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FILE TITLE:	SERIES
IDENTITY CARDS	HOME AFFAIRS
	PART 1
PART BEGINS: 6 May 05	PART ENDS: 13 December 2005
	CAB ONE

PREM 49/4141

LABOUR ADMINISTRATION

Retained

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PART

CLOSED

DATE CLOSED	12 December 2005

Series : **HOME AFFAIRS**

File Title : **IDENTITY CARDS**

Part : **1**

Date	From	To	Subject	Class	Secret
13/05/2005	PD(EM)	PM	Identity Cards - Background Briefing	U	
20/05/2005	PD(MA)	PM	Identity Cards - Costs and Introduction of Bill	R	
23/05/2005	HS	HOC	ID cards policy	U	
24/05/2005	CST	HO	Cost of ID Cards	U	
28/05/2005	PD(EM)	PM	Identity Cards: Handling	U	
03/06/2005	PD(EM)	PPS	Pack on ID cards	R	
15/06/2005	COS	PD(EM)	PM is ok with the tabling of the ID cards bill	U	
15/06/2005	PD(EM)	PM	ID Cards: Timing of 2nd Reading	R	
24/06/2005	PRESS	PM	ID Cards - 2nd Reading Media Handling	U	
25/07/2005	PD(EM)	PM	Identity cards next steps in August	R	
26/07/2005	PD(EM)	HO	(Email) ID Cards meeting at Chequers on Friday	C	
28/07/2005	PD(EM)	PM	Identity Cards - Meeting at Chequers, 29 july	R	
04/08/2005	PD(EM)	PM	Ministerial Committee on Identity Cards	U	
09/08/2005	PO(KEG)	HO	Note of meeting of 29 july at Chequers on ID cards	R	
11/08/2005	PM	Lord Warner	Invitation to join Ministerial Committee on ID cards	U	
22/08/2005	ms/dfes	PM	Ministerial Committee on Identity Cards	U	
26/08/2005	MS/DCA	PM	Identity Cards	U	
31/08/2005	PD(RB)	PM	ID Cards Meeting; 0900 Friday 2 September	R	
31/08/2005	PUS/DWP	PM	Ministerial Committee on Identity Cards - Change of attendance for 2	U	
02/09/2005	MS/DoT	PM	Ministerial Committee on Identity Cards membership - role of DoT	U	
13/09/2005	HS	PM	ID Cards: Irish Government Interest	R	
16/09/2005	PD(KB)	PM	ID Cards Cap	R	
16/09/2005	CST	HS	Cost of ID Cards	C	
19/09/2005	PM	Taoiseach	(H) ID Cards - Concerns of Irish Government	U	
23/09/2005	PD(KB)	PM	ID Cards CAP	C	
03/10/2005	GovDir	COS	CAP on ID Cards	U	
04/10/2005	PD(KB)	PM	ID Cards CAP	C	
13/12/2005	HO	PO(KEG)	Ministerial Committee on ID Cards - Work on Benefits	U	

Home Office

THE PRIVATE SECRETARY TO THE HOME SECRETARY
2 Marsham Street, London SW1P 4DF
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Kate Gross
10 Downing Street
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KB

13 DEC 2005

Dear Kate

In August the Prime Minister asked Tony McNulty to chair the ID Cards Ministerial Committee and his report on the Committee's work on benefits is attached.

Good progress has been made in some areas in thinking strategically about how the ID cards scheme can improve the delivery of public services, for example in radically improving the speed and quality of Criminal Records Bureau checks and ensuring that National Insurance numbers are allocated to foreign workers more securely and more efficiently than at present. This has increased our confidence that the benefits identified and quantified to date are just the foundation for a more substantial analysis. What we have not been able to do in the time available is to complete this analysis. The recommendations of the report set out how we can achieve this by May next year.

The process has identified how difficult it is for us all to identify with some degree of certainty all the benefits of a scheme like ID cards which will take a number of years to deliver. It requires a higher level of strategic foresight and analysis than is usual and this is as true of some Home Office businesses as it is for the rest of Government.

The appointment of Senior Responsible Owners (SROs) in the major departments who are committed to resourcing the further development of their benefits cases will ensure that Ministers have the right level of support to identify more strategic benefits in their own business areas. However, Tony McNulty remains concerned that a department-by-department analysis will not identify sufficient cross-cutting benefits. He recommends looking at whether Ian Watmore's Chief Information Officer network can achieve this as better management of identity information is key to the 'Shared Services' approach set out in the Transformational Government strategy published last month.

Keeping the Ministerial Committee in place will ensure that we do not lose momentum but Tony McNulty suggests that the Prime Minister may want to satisfy himself that progress remains on track via his regular bilateral meetings with relevant Secretaries of State. It may be also be useful to signal that the Prime Minister would like a stock-take on the Committee's work, perhaps by chairing a special meeting at Secretary of State level around early March.

I am copying this letter to Private Secretaries of Ministers on the Committee and James Crawforth in the Cabinet Office.

Yours ever,

Kate Hipwell

Kate Hipwell

Home Office

Tony McNulty MP
MINISTER OF STATE
2 Marsham Street, London SW1P 4DF
www.homeoffice.gov.uk

Prime Minister

13 DEC 2005

Dear Prime Minister

REPORT OF THE WORK OF THE MINISTERIAL COMMITTEE ON IDENTITY CARDS

A large amount of material on the benefits of the ID Cards Scheme has been prepared and analysed following the three meetings of the Ministerial Committee on Identity Cards. These are presented in Annexes to this minute. I thought it would be helpful in this minute to set out my over-arching conclusions and recommendations for progressing this work.

I am confident that the benefits identified and quantified thus far for the ID Cards Scheme, while substantial, are the 'tip of the iceberg'. Of the 79 areas of benefit identified, 48 have been quantified, and these total between £980 million to £1,500million per annum once the scheme has reached full coverage of the adult population.

The Scheme has the potential to realise significant benefits, and this is clear in areas where some fundamental thinking has gone on. For example, the Criminal Records Bureau has identified benefits through reducing their disclosure process from four weeks down to three days along with a step-change in the quality of their decisions. The Department for Work and Pensions has identified benefits in improving the efficiency and security of the allocation of National Insurance numbers to foreign workers.

But the analysis remains weak in some individual areas, particularly:

- Local government/ODPM, where we need to secure more senior engagement at official level to reach an agreed understanding of the relationship between various local authority and ODPM-sponsored initiatives and the ID Cards Scheme.
- HMRC, where there needs to be a more fundamental analysis of where the Scheme can deliver benefits, not just a focus on benefits based on marginal efficiency improvements to existing

processed. For example, we need to consider the potential of the scheme to counter fraud in the VAT registration system and in the registration for Tax Credits.

- DH where, after a very promising start, progress has now slowed. We run the risk of overlooking strategic benefits such as providing patients with a highly secure means of accessing their electronic medical records.

We need to retain the momentum within departments – they now have Senior Responsible Owners in place to support their Ministers, but we need to ensure that they remain engaged.

We need to do much more on the cross-Government benefits and I am not confident that the model of having a nominated departmental Minister and SRO will suffice here. We need to use the new network of Chief Information Officers and ensure close alignment with the Transformational Government strategy and Treasury involvement . Otherwise we will run the risk that projects still in the planning and scoping change will not take sufficient account of the ID Cards Scheme from the outset.

It is a major challenge to consider business benefits and strategic changes over such an extended time period as I know from considering in detail the benefits to Home Office businesses on which there is also more work to be done. We have made good progress but to complete the task I recommend that:

- the Ministerial Committee should continue to meet, and be supported by SRO official level meetings with a view to completing the analysis and signing off benefits realisation plans by May 2006. No substitutes should attend meetings without my advance agreement and it would be helpful to have this set out in a letter from your office;
- SROs be tasked with monitoring closely their departments' progress and to be made accountable for the proper resourcing of their work on benefits planning and realisation
- departments' progress should feature in your programme of regular bilaterals with relevant Secretaries of State;
- the views of the Chief Information Officers forum should be sought as to what role they can play in identifying cross-cutting benefits that can be facilitated by the ID Card Scheme and through its contribution to the Transformational Government initiative;
- you consider chairing a special meeting of the group at Secretary of State level to review progress towards meeting the May deadline, in early March.

Background

1. The ID Cards Ministerial Committee was established on 2 September 2005 to focus primarily on benefit realisation planning across Government, and marketing the ID Card Scheme.

2. Two further meetings of the Committee, Chaired by me, were held on 21 September and 23 November. These meetings:

- identified and evaluated the range of identity management processes and benefits across government;
- focussed on the gaps and areas in need of individual departments' Ministerial or other high level attention;
- agreed a process for solutions; and
- considered the ID Cards Communications Strategy.

3. An overview analysis of the processes and benefits considered by the Ministerial Committee on 23 November is reproduced in the matrix at **Annex A**. The matrix highlights:

- the areas of good benefits realisation work - for example, CRB's identification of benefits through reducing disclosure processing times from four weeks down to three days; and DWP's identification of efficiency and security improvements in the allocation of National Insurance numbers to foreign workers;
- areas where there is uncertain commitment to realising benefits – for example within the health service in relation to identity verification for online access to and checking of personal data;
- areas where the benefits case for Identity Cards is not well understood – for example within HMRC in relation to identity checking for VAT registration purposes;

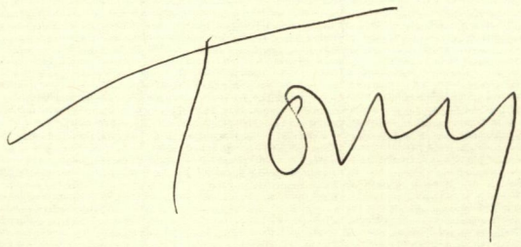
4. While the full potential of the Scheme is not understood and incorporated into organisations' plans, we run the risk of parallel initiatives and committing resources to shorter term solutions offering fewer benefits than would be delivered through the strategic use of the ID Card Scheme.

5. Further details and recommendations in respect of individual departments were provided to the Ministerial Committee in the document reproduced at **Annex B**. All recommendations contained within Annex B were endorsed at the 23 November Ministerial Committee meeting. In particular:

- Departments were each charged with identifying a named Senior Responsible Owner (SRO) to provide leadership and to sit on the Home Office's ID Cards Strategy Board. Ministerial assurances from the relevant departments were also required.
- Benefits mapping and realisation planning should be consistently applied using the process put forward to the Committee, owned by relevant departments but led by Home Office. This work to be completed by May 2006.

- Departmental SROs to provide a high level outline of their current position and the commitment to the Scheme by 2 December (which have been included in this report at **Annex C**).

6. I am copying this minute to Committee Ministers and Sir Gus O'Donnell.



TONY MCNULTY

ANNEX A - KEY IDENTITY PROCESSES ACROSS GOVERNMENT AND BENEFITS PERSPECTIVE

					POINT OF ADOPTION					
PROCESS, PROJECT OR INITIATIVE	RAG	BENEFIT IDENTIFIED. QUANTIFIED OR QUALITATIVE	STRETCHING	RELATED PARALLEL INITIATIVES	YEAR 1	CRITICAL MASS ENROLLED	COMPULSION	COMMITMENT TO USE THE SCHEME	REALISATION PLANNING COMMENCED	NOTES
Home Office & Agencies										
Scene of crime marks identification		Quantified £4m - £39m gross benefit	YES	IDENT1			NO		NO	IDENT1 will only have fingerprints for those who have been in contact with law enforcement
Identify injured or deceased as a result of crime		Qualitative	YES		YES				NO	
Trace missing persons		Qualitative	YES		YES				NO	
Police Roadside Checks		Quantified £8m gross benefit	YES			YES			NO	
Improved intelligence for investigations		Qualitative	YES	IMPACT	YES				NO	

ANNEX A - KEY IDENTITY PROCESSES ACROSS GOVERNMENT AND BENEFITS PERSPECTIVE

Firearms Licensing		Qualitative	NO					NO	NO	Firearms licensing There are four potential benefits within firearms licensing: • Increasing the certainty of registered identities of gun holders in UK • Reducing the time taken to positively identify the applicant, and making it possible to positively identify the application counter signatories • Improving the linkage between firearms and owners, so that stolen firearms used in crime can be traced back to the licensee • Notification when a licensee dies, enabling officers to confirm that the firearm has passed to an alternative keeper, or arrange for its removal. Those who currently choose not to obtain a license are likely to continue not to do so under the scheme. Where costs have increased, statistics show that the number of license applications fell - those who currently do register may choose not to do so if the costs of obtaining an ID Card are significant. Thus the ID Card Scheme is unlikely to provide a material benefit to firearms licensing. This is under regular review with the Police
Improved certainty of identity across CJS		Qualitative	NO	CJIT implementing unique identifier			YES		NO	A benefit has been identified, but it has not been fully scoped in terms of efficiency savings or improvements to process; CJIT implementing a unique identifier, but this could be the IRN in the future
Enter Prison		Qualitative	NO	NOMIS			YES		NO	A benefit has been identified, but it has not been fully scoped in terms of efficiency savings or improvements to process; NOMIS already beginning to address this
Enforcement of CPBW and FTA breaches		Qualitative	NO				YES		NO	A benefit has been identified, but it has not been fully scoped in terms of efficiency savings or improvements to process

ANNEX A - KEY IDENTITY PROCESSES ACROSS GOVERNMENT AND BENEFITS PERSPECTIVE

Improved detection of bail defualters		Qualitative	NO				YES		NO	A benefit has been identified, but it has not been fully scoped in terms of efficiency savings or improvements to process
CRB										
Reduced administration through improved processes - internal benefit		£5.9m 4 weeks to 3 days	NO		YES				YES	Benefit starts to accrue from outset.
Improved processes – citizen time saving benefit		£36.1 to £46.3 million	YES		YES				YES	Individual citizen accrues benefit from time they have an ID Card be it from year one or year ten of the Scheme.
Reduced transcription costs – employer benefit		£21.8 to £22.9 million	YES		YES				YES	Benefits starts to accrue with low take up.
IND										
Increased productivity for enforcements and removals in checking person's identity and status		£0.7 to £1.4 million	YES			YES			NO	
Increased productivity for e-borders in checking person's identity and status		£0.2 million	NO	E- borders		YES			NO	
Increased productivity for UKVisas in checking family sponsors		£0.2 to £0.5 million	YES			YES			NO	
Improved control of illegal migrants and workers within the UK		Qualitative	YES			YES			NO	
Improved operational effectiveness		£16 million	YES			YES			NO	
Improved immigration control		Qualitative	YES			YES			NO	

ANNEX A - KEY IDENTITY PROCESSES ACROSS GOVERNMENT AND BENEFITS PERSPECTIVE

Reduction in UK 'pull factor' for asylum seekers on visas		£0 to £16.1 million	NO			YES			NO	
Reduction in UK 'pull factor' for illegal workers		£0.4 to £30.7 million	NO			YES			NO	
Reduction in appeals for family visitor visas		£0.4 to £14 million	YES			YES			NO	
Ukvisas improved confidence of visa sponsor's status and applicants' previous history.		Qualitative	YES			YES			NO	
HMRC										
Preventing VAT missing trader fraud		Quantified £6.8 - 13.5M gross benefit	NO					NO	NO	Only a small financial benefit has been identified; further analysis would be beneficial to verify this
Excise Fraud		Quantified £14.8M gross benefit	NO					NO NO	NO	Only a small financial benefit has been identified; further analysis would be beneficial to verify this
Money Laundering		Qualitative	NO					NO	NO	No quantification of scale of money laundering or potential impact of ID Cards
VAT returns		Qualitative	NO					NO	NO	Potential benefit area in terms of process improvements; early investigation has not concluded whether benefits exist or not
Tax Returns (Self Assessment, PAYE)		Not identified	NO					NO	NO	Potential benefit area in terms of process improvements; early investigation has not concluded whether benefits exist or not
Child Maintenance Claims		Not identified	NO					NO	NO	Potential benefit area in terms of process improvements; early investigation has not concluded whether benefits exist or not
Tax Credits		Not identified	NO					NO	NO	Potential benefit area in terms of process improvements; early investigation has not concluded whether benefits exist or not

ANNEX A - KEY IDENTITY PROCESSES ACROSS GOVERNMENT AND BENEFITS PERSPECTIVE

DWP										
Identity Related Benefit Fraud		£20-50m	YES			Yes				
Housing Benefit Residency / Household Compostion Overpayments		£10-20m	YES			Yes				
Alignment of Adult NINO Allcoation Processes with ID Card Scheme		£14.5m	YES	Potentially	YES				Year 1 savings will be dependant upon the transition arrangements between DWP and TNA.	
Living Together / Partner Fraud and Error		£5-10	YES			Yes				
Housing Benefit Identity Fraud		£5m	YES			Yes				
DWP Administered Benefits Process Efficiencies		Qualitative	Not Applicable			Yes			Further savings are anticipated across DWP Businesses as further feasibility work is undertaken with a more defined ID Card propostion.	
DCA										
Fine recovery		Quantified £17.9M gross benefit	NO					NO	NO	
Fine enforcement		Quantified £5.3M gross benefit	NO					NO	NO	

ANNEX A - KEY IDENTITY PROCESSES ACROSS GOVERNMENT AND BENEFITS PERSPECTIVE

Jury Member ID verification		Qualitative	NO					NO	NO	A benefit has been identified, but it has not been fully scoped in terms of efficiency savings or improvements to process
Defendant ID verification		Qualitative	NO					NO	NO	A benefit has been identified, but it has not been fully scoped in terms of efficiency savings or improvements to process
Witness ID verification		Qualitative	NO					NO	NO	A benefit has been identified, but it has not been fully scoped in terms of efficiency savings or improvements to process
Voter registration		Qualitative	NO					NO	NO	Initial discussions held; further work required to develop and quantify potential benefits
Voting processes		Qualitative	NO					NO	NO	Initial discussions held; further work required to develop and quantify potential benefits
DfT/VOSA/DVLA										
Public transport - 'Integrated Smard Card' initiative (Super Oyster Card)		Not identified	NO					NO	NO	In February DfT formally concluded that it was too early to identify benefits.
eTicketing generally - benefits to rail companies and airlines		Not identified	NO					NO	NO	In February DfT formally concluded that it wase too early to identify benefits.
PSV operators/drivers - use of false licences to get jobs		Not identified	NO					NO	NO	No previous engagement undertaken with Vehicle and Operator Services Agency (VOSA)
Hauliers		Not identified	NO					NO	NO	No previous engagement undertaken with Vehicle and Operator Services Agency (VOSA)

ANNEX A - KEY IDENTITY PROCESSES ACROSS GOVERNMENT AND BENEFITS PERSPECTIVE

All driving Licence applications - private, HGV, PSV licensing		Qualitative	NO	Improving robustness of driving licence		YES			NO	Benefits very broadly estimated at £5.5m. Not considered stretching as ID Cards will supplement existing and planned DVLA identity verification processes. Potential benefits expected to cover the following:- • Single identity details change mechanism; • security of identity verification; • interoperability; • economies through rationalisation of verification infrastructure
Vehicle traders		Not identified	NO					NO	NO	Previous discussions with DVLA raised no benefits. This will be reconsidered, so no Ministerial input needed at this stage.
DEFRA										
CAP Payments		Not identified	NO					NO	NO	Potential benefit area not yet explored
DfES										
Easier ID checking for HE student finance		£0.3 million	YES					NO	NO	Benefit accrues at low take up point
Improved ID checks at enrolment to FE		Qualitative	YES					NO	NO	Benefit starts at take up bymajority point
Improved data exchange between HE institutions		Qualitative	YES					NO	NO	Benefit starts at take up by majorty point
Youth Opportunity Card		N/A	NO							Ongoing discussion at ministerial level.
Dept of Health										
Demonstrating eligibility		Quantified	NO					NO	NO	The benefits case, previously agreed by DH Ministers, has been revised and submitted during late June to current DH Ministers. The ID Cards Programme has not been sighted on the revised proposals.
Improved access to services		Quantified	NO					NO	NO	The benefits case, previously agreed by DH Ministers, has been revised and submitted during late June to current DH Ministers. The ID Cards Programme has not been sighted on the revised proposals.

ANNEX A - KEY IDENTITY PROCESSES ACROSS GOVERNMENT AND BENEFITS PERSPECTIVE

Establishing identity (in emergency situations e.g. unconcious patient)		Quantified	NO					NO	NO	The benefits case, previously agreed by DH Ministers, has been revised and submitted during late June to current DH Ministers. The ID Cards Programme has not been sighted on the revised proposals.
Improving data quality		Quantified	NO	NPfIT				NO	NO	The benefits case, previously agreed by DH Ministers, has been revised and submitted during late June to current DH Ministers. The ID Cards Programme has not been sighted on the revised proposals.
ODPM/LOCAL GOVERNMENT										
Housing Benefit		not identified	N/A					NO	NO	See covering note
Council Tax Benefit		not identified	N/A					NO	NO	See covering note
Electoral Role Registration		not identified	N/A					NO	NO	See covering note
Government Connect Card		not identified	N/A					NO	NO	See covering note
ONS										
Census efficiency improvements		Quantified; £50M	YES				YES		NO	
Registration of deaths		Not identified	YES					NO	NO	The ability to register death and then quickly propagate that to all of the government service providers could be a major benefit; needs investigation with GRO
CABINET OFFICE										
Government Gateway		Not identified	YES					NO	NO	There have been high level discussions with Cabinet Office how Government Gateway could be used to migrate users from the current GG registration model to an ID Cards world. Detailed discussions of how changes to the government gateway can impact existing processes and enable other processes to be adopted have not been undertaken with OGDs.

ANNEX A - KEY IDENTITY PROCESSES ACROSS GOVERNMENT AND BENEFITS PERSPECTIVE

Companies House										
Establishing identity of Company Directors / Secretaries		Not identified	NO							Apart from representation on Home Office Identity Fraud Forum, no benefits-related engagement undertaken with Companies House. Engagement now initiated, however no benefits envisaged as identity checks not required by legislation. Ministerial input not considered necessary at this stage.

ANNEX B – STATUS, ISSUES AND SPECIFIC RECOMMENDATIONS FOR INDIVIDUAL DEPARTMENTS

This Annex B provides supplementary textual detail in relation to individual Departments, stating the current position, the issues, and providing very specific recommendations for each Department.

Home Office

Current position

An extensive exercise has been carried out to identify the benefits of introducing an ID Card Scheme to specific Government departments and looking more strategically across the Criminal Justice System.

Issues

Main issues for the Home Office are:

1. Police service benefits are dependent upon 43 Forces making independent decisions to integrate ID Cards into their business processes.
2. CJIT will require a unique identifier to manage data across the CJS.
3. Money is being invested in two biometrics as part of the future identity checking process using the NOMIS database.
4. The future of registered bodies in the CRB process is likely to diminish overtime. The speed and benefits resulting are dependent upon the CRB inclusion as a designated document.
5. E-Borders will create a separate database of watchlists. Will this still be relevant with an ID Card Scheme, which through the use of the IRN will provide very efficient access to all Government and private sector databases?
6. The effect of the ID Card scheme on 'pull factors' for illegal immigration is still too broad £0.4m to £30.7m

Recommendations

1. A review of the use of biometrics in NOMIS and the synergies with ID Cards be undertaken, which may highlight areas where the current investment in biometrics within NOMIS might be reduced
2. An early decision be taken by DA Committee regarding CRB disclosures becoming a designated document.
3. That IND examine the opportunities arising from an ID card scheme in reducing the need to create a separate database of watchlists.
4. That IND improve the lower end estimate of the effect from reduced 'pull factors' on illegal immigration.

ANNEX B – STATUS, ISSUES AND SPECIFIC RECOMMENDATIONS FOR INDIVIDUAL DEPARTMENTS

HMRC

Current position

HMRC have identified a number of areas where ID Cards may have an impact, including VAT fraud, smuggling and money laundering. Limited analysis has been undertaken to quantify these benefits and where this analysis has provided quantifiable data it has been incorporated into the ID Cards business case.

Issues

1. The quantification of benefits has been extremely conservative. With an anticipated £0.5 - 1bn MTIC VAT fraud problem only £6.8 - 13.5m has been identified as realisable benefits. There has to date been no consideration of changing the current VAT registration process using an ID Card scheme.
2. There are fraud problems with both tax credits and child benefit, but to date it is not considered by HMRC that ID Cards will have any impact in these areas, although the analysis behind this conclusion has not been shared.
3. There has been no consideration of the potential opportunities for access to HMRC services online using an ID Card scheme, or for expanding the range of services they provide on-line.
4. To date there has been no consideration of operational efficiencies that will occur through the use of an ID Card scheme in the business processes.
5. Benefits around improved data sharing from the NIR were initially identified but have been withdrawn on the grounds that most will be pre-empted by current HMRC data-cleansing. HMRC are involved in employer ID card process and NINO allocation design, since they hope to derive some indirect benefits in data quality.
6. The reduction in money laundering has not been quantified and therefore the subsequent impact upon the economy is not articulated.
7. There is recognition that the ID Card scheme would be of value in providing a better intelligence picture for HMRC operations; however, there is little understanding of how this would be *practically* used.
8. There has been little consideration about how frontline HMRC officers could use ID Card readers in tackling their problem areas.

Recommendations

1. HMRC need to conduct a thorough detailed analysis of the impact on all business processes of introducing ID Cards to identify whether benefits exist or not and how they may be realisable. A useful start might be to work through the special powers we have given them in the Bill (Clause 19(4)).
2. HMRC need to consider how they could radically change their business processes to realise the full potential of the ID Card scheme. Additionally, benefits through improved data sharing should be quantified and declared. It may be possible to invite the National Audit Office to review the potential for the ID cards scheme to reduce fraud and improve efficiencies in HMRC business.

ANNEX B – STATUS, ISSUES AND SPECIFIC RECOMMENDATIONS FOR INDIVIDUAL DEPARTMENTS

DWP

Current position

DWP have been proactively working towards identifying, profiling and planning for Benefits Realisation. This is currently being carried out at a central programme level, which is looking at the feasibility of implementing the ID Cards into DWP Businesses and their processes. In conjunction with the Programme the individual businesses may also undertake feasibility, which will investigate the potential for further process efficiencies. This will be co-ordinated by the programme to produce the following:

1. DWP ID Card Strategy,
2. High Level Business Requirement,
3. Benefit Realisation Plan.

Issues

Process related benefits have not yet been fully explored.

Recommendations

1. DWP continue with their current plans to take forward the ID Card programme

ANNEX B – STATUS, ISSUES AND SPECIFIC RECOMMENDATIONS FOR INDIVIDUAL DEPARTMENTS

DCA

Current position

Extensive research has been carried out with regards to fine enforcement and recovery. As part of the analysis to look at strategic benefits across the Criminal Justice System, further benefits around identification of jurors, defendants and witnesses have been identified, alongside possible improvements in enforcement activities. Additionally, initial discussions have commenced on how ID Cards can support voting and voter registration.

A SRO has recently been appointed to oversee DCA's activity with regards to ID Cards, and engagement with the ID Cards programme has commenced.

Issues

1. The benefits identification work has largely just covered fine enforcement and recovery. There are many other areas of benefits which need to be quantified.
2. There needs to be consideration given to increased availability of online services with the introduction of an ID Card Scheme.
3. As well as consideration of the impact on core activities, there needs to be consideration of improved operational efficiencies.

Recommendations

1. DCA to carry out a thorough analysis of benefits across all businesses.

ANNEX B – STATUS, ISSUES AND SPECIFIC RECOMMENDATIONS FOR INDIVIDUAL DEPARTMENTS

DVLA

Current position

DVLA has provided qualitative benefits around all driving licence applications with broad estimate of the value at £5.5m. We have now had DVLA's agreement to recommence discussions on benefits and more importantly to initiate their work on quantifying the benefits.

No discussions have been held with the Vehicle and Operators Services Agency (VOSA).

On wider DfT areas, no benefits have been proposed.

Issues

1. Benefits have not been quantified.
2. Whilst DVLA have openly discussed the opportunities of using the ID Card scheme to obtain data and photographs online, and the future of online applications, these have not been agreed as future benefits of the scheme.
3. DVLA are moving to person centric database (previously a vehicle centric database) which must be enhanced with an ID Card scheme, but as yet not agreed.
4. DVLA currently employ one section to check foreign passports, documents etc for authenticity. The ID Card scheme must offer operational efficiencies in these areas especially once residence permits/ID cards become mandatory for Third Country Nationals (TCNs) from 2008, so as no TCN should be able to get a driving licence without one.
5. DfT Transec are considering altering their policy for airlines and ports and introducing the need for biometric access control systems. The potential costs to DfT are not available. Such a policy change will place a new burden on the air and sea sectors which the ID Cards scheme could alleviate.

Recommendations

1. DVLA to carry out a thorough, quantified analysis of benefits across their business. With particular attention to the future online opportunities, data sharing/cleansing and business efficiencies.
2. DfT Transec to review the opportunities afforded by the ID Card scheme in achieving their objectives for air and sea port security.
3. Identify the senior responsible level within VOSA for benefit identification discussions and to progress the same.

ANNEX B – STATUS, ISSUES AND SPECIFIC RECOMMENDATIONS FOR INDIVIDUAL DEPARTMENTS

DEFRA

Current position

There has been limited engagement between the ID Cards team and DEFRA, focused around rural proofing rather than identification of benefits.

Issues

1. There is no benefits case for DEFRA.

Recommendations

1. DEFRA to appoint an SRO and undertake a detailed analysis of the benefits through the introduction of ID Cards.

ANNEX B – STATUS, ISSUES AND SPECIFIC RECOMMENDATIONS FOR INDIVIDUAL DEPARTMENTS

DFES

Current position

DfES have identified a number of areas where ID Cards may impact their business, including easier ID checking for HE student finance, improved ID checks at enrolment to FE and improved data exchange between HE institutions. Some analysis has been undertaken to quantify these benefits.

Issues

1. There are synergies between the Youth Opportunities card and ID Card scheme which could be exploited, but these cannot be agreed with DfES.
2. Our view is that strategic benefits are yet to be fully identified. In particular the support that ID Cards may give to implementing Bichard Enquiry recommendations within DfES have yet to be identified.

Recommendations

1. DFES, and CRB analyse the implications of the ID Card scheme with respect to the Bichard Enquiry recommendations – considering in particular the Vetting and Barring Scheme proposed for DFES.
2. Appropriate Senior DFES and Home Office representatives meet to produce proposal for dealing with YOC and ID Cards issue.
3. Investigate further how improved data sharing could impact DFES business, and through that the possibility of identifying further benefits.

ANNEX B – STATUS, ISSUES AND SPECIFIC RECOMMENDATIONS FOR INDIVIDUAL DEPARTMENTS

DH

Current position

DH has identified and quantified four main areas where ID Cards may impact health service business, including demonstrating patient eligibility, improved access to health services, establishing patient identity in emergency situations, and NHS data quality improvements. The key benefit area for the NHS is demonstrating eligibility.

Benefits to pharmacies were considered, however the NHS Counter-fraud and Security Management Service advise that there is little identity fraud in this area, but rather patients falsely claim that they are entitled to income-related benefits. Consequently, without any eligibility checking mechanism, ID cards would be of limited use.

The benefits case, previously agreed has been withdrawn whilst being reviewed by DH Ministers. This situation has been ongoing since June 2005.

Following discussions between the Home Secretary and the Secretary of State for Health on 15 November 2005, the DH approved benefits case is expected.

Issues

1. There are opportunities to use the ID Card scheme to control both patient and staff access to records held on DH central database. To date these opportunities have not been recognised by DH.

   DH's Agency NHS Connecting for Health is driving forward a £6bn programme of modernisation of NHS IT. That programme is said to be making good progress however clinical support for the programme is critical. DH believes that any real or apparent linkage to the ID Cards programme would put this clinical support at risk.

Recommendations

1. DH Ministers to agree their benefits case for inclusion in the ID Cards scheme business case.
2. DH to investigate scope for linkage between Connecting for Health and ID Cards in controlling online patient and staff access to records..
3. DH to commit to benefits realisation planning in early 2006.

ANNEX B – STATUS, ISSUES AND SPECIFIC RECOMMENDATIONS FOR INDIVIDUAL DEPARTMENTS

ODPM – (Local Government / Government Connect)

Current position

The relationship between the ID Card Programme and ODPM is focused around the Government Connect Programme. This programme is a partnership between local authorities, ODPM and the e-Government Unit of the Cabinet Office. Bolton Metropolitan Borough Council is the lead local authority leading delivery management and the project is funded by the ODPM Local e-Government programme.

Government Connect's purpose is to help local authorities to improve their efficiency and connect more effectively with their customers, with each other nationally and with central government.

The use of Local Authority smart cards, now being developed and branded as GCsmart, has evolved over time and has been integrated into Government Connect. The National Smartcard National Project (NSCNP) was funded by ODPM as part of Local e-government programme in response to strong representations from local authorities about the failure of existing smart card systems available on the market to be used together.

The most recent discussions between ODPM and ID Cards Programme occurred on 14 November and agreement was reached that both departments work through a memorandum of common understanding to be finalised by the end of the year.

Issues

1. Despite extensive engagement at official level no tangible benefits have featured in the benefits case. This is primarily for two reasons:
   - It is difficult to produce an agreed benefits case covering all authorities with no central mandate to push decisions down to local level.
   - Engagement with individual authorities has been put on hold pending our discussions with the Government Connect Programme on how the two schemes will fit together.
2. Government connect card is fundamentally an entitlement card for local services. However, Government Connect are exploring the opportunities of including biometric identifiers on their card which effectively turns this card into a pseudo identity card. This could then become a card which organisations start to accept as an identity card despite LAs having none of the legal powers to verify a person's identity and to issue them with identification documents therefore imposing a risk of increased ID fraud – if such a card specification exists it needs to have wording like the Immigration and Nationality Directorate's ARC i.e. that the card does not constitute proof of identity.
3. There are opportunities to use the ID Card scheme as a precursor before issuing the Connect card, but these have yet to be agreed.
4. DWP have identified significant opportunities for preventing fraud in the area of Housing and Council Tax Benefits but there is no Local Authority position

on how this will be achieved. DWP are responsible for these benefits, however LAs are their agents

5. There is fraud within the area of council tax benefit but to date there is not a quantified benefit from Local Authorities. The Audit Commission may be able to provide assistance in this area
6. There are benefits in data sharing with electoral registration officers but to date these have not been agreed.

.Recommendations

1. ODPM to identify a process by which a formal benefits appraisal can be undertaken by Local Authorities and signed off. Suggest working with two or three Councils and the output shared with and signed off by the LGA Committee.
2. ODPM/LA review the need to fund the inclusion of biometrics on the Connect card and assess the ID fraud risks
3. Government Connect Board and ID Cards to **formally** agree the synergy between the two programmes and ensure distinct boundaries are defined.
4. Government Connect is designed to use an ID Card as a means to authorise the issuing of an entitlement card. When ID Cards are compulsory they shall be the primary mechanism for obtaining entitlement cards.
5. That Government Connect is designed to enable citizens to use ID cards as a means for accessing online services through Government Connect enabled local authority web sites
6. That ODPM invites the Audit Commission to review the potential for the ID Cards scheme to reduce fraud in LA business.

ANNEX B – STATUS, ISSUES AND SPECIFIC RECOMMENDATIONS FOR INDIVIDUAL DEPARTMENTS

ONS

Current position

Benefits around improved data sharing and improvements to statistics, in particular efficiencies in undertaking the Census, have been identified and quantified.

Issues

1. There may be other areas of benefits more specific to the GRO, in particular registration of deaths (and then quickly propagate that to all of the government service providers) that have not been fully explored

Recommendations

1. That GRO appoint an SRO to undertake a detailed analysis of the benefits of the introduction of ID Cards.

ANNEX B – STATUS, ISSUES AND SPECIFIC RECOMMENDATIONS FOR INDIVIDUAL DEPARTMENTS

Cabinet Office

Current position

There have been high level discussions with Cabinet Office how Government Gateway could be used to migrate users from the current GG registration model to an ID Cards world.

Issues

1. Detailed discussions of how changes to the government gateway can impact existing processes and enable other processes to be adopted have not been undertaken with OGDs.

Recommendations

1. Discussions need to be taken forward in more depth to enable all government departments to explore potential benefits of an ID Card enabled government gateway mechanism

ANNEX C – SRO STATEMENTS OF CURRENT POSITION AND COMMITMENT LEVELS RELATING TO INDIVIDUAL DEPARTMENTS

ID Cards Ministerial Committee's Report to the Prime Minister – contribution from Home Office and agencies/directorates (including UKPS, CRB, NOMS, Police Sector, Immigration & Nationality Directorate

1. Details of accountable SRO

The SRO for the Home Office (and it agencies) is the Chair of the Home Office Strategic Information Systems Group (HOSIS).
Martin Bryant, Director of Strategy of SPT, currently undertakes this role.

2. Current position

- Each of the Home Office businesses has carried out benefits identification work. These have been articulated in the relevant Benefits Profiles and those which are quantifiable feed directly into the Business Case.
- The provisional figure for the benefits of identity cards in the Home Office is currently in the region of £72-£107 million. Only a small proportion of this sum is cashable.
- The SRO is broadly content that the work done thus far accurately captures the potential benefits, given the relative uncertainties around aspects of the scheme.
- The next stage of development (i.e. Benefits Realisation Planning and Mapping) will build on the existing benefits plans and will link benefits from proposed ID card services through to departments' strategic objectives and cross-government PSAs, where appropriate.
- This Benefits Mapping work may also uncover other areas of benefit which have not yet been identified.
- On a corporate level, the Home Office is fully committed to the ID cards scheme from initial commencement date and individual agencies will start to realise some early benefits from this date. However, given the enforcement nature of many HO agencies, most benefits will not be realised until comprehensive card coverage is reached.

3. Opportunities for transformational change

A number of potential opportunities across HO businesses are currently being discussed; however these will be investigated further during the detailed Benefits Mapping phase – timings of which is outlined in the table below.

4. Level of commitment

- The Permanent Secretary has carried out focus meetings with all HO agencies
- The overall SRO (Chair of HOSIS) will continue to work closely with each departments nominated leads for ID cards, to ensure relevant resources are made available in order to achieve the required deliverables within the timescales
- The level of commitment currently varies between departments, but this is indicative of the different stages that each department is at in terms of benefits planning

- The CRB have already committed resources in the form of a project team, the Police are starting to discuss the way forward, whilst other departments have not yet identified any dedicated resource.

5. & 6.Timescales and Plans for delivery of finished product

	Work Plan Agreed	Benefits Mapping Workshop	Benefit Realisation Workshop	1st Draft for comment	Baselined Map and Plan
CRB	Completed	December	December	January	February
Police	Completed	January	January	February	March
IND	January	February	February	March	April
NOMS	January	February	February	March	April
CJIT	January	February	February	March	April

7. Maintaining SRO accountability across benefits realisation timelines

- The Chair of HOSIS will continue to maintain SRO accountability at strategic level and will link up through the senior leads from all the Home Office departments.
- Depending on the governance arrangements at departmental level, handover will be managed appropriately in accordance with the programme delivery timelines.

ANNEX C – SRO STATEMENTS OF CURRENT POSITION AND COMMITMENT LEVELS RELATING TO INDIVIDUAL DEPARTMENTS

ID Cards Ministerial Committee's Report to the Prime Minister – contribution from HMRC

1. Details of accountable SRO

Steve Lamey, HMRC Chief Information Officer
Steve.Lamey@hmrc.gsi.gov.uk, 0207 147 3174, PA 0207 147 2129)

2. Current position

In the time available since taking on the SRO role, I have only formed an initial view of the current and future possibilities. What follows has yet to be cleared with the Paymaster-General, who has shown considerable interest in ensuring that benefits offered are well-founded. This is particularly true around estimates of benefits from reduced identity fraud.

In the first analysis, I expect there to be benefits from

- Better designatory data maintenance on HMRC systems, for example from address updates from the ID Register. The size of those benefits depends on the extent to which the Register does consistently maintain and distribute changes of circumstances.
- More accurate employer returns through authorised employers downloading accurate designatory data from the Identity Register. The extent of this benefit depends on the usage of such a facility by employers. That, in turn, will depend on the ease of authentication and the charging structure, if any, employers face for using the service.
- Faster allocation of National Insurance Numbers to adults. The main benefits from this accrue to DWP and to employers, but there should be indirect benefits to HMRC in terms of more successful allocation of tax and contributions payments. The extent of such benefits depends on how great an improvement the Identity Agency achieves in speed of NINO allocation.
- Availability of information to deal with criminal activities and activities subject to penalty.

These benefits go with the grain of departmental objectives, though to some extent will be overtaken by HMRC's own shorter-term solutions to data problems. They also are consistent with the Transforming Government Strategy and with reducing burdens on business. On current understanding, I believe that we should commit to taking designatory data and other feeds from the Identity Register.

3. Opportunities for transformational change

I understand that there have been long and essentially sterile discussions between former C&E and Home Office about past benefits attributable to the role of ID Cards in combating identity fraud. More generally, the approach of asking individual departments to develop their own silo solutions does not appear to have been very productive. By contrast, the adult NINO allocation example is a genuinely

transformational one that we have encouraged for many months. I suspect it is no coincidence that this is an example of a new process in one Department completely displacing the existing process in another.

Tentatively, HMRC have suggested examining the main new tools and processes to be built by the ID Card Programme, to see how they might be used to achieve a similar step change rather than evolutionary improvement in other Departments' processes. A possible example we have suggested, though have not yet run through any viability analysis, is around the improved NINO tracing service we are encouraged (by Lord Carter as well as some employers) to offer to employers. A barrier to delivering that would be the reliability of our authentication of bona fide employers.

