potentially useful in a variety of situations, the most cited occasions being 'opening a bank account', 'travelling within Europe' and 'applying for benefits'. Although there was low awareness of the term 'biometric information', once this was explained the majority readily accepted its use and it was perceived to be effective in making it easier for people to prove their identity and preventing identity theft.

### The Home Affairs Committee Report

9. The Home Affairs Committee published its report on Identity Cards (HC 130) on 30th July. The report covered the plans for the introduction of identity cards as well as a formal pre-legislative scrutiny of the draft Identity Cards Bill. The Committee said that it believed that "the Government has made a convincing case for proceeding with the introduction of identity cards" and "an identity cards scheme could make a significant contribution to achieving the aims set out for it by the Government, particularly tackling crime and terrorism".

10. The Committee made a number of detailed conclusions and recommendations in its report. A draft response to these is being prepared, taking account of the changes I am proposing to the Bill, and this will be circulated to Departmental officials. I am not proposing any changes to the "super-affirmative" provisions in the Bill that would enable compulsion to be introduced at a later stage, following Cabinet approval and further substantive Parliamentary scrutiny. On grounds of transparency we must include this in the Bill and in your letter of 23rd April you confirmed DA's agreement to proceeding in this way.

11. My intention is that the response to the Committee should be published at the same time as we publish a formal summary of the responses to the consultation on the draft Bill, shortly in advance of my oral appearance before the Committee on 2nd November.

### Changes to the Identity Cards Bill

12. The main changes to the Bill are: -

- Set out more explicit statutory purposes for the Identity Cards scheme. The Home Affairs Committee recommended that the Bill should set out more clearly the aims of the scheme. I have always been clear that not only will the scheme provide UK residents with a more reliable means of proving their identity, but it will also help deal with the threats from illegal immigration and illegal working, organised crime and terrorism, identity theft and identity fraud (including fraudulent access to public services) as well as helping in the more effective and efficient delivery and administration of public services. I am proposing that we should seek to clarify this on the face of the Bill;



- Extend the role of the proposed National Identity Scheme Commissioner to cover the operation of the entire scheme rather than just the arrangements for disclosure to police and security services. Again this was a recommendation of the Home Affairs Committee and one I consider we should accept;
- We are looking at clarifying more clearly the distinction between "verification" where identity is verified with consent of the individual and "disclosure" where information is supplied without consent (for example to the police or security services) as well as ensuring that we have adequate powers to supply information to Departmental as well as local authority officials investigating fraud cases. In addition in order to respond to a point raised by the Information Commissioner I am proposing to remove from Clause 14(4) the specific exemption of subject access to the "audit" data in paragraph 9 of Schedule 1, on the basis that the Data Protection Act already provides adequate safeguards against disclosure of checks that might be made in relation to criminal investigations or on grounds of national security;
- Clarify some of the data sharing provisions to enable other Departments to be provided with updated information to improve the accuracy of their own data eg on changes of address. My officials are also clarifying with Counsel that the power for Parliament to authorise any person or organisation to provide relevant information to help validate the identity of a person applying for an identity card is not constrained;
- Respond to the Information Commissioner's point that the provision prohibiting the production of identity cards in advance of compulsion in Clause 19 of the draft Bill must be extended to cover also any checks against the National Identity Register (where a card is not present), so that this clause will have the effect intended;
- Provisions to enable the same data sharing provisions as in Clause 11 to apply to the issue of passports to provide consistency with the issue of identity cards and a provision (most probably through an amendment to the Consular Fees Act) to ensure that free passports can be issued to over 75's. This has been announced in principle but I need to ensure adequate statutory cover;
- Ensuring that offences in the Bill apply in Scotland and extending the disclosure powers to cover all requests from the police in Scotland as proposed by the First Minister;
- There are a few detailed technical and minor amendments and points of clarification on which we will be seeking the views of Parliamentary Counsel. The drafting instructions will be copied to Departmental officials.

### Regulatory Impact Assessment

13. When we published the draft Bill it was not possible to publish a full Regulatory Impact Assessment (RIA). Officials have now drafted the text of a RIA which has been sent for comments to the Cabinet Office Regulatory Impact Unit. The Bill itself places no regulatory demands on the public, private or



voluntary sectors. Such impacts will arise only in the future once the card scheme has been introduced and identity cards are widely held. However, I will submit a full RIA with the Bill's LP Committee memorandum and will ensure that an edited version of the RIA which will not compromise the commercial sensitivity is published with the Bill when it is introduced.