If the ID Card Programme developed early authentication methodology, in a form that could be used to access existing and fully-populated HMRC or DWP designatory databases, then employers could more confidently be offered a way of getting the key identifier for HMRC and DWP business. However, both sides would need to address the funding model of any such service. Employers would not necessarily welcome the replacement of a free NINO tracing service by a faster but charged service.

DWP and HMRC Ministers have agreed that their officials should look at the case for wider use of the NINO as a government identifier. If Ministers agreed that some such wider use should happen, and to the extent that other users successfully mapped their data against that for the NINO, then cross-Government data-sharing benefits could arise in advance of the ID Card and Register becoming established. However, the migration from such a position to a full ID Card world would need the most careful consideration. It would be all too easy for such early benefits to undermine the case for the ID Register. Ministers need to accept the risk that study of data and infrastructure sharing will show faster and more secure returns by building on existing investment rather than on long-term ID Card deliverables.

HMRC and its predecessors have long noted that we do limited face-to-face business, but a lot of telephonic and internet remote access. Accordingly, the possibility that ID card processes could be demonstrably better than (not just different from) our current remote authentication would be attractive. This would be new central infrastructure. So we were pleased that the papers for the last McNulty Group meeting adopted our view that eGU should lead work on the case for a Government Gateway enabled by ID Card or Register processes. Again, though, this work needs to address the funding mechanism. Further, and no doubt in common with other users, I would need considerable reassurances about the robustness of Home Office technical solutions to identity before I could responsibly recommend to my Minister that she should adopt them.

4. Level of commitment

The initial task is around high-level architecture and business design, plus continued iterative work around the potential use of what in detail Home Office plan to put out to procurement. I am therefore prepared to commit high-quality architecture resource,

albeit in small numbers. As for potential delivery, my Minister would need to consider my advice on capacity contention even if appropriate new funding were forthcoming, for example in the context of the CSR

5. Timescales

I am conscious that Home Office need to be highly focused on the procurement timelines. So within reason, we will attempt to work within the timetable set by Home Office Ministers, provided they accept the limitations on the analysis and business case that may result. For example, the viability analysis and business case development will, on this timescale, be well below the standard we would expect for investment of our own instigation. That will be true even if we displace, as I am prepared to do, work with currently more proven business business benefit

6. Plans for delivery of finished product

I interpret this to refer to having baselined plans rather than true deliverables by next May. Again, if this is genuinely the latest date for such plans, we will do our best to deliver within that timeframe

7. Maintaining SRO accountability across benefits realisation timelines

I confirm that HMRC will maintain continuity, commensurate with what needs to be delivered.

ANNEX C – SRO STATEMENTS OF CURRENT POSITION AND COMMITMENT LEVELS RELATING TO INDIVIDUAL DEPARTMENTS

ID Cards Ministerial Committee's Report to the Prime Minister – contribution from DWP

1. Details of accountable SRO

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2. Current position

[What is SRO's view regarding current benefits case and identified benefits profiles – in context of both strategic cross-government fit, and in respect of departmental current and future objectives, policies, legislation/directives and strategies. State current commitment to use the scheme and when from.]

DWP will use the ID Card from the outset of the scheme in 2008, although this will be limited to face-to-face transactions in the early years, as we understand that the Home Office identity verification service will not be fully functional until tests have been completed in 2010. Once the Home Office introduce the identity verification service it is anticipated that DWP will introduce biometric checking into appropriate transactions with customers.

The DWP ID Card Project Team has been mandated by DWP Executive Team to engage all DWP Executive Agencies and Businesses in identifying and developing the opportunities to transform its business methodologies as a result of the introduction of ID cards. This is being developed through the following strategic aims:

- Identify opportunities to develop improvements in customer services
- Identify the opportunities to develop improvements in verification and business process across DWP
- Identify opportunities to reduce the losses arising from identity (and other) fraud and quantify the potential savings to DWP in this area.

The current DWP ID Card benefits case shows saving of up to £100m p.a. under full compulsion, broken down as follows:

ANNEX C – SRO STATEMENTS OF CURRENT POSITION AND COMMITMENT LEVELS RELATING TO INDIVIDUAL DEPARTMENTS

£20–50m Identity Related Benefit Fraud Losses

The introduction of the Identity Card into DWP Businesses and processes is expected to reduce/negate the ability of individuals to have more than one identity and therefore multiple fraudulent claims to benefit. It is anticipated that the Identity Card will be required to verify identity at the outset and during the life of the claim.

£7.5m Alignment of Adult NINO Allocation Evidence of Identity Interview

DWP bases the alignment of the Adult NINO Allocation Evidence of Identity Interview saving upon the assumption that the Home Office will complete evidence of identity interview. This should ensure that another government department does not duplicate the Evidence of Identity Interview process. This work is ongoing with HO ID Card Scheme, IND and UK Visas

£7m Alignment of Adult NINO Allocation Backroom Processes (awaiting agreement with Jobcentre Plus)

The alignment of the Adult NINO Allocation Backroom Process saving is based on the assumption that the Home Office will undertake the backroom process checks instead of DWP. Again ensuring that there is no duplication of processes.

£5-10m Living Together / Partner Fraud

Address data stored on the National Identity Register (NIR) could help in detecting Living Together fraud and error cases. The assumption is that address data from other government departments will feed into the NIR and hence discrepancies between declared address and real address may be highlighted

£10-20m Housing Benefit Fraud/Non Residency / Household Composition Overpayments

It is assumed that the ID Cards Scheme could make a significant contribution to reducing the losses in this area. Similarly as for Living Together fraud, address data could also assist in tackling Non Residency / Household Composition in Housing Benefit (HB).

£5m Housing Benefit Identity Fraud Losses

The introduction of the Identity Card into DWP Businesses and processes is expected to vastly reduce the ability of individuals to have more than one identity and therefore multiple fraudulent claims to benefit. It is anticipated that the Identity Card will be required to verify identity at the outset and during the life of the claim. We have initiated cross-Government activity with Local Authorities to take this forward.

The savings identified so far are, for the most part, in the counter fraud arena and this sits squarely within the key drivers for the scheme. The ID Card will provide DWP with an effective counter fraud tool, but we recognise that usage should not be limited

to this. We are now working with DWP Executive Agencies and Businesses to establish how the ID Card can provide easier access to DWP benefits and services.

The direction of travel for DWP Executive Agencies and businesses is to reduce face-to-face contact with our customers to essential transactions only. Generally speaking we will be looking to increase the amount of contact centre and e-channels activity. In terms of strategic approach the ID Card provides the opportunity, in the longer term, to introduce a single identity token for use across all DWP access channels. In this sense it could be said to actively complement the long term DWP strategic approach to customer management and identity management.

DWP ID Card project is working closely with the Home Office to ensure that:

- DWP needs and technical requirements are fully assessed and accommodated
- All opportunities and risks for DWP from the introduction of a National Identity Card are fully identified
- DWP's interests and requirements are effectively represented and communicated at cross-government forums
- DWP contributes its customer facing expertise and experience to the issues arising – e.g. costs of cards to low income groups

As the Home Office further define the ID Card Scheme, the DWP Benefits Case will be regularly reviewed by both parties to reflect any additional opportunities/ savings /costs.

3. Opportunities for transformational change

[What opportunities does SRO see in context of (a) current benefits, and (b) further benefits that need to be identified – both quantifiable and non-quantifiable?]

We have developed a number of high-level scenarios setting out how DWP might use the ID Card across all access channels in the future. We are now working with Executive Agencies and Businesses to establish the extent to which the ID Card can transform business processes. The ID Card will provide DWP with the opportunity to replace the range of documents we currently accept as evidence of identity with a single, highly secure identity token that can be used across all of our access channels. We are working on the full extent to which this will transform our processes and what administrative savings we can quantify from this.

A clear opportunity for transformational change has already been identified. Work is ongoing with the Home Office ID Card project, Home Office Immigration and Nationality Directorate and UK Visas to explore the potential offered through biometric registration and identity verification of foreign nationals for an ID Card, and its alignment to the Adult NINO Allocation process. Current estimates suggest that this will save up to £14.5m p.a. once operational.

ANNEX C – SRO STATEMENTS OF CURRENT POSITION AND COMMITMENT LEVELS RELATING TO INDIVIDUAL DEPARTMENTS

The Project has already established the need for DWP systems to be able to accept the new Identity Reference Number (IRN) in order for the biometrically registered identity to link to the NINO and the benefits systems. A change request has been submitted enabling the new 16 digit number to be included on all new system releases. This early action has ensured that significant future costs have been avoided.

Establishing a link between the new IRN and the NINO will produce, over time, the added benefit of cleansing the DWP Customer Information System (CIS) of duplicate records.

The ID Card will produce quantifiable benefits as a counter fraud tool, but the extent to which it will provide an active fraud deterrent is more difficult to quantify. The ID Card will change the environment the fraudster operates in however, and work is ongoing to assess the impacts.

The ID Card also provides the opportunity to improve the customer experience with DWP. Whilst we may not be able to quantify this in monetary terms it could be quantified in terms of improved customer satisfaction, but clearly this will not be evident for some time.

4. **Level of commitment**

[What resources can SRO commit, initially to develop the action plan mapping, and subsequently to drive the plan forward?]

DWP has provided a high level of commitment to the Home Office scheme from inception of the initiative.

DWP has initiated a discrete ID Card project to drive out the impacts on our business processes and supporting IT. A dedicated team of 22 staff has been set up to run this project, reporting to the DWP SRO. The team are actively engaging with DWP Executive Agencies and Businesses to establish the resource requirements they will need to take forward this work.

A cross- DWP ID Card Project Steering Committee (PSC) has been introduced and the initial meeting was held in October 2005. Representation is provided at a senior level by all Executive Agencies and Businesses. Shirley Trundle, the SRO, chairs the PSC. Regular meeting of the PSC will take place to assess progress with the project and the next meeting is planned for February 2006.

On 12/10/05 DWP ID Card project held a DWP Senior Civil Service (SCS) ID Card Awareness Seminar. The aim was to improve the profile of the ID Card with DWP SCS and to make them aware of the aims and objectives of the DWP ID Card project. James Plaskitt, Parliamentary under Secretary for DWP, attended and set out the Government's vision on ID cards and their deployment across government. Katherine Courtney, the Home Office ID Card Programme Manager attended and delivered a keynote speech about the scheme. She also commended DWP for the level of

commitment shown so far. The event was very well attended by SCS representatives from across all of DWP business and was regarded as highly successful by attendees.

Currently bi-lateral meetings are being held and workshops scheduled with the DWP Executive Businesses and Agencies to establish impacting, feasibility, development and implementation activities, which will report vial a single point of contact to the overarching DWP ID Card Project Team.

An existing Business Case is in place to cover 2005/06 and this will be developed for future years.

5. Timescales

[Deliverables for this are:

- *the Benefits Realisation Plan;*
- *benefit dependency maps; and*
- *the internal plan for sign off at Ministerial level]*

DWP already has an outline benefits realisation plan, which mainly centres on counter fraud savings. We aim to enhance this with a first cut outline of further administrative savings around process efficiencies by early April 2006, to provide enough time for Ministerial clearance before submission to the Home Office. Similarly we will also produce benefit dependency maps and an internal plan for sign off at Ministerial level at the same time. The April deadline will allow time for submission to Ministers and subsequent amendment should this be needed.

The DWP deliverables provided will be the first iterations of these products. As more information about the scheme becomes available DWP will amend and update the products to take account of the emerging position.

6. Plans for delivery of finished product

[Deliverables for this are:

- *the Benefits Realisation Plan;*
- *benefit dependency maps; and*
- *the internal plan for sign off at Ministerial level]*

[Identify clear timescales for all deliverables which will ensure completion by the earliest possible date – latest by 1 May 2005.]

[Please provide explanation for timescales articulated.]

DWP is the largest Department in government, and producing the deliverables outlined above will require extensive work across all our Executive Agencies and Businesses. All deliverables will be produced by the latest date of 1 May 2006.

7. Maintaining SRO accountability across benefits realisation timelines

[Confirm arrangements for maintaining SRO continuity or handover through programme delivery and beyond.]

The DWP SRO sits on the Home Office Strategy Board and Chairs the DWP ID Card PSC. There are no plans to change the DWP SRO in the immediate future. Should change take place the Home Office ID Card project should be assured that the DWP SRO representation would continue to be at SCS Director level.

ANNEX C – SRO STATEMENTS OF CURRENT POSITION AND COMMITMENT LEVELS RELATING TO INDIVIDUAL DEPARTMENTS

ID Cards Ministerial Committee's Report to the Prime Minister – contribution from DCA

1. Details of accountable SRO

The SRO is Clare Moriarty, Constitution Director. Email: clare.moriarty@dca.gsi.gov.uk. Telephone number: 0207 210 1440

2. Current position

DCA initially identified five areas of potential benefit from the use of ID cards: **fine enforcement, e-conveyancing, voter registration, voting and witness and juror identification.** Subsequently a potential cross government benefit has been identified related to **online services**. The majority of benefits for DCA will occur once ID cards become compulsory.

My assessment of the current case is as follows:

Fine Enforcement

- Effective fine enforcement supports DCA objectives to:
  - increase year on year the level of satisfaction of users by taking speedy, high quality decisions and reducing unnecessary delay and cost and ensuring that outcomes are enforced effectively (PSA target 4 of SR02)
  - reassure the public, reducing the fear of crime and anti-social behaviour and building confidence in the Criminal Justice System without compromising fairness (PSA target 1.2 of SR04)
  - build respect for the authority of the court (May 2005, *Making a Difference*)
- The use of ID cards and the NIR offers scope to improve fine enforcement in:
  - Magistrates Courts: reliable identity verification at the point of imposing a fine would reduce the opportunity both for individuals to give false information initially and to avoid payment subsequently
  - Civil Enforcement
  - Fail to Appear and Breach warrants
- Potential benefits after 10 years have been quantified at £84.4M subject to stated assumptions including compulsory ID cards and the availability and use of ID card readers by police.
- We are ready to move on to more detailed benefits realisation planning for this element. Work on mapping the benefits, through workshops will take place in the New Year.

E-Conveyancing (Land Registry)

- The policy on e-conveyancing stems from a Law Commission report in 1997 arguing that conveyancing services should be adopting electronic forms of working. This was endorsed by the Lord Chancellor and accepted by Parliament. As a consequence Land Registry's 10-Year Strategic Plan (Strategic Objective No 4) is to introduce an electronic conveyancing system through which most property transactions will be effected.

- E-conveyancing will require a strong fraud-proof e-signature system. To support this there will be a need for robust and reliable individual identity verification. The ID card is an obvious candidate, especially if it includes an electronic signature that met Land Registry's requirements in respect of land transactions.
- Potential benefits include
  - reduction in fraud in property transactions (infrequently but high value)
  - reduction in money laundering
  - reducing the burden of the verification process required to issue an e-signature
  - cross-government strategic fit from using ID cards and the NIR in this area.
- Issues still to be resolved include the usability of ID cards and their level of security. There is scope to move forward to the benefits realisation planning element of this policy. Mapping workshops will be taking place with the Home Office in the New Year.

Voter registration

- The Electoral Commission estimates that some three million people are not on the electoral register, mostly young, socially excluded and/or from certain BME groups. The register is the foundation stone for people's ability to exercise their right to vote. Increasing voter registration supports DCA's objective of enabling the development of democratic institutions that command public confidence (Strategic Objective 3, SRO4).
- Registration levels could be improved by using the NIR as a source of data on people eligible to vote. In the short term, before ID cards are compulsory, the NIR will not be comprehensive but would still offer an important data source for Electoral Registration Officers (EROs) to identify people who should be registered and/or verifying entries by cross-checking data. A comprehensive NIR, i.e. once ID cards are compulsory, could substantially replace the electoral register as the vast majority of people eligible to vote would be on it.
- Benefits would arise from extending the coverage of the electoral register. Use of the NIR data could lead to eligible people currently disenfranchised by not being on the register – who are disproportionately from disadvantaged groups – having the means to vote. In the longer term, using the NIR to generate the electoral register could remove the need to carry out an annual canvass, very roughly estimated at a cost of £56M per year. Appropriate arrangements would be needed for UK nationals overseas, foreign nationals in the UK who are entitled to vote in European elections and potentially for sixteen year olds who are included on the electoral database but may not be on the NIR system. .
- There is scope to move forward work in this area, to carry out a cost-benefit analysis and to continue work on the benefits realisation planning element and mapping exercises.

Voting

- The Government is working to increase access, participation and security in voting as part of developing democratic institutions that command public confidence. We are also committed to ensuring that we have a fully e-enabled government, including elections from sometime after 2006.
- There is scope to support this objective through use of ID cards

  - to confirm identity for voting in person at a designated polling station and voting at any polling station through secure network e-voting
  - as a credential system for home based internet e-voting.
- Potential benefits include improved voting security, leading to increased confidence in the system, and higher turnout particularly amongst young people through facilitating the use of e-voting and personal voting at a convenient polling station. In the (much) longer term, there are potential cost savings through promotion and ease of use of e-channels as this means that traditional polling station usage would fall and costs could be saved by reducing their availability.
- In advance of ID cards being compulsory, possession of an ID card clearly could not be required in order to vote. The narrower issue of making this a prerequisite for e-voting would also need further consideration as it could limit the use of this channel, contrary to the policy of increasing participation.
- There is scope to move forward work in this area to a more detailed benefits realisation planning. Mapping workshops will also be taking place in the New Year.

Witness and Juror Identification

- ID cards could be used as a means to provide definitive confirmation of identity for court attenders. However, there is no evidence that personation of witnesses/jurors is currently a problem, so ID cards would bring no obvious benefit
- We do not intend to pursue this further at this stage. However, we would expect courts to accept ID cards as proof of identity, on a par with say passports, and will be considering whether there are any issues arising from this.

Online Services

- DCA has been developing online services in line with its objective to increase year on year the level of satisfaction of users by taking speedy, high quality decisions and reducing unnecessary delay and cost and ensuring that outcomes are enforced effectively
- All such systems need a credential system and again the ID card is a candidate for this, allowing interface with the Government Gateway. For future developments such as Electronic Filing of court documents, ID card/NIR compatibility can be designed in from the start with no explicit cost.
- The *Possession Claims Online* service, currently in development, will be linked to the Government payment engine. ID card/NIR compatibility could be built in at low cost provided that payment/authentication services are integrated with ID cards
- Adapting DCA's existing *Money Claims Online* service to use ID cards as the basis of a credential system would cost £0.5m to £1m, but this would probably be unnecessary given the lead time for ID cards
- Benefits would be chiefly in terms of cross-government strategic fit. Moving to ID cards as a uniform credential would also ensure that DCA services remain fit for purpose as public expectations of online security rise.

3. Opportunities for transformational change

- The use of ID cards for fine enforcement would improve effectiveness but does not represent transformational change. The development of e-enabled government is transformational in its scope but in the areas identified (e-conveyancing, e-voting, online services) ID cards are facilitative rather than fundamental to the policies.
- The benefit area where change could be really transformational is in registration where, if ID cards are compulsory, the NIR could replace the electoral register and remove the need for an annual canvass. This would represent a major shift in the way that we approach registration and avoid disenfranchisement of disadvantaged groups, while also offering the potential for substantial cost savings.

4. Level of commitment

- The DCA does not have any specific team working solely on developing the plan of benefits for ID cards. Work is taking place across the department but all the staff working on it will also be working on other areas. On co-ordination of the DCA work a SRO has been appointed and one team member works part-time on it with her. Members of staff in the areas with the main benefits of ID cards are engaged in the work on ID cards.
- We will evaluate the need for resources to drive forward the plan once the planning stage is further advanced.

5. Timescales / Plans for delivery of finished product

- Work on the Benefits realisation plan and Benefit Dependency maps is ongoing with the Home Office. The aim for establishing a Benefits realisation plan and Benefits Dependency maps is May 2006. Mapping workshops to feed into this work will be taking place with the Home Office in early 2006.
- Ministers will continue to be involved in key decisions.

6. Maintaining SRO accountability across benefits realisation timelines

- We are committed to ensuring that the DCA carries out the work necessary to realise any benefits that are identified during the benefits planning and mapping exercises. We will access specific realisation timelines and SRO accountability once we are further advanced in the benefits planning and mapping process.

ANNEX C – SRO STATEMENTS OF CURRENT POSITION AND COMMITMENT LEVELS RELATING TO INDIVIDUAL DEPARTMENTS

ID Cards Ministerial Committee's Report to the Prime Minister – contribution from DfT and agencies

1. Details of accountable SRO

Stephen Hickey, Director General DVO Group
Room 5/20, Southside, 105 Victoria Street, London SW1E 6DT
Tel: 020 7944 5459
Email: Stephen.hickey@dft.gsi.gov.uk

2. Current position

[What is SRO's view regarding current benefits case and identified benefits profiles – in context of both strategic cross-government fit, and in respect of departmental current and future objectives, policies, legislation/directives and strategies. State current commitment to use the scheme and when from.]

The Department for Transport has worked extremely closely with the ID Cards Programme to identify and quantify benefits in relation to production and issue of driving licences. The DVLA Benefits Case is in draft with completion planned for February 2006.

The main potential benefit is that applicants for driving licences would not need to provide identity documents to DVLA, who would instead simply check the National Identity Register. However, some of the benefits will be realised in advance of ID cards through an equivalent process between DVLA and UKPS. Introduction of the NIR would extend this and add qualitative improvements, including biometrics, which could not be cost-justified for driving licences in isolation. It will, however, mean that driving licences become more secure – and less likely to be used for identity fraud – than at present. The current estimate is that DVLA will achieve savings of around £5.5m pa in steady state, but this estimate is to be refined. The charging regime for access to the NIR will be an important consideration.

The second potential benefit already under discussion between DfT and the ID Card Programme concerns ID card production. DVLA is establishing secure card production facilities (for digital tachograph cards as well as the next generation of driving licences). There may be whole-of-Government efficiency opportunities if this capability was also used for ID cards.

3. Opportunities for transformational change

[What opportunities does SRO see in context of (a) current benefits, and (b) further benefits that need to be identified – both quantifiable and non-quantifiable?]

(a) The proposed changes in the driving licence application process above represent a step-change improvement in current processes (eg enabling a fundamentally electronic process as well as building far greater security into the driving licences);

(b) At least two further potential transport opportunities have been identified which merit investigation:

(i) checking of potential recruits for aviation and other transport organisations where security is a significant issue. The availability of the NIR should enable relevant companies to reduce the risk of employing individuals with false identities;

(ii) the potential use of the ID card as a general purpose travel card for bus, train and tube travel. DfT is working with local authorities and has published a standard software package known as ITSO (similar to London's Oyster system) which might be used anywhere in GB. If the package were available on the ID card itself this could make the card very useful and attractive to many, and greatly ease the introduction of electronic ticketing across the country.

These are currently embryonic ideas which will need significant further discussion before we can be confident they will run. The travel card idea, for instance, could require certain physical features in the card, agreement that information about travel and payments may be stored on the card. The published ticketing standard ensures acceptance within compliant schemes across transport authorities.

4. Level of commitment

[What resources can SRO commit, initially to develop the action plan mapping, and subsequently to drive the plan forward?]

DfT does not currently have financial or headcount budgets solely dedicated to ID cards (although DVLA has dedicated a key staff member to this area). An earlier HO budget for feasibility work has not been extended. High-level feasibility work on the options discussed above are expected to be handled by the teams responsible for the relevant areas. Decisions on what resources are needed, and when, to deliver will follow the current benefit assessment work but DfT does not currently have financial and headcount provision for additional, currently unplanned, projects.

5. Timescales

[Deliverables for this are:

- *the Benefits Realisation Plan;*
- *benefit dependency maps; and*
- *the internal plan for sign off at Ministerial level]*

The Benefits Case in relation to driving licences is in draft and due for completion in February 2006. It will then go for Ministerial approval and – if agreed – incorporation into the DVLA Drivers' Reengineering Programme.

The further options identified above will be reviewed between DfT and the ID Cards Programme Team, and discussed with Ministers by April 2006.

6. Plans for delivery of finished product

[Identify clear timescales for all deliverables which will ensure completion by the earliest possible date – latest by 1 May 2005.]

[Please provide explanation for timescales articulated.]

See above

7. Maintaining SRO accountability across benefits realisation timelines

[Confirm arrangements for maintaining SRO continuity or handover through programme delivery and beyond.]

No plans to change DfT SRO responsibility at present.

ANNEX C – SRO STATEMENTS OF CURRENT POSITION AND COMMITMENT LEVELS RELATING TO INDIVIDUAL DEPARTMENTS

ID Cards Ministerial Committee's Report to the Prime Minister

Through no fault of their own, DEFRA has so far not been engaged. Whilst the Home Office does not envisage large scale benefits, this is now currently being followed up with DEFRA.

ANNEX C – SRO STATEMENTS OF CURRENT POSITION AND COMMITMENT LEVELS RELATING TO INDIVIDUAL DEPARTMENTS

ID Cards Ministerial Committee's Report to the Prime Minister – contribution from DfES

1. Details of accountable SRO

Michael Stevenson (CIO and member of the DfES Board).
Michael leads the DfES Technology Group, launched in October 2005 to drive forward an integrated e-strategy – harnessing technology in all its forms to benefit children and learners across all of our business areas. Before October 2005, Michael was already SRO for our ID Cards benefits, through his previous role as Director of Strategy. (Michael.stevenson@dfes.gsi.go.uk)

2. Current position

Identity checking of individuals is important in some of our business areas, for example in relation to:

- FE and HE course enrolment
- applications for various different forms of student finance
- vetting and barring of those working with children and vulnerable adults (the Bichard scheme)

In these areas we have established that ID cards and the National Identity Register (NIR) will offer benefits in streamlining processes, improving customer service and reducing fraud. Our benefits case set out those benefits and has started to quantify them. We intend to use the ID card and NIR for these purposes once it is operational. Our action planning in the coming months will ensure that we are on track to do this.

The age range of the ID card and NIR limits its relevance to our schools and children's services sectors, but our IS index programme (an index for the purpose of sharing information about children between front line practitioners in children's services) maintains contact with the ID card programme to ensure we identify and take advantage of any potential synergies

3. Opportunities for transformational change

We see wider benefits in the NIR facilitating our goal of personalisation. A key part of our five year strategy is making our system more personalised around the needs of the individual learner. A central building block in that is working towards better system-wide identity management of the learner. This means that as they travel through the children's services and education systems we are able, through a single underlying identifier, to provide more effective customer service and more personalised learning through linking up services and transactions in a more integrated way. It will also facilitate more integrated and effective flows of management information to both front line practitioners and policy makers.

We are drawing up a roadmap towards this kind of identity management, building on key programmes such as MIAP (Unique Learner Number under development for post-14 education and skills) and the IS Index mentioned above. As the NIR comes onstream we want to embed it within our own identity management strategy to ensure that they are able to connect in a joined-up way with cross-Government identity management, and we are able to join up services with other Departments wherever appropriate.

4. Level of commitment

Alan Cranston (from Technology Group Senior Management Team) will take operational responsibility for leading the updating of our business case and development of our high-level plan. Alan will lead a virtual team across DfES and key stakeholders already identified in our benefits case to advance action planning.

As part of that process, an operational lead will be appointed in each benefit area, responsible for subsequently continuing to advance benefit realisation, ensuring suitable resourcing, and mainstreaming fully within relevant programme planning and governance structures. Centrally, Michael Stevenson will remain overall SRO, supported in that oversight role by Alan Cranston.

5. Timescales and plans for delivery of finished product

We will agree with the Home Office what format of deliverables would be most effective in advancing benefits planning in DfES. Our current plans are:

- Update DfES business case (1 April 2006)
- Complete and sign off High Level Plan (1 May 2006)

We believe that updating the business case is important:

- to ensure it takes full account of recent developments (e.g. the recent development of Bichard Vetting and Barring scheme for individuals working with children and vulnerable adults)
- provides the best way to review whether we are as ambitious and forward-looking as possible in identifying possible future benefits of ID cards

In parallel with this we will develop a high-level plan (along the lines proposed by the Home Office at the ID Cards Principal User Group) giving a strategic view of the timescales and dependencies – both between our own programmes and with the delivery of the ID card itself.

7. Maintaining SRO accountability across benefits realisation timelines

An integrated approach is needed to realising the benefits of ID cards across our business – whether at the planning stage or in the future delivery stage. We have no plans for change in overall accountability. The overall SRO role for the ID Card programme as a whole will remain with the CIO (Michael Stevenson).

ANNEX C – SRO STATEMENTS OF CURRENT POSITION AND COMMITMENT LEVELS RELATING TO INDIVIDUAL DEPARTMENTS

ID Cards Ministerial Committee's Report to the Prime Minister – contribution from DH

1. Details of accountable SRO

Hugh Taylor, Group Director, Strategy and Business Development Group

Room 422 Richmond House
79 Whitehall
SW1A 2NS
0207 210 5446

Email Hugh.Taylor@dh.gsi.gov.uk.

2. Current position

[What is SRO's view regarding current benefits case and identified benefits profiles – in context of both strategic cross-government fit, and in respect of departmental current and future objectives, policies, legislation/directives and strategies. State current commitment to use the scheme and when from.]

The Department has conducted a benefits study into the potential benefits of an ID card in the NHS. This estimates net benefits of £191m over ten years (2008-2017). The key benefit is in helping police charging arrangements in hospitals and (once proposed new rules are introduced for charging for primary medical care) in general practice. Department of Health Ministers have made it clear that they expect the NHS increasingly to ask to see ID cards as a useful means to help them enforce the charging rules and to confirm identity at key points in the patient's care pathway, in particular at registration with GP practices and at first outpatient appointments.

Looking at cross-government benefits, over 1 million people work within the NHS, and many more in social care. The ID card will play a critical role in improving HR processes, giving extra certainty about employees' identity. Currently, the evidence of identity that HR staff in the employing organisation might request would typically include a passport, photocard driving licence, or birth certificate. A National ID card would give a greater level of confidence and streamline that stage of the process both for the NHS and individual staff who were providing evidence of identity.

There are some areas in which the introduction of ID cards will need very careful handling in relation to the NHS. We are already well advanced with a highly complex and ambitious £6bn NHS IT modernisation programme which is central to our objective of creating a modern, patient-centred NHS. We are concerned that any integration, or perceived integration, of the National Identity Register database, and associated ID cards infrastructure, with the NHS National Care Records Service at this stage would present serious problems.

There are essentially two reasons for this –

- First, it would represent a major risk to delivery. Widening the scope of the programme at this stage would seriously compromise it. The NAO is

reviewing the programme and is likely to be highly critical of any major changes to it at this critical stage.

- Second, opponents of NHS IT modernisation (and of ID cards for that matter) are likely to use any talk of integration, or apparent integration, as "proof" that unauthorised persons will gain access to personal health data. This could seriously damage the reputation of the NHS Connecting for Health programme amongst clinicians and the public, and undermine its delivery. It would also be unhelpful in promoting wider acceptance of the ID card.

3. Opportunities for transformational change

[What opportunities does SRO see in context of (a) current benefits, and (b) further benefits that need to be identified – both quantifiable and non-quantifiable?]

As indicated above, we see the introduction of the ID card as bringing greater security and options for process efficiency in HR processes for NHS and social care staff. We will investigate the scale of the potential efficiencies and savings further. In addition to process efficiencies, the ID card should bring unquantifiable but very real benefits of reassuring the public that they are being better protected – which Home Office research has indicated is a key benefit from ID cards as far as the public is concerned.

It will strengthen the NHS's ability to police charging arrangements. We do not envisage that this will bring very significant financial savings. But it should be a reassurance to the public that the NHS is taking attempts to misuse free NHS treatment seriously. In that sense there will be a very important intangible benefit of strengthening the public's trust that the NHS is not being abused.

NHS Connecting for Health is already delivering benefits through a modernised IT system. This will in time lead to transformation change in the way in which healthcare is delivered. For example:

- clinicians will be able to access patient records, diagnostic images and results 24 hours a day, seven days a week. They will therefore have greater support in diagnosis, through the NHS Care Record and easier access to up-to-date information. Their time with patients will be spent more effectively delivering safer, faster, higher-quality care
- patients will be able to book appointments at the provider of their choice
- the NHS will benefit from time and cost savings brought about by reduced administration and better collection and analysis of information.

For reasons set out above DH Ministers have agreed that there should not be any integration between the National Identity Register and the National Care Record Service.

The Department will review the benefits case, and other benefits areas, to identify other potential areas where re-engineering processes to take advantage of ID cards could bring transformational change.

ANNEX C – SRO STATEMENTS OF CURRENT POSITION AND COMMITMENT LEVELS RELATING TO INDIVIDUAL DEPARTMENTS

4. Level of commitment

[What resources can SRO commit, initially to develop the action plan mapping, and subsequently to drive the plan forward?]

Currently the Department's day to day work on ID cards is handled by a policy branch led at SCS payband 1 level, working with a range of stakeholders across the Department. That SCS postholder reports to the SRO on this work.

The SRO will consider the governance needs of the programme within DH and review the resource needs by the end of January.

5. Timescales

[Deliverables for this are:

- *the Benefits Realisation Plan;*
- *benefit dependency maps; and*
- *the internal plan for sign off at Ministerial level]*

The Department can commit to working with Home Office to deliver the above products by May 2006.

6. Plans for delivery of finished product

[Identify clear timescales for all deliverables which will ensure completion by the earliest possible date – latest by 1 May 2005.]

The deliverables will be available by May 2006.

[Please provide explanation for timescales articulated.]

7. Maintaining SRO accountability across benefits realisation timelines

[Confirm arrangements for maintaining SRO continuity or handover through programme delivery and beyond.]

The Department will maintain a Board-level champion for this programme. Enhanced governance arrangements will be put in place.

ANNEX C – SRO STATEMENTS OF CURRENT POSITION AND COMMITMENT LEVELS RELATING TO INDIVIDUAL DEPARTMENTS

ID Cards Ministerial Committee's Report to the Prime Minister – contribution from ODPM / Local Government

SRO at strategy level has yet to be confirmed by ODPM, and the high level report on the current position and commitment has not been received.

ODPM state they will endeavour to provide the SRO statement by Friday (9 December) morning.

ANNEX C – SRO STATEMENTS OF CURRENT POSITION AND COMMITMENT LEVELS RELATING TO INDIVIDUAL DEPARTMENTS

ONS

1. Details of accountable SRO

Dennis Roberts
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Tel 020 7533 6395
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2. Current position

ONS has developed a close working relationship with the ID Cards team through the work on the Citizens Information Project (CIP). ONS led this initiative that explored the issues around data sharing, address and identity. Much of this work has relevance to the proposals set out in the Bill and ONS has shared the findings of this work with the ID Cards project. In addition, ONS is a member of the ID cards steering group, and the National Statistician and another member of the ONS Executive Board have taken a close interest in this work.

The statistical benefits flowing from the ID Card Bill were identified during the CIP, and have been integrated within the ID Cards business case. These benefits have two main strands: using the National Identity Register (NIR) as a source for improved sampling and contact details, for example in administering the Census; and from replacing or supplementing existing sources of unvalidated data for use in statistical analysis. Full benefits will not be realised until the NIR achieves a high level of coverage, which is expected to be around 2015-2020, however we are keen to explore the potential use of the NIR in the meantime.

In the field of civil registration, the benefits that will flow from the scheme are more limited, although it is expected that access to the Register will help to confirm the identity of those registering key life events. ONS is committed to helping in the processes of validating applications for ID Cards and for helping to ensure that the NIR be kept up to date and notified of cardholder deaths: work on ensuring that we have the powers and the processes to do this effectively will be in place by the time the NIR is established.

3. Opportunities for transformational change

We anticipate that there will be significant changes to the way that population statistics are compiled, but the benefits from the NIR in terms of cost efficiency and policy outcomes, cannot be quantified at this stage; this is longer term.

4. Level of commitment

ONS has devoted very high levels of resources to CIP which has contributed directly to the development of ID Cards. This work has identified the scope for ID Cards to benefit ONS work in the future. At this stage ONS does not consider there is a need to

devote further significant resources to the ID Cards project. This will change once the Bill has received royal assent and the processes to support the issue of ID cards are developed. Currently the resources devoted to the ID Cards Bill amount to about one post, spread across three work areas (statistical policy, statistical development, and civil registration).

The resources related to the 2021 Census benefits will be subsumed in the Census project team, and are not expected to be significant.

On Civil Registration issues, ONS is already working with the ID Cards team to ensure that civil registration processes meets the needs of the NIR.

5. Timescales

- The use of the NIR in the 2021 Census is longer term.
- Changes to civil registration procedures will be in place by 2008.

6. Plans for delivery of finished product

We are working closely with the ID Cards team to help deliver the project successfully.

7. Maintaining SRO accountability across benefits realisation timelines

SRO will remain the function of an Executive Board member of ONS and will be taken account of in future reorganisations of the responsibilities at this level

From: **Kieran Brett**
Date: **4 October 2005**

PRIME MINISTER

cc: **Jonathan Powell**
Ivan Rogers
David Bennett

ID CARDS CAP

You asked for a note on progress on the ID Cards Cap in advance of your meeting with the Chancellor. As set out in earlier notes, HMT are principally concerned not to underwrite the scheme either from the Exchequer or from future Home Office budgets, and on current projections the total deficit amounts to a level between £880 and £962 millions over the lifetime of the scheme (depending on whether the scheme is rolled out over 8 or 10 years, and on modelling assumptions about switching between the combined passport / ID card to the ID card alone). This does not take account of concessions. NB This is based on cautious costings.

You have also made clear that you want: a) £30 cap b) HMT backing.

In order to deliver against these two aims, I have negotiated the following with Andy Burnham but this has not yet been signed off by Charles and more work will be done in the next two days to fill in the detail behind each of the points.

The guiding principle behind the negotiation is to hold the cap steady (**in real terms**) but do everything possible to significantly close the gap between the revenues generated and the overall costs. The formulation is as follows:

1. HO to look again at what can be done to cut costs out of the scheme
2. Scrap the concessions on the basis that £30 is affordable for all. This will save £225 millions
3. HO will seek to run a tight procurement process based on a £30 cap to use market pressure to bring the scheme in more cheaply

I talked with the lead Treasury Special Advisor and his tone was more positive on achieving the £30 cap. I understand that HMT have asked one of their officials, Jonathan Stephens, to look at the costs but HO are unsighted on how this process will work

The timing on this remains tight because of an announcement for third reading on 18th October and this would need to be preceded by a media strategy. I understand from Home Office Special Advisors that Charles may not wish to proceed with the Bill if the £30 cap is not agreed, which will be difficult given that this is a Manifesto commitment.

Treasury will probably argue that there was agreement across Government that the scheme would be self-financing and this implies a cap that matches the cost.

My suggested way forward if you want to stick with the £30 real terms cap and announce before 3rd reading:

- **To secure CHX's agreement that we can announce the £30 real terms cap well before 3rd Reading and their overall support for the scheme**
- **Seek CHX's agreement to a detailed review of costs, led by Andy Burnham and supported by Treasury officials. This group should also look at the procurement process for the scheme to ensure the private sector manage towards the cap. I remain confident that we can strip costs out**
- **Secure CHX support for scrapping the concessions (which may save as much as £225 millions)**
- **Provide our backing to CHX that any residual costs (after savings have been identified) will fall to HO and not the Exchequer**

Kieran

KIERAN BRETT

Jonathan Powell

From: Ruth Turner
Sent: 03 October 2005 14:12
To: Kieran Brett; Jonathan Powell
Cc: Liz Lloyd; Matthew Taylor; David Bennett; John McTernan
Subject: RE: Cap on ID cards [UNCLASSIFIED] [Non-Record]

Thanks Kieran

I am still doubtful they will get HMT agreement - as the only word we've had that they are close to agreement is from the HO. In fact Hannah said they've had a couple of positive face to face meetings with HMT, each of which have then been followed by a reversal "once they've looked more closely at the figures".

Anyway, I think we'll have a more realistic assessment once you've spoken to Jonathan Stevens etc yourself. And we shouldn't let either CC or treasury let it be a last minute agreement or it won't happen and then we'll be stuck. We need it agreed well in advance, and with enough time that MPs can be briefed in advance - both to win them over, and to ensure it isn't pulled at the last minute.

-----Original Message-----
From: Kieran Brett
Sent: 03 October 2005 13:45
To: Jonathan Powell
Cc: Liz Lloyd; Matthew Taylor; David Bennett; John McTernan; Ruth Turner
Subject: RE: Cap on ID cards [UNCLASSIFIED] [Non-Record]

Jonathan

Just back from a meeting with Andy Burnham on this and the answer to your question is yes if all goes to plan (i.e. HMT do not scupper it). Andy burnham and I have just negotiated the following formulation to try and work through it.

1. Hold the cap at £30 (Andy Burnham wants to drop the term coast and use 'charge or price') to meet the aim of PM and CC
2. Aim to manage the scheme in as close to £30 as possible in 4 ways:

a) Strengthening the procurement of the scheme to see what we can secure for £30
b) Identifying additional cost savings - Andy will ask his officials for a rapid report on this
c) Scrapping the concessions (which will cost about £20 millions a year)
d) Making the benefits realisation (i.e. Home Office benefits alone) more transparent to show to HMT how these can be offset over the life of the scheme

This approach should go a long way to significantly closing the gap to a point where HMT feel happier.