### Taking forward delivery

14. Considerable progress has been made in the plans for delivery of the identity card scheme, and the Programme is well on track towards the next OGC Gateway Review (Gateway 1) early next year. Within the legal framework that we intend to lay down in the Bill, there are opportunities to increase certainty of delivery. The Identity Cards Programme Board met on 22nd September and recommended some changes to the way the scheme will be delivered in order to reduce complexity. This will also enable us to respond to the Home Affairs Committee concern that the proposed identity cards system is "unprecedentedly large and complex".

15. I am proposing simplification in 3 areas:

- The nature of the family of cards;
- The verification scheme;
- The organisation of delivery of the scheme.

16. The original proposition for the Identity Cards Scheme included the concept of a family of multi-purpose identity documents, including: a passport card issued with the passport book; a stand-alone identity card and documents for foreign nationals; and possibly a combined driving licence/identity card. In that scheme any individual UK resident could hold up to three different cards that could be used to verify identity against the records held in the National Identity Register. Delivery planning work carried out by the Identity Cards Programme indicates that the complexity inherent in such a scheme carries high levels of risk in terms of both delivery and security. Consultation and market research has also established that the original proposition is a source of confusion for the public.

17. The revised plan is that the family of identity cards would include a free-standing identity card for all British citizens that would be issued alongside passports, as well as in its own right for those who wished it. As is common throughout Europe, the identity card issued with the passport could be used by British citizens to travel within the EU, so there would be no separate "passport card".

18. The application process for a driving licence would be more straightforward for those already registered for an identity card, although the driving licence itself would not become an identity card. However, to preserve flexibility for the future, the Identity Cards Bill will still allow for the designation of documents in addition to passports, so that these could be linked to the identity cards scheme in the future.



19. Identity cards would be issued to Foreign Nationals who are resident for more than three months in the UK. We will continue to recognise the special status of Irish nationals resident in the UK who would be able to obtain a similar card to British nationals.

20. Each resident would receive a single card from the identity card family, which would give them an easy and secure way of demonstrating their right to be here and of asserting their place in the community.

21. We will continue to work closely with the Registrars General, the Department for Education and Skills and other departments to ensure that database developments throughout Government are fully coordinated. We will examine how to deal with any anomalies that might otherwise arise because children will in future receive biometric based passports or residents' documentation but would not be eligible for an identity card until they are 16.

22. The second area of potential simplification is through an examination of how the Verification Service for identity cards might operate only in an online mode so as to improve the security of the system and ensure a full audit trail of identity checks. Local, offline, reading of cards without reference to the National Identity Register would not be needed, although visual inspection of the card would still be possible where a lower level of verification is sufficient.

23. The simplified family of cards facilitates a simpler organisational structure for delivery. It is proposed that identity registration including biometric enrolment, identity card issuing, and identity verification would be delivered through a new single executive agency incorporating the functions of the United Kingdom Passport Service and working closely with the Immigration and Nationality Directorate (IND). The simplified scheme organisation will draw on the existing skills and capability of the UK Passport Service and IND and will allow for simpler, clearer accountability with potential increases in public confidence in the arrangements. It will build on the necessary investments being made over the coming years to introduce more secure biometric passports.

24. These changes will have clear advantages in terms of explaining the scheme to the public, in the security of the scheme, as well as in the confidence we can have in its deliverability.

#### Timetable

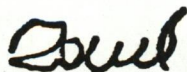
25. Officials are preparing drafting instructions for Parliamentary Counsel to take account of the changes to the draft Bill I have outlined above together with other minor and technical changes. We are preparing a final revised Bill to be put to LP committee for approval in November. I should therefore be grateful for clearance of the changes to the Bill and any general comments no later than 22nd October 2004.



COMMITTEE MEMBER ONLY

26. I am copying this letter to the Prime Minister, members of DA Committee, Jack Straw, Hilary Benn, First Parliamentary Counsel and Sir Andrew Turnbull. I will also be sending copies of this letter to Rhodri Morgan and Jack McConnell.

Best wishes,

A handwritten signature in black ink, appearing to read 'David', written in a cursive style.

DAVID BLUNKETT

COMMITTEE MEMBER ONLY





## Home Office

Home Secretary  
50 Queen Anne's Gate, London SW1H 9AT

(1) EM  
CJR

The Rt Hon John Prescott MP  
Deputy Prime Minister and First Secretary of State  
Office of the Deputy Prime Minister  
26 Whitehall  
London  
SW1A 2WH.