We have asked the HO to give a timeline on this to ensure an announcement well before third reading

NB - Chancellor and CC agreed that Jonathan Stevens from HMT will look over the figures and I am arranging a conversation with Jonathan asap. I am also talking to HMT SPAD leading on this tomorrow morning

Thoughts as ever appreciated but otherwise will keep everybody posted

Kieran

-----Original Message-----
From: Jonathan Powell
Sent: 03 October 2005 12:22
To: Kieran Brett
Cc: Liz Lloyd; Matthew Taylor; David Bennett; John McTernan; Ruth Turner
Subject: Cap on ID cards [UNCLASSIFIED] [Non-Record]

We will get the cap on ID cards agreed so that it can be announced before the debate in parliament won't we? Hilary says it is important to be before not at, and GB is trying to delay it to be announced darning the debate for his own reasons.

Ride

From: Kieran Brett
Date: 23 September 2005

PRIME MINISTER

cc: Jonathan Powell
Ivan Rogers
David Bennett

ID CARDS CAP

I sent a note up last Friday about the ID cards cap and you signalled that:

- You wanted a £30 cap for the plain card and not the £50 level that the Treasury were proposing to Home Office
- That you did not want an instalments payment system
- That you wanted Charles to make an announcement at conference

Following internal meetings here, we agreed the following formulation for putting these arguments to the Treasury:

- We are seeking a £30 cap and are keen to secure this with backing from HMT
- That we would agree to a cap of £95 on the combined product to prevent the Home Office from loading costs from the plain card if costs spiral
- That we would provide support to a written agreement (based on an offer made by Charles to the CST) from Home Office that the subsidy would be absorbed by Home Office budgets. This would prevent Home Office making future calls on the Exchequer
- That we would establish a NO10/ HMT/ Home Office Working Group to identify ways of stripping costs from the proposals to close the gap between the £30 cap and the scheme costs e.g. exempting many public sector workers from the interview process for passports

Treasury Special Advisors put this proposal to the Chancellor earlier today and he has rejected it on the grounds that it is too risky to the public purse and that there was an understanding that the price of the scheme would cover the costs. The chancellor would like to speak to you about this.

If you are in agreement, I will work with Treasury Special Advisors to arrange for the Chancellor to meet with you on Monday at the conference.

Kieran

KIERAN BRETT

> DCO file
c HMA
file

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

SUBJECT MASTER
Filed:

19 September 2005

Dear Bertie,

We spoke in the margins of the last BIIGC about ID cards. I recognise your concerns, both in the Northern Ireland context and more generally, but I hope that I can reassure you that our plans would not have the effects that you fear.

Firstly, I should like to repeat my assurance that nothing in the proposals now before Parliament would change anyone's status or entitlements in any way. The introduction of identity cards will simply make it easier for people to demonstrate their identity and status with a secure government-issued form of identity.

Since we first consulted on our original proposals there has been regular contact with your government at both Ministerial and official level. Charles Clarke has met Michael McDowell, and Home Office officials are in regular contact with their counterparts in the Department of Justice, Equality and Law Reform and in your Embassy here. We are acutely aware of the nature of our legal obligations as contained in the provisions of the British Nationality Act 1948, the Ireland Act 1949 and the Belfast Agreement: the status of Irish citizens in the United Kingdom is guaranteed by these. We also recognise that any Irish

citizens who wish to do so may choose to exercise Treaty rights as citizens of an EU Member State.

The standard ID card will be issued automatically to people who apply for or renew their British passports, so any Irish citizens who are eligible for a British passport will be able to obtain an ID card that way if they choose to do so. As it will be valid for travel within the EU, there will be the scope to identify the holder as "British". However, we recognise that there will be people who do not need to use the card for travel purposes (for example, because they do not need to travel outside the Common Travel Area or because they do so using a non-British passport) or who do not wish to be identified as British on the face of the card. To accommodate their needs, there will also be a "non-travel" version of the card. Since it does not need to fulfil the EU travel requirements, it will not show the holder's nationality.

There will also be a further "non-travel" version of the ID card available to nationals of an EU Member State who are resident in the United Kingdom and wish to exercise their Treaty rights. This option, which will identify the holder as a national of the relevant Member State, will enable Irish citizens in the UK (including people in Northern Ireland who identify themselves as Irish) to display their nationality accordingly on their ID card.

Another issue which I know you have been concerned about is the operation of the Common Travel Area. As you know, within the area, people of any nationality may travel freely without regular immigration checks. They do, of course, need a visa or leave to enter the area in the first place. The principle of the Common Travel Area is unaffected by the Identity Cards proposals. It is,

however, becoming increasingly common now for carriers based in the UK and operating domestic flights as well as flights within the Common Travel Area to ask for some kind of photographic ID (not necessarily a passport). The decision to do this is a matter for the carriers; it is not an issue of immigration control.

I am also conscious of the comments that Michael McDowell has made about the implications for Ireland if, in the future, a decision is taken to make registration compulsory in the UK. The Bill which is currently before Parliament would not, as introduced, create a compulsory registration scheme without a further debate in Parliament. Should such a decision be taken by Parliament in the future, we would of course be in touch to discuss the implications.

I will ensure that officials here keep in touch with yours as the scheme evolves, in particular on the technical mechanics.

Yours ever,

Tony

Mr Bertie Ahern TD

File

Top: KB
cc KEG
JP
JR
MG

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

The Rt Hon Charles Clarke MP
Secretary of State for the Home Department
Home Office
3rd Floor, Peel Building
2 Marsham Street
London SW1P 4DF

16 September 2005

Dear Home Secretary,

COST OF ID CARDS

I am grateful for our conversations yesterday and earlier today on your proposal to announce a cap on the cost of a stand-alone ID card.

2. At the outset of this scheme a decision was taken by the Cabinet that it should be financed from the budgets that existed at the time and from charging. To deliver this we have shown considerable flexibility in being willing to consider how we apply standard Fees and Charges Rules. In particular, we have agreed extraordinary charging powers in primary legislation. The purpose of these powers was to enable us, should we choose to do so, to cover short-run operating deficits at the outset of the scheme through forms of cross-subsidy across the ID Cards and Passport programme and over time. It remains essential that the programme as a whole is self-financing. Pre-announcing a substantially subsidised stand-alone ID Card fundamentally undermines this policy.

3. I understand, however, the political value of announcing a cap to deal with misleading cost estimates which have been circulating in the media. The Chancellor and I remain content for you to announce a cap at a level which reflects the true unit cost of the card, taking account of concessions and contingency, to ensure that we are not building in long-run financial pressures on public spending through the ID Cards and Passport programme. Therefore the announcement should say that were we to

SKP 16/9/05

announce the cap today, it would be £60. This would still only allow marginal flexibility given the understandable uncertainties at this point in a complex project. We cannot commit to a figure that is substantially less than current projections of the cost given the understandable risks.

4. I am also not convinced that announcing even a £30 cap on the stand-alone card would substantially deflect criticism. We would still be under considerable pressure to announce further concessions for less well off groups, for example, those dependent on benefits. We would also be under pressure to go further and announce a cap on the combined passport/ ID Card. We should consider therefore whether we should also announce a limit on the combined passport/ID Card product of £100 alongside that on a stand alone card. It would balance the value of reassurance on costs against the importance of not building in substantial financial pressures.

5. We need to return, over the next few months, to the options for reducing the net cost of the scheme. I remain committed to working with you to ensure that we get departments to think radically about the potential benefits from the ID Card scheme.

6. Our recent conversations have clearly been dominated by the issue of the cap announcement. We do also need to discuss the relationship between CRB checks and the ID Cards programme before making any commitments on this issue.

7. I am copying this letter to the Chancellor and the Prime Minister.

pp **DES BROWNE**

Approved by the Chief Secretary and signed in his absence.

Rle

From: **Kieran Brett**
Date: **16 September 2005**

PRIME MINISTER

cc: **Jonathan Powell**
Ivan Rogers
David Bennett
David Hill
Matthew Taylor
Ruth Turner
Huw Evans
Kate Gross

ID CARDS CAP

The Home Office and the Treasury have been unable to agree on the £30 cap proposed by the Home Secretary to the Chancellor and Chief Secretary. The Home Secretary wanted to make an announcement over the weekend but this has now been cancelled. NB - some form of announcement will be needed in advance of 3rd Reading on October 18th.

HMT argue two points: Firstly, that the scheme needs to recover its costs and a £30 cap leaves a £750 million deficit over the life of the scheme, and even though the Home Office have agreed to fund this from their existing budget. HMT will oppose this arguing that the Home Secretary cannot commit the future budget in this way. Secondly, that the gap between the plain card and the biometric passport needs to be narrowed to ensure that political attacks are minimised i.e. that we are using passport costs to subsidise the plain card scheme.

From conversations today, HMT would probably accept a £50 cap, although I understand they will officially argue for £60. We will also need to understand what 'price' HMT would seek to secure for the other parts of the scheme e.g. passports

Questions:

1. Would you consider a £50 cap too high?
2. Should we press HO and HMT to allow the cards to be paid for in instalments over say 6 months to reduce the financial and political pressure?
3. Do you want Charles to announce anything on the cap at conference? (It is unclear given the state of the negotiations whether this will be achievable but we will press them if you want him to announce)
4. Given 3rd Reading on the 18th October (assuming you do not opt for a conference announcement) when would you want this announced?

Kieran

KIERAN BRETT

ow

KB
cc: KEGA
AP

Prime Minister

ID CARDS: IRISH GOVERNMENT INTEREST

The Taoiseach raised concerns about ID cards in the margins of the British-Irish Intergovernmental Conference. This note provides briefing on the issues raised and a draft letter for you to send to the Taoiseach.

2. The Taoiseach's concerns centred around the implications of the Identity Cards scheme for two related groups:

- Irish citizens living in the UK (including nationalists in Northern Ireland nationalists), who might be concerned that their Belfast Agreement rights would be compromised if they were required to carry a card identifying them as "British"; and
- people travelling in the "common travel area" (whose statutory rights to free travel should not be impeded).

3. In parallel with this, the Irish Justice Minister, Michael McDowell has been vocal in recent months in voicing his concerns about the implications for Ireland if ID cards are introduced in the UK (he believes that, if ID cards become compulsory here, Ireland will have no choice but to introduce them too). His comments reflect his personal libertarian unease about the principle of ID cards, though he is clear that he will not obstruct the UK in introducing them and is keen that Irish officials keep pace with technical issues here to facilitate the development of compatible systems in the event that Ireland follows suit.

4. The Home Office has had extensive discussions with the Irish at official and ministerial level about the policy throughout the development of policy on ID cards. We do not believe that the Taoiseach's concerns will be borne out by the reality of the current Bill, for the reasons set out below.

5. Fundamentally, the Bill does not initially make it compulsory for people to register for an ID card. While it is hoped that the benefits of the cards – and the direct link with the issue of British passports – will lead to high levels of uptake, the timing of any move to compulsion is a separate decision, requiring specific Parliamentary approval. So no-one (including Irish citizens in the UK) will be required to register for an ID Card, prior to any further decision by Parliament, unless they wish to obtain or renew a British passport.

6. There will be **no obligation for card holders to be labelled as "British"** unless they wish to use the card as a travel document within the EU (there is an EU obligation for nationality to be shown on travel documents of this nature). There will be a non-travel version of the card available that will not show nationality. In addition, Irish citizens who wish to exercise their Treaty rights as nationals of another EU Member State will be eligible for a card that identifies them as Irish.

7. There is a parallel consideration about what emblems would be used on the ID cards and we will need to ensure that whatever decision is reached on this is appropriately sensitive to the rights and concerns of all sides of the community in Northern Ireland.

8. The introduction of ID cards in the UK **would not affect the free travel of people within the Common Travel Area** of the UK, Ireland and the Crown Dependencies. Free travel within this area would continue as before. However, carriers operating flights within the Common Travel Area are increasingly asking for photographic ID within the area. It is likely that carriers based in the UK and operating flights within the CTA would choose to accept a UK ID card as a suitable form of photographic ID for passengers. They could not insist on that form of ID. This would be a matter for the airlines, not an issue of immigration control and would not be a requirement of the Bill.

9. These reassurances are made on the basis of the scheme before registration becomes compulsory. **The situation could alter if in the future there was a move to making it compulsory**, which would be likely to raise very significant issues in the Northern Ireland context. Nationalists may well regard a requirement to register their

identity with the UK authorities as a breach of their Belfast Agreement right to identify themselves as Irish. However, anyone in this position would be able to exercise their Treaty rights and obtain a card recording their nationality as Irish. The difficulty is therefore not insurmountable, but we will need to accord the issue very careful consideration in light of the emerging political situation in Northern Ireland and will keep it in view as policy evolves.

10. A draft letter for you to send to the Taoiseach is attached. Copies of this Memorandum go to the Foreign Secretary and to the Ambassador in Dublin.

pp. **CHARLES CLARKE**
Home Secretary

PETER HAIN
Secretary of State for Northern Ireland

Agreed by the Home Secretary & signed in his absence
Mark Williams
13/9.

DRAFT LETTER FOR PM'S SIGNATURE
(HOME OFFICE: ID CARDS)

Mr Bertie Ahern TD
An Taoiseach
Government Buildings
Upper Merrion Street
DUBLIN 2

We spoke in the margins of the last BIIGC and I promised to write to amplify what I said then about the position of Irish nationals under the British government's plans for introducing a national Identity Cards scheme in the United Kingdom. I recognise your concerns, both in the Northern Ireland context and more generally, but I hope that I can reassure you that our plans would not have the effect that you fear.

Firstly, I should like to repeat my assurance that nothing in the proposals now before Parliament would change anyone's status or entitlements in any way. The introduction of identity cards will simply make it easier for people to demonstrate their identity and status with a secure government-issued form of identity.

Since we first consulted on its original proposals there has been regular contact with your government at both Ministerial and official level. Charles Clarke has met with Michael McDowell, and Home Office officials are in regular contact with their counterparts in the Department of Justice, Equality and Law Reform and in your Embassy here. We are acutely aware of the nature of our legal obligations as contained in the provisions of the British Nationality Act 1948, the Ireland Act 1949 and the Belfast Agreement: the status of Irish citizens in the United Kingdom is guaranteed by these. We also recognise that any Irish citizens who wish to do so may choose to exercise Treaty rights as citizens of an EU Member State.

I am also conscious of the comments that Michael McDowell has made about the implications for Ireland if, in the future, a decision is taken to make registration compulsory in the UK. The Bill which is currently before Parliament would not, as introduced, create a compulsory registration scheme without a further debate in Parliament. Should such a decision be taken by Parliament in the future, we would of course be in touch to discuss the implications.

Irish citizens resident in the United Kingdom will have essentially the same options under the scheme as British citizens to apply for one or other version of the card.

The standard ID card, which will be valid for travel within the EU, will be available as a standalone document. It will also be issued automatically to people who apply for or renew their British passports, so any Irish citizens who are eligible for a British passport will be able to obtain an ID card that way if they choose to do so. Because this standard ID card will be valid for travel within the EU, as other EU national ID cards are now, they will identify the holder as "British".

However, we recognise that there will be people who do not need to use the card for travel purposes (for example, because they do not need to travel outside the Common Travel Area or because they do so using a non-British passport) or who do not wish to be identified as British on the face of the card. To accommodate their needs, there will also be a "non-travel" version of the card. This version would be issued to the same standard as the other versions and could be used for domestic transactions. Since it does not need to fulfil the EU travel requirements, it will not show the holder's nationality.

Finally, there will be a further "non-travel" version of the ID card available to nationals of an EU Member State who are resident in the United Kingdom and wish to exercise their Treaty rights. This option, which will identify the holder as a national of the relevant Member State may be of particular value to Irish citizens in the UK (including people in Northern Ireland who identify themselves as Irish) who wish to display their nationality on their ID card.

Another issue which I know you have been concerned about is the operation of the Common Travel Area. As you know, within the area, people of any nationality may travel freely without regular immigration checks. They do, of course, need a visa or leave to enter the area in the first place. The principle of the Common Travel Area is unaffected by the Identity Cards proposals. It is, however, becoming increasingly common now for carriers based in the UK and operating domestic fights as well as flights within the Common Travel Area to ask for some kind of photographic ID (<u>not</u> necessarily a passport). The decision to do this is a matter for the carriers; it is not an issue of immigration control.

I hope that this is of reassurance to you in understanding what we are trying to achieve within the UK. I will ensure that officials here keep in touch with yours as the scheme evolves, in particular on the technical mechanics.

TONY BLAIR

Department for
Transport

From the Minister of State

Great Minster House
76 Marsham Street
London SW1P 4DR

Tel: 020 7944 3082
Fax: 020 7944 4492
E-Mail: stephen.ladyman@dft.gsi.gov.uk

Web site: www.dft.gov.uk

Our Ref: SL/016998/05

The Rt Hon Tony Blair MP
The Prime Minister
10 Downing Street
LONDON
SW1A 2AA

- 2 SEP 2005 faxed/emailed already

KB.

cc DT
IR

Dear Tony

Thank you for your letter of 11 August inviting me to be a member of the Ministerial Committee on Identity Cards.

As you know, we are already working closely with the Home Office on potential interactions between our driver licensing activities and ID card processes in terms of both supporting and drawing benefits from the scheme.

I look forward to working with colleagues to deliver the benefits and opportunities for wider transformation arising from the scheme.

I am copying this letter to Tony McNulty and Gus O'Donnell.

Yours

STEPHEN LADYMAN

File

DWP Department for Work and Pensions

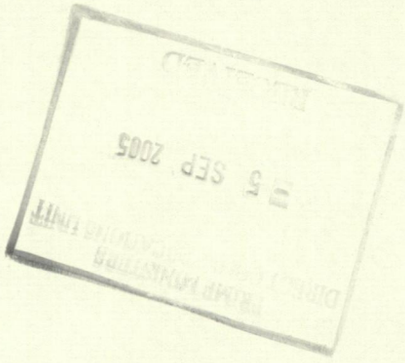
Richmond House
79 Whitehall
London
SW1A 2NS

Telephone
020 7238 0800

Email
ministers@dwp.gsi.gov.uk
www.dwp.gov.uk

From the Parliamentary
Under Secretary of State
for Work and Pensions

The Prime Minister
10 Downing Street
London
SW1A 2AA



August 2005

Dear Tony,

You wrote to my ministerial colleague, Stephen Timms on 11th August inviting him to represent the Department for Work and Pensions on the new Ministerial Committee on Identity Cards. The first meeting of the Committee – to be chaired by yourself and with proposed representation at Secretary of State level - is to be held on 2nd September.

Unfortunately, David is unable to attend the initial meeting. As I have the ministerial lead on Identity Cards for DWP, David and Stephen have agreed that I should attend the meeting on the 2nd September as well as the subsequent Committee meetings to be chaired by Tony McNulty.

DWP has been heavily involved in the development of the Identity Card initiative to date, working closely with Home Office colleagues. I look forward to attending the meeting on 2nd September and the opportunity to outline details of DWP's support and our ideas for ensuring the Card is fully exploited upon its introduction.

I am copying this to DWP Ministerial colleagues, the Home Secretary and Tony McNulty.

Yours sincerely

JAMES PLASKITT MP
PARLIAMENTARY UNDER SECRETARY OF STATE

From: **Ramil Burden**
Date: **31 August 2005**

PRIME MINISTER

cc: **Jonathan Powell**
Ivan Rogers
David Bennett
Catherine Rimmer
Kieran Brett
Matthew Taylor
Ruth Turner

ID CARDS MEETING: 9.00 AM FRIDAY 2 SEPTEMBER

You are chairing the first meeting of the Ad Hoc Ministerial Committee on ID cards on Friday. This meeting is primarily designed to light a fire under departments – so banging the table could be in order!

Ministers attending will be:

- Charles Clarke
- Tony McNulty (who will chair subsequent meetings of the group at Junior Ministerial level)
- Alastair Darling
- David Miliband
- Ruth Kelly
- Charlie Falconer
- John Hutton
- Des Browne
- James Plaskitt (David Blunkett out of country)
- Lord Warner (Patricia Hewitt out of country)

John Gieve and Katherine Courtney will also attend.

The Agenda will be:

1. Strategic vision for ID card scheme – Home Secretary and Katherine Courtney
2. Strategic benefits across Government - Ministers to speak to their own examples

3. Communications strategy – Home Secretary.

In terms of overall objectives you will want to get the following key messages across:

- **All** Departments need to think strategically about how ID cards could transform their business. **ID cards are not just a Home Office policy** – transport, health, DWP, HMRC etc – all could provide more efficient/effective and personalised services to individual citizens if we had ID cards. **We need a sense that the whole ID project and database is a huge infrastructure project which will transform the way we do business.**

- At the moment some departments are thinking about how ID cards could improve or speed up some of their processes. This is useful and every little helps. **But few are thinking about how, in ten years say, ID cards could have transformed their business.** We cannot just wait for ID Cards to deliver personalised public services promised in the Manifesto. We need to instruct officials to begin planning **now** to maximise the benefits of ID cards. Departments need to be planning the business changes required for 2008. This needs a commitment from Departments to work on this subject with the IDCP.

- **You want Tony McNulty to sort all of this out for you.** The Ministerial group should meet regularly under him and report to you. We need to get our story straight on the big picture benefits of ID cards **by the end of October.**

- **You also want the Home Secretary and others to be able to sell the benefits of ID cards.** For this to happen the Home Secretary in particular will need to be able to talk about how ID cards **across** government will result in more efficient and personalised services for the citizen.

During individual departmental presentations (predominately under item 2) you will want to think about pushing:

DWP. Despite DB's lead DWP have been slow to look strategically at how ID cards could help them. Up until now they have simply stuck to the line that of the £2 billion fraud committed each year only a small fraction - £50 to £100 million – is attributed to ID fraud. Therefore ID cards aren't all that important. Fine up to a point. But how can ID cards make their overall business more efficient? DWP have got some good ideas, like turning the process for issuing National Insurance Numbers (NINOs) to foreign-born adults into a process for issuing ID cards (the interview process for issuing a NINO will be much the same as for issuing an ID card) but they can go much further. When ID cards are available, how will DWP change how they establish identity at the start of a benefit claim? How will they use the National Identity Register to keep DWP databases up to date, and so good enough to use for proactive interventions (eg paying pensions automatically when people reach pension age)? Probably best to encourage DWP to continue thinking in this vein rather than banging the table as there are signs that interest at senior management level is rising – probably due to DB. DWP also have an interest in any concessionary ID cards fees for e.g. people on low incomes, pensioners etc.

Transport. Alaistair Darling has resisted the idea of making it mandatory to have an ID card in order to get your driving licence. At the moment you have to prove your identity by filling out a form and having it signed by a reputable person or sending your passport to DVLA. ID cards could be much more efficient and easy for citizens (especially as the new driving licenses last for only ten years and you have to change it every time you change address): after all, a driving licence is really just identity data (captured through higher standards for the ID card) plus a driving test pass (now supplied electronically from the Driving Standards Agency). What are Alistair's plans for radically streamlining the DVLA and eliminating duplicate checking by simply using data from the National Identity Register? What about the use of ID cards when buying and selling cars? (which would help DVLA and the police combat crime).

Treasury. On the revenue and customs side, ID cards could help in combating illegal working and in increasing revenue by combating fraud (such as VAT). Customs lose billions of pounds though VAT fraud and they have rolled back on previously published figures which estimate how much of this is due to ID fraud (around 5-10%). If we had ID cards how would we use them to combat these problems? They could potentially look at all persons resident in the UK registering for VAT proving their identity with the ID card. This would prevent a large amount of the VAT fraud which occurs through serial duplicate registration by individuals; the ID card could mean that the debt follows the

trader when he re-registers. On the Revenue side of the business they have been unable to identify the extent of the problem that false IDs cause in tax credit fraud. Can we commission a joint study on this? A slightly smaller issue that falls in the Treasury's brief is the census. At the moment this is a very expensive paper filling exercise. If we had an ID register would this hugely simplify the process and reduce the need for every individual household to return a form? How does this fit with planning for the 2021 census? Are there any quick wins for the 2011 census on which planning is starting now?

DCA. Have made some progress on using ID cards to improve enforcement of fines but need to look with the Home Office at cross-cutting benefits in the Home Office. There is also an issue about the electoral register. The ID cards register could be used to improve the accuracy of the electoral register (2 million people are currently 'missing' from the electoral register). In the longer term we could compile most of the electoral register from the ID cards register and use ID cards to deliver innovative ways of voting (assuming anonymity could be ensured). Shouldn't we be raising these issues now publicly and planning for them?

ODPM. How would the ID cards register help for example in recovering unpaid council tax, improving data quality on their systems and possibly with administering housing benefit? How can we do this strategically across the local government sector? What are the plans to use ID cards to improve the existing "Government Connect" initiative of joined-up electronic access to citizen records held in local government? Can we set aside for now issues of whether or not these will constitute 'new burdens' and decide this after we have established the costs and benefits? Can biometric readers be used in courts to ascertain the identity of offenders?

Education. Interest via the Criminal Records Bureau e.g. checks on teachers, care workers. Is there more cross-cutting work we can do to ensure the scheme helps to protect vulnerable children? More generally, the education sector is showing very small savings (less than £1m a year in total) to the business case - yet there is lots of identity checking for student enrolment, student loans, verification of qualifications and so on: how can ID card be used more creatively to streamline and secure these processes?

Health. Before the election DoH were doing a lot of thinking about how ID cards could change their business – but recently this thinking seems to have dried up. The potential of ID cards to transform and personalise healthcare is huge. For example, once they come on stream electronic patients records will require

practitioners to be able to access individual patients records. This will mean that several hundred thousand doctors and nurses are already being issued with secure means of proving their ID. This sort of expenditure could have been avoided if an ID card already existed. ID cards will not happen in time to avoid DoH developing their own solution now but why can't ID cards be used from 2008 onwards and the interim solution phased out? Won't this save the NHS money and ensure only legitimate practitioners can access patients' records? Couldn't ID cards be one way of allowing people securely to access their own medical records over the internet? This is just one example how an organisation dealing with sensitive information and employing over a million people could provide a quicker service. Surely there are many more?

Cabinet Office – deregulation and public service reform. John Hutton will propose a plan for transition to ID cards by using the national insurance number (NINO) to link up citizen records more in the short term. This avoids the excuse some Departments will use that, because the ID card does not yet exist they can't plan how to use it. The ID card will hold the national insurance number and will thus be able to access any service that already uses the NI number as a reference. The NINO is well understood and DWP and HMRC are looking at how it can be used much more widely in education and local government.

On deregulation the ID Card could provide a useful look up service for the NINO to help employers who often have to use emergency tax codes due to the lack of an appropriate NINO.

Overall for the Public sector Departments we need to be considering what services we would be able to provide online as a result of having a secure means of proving one's identity online.

In terms of **the private sector** the most likely use of the ID card will be for financial services. We know that the banks are currently thinking about how they can provide better security especially in a world of internet banking etc. They are seriously interested in ID cards as a potential solution but will not wait forever. (Need to encourage the Treasury to use their links with the industry here). Unless we can convince them that we are serious about ID cards and that they are coming they will develop their own system. This will be a loss not only because if citizens can use the ID card to do everyday things like pay bills etc support for ID cards as a useful thing will be less. ID cards could also reduce the burden of the money laundering regulations – what thinking is being done on these sort of issues?

RAMIL BURDEN

dca
Department for
Constitutional Affairs
Justice, rights and democracy

The Rt Hon Harriet Harman QC MP
Minister of State
Selborne House
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London SW1E 6QW

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E grant.morris@dca.gsi.gov.uk

www.dca.gov.uk

The Prime Minister
10 Downing Street
London
SW1A 2AA

MATRIX

Already r'a? No.
R'a 1/9.
26 AUG 2005

KB
c IR
DT

Dear Prime Minister,

Identity Cards

Thank you for asking me to serve on the Ministerial Committee on Identity Cards. The DCA has a number of areas of business which may benefit from the introduction of a full-scale identity cards scheme in the UK, principally in the area of fines enforcement. There may be other areas in the DCA where there is also scope for the use of ID cards in improving, or even transforming, business – for example, in electoral registration – and I hope to have some ideas available for the Secretary of State level meeting that you are planning for early September. It will clearly be important for us all to identify a range of credible uses for the card in order to address issues about the costs of the scheme.

It is also important that we continue to counter inaccurate criticisms of the scheme. Many of these are based on data protection and human rights issues, areas in which the DCA can help in constructing effective arguments.

I look forward to working with Tony McNulty and other colleagues on this important part of the Government's agenda.

Yours sincerely,

pp HARRIET HARMAN

INVESTOR IN PEOPLE

Home Affairs : ID cards.

Sanctuary Buildings Great Smith Street Westminster London SW1P 3BT
tel: 0870 0012345 dfes.ministers@dfes.gsi.gov.uk
Rt Hon Beverley Hughes MP
Minister of State for Children, Young People and Families

The Prime Minister
10 Downing Street
London
SW1A 2AA

KB 01A
cc: KEG

22nd August 2005

Dear Prime Minister,

Thank you for inviting me to be on the Ministerial Committee on Identity Cards. I am happy to accept in principle, but I will be out of the country for some of September. I am aware that the first meeting of this Committee will be held at Secretary of State level on the 2nd of September, and I understand that Ruth Kelly will be attending on this occasion.

In the meantime, we will give some thought to areas of our business in which ID cards could significantly improve efficiency and effectiveness.

I am copying this to Tony McNulty, Gus O'Donnell and other members of the new Ministerial Committee.

pp Bridget McDonald
BEVERLEY HUGHES

UK PRESIDENCY OF THE EU 2005

department for
education and skills
creating opportunity, releasing potential, achieving excellence

File
cc DH
Tony McNulty
Gus O'Donnell
11/8

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

11 August 2005

Dear Norman,

I would like you to be a member of a Ministerial Committee on Identity Cards, the terms of reference of which are attached. I have asked Tony McNulty to chair this Committee.

As well as helping us to counter the growing threat of identity fraud, disrupt the activities of terrorists and those involved in organised crime and improve the enforcement of immigration controls, the Identity Cards Scheme will also enable many improvements in the delivery of public services. This could include providing services more quickly, conveniently and securely - for example by allowing a greater range of business to be transacted, or personal information to be made available, securely on-line. It could also include the way your department manages identity records, so that we can join up services between Departments, agencies and local government, allowing us to deliver the Government's Manifesto vision of personalised public services.

A lot of good work on identifying benefits across departments has been done to date, but I want the Committee specifically to lead a more strategic, cross-cutting analysis to establish where ID cards will transform Government business.

It is important that we communicate these and other key messages about the scheme in meeting our manifesto commitment to introduce ID cards and I will therefore also expect the Committee to also take a close interest in the Identity Cards communications strategy and the impact of this across departments.

I intend to chair an initial meeting at Secretary of State level in early September where I would like to discuss at least one example of radical business transformation, from your department.

I am copying this letter to Patricia Hewitt, to Tony McNulty and to Gus O'Donnell.

Yours ever,

Tony

The Lord Warner

ANNEX A

MINISTERIAL COMMITTEE ON IDENTITY CARDS

DRAFT TERMS OF REFERENCE AND MEMBERSHIP

Terms of Reference

(i) To identify and maximise strategic departmental and cross-Government benefits arising from the Identity Cards Scheme, as part of the wider transformation of public services to achieve personalisation and choice, and ensure that plans are in place to realise them.

(ii) To monitor the implementation of the communications strategy for the Identity Cards Scheme and keep it under review.

Membership

- Tony McNulty, Minister of State, Home Office (Chairman)

- Lord Warner, Minister of State, Department of Health
- Stephen Ladyman, Minister of State, Department for Transport
- Beverley Hughes, Minister of State, Department for Education and Skills
- John Healey, Financial Secretary, HM Treasury
- Harriet Harman, Minister of State, Department for Work and Pensions
- Stephen Timms, Minister of State, Department for Work and Pensions
- Phil Woolas, Minister of State, Office of the Deputy Prime Minister
- Jim Murphy, Parliamentary Under-Secretary, Cabinet Office

File
cc John Hutton
Tony McNulty
Gus O'Donnell
bcc William Perrin
(at his request)

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

11 August 2005

Dear Tim,

I would like you to be a member of a Ministerial Committee on Identity Cards, the terms of reference of which are attached. I have asked Tony McNulty to chair this Committee.

As well as helping us to counter the growing threat of identity fraud, disrupt the activities of terrorists and those involved in organised crime and improve the enforcement of immigration controls, the Identity Cards Scheme will also enable many improvements in the delivery of public services. This could include providing services more quickly, conveniently and securely - for example by allowing a greater range of business to be transacted, or personal information to be made available, securely on-line. It could also include the way your department manages identity records, so that we can join up services between Departments, agencies and local government, allowing us to deliver the Government's Manifesto vision of personalised public services.

A lot of good work on identifying benefits across departments has been done to date, but I want the Committee specifically to lead a more strategic, cross-cutting analysis to establish where ID cards will transform Government business.

It is important that we communicate these and other key messages about the scheme in meeting our manifesto commitment to introduce ID cards and I will therefore also expect the Committee to also take a close interest in the Identity Cards communications strategy and the impact of this across departments.

I intend to chair an initial meeting at Secretary of State level in early September where I would like to discuss at least one example of radical business transformation, from your department.

I am copying this letter to John Hutton, to Tony McNulty and to Gus O'Donnell.

Yours ever,

Tony

Mr Jim Murphy MP

ANNEX A

MINISTERIAL COMMITTEE ON IDENTITY CARDS

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- Stephen Timms, Minister of State, Department for Work and Pensions
- Phil Woolas, Minister of State, Office of the Deputy Prime Minister
- Jim Murphy, Parliamentary Under-Secretary, Cabinet Office

file
cc DPM
Tony McNulty
Chris O'Donnell
11/8

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

11 August 2005

Dear Phil,

I would like you to be a member of a Ministerial Committee on Identity Cards, the terms of reference of which are attached. I have asked Tony McNulty to chair this Committee.

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Tony

Mr Phil Woolas MP

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File
cc Daria Blunkett
Tony McNulty
Gus O'Donnell
AD 11/8

10 DOWNING STREET
LONDON SW1A 2AA

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Yours ever,

Tony

Mr Stephen Timms MP

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- Phil Woolas, Minister of State, Office of the Deputy Prime Minister
- Jim Murphy, Parliamentary Under-Secretary, Cabinet Office

File
cc Lord Falconer
Tony McNulty
Chris O'Donnell
HO 11/8

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

11 August 2005

Dear Harriet,

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Yours ever,

Tony

The Right Honourable Harriet Harman QC MP

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- Phil Woolas, Minister of State, Office of the Deputy Prime Minister
- Jim Murphy, Parliamentary Under-Secretary, Cabinet Office

File

cc Chancellor
Tony McNulty
Cms O'Donnell

MO 11/8

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

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I am copying this letter to Gordon Brown, to Tony McNulty and to Gus O'Donnell.

Yours ever,

Tony

Mr John Healey MP

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- Phil Woolas, Minister of State, Office of the Deputy Prime Minister
- Jim Murphy, Parliamentary Under-Secretary, Cabinet Office

cc Ruth Kelly
Tony McNulty
Chris O'Donnell
8/11/8

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

11 August 2005

Dear Ben,

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Yours ever,

Tony

The Right Honourable Beverley Hughes MP

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- Jim Murphy, Parliamentary Under-Secretary, Cabinet Office

File
cc Alistair Darling
Tony McNulty
Chris O'Donnell
MM 11/8

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

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Yours ever,

Tony

Dr Stephen Ladyman MP

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- Jim Murphy, Parliamentary Under-Secretary, Cabinet Office

RESTRICTED



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 August 2005

Dear Emma

NOTE OF MEETING OF 29 JULY AT CHEQUERS ON ID CARDS

I attach a brief note, prepared by Emily Miles, of the action points arising out of the Prime Minister's meeting on identity cards at Chequers on 29 July. I apologise for the delay in circulating this.

Copies of this letter and the attachment go to Sir Andrew Turnbull, John Gieve and Tony McNulty.

Signed 09/08/05

KATE GROSS

Ms Emma Churchill
PPS, Home Office

RESTRICTED

NOTE OF MEETING ON ID CARDS WITH PRIME MINISTER AT CHEQUERS, 29 JULY 2005

Attending: Tony McNulty, Andy Burnham, Alan Barnish, Katherine Courtney, David Bennett, Matthew Taylor, John McTernan, Ruth Turner, Kieran Brett, Emily Miles.

The Prime Minister said that while an ID card was obviously the right thing to do in today's world, the main challenges fell into four categories: cost; getting the narrative right on what an ID cards' benefits were for the individual citizen; delivery, infrastructure and IT; and the fact that it took 10 years before the ID card really came into its own.

On **cost**, the Prime Minister asked for:

- A far clearer statement from the USA about what their requirements were on biometrics, to give more weight to the fact that biometric passports formed the bulk of the foundation cost.
- A clear breakdown of the £93 unit cost, which showed how much of the total was attributed to the cost of an ID card rather than a biometric passport.
- Work to be done so that the Government can say, at Third Reading, that other services would be cheaper if the citizen had an identity card, such as driving licences, CRB checks etc. He asked that specific statements about costs be made (e.g. Driving Licence £15 cheaper, etc), although Katherine Courtney pointed out that publicising indicative costs at this early stage was inherently risky. This work ties into existing Home Office work on a shared service. Decisions will need to be made about whether ID cards subsidise other services or vice versa.

On **benefits**, the Prime Minister asked for:

- Concrete and extensive information on which transactions would be different with an identity card. He was keen in particular to explore why voluntary cards would be of benefit. A series of case studies, with a list of other possible opportunities to be explored in the fullness of time, should meet this action point in the first instance.
- HO to work with the Private Sector Users Group to find out how they expected to be able to use the technology if an ID card was in existence.
- HO to encourage those on the Private Sector Users Group to be more vocal about their views that ID cards would make a difference to their business.

- More information on the way the Royal Mail intended to use ID cards.

On **infrastructure**, Alan Barnish explained that the main IT tasks were to capture biometrics, record them and search the database. The highest risk activity was a "1 to many" biometric search, where the technology remained complicated, but it was also clear that technology was constantly improving. The principal organisational tasks related to the verification services, managing customers, accrediting organisations, and rolling out equipment.

On **timing**, the Prime Minister wanted to see more detailed timelines showing dates of roll out, compulsion, and when particular benefits were realised.

Next steps. The Prime Minister agreed that Tony McNulty should lead a cross-governmental group, working with departments to look at how they re-engineer their entire processes, with ID cards, in the longer term. The Prime Minister offered to organise a round-table with Secretaries of State to kick this process off, to which Katherine Courtney should make a presentation.

The Prime Minister suggested that the Home Secretary make a speech on the ID Cards Scheme, prior to Third Reading in October.

The Prime Minister asked for a paper on substance (synergies with other departments, the private sector and the public sector, and IT) and cost.

Emily Miles
9 August 2005

From: **Emily Miles**
Date: **4 August 2005**

PRIME MINISTER

cc: **Jonathan Powell**
Ivan Rogers
David Bennett
Catherine Rimmer
Kate Gross
Paul Britton
Matthew Taylor
Ruth Turner
Kieran Brett (O/A)
Natasha Johnston (HO)

MINISTERIAL COMMITTEE ON IDENTITY CARDS

When you met Tony McNulty and Andy Burnham at Chequers, you offered to write to each of the members of a new Ministerial Committee on Identity Cards to emphasise the urgency of the work, in advance of you chairing an initial meeting at Secretary of State level in early September.

Draft letters, and terms of reference, are attached.

Emily Miles

EMILY MILES

Annex A has been amended on all letters to reflect E-mail from EM 08.08.

MEH.

LETTERS TO DESPATCH x 8

DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO PROPOSED COMMITTEE MEMBERS

MINISTERIAL COMMITTEE ON IDENTITY CARDS

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I am copying this letter to [your Secretary of State] to Tony McNulty and to Gus O'Donnell.

[Attach terms of reference and membership].

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- Stephen Timms, Minister of State, Department for Work and Pensions
- Phil Woolas, Minister of State, Office of the Deputy Prime Minister
- Jim Murphy, Parliamentary Under-Secretary, Cabinet Office

From: Emily Miles
Date: 28 July 2005

PRIME MINISTER

cc: Jonathan Powell, Ivan Rogers
Miles Gibson, Matthew Taylor
David Bennett, Ruth Turner
Catherine Rimmer, Huw Evans
Godric Smith, Kate Gross

IDENTITY CARDS: MEETING AT CHEQUERS, 29 JULY

You are meeting Tony McNulty, Andy Burnham, Katherine Courtney (head of ID cards programme) and Alan Barnish (director designate of ID Cards Agency) tomorrow to discuss ID cards.

Tony McNulty will kick off by giving you a political view on the current state of play on ID cards.

Then **Katherine Courtney** will explain the sorts of things under consideration by the Home Office at the moment (final advice expected from Charles in September), particularly on benefits, how the ID card will be used across the public sector, (includes a worked example of CRB processes now, and CRB processes with ID cards), incentivising faster take up of cards, and cost.

You should use the meeting to gauge the extent to which, in the Autumn, the Government will be able to rebut the main arguments against, i.e. that ID cards not that **useful** and are **expensive.** Then you should decide **next steps.**

1. **Usefulness.**
The Government could choose between two narratives to tackle the usefulness argument.

- Giving concrete and more exhaustive detail about how an ID card will make a difference on the aims of the cards (for the individual: safeguarding their identity; for the community: tackling illegal working, preventing misuse of public services, tackling identity fraud, countering crime, organised crime and terrorism). OR

- Framing it around the fact that this is **an infrastructure project**, which will, like electricity or the roads network, change the way that public services and businesses operate but that we can't yet predict the many ways in which this will happen.

These are, essentially, two ends of a spectrum. HO have got some of the way towards fleshing out the first narrative, but some of it is quite thin (see slides from the draft ID card comms script, attached), often for inevitable reasons to do with organisations shying away from public commitments before the procurement process ends in 2007.

HO nevertheless are trying to make other public services think creatively and strategically how ID cards can really make a difference to their business. It is tough going. While the Home Office have ideas about, for example, how ID cards could allow you to see your medical records online, apply for driving licences online, or give police witness statements without an interview, relevant agencies are not necessarily doing the same high level thinking, or doing the spade work to support the Home Office's ideas.

I suggest you ask:

- **What sort of commitments from departments do you expect to get out of the Working Group Tony McNulty will chair in the next couple of months? From DH? DWP? HMRC? DVLA?**
- **How will DH, DWP, HMRC, DVLA, etc use ID cards? When will this happen?**
- **How will the private sector use ID cards? When?**
- **How exactly will ID cards make life easier for the private citizen? Which transactions will be quicker or easier? When?**

2. Cost.

There is a basic logic that a compulsory card should be free or low cost, such as in France (free) or Spain (€6). CC is exploring a cap to the cost, but hints we have had from HO suggest this comes with a price tag, possibly £2-300m or more a year. This is not money the HO is likely to get from HMT, and doesn't include the shortfall HO already face on ID cards, of £80m resource and £80m capital in 07/08.



You could ask:

- **Are there ways of making the scheme cheaper? Could we use existing government assets (JC+ offices)?**

- **Is the identity standard for biometric ID cards unnecessarily gold plated? (e.g. 13 biometrics, interview with every applicant).**
- **If we don't cap the cost, how will the £93 for a combined passport and ID card translate into fees?**
- **When are the key decision points on funding ID cards. SR07? Awarding contracts in 2007?**

3. Next Steps

Depending on your views after the discussion, at the very minimum I suggest you agree to:

- Write personally to members of the McNulty group to press upon them the need for their departments to do creative and detailed thinking on ID cards' use in the next couple of months. I can provide drafts for your next box.
- Charles making a speech, pre Third Reading, to re-frame the debate.

Emily Miles

EMILY MILES

Attachments

A. Slides from Katherine Courtney

B. Slides from draft ID Cards Communications Pack

ID Cards - politics

- Report/3rd Reading in the Commons provisionally set for 18th October
- Royal Assent by January is optimistic but achievable but
  - May be other pressures in the legislative programme e.g. Terrorism Bill
  - Lords may remit the Bill to a Select Committee (up to 6 months delay)
- Main concerns
  - Costs to the individual
  - Credibility of delivery
  - Need to keep some details for secondary legislation
  - Process for compulsion

ID Cards – cross-Whitehall work

- Business benefits identified tend to be incremental e.g. slightly faster processing of transactions
- Need to get more strategic thinking
- Key departments are engaged at senior official level
- Limited progress without continued political pressure
- Ministerial committee
  - Encourage more strategic approach to benefits
  - Ensure consistent communications to media and stakeholders

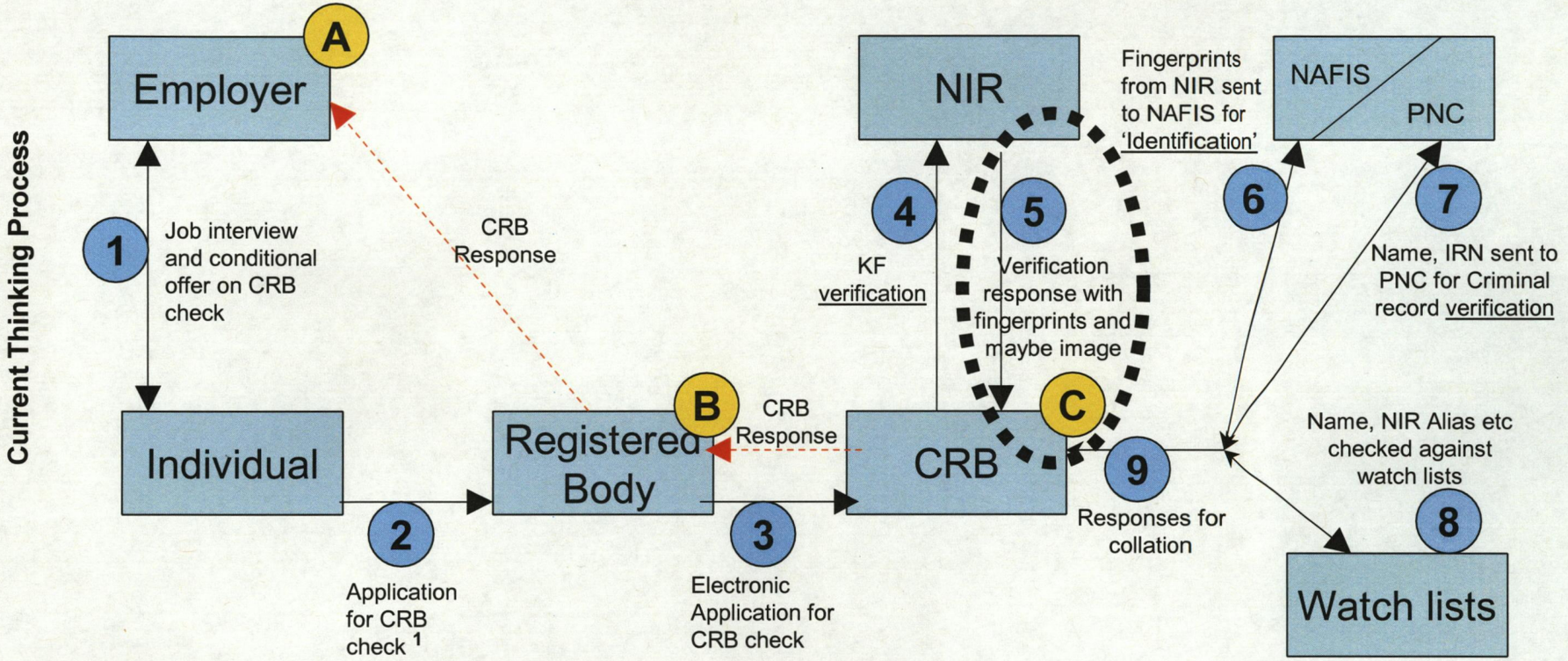
ID Cards – work over the summer

- Can we get everyone registered earlier than 2020?
  - Model effect of linking the issuing of ID cards to driving licences and Criminal Records Bureau disclosures as well as passports and residence documents
    - costs
    - volumes
    - overlaps
  - What benefits could be achieved earlier?
    - Existing benefits brought forward
    - New opportunities e.g. 2021 Census
- New cost profile
  - Total funding requirements
  - Options for handling deficits
- Charging principles
  - Arrangements for those on low incomes
  - "Capping" charges
  - Shared charging across services
- Strategic Case Studies

Criminal Records Bureau Strategic Case Study

- Speedier, less costly, process – 4 weeks to 3 days
- Higher quality outcomes – harder for people to defraud the system
- More convenient for citizens applying for jobs
- Quicker filling of vacancies for employers

Possible Criminal Records Bureau Scenario 2010



Current Thinking ID Services

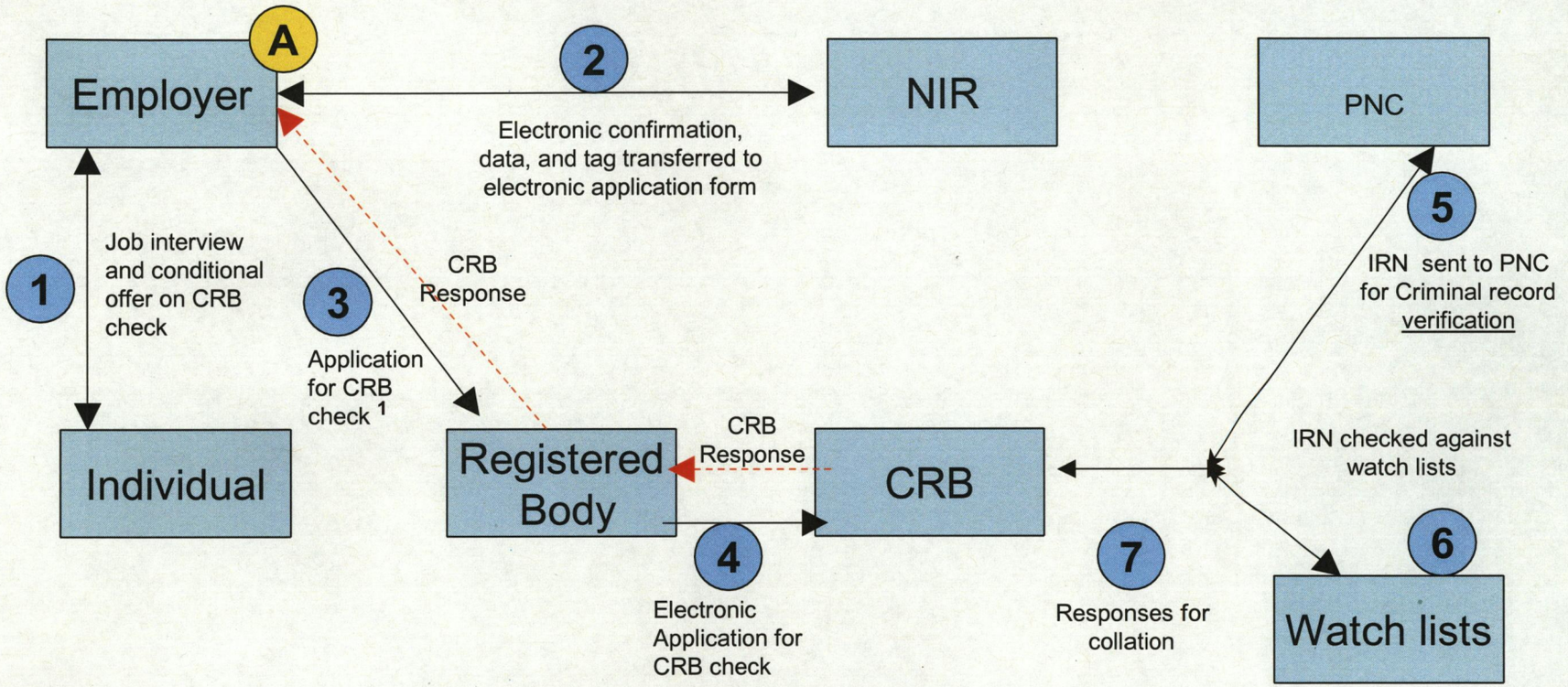
A Visual Verification

B Visual Verification Authenticate Card

C Known fact Verification With Single Record Information Provision

1. Anticipate would require print of form with EXPLICIT consent to check NIR and provide fingerprints for CRB to further check Police and other watch list databases. Consent documentation to be held by?

Possible Criminal Records Bureau 2020 Scenario

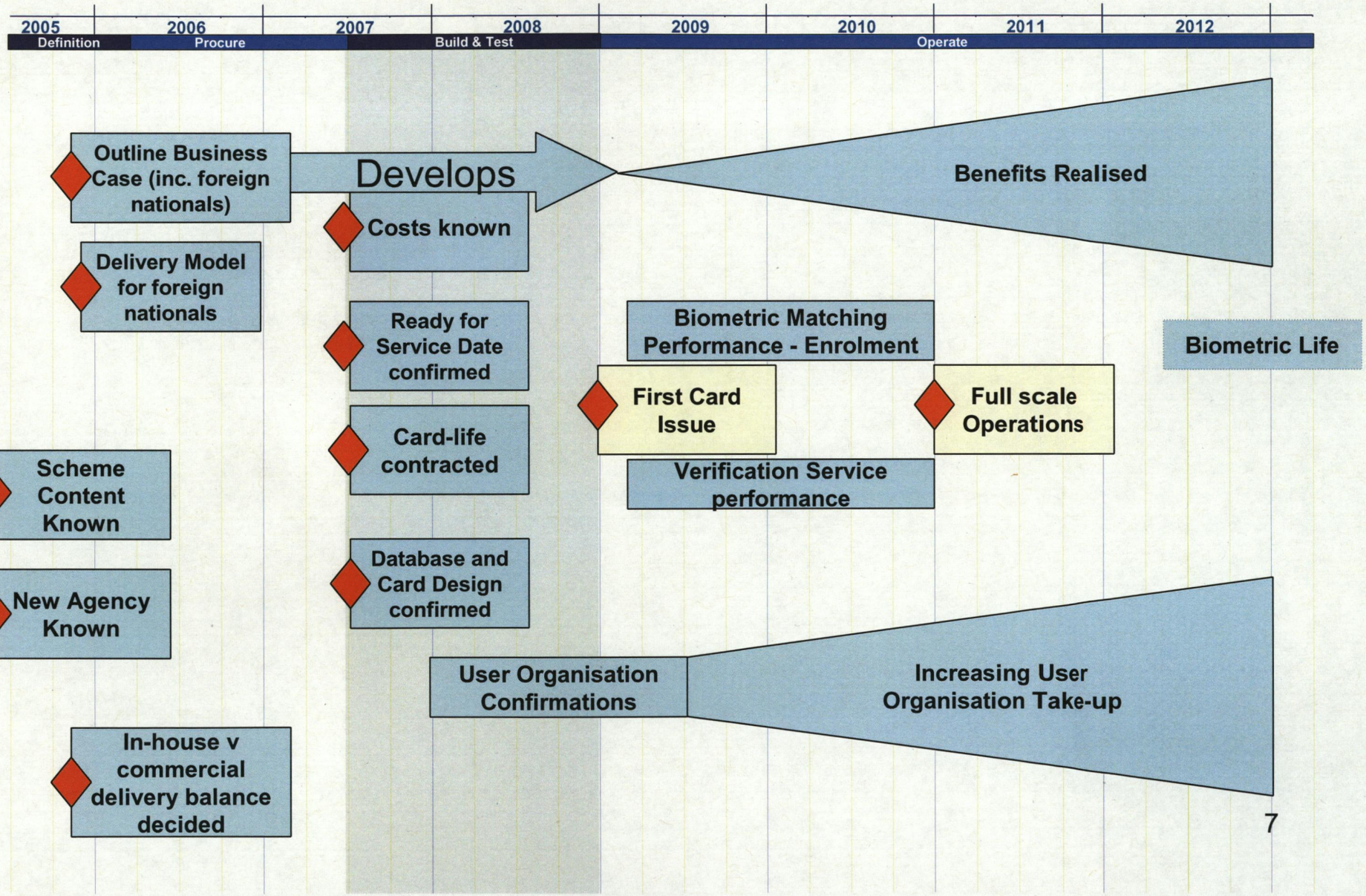


Current Thinking Process

Current Thinking ID Services

A Online biometric check

ID Cards – the roadmap



APPENDIX 2

Why is it a brilliant scheme? - Protection against identity theft and fraud (1)

Back to main pack

Benefit statement:

"Identity fraud is a growing crime. It involves someone using your identity to open bogus accounts, apply for loans or commit crimes in your name. By registering and using your ID card to prove who you are, you can help prevent your identity from being stolen. It will also help to deter identity theft or expose those who attempt it".

What is the existing need / issue (key facts, public perceptions etc)?:

- Identity fraud is a growing crime in the UK (CIFAS recorded 101,000 cases of ID fraud in 2003 compared to 74,000 in 2002)
- Fraudsters either create a fictitious identity, or (more commonly) steal identities from living or deceased people. They then use these new identities to commit a range of frauds. Most common are: 'application Fraud' (applying for credit cards, loans, mortgages etc), buying goods over the Internet or via mail order, taking over the victims' existing bank accounts
- It can have serious consequences for individuals, including the emotional trauma of having your name or loved ones names used to commit crimes, damage to credit status, and the time / stress involved in clearing your name – can take up to 400 hours in serious cases
- Also has direct consequences for the economy and society in general – e.g. up to £50m of Benefit Fraud is estimated to involve the use of false or stolen identities.
- Rapid escalation of ID Fraud-related stories in the media. Evidence suggests that consumers are increasingly aware of and concerned about the problem (according to recent YouGov Research, less than 50% of consumers feel their identity is safe)
- Citizens expect: more action to prevent ID Fraud from Banks and other public institutions, and a better customer experience for victims (many people have complained about a lack of sympathy from service providers, poor communication and lack of a clear strategy for the clear-up process)
- A new range of 'identity services' are being offered by financial service providers such as Capital One and HSBC, which offer customers advice on how to prevent ID fraud as well as assistance to victims.

Continued on next page

APPENDIX 2

Why is it a brilliant scheme? – Proving entitlement to free public services

Back to main pack

Benefit statement:
"An ID Card will help to prove **entitlement to free public services.** The ID Card will ensure that people who do not have the right to free public services (such as NHS treatment) will have to pay for them."

What is the existing need / issue (key facts, public perceptions etc)?

- The scheme will provide a fast and convenient way for those who are entitled to receive free public services to do so
- Today people can find it difficult to prove their identity, especially if they do not own a passport or drive a car. Even those who own these documents can find it inconvenient, for example if they have moved housed frequently, and need to provide proof of address going back over several years
- Also has direct consequences for the economy and society in general – e.g. up to £50m of Benefit Fraud is estimated to involve the use of false or stolen identities.
- Benefit fraud and mis-use of the health system by those not entitled to free access is unfair to those citizens who fund the services through taxation and National Insurance payments. It also diverts resources away from those most in need.

What are our key messages, i.e. how will the scheme help to address this need / issue?
Cardholders:

- Fraudsters will not be able to 'make up' false identities (because of the social footprint check we will carry out to determine if an identity is genuine).
- Nor will they be able, as now, to create a number of false identities alongside their real identity to claim benefits or free access to services, because the system will detect their biometrics from their first enrolment. Each citizen can only have one identity
- Services such as Health services will not be denied to anyone in clinical need. The issue relates to whether those people not entitled to free services should pay for their treatment

User organisations:

- The scheme will make customer service more straightforward – a simple process with one document, providing a range of verification robustness checks, depending on the nature of the transaction (eg visual verification for a library book; biometric verification for benefits payments).

APPENDIX 2

Why is it a brilliant scheme? – Helping employers to identify immigration status of job applicants.

Back to main pack

Benefit statement:

"The ID card scheme will help employers obtain information about the immigration status of job applicants, and any restrictions which may apply to their employment in the UK, helping to reduce illegal working and reduce the number of people wanting to come here illegally".

What is the existing need / issue (key facts, public perceptions etc)?

- Home office research recently estimated that between 310,000 and 570,000 illegal migrants could be living in the UK
- Currently, employers do not have an easy means of establishing whether a job applicant has the right to work here or not
- Over the next few years, UK visas will be increasing the security of the visa document, which will mean that people applying for a visa will be required to have their biometrics recorded.
- Once the identity cards scheme is launched, foreign nationals wishing to visit the UK for more than 3 months will also be required to obtain a Residence Permit in the form of an ID card.

What are our key messages, i.e. how will the scheme help to address this need / issue?

Cardholders (foreign nationals):

- The card will be easier to re-issue (if lost or stolen) than the existing vignette in a passport, as your biometrics will be held on a central database.
- Nobody will be able to falsely apply for residency in your name as your biometrics can't be provided by another person.
- It will make you more competitive on the job market, as employers will be able to quickly and conveniently check your identity and status.
- If you are entitled to benefits, the card will make it easier to prove your right to access them
- The card will act as a 'badge', helping you to prove to others that you live legally in the UK

User Organisations:

- The Identity Register will hold details of any restrictions on the cardholder's right to live and work in the UK. Therefore, by using the verification service you will be able to confirm the work status of job applicants before offering them a job.

APPENDIX 2

Why is it a brilliant scheme? - Protection against identity theft and fraud(2)

Back to main pack

What are our key messages, i.e. how will the scheme help to address this need / issue?

Cardholders:

- The ID card will be much more secure than documents currently requested by financial service providers as proof of ID (primarily passports, driving licences and utility bills). As the ID card will link your identity to your unique set of biometrics, it will be much more difficult for fraudsters to use this document in order to impersonate you.
- The iD card will be similar to a credit card in size and shape, which means it will fit easily into a wallet and will be easier to look after than a passport or utility bill.
- In addition, because the ID card will contain your address details, it will mean you only need to provide one document as proof of ID rather than a range of documentation, which will be more convenient (for example when opening a bank account).

User Organisations:

- The scheme will help you to fulfil your obligations to 'Know Your Customer' under the FSA's regulations, as:
  - the ID card will be more secure than existing forms of ID
  - user organisations will be sent a 'Transaction Reference Number' each time they verify a customer's identity, which will allow them to keep an audit trail of each transaction
- The scheme may save your organisation money by reducing the financial burden resulting from identity fraud.
- The verification service could be used to replace existing business processes for checking identity, potentially leading to efficiencies (more automated checking, fewer documents to check etc)

Karen Lovesey

From: Private Office Despatch
Sent: 27 July 2005 00:17
To: Duty Clerks
Subject: FW: ID cards meeting at Chequers on Friday

Is this the kind of e-mail you like to file?

-----Original Message-----
From: Emily Miles
Sent: 26 July 2005 21:00
To: Private Office Despatch
Cc: Kate Gross; Matthew Taylor; Ruth Turner; Brett Kieran - PMDU; Ivan Rogers; Jonathan Powell; Emma Churchill (E-mail); Katherine Courtney (E-mail); David Bennett; Azi Eniasoro; Catherine Rimmer; Huw Evans; Godric Smith; 'neil.roberts@homeoffice.gsi.gov.uk'
Subject: ID cards meeting at Chequers on Friday

PO Despatch - Please could you send this to Tony McNulty's office, copied to Andy Burnham's office? thanks

Neil Roberts

We spoke about the PM's meeting on ID cards at Chequers on Friday. I said I'd set down what my early view (and obviously this isn't fixed in stone) of what this is likely to cover, and we agreed you might be able to find some time tomorrow in Tony McNulty's diary for a fuller pre-brief.

The PM wanted to spend some time on ID cards before he went on holiday. He hasn't been able to do so for a few weeks because of international commitments, and the attacks on 7 July. Until now the PM has been very concerned about how we win the public debate on ID cards, and seems to have honed in on the issue of **cost**, and on how **useful** the card is to the individual citizen and the wider community. The Home Secretary is coming back to the PM in September on issues such as capping the cost, linking issuing to driving licences, and compulsion and roll out scenarios. We should avoid Friday's meeting pre-empting any of that advice. But the Home Secretary has also indicated that, to keep the cost to the public down, the Home Office will need to get a number of other Departments to think more ambitiously in terms of benefits, and that the Home Office is working with them over the Summer to do this.

My sense is that this process with other Departments will be critical to how the Government proposes to win the public debate on ID cards. I see the two main challenges as
a) persuading the public to support an apparently high cost scheme, and
b) persuading the public to support a scheme where we can't yet give exhaustive detail (inevitably, because it's still early days) about what difference an ID card will make to daily transactions, either by the individual or within public services.

The interdepartmental work on costs and benefits will therefore bring some welcome "granularity" to the ID card scheme. But I also think we should use this time with the PM to start to give him a sense of the extent to which the narrative on ID cards is about enabling legislation to institute an infrastructure project, where the detail will be worked out in good time; versus a narrative where we say that ID cards will change the way you interact with these services in the following x, y and z ways.

So I see the aims of the meeting as :
a) for Home Office ministers to get support from the PM in their discussions with other departments over the summer, both on costs and benefits
b) for the PM to start to gauge the balance that will need to be struck between the two narratives I mentioned.

I think it would probably be helpful for Tony to kick off the meeting, taking the PM through (for instance), where we've got to, the key challenges on costs and benefits etc. But I haven't yet thought through precisely what this should look like. Could we discuss tomorrow?

Emily

Emily Miles
020 7968 3291

From: Emily Miles
Date: 25 July 2005

PRIME MINISTER

cc: Jonathan Powell
David Bennett
Catherine Rimmer
Ivan Rogers
John McTernan
Miles Gibson
Matthew Taylor
Huw Evans

IDENTITY CARDS - NEXT STEPS IN AUGUST

Catherine Rimmer and I have had several meetings with the Home Office about identity cards, on the back of your request that No. 10 be sent in to work on the scheme, following the disappointing press coverage at Second Reading. This has been on a slower timescale than we would like because of 7/7 and Charles's reluctance to give us free reign.

We believe we are at risk of losing the public debate on ID cards because of **cost** and **usefulness.** In particular, it is not easy to communicate the tangible benefits of ID cards in specific transactions, because public services and commercial enterprises are reluctant to commit to their use at this early stage. Charles will come back to you on capping the cost, and realising benefits, in September.

The Home Office believe a Tony McNulty chaired working group looking intensely at cost and benefit issues, with other government departments, could lever more specific commitments to using ID cards, and more ways of cutting costs. We proposed this to them about 6 weeks ago, and at the time Charles simply viewed this as Downing Street getting over-involved. They now seem to believe that such a process would be useful. **We judge it would be incredibly useful to kick this process off over the Summer, particularly with open Downing Street backing.** ✓ but after our meeting, we are now leaning this.

We also suggest that you go through this in more detail with Tony McNulty and Andy Burnham, before you go on holiday. We think it would be helpful for you to spend some time gauging the extent to which the scheme can be transformed into something with more specificity; versus the extent to which this will have to be sold as an infrastructure project where the details are not yet completely worked out. This will be useful preparation to considering the proposals that Charles brings to you in September.

You will need to clear both these proposals on process personally with Charles first.

We therefore suggest you tell Charles, in the margins of your cross party meeting on terrorism tomorrow, that you would like:

- Tony McNulty to chair a cross-Government working group to do some urgent work with departments, over the Summer, to make ID cards' use more tangible.
- To meet Tony McNulty and Andy Burnham in the next few days, to go through these points in more detail.

Emily Miles

EMILY MILES

file

From: Godric Smith
Date: 24 June 2005

PRIME MINISTER

cc: Jonathan Powell
Ivan Rogers
David Hill
David Bennett
Matthew Taylor
Ruth Turner
Emily Miles
John McTernan
Tom Kelly
Darren Murphy
Huw Evans
Hannah MacLachlan
Ramil Burden

I need a 1-2hr briefing on ID cards before the Queen's Speech. Also I don't believe the HO h.d. How can we square this with what we said during the election? Unbelievable. + almost certainly a complete q of press

ID CARDS – 2ND READING MEDIA HANDLING

We agreed that the overall communications objective for Second Reading should be to establish the link between ID Cards and new biometric passports in the public's mind as best we can. At the moment this fact - which is central to the argument - is nowhere on the public radar.

Bernard Herdan, the Head of the Passport Agency, will do a briefing with the FT on Friday for publication Saturday am to feed into the Sundays. This will centre on the necessary shift to biometrics - 'the biometric passport revolution'. He will also draw attention to a recent survey which marked the UK Passport Service top in terms of customer satisfaction ahead of ASDA, E Bay et al. This will help condition the argument in terms of deliverability

We hope to get Stephen Lander from SOCA on Frost although this is not confirmed yet. The interview will not be specific to ID Cards but will give some third party endorsement for ID Cards on the core crime / terrorism argument.

We know that the LSE report on ID Cards will be published on Monday with a press conference. We do not know yet whether they will have anything new to say but the timing means the £300 figure is likely to get another outing. If they get a sense that the LSE are briefing the Sundays the HO will put out a detailed rebuttal document.

The HO are also producing a short paper on benefits which they will publish on Tuesday at a briefing. This is a more detailed piece of work than we have previously had and will enable us to get up the notion of savings more effectively. They plan to brief the headline figure from this over the weekend (likely to be £650 - £1.1bn pa across public and private) if the report is ready in time.

Monday

As things stand your press conference script on Monday is solely on ID Cards (copy attached). The (unremarkable) toplines are 1) confidence that we will get the Bill through 2) biometric passports mean ID Cards are an idea whose time has come. It will however be a valuable opportunity to take the captive lobby audience through the argument and condition coverage for the coming days. We will make a judgement over the weekend when we get a clearer sense of where the LSE are as to whether we need to brief the broadcasters for Monday am setting up your opening remarks.

Charles Clarke will do all media on Tuesday in advance of Second Reading. The Home Office also plan to publish the benefits document on Tuesday. Tony McNulty is doing a facility at Heathrow (Monday for Tuesday) where Project Iris has gone live giving us some biometrics pictures.

You should also be aware that our old friends at the Home Office Research Department are publishing a report on Thursday which will give an estimate figure for illegal immigrants (450,000). As you know this will be the first time we have had one. The research was only completed at the end of May (post election / Paxman). It will clearly be a big story. At present HO are simply planning to put it on their website. Experience tells us that this invariably means it is big in the papers on Friday and then becomes a broadcast story (cf the recent research paper on rape). We are encouraging them to be a bit more proactive in their handling but there is clearly no silver bullet to turn the story around. If you are speaking to Charles Clarke over the weekend you might want to touch on this.

Signed 24/6/05

GODRIC SMITH

PRESS CONFERENCE DRAFT SCRIPT

Tomorrow the ID Cards Bill will have its Second Reading in the House of Commons. I am confident that we can get the Bill on the statute book and I believe that the public support for what we are doing is strong. People recognise the benefits of a scheme that will allow us to tackle identity fraud more effectively, bear down on illegal working, immigration and abuse of our public services and help the fight against organised crime and terrorism.

These are all strong arguments for moving forward with ID cards. If they were not compelling enough there is also a unique logistical answer to the question 'Why now?' which is fundamental to this whole debate.

There is now the technology to move to a biometric passport - a document with fingerprint and facial recognition of the holder. In a time of increased global insecurity there is now also unstoppable political momentum across the developed world for countries to use this opportunity to make their borders more secure.

The International Civil Aviation Organisation decided in May 2003 that facial biometrics should become standard practice in the 188 countries that belong to it.

The USA passed legislation post 9/11 that stated countries whose citizens do not currently need visas to holiday in the States must begin issuing biometric passports by the end of October 2005 or risk facing visa restrictions. Nearly 4 million UK citizens visit the US every year. We do not want them to be in the position where they have the cost and the inconvenience of a £60 tourist visa every time they holiday in America.

The EU has also agreed that member states' passports should start containing facial biometrics from mid 2006 and fingerprints from 2008 and that visas and residence permits for non EU nationals should also be issued with biometrics.

So we have to make our passports biometric if UK citizens are to continue to enjoy the right to travel freely around the world. Equally we need other countries to move ahead with biometrics if we are to have the most modern border controls here in Britain. As we tighten our immigration and asylum controls we will have an electronic border system that will allow computerised embarkation checks from 2008.

In short, as we start issuing biometric passports for the first time we will develop a sophisticated identity register. 80% of the population have passports which will all need replacing over the next 10 years. For a relatively small additional cost we can build on this change to create a clean National Identity database, introduce a national ID Card and secure significant extra benefits for UK citizens and savings for both the public and private sectors.

Attention in recent weeks has focussed on the cost of ID cards. If we are issuing a biometric passport as we will have to do the additional cost for an ID card is relatively small – around 30 per cent of the projected £93 unit cost.

The next few years will see a visa and passport revolution across the EU and the developed world. We have the chance to lead this change. The move to biometric passports makes ID cards an idea whose time has now come.

Private Office Despatch

From: Kate Gross
Sent: 22 June 2005 13:12
To: Private Office Despatch
Subject: FW: PM meeting with CC

PS/DCA, PS/Hazel Blears, PS/CHx, PS/DPM, PS/DWP, PS/DfT, PS/DoH

-----Original Message-----
From: Ramil Burden
Sent: 22 June 2005 09:19
To: Kate Gross
Subject: RE: PM meeting with CC

I guess you send the letter to PS/Home Sec and copy to

-----Original Message-----
From: Kate Gross
Sent: 22 June 2005 09:16
To: Ramil Burden
Subject: RE: PM meeting with CC

Who are the right people?

will do after pmqs

-----Original Message-----
From: Ramil Burden
Sent: 22 June 2005 09:15
To: Kate Gross
Cc: Ivan Rogers; Jonathan Powell; David Bennett; Private Office Despatch
Subject: PM meeting with CC

<< File: 05-06-21-pm meeting with cc.doc >>

Kate

This letter has been agreed with the Home Sec's private office, David Bennet and Louise Casey. So I think it is safe to send out!

Can you make sure it is cc'd to the right people.

Ramil

From: Emily Miles
Date: 15 June 2005

PRIME MINISTER

cc: **Jonathan Powell**
Ivan Rogers
Matthew Taylor
David Bennett
John McTernan
Ruth Turner
David Hill
Godric Smith
Huw Evans
Ramil Burden
Miles Gibson
Kate Gross

ID CARDS: TIMING OF 2ND READING

Issue: Whether to postpone 2nd Reading beyond 28 June.
Timing: Hilary wants to announce the 28 June date at Cabinet tomorrow.

Advice: You asked for a more robust case on cost and benefits of biometric passports and ID cards at 2nd Reading, and wanted further advice from Charles on his faster roll-out scenarios. We (PD, Press and Political office) have been talked through these issues by the Home Office. We do not yet know where Charles is on this, but our conclusions are:

- The argument for ID cards can stack up. The move to biometric passports is expensive but necessary. For a bit more money and not much more hassle, we should take the opportunity to deliver ID cards. Our single objective at 2nd Reading should be to get the **linkage between ID cards and biometric passports** more firmly rooted.
- However, further detailed work is needed on **operating assumptions** – there may be ways of bearing down on the £93 unit cost for biometric passports and ID cards. HO has already got proposals to reduce this by about £6 – but there may be others.
- Much more work is needed on the **benefits case**. HO have identified about £650m a year in quantified benefits (i.e. a net benefit of £80m p.a. when operating costs are deducted), 100% realised in 2021; 50% realised in 2017. There are also significant unquantifiable benefits (e.g. effect on tackling terrorism and organised crime). While it is clear that, until a significant proportion of the population have ID cards (not until 2012 at earliest), the benefits case is lighter, we believe that OGDs have not really owned up to how faster ID verification will save them time and money. We also believe

more work is needed on ID cards' potential: a whole new way of checking people's identity could transform private sector activity.

- The **roll-out scenarios** by HO (not yet signed off by CC) model compulsion from 2010 with 100% roll out by 2015; or compulsion from 2010 with 100% roll out by 2018. The former is very risky in delivery terms; the latter does not deliver much extra benefit than the existing 2008+10 roll out model, linking ID cards to passport renewal. More work is needed, particularly on the idea that early compulsion for certain groups (such as benefit claimants) could stack the benefits case earlier in our favour; and on the original roll out model of 2008 + 7 years, which seems to have dropped off the table.

Your options are:

a) resolve the cost issues, benefits case and roll out scenarios in the next few weeks, and postpone 2nd Reading until this is done.
b) Go ahead with 2nd Reading by summer, and aim to resolve costs, benefits and roll out scenarios by the committee stage in November so that questions on the detail can be answered.
c) Press ahead with 2nd Reading on 28 June and committee stage by Summer Recess, emphasising that this is an enabling Bill, and detail on roll out plans and costs will be finalised in the course of the next year or so.

We favour option (c). This is because:

- We could lose politically and presentationally if we delay, as in (a) and (b). The media will sense internal uneasiness over the scheme. We know from the Chief Whip that we can win the vote at 2R even if all the opposition parties unite against the Government – which they may not. The committee stage will also be fine. We will therefore be able to achieve a sense of political momentum on the issue.
- The single comms objective at 2R should be to get the linkage between ID cards and biometric passports on the radar. We will ask HO to agree to UKPS giving more detailed briefing, to focus more strongly on the passports/ICAO requirements etc., and will ask the US to speak up to explain the biometric requirements, so that this is much more firmly rooted in the passport changes. Tony McNulty is confident he can get up the fact that biometric passports account for 70% of the costs, which will allow him to get across the idea that the ID card itself is around £30 (£3 a year).
- The costs, benefits and roll out scenarios need thorough work, which may take us beyond November.

We do not yet have a view from Charles about 2R timing, but in the absence of that, do you **agree?**

✓

Separately, we propose commissioning a **robust internal Government process** over the next 6 to 12 months, possibly with close OGC and SU involvement, backed up by a Tony McNulty chaired Working Group. This would:

- Do some heavy lifting with OGDs over costs and benefits.
- Push HO on roll out scenarios
- Ultimately consider fee structures
- Support HO's work on developing a robust risk mitigation strategy, and in giving a political steer on any inevitable tradeoffs (e.g. speed of compulsion vs speed of gathering benefits).

It would report to you regularly. CC thinks he should be left to get on with it – but we are concerned that HO have not delivered the goods on this for you so far, and need pushing. **Agree?**

Emily Miles

We shd be replaced with far better arguments by their [illegible]. not [illegible] but [illegible] help.

EMILY MILES

Rosalind Redfern

From: Emily Miles
Sent: 15 June 2005 18:20
To: Matrix Filing
Cc: Duty Clerks
Subject: FW: [UNCLASSIFIED] [Non-Record]

For matrix please

thanks

Emily Miles
020 7968 3291

-----Original Message-----
From: Jonathan Powell
Sent: 15 June 2005 18:08
To: Emily Miles
Cc: Ivan Rogers; Kate Gross; Ruth Turner; David Hill; Godric Smith; John McTernan; Matthew Taylor
Subject: [UNCLASSIFIED] [Non-Record]

TB is ok with tabling the ID cards bill as proposed so Hilary can announce at Cabinet

10 DOWNING STREET

Ivan

Pack on ID cards:-

1. RIA, published 25/5
2. Briefing, published 25/5. Benefits/costs.
3. Internal NHS paper on ID cards in NHS.
4. Slides on costs presented to me. 18/5/05.
5. Early vn. of benefits case presented @ ID card Strategy Board, 10/3/05.

EM 3/6/05.

Home Office

IDENTITY CARDS BILL
INTRODUCED TO HOUSE OF COMMONS ON 25 MARCH 2005
REGULATORY IMPACT ASSESSMENT

This Regulatory Impact Assessment is an updated version of the one that was published alongside the Bill which was introduced to the House of Commons on 29 November 2004.

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 prevention 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, e.g. 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 bodes 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 later in 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 to assess the public's reaction to the recording of biometric information and in particular any lessons which can be learned about difficulties which the public might have. 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 has mandated biometric passports, incorporating the recording of fingerprints as a Schengen building measure. The costs of recording biometric information and issuing more secure identity documents (in the form of

biometric passports) will become unavoidable[1]. Passports are currently held by 80% of the adult population. Similarly, for foreign nationals, the EU is in the process of finalising specifications for biometric residence permits for all third country nationals, which IND will be aiming to introduce by 2007.

17. The UK Passport Service (UKPS) five-year corporate plans published in 2004 and 2005 included its forward financial projections to 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.

18. Building on these developments in the Passport Service, the additional functions which need to be funded for the ID cards scheme comprise:

(i) the cost of covering the whole resident population[2] aged 16+ rather than the 80%+ who will have passports by 2008;

(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 total average annual running costs for issuing passports and ID cards to UK nationals is estimated at £584m[3]. Some set-up costs will be incurred after the first ID cards/biometric passports are issued as it will be more cost effective to build parts of the infrastructure incrementally.

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[1] 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.

[2] British and qualifying Irish nationals only. Registering and issuing cards to foreign nationals is a more complex process which needs to take account of whether the applicant is visiting the UK for the first time or is permanently settled and the quality of the documentation that they hold, for example whether biometric information was recorded when their documentation was issued. Many foreign nationals will be required to provide biometric information when they obtain visas or residence permits under EU regulations.

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 – e.g. 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, e.g. the accreditation of a user of the verification service as well as charges for usage[4]. Parliament will make 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 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. The current best estimate for the unit cost of an adult passport/ID card package for UK citizens valid for 10 years is £93[5]. 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, may be possible.

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;

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[3] At 2005/06 prices and including allowances for contingency, optimism bias and non-recoverable VAT.
[4] The Bill also includes a separate measure to allow for the cost of issuing free passports to those born before 2 September 1929 to be met by the fees charged to other passport holders.
[5] At 2005/06 prices and including allowances for contingency, optimism bias and non-recoverable VAT. The estimate of the indicative charge published in the previous RIA was derived from a unit cost of £88 which was at 2004/05 prices and excluded allowances for contingency, optimum bias and non-recoverable VAT.

(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. 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) 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, e.g. 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, e.g. by increasing the recovery of unpaid fines. It should also allow for reductions in compliance costs with some regulations, e.g. 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 living in the UK and having to establish his/ her immigration status a number of times to different departments and public services.

(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 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, e.g. 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 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 p.a. 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 society 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, e.g. 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 above, 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 judgment.

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, for example through the private sector user group of organisations interested in using the verification service, 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 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 74).

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 e.g. construction, textiles/clothing, hotel & catering, household services/cleaning, agriculture and the sex industry[6].

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.

[6] Information from OECD, TUC and discussions with IND enforcement officials.

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	• Poor pay rates and working conditions • Poor living conditions • Risk of exploitation
Government	• Loss of taxation and National Insurance revenue[7] • Fraudulent claims for benefits, e.g. asylum seeker support payments
Businesses	• Distortion of legitimate trade through unfair competition[8] • Lost productivity when legitimate employers find they have been employing illegal workers
Society	• 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 • Lack of confidence in immigration controls can put at risk the cohesiveness of communities

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 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.

[7] 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.

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, e.g. 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, e.g. 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 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

[8] 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.

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 e.g. 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 take-up 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, e.g. 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.

Assumption	**Actions**
Immigration officers and police officers will be able to check immigration status during enforcement operations.	The Immigration and Nationality Directorate is part of the delivery arrangements for the scheme to ensure that immigration status information is recorded correctly. 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. The requirements specification for the scheme includes processes for undertaking

Assumption	Actions
	identity checks. 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, e.g. 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.
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, e.g. 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 further drop in asylum claims in 2004 (31% fewer than 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. Lord Stevens of Kirkwhelpington, the former 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."