01 OCT 2004

Dear John

### **IDENTITY CARDS CHANGES TO THE DRAFT LEGISLATION AND TAKING FORWARD DELIVERY**

I am writing: -

- (i) to inform colleagues of the outcome of the Consultation on draft legislation on identity cards;
- (ii) to seek agreement to the main policy changes that I am proposing should be included in the Identity Cards Bill;
- (iii) to update colleagues on our progress in taking forward delivery of the Identity Cards Programme including simplification of the plans for delivery of the identity cards scheme.

#### **Summary**

2. The consultation on the draft Identity Cards Bill closed on 20th July and the Home Affairs Select Committee published its report on Identity Cards on 30th July, including its pre-legislative scrutiny of the Bill. Public support for the introduction of identity cards remains high and whilst the Committee raised a number of detailed points it concluded that the Government had made a convincing case for proceeding with the introduction of identity cards.

3. I am proposing that the legislative framework for the identity cards scheme established in the draft Bill should remain essentially unchanged. However, we do need to make some changes in order to respond to points during the consultation and to improve and clarify the Bill. The key changes I am proposing are as follows: -



## COMMITTEE MEMBER ONLY

4.

- Set out more explicit statutory purposes for the scheme;
- Extend the role of the proposed National Identity Scheme Commissioner to cover the whole operation of the scheme rather than just the arrangements for disclosure;
- Clarify the distinction between "verification" of identity with consent of the individual and "disclosure" without consent (for example to the police or security services);
- Clarify some of the data sharing provisions to ensure that it will be possible to validate applicants' data and at the same time to ensure that the legislation enables other Departments to be provided with information to improve the accuracy of their data;
- Extend the provision prohibiting the production of identity cards in advance of compulsion in Clause 19 of the draft Bill to cover also checks against the National Identity Register;
- Provisions to enable data sharing provisions in Clause 11 to apply to the issue of passports and to allow free passports to be issued to over 75's;
- Ensuring that offences in the Bill do apply in Scotland and extending the disclosure powers to cover all requests from the police in Scotland as proposed by the First Minister;
- Some technical and minor amendments for inclusion in drafting instructions for Parliamentary Counsel which will be copied to Departmental officials.

5. Work on delivery of the Identity Cards Programme is progressing well and is on track for the next OGC Gateway Review early in 2005. However, the Home Affairs Committee commented that the proposed identity cards system is "unprecedentedly large and complex". As a response I am proposing that we should make clear that we are already proposing changes to the way the scheme is delivered to reduce complexity. This will have advantages in terms of explaining the scheme to the public, in the security of the scheme as well as in the confidence we can have in its deliverability.

6. I would be grateful for agreement from colleagues to proceed with changes to the Bill as proposed by 22nd October 2004.

### Consultation on the draft Identify Cards Bill

7. We published the "Legislation on Identity Cards" consultation paper covering the draft Identity Cards Bill on 26th April and the consultation closed on 20th July 2004. 116 organisations responded to the consultation with various points on the draft legislation and during the consultation we received nearly 2000 letters and e-mails about identity cards from members of the public. Few of these however, made specific comments on the legislation.

8. At the same time we undertook specific focus group research to address public attitudes generally to Identity Cards. The groups covered people living in different regions and from different age groups, ethnic groups and social

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backgrounds. This research over the summer months has shown increased awareness and ongoing support for identity cards amongst the general public. Identity cards are perceived as being potentially useful in a variety of situations, the most cited occasions being 'opening a bank account', 'travelling within Europe' and 'applying for benefits'. Although there was low awareness of the term 'biometric information', once this was explained the majority readily accepted its use and it was perceived to be effective in making it easier for people to prove their identity and preventing identity theft.

### The Home Affairs Committee Report

9. The Home Affairs Committee published its report on Identity Cards (HC 130) on 30th July. The report covered the plans for the introduction of identity cards as well as a formal pre-legislative scrutiny of the draft Identity Cards Bill. The Committee said that it believed that "the Government has made a convincing case for proceeding with the introduction of identity cards" and "an identity cards scheme could make a significant contribution to achieving the aims set out for it by the Government, particularly tackling crime and terrorism".