Sir Ian Blair, the current Commissioner of the Metropolitan Police, explaining on Frost on Sunday (17 April 2005) why he supports ID cards:

> "…at one stage or other we've got to start with a position where we do know who people are."

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.	This requirement is intrinsic to the design of the scheme. The legislation allows for the conduct of rigorous background checks, coupled with the recording of biometric information unique to each individual. The requirements for the enrolment and issuing processes are being specified taking account of best practice, e.g. lessons learned from piloting biometrics and background checks on passport applicants.
Key ID card checks would be performed on-line to minimise the usefulness of high quality forged cards and to provide an audit trail.	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. 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.
The police and security services will be able to examine the use of ID cards held by criminal suspects.	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. The scheme requirements specifications include business processes to meet these needs. The transition planning arrangements include establishing independent oversight arrangements and best practice is being drawn from the experience of organisations with similar oversight functions.

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, e.g. 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, e.g. 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, e.g. 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[9]. 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.

[9] 2002 Cabinet Office Study

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 CIFAS – the UK's Fraud Prevention Service reported a 275% increase in incidents of identity theft between 1999 and 2002 with a 67% total increase from 2002 to 2004. 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 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[10]. 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 (i.e. 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. CIFAS estimates that victims spend, on average 60 hours correcting their records, whilst 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

[10] National and State trends in Fraud and ID Theft, Federal Trade Commission 2003.

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 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, e.g. 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 (e.g. 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.	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. There is close collaboration with key stakeholders, particularly in the financial

Assumption	Actions
	services sector, to ensure that conducting on-line ID card checks provides them with a business benefit.
Support for 'card not present' checks would be available to support organisations which use telephone and post to deliver services to customers.	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. The ability to conduct automatic verification enquiries via interfaces between users' IT systems and the verification service is also being investigated.

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 March 2005, 705,000 Chip & PIN tills had been installed (about 82% 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, e.g. whether charges are levied by transaction, fixed subscription charges or some combination.

Timescales

63. 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

64. 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.

65. 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.

66. 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

67. 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.

68. 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 Parliament to approve 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.

69. 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, e.g. 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, e.g. 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.

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

(i) administration of social security benefits. A limited amount of more general benefit fraud – approximately £20 - £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;
(iii) adult allocation of National Insurance number. The Department of Work and Pensions Job Centre Plus could align adult NINO registration with Identity Card enrolment, providing a more streamlined service to customers whilst improving security standards around the allocation process;
(iv) 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;
(v) 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;

(vi) 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 e.g. 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.

71. 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**
The verification service meets the needs of user organisations	All of the key public service organisations have been consulted about the requirements specification. Special teams have been formed in some cases to work with service providers to help them analyse the potential benefits to their businesses. Performance criteria for the verification service such as availability, response times and resilience are being derived in consultation with user organisations. 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.
Where cards have genuinely been lost or	The requirements specification allows for

Assumption	Actions
stolen, procedures will be in place to ensure that services are not denied	'card not present' checks. The Identity Cards Bill provides the power for organisations to check whether a card has been reported lost or stolen.
Cards are widely held	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. The Identity Cards Bill allows for the scheme to become compulsory provided Parliament consents after a rigorous super-affirmative procedure.

Costs

72. 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. 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.

Timescales

73. 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, e.g. card readers, are likely to be made in the light of the rate of take-up of cards and investment plans to introduce or refresh technology.

(e) Other regulatory implications of the Identity Cards Bill

74. 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 and passports. 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, e.g. 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.

Equity and Fairness - wider implications

75. 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.

76. 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.

77. 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 750 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;

(iii) qualitative research conducted to examine perceptions of the customer experience in applying, enrolling for and using ID cards. The sample for this research focused on those likely to have particular issues, including minority ethnic groups, people from different faiths, people with disabilities, representatives of people in vulnerable situations (e.g. the homeless) and foreign nationals. A full report of the research findings can be found on the Identity Cards website (www.identitycards.gov.uk);

(iv) a series of consultation meeting with representatives from different faith organisations, to understand the particular needs and concerns of people from faith communities.

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

Consultation with Small Businesses - Small Firms' Impact Test

79. 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 recent immigration legislation[11]. 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.

80. 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.

Enforcement and Sanctions

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

Criminal Offences	Maximum Penalty
A person involved in the administration of the scheme to disclose information about people registered on the scheme without authorisation	*Summary* – 6 months imprisonment, or fine, *Indictment* – 2 years imprisonment
To obtain fraudulently an identity card	*Summary* –12 months (England, Wales and Northern Ireland) 6 months (Scotland) imprisonment, or fine, or both *Indictment* – 2 years imprisonment, or fine or both
To use fraudulently an identity document	*Summary* – 6 months imprisonment, or fine, or both *Indictment* – 10 years imprisonment
To alter fraudulently an identity card	*Summary* – 6 months imprisonment, or fine, or both

[11] The Immigration (Restrictions on Employment) Order 2004 (SI 2004 No. 755).

Criminal Offences	Maximum Penalty
	Indictment – 2 years imprisonment
To create a false entry, or to tamper with the National Identity Register	*Summary* – 6 months imprisonment, or fine, or both *Indictment* – 10 years imprisonment
To possess false identity documents	*Summary* –12 months (England, Wales & Northern Ireland) 6 months (Scotland) imprisonment, or fine, or both *Indictment* – 2 years imprisonment, or fine or both

Duties not giving rise to a criminal offence	Civil Penalty
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
Duty to surrender an identity card or to notify an invalid card when required to do so	£1,000

Competition Assessment

82. It is not anticipated that costs associated with the ID cards scheme would impact disproportionately on any particular types of business or 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, e.g. 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.

83. 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.

Monitoring and Review

84. 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 later in 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, e.g. 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.

Consultation

85. 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.

86. 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).

87. Further and ongoing consultation with all stakeholder groups will be taking place throughout the development of the scheme. The Programme includes a Research work stream, as well as Communications, Stakeholder management and Benefits Realisation work streams to take forward various forms of consultation. Reports of findings from research conducted by the Programme may be found on the Identity Cards website (www.identitycards.gov.uk). The main recent reports to be published are: 'Special Issues Research' (Mar 2005), 'Awareness, Understanding and Attitudes to ID Cards' (Sep 2004) and 'Public Perceptions of ID Cards' (Aug 2004).

Burden on other Government Departments

88. 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 later in

2005. The Identity Cards Bill itself places no obligation on any department to make use of the scheme.

Ministerial Sign-Off

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

Signed

Date May 2005

Minister's name, title, department

Tony McNulty, Minister of State, Home Office.....

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IDENTITY CARDS PROGRAMME
May 2005

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. The Immigration and Nationality Directorate published a five year strategy for asylum and immigration in February 2005 (Cm 6472)
	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 e.g. 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.

OUTCOME	MEASURE	ASSESSMENT
Reduced identity fraud	Strengthening the criminal law. Increase cross-working between public and private sector organisations to reduce identity fraud.	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. The Home Office has established an Identity Fraud Reduction Steering Committee and Forum to oversee 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.
An enhancement to the UK's capability to counter terrorism and serious and organised crime	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.	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. 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.
Speedier, more convenient access to public services and services to consumers more widely.	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.	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. 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.

(2)

Home Office

IDENTITY CARDS BRIEFING

– published w/ Bill, 25/5/05.

An ID cards scheme will help the UK counter:

- IDENTITY THEFT - by giving people a secure means of protecting their identity - a growing crime which costs the economy at least £1.3bn pa
- ILLEGAL IMMIGRATION AND WORKING - by helping to strengthen immigration controls and combat illegal working
- MISUSE OF PUBLIC SERVICES - by helping ensure public services are used by those entitled to use them and improving the efficiency and effectiveness of service delivery
- ORGANISED CRIME AND TERRORISM - by disrupting the activities of organised criminals and terrorists by making the UK the most difficult place in the world for them to use false identities.

The Government will be introducing biometric passports from 2006 in any event. Around 70% of the cost of issuing ID cards alongside passports is attributable to the introduction of biometric passports. The scale of the problems which ID cards will help to tackle runs into billions of pounds, for example the annual cost of organised crime has been estimated at £20bn.

Why do we need ID cards?

Identity Theft

Improvements in technology have made all our lives easier. Transactions such as paying a bill which once took many minutes are now done in seconds over the telephone and the Internet. But these advances also bring risks. Criminals are recognising that our identities are just as valuable, if not more so, than our material possessions. A few items stolen from a rubbish bin such as utility bills and credit card statements can lead to huge financial losses as well as distress and inconvenience for victims in putting their records straight. On average victims can spend 60 hours restoring their records. An ID cards scheme – as the legislation says – is first and foremost for the benefit of citizens, giving them a means to protect their identity and to be able to prove it in a secure and straightforward manner.

Immigration and Travel

We also gain enormous benefits from increased freedom of movement. As a trading nation we need to ensure that our business travellers can travel the globe with the minimum of inconvenience. The more trust that other countries have in our travel documents, the fewer restrictions there will be on UK travellers. Our country also benefits from inward travel – from tourism to those coming to study or to make an economic contribution. Over 90 million people arrive at UK ports every year. A secure way of identifying people staying for some time will ensure that our borders remain open to new arrivals. People will have confidence that we know who is coming to the country, for what purpose and that when they are here they will abide by the terms and conditions of their entry.

Public Services

An ID cards scheme will give people assurance that those using public services are entitled to do so and are not abusing the system. It will also make access to public services for those who are entitled to them more straightforward and secure. Expectations about the quality of public services are increasing, yet citizens are inconvenienced by having to re-identify themselves to public services on different occasions. This also wastes public resources. The range of services that can be offered on-line can be limited without a definitive, highly secure and reliable means of proving identity.

Terrorism and Organised Crime

Just as people will gain an individual benefit from registering with the ID cards scheme, as more people are enrolled society as a whole benefits. It will be better protected from the activities of those who use false identities – from people who hide their criminal past to avoid restrictions on working with children through to organised criminals and those who support terrorist activities. We know how important false identities are to these criminals through the frequency with which they use them.

Public support for ID cards has remained consistently high across all sectors of society and surveys show that if we are to have a scheme, the preference would be for a compulsory scheme. Even without compulsion there will be significant benefits. The scheme will provide the public with a quick and reliable way to establish their identity in routine transactions. We recognise there are concerns about civil liberties. The Bill ensures that there are safeguards about how information can be used. But the Government also believes that in the modern age the civil liberties of the majority

are best protected by doing what we can to keep people safe. An ID cards scheme can be an important weapon in the battle against crime and terrorism.

Why now?

Now is the right time to introduce an ID cards scheme because of advances in technology. An ID cards scheme is more than just issuing pieces of plastic. It is about recording on a central database basic personal information such as name, address and date of birth securely. This data is then linked to biometric information – such as facial image, fingerprints and iris patterns – which is unique to that individual. The card is convenient for the citizen as it provides a simple means to check a person against their record on the database. But the security which the scheme offers in protecting a person's identity from theft and preventing criminals from creating multiple identities rests more on the database and its use of biometric technology, than the card.

These technological advances are now being adopted across the world to improve the security of travel documents and border controls:

(i) following the 9/11 attacks, the US toughened its immigration laws and introduced fingerprint biometric visas for those visiting the US who required a visa. Countries such as the UK which are part of the US visa waiver scheme must comply with new International Civil Aviation Organisation (ICAO) standards and begin issuing biometric passports incorporating a facial image to remain in the scheme. The US also extended its fingerprint checks at major ports (the US-VISIT system) to visa waiver countries from the end of 2004;

(ii) the European Union has gone further and mandated both fingerprint and facial biometrics for Member States' passports within the Schengen area. The UK supports this move. The Government does not want British citizens to have 'second class' passports and will also be moving to incorporate fingerprint as well as facial image data in passports in the future to keep in step with our European partners;

(iii) the EU is also moving towards the introduction of fingerprint and facial biometrics for residence permits and visas issued to Third Country Nationals (foreign nationals who are not citizens of countries within the European Economic Area) from 2008. The UK fully supports this move and is on track to implement it as part of the Government's 5 year strategy for immigration and asylum.

Irrespective of any move to ID cards, the Government is having to respond to these advances through changes to the passport regime. It has chosen to take a lead rather than be driven by external events and will be using these technological developments as part of a comprehensive programme to improve border security, facilitate managed migration and enhance the delivery of public services. We will build on our internationally acknowledged expertise in organisations such as ICAO which sets standards for travel documents and in EU technical committees working on standards for visas and residence permits.

- We have already piloted biometric visas and introduced fingerprint biometric Application Registration Cards for asylum seekers.
- During the UK Presidency of the EU, we shall be working with other Member States on minimum standards for identity cards issued by the countries of the European Union.
- We will also be introducing electronic border controls. Combined with biometric identifiers this will give our citizens more secure checks at ports and give us the basis for establishing who is travelling in and out of the country.
- We have begun investing in improvements to passport security for British citizens as well as in the documents issued to foreign nationals.

Given that we will be introducing biometric identifiers for the 80% of our citizens who are passport holders and also for foreign nationals, we believe we can - for slightly more investment - yield much wider benefits for individuals and society.

The core components of the scheme

The ID cards scheme comprises four key components:

(i) an enrolment service which registers people's identity to a high degree of assurance. Biometric passports issued to EU standards will require people to have their application dealt with and their facial image and fingerprint biometrics recorded in person at a network of centres in any event. The additional iris pattern data required for an ID card will make the scheme as secure as possible and ensure that as many people as possible will be able to register biometric information to safeguard their identity. As well as local centres there will also be mobile centres for sparsely populated areas;

(ii) the National Identity Register which will be a new, highly secure database holding basic personal information. This will be compiled from scratch and an individual's information will not be recorded on the database before it has been checked by the enrolment service;

(iii) ID cards themselves which can be issued as stand-alone documents or alongside 'designated documents' such as passports. Documents such as residence permits issued to foreign nationals would also act as ID cards and work with the verification service (see below) in the same way as cards issued to British citizens;

(iv) a verification service which provides people with a secure and convenient way to prove their identity in a variety of situations such as opening a bank account or registering with a GP. The verification service is the link between a person's card and his or her record on the Register. The card on its own will be of limited use. It is the ability to check the card against its record on the Register which will make the scheme secure. It might be possible to produce a good looking forgery of a card but this will be useless without a matching record on the Register. The verification service will work on a number of different levels to suit particular business needs. For example, it may just confirm that a card is valid, in other circumstances it might provide additional information, for example the details of any restrictions on a foreign national's eligibility to work.

The ID cards scheme will be delivered by a new agency which will incorporate the functions of the UK Passport Service. It will work very closely with the Home Office Immigration and Nationality Directorate to ensure that the scheme has universal coverage for both British citizens and foreign nationals.

Why will ID cards be more secure than existing forms of ID?

The ID cards scheme will be more secure in three ways:

(i) people will apply in person. We will check that the personal details such as name and date of birth which people provide with their application match information held in other databases such as the driving licence system and National Insurance records. This will make it harder for one person to impersonate another when applying for an ID card;

(ii) we will record biometric information when the person applies. Biometric information – such as fingerprints and iris patterns - is unique to each

individual. Recording this information takes just a few minutes and is just like having your photograph taken. Recording biometric information will mean that the scheme will be able to detect people who try to establish more than one identity and who use multiple identities to hide criminal activities;

(iii) identifying forged identity documents at present relies on the skill of the person checking the documents. The ID cards scheme will allow cards to be checked electronically against the record in the National Identity Register. This will provide a highly secure and reliable means for public and private sector organisations to check identity.

Although the scheme will require applications in person, it will be possible to book appointments in advance. The process of recording biometrics is quick and not intrusive for example no lights are shone in people's eyes, no ink is used to record fingerprints. Surveys have shown that people who have experienced the process find it convenient and understand the benefits of having the information recorded.

Costs

The steps needed to improve passport security will incur costs. The first generation of biometric passports will incorporate a chip in the passport book which will store the facial image (biometric) of the holder. Issuing these passports will require:

(i) first time applicants to attend in person which will require a large expansion in the UK Passport Service's local centres;

(ii) recording and matching facial image biometric information on the passport database;

(iii) the production of more sophisticated passport books.

The first generation of biometric passports will be issued from 2006. The use of facial biometrics will make a more secure link between the passport and its holder. However this will not guard against people registering more than once. For this we will require a second generation biometric passport incorporating fingerprint biometrics which can be used to detect multiple attempts to register far more reliably than facial biometrics.

Even if we were not proceeding with ID cards being issued alongside passports, we would in any event be following EU standards to implement these second generation biometric passports which would require:

(i) personal visits by all applicants;

(ii) investment in equipment and staff time to record fingerprint biometrics and an even more sophisticated database to hold them.

These second generation biometric passports would be issued from 2008 in the absence of ID cards.

Given that we will be making these improvements to passport security in any event, we have decided to take advantage of the opportunity afforded by a more rigorous passport issuing process to issue ID cards alongside passports in 2008. The best estimate of the current unit cost of issuing a biometric passport plus a biometric ID card as a package lasting 10 years is £93. Around 70% of the cost of a combined package is attributable to the introduction of biometric passports. The additional costs include the more sophisticated database required for ID cards (the National Identity Register) and the cost of producing and distributing the cards themselves. The actual fees to be paid will depend on future decisions on who would receive concessions on card fees, what the level of concessions might be and how these would be funded.

Benefits

The benefits of the scheme can be grouped into four broad categories:

(i) Reduced identity fraud:

- The scheme will provide individuals with the means to protect their identities by associating their personal details with biometric information unique to them.
- It will also allow organisations to make more rigorous checks on the identities of their customers to reduce their exposure to fraud.

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

- The scheme will provide a straightforward way to verify the immigration status of all residents aged 16 and over.
- It will help the vast majority of legitimate employers to comply with the law on illegal working.
- It will make enforcement proceedings against unscrupulous employers more straightforward.

- It will help public services determine eligibility for services and ensure that they are not abused by people who are not entitled to use them.

(iii) More efficient and effective delivery of public services:

- The scheme will support the more effective administration of social security benefits and help to reduce identity related benefit fraud which currently costs around £50m pa.
- It will improve eligibility checks for free non-emergency NHS treatment.
- It will provide a more streamlined service for allocating National Insurance numbers to adults.
- It will speed up and improve the accuracy of Criminal Records Bureau checks, helping to protect the most vulnerable in society.
- It 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 39 million re-registrations from businesses and citizens.
- It will make sure that public services are only used by those who are entitled to use them.

(iv) An enhancement to the UK's capability to counter terrorism and serious and organised crime:

- The scheme will help to disrupt the activities of those who facilitate terrorism and organised crime by using multiple identities.
- It will help enforce money laundering regulations to identify and recover the proceeds of crime.
- In cases of serious crime or threats to national security, it will provide 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 to support their investigations. These powers will be subject to independent oversight.
- It will allow for more efficient use of police resources by reducing administrative burdens in routine police checks.
- It will allow the police to check fingerprint biometric information at scenes of crime where no match was found against their own records, helping to bring more offenders to justice.

Protecting privacy

The ID cards scheme will protect people's privacy.

- There are strict limits on the information which can be held on the Register, for example holding criminal records is not allowed.
- The presumption is that identity checks take place with the consent of the card-holder unless specified in powers set out in the Bill.
- It will not be compulsory to carry a card at all times and there are no police powers to require a person to produce a card.
- There are tough criminal sanctions for those who abuse the scheme such as a 10 year penalty for tampering with the National Identity Register – double the penalty which usually applies under the Computer Misuse Act.
- There will be an independent National Identity Scheme Commissioner to oversee the scheme including how ID cards are used by public and private sector organisations.

Identity Cards legislation

The Identity Cards Bill provides 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. The Bill is an enabling measure, it is not a detailed blueprint for the scheme. It sets out a legal framework in primary legislation within which the scheme will operate without being overly-prescriptive about the detail.

Once Parliament has approved the primary legislation, procurement of the key components of the scheme will commence. These will build on existing plans to issue more secure passports, residence permits and visas incorporating biometric information. As the details of the scheme are finalised during the procurement process, Parliament will have the opportunity to debate and agree the details which will be enshrined in secondary legislation. For example, the information which people will provide with their application will be prescribed under the Identity Cards legislation as will how organisations will be accredited to check people's identities.

One of the most important pieces of secondary legislation will be the fees which may be charged under the scheme. The Bill provides powers to set fees for a wide number of the scheme's functions – not only the issuing of cards but also charges to organisations making use of the identity verification services. The powers also allow for fees to reflect circumstances so that concessionary fees could be offered. The final decisions on fee structures and the level of fees will be made by Parliament.

In the main, people will be required to register with the scheme as they renew or apply for designated documents such as passports. We set out in November 2003

that if the conditions were right, this first stage of registration linked to the issuing of designated documents could be followed by a move to a compulsory scheme. A compulsory scheme would be one where it would be compulsory to register and be issued with an ID card - though not to carry one – and to produce a card to access public services in ways defined by those services. In the case of those services for which the devolved administrations have responsibility, decisions on the production of a card to access those services would be a matter for them.

The move to compulsion would require full debate and a vote in both Houses of Parliament. We would only take this step after a rigorous evaluation of the first stage, when we were confident that everything was in place to enable the scheme to work successfully, that its benefits outweighed any costs and risks and that it was fully affordable within future agreed spending plans. In particular we would want to be confident that:

- rollout during the first phase had already delivered significant coverage of the population;
- there was clear public acceptance for the principle of a compulsory scheme which would be used to access free public services. This would already have included a scheme of charges based on cost recovery and subsidy for those on low incomes;
- use of the scheme for access to free public services would not prevent people without cards from accessing emergency services, and those on low incomes and other vulnerable groups would not be disadvantaged;
- the scheme would make a further significant difference to tackling fraudulent access to free public services, and to tackling illegal working at an acceptable compliance cost to business;
- the technology was working and public services had implemented the technology and business changes necessary to take full advantage of the scheme.

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Identity cards in the NHS

DH Department of Health

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Introduction

This scoping study sets out the Department of Health's initial thinking and estimated costs and benefits for the use of identity cards in the NHS in England. It draws on a series of meetings with frontline staff and key stakeholders (see page 15 for a complete list). The document considers the period from 2008, when identity cards will be introduced on a voluntary basis for UK residents, to 2017.

There are a number of uncertainties because of the sheer number of variables and the long timescale. The figures contained in this document may therefore be revised over time. However, the provisional figure for the benefits (net of costs) of identity cards in the NHS over the 10 year period from 2008 to 2017 is **£211m** (or £233m with a link to care records). This is broken down by year and also by type of benefit and cost later in this study.

What is the history of the identity cards scheme?

The introduction of identity cards was first announced by David Blunkett, the Home Secretary, in April 2004, when consultation on legislation was published alongside a draft Bill. The Home Affairs Select Committee published a report on identity cards in July 2004 to which a Government Response was published in October 2004. A summary of the consultation findings was published at the same time.

The Government's aims in introducing identity cards are:

- To deter illegal working
- To tackle immigration abuse
- To strengthen security by disrupting the use of false and multiple identities by terrorists and criminals
- To help protect people from identity theft
- To facilitate access to public services for those who are entitled to them

John Hutton, the Minister of State for Health, has stated that a potential benefit of identity cards would be to ensure that limited NHS resources are directed at those who are entitled to them, rather than extending to those whose claim to free NHS treatment is fraudulent. At a hearing of the Home Affairs Select Committee in April 2004 he said that identity cards will represent "a more efficient way for the NHS to establish entitlement to free NHS care", and will "help the NHS to properly police the rules".

How will the scheme operate?

Subject to Parliamentary scrutiny, the identity card will be introduced on a voluntary basis in 2008, and might be made compulsory for all UK residents (with a few exempted categories, pending ministerial decisions) from 2013. All passports issued from 2008 would automatically be issued with an identity card, but it would also be possible to register for the standalone card.

Data would be held on a central database (the National Identity Register) and be limited to key facts such as name, date of birth, nationality, immigration status and so on. User organisations such as the NHS, the Department for Work and Pensions and the Police would be able to access this data upon presentation of a card by 'swiping' it through a reader that would carry out an online check of the National Identity Register, confirming that the card is valid and that the individual's details are accurate and up to date. The data would simply confirm identity and establish key facts such as immigration status; it would not be possible for external organisations to access sensitive personal data, such as care records.

In the draft identity cards Bill, it is specifically prohibited for organisations in both the public and private sectors to require the production of an identity card to access services before the cards themselves were made compulsory. After compulsion (if decided upon), identity cards would be required at certain points in the NHS to prove eligibility for free treatment. These would include registering with a GP practice and attending the first in a series of outpatient appointments. There might be groups who would be exempted from this requirement, including the very elderly and the mentally ill. Under-16s would not be covered by the scheme. Emergency treatment would never be withheld or delayed because of a requirement to produce an identity card.

It would never be compulsory to carry a card. In a situation where services were accessed after identity cards had been made compulsory without the card being present, alternative ways of checking personal details against the National Identity Register would be used (including a secure website). Before this date, individuals who did not have identity cards would be able to prove their identity or other details (e.g. address) using alternative forms of evidence such as a passport or driving licence, as is currently the case.

The National Identity Register would also contain biometric data such as fingerprints for each registered person, which could be checked to verify identity. However, there are no plans to use biometric readers in an NHS context (although in Accident & Emergency departments they could be used to identify unconscious or otherwise incapacitated patients) before 2013 at the earliest.

Benefits for patients and for the NHS

Demonstrating eligibility

Eligibility for free hospital NHS treatment is restricted to people who are legally ordinarily resident in the UK, as well as to certain exempted categories of people[1], and to certain exempted services[2], including treatment given in Accident & Emergency (A&E) departments. There is a legal requirement for NHS trusts to check the eligibility of patients receiving any treatment, including emergency or immediately necessary treatment, given outside A&E departments. Emergency or immediately necessary treatment will never be withheld or delayed while a patient's chargeable status is being established. Patients are currently asked to produce evidence of right of residence (birth certificates or entry clearance documents) and evidence of residence such as utility bills.

The rules regarding eligibility to free primary medical services (ie those provided in general practice) are less clear. That is why the Department of Health has recently consulted on proposals to align the rules for primary medical services with those for hospital treatment (as far as it is possible to do so). Under the proposals anyone who is not eligible for free treatment will be charged[3], but treatment that is required in an emergency or that is, in the clinical judgement of a health care professional, immediately necessary will continue to be provided free of charge. Ministers are currently considering the outcome of the consultation.

Identity cards would make the process of checking eligibility quicker and more convenient for patients and NHS staff alike. The National Identity Register would contain sufficient data in most cases to tell staff at a glance whether a patient was eligible. In those cases where further information was required, such as an overseas student whose eligibility depended on attending a full-time course, additional proof would need to be shown.

[As the national identity cards scheme and the information related to it develops, it may become increasingly useful in verifying eligibility for free or reduced cost treatment for a variety of NHS services, such as prescriptions, optical and dental treatment.]

The NHS would benefit by identifying many more people who are attempting to defraud NHS resources by falsely claiming to be eligible for free treatment. These people would still be given the option of treatment, but would be charged or treated as private patients, depending on the context. Anyone in need of immediately necessary care would be treated regardless of their eligibility, although charges would still apply.

Patients would benefit because they would be able to prove their eligibility more easily and quickly, and without having to locate alternative documents. Ethnic minority patients who were eligible for free NHS treatment would find identity cards especially useful in confirming their right to access this and other free public services in the UK.

Case study 1 – Registering with a new GP

Mr A, who has recently arrived in the UK with a work permit, goes to a GP surgery and asks to be registered. The practice ask Mr A for details of previous UK registration with a GP, or failing that for his identity card, before they can accept him as a patient. Mr A says he has not had a GP before and has not yet received his identity card. The practice ask him to go to the Primary Care Trust (PCT) who would ask Mr A further questions to check his eligibility for NHS primary medical services, including advising him to obtain his identity card quickly. Once the PCT had satisfied themselves that Mr A is eligible for NHS services they would inform him and the practice and Mr A can be registered.

[1] Including visitors who are working for a UK-based employer or are attending certain types of full-time courses of study.
[2] Including notifiable diseases such as cholera and smallpox, and infectious diseases such as tuberculosis and typhoid fever.
[3] Proposals include the introduction of either NHS charged primary medical services using existing legislative powers (S121 of the NHS Act 1977) or private charged primary medical services.

Case study 2 – Receiving elective care in hospital

Mrs B, who is a diabetic, is referred by her GP to a specialist hospital clinic for review. When she first attends hospital the outpatient clerk asks her where she has lived in the previous 12 months. She says she came to the UK 8 months ago. She is passed onto specially trained hospital staff who ask further questions to establish whether she should be paying overseas visitor charges. Mrs B shows them her identity card and says she is a university student. If she did not have an ID card, the hospital would be concerned whether her claim to be in the UK as a student could be correct. Even with the identity card, the hospital ask Mrs B to provide a letter from her university to confirm that she is actually attending her degree course.

Accessing services

Patient interactions with the NHS would be faster, easier and more reliable with identity cards. Rather than having to search through a list of names when a patient attended an appointment, the patient would be able to show their identity card, which could be data read through a card reader. In a few seconds the receptionist would see the patient's name and other basic details. This would save time for staff as well as patients, allowing receptionists to devote more time to other tasks. The public would find it convenient to have a single card to access a range of services across the public and private sectors.

Time savings would apply in particular when registering with a service for the first time, such as with a GP practice in a new area. Currently, practice staff have to ask for and enter the patient's personal details manually. The patient's identity card could allow authorised NHS clinical staff to view basic personal information contained on the National Identity Register instantly.

It would also be possible for the identity card to link to care records, although this possibility is still being discussed. The Home Affairs Select Committee report on identity cards stated that "it would be sensible for the identity card to be the mechanism that enables individuals to access their NHS records". The Government's response contained a commitment to "explore how identity cards could be used to assure identity before allowing patients access to their records", while stating that "there would be no question of other users of the Register, such as the police, being allowed access to medical records".

Department of Health Ministers have clearly stated that there will be a "cordon sanitaire" around care records (the NHS Care Records Service) so that the identity card will not allow unauthorised access to them. Work is underway to examine ways in which a secure one-way link could be set up between the National Identity Register and the NHS Care Records Service, to validate basic demographics and entitlement to free NHS care where this was appropriate.

Establishing identity

In Accident & Emergency departments there is often a need to establish a patient's identity for pressing medical reasons – to know his or her blood group, to check for allergies, and so on. Although identity cards would never be routinely asked for in A&E (which is free for everyone, regardless of eligibility), they could be useful in many cases where a patient could not confirm their identity to staff, perhaps because they were unconscious or in shock. If they were carrying a card this would instantly confirm their identity. If not, it might be possible to take a biometric measurement (such as a fingerprint) and to compare this against a subset of records on the National Identity Register (narrowed down by gender and approximate age) to establish identity. Existing laws around confidentiality would apply with identity cards, exactly as they do now.

Case study 3 – Receiving emergency care in hospital

Mr C, who is a New Zealander on holiday in the UK (and thus not eligible for an identity card), develops severe chest pain and goes by taxi to an A&E department, where he collapses before he has been seen. The nurses attend to him urgently and look for evidence of who he is. They find his passport in his pocket. He spends 5 days in a coronary care unit and makes a full recovery. The overseas visitors officer explains to him that the hospital never charges for A&E treatment but might have needed to charge him for coronary care – but as he is from New Zealand he is covered by a reciprocal agreement and there is no charge.

Improving data quality

The NHS National Programme for IT is rolling out a national database 'spine' which will act as a single electronic repository for patient care records in England. The accuracy of the data is crucial, and identity cards could have an important role to play in minimising the number of care records which were incorrectly amended, by ensuring that key personal data such as date of birth and address could be checked against an accurate and up to date database. This would avoid the costly process of putting right errors which, across the 1.6 million daily interactions with the NHS[4], could number hundreds per day.

[4] Source: Chief Executive's Report to the NHS, May 2004.

When would identity cards be used in the NHS?

Timescales

From 2008, hospitals and GP practices would accept identity cards as one of several forms of proof of identity, including passports, photo driving licences and birth certificates, to confirm eligibility for free treatment (see page 5). If and when registration for an identity card was made compulsory, which could be in 2013, hospitals and GP practices would require patients to show an identity card (or prove that they were registered for one) at certain points (see below).

Key patient interactions

Identity cards would not be asked for every time a patient visited a clinic or GP practice. Instead, they would be required to prove eligibility at certain key points in the patient's interactions with the NHS, including:

- Registering with a GP practice (and re-registering after a change of address)
- Visiting an outpatient clinic for the first of a series of appointments
- Admission to a hospital ward as an inpatient
- Visiting a walk-in centre (excluding A&E focused walk-in centres where all treatment is free)

The predicted number of eligibility checks using identity cards for the above scenarios is essentially the same as the number of checks which are currently required, since there would be no change in the process, but only in the documents used to prove eligibility. The approximate numbers are as follows:

Scenario	Eligibility checks[5] per annum	Context
GP registration	4,872,000[6]	New registration or re-registration with new GP
Outpatient first appointment	11,610,000	First of a series of appointments
Inpatient admission	4,745,000	Elective care or transfer from A&E
Walk-in centres	493,000	Visit to a Walk-in centre
Primary Care Trusts[7]	244,000	Referral from GP practice

[5] These figures have been adjusted from current checks to reflect the fact that identity cards will not be issued to under-16s.
[6] As at November 2004 eligibility checks are not made in primary care; however, they may be introduced (subject to a ministerial decision).
[7] Checks would only be made in Primary Care Trusts in occasional cases where eligibility cannot be established in a GP practice.

How would identity cards be used in the NHS?

GP practices / Walk-in centres / Primary Care Trusts

When a person registered at a GP practice (including re-registration after moving), we anticipate that their identity card would be visually checked and the data read through a card reader, which would query the National Identity Register. The data would in general confirm eligibility (or non-eligibility). In the voluntary stage, people without identity cards would be asked to provide alternative proof of identity. In the compulsory stage, people who were not carrying their identity card would be checked using a secure website interface, and those were not registered for an identity card at all would be assumed to be ineligible and given the option of being treated privately (unless alternative evidence could be shown). Under-16s would be asked for alternative identification eg a birth certificate.

A similar process to the above would apply to all visits to primary care-focused Walk-in centres, although non-eligible patients would be offered the option of chargeable NHS treatment as opposed to private treatment (unless their condition required immediately necessary treatment, which would be provided free regardless).

Any person whose eligibility was still in doubt could be referred to their Primary Care Trust for further checks.

Hospitals (outpatients / inpatients)

When a person arrived at a hospital as an outpatient (for the first of a series of visits) or as an inpatient (whether for elective care or having been transferred from Accident & Emergency), their identity card would be visually checked and the data read through a card reader which would query the National Identity Register. The data would in general confirm eligibility (or non-eligibility). In the voluntary stage, people without identity cards would be asked to provide alternative proof of identity to an Overseas Visitors Manager. In the compulsory stage, people who were not carrying their identity card would be checked using a secure website interface (or possibly a biometric scan), and further documentary evidence might be required. Those who were not registered for an identity card and people whose eligibility was unclear following an identity card check would be referred to an Overseas Visitors Manager for a full interview. Under-16s would be asked for alternative identification.

Accident & Emergency

Identity cards could identify, for **medical** reasons, patients who were not able to identify themselves because they were unconscious, in shock etc. The Identity Cards Bill contains a provision allowing identity checks to be made without the individual's consent in such situations. In the voluntary and compulsory stages, people carrying identity cards would have their card data read in a reader. In the compulsory stage, people who were not carrying their identity card could in principle have some of their biometric data (fingerprint / iris scan) compared against biometric data held on the Register, although no decisions have been made about the possibility of introducing biometric readers into Accident & Emergency departments.. In the vast majority of cases, it would be possible to narrow down the number of records on the Register against which the biometric was checked by entering some basic patient data such as gender and approximate age. In the rare cases where this was not possible, biometric checks might take up to 15 minutes.

Types of check

The table below summarises the likely types of check in each scenario, both during the voluntary stage (2008 – 2013) and the putative compulsory stage (2013 onwards), for people carrying and not carrying cards. Before 2013 people without cards would be assumed not to be registered; after 2013 they would be assumed to be registered.

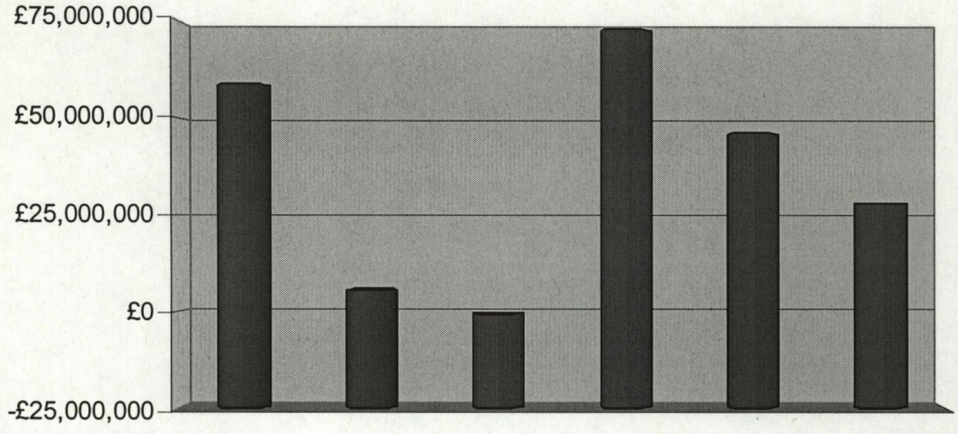
Stage	Voluntary stage (2008 – 2013)		Compulsory stage (2013 -)	
Card availability	**Present**	**Not present**	**Present**	**Not present**
GP practices	Card data read	Alternative ID	Card data read	Website check
Walk-in centres	Card data read	Alternative ID	Card data read	Website check
Primary Care Trusts	Card data read	Alternative ID	Card data read	Website check
Outpatients	Card data read	Alternative ID	Card data read	Website / (biometric check)
Inpatients	Card data read	Alternative ID	Card data read	Website / (biometric check)
Accident & Emergency	Card data read	Alternative ID	Card data read	Possible biometric check

How much would identity cards save the NHS?

The financial benefits to the NHS of using identity cards are estimated as being equivalent to **£211m** over the first ten years (2008 – 2017). This figure is based on a number of uncertain variables and is therefore only an estimate. The graphs below show the estimated savings, broken down first by type of NHS organisation, then by type of benefit (and cost), and finally by year. The figures assume that there is not a link from the National Identity Register to care records; if there was such a link, the extra benefits in terms of accessing services might amount to around £22m.

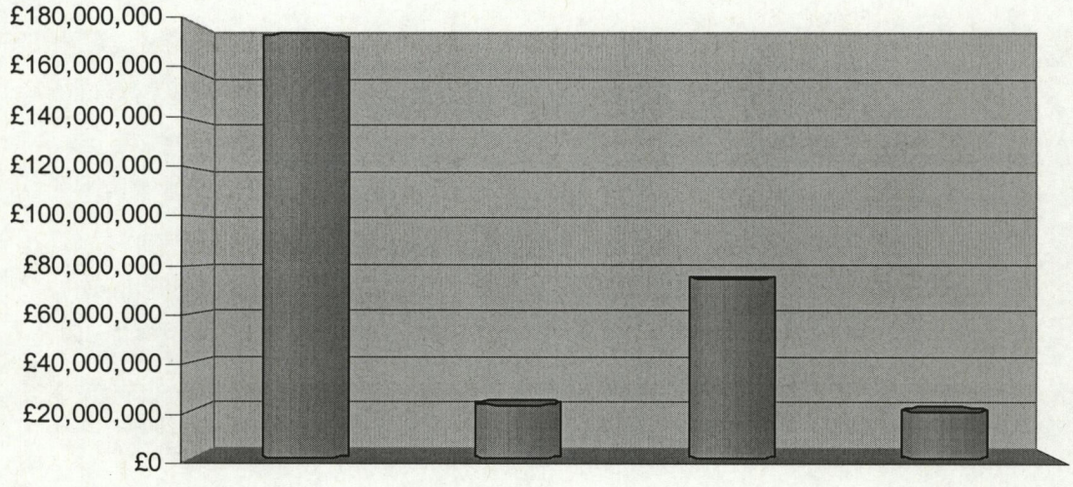
The benefits to patients in terms of time saved and a better quality of service would also be significant. These have not been quantified at this stage, although they may be estimated at some point in the future.

Benefits (net of costs) by type of NHS organisation, over ten years from 2008-2017



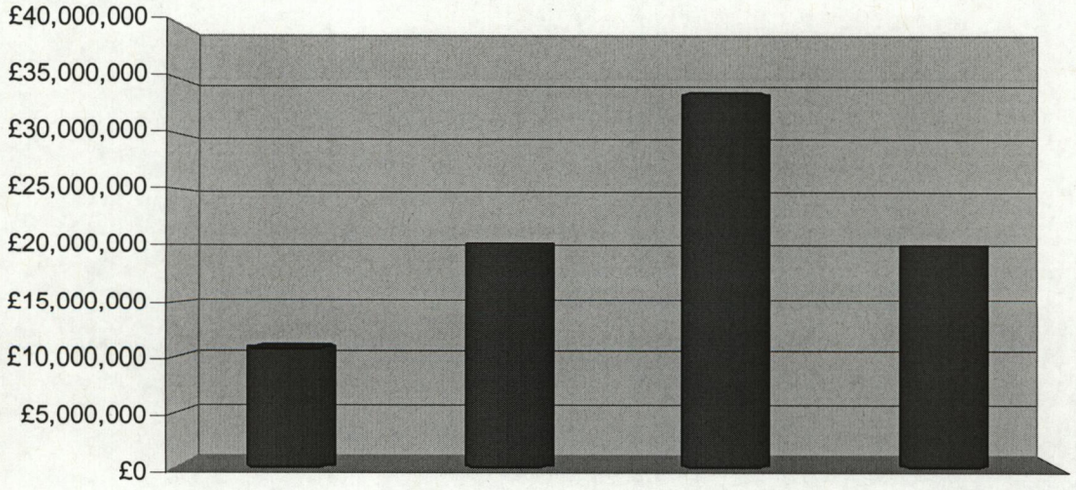
	GPs	WiCs	PCTs	A&E	Inpatients	Outpatients
Values	£58,756,430	£5,763,997	-£494,790	£73,090,884	£45,925,553	£27,807,449

Benefits by type, across the NHS, over ten years from 2008-2017



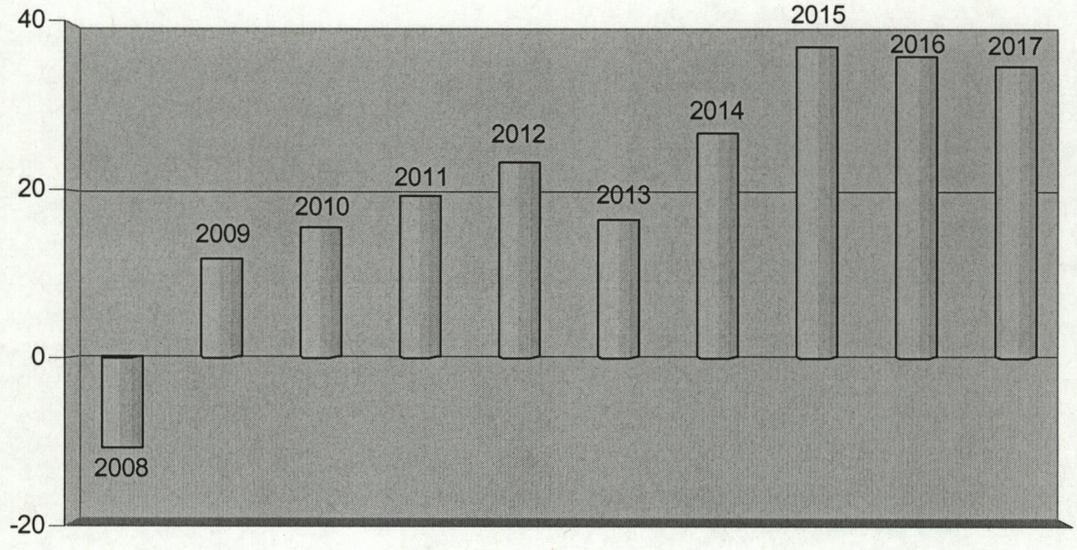
	Demonstrating eligibility	Accessing services	Establishing identity	Improving data quality
Values	£175,620,719	£22,450,573	£75,000,000	£19,672,570

Costs by type, across the NHS, over ten years from 2008-2017



	Systems procurement	Staff time	Training	Management
■ Values	£10,653,443	£20,122,747	£33,747,255	£20,068,356

Benefits (net of costs), across the NHS, by year (£m)



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Values	-10.88	11.87	15.64	19.40	23.35	16.48	26.88	37.20	36.06	34.84

Notes

- Some benefits relating to efficiency savings might be non-cash releasing. The main component is saving staff time, enabling staff to spend more time on other duties, but not necessarily requiring fewer staff to be in post.
- Benefits relating to establishing identity are lives saved, which benefit the UK economy rather than the NHS.
- Discount factors have not been applied to these figures, in line with current Home Office practice.
- The loss in 2008 is due to set-up costs such as equipment preparation and, in particular, staff training. The sharp dip in 2013 is largely due to purchasing biometric readers in hospitals, and associated training costs.
- The increase in net benefits from 2014 is due to an assumption that registration for identity cards will become compulsory after 2013. The small decline in 2016-17 is due to equipment replacement.

Frequently Asked Questions

How would you ensure that access to sensitive personal data is controlled?

The data held on the National Identity Register would be restricted by the provisions of the Identity Cards Bill and would not go beyond basic information to help establish an individual's identity. Unauthorised, non-NHS staff would never be able to access care records using the identity card or the National Identity Register.

Wouldn't identity cards aggravate racism and discrimination against minorities?

Not if checks were applied equally to everyone. In fact, identity cards would make it easier for members of many minority groups to assert their entitlement to access free public services, including NHS treatment.

Would biometrics work well enough to be used routinely?

There is some concern about the reliability both of registering and validating biometric data. We believe that the technology may have matured sufficiently by 2008 so that biometrics become an accepted part of daily life. However, we have no plans to use biometric checking routinely in the NHS until 2013 at the earliest, subject to further proof of the reliability of the technology.

What would happen when other parts of the technology fail?

If links to the National Identity Register or any other part of the systems were to fail at any point, there would be no adverse effects on treatment or the delivery of any NHS services. Eligibility checks could be carried out using alternative documents, or temporarily skipped, and access to records would be possible without identity cards.

Wouldn't people who didn't have identity cards after 2013 slip through the net?

There would be no requirement for foreign nationals who spent less than three months in the UK to register for an identity card. However, anyone who presented for treatment after 2013 without a card or a record on the National Identity Register would be assumed not to be eligible for free NHS treatment, unless they could prove otherwise. Visitors from countries with reciprocal healthcare agreements with the UK (such as Australia) who were in the UK for less than 3 months would be able to demonstrate their eligibility upon production of a passport.

Would there be public health implications if people with communicable diseases weren't treated?

Most communicable diseases, including many sexually transmitted infections, tuberculosis and cholera, are treated for free by the NHS, regardless of eligibility, for public health reasons. There is a separate issue that people might not realise this and might fail to seek medical help if they had symptoms because they believed that they would be charged for treatment. A far-reaching communications campaign would be set up to combat any such perceptions and to make it clear that confidentiality would never be compromised.

Would doctors and nurses accept becoming 'gatekeepers' to NHS services?

Clinicians would not be asked to police access to NHS resources. The introduction of identity cards would not have any effect on the number of eligibility checks, since they are already required in secondary care, and will be in primary care if changes are introduced. Also, checks would be carried out by administrative and not clinical staff, and identity cards should speed up such checks, thus reducing rather than increasing bureaucracy.

How would identity cards work in the NHS in Wales, Scotland and Northern Ireland?

This document covers England only. Identity cards are being introduced across the UK, but it is up to the devolved administrations how they use them in their own healthcare systems. Indications so far are that they do not intend to require the production of ID cards in healthcare at any point.

Appendices

General assumptions

1. Equal proportions of the population register for identity cards in each of the 4 countries of the UK during each year of the voluntary phase.

2. The number of NHS contacts for different venues per head of the English population is in proportion to similar figures for the UK population.

3. 100% checks are made for eligibility throughout the NHS at the necessary points (eg upon registration with a GP practice or at the first of a series of outpatient appointments).

4. NPfIT installs compatible card readers into all NHS staff workstations before 2008. This is budgeted for already by NPfIT and will allow staff to prove their identity by swiping their NHS staff card before accessing NCRS. This means that no non-biometric readers are required; only mobile and biometric readers, if used, would need to be purchased separately. The costings given for non-biometric readers are therefore costs for adapting and installing the software, on a per workstation basis.

5. The National Identity Register (NIR) has fields which show whether someone has been in the country for more than 12 months (and if they are in the country lawfully will therefore be eligible for free care), or is in the UK on a working / student visa (and therefore eligible if currently working / studying), or is applying for asylum (and therefore eligible while the application is pending). The NIR also links to the Department for Work and Pensions database and displays information less than a week old on someone's current working status. Students will need additional evidence that they are currently studying. All NHS organisations will have access to the NIR.

6. Non-entitled people, whether overseas visitors or temporary residents, use the NHS at the same rate as the rest of the population.

7. The Home Office assumption that 30% of the card-holding population will refuse to provide their card or voluntarily supply identity data or biometrics will affect the NHS less than other services, and can be circumvented by asking for alternative evidence. This factor has therefore not been included in the study.

8. Identity cards will not be issued to under-16s. All figures for population and patient contacts with the NHS have therefore been adjusted to remove under-16s from calculations. They will need to show alternative evidence, as will any other potentially exempted categories (as yet undecided) such as the mentally ill or the over-85s in care. Another group without identity cards will be overseas visitors who have been in the UK for less than 3 months, some of whom will be eligible (eg because they are working in the UK or have come to settle permanently). An NHS-wide system of checking eligibility for these exempted categories will need to be developed alongside the identity card to allow these groups to provide alternative forms of identification.

9. In the voluntary stage (2008-2013), people with identity cards who carry them routinely will present their ID card, as opposed to any alternative form of identity document, when asked to prove their entitlement to free NHS treatment. People who have registered for an identity card but do not bring it with them will be treated as non-cardholders and asked to provide alternative forms of evidence.

10. The National Identity Register and the identity card chip hold information about the holder's residential address in the UK and their date of birth, and the date of birth is printed on the face of the card.

11. Overseas visitors from bilateral healthcare agreement countries (including EEA states and Switzerland) will show an identity document to prove their entitlement to free treatment. From 2005 this will include the European Health Insurance Card for EEA/Swiss nationals. Those who have been in the UK for more than 3 months will be issued with an identity card which will prove their entitlement on these grounds. Nationals of EEA states or Switzerland who can demonstrate they have come to the UK to live permanently will be entitled on the grounds of being ordinarily resident in the UK. Nationals from non-EEA bilateral healthcare countries will be exempt from charges after 12 months lawful residence.

12. A similar proportion of people who have identity cards will carry them as a matter of course both before and after compulsion. Early adopters will be more enthusiastic than those who do not register until they have to, and therefore more likely to carry them; however some people who register for an identity card before compulsion through the issue or re-issue of another document (eg a passport) would not count as early adopters and so might be less likely to carry the card.

13. All checks will be carried out online and so will involve querying the NIR. This is necessary to ensure that up to date details (for example current employment status) are always accessed. It will also check that the card has not been forged.

14. For each venue, assumptions for verification methods have been made for 2 groups: those with identity cards, and those without identity cards. After compulsion (2013), the latter group becomes people who have identity cards but do not carry them.

15. The Department of Health is currently investigating the possibility of issuing patients with a smart NHS card, which could take over some of the functions and therefore benefits of an identity card.

16. No benefits have been scoped as yet in pharmacy, dentistry, optometry or any other allied health professions. However, there are potential uses for identity cards which will be explored in detail.

17. (**If access to care records is implemented:** the NHS National Programme for IT (NPfIT) is rolled out successfully and on schedule. Procedures for accessing the patient's care record and checking identity and entitlement have been sanctioned by all interested parties and are available to NHS Professionals via the NHS Care Records Service (NCRS). Access to the NCRS would be securely controlled through the use of the NHS Professionals Smartcard and the physical separation of the NCRS and identity card databases.)

Statistical assumptions

Annual figures	ID card holders in the UK (m)	% of card readers replaced
2008	5	N/A
2009	15	2%
2010	25	5%
2011	35	8%
2012	45	10%
2013	50	15%
2014	50	60%
2015	50	2%
2016	50	5%
2017	50	8%

Costs	Unit cost
Basic card reader software (hardware already installed)	£20.00
Biometric reader hardware and software	£250.00
Staff cost per hour (clerical grades)	£12.00
Training for card readers (for 2 staff per reader)	£200.00
Training for biometric readers (for 2 staff per reader)	£350.00
Management and communications cost per card reader per year	£140.00

Verification methods	Time per check (seconds)
Alternative identification document	120
Visual check of card	10
Card data read and online check of National Identity Register	30
Secure online access to National Identity Register	30
Online biometric check and card data read through reader	30
Online biometric check (narrowed down by age/gender)	60
Online biometric check (not narrowed down by age/gender)	900

Miscellaneous assumptions	Value
Proportion of people in UK who are not eligible for free NHS treatment	0.39%
Number of ID cards issued to overseas visitors per year	300,000
Proportion of overseas visitors with ID cards[8] who are chargeable	50%
Number of weeks spent in UK of chargeable visitors with ID cards	35
Proportion of ID checks which lead to data errors being avoided	5%
Cost of fixing a data error	£3
Additional cost % for checking alternative ID after compulsion	5%
Time to register a patient (minutes), after NCRS rolled out	2
Time to identify unconscious patient without ID cards (minutes)	5
Number of lives saved in A&E through ID card identifications, per year	8
Value of one person's life (£m)	1.25

Locations	Number in England[9]	Eligibility checks/day	Card readers needed (each)[10]
GP practices	9,000	13,348	1
Walk-in centres	100	3,480	2
Primary Care Trusts	304	667	1
Hospital inpatients	1,300	13,000	20
Outpatient clinics	6,500	31,807	2
A&E wards	210	1,914	3

Charging[11]	1	2[12]	3	4	5	6	7	8
GP practices	60%	**£20**	5.00	30%	75%	100%	0%	0%
Walk-in centres	60%	£25	2.50	30%	75%	50%	0%	0%
Primary Care Trusts	60%	**£20**	0.02	30%	75%	100%	0%	0%
Hospital inpatients	60%	£2,600	0.10	30%	95%	50%	0%	5%
Outpatient clinics	60%	£150	0.85	30%	95%	50%	0%	5%
A&E wards	60%	N/A	0.32	N/A	N/A	N/A	N/A	N/A

[8] Covers visitors **not** from countries with which the UK has a bilateral healthcare agreement.
[9] These figures are estimates for the number of locations in England in 2008 and may not match current figures.
[10] The National Programme for IT is installing more readers than are required for ID cards as part of existing plans for staff smartcards.
[11] Columns are: (1) % of ID card holders who have their card on them, (2) average charge/cost for treatment per visit, (3) average number of visits per year, (4) % of chargeable population who are picked up as being chargeable by ID cards as opposed to any other checks (ie are not already checked), (5) % of those picked up as being chargeable who are actually charged, (6) % of those charged who pay, (7) % of those charged who have conditions that are exempt from charging, (8) administrative costs of chasing debts, as a % of the charge levied.
[12] Figures in normal text refer to NHS charges made for treatment; figures in bold text refer to patients who are either not treated or are treated privately having been shown to be unentitled to free NHS treatment, and therefore to NHS cost savings made. In the latter case any further references to charging can be taken to mean savings made, and 100% payment is assumed since payment would be made direct to the GP for private treatment and therefore any payment that was not made would not incur losses for the NHS.

Major risks

There are a number of conjectural issues which might alter the benefits case, including:

- Card readers installed by the National Programme for IT by 2007 for staff smartcards might not be compatible with identity cards, despite initial projections that they will be, so that new readers would need to be installed across the NHS. This could reduce the benefits case over 10 years by around £12m.

- The Home Office verification models do not allow access to the National Identity Register without the NHS purchasing biometric and/or Chip and PIN readers. This could reduce the benefits case by £12m (for Chip and PIN readers) or £37m (for biometric readers). Note that this scenario is an alternative to the first, so there is no possibility that both costs would apply.

- The number of chargeable people who pay for treatment as a result of eligibility checks with identity cards could be overstated. It is however equally likely that the number who pay is understated.

Stakeholders consulted

Birmingham Heartlands & Solihull NHS Trust
British Medical Association
Croydon Walk-in centre
Institute of Healthcare Management
King's Lynn & Wisbech Hospitals NHS Trust
NHS Confederation
NHS Counter Fraud & Security Management Service
Overseas Visitor Managers Association
Royal College of Nursing
St George's Healthcare NHS Trust
Surrey & Sussex Healthcare NHS Trust
Whitechapel Walk-in centre

Identity Cards Programme

Presentation for No10

Date 18th May 2005

Figures are estimates and subject to development

Home Office

We will discuss:

- What the Scheme is,
- What the Home Secretary proposes to publish in the RIA:
  - *For setup costs*
  - *For UK Citizen costs*
  - *For Foreign National costs*
- Affordability

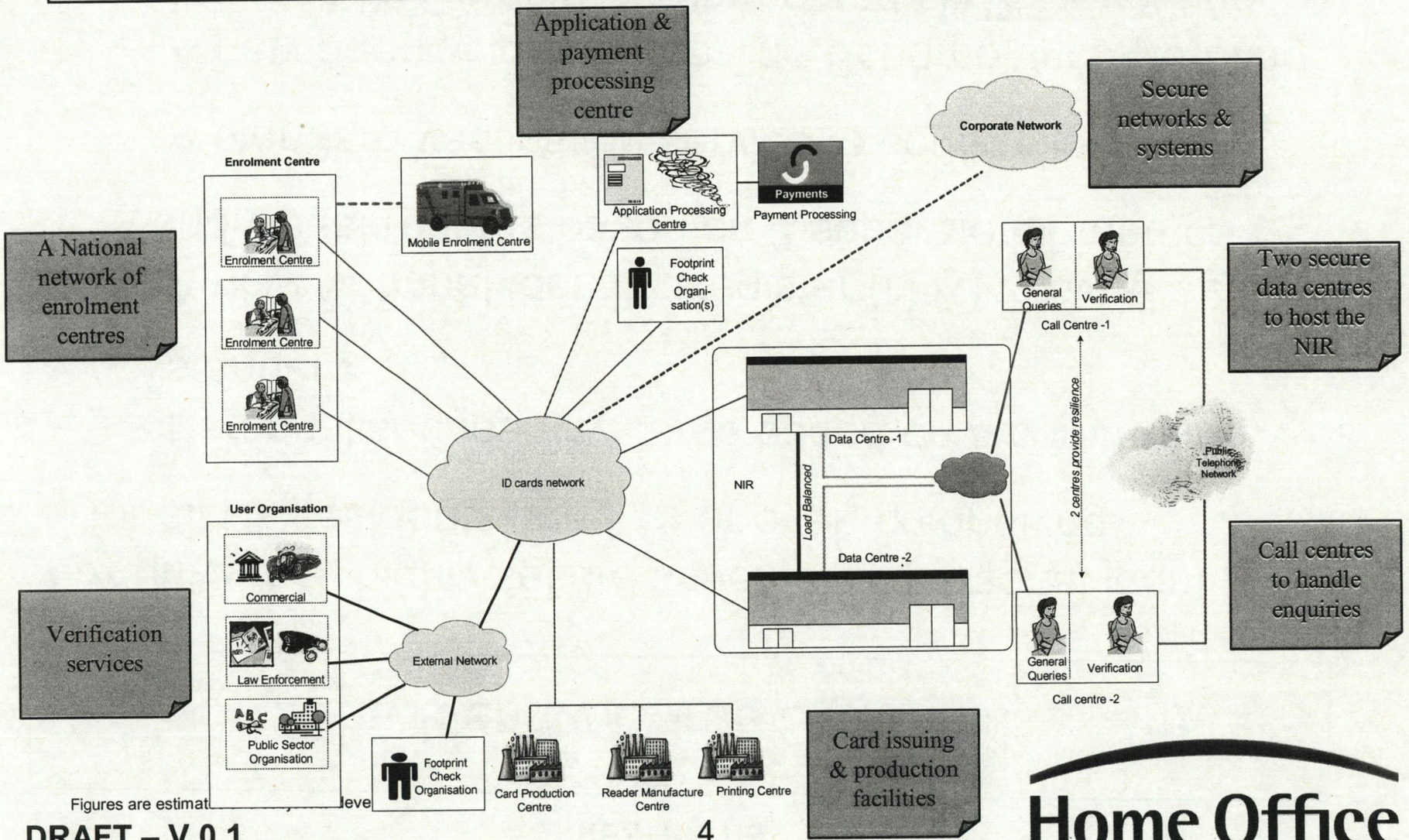
Figures are estimates and subject to development

The Identity Cards Scheme is:

- A universal, highly secure scheme for personal identity for all UK residents aged 16 or over, comprising:
  - Personalised identity cards based on a common standard
  - A new National Identity Register (NIR) to store individual records based on 3 separate biometrics
  - A standard verification service to confirm identity
  - A new agency to manage The Scheme, incorporating the Identity Cards programme and UKPS - working closely with IND and UKvisas

Figures are estimates and subject to development

The key components of the Scheme are:



Figures are estimat… …leve…

Home Office

Basis for the figures

RIA November 2004		Presentation of estimates
• 2004/05 prices	⟺	• 2005/06 prices
• Non-UK nationals excluded	⟺	• Non-UK nationals excluded
• Excludes VAT and inflation	⟺	• Includes VAT, no inflation
• Not adjusted for Optimism Bias	⟺	• Adjusted for Optimism Bias
• Excludes contingency	⟺	• Contingency included
• Based on early Scheme assumptions	⟺	• Based on refinements to Scheme assumptions

Figures are estimates and subject to development

RIA presentation

Publishing costs in the RIA

- Setup costs
  - *The Home Secretary proposes to exclude Setup costs*
- UK Citizens
  - *The Home Secretary proposes to publish new figures in aggregate only*

not UKPS baseline and the additional on top.

- Foreign Nationals
  - *The Home Secretary proposes to exclude costs for Foreign Nationals*

Figures are estimates and subject to development

Setup costs

- **The Home Secretary proposes not to present setup costs, because:**
  - These are the most commercially sensitive figures, publication may compromise our ability to secure VfM
  - In the long term they represent a small proportion of the total costs of the Scheme
  - Capital setup costs are recovered through charges
  - This is consistent with the last RIA

UK Citizen operating costs for RIA (1)

Old RIA presentation

• UKPS Base	£415m
• UK ID Cards	£85m
• Verifications	£50m
• **Total (UK)**	**£550m**
• ID/Passport Charge	£85

- Excludes Foreign Nationals
- Includes FCO premium of £50m p.a.
- Excludes inflation, contingency, VAT
- 2004/05 prices

Current RIA proposal

•UKPS base	£371m
•UK ID Cards	£189m
•Verifications	£24m
•**Total (UK)**	**£584m**
•ID/Passport unit cost	£93

- •Excludes Foreign Nationals
- •Includes FCO premium of £50m p.a.
- •Excludes inflation
- •Includes VAT, Contingency and Optimism Bias
- •2004/05 prices

Aggregate figures for publication in the RIA

Figures are estimates and subject to development

DRAFT – V 0.1

Home Office

UK Citizen operating costs for RIA(2)

- **The Home Secretary proposes to present the new UK citizen costs in aggregate, because:**
  - The aggregate is consistent with the total of the costs published in the last RIA
  - The new cost model is based on "bottom up" figures, the distinction between the UKPS baseline and ID cards figure is increasingly artificial
  - With the movement toward a new agency in 2006 it makes sense to discuss costs in terms of a combined business

Figures are estimates and subject to development

RIA presentation

Operating costs for Foreign Nationals

- **The Home Secretary proposes to exclude costs for Foreign Nationals, because:**
  - Further work is required to develop the process through which Foreign Nationals will be enrolled
  - We are not yet able to distinguish different levels of risk for different applicant groups
  - We need to undertake research into the behaviour of the resident Foreign National population
  - We need to research further the proportion of resident Foreign Nationals with "uncertain status"

Figures are estimates and subject to development

Affordability

Total funding requirements - Base Case

	05/06	06/07	07/08	08/09	09/10	10/11
Incremental Set-up costs	27	35	129	103	55	32
Incremental Operational costs	0	0	0	197	500	579
Existing funding	25	37	51	51	51	51
Set-up Funding Requirement	**2**	**-2**	**78**	**52**	**4**	**-19**
UK citizen deficit	0	0	0	65	46	17
Non-UK citizen deficit	0	0	0	79	63	33
Verification deficit	0	0	0	27	28	17
Operating deficit	**0**	**0**	**0**	**171**	**138**	**67**
Total funding requirement	**2**	**-2**	**78**	**223**	**142**	**48**

Assumes: Deficit on EEA citizens is not recovered
Change of address charged for

- Includes Foreign Nationals, VAT, Optimism Bias and Contingency and are in nominal terms
- 2008/09, 2009/10 are years 2 and 3 of SR06

Figures are estimates and subject to development

Home Office

Alternative financing options

- Increase passport fees above cost in the run up to launch
- Initial surpluses could be used to offset later deficits and smooth funding requirements in the early years
- We are investigating with HO LAB and HO central finance whether the draft bill provides powers to over-recover costs
- We need to take this option forward with HMT

This option will lead to higher fees in the early years

- Cross subsidy within Foreign National charges to recover deficits on EEA enrolments

Figures are estimates and subject to development

Home Office

Alternative financing scenario

Total funding requirements - alternative funding scenario

	05/06	06/07	07/08	08/09	09/10	10/11
Incremental Set-up costs	27	35	129	103	55	32
Incremental Operational costs	0	0	0	197	500	579
Existing funding	25	37	51	51	51	51
Set-up Funding Requirement	**2**	**-2**	**78**	**52**	**4**	**-19**
UK citizen deficit	0	0	-31	35	46	17
Non-UK citizen deficit	0	0	0	79	10	-15
Verification deficit	0	0	0	27	28	17
Operating deficit	**0**	**0**	**-31**	**140**	**84**	**19**
Total funding requirement	**2**	**-2**	**47**	**193**	**89**	**0**
Addition to adult passport fee (£)	**0**	**0**	**5**	**6**	**0**	**0**
Addition to child passport fee (£)	**0**	**0**	**3**	**3**	**0**	**0**

Assumes: Deficit on EEA citizens is recovered in full from foreign nationals
Cost of change of address fully recovered
Over recovery for passports

- Includes Foreign Nationals, VAT, Optimism Bias and Contingency and are in nominal
- 2008/09, 2009/10 are years 2 and 3 of SR06

Figures are estimates and subject to development

Home Office

Summary of affordability

- Base Case
  - Additional resource funding requirement from 2005/06-2007/08 is £78m
  - Additional capital funding requirement from 2005/06-2007/08 is £91m
  - Funding for 2008/09 and 2009/10, years 2 and 3 of SR06
  - Additional resource requirement is £365m
  - Additional capital requirement is £227m
- Unit charges
  - Passport/ID 2009/10 £93 in 2005/06 terms

Figures are estimates and subject to development

End of Presentation

ICSB (05) 06

Includes early take on costed benefits case.

At S.Board, I challenged HO about why benefits were so small. They said depts weren't ready & necessarily go public on savings (risk to SR06 positioning, etc.).

EM 2/6/05

Identity Cards Programme

Strategy Board

Thursday 10 March 2005

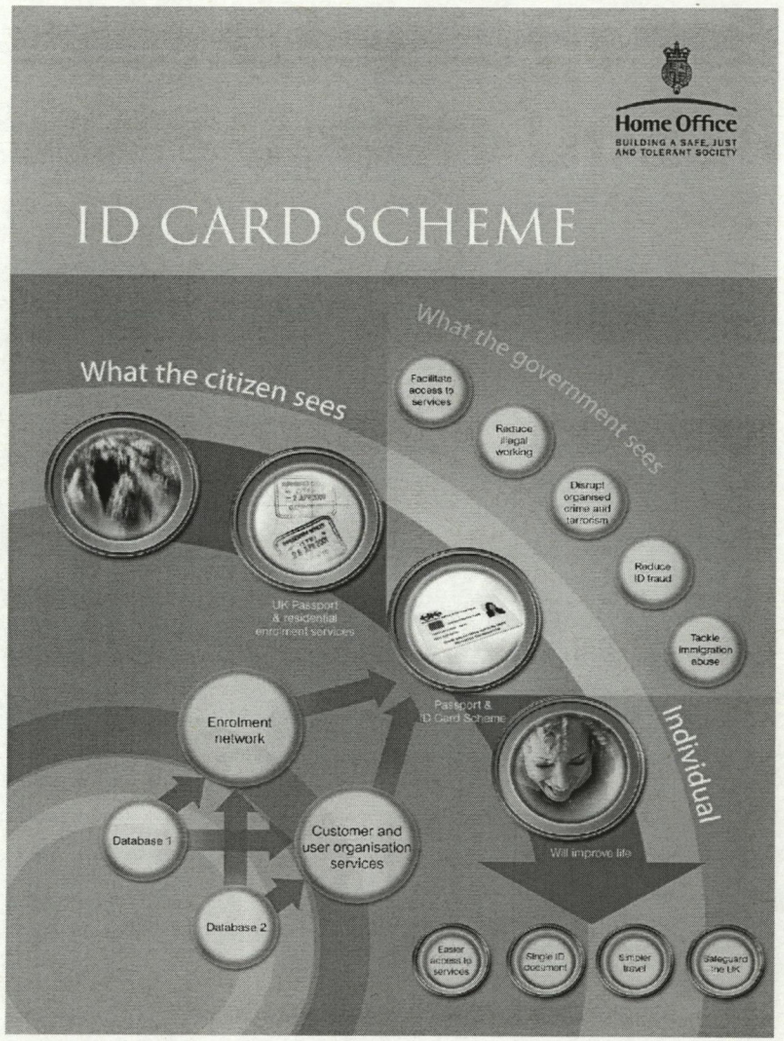
Home Office

(57)

Programme Update

- Identity Cards Bill
- Business Case Development
- Transition Planning
- Assurance Panel Progress

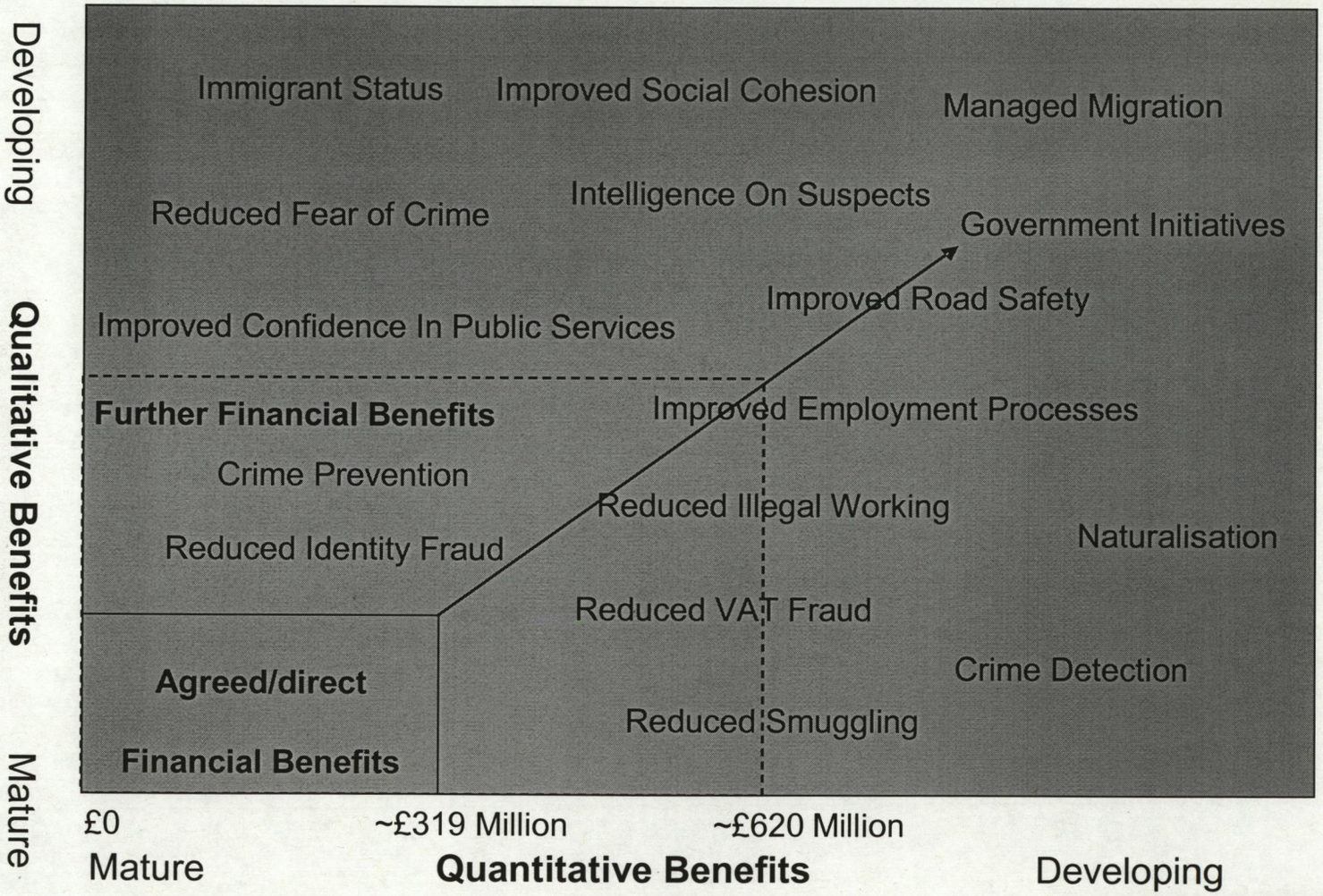
Home Office



Benefits Strategy - Update

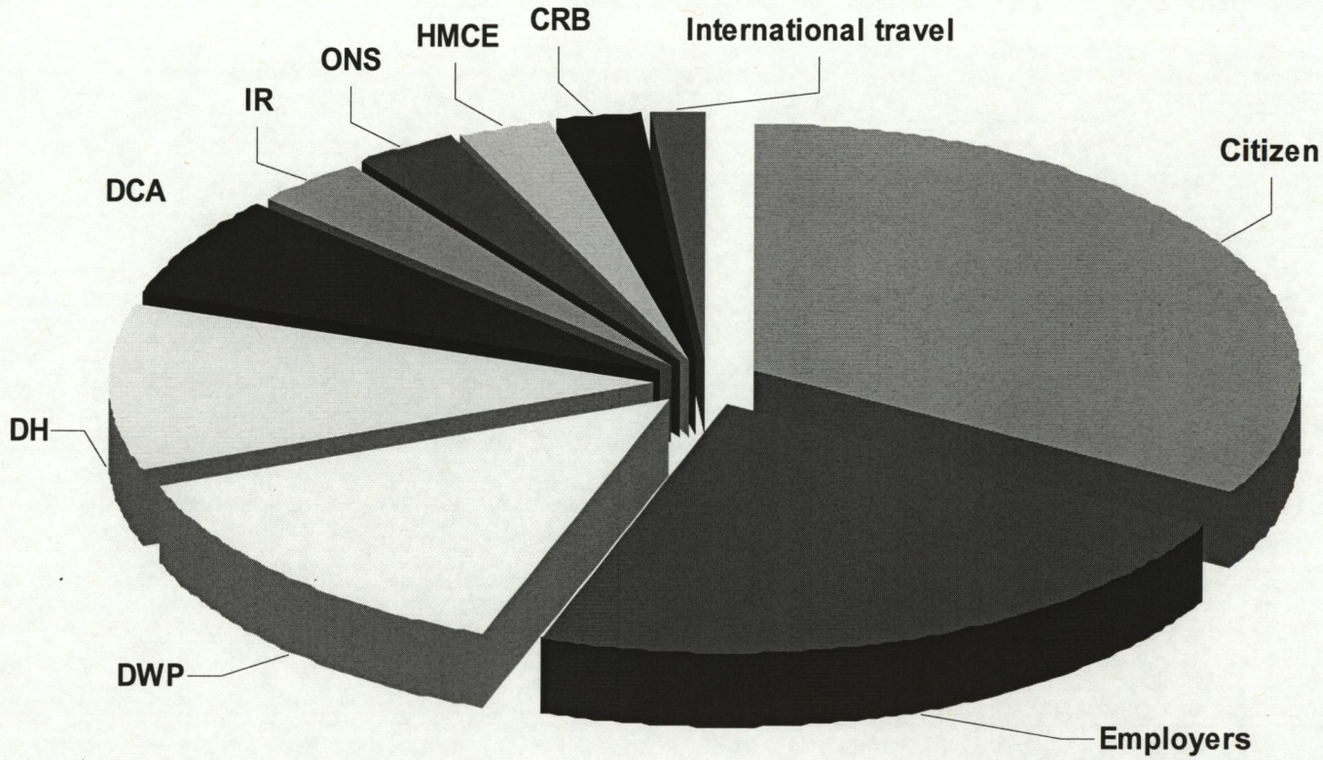
Home Office

Benefits continue to be identified & refined



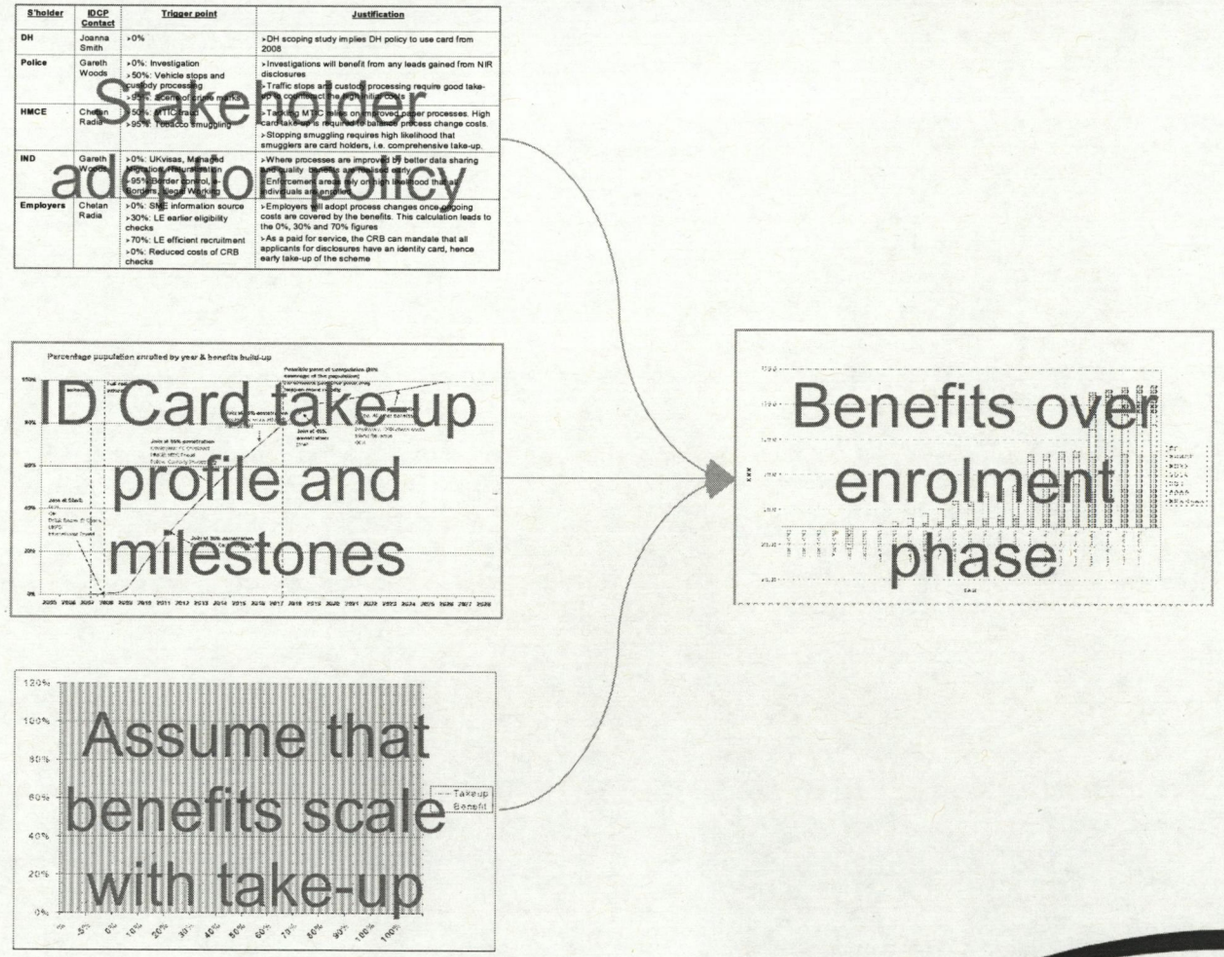
Home Office

£319 million of agreed annual benefits



Home Office

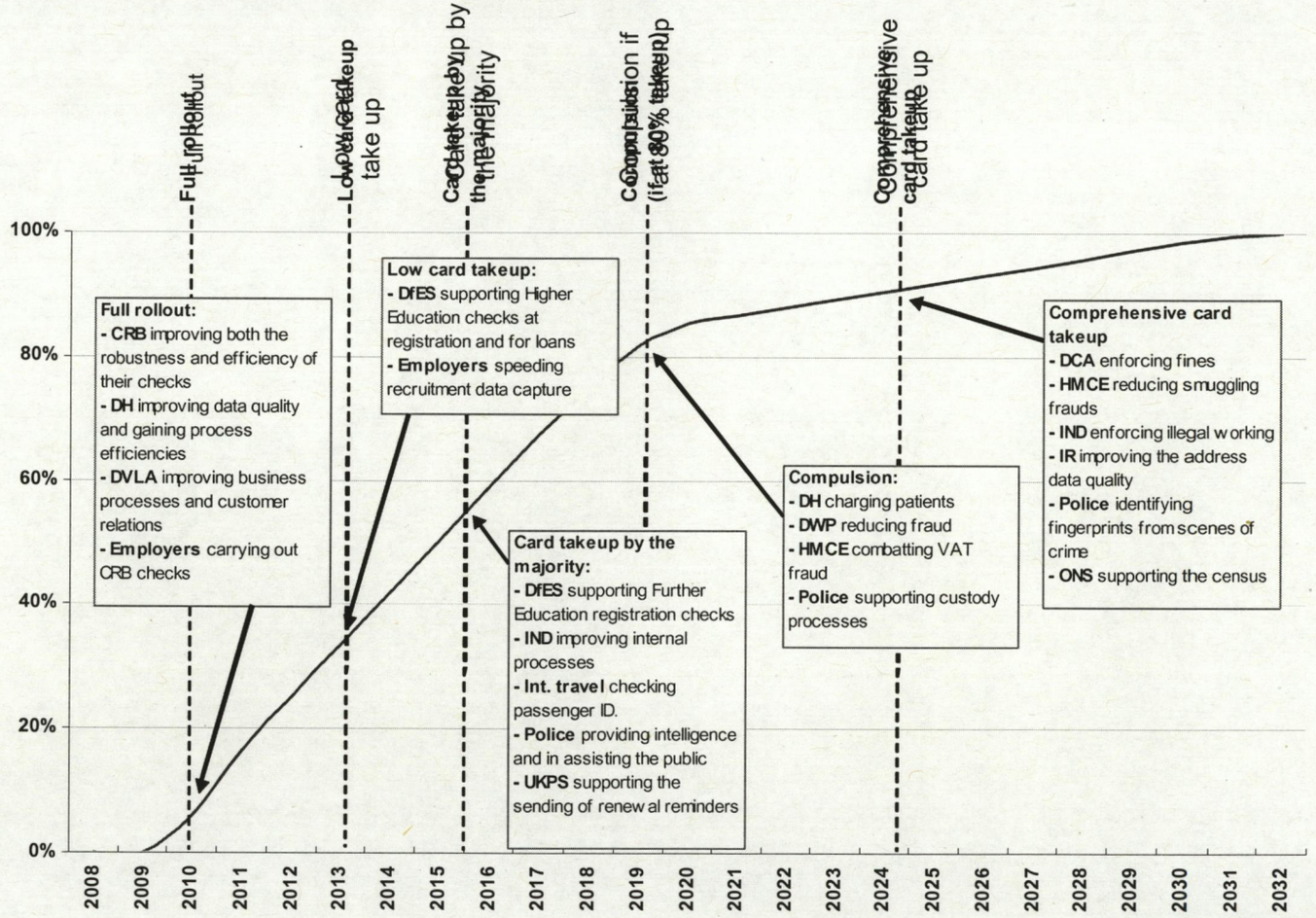
To understand how benefits grow we model the adoption policies with the project timetable