10. The Committee made a number of detailed conclusions and recommendations in its report. A draft response to these is being prepared, taking account of the changes I am proposing to the Bill, and this will be circulated to Departmental officials. I am not proposing any changes to the "super-affirmative" provisions in the Bill that would enable compulsion to be introduced at a later stage, following Cabinet approval and further substantive Parliamentary scrutiny. On grounds of transparency we must include this in the Bill and in your letter of 23rd April you confirmed DA's agreement to proceeding in this way.

11. My intention is that the response to the Committee should be published at the same time as we publish a formal summary of the responses to the consultation on the draft Bill, shortly in advance of my oral appearance before the Committee on 2nd November.

### Changes to the Identity Cards Bill

12. The main changes to the Bill are: -

- Set out more explicit statutory purposes for the Identity Cards scheme. The Home Affairs Committee recommended that the Bill should set out more clearly the aims of the scheme. I have always been clear that not only will the scheme provide UK residents with a more reliable means of proving their identity, but it will also help deal with the threats from illegal immigration and illegal working, organised crime and terrorism, identity theft and identity fraud (including fraudulent access to public services) as well as helping in the more effective and efficient delivery and administration of public services. I am proposing that we should seek to clarify this on the face of the Bill;



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- Extend the role of the proposed National Identity Scheme Commissioner to cover the operation of the entire scheme rather than just the arrangements for disclosure to police and security services. Again this was a recommendation of the Home Affairs Committee and one I consider we should accept;
- We are looking at clarifying more clearly the distinction between "verification" where identity is verified with consent of the individual and "disclosure" where information is supplied without consent (for example to the police or security services) as well as ensuring that we have adequate powers to supply information to Departmental as well as local authority officials investigating fraud cases. In addition in order to respond to a point raised by the Information Commissioner I am proposing to remove from Clause 14(4) the specific exemption of subject access to the "audit" data in paragraph 9 of Schedule 1, on the basis that the Data Protection Act already provides adequate safeguards against disclosure of checks that might be made in relation to criminal investigations or on grounds of national security;
- Clarify some of the data sharing provisions to enable other Departments to be provided with updated information to improve the accuracy of their own data eg on changes of address. My officials are also clarifying with Counsel that the power for Parliament to authorise any person or organisation to provide relevant information to help validate the identity of a person applying for an identity card is not constrained;
- Respond to the Information Commissioner's point that the provision prohibiting the production of identity cards in advance of compulsion in Clause 19 of the draft Bill must be extended to cover also any checks against the National Identity Register (where a card is not present), so that this clause will have the effect intended;
- Provisions to enable the same data sharing provisions as in Clause 11 to apply to the issue of passports to provide consistency with the issue of identity cards and a provision (most probably through an amendment to the Consular Fees Act) to ensure that free passports can be issued to over 75's. This has been announced in principle but I need to ensure adequate statutory cover;
- Ensuring that offences in the Bill apply in Scotland and extending the disclosure powers to cover all requests from the police in Scotland as proposed by the First Minister;
- There are a few detailed technical and minor amendments and points of clarification on which we will be seeking the views of Parliamentary Counsel. The drafting instructions will be copied to Departmental officials.

### Regulatory Impact Assessment

13. When we published the draft Bill it was not possible to publish a full Regulatory Impact Assessment (RIA). Officials have now drafted the text of a RIA which has been sent for comments to the Cabinet Office Regulatory Impact Unit. The Bill itself places no regulatory demands on the public, private or

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## COMMITTEE MEMBER ONLY

voluntary sectors. Such impacts will arise only in the future once the card scheme has been introduced and identity cards are widely held. However, I will submit a full RIA with the Bill's LP Committee memorandum and will ensure that an edited version of the RIA which will not compromise the commercial sensitivity is published with the Bill when it is introduced.

### Taking forward delivery

14. Considerable progress has been made in the plans for delivery of the identity card scheme, and the Programme is well on track towards the next OGC Gateway Review (Gateway 1) early next year. Within the legal framework that we intend to lay down in the Bill, there are opportunities to increase certainty of delivery. The Identity Cards Programme Board met on 22nd September and recommended some changes to the way the scheme will be delivered in order to reduce complexity. This will also enable us to respond to the Home Affairs Committee concern that the proposed identity cards system is "unprecedentedly large and complex".

15. I am proposing simplification in 3 areas:

- The nature of the family of cards;
- The verification scheme;
- The organisation of delivery of the scheme.