S'holder	IDCP Contact	Trigger point	Justification
DH	Joanna Smith	>0%	>DH scoping study implies DH policy to use card from 2008
Police	Gareth Woods	>0%: Investigation >50%: Vehicle stops and custody processing >95%: Scene of crime marks	>Investigations will benefit from any leads gained from NIR disclosures >Traffic stops and custody processing require good take-up to counteract the high initial costs
HMCE	Chetan Radia	>50%: MTIC fraud >95%: Tobacco smuggling	>Tackling MTIC relies on improved paper processes. High card take-up is required to balance process change costs. >Stopping smuggling requires high likelihood that smugglers are card holders, i.e. comprehensive take-up.
IND	Gareth Woods	>0%: UKvisas, Managed Migration, Naturalisation >95%: Border control, e-Borders, Illegal Working	>Where processes are improved by better data sharing and quality benefits are realised early >Enforcement areas rely on high likelihood that all individuals are enrolled
Employers	Chetan Radia	>0%: SNE information source >30%: LE earlier eligibility checks >70%: LE efficient recruitment >0%: Reduced costs of CRB checks	>Employers will adopt process changes once ongoing costs are covered by the benefits. This calculation leads to the 0%, 30% and 70% figures >As a paid for service, the CRB can mandate that all applicants for disclosures have an identity card, hence early take-up of the scheme

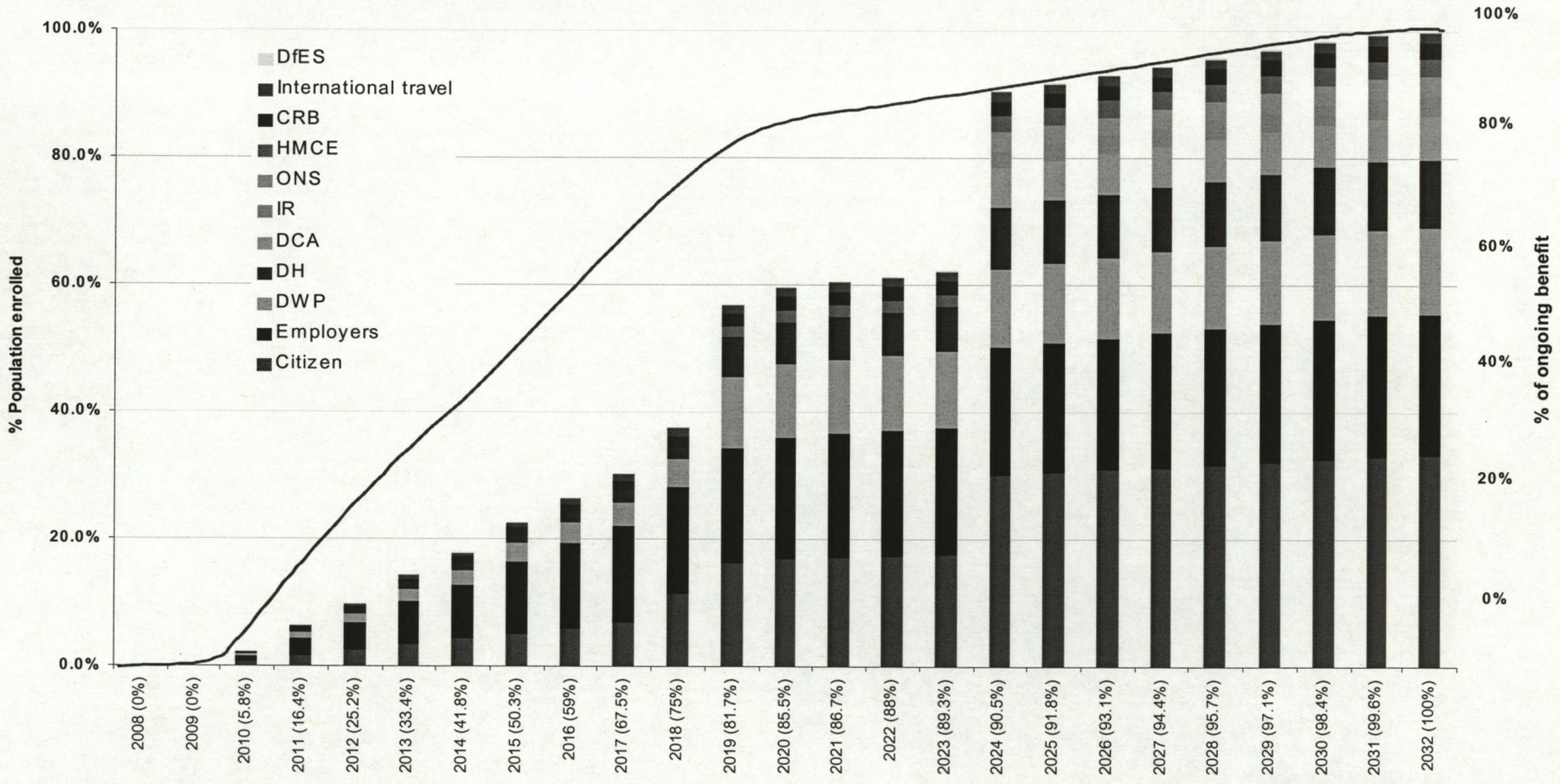
Home Office

Stakeholders will start to use the Identity Card scheme at different times



Home Office

Once Stakeholders begin to use the Identity Card the benefits scale with card take-up



Home Office

Employer Benefits - not CRB specific

Benefit	Amount	Large/SME	Realisable?
Surety of ID for employers improving defence against employing illegal workers	Qualitative	ALL	YES
Reduced recruitment process costs of large employers by improving efficiency	£6.6 - £9.9m per annum	LARGE	YES
Reduced recruitment costs for large employers by earlier checking of eligibility to work	£11.9m per annum	LARGE	YES
Reduced costs for SMEs by providing a single source of required information	£2.7m per annum	SME	NO

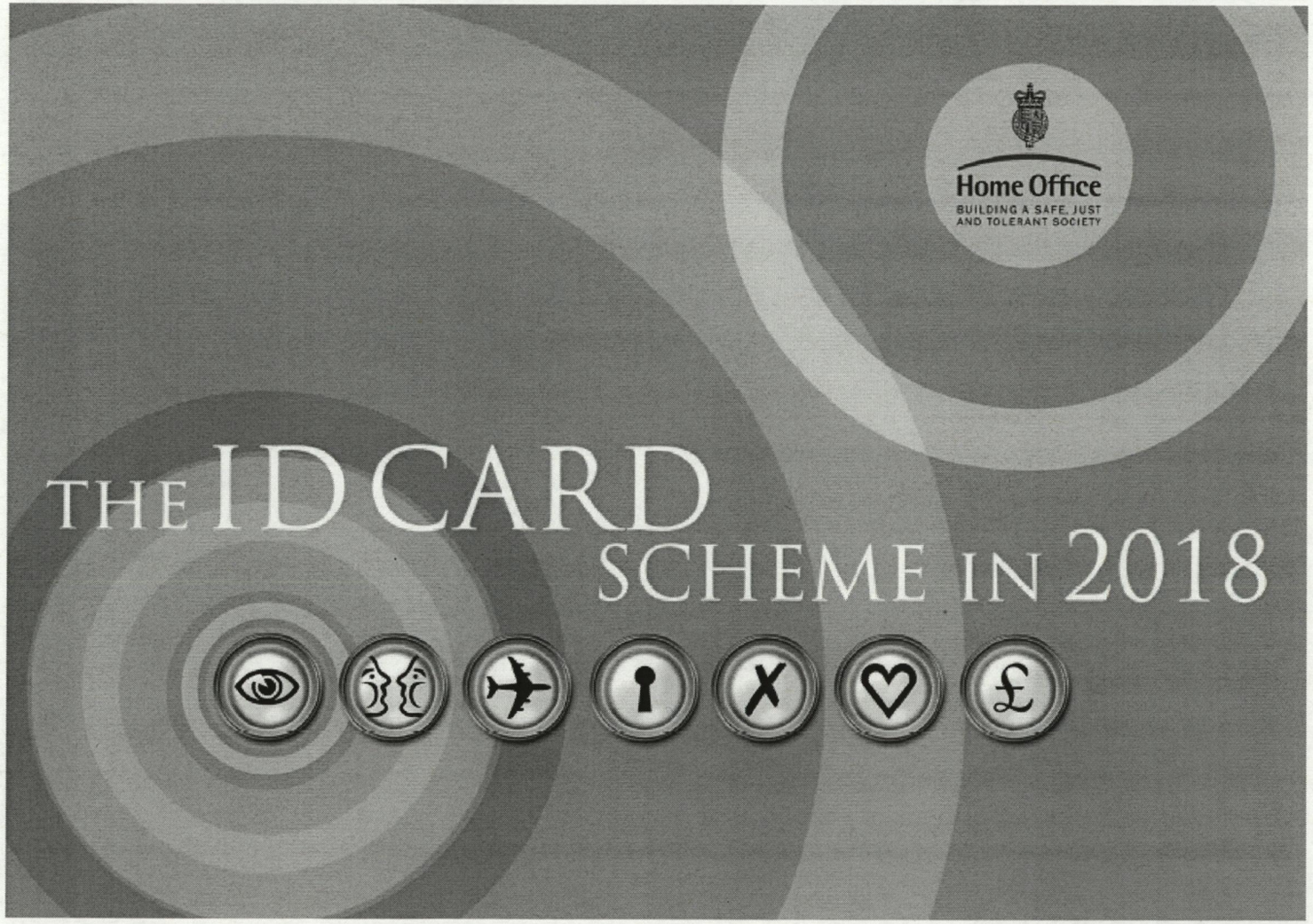
Home Office

Employer Benefits – CRB specific

Benefit	Amount	Large/SME	Realisable?
Faster recruitment when a CRB check is required	Qualitative	ALL	YES
Reduced risk of employing unsuitable employment	Qualitative	ALL	YES
Identity effectiveness in disclosure	£22.1 - £29.5m per annum	ALL	YES
Reduced process costs due to transcription errors for employers performing CRB checks	£30.8 - £32.3m per annum	ALL	YES

Home Office

...a compelling and inspiring narrative



Home Office

Local Government Engagement

- There are no defined local government benefits to date – why?
- LGA are implementing a Smart Card scheme
- We are developing a plan to identify local government benefits working with ODPM, LGA and representatives of local authorities

Home Office

SPT Role in supporting ICP

- To review and validate current HO benefits.
- To raise the profile of ID cards within the HO.
- To take a lead role in co-ordinating the HO cross Directorate/Agency benefits.
- To take a lead/co-ordinating role within the HO for benefits realisation planning.

Home Office

Recommended Next Steps

- develop and execute LGA benefits plan
- continue to identify and quantify less mature benefits
- early benefits realisation planning
- close working with UKPS team on benefits realisation
- SPT to take forward a Home Office co-ordinating role in benefits realisation and draw out the linkages across HO Directorates/Agencies

The Board is asked **to note** progress, and provide comments on the Benefits Strategy and endorse the proposed next steps.

Home Office

Citizen Information Project

- The paper ICSB (05) 03 provides an update on the CIP requirements that will be delivered by the Identity Cards Programme. Final proposals are scheduled for sign-off at the Identity Cards April Programme Board.
- CIP requirements will be considered in two phases:
  - Phase 1: Requirements included in initial implementation of the scheme
  - Phase 2: Requirements under consideration for later phases of the Identity Card scheme
- Work is under way by the Identity Cards Programme Team to complete the final costing and benefits assessment for inclusion in the business case.
  - Address verification is the only outstanding issue

• We recommend that the Strategy Board **note** the two phase approach to delivering CIP functionality described in the paper.

• Should any significant change from these proposals be agreed when they are considered by the Identity Cards Programme Board, we will revert to the Strategy Board.

Home Office

NIR Number

- The paper ICSB (05) xx provides an update on the business requirements for the National Identity Registration Number.
- At its meeting on 23 February 2005, the Identity Cards Programme Board agreed the proposal to create a new decimal, unambiguous and secure number for the IRN.
- Proposals are scheduled for the May Programme Board covering what is shown on the face of the ID card and in the chip.
- Work is under way by the Office of National Statistics to examine the case for rationalising the use of personal reference numbers in the public sector.
- A Ministerial briefing is planned for June.

The Strategy Board is asked **to endorse the Programme Board decision** to create a new decimal, unambiguous and secure number for the Identity Registration Number.

Under 16s:
Should we extend the scheme to under 16s?

- We are asked by UKPS and IND to review our policy, given their current and future dealings with children
- Lack of child biometrics data means that verification may not work for children
- The business case is weak – costs higher and benefits lower than for adults
- In addition, it would involve:
  - Changes to the Bill (not desired by the Home Secretary)
  - Additional burden for parents
- However, we can help meet the needs of UKPS and IND in relation to their current (and prospective) dealings with children:
  - Avoiding introducing a poor experience for 15 year old passport applicants
  - Sharing facilities for biometrics recording / storage and document production

Under 16s:
Should we issue children with a shadow IR number?

- The best 'route' for this would be to issue the IR number and have Child Index use/maintain it until age 16, when it would become the IR number. There are some benefits:
  - for IDCP, a more complete footprint at age 16, tied back to our issued number
  - for ONS, economies in relation to census activity
- But there are significant security concerns for IDCP:
  - Numbers in existence not tied to biometrics
  - Valid ID numbers held in third party systems that do not have necessary security resilience
- We have no powers to compel parents to enrol (prior to stage 2)
- It would introduce significant stakeholder complexities during implementation
- In any event, IDCP may (with Ministerial agreement) have access to the Child index data at 16, using the CRN reference

Home Office

Under 16s:
Summary of Recommendations

The Strategy Board is asked **to endorse** the following recommendations which have been approved by the Programme Board.

- Our policy should remain that ID cards should be issued from age 16.
- This policy should be reviewed periodically as more knowledge is gained about child biometrics and in the light of users' assessments of benefits, which may result in a positive business case supporting under 16s' inclusion in the scheme.
- We should facilitate the recording of biometrics for documents issued by UKPS and IND for under 16s (recording will start before ID cards launch; storage on the NIR could commence when the NIR becomes operational).
- We should assist with the production of required card/documents which IND have to issue to under 16s, using the manufacturing facilities for the ID cards.
- We should take steps to avoid introducing a poor customer experience for 15 year old passport applicants using the Fast Track service by allowing them to enrol early for ID cards.
- We should not issue shadow NIR numbers to under 16s.
- We should work with DfES and DVLA to see how we can help facilitate the concept of multi-function cards.

Home Office

We need a top to bottom re-launch of this.

From: Emily Miles
John McTernan
Date: 28 May 2005

PRIME MINISTER

cc: Ruth Turner
Matthew Taylor
Jonathan Powell
Ivan Rogers
David Hill
Kate Gross
Mary Agnew

IDENTITY CARDS: HANDLING

You asked to see a worked out politician and communications plan on ID cards in advance of your phone call with Charles on Monday.

At the moment, the public (50 – 80%) and most Labour MPs are in favour of ID cards, but the commentariat and the Opposition are hostile. Given the concerns set out below, the danger is that the Government will end up isolated, increasing backbench uneasiness and legitimising defiance.

At the risk of going old ground, the main problems are:

a) Clarity about **rationale**. Commentators, such as Boris Johnson in the Sun on Friday, are knocking down ID cards for reasons which are in fact erroneous (such that we are making ID cards compulsory to carry, or that we are arguing they would have stopped 9/11). This sets out the agenda in their terms rather than ours.
b) Explaining the **costs**. £583m running costs a year has turned into £5.8bn over 10 years; and a £93 unit cost, up from £88, for a biometric passport plus ID card, has turned into the punter having to fork out £100 for the ID card.
c) Convincing sceptics about **deliverability**. The Government's record on big IT and casework projects doesn't help, and using cutting edge biometric technology means that people can criticise us for being in the lead. (The old-fashioned civil service "Never set a precedent" mentality.)
d) Confusion over what we're doing on **compulsion**.

On the **rationale**, the Government needs to be consistent, presenting the case in the same way you did on Monday and Tuesday:

- The world is changing. More identity tests and greater identity fraud. Greater population mobility. New concerns about security.
- New opportunity of biometric technology.
- This technology will be used in passports in any event. The US and the EU are going to require biometrics in passports. We have no choice to invest if UK citizens are to be able to travel conveniently and safely.
- This presents the Government with the unique opportunity of 44 million British passport holders having to get new biometric passports over the next 10 years.
- For not much more cost and not much more hassle, we can have ID cards.
- The benefits of this are huge. Major innovation of a national database of the biometrics (including fingerprints) of all those legally resident in the UK.
- This protects people against identity theft, helps combat illegal working, helps stop misuse of public services, and disrupts criminals and terrorists from using false identities.

On **costs**, we need to continue to make the point that the inevitable increase in the cost of a passport accounts for the vast majority of the £93 unit cost. The HO refuse, as you know, to extrapolate a robust figure for the projected cost of a biometric passport against the projected cost of the passport plus ID card package, but they will let us say that about 70% of the costs are attributable to biometric passports. **You should ask CC to use the line that this amounts to only £3 to £3.50 a year for an ID card** (i.e. £30 to £35 of the £93 cost is for ID cards). You could suggest the policy is always talked about as "biometric passports and ID cards", rather than just "ID cards".

We are also still stuck for a robust, quantified and public figure on benefits. **You should ask CC to ensure that the benefits case can be deployed publicly for second reading of the Bill.** This needs to include strong information on how income from the private sector can defray the cost, given the savings they could make in comparison to current procedures. (Some examples are at Annex B).

Also on **costs**, we need to guard absolutely against the unit cost rising, and against the actual fee coming in much above £93. HO are quite likely to try and fund the anticipated deficit in years 1 and 2 of the scheme from overcharging for the passport plus ID card – which could push the fee well above £100. In order to both stop this from happening, and ensure that next year's Spending Round isn't skewed before it starts, we should

- **back in behind HMT's request that the operating assumptions are revisited in detail;**
- consider asking an external person (such as Ian Watson) privately to scrutinise the operating assumptions (e.g. do we really need 3 biometrics);
- explore what further public commitments HO could make on fees, for example spreading the payment over time like for TV licences.

On **deliverability** the ID cards programme is subject to the OGC Gateway process, which has imposed a certain rigour on the programme team, and I believe means they are managing risks better than we had feared 2 years ago. However we need to ensure those fronting ID cards to the media, and in Parliament, have a **good script on government IT projects and effective risk management.**

On **compulsion,** we have a problem in that people do not distinguish between compulsion to present the card when accessing a service, compulsion to get a card (even if not renewing a passport), and compulsion to carry a card. We have always, and consistently, ruled out the latter. We need to ensure people are briefed on what the ID card is not. (This also goes for data protection, and what data is stored on the national ID register, which is likely to be of concern for MPs even though the issue has been considered very carefully while drawing up the Bill.)

Parliamentary handling

The **PLP** are in a good place on ID cards. The vast majority of them campaigned heavily on the issue in the election and recognised how popular they are in the country as a whole and amongst our supporters in particular. Even the usual suspects are saying that they will not revolt on this one - they recognise that it was a manifesto and pledge card commitment - and they are focusing their concerns on issues of cost, data protection and deliverability. There has been substantial PLP engagement already with Charles Clarke, Tony McNulty and Andy Burnham having met with nearly 100 colleagues so far. The Whips are working hard to identify anyone who has a problem with ID cards and there will be handling strategies for each of them. We are working with Home Office Advisers and Ministers to ensure that **all colleagues understand the arguments for ID cards** and are fully able to convince activists in their local parties and through the party we will ensure that the **Democracy and Citizenship Policy Commission** have a conference call with the Ministerial Team.

In the Commons we need to ensure that we use ID cards as a wedge to split the **Tories**. They are genuinely divided between those, like Michael Howard, who support, those who are against them in principle, and those who are merely against them on practical grounds (See annex C). We need to highlight and exploit any opportunism on their part. The whips can guarantee that there will be more than enough time for all genuine concerns the Opposition have, to be aired at committee stage. The Home Office team believe that all of the substantive objections the Tories have made are answered in the Bill. Exposing the Tory divisions will be made easier by this issue having become a key part of their leadership election. And it will be critical for us to exploit these divisions in the House of Lords. Political Office are working with the Whips, the and Home Office Ministerial Team to deliver this political handling strategy in both houses.

Media handling

The arguments in favour of ID cards are now reasonably well-worn and the politics are manageable. What the last week has shown is that coverage will be dominated by cost and deliverability rather than the civil liberties argument.

In the short-term the Home Office has written to The Times to clearly set out that much of the cost falls to biometric passports.

Longer term the best way of balancing coverage will be any new figures ie savings that can be made.

Charles could consider setting out the arguments and the costs as per the above narrative in **an article** before the Bill returns to the House and it would also be worth you bringing up the issue in any **meetings with editors**.

To sum up, we suggest you raise the following with Charles on Monday:

- **Need for a consistent rationale to be set out about ID cards,** which covers ID fraud, opportunity of new technology, and inevitability of biometric passports.
- Need to be much more robust on how much of cost is attributable to biometric passports, **for example by saying the ID cards part will cost only "£3.50 a year".**
- Unit cost must not rise above £93, and fees should be as close as possible to that. **Operating assumptions may need to be revisited.**

- **Quantified benefits case must be available for 2nd Reading,** with script which shows how much people pay for ID checks etc. at the moment, and a good script on the project's deliverability.
- **CC should set out the rationale and the costs in an article before 2nd Reading.**

Emily Miles

EMILY MILES **JOHN MCTERNAN**

BORIS Johnson

e-mail: boris.johnson@the-sun.co.uk

ID cards..we'd be better off with Clouseau

A TERRIFYING thing happened the other day. I was the last to leave our house, and when I nipped into the bathroom for a shower I noticed that the handle had fallen off on the inside.

Omigod. I was trapped. I bleated for help. No one came. I pounded the door. No use.

I tried attacking the thing with a toothbrush, a razor, shampoo lids, anything.

Nothing worked, and as I was on the verge of breaking down and sobbing – knowing I was going to be incarcerated all day in my tiny soap-infested hell – I suddenly knew what I needed.

If only, I thought, I had one of these new £100 Government ID cards. Then I could have sprung that lock in a jiffy.

Yes, folks, when the jug-eared Home Secretary Charles Clarke finally succeeds in his crazed plan to force all 44 million free-born British men and women over the age of 16 to carry an ID card, it will be just the job if you want to escape from a locked bathroom.

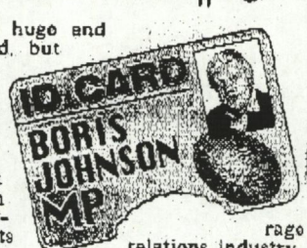
If you want to scratch those inaccessible parts of your back, or scrape frost off your windscreen, or help draw straight lines on your children's homework, then an ID card will be perfect. But if you think this piece of overpriced plastic is going to be of any other use to you or to the nation, then you have another think coming.

Labour's compulsory ID cards are not only tyrannical. They are a financial catastrophe in the making.

Charles Clarke likes to boast that 80 per cent of the public support them. Yeah, well, I am afraid 80 per cent of the public can be 100 per cent wrong.

People think it will help us all to crack down on benefit scroungers. If only.

Of course there is huge and growing benefit fraud, but the fraudsters don't lie about their identity. They mainly lie about their financial circumstances.



People think it will help us stop illegal asylum-seekers from coming here and ripping off the benefits system.

Complete rhubarb.

The problem of illegal immigration is nothing to do with the lack of national ID cards, and everything to do with the pathetic controls at our ports.

In any case, all asylum-seekers claiming benefit are already issued with an entitlement ID card – so why inflict the thing on the rest of us?

People – and I am talking about racists – think that if the police could demand the identity of all swarthy-looking customers hanging around on street corners, then the illegal immigrants would soon be rounded up and sent back home.

What deluded drivel.

Most such people are, of course, perfectly entitled to be here, and as soon as the police started behaving in that way there would – rightly – be an explosion of rage in the race relations industry.

The final delusion is that people think ID cards would help in the war on terror. Rubbish.

The problem with terrorists is not establishing their identity. There was no doubt about the identity of the 19 who blew up the Twin Towers. We just didn't know their intentions.

The ID card will fail to achieve any of the objectives claimed for it, and to cap it all the thing doesn't even work.

The taxpayer is going to have to fork out the thick end of £6billion to get the scheme started – that's 3p on income tax – and then we are all going to have to **PAY** £100 for the privilege of having our "biometric" details recorded on plastic.

You know about this biometrics malarkey: the scanning machines are supposed to "read" you and work out if the right person is holding the ID card. To do this it scans your iris, your fingerprints and the distance from your nose to chin.

Well, they did a dry run the other day, and the results were so useless I don't know whether to laugh or cry. It was only 96 per cent accurate at recognising people from their iris pattern.

Imagine the chaos at airports if four per cent of the queue was wrongly identified.

The machines were only 81 per cent right about the fingerprints – we'd be better off with Inspector Clouseau – and when it came to telling people by their nose-to-chin distance, the machine was so useless that it recognized only 69 per cent of 10,000 volunteers.

And you are telling me we have to **PAY** for participating in this intergalactic cock-up? Criminals have already found ways of beating biometrics. They have fake fingerprints. They use contact lenses. The scheme won't be a blind bit of use against real crooks, and if Charles Clarke tells you otherwise, watch his biometrics to see if his nose is growing.

The best thing we could do is stop the scheme now and spend the money on more police and proper controls at our borders.

The ID card is a tired old idea that has been rejected by countless governments and it is also deeply un-British.

I don't want to live in a country where I can be required by the police to produce my papers when I am walking innocently down the Queen's highway.

If we fail to block this scheme now, and if I am ever asked by a copper to produce evidence of my identity – when I have done nothing wrong – then I promise to take it out of my pocket and eat it in front of him.

You can't get more biometric than that.

ANNEX B
EXAMPLES OF PRIVATE SECTOR CHARGES FOR IDENTITY CHECKS

1. Equifax They charge £8.25 for a credit report

2. Experian – credit and identity

You can get your National Credit Score for £4.99

Experian also have a service: "Candidate Verifyer". As a company, you can sign up to a service called Candidate Verifier (www.candidateverifier.com) for £133. You can then order different types of reports:

A standard Financial Report:

- checks the Electoral Roll to verify a candidate's current and two previous addresses
- confirms the date of birth — where appropriate
- checks publicly available data to reveal any adverse information, including County Court Judgments, Bankruptcies, Voluntary Arrangements etc (this search will be at current and previous addresses)
- ascertains whether a candidate holds any current or previous directorships or is currently disqualified
- checks Experian's databases for up to five additional addresses that may not have been disclosed by the applicant, for associated detrimental data

Price: £6.42 per check

A Secondary Education Qualifications Check confirms:

- dates of a candidate's secondary education
- subjects studied
- grades achieved

Using Candidate Verifier's online system, the secondary education establishment will automatically be sent an e-mail or fax form to return. Response rates vary, as Candidate Verifier is dependent on the establishment's participation. You should expect to receive a response within 10 working days.

Price: £11.77 per educational establishment

A Higher Education Qualifications Check confirms:

- dates of a candidate's higher education
- establishment attended
- subjects studied
- grades achieved

Using Candidate Verifier's online system, the higher education establishment will automatically be sent an e-mail or fax form to return. Response rates vary, as Candidate Verifier is dependent on the establishment's participation. You should expect to receive a response within 10 working days.
Price: £11.77 per educational establishment

Tories on ID cards

Pro-ID cards

"What we've said is that we are in favour in principle of ID cards because we think it could help the police deal with terrorism, deal with serious crime and deal with immigration too. It's not a guarantee but we think it could help. Now what we've said, there are a lot of questions about the government scheme which we wanted to ask and we didn't have an opportunity to ask because there wasn't enough opportunity to debate it before the election. We've said that we will have a review of the scheme when we come into office and we'll look at it all again and we'll see whether it makes sense and so on, whether it really would help the police and the security services to keep us safe and in the light of that review we will decide whether to proceed with the scheme. So that's our view."
Michael Howard, BBC Radio 5 Live, 13 April 2005

"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?"
Michael Howard MP, 'Why I'll be voting in favour of the Identity Cards Bill', Daily Telegraph, 20 December 2004

"It is because I believe an ID card scheme is in the national interest that I shall be supporting the Government in the division lobby tonight."
Michael Howard MP, 'Why I'll be voting in favour of the Identity Cards Bill', Daily Telegraph, 20 December 2004

"As it happens, I have been consistent in my view about ID cards since before September 11. Others who previously held different views, including the Prime Minister, have now changed their minds in the aftermath of September 11. We are all right to re-evaluate our views."
Michael Howard MP, 'Why I'll be voting in favour of the Identity Cards Bill', Daily Telegraph, 20 December 2004

"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 MP, BBC Radio 4 The World at One, 14 December 2004

Nick Clarke: *"As far as the general principle goes, we've spoken to one or two back-bench MPs who feel that essentially this is a very strange decision because your party could have made a strong pitch for the libertarian view about civil, er, about ID cards in that they do offend a lot of human rights, civil rights, or could offend human rights and civil rights positions?"*

Michael Howard: *"Well that may be true and I respect their views, but it's also true that ID cards, as the police say, could help them foil a terrorist bomb plot in which hundreds of people could lose their lives. Now when the police say that, you have to take that very seriously, and you have to weigh up these conflicting interests, which you do, and I don't pretend that this is an easy decision, but at the end of the day a decision has to be taken."*
BBC Radio 4 The World at One, 14 December 2004

"I'm afraid as I keep repeating I assess these decisions by one criterion which is not 'is there some political opportunity for us here, would we score some political advantage by opposing the Government'; that's not the way in which I approach these decisions. My criterion is 'what is best for Britain'."
Michael Howard MP, BBC Radio 4 The World at One, 14 December 2004

"I've reached a view, which has been confirmed by the Shadow Cabinet, that erm, 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 MP, BBC Radio 4 The World at One, 14 December 2004

"There may be an argument for an ID card, but it has to be done very carefully to deliver the outcome we want in a cost-effective manner."
David Davis MP, Shadow Home Secretary, Conservative Party press release, 30 July 2004

"Given that the successful pre-emption of even one terrorist incident would save hundreds if not thousands of lives, any responsible opposition must look carefully at the Government's proposals for ID cards."
David Davis MP, Shadow Home Secretary, press release, 26 April 2004

"We should then seriously reconsider the case for Identity Cards. Although it is with great regret and reluctance that I come to this conclusion, I believe that current situation merits the introduction of ID cards. Once a system of ID cards is in place, Britain will be able to follow other EU Member States in having internal police checks to reduce the possibility of illegal asylum seekers going unmonitored for long periods."
Timothy Kirkhope MEP, then Chairman of Conservative Policy Commission on Asylum and Conservative European Spokesman on Justice and Home Affairs, now Leader of the Conservative MEPs, Conservative Party Press Release, January 21 2003

"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 MP, then Shadow Chancellor, The News of the World, 23 September 2001

"If we are serious about tackling this problem, there is one obvious remedy – identity cards. They could have many other advantages; in reducing benefit fraud, for example, and dealing with crime."
Michael Howard MP, Daily Telegraph, 13 July 2001

"such a card could make access to state services easier. It would also serve as a useful and convenient travel document. An identity card would help the police in combating fraud and other crime, assist publicans in preventing under age drinking and shop owners in stopping the sale of cigarettes and adult videos to young teenagers. At the same time it could provide citizens with a secure and reliable way of proving their identity"
Michael Howard MP, Foreword to 'Identity Cards, a consultative document' Home Office May 1995

"I've always made it clear that I am determined to give the police every help. I know that many of you believe – as the police do – that identity cards could be useful to them. Brian Mawhinney has already proposed that new driving licences should contain photographs. And Peter Lilley is bringing forward proposals for a new card to help stop dole cheats."
Michael Howard MP, Speech to Conservative Party Conference, 13 October 1994

"One possibility would be to have a single card which would be voluntary. It could be used both as a driving licence and as a benefit card. This would mean that three quarters of the population had the new card. No one else would be forced to get one but I believe that in time the vast majority would."
Michael Howard MP, Speech to Conservative Party Conference 13 October 1994

"It would help publicans to stop under age drinking. Tobacconists to spot teenage smokers. And video shops to stop young children getting hold of adult videos."
Michael Howard MP, Speech to Conservative Party Conference 13 October 1994

"In time carrying your ID card would seem as natural as carrying a credit card is at the moment"
Michael Howard MP, Speech to Conservative Party Conference 13 October 1994

Anti-ID cards

"On an issue of such importance, which represents such a fundamental change in the relationship between citizen and state, the Government must make the case and conclusively prove the need for such a change. They have not done so, and until they do, I cannot recommend that my party support the proposals."
David Davis MP, Shadow Home Secretary, House of Commons Hansard column 444, 23 May 2005

"We put a series of questions to the Government ...
"It hasn't answered one of those questions. We haven't seen the Bill yet, and we haven't had a chance to discuss it in shadow cabinet as a result. But my instinct at the moment is not to support the Government on this."
David Davis MP, Shadow Home Secretary, BBC1's Breakfast with Frost, 22 May 2005 (quoted by Press Association, 22 May 2005)

"When the ID Cards Bill was introduced before the election, we decided it would be right to give the Government the opportunity to meet the concerns we raised. They have had six months to do so but today said the Bill was, in essence, the same one as before."
David Davis MP, Shadow Home Secretary, The Independent, 26 May 2005

"I was one of the shadow ministers involved in taking the bill through in the last Parliament and I had severe doubts,"
"...The theory I was happy with, but the practice I thought was absolutely full of errors.
"I saw ID cards being used de facto in Northern Ireland when I was a soldier and they just didn't work.
"In many ways, they made the situation worse because once someone had one of these things in their hand, they tended to show them to a soldier or policeman and they weren't challenged.
"I'm absolutely against them, I think they are wrong and I think the party has made exactly the right decision."
Patrick Mercer MP, Shadow Homeland Security Minister, BBC Radio 4 Today programme, 26 May 2005 (quoted by Press Association, 26 May 2005)

"Labour is accusing us of making party politics out of asylum seekers. In fact we have been warning about the system for years. Labour now says that ID cards are the solution but, by their own admission in a statement to Parliament, ID cards would not apply to failed asylum seekers.

To pretend ID cards are the solution to failed asylum seekers is deceitful and that tells us everything you need to know about this government. It will do anything and say anything to try to get re-elected. People are fed up with this kind of behaviour."
Michael Howard MP, Conservative Party press release, 14 April 2005

"This is one of the most important issues, it deserves proper scrutiny there are very serious issues about the costs...about the practicability...we have very serious concerns which have not been addressed in Parliament"
George Osborne MP, then Shadow Chief Secretary to the Treasury, BBC Newsnight, 5 April 2005

"Did I hear him correctly when he said that the Identity Cards Bill would be rushed through? Does he not understand that that is a highly controversial Bill, both in this place and out in the country, and that it will not be possible to rush it through because there will be many of us to stop it?"
Andrew Mackay MP, Deputy Chairman of the Conservative Party, House of Commons Hansard, 17 March 2005, column 414

"I wanted to vote against, because I loathe the idea on principle. I never want to be commanded, by any emanation of the British state, to produce evidence of my identity, when I am doing nothing more than amble down the Queen's highway, and breathing God's fresh air. I believe that the state will use the mandatory ID card to store ever more information about us, and I believe that information could be used against the interests of liberty".
Boris Johnson MP, http://www.boris-johnson.com/archives/2005/02/id_cards_the_fi.html, 10 February 2005

"The arguments against the Bill are powerful. First, it involves a fundamental change in the relationship between the citizen and the state, to the disadvantage of the citizen. Secondly, as many hon. Members have explained, it is virtually certain that there will be a growth in function creep...People in this country will turn against the proposal too, and against the Home Secretary and he will richly deserve the hostility of the public when that happens."
John Bercow MP, House of Commons Hansard, 10 February 2005, columns 1753-1754

"I'm known to be uncomfortable with the, with the principle but recognise that there are issues which have too be addressed ranging from illegal immigration to terrorism."
David Davis MP, Shadow Home Secretary, BBC Radio 4 World at One, 7 February 2005

"Well I think if it's not going to work, then it's not going to work and it's not worth supporting."
David Davis MP, Shadow Home Secretary, ITV1 The Dimbleby Programme, 6 February 2005

"The Government's plan for compulsory identity cards is a bad idea, in a bad bill, introduced for the worst possible motives."
Peter Lilley MP, 'Identity Crisis: The Case against ID cards', Bow Group pamphlet, January 2005

"I was on record before I joined the shadow cabinet as being against them for all sorts of reasons in principle."
John Redwood MP, Shadow Deregulation Secretary, Daily Telegraph, 30 December 2004

"It is very, very hard to see how anything more than very tangential, minimal benefits flow from the kind of voluntary scheme he is proposing which many of us see as an expensive waste of time."
Francis Maude MP, House of Commons Hansard, 21 December 2004, column 1946

[On attending the division on the second reading of the ID Cards Bill] *"I think there's a large carol service in the constituency, at which I might suddenly have to read a lesson."*
Alan Duncan MP, Shadow International Development Secretary, The Herald, 20 December 2004

"I certainly will not be voting for this Bill. This is about politicians caving in, because I do not believe these cards will do any of the things people think they will they are a complete waste of money."
Stephen Dorrell MP, Daily Mail, 20 December 2004

"Identity cards are a Germanic concept and completely alien to this country. I don't see why we should have them."
Baroness Thatcher, Mail on Sunday, 19 December 2004

Shailesh Vara: *I'm not convinced by identity cards. The costs that's been given at the moment is 3 billion but actually it's going to work out at £10 billion once it's fully implemented. And I think some of that money could be better used to secure our borders, to try and prevent people coming here who we're worried about. And as Robert [Kilroy-Silk] says the terrorists for September 11 a lot of them had been there for a long time and we are told that there are people in this country who are sleeper terrorists waiting to be activated. There's also the civil liberties argument but we don't have time for that.*
Jonathan Dimbleby: *Are we, just in short, are you saying on behalf of your party it's yes, no, or maybe not?*
SV: *I'm not saying anything on my party, I give my personal opinion of this.*
Shailesh Vara MP, then Conservative PPC for North West Cambridgeshire and Vice Chairman of the Conservative Party, BBC Radio 4 Any Questions, 3 December 2004

Mr Lilley: *Today, the Home Secretary prided himself on the fact that the opinion polls show that 80 per cent. of the population are in favour of compulsory identity cards. That is the sole reason for their introduction. It is a focus group-driven policy.*
Andy Burnham: *Why did not you introduce it?*
Mr. Lilley: *Because we thought that it was a stupid idea.*
Andy Burnham: *You produced a Green Paper on it.*
Mr. Lilley: *And we decided not to introduce it—largely because I argued against it in Cabinet—on the grounds that I outlined.*
Peter Lilley MP, House of Commons Hansard column 414, 29 November 2004

"I happen to be strongly opposed to ID cards - which is a tough call for a Tory. A lot of my activists and Conservative friends in the constituency support the idea, and I have had some pretty robust conversations as a result. I just don't think ID cards will work."
Ed Vaizey MP, then Conservative PPC for Wantage and speechwriter for Michael Howard, The Guardian, 24 November 2004

"If we want to keep Britain safe from terrorists why don't we have proper border controls.. erm.. there's no possible improvement from ID cards if we've got the quarter of a million people in this country illegally who this government refuses to deport it's all talk."
Liam Fox MP, Conservative Party Co-Chairman, ITV24, November 23 2004

"Under Labour we have people imprisoned without trial. We are all to be required to carry identity cards though that will not have the slightest effect on any terrorist or serious criminal. We are told what sports we can enjoy, where we are allowed to smoke tobacco, what discipline we can impose on our children and a whole host of other petty and serious infringements on our freedom. The Tory party must be seen in the vanguard of the campaign to protect the traditional freedoms of the British people."
Sir Malcolm Rifkind MP, then Conservative PPC for Kensington and Chelsea, The Observer, August 1 2004

"I am totally unconvinced that identity cards will make the slightest bit of difference in dealing with serious crime or terrorism."
Sir Malcolm Rifkind MP, then Conservative PPC for Kensington and Chelsea, The Independent, July 26 2004

"Since the abolition of ID cards in the 1950s, Home Office officials have tried to persuade successive Home Secretaries to reintroduce them. Why does the Minister think that this Home Secretary is the first one gullible enough to produce a White Paper on them?"
George Osborne MP, then Shadow Treasury Minister, House of Commons Hansard, 10 May 2004, column 18

"We have been saying for some time that the practical problems associated with ID cards are immense."
David Davis MP, Shadow Home Secretary, Press Association, 6 May 2004

"I haven't yet seen the slightest evidence from the government or indeed from anyone else that [the questioner] is wrong and that ID cards would actually substantially contribute to the battle against terrorism...I haven't yet heard anything from the government that persuades me that they've really thought through how having ID cards with all the admitted civil liberties implications would really help us in the fight against terrorism."
Oliver Letwin MP, Shadow Chancellor, BBC Radio 4 Any Questions, 10 April 2004

"It [government's ID card scheme] will inconvenience ordinary people and not actually stop serious crime and terrorism," he told the programme. It's very hard to see how it's going to work. It's the worst of all worlds."
David Davis MP, Shadow Home Secretary, GMTV Sunday Programme, quoted by the Press Association, 28 March 2004

"ID cards will be expensive, they will offer no protection against crime, they will not control illegal immigration but they will be another tax on the law-abiding majority."
John Redwood MP, Sunday Express, 22 February 2004

"The British people deserve a policy that will stop terrorists, catch fraudsters and deter illegal immigrants. This [ID card] scheme will do none of this, but will leave the taxpayer with a massive bill."
David Davis MP, Shadow Home Secretary, press release, 11 November 2003

"There are huge costs associated with this policy, but the Government have failed to advance any convincing arguments as to why these cards should be introduced... As the proposal stands, it will not stop terrorists, catch fraudsters or deter illegal immigrants, but it will cost the taxpayer billions."