16. The original proposition for the Identity Cards Scheme included the concept of a family of multi-purpose identity documents, including: a passport card issued with the passport book; a stand-alone identity card and documents for foreign nationals; and possibly a combined driving licence/identity card. In that scheme any individual UK resident could hold up to three different cards that could be used to verify identity against the records held in the National Identity Register. Delivery planning work carried out by the Identity Cards Programme indicates that the complexity inherent in such a scheme carries high levels of risk in terms of both delivery and security. Consultation and market research has also established that the original proposition is a source of confusion for the public.

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COMMITTEE MEMBER ONLY



## COMMITTEE MEMBER ONLY

19. Identity cards would be issued to Foreign Nationals who are resident for more than three months in the UK. We will continue to recognise the special status of Irish nationals resident in the UK who would be able to obtain a similar card to British nationals.

20. Each resident would receive a single card from the identity card family, which would give them an easy and secure way of demonstrating their right to be here and of asserting their place in the community.

21. We will continue to work closely with the Registrars General, the Department for Education and Skills and other departments to ensure that database developments throughout Government are fully coordinated. We will examine how to deal with any anomalies that might otherwise arise because children will in future receive biometric based passports or residents' documentation but would not be eligible for an identity card until they are 16.

22. The second area of potential simplification is through an examination of how the Verification Service for identity cards might operate only in an online mode so as to improve the security of the system and ensure a full audit trail of identity checks. Local, offline, reading of cards without reference to the National Identity Register would not be needed, although visual inspection of the card would still be possible where a lower level of verification is sufficient.

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24. These changes will have clear advantages in terms of explaining the scheme to the public, in the security of the scheme, as well as in the confidence we can have in its deliverability.

### Timetable

25. Officials are preparing drafting instructions for Parliamentary Counsel to take account of the changes to the draft Bill I have outlined above together with other minor and technical changes. We are preparing a final revised Bill to be put to LP committee for approval in November. I should therefore be grateful for clearance of the changes to the Bill and any general comments no later than 22nd October 2004.

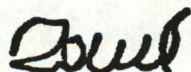
COMMITTEE MEMBER ONLY



COMMITTEE MEMBER ONLY

26. I am copying this letter to the Prime Minister, members of DA Committee, Jack Straw, Hilary Benn, First Parliamentary Counsel and Sir Andrew Turnbull. I will also be sending copies of this letter to Rhodri Morgan and Jack McConnell.

Best wishes,

A handwritten signature in black ink, appearing to read 'David Blunkett', written in a cursive style.

DAVID BLUNKETT

COMMITTEE MEMBER ONLY





Department for  
**Transport**

From the Secretary of State

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Chief Secretary to the Treasury  
1 Horse Guards Road  
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Web site: [www.dft.gov.uk](http://www.dft.gov.uk)

Our Ref: AD/013892/04

30 SEP 2004

*JR  
CCEN  
MOS  
ST*

*Paul*

**NATIONAL IDENTITY REGISTER AND CITIZEN INFORMATION PROJECT**

Thank you for copying your letter to David Blunkett of 16 September concerning the Identity cards programme and the Citizen Information Project (CIP).

I agree that it makes sense to build one, rather than two, new population databases; and that - pending the new National Identity Register - we should focus our efforts on adding value to our existing developments.

I am copying this letter to David Blunkett, member of PSX(e), Sir Andrew Turnbull and Len Cook.

*Sam Girvan*  
*AK*

**ALISTAIR DARLING**





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DEPUTY PRIME MINISTER

OFFICE OF THE  
DEPUTY PRIME MINISTER  
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The Rt Hon David Blunkett MP  
Home Secretary  
Home Office  
50 Queen Anne's Gate  
London  
SW1A 9AT

4 May 2004

#### IDENTITY CARDS – PUBLICATION OF DRAFT BILL

Your letter to me of 15 April sought DA Committee clearance to publish a consultation paper and draft Bill on ID cards. Unfortunately my reply to you dated 23 April did not include comments received from Nick Raynsford. This letter therefore replaces my earlier letter to you of 23 April, and gives you DA clearance to proceed with publication subject to taking account of colleagues' comments recorded below.

Replies to your letter of 15 April were received from Tessa Jowell, Paul Murphy, Andrew Smith, John Reid, Charles Clarke, Alistair Darling, Paul Boateng, Nick Raynsford, Douglas Alexander, Jack Straw and Gerry Sutcliffe.

Paul Murphy noted that the question of what information should appear on the face of the card had not yet been decided. He considered it essential to have at least one type of card available that did not show specific nationality information on its face, as nationality would continue to be a sensitive issue in Northern Ireland.

Andrew was broadly content, but expressed concern at the implication in the consultation document that Jobcentre Plus offices could be used to record biometrics. I understand that the relevant reference has now been removed from the consultation document and Andrew Smith's office have confirmed that he is content.

Alistair noted that the likely cost estimates in the consultation paper were very broad forecasts and could change in either direction. He was content with publication of the consultation paper and draft Bill and on the condition that colleagues were able to



review decisions for the shape, chosen technology and timing of the scheme if later cost estimates led to charges significantly greater than the current quotes of £73/£77.

Paul Boateng noted that the consultation document would need to fully reflect DA agreement that the draft Bill would include a "super-affirmative" process for any Parliamentary decision on compulsion, a specific block on mandatory requirements in relation to public services during phase one of the scheme, and reserve powers to prevent private services from imposing any similar mandatory requirements.

Paul also noted that the consultation document should be drafted to keep technical options open, for example in relation to the number and type of biometrics to be recorded, the precise form of the card, and the underlying numbering system. Finally, Paul welcomed your commitment to further work on a Regulatory Impact Assessment to consider the regulatory burden on business. He noted that since the Budget all proposals with a major impact on business needed a regulatory impact assessment agreed with the Regulatory Impact Unit and approved by the Panel for Regulatory Accountability. Your officials have confirmed that regulatory impact assessments will be published as specific decisions are taken on how the scheme will be delivered and used.

Nick was content for publication to go ahead on the condition that the draft Bill contained provisions to prohibit the private sector from demanding an Identity Card during a voluntary phase, that this new clause was consulted in on the draft Bill, and that the consultation paper sought views on this specific issue. He noted that this did not represent a view as to how he would expect the issue to be dealt with in a final Bill, and that he expected your officials to work with his and those at the DTI to look at the issue further, taking into account the views received during the consultation period. Secondly, Nick commented that local authorities might not be able to accommodate the use of the Identity Card in providing services when the scheme rolled out. Your Department would need to avoid raising the public's expectation that they would be able to do so, otherwise a New Burden would be realised that would need to be funded by the Home Office.

Douglas noted that as your proposal would have a significant impact on business, it was surprising that no assessment of the overall impact had been completed. He hoped that one could be made available alongside consultation on the draft Bill. Your officials have made a commitment that work on an impact assessment will continue in consultation with RIU officials over the coming weeks. Officials will consider further the extent to which this information might be made public. In addition, your officials have confirmed that further RIAs will be published as the scheme is developed.

Jack was content subject to confirmation that Departments other than the Home Office would not be asked to bid for set-up costs for the scheme. Your office have confirmed that the Home Office will be bidding for the entirety of the three year set-up costs for the scheme, estimated at £186 million. Jack also noted that the Bill had been drafted to

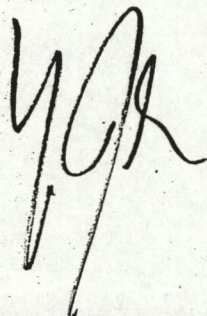


be compatible with EU law by designating existing documents as part of the ID cards scheme. He noted the need to ensure that subsequent changes to other legislation, such as the immigration rules, were also compatible with EU law. Finally, he commented that the Government should demonstrate that it was taking the interests of non-UK residents (such as UK nationals residing abroad and non-UK nationals wishing to reside in the UK) into account in the scheme.

Gerry noted that ensuring that access to public and private services could not be made conditional on production of a card during the voluntary stage of scheme was an issue of great concern. He welcomed the fact that the consultation document and draft Bill made clear that the possibility of requiring ID cards to be produced during the voluntary stage remained open (where public services are chargeable). He was also grateful that you had agreed to explicit consultation on the point of how consumers without an ID card could enforce their right not to be discriminated against by the private sector.

No other colleagues commented. You may therefore take it that you have DA clearance to proceed with publication, subject to taking account of the points recorded above.

I am copying this letter to the Prime Minister, DA and LP Committees, Jack Straw, Hilary Benn, First Parliamentary Counsel and Sir Andrew Turnbull.

A handwritten signature in black ink, appearing to be 'JP' or 'John Prescott', written in a cursive style.

**JOHN PRESCOTT**