David Davis MP, Shadow Home Secretary, House of Commons Hansard, 11 November 2003, column 175

"If these cards are going to be benefit entitlement cards, which simply prove who people are, then we will look constructively at any proposals. This is very different from identity cards. We are highly sceptical about the need for such cards and will need a lot of persuading to accept anything beyond entitlement cards."
Oliver Letwin MP, then Shadow Home Secretary, press release, 12 September 2003

"Is it time for national identity cards to deal with the problems of illegal immigration, crime and foreign visitors abusing our NHS? My answer is "no". First, they would be very expensive: some estimate up to £3 billion. Second, they would only work if it was compulsory to carry them at all times with the Police having a power of arrest for not carrying one. Otherwise any criminal or illegal immigrant would just say "left it at home" and never be seen again. Do we really want to live in a country where Police can ask "where are your papers?" and arrest you if you are not carrying them?...What's wrong with identity cards is that they are expensive and probably futile cards just for existing."
David Cameron MP, then Shadow Minister for the Privy Council Office, now Conservative Head of Policy Co-ordination, Oxford Journal, 27 August 2003

"We do not see ID cards as an immediate solution to the problem of the terrorist threat... our view is the government needs to concentrate now on measures that do stand some chance of making a rapid impact on our ability to reduce the risk of terrorist attack on the UK, and ID cards do not fall in to that category."
Oliver Letwin MP, then Shadow Home Secretary, Epolitix.com Interview, 11 October 2001

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

RESTRICTED

cc: IR
MC
KEG

Tony McNulty MP
Minister of State
Home Office
Peel Building
2 Marsham Street
London SW1P 4DF

24 May 2005

Cost of ID Cards

I am grateful for our phone conversation earlier today and I am writing to record the agreement we reached. You were seeking to include new powers in the ID cards bill to over charge for passports and ID cards to help cover anticipated (i) operating deficits in 2008/09 and 2009/10 and (ii) set-up deficits in 2007/08.

2. As discussed, I have significant concerns about over-cost charging and, in particular, the risk that it could result in charges being classified as a tax. Should this prove to be the case, any charges could be presented as an overall increase in the personal tax burden. However, given the importance of the ID cards bill, I am willing, on an exceptional basis, to agree to you including in the Bill optional powers to over charge to help cover operating deficits in 2008/09 and 2009/10. This does not in any way set a precedent for consideration of future such cases.

3. This agreement does not extend to set-up costs in 2007/08, where I am not content for you to include powers in the bill. It is my view that these costs are genuinely foreseeable and should therefore be covered from within the Home Office's SR04 settlement.

4. I understand that it may not be possible to reflect this distinction as clearly as we would like in the bill itself. I would urge you to explore this further with a view to

achieving maximum clarity. We agreed that should this prove insufficient, you would make this distinction clear to the House in your presentation of the bill.

5. Finally, we discussed the importance of ensuring that the costings for ID cards are robust and realistic. In light of this, we agreed that the position set out in this letter is conditional on Treasury and Home Office officials engaging immediately on cost issues, and in particular on (i) options for reducing costs, (ii) how to avoid any pressure on the spending envelope for spending review 2006, and (iii) a clear analysis of the potential benefits and savings that ID cards could generate.

6. I am copying this letter to the Prime Minister, the Chancellor, the Home Secretary and Sir Andrew Turnbull.

DES BROWNE

Home Office

HOME SECRETARY
2 Marsham Street, London SW1P 4DF
www.homeoffice.gov.uk

David Davis MP
House of Commons
London
SW1A 0AA

23 May 2005

Dear David,

I am writing to help you to clear up your party's confusion about its policy towards ID cards. Below I have set out how the Government's proposals meet the 5 tests you set as necessary for your support for the proposals before the election. I hope that you find this information helpful and that you now feel able to clarify your party's position and support the introduction of ID cards.

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

The Identity Cards Bill has already established clear statutory purposes for the identity cards scheme at Clause 1(3). Identity cards and the National Identity Register are to provide individuals with a secure and reliable method of proving identity - they are also to help identify people securely where that is in the public interest. The public interest is defined as: -

- in the interests of national security;
- the prevention and detection of crime;
- the enforcement of immigration controls;
- the enforcement of controls on illegal working;
- to help deliver more efficient and effective public services.

2. Is the technology sufficiently well developed and robust?

The Identity Cards Bill is enabling legislation. It leaves open decisions on the precise technology to be used, for example to enrol biometrics. Sir David King (the Government's Chief Scientist) is leading work on ensuring we have access to the best technical advice on biometrics. As part of the Identity Cards Programme and the forthcoming procurement exercise, there will be rigorous testing to ensure that the technology used is reliable before the first

ID cards are issued in 2008. Furthermore, the government made clear as far back as November 2003 when the policy was first announced that before the final move to compulsion there will be a rigorous evaluation that the technology is working and that public services have implemented the technology and business changes necessary to take full advantage of the scheme. Major governments around the world are planning to deploy biometric technology. The argument might be more credible if we were the only country considering a scheme like this.

3. Is the Home Office capable of delivering this major IT project?

There are many examples of successful implementation of major projects in government. Millions of our citizens benefit every day from the government's use of IT – pensions are paid, passports and driving licences are issued and criminals are brought to justice through the use of successful IT systems. We have 5 million fingerprints records on our police systems, we already record fingerprint biometrics of asylum seekers so as to detect multiple claims and we have started piloting the recording of biometrics when issuing visas. This will not be a "big bang" implementation and the Identity Cards Programme has already recruited private sector expertise from PA Consulting as a development partner, Although ID cards will be issued by a new agency this will build on the existing UK Passport Service and work in close conjunction with the Home Office Immigration and Nationality Directorate. A senior Transition Executive has been appointed to lead the transition work and ensure that the arrangements are in place for the new agency. The Programme is subject to regular scrutiny by the Office for Government Commerce (OGC) gateway review process and the next review (OGC Gateway 1) is due later in 2005. We have also set up independent assurance arrangements led by the former Chief Executive of First Direct Bank.

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. In addition the running costs of the scheme will be recovered from charges to card applicants and users of the identity verification service. The Regulatory Impact Assessment published alongside the Bill set out details of the many benefits that will follow from the introduction of ID cards and the Government remains confident that the overall benefits of the ID cards scheme will outweigh its costs.

5. ID cards must not pose a threat to civil liberties

Individuals currently carry a large number of cards (driving licences, bank cards, donor cards) that prove their identity. The Identity Cards Bill will allow ID cards to be used by public or private services to establish identity but with the consent of the card-holder and with strict limits on the information

available. There will be no health or tax records, for example, on the National Identity Register and the Bill lists (at Schedule 1) the information that may be held on the National Identity Register. Information may be provided without consent only in specified circumstances set out in the Bill to the police, security and intelligence agencies or specified public bodies. The bill also provides tough penalties for those who might abuse the system e.g. a maximum penalty of 10 years imprisonment for tampering with the Register. There will also be independent oversight by a new National Identity Scheme Commissioner. There are no new powers in the Bill for the police to stop someone and demand to see their card or to require individuals to carry ID cards.

I hope you find this information useful and that you now feel able to clarify your party's position and offer your support to the ID cards Bill.

CHARLES CLARKE

file

This is pretty hopeless. We need a far better handling plan. Whether (a) cost will be the issue; & (b) people will think it is £100 for an I.D. card not for a passport. I need a meeting on Monday.

From: Mary Agnew
Date: 20 May 2005

PRIME MINISTER

cc: Jonathan Powell
Ivan Rogers
Sally Morgan
Matthew Taylor
John McTernan
Miles Gibson
Kate Gross
Emily Miles
David Hill
Paul Brown

ID CARDS - COSTS AND INTRODUCTION OF BILL

The ID Cards Bill is due for introduction next Wednesday, with an RIA indicating headline operating costs that have risen since the previous RIA by around £34 million per annum to £584m, with a unit cost for passport plus card of £93. HO has also realised that fees will not recover costs in the first 3 to 4 years of the operation of the scheme, exposing additional funding requirements over the SR2006 period.

1. Unit cost of card plus passport

The RIA published in November 2004 cited the total costs for the scheme as **£550** million with an indicative combined ID-Passport charge of **£85** (we have indicated this would be reduced for low income groups and the very old). This omitted VAT and 20% contingency costs – the former an oversight, the latter stated explicitly in the RIA. It was predicated on a model based on the existing passport system plus additional add-ons for the ID card infrastructure, which was misleading in several of its assumptions (for example by including groups such as children who will not be issued ID cards).

The Home Office now have a completely new model that builds the costs from the bottom up and calculates for registering all British nationals by 2013. Though a far more reliable guide to the true costs, it makes worrying reading. It also makes it more difficult to draw a meaningful distinction between the anticipated costs of moving towards biometric passports – which we would need to do anyway for UK citizens to travel to the US without visas – and the additional ID-card costs. We are stuck comparing apples and pears. The revised RIA cites differing component costs for the scheme, but the overall increase of £34 million

to an operating cost of £584 million per annum is explainable through the inflation and contingency factors.

The key issue is that the **unit cost** at 05/06 prices has now been calculated at **£93**, **ie around the £100 mark in 2008**. This compares to the current standard adult passport cost of £42 (rising to perhaps £78 anyway by 08/09 – see Annex A). This is even before we consider the need to cross-subsidise poorer recipients and possibly EEA nationals. [EEA nationals will have to be charged the same as UK citizens despite being more expensive administratively, though we may be able to pass these costs to third country nationals instead.]

HO Ministers have indicated in both Houses that the passport plus ID card is estimated to cost **£85**. This appears to have been a political target for the fee rather than a realistic estimate. The actual comparative unit cost, which Charles Clarke is keen to include in the RIA, was £88. (The HO argument is that they cannot reliably calculate the charge until decisions have been taken about whom and how to subsidise – left open in the Bill.) **We cannot retreat from publishing the RIA on Wednesday, nor is there time to revise the calculations to our and HMT's satisfaction.**

We will inevitably get some interrogation of the robustness of the modelling given the significant changes since the November RIA. Lines to take are:

- the majority of increased costs would be incurred anyway, in order to issue biometric passports;
- revised estimates are explained by accounting for contingency factors, inflation and a better model;
- running costs will be met by charges when the scheme is fully operational;
- start up costs cannot be put into the public domain as this would skew procurement.

HMT have done some initial calculations on the revised £93 unit cost figure indicating that if 20% of people (OAPs and the poorest) received subsidised cards costing £50, everyone else would have to pay £106. Every £10 reduction in the fee for this 20% costs £50 million. To recover the operating deficit (which would otherwise fall on Government as discussed below), fees would need to increase by a further £25 a head. **This looks unpalatably high – especially given the phased implementation of the scheme from December 2008.**

2. Recovering the deficit in early years of the scheme.

Without huge increases in the charges to individuals, the scheme will need additional Government funding to cover the costs in its first few years. The high implementation cost is principally for the new secure IT system and the enrolment centres infrastructure for capturing biometric details (rather than the more economical back-office Passport Agency arrangements). This network is projected to handle around 7.3 million people in 2013/14 across 100 offices plus mobile centres.

We believe the costs are too high and need further interrogation by HMT and ourselves to arrive at figure affordable individually and to the Government. The information we have received from HO to date implies a likely SR2006 bid of £70/220/140m. This is large enough for it to become a significant feature of SR2006 negotiations, particularly given HMT's view that bids for additional funding for ID cards are inadmissable. So as in SR2004, GB will expect you to make trade-offs between this funding and - for example - CSOs (you could get 5,000 new CSOs for £140m). Being seen to bear down on ID card costs now would help to prepare the case for spending on both, not one or the other.

Some savings could be made by charging businesses more to use the system to verify cards, though HO indicate this would only be of the order of tens of millions. We may need to look again at the specification and ask HO to provide some options on a less than gold-plated service – for example, using fewer than the planned three separate biometrics (face, iris and fingerprints). They also need to model the different roll out options to ascertain whether there are ways to recover costs more rapidly.

Are you content for us to ask HO to work with HMT to produce an options paper on cheaper costings? We may also need to consider on the strength of this whether we need to set an absolute limit for the fee, beyond which would not be politically acceptable.



MARY AGNEW

ANNEX A – PROJECTED PASSPORT-ID CARD CHARGES

Year	Adult passport £	Notes
Currently	**42**	Child passport is currently £25
From autumn 2005	**51**	UKPA has requested increases over this period to cover the cost of biometric passports. HO are also asking HMT for permission to charge more in 06/07 and 07/08 to cover the ID cards set up costs. This would bring the 07/08 charge to £78, but would require a Bill amendment and HMT are unsympathetic.
From autumn 2006	**66**	
2007/08	**[78]**	
From December 2008	**>100**	A £93 unit cost at 05/06 prices for an ID card plus passport would bring the charge over £100, even before we factor in cross-subsidy.

File

From: Emily Miles
Date: 13 May 2005

PRIME MINISTER

cc: Jonathan Powell
Ivan Rogers
Kate Gross
Matthew Taylor
Sally Morgan

IDENTITY CARDS - BACKGROUND BRIEFING

More detailed briefing attached, but in brief:

1. Timing. Programme on track for issue of the first ID cards at end of 2008, based on assumption of Royal Assent by January 2006. Without taking action for compulsion, current best estimates are that we will cover 70 to 80% of resident British population within 10 years, and foreign nationals earlier on.

2. Costs. The Regulatory Impact Assessment published with the Identity Cards Bill in November 2004 said that the strategic outline case confirmed that the benefits of the scheme outweigh the costs.

Costs already published are: -

- £186m – estimated set-up costs for first three years as at Nov 2003. Likely to go up. (published in a PQ)
- £415m – estimated annual cost of issuing biometric passports by 2008/2009 (published in UKPS forward plan, and Regulatory Impact Assessment from Nov 2004). Likely to stay roughly the same.
- £85m – estimated annual cost of issuing ID cards on top of passport costs in 2008/2009 (RIA, Nov 04). Likely to stay roughly the same.
- £50m – estimated annual cost to provide verification services (RIA Nov 04). Likely to stay roughly the same.
- [HO also mentioned a unit cost of £85 for a passport and ID card at current prices, at David Blunkett's request, though NAO guidance is to focus on overall costs rather than fees, as fee structures may change.]

The costs previously published in November 2004 were current best estimates and **did not include the cost of issuing documents to foreign nationals, contingency, inflation and VAT**. Home Office now have a much more sophisticated cost model, which will inform an updated Regulatory Impact Assessment, accompanying the Bill when introduced. We will get details of that next week.

Running costs will be funded through fees charged for

- Issuing passports and ID cards

- Issuing replacements for lost documents
- The verification service –through charges to accredited organisations

3. Compulsion. The Bill creates a "super affirmative" resolution procedure before compulsion can happen.

A. Government lays before Parliament a report setting out Government's proposal for compulsion together with its reason.
B. Report has to be approved by resolution in both Houses
C. Affirmative Order bringing compulsion into force has to be approved by both houses.

This will make the card compulsory to have but not to carry. Compulsion could be used selectively for certain groups, such as foreign nationals. Exemptions could be put in place for the elderly.

In addition, the Government set out a number of factors to be taken into account before card was made compulsory, in "Identity Cards: the Next Steps" in 2003, though these are not in the legislation:

- Coverage of the population
- Public acceptance
- Impact on those on low incomes and vulnerable groups
- Additional impact of compulsion in tackling fraudulent access to public services and illegal working
- Reliability of the technology.

The Bill also allows Government to make regulations as to how the card scheme might be used for particular services.

I attach

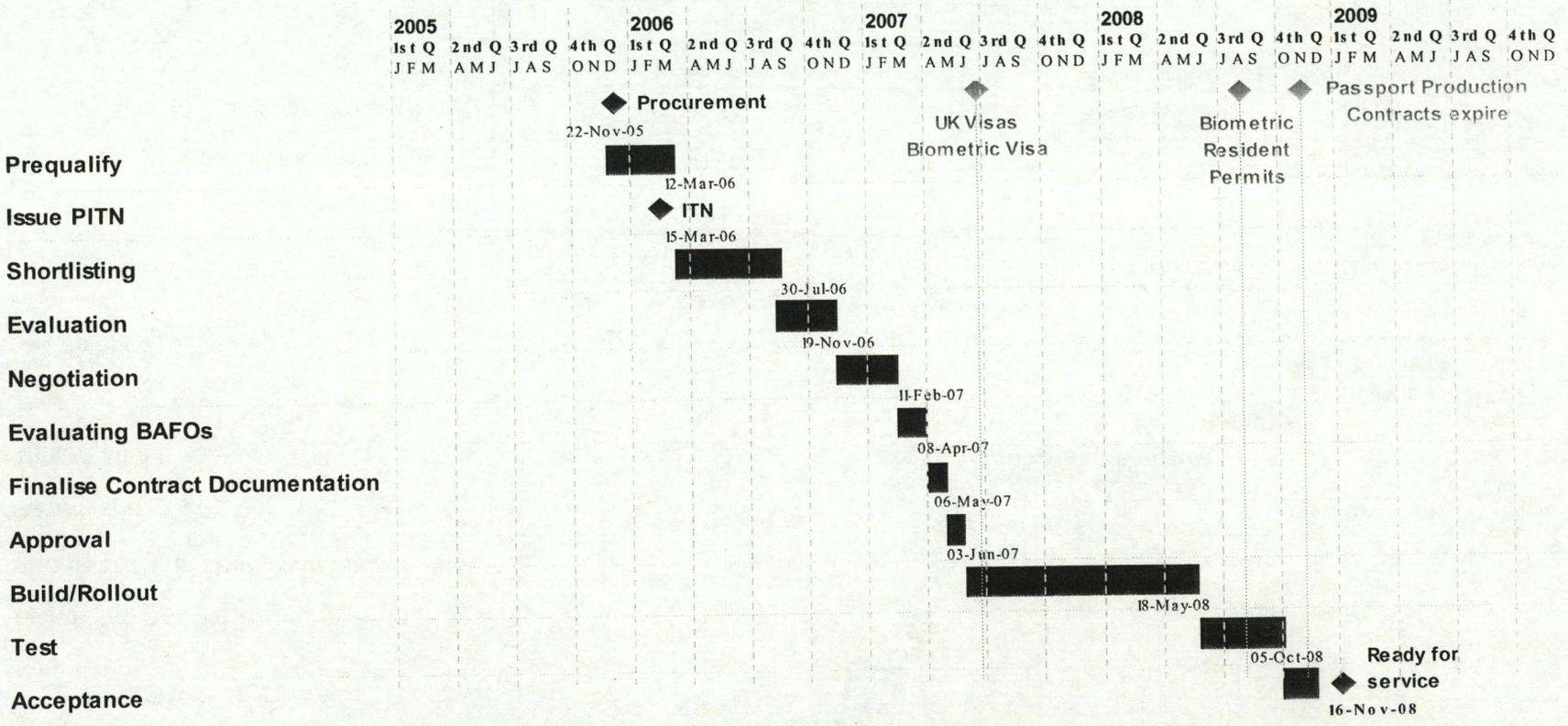
- Briefing on ID cards from November 2004, which we prepared for the last Queen's Speech. This covers, comprehensively, the core elements of the scheme, costs and benefits.

- Slides showing scenarios for ID card roll-out, based on different assumptions about Royal Assent for the Bill.

Emily Miles

EMILY MILES

Royal Assent by 22 November 2005 means roll out from November 2008



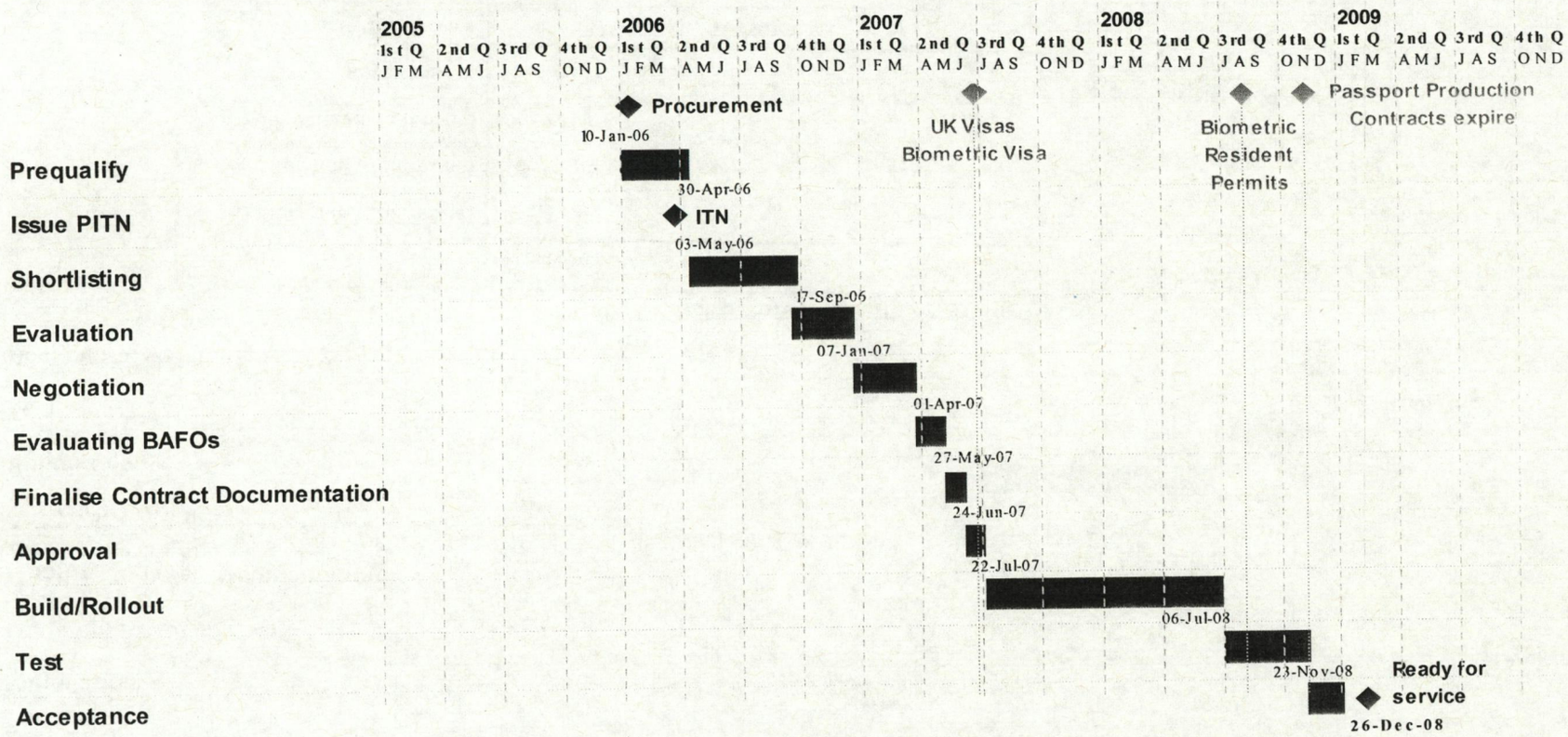
OJEU, Royal Assent, Scenario 1

	◉ Scenario 1	○ Scenario 2	○ Scenario 3	○ Scenario 4	Link Date to
First Reading (Commons)	23-May-05	13-Jun-05	10-Oct-05	09-Jan-06	
Second Reading (Commons)	06-Jun-05	27-Jun-05	24-Oct-05	23-Jan-06	
Second Reading (Lords)	25-Jul-05	24-Oct-05	09-Jan-06	06-Mar-06	
Royal Assent	22-Nov-05	10-Jan-06	04-Apr-06	03-May-06	OJEU
Ready for service	16-Nov-08				

OJEU = Commencement of Procurement via the Official Journal of the European Union

ITN = Issue of Invitation to Tender

Royal Assent by 10 January 2006 means roll out from December 2008



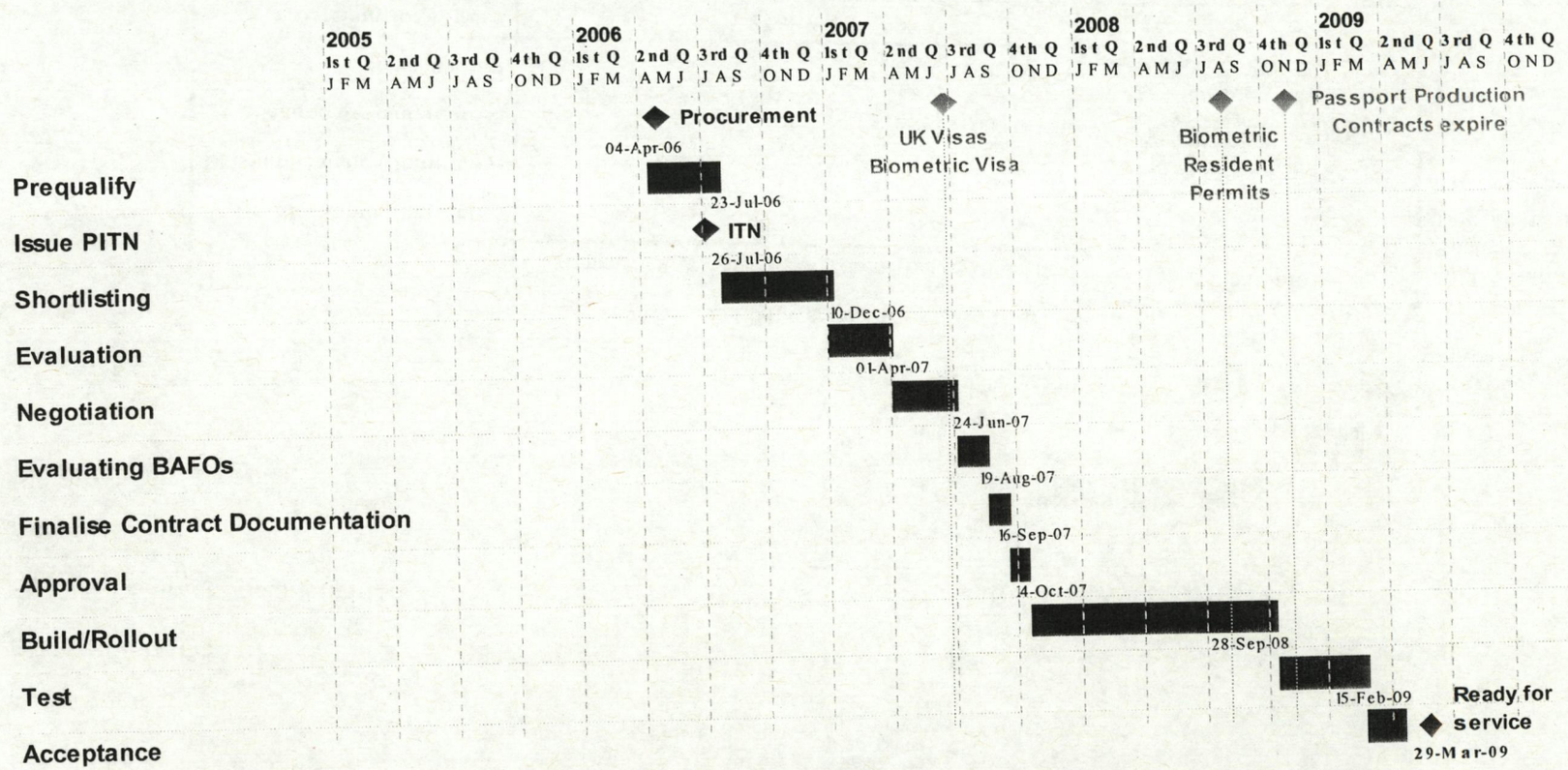
OJEU, Royal Assent, Scenario 2

	○ Scenario 1	◉ Scenario 2	○ Scenario 3	○ Scenario 4	Link Date to	
First Reading (Commons)	23-May-05	13-Jun-05	10-Oct-05	09-Jan-06		
Second Reading (Commons)	06-Jun-05	27-Jun-05	24-Oct-05	23-Jan-06		
Second Reading (Lords)	25-Jul-05	24-Oct-05	09-Jan-06	06-Mar-06	OJEU	
Royal Assent	22-Nov-05	10-Jan-06	04-Apr-06	03-May-06	OJEU	ITN
Ready for service	26-Dec-08					

OJEU = Commencement of Procurement via the Official Journal of the European Union

ITN = Issue of Invitation to Tender

Royal Assent by 4 April 2006 means roll out from March 2009



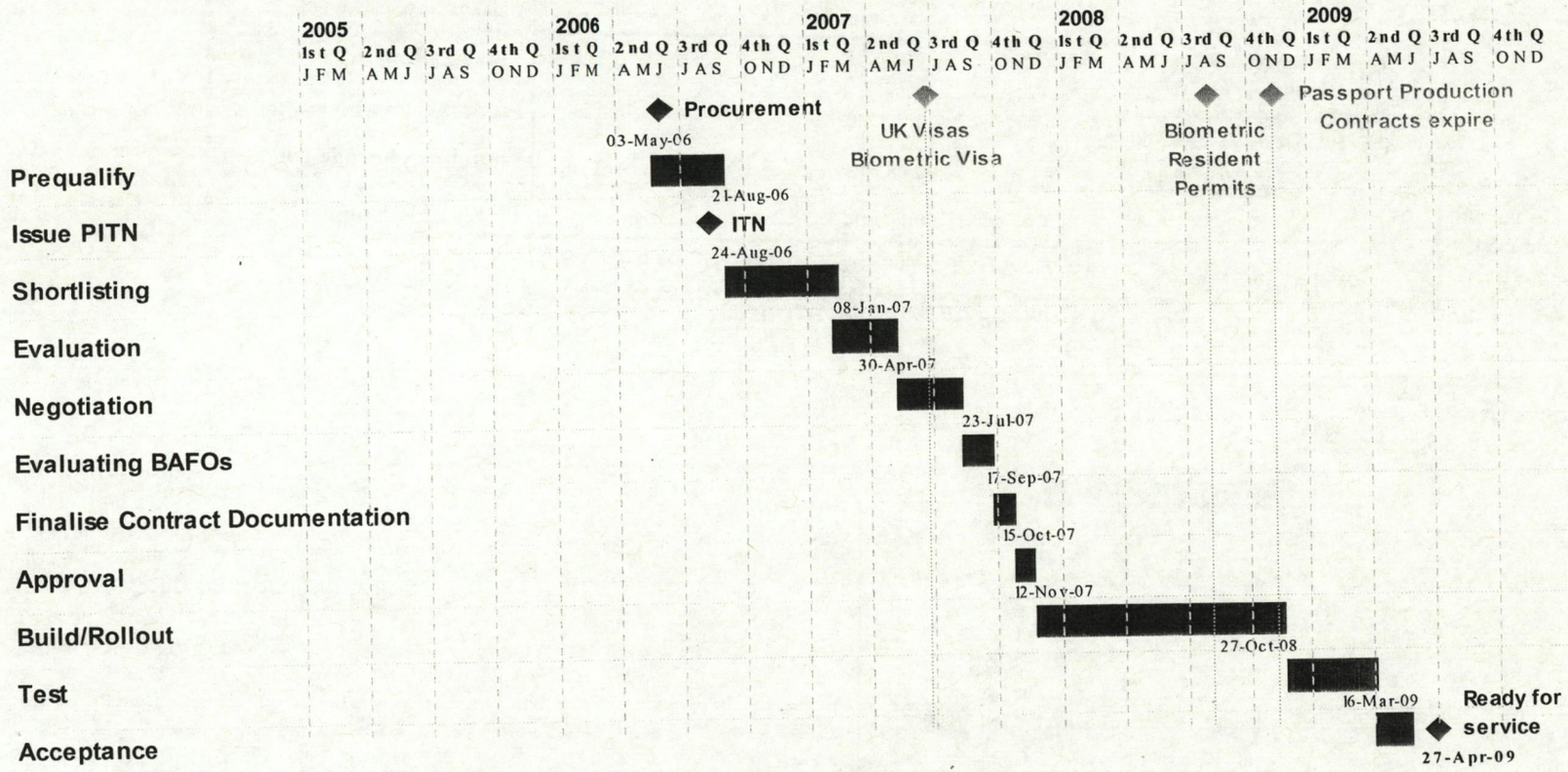
OJEU, Royal Assent, Scenario 3

	○ Scenario 1	○ Scenario 2	◉ Scenario 3	○ Scenario 4	Link Date to	
First Reading (Commons)	23-May-05	13-Jun-05	10-Oct-05	09-Jan-06		
Second Reading (Commons)	06-Jun-05	27-Jun-05	24-Oct-05	23-Jan-06	OJEU	
Second Reading (Lords)	25-Jul-05	24-Oct-05	09-Jan-06	06-Mar-06	OJEU	ITN
Royal Assent	22-Nov-05	10-Jan-06	04-Apr-06	03-May-06	OJEU	ITN
Ready for service	29-Mar-09					

OJEU = Commencement of Procurement via the Official Journal of the European Union

ITN = Issue of Invitation to Tend

Royal Assent by 3 May 2006 means roll out from April 2009



OJEU, Royal Assent, Scenario 4

	○ Scenario 1	○ Scenario 2	○ Scenario 3	◉ Scenario 4	Link Date to	
First Reading (Commons)	23-May-05	13-Jun-05	10-Oct-05	09-Jan-06		
Second Reading (Commons)	06-Jun-05	27-Jun-05	24-Oct-05	23-Jan-06	OJEU	ITN
Second Reading (Lords)	25-Jul-05	24-Oct-05	09-Jan-06	06-Mar-06	OJEU	ITN
Royal Assent	22-Nov-05	10-Jan-06	04-Apr-06	03-May-06	OJEU	ITN
Ready for service	27-Apr-09					

OJEU = Commencement of Procurement via the Official Journal of the European Union

ITN = Issue of Invitation to Tender

8. 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[4] in 2008/09.

9. 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:

- the cost of covering the whole resident population[5] aged 16 + rather than the 80% + who will have passports by 2008;
- 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);
- 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.

Set up costs

10. The last published figure - given out in 2003 - for set up costs was £186m over 3 years. This will need substantial revision. Public line to take is that we are still looking at the set up costs - Home Secretary has already promised that they will be covered from within existing Home Office expenditure limits.

Running costs

11. The best estimate of additional running costs to issue ID cards on a wider basis, published in the RIA in November 2004, was £85m pa when averaged over a ten-year period. A further £50m pa was the estimate for the average cost over ten years of the verification service but this would not fall on the individual cardholder. 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. These estimates did not take account of contingency, VAT or issuing cards to foreign nationals. A new and more sophisticated cost model, to be considered by John Gieve and the Home Secretary in w/c 16 May 2005, has these figures roughly the same – just a little higher.

12. 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.

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

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

13. 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 at a more detailed level e.g. as well as a transaction fee for verification checks there might be a charge levied when an organisation signs up for the service and is accredited as a fit and proper organisation to undertake checks.[6] 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 to used to raise net revenue for the Exchequer. Therefore it would be possible not to set 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.

14. 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 Home Secretary has said that roughly £70 of this would be accounted for anyway by the costs of getting passports up to a sufficiently high security standard to pass new US and EU regulations. 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. Certainly NAO guidance is to avoid issuing projections on fees, and to concentrate more on overall costs, as fee structures have not yet been settled. Issues which the Government wishes to explore further on charging include:

- refining estimates of revenues for the verification service as potential users develop more detailed plans for how they will use the scheme;
- 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.

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

- an on-line enquiry facility to confirm information provided with the consent of the cardholder. Organisations will be expected to fund any costs associated with their end of this link;
- 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 will also help to establish a competitive market.

Liberal Democrats

16. The Lib-Dems have said that they would scrap ID cards and would use the £3 billion they claim would be saved to fund 10,000 additional police officers.

Lines to take

17. These figures are entirely bogus. All of the additional running costs of the ID card scheme (which in any case are nothing like £3 billion) would be covered through the additional fees charged for issuing passports and by charging the private sector each time they want to make a verification check. If there were no ID card, there would be no revenue stream from these fees and checks and hence there would be nothing to spend on extra police - unless the Lib-Dems propose to put up taxes instead?

Benefits

18. In general, benefits fall into the following categories:

- more efficient processes. The scheme will speed up and simplify identity checks for user organisations. This will allow for redeployment of resources, e.g. reducing police resources lied up in administrative tasks to use for front-line services. In some cases it may also generate cashable benefits to the Exchequer, e.g. by increasing the recovery of unpaid fines. It should also allow for reductions in compliance costs with some regulations, e.g. money laundering and rules on checks on the immigration status of employees even in advance of any explicit requirement to use the scheme;
- 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;

- 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, e.g. the use of free non-emergency NHS treatment by those whose immigration status requires them to pay:
- 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.

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

- 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;
- 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;
- 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 society 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, e.g. on investment;
- 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.

20. 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 pans 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.

Combating terrorism and organised crime

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

- reducing the opportunity for those facilitating terrorist and organised criminals t 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;
- 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;
- 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;

- 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.
- checking of fingerprint 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.

How cards might benefit the administration of public services

22. 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[7]. 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.

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

- "card present" checks where there is a personal interaction with the individual, e.g. registering with a GP;
- 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;
- more automated on-line checks between service providers' IT systems and the verification service, e.g. 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.

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

- 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

- improving eligibility checks for free non-emergency 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 the order of £41m could be realised by charging patients who are not entitled to free NHS services;
- 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;
- 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;
- 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 e.g. in providing new/updated PINS to citizens. As noted in paragraph 29 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.

25. 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.

Compulsion

26. 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 which were published in *Identity Cards: the next steps* but which are not set out on the face of the ID cards Bill. These were:

- benefits outweigh costs and risks
- fully affordable within future agreed spending plans
- rollout had already delivered significant coverage of the population
- clear public acceptance
- assurances on access to emergency services and no disadvantage to vulnerable groups
- that it would make a former significant difference to tackling fraudulent access to public services and to tackling illegal working (at acceptable compliance cost to business)
- technology working and public services using it.

27. The Bill sets out a "super-affirmative" for compulsion whereby:

1. the Government must publish a report setting out its case for the move to compulsion;
2. the report must include a proposition on how compulsion would work;
3. the report must be laid before Parliament for debate and vote in both Houses. Both Houses may amend the proposition;
4. Government then lays for 60 days an order for compulsion via affirmative resolution. The order must be consistent with the motion agreed by Parliament;
5. there would be a debate and vote in both Houses.

28. The Government must go back to (1) if the process fails at any point. However, the Government does not need to go back to (1) if it subsequently proposes to relax compulsion in some way, for example not to require individuals over a certain age to renew their registration.

29. Compulsion is not a "blanket" measure, it can be used selectively e.g. to make the scheme compulsory for certain categories of foreign nationals before everyone else or to exempt certain groups e.g. the very elderly.

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Footnotes

[1] This is the EU, plus Norway, Iceland and Liechtenstein. Swiss nationals also benefit from free movement rights within the EEA.

[2] These would include, for example, those whose passports had been confiscated as a result of a Banning Order under Football-related legislation or as a condition of bail.

[3] 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.

[4] All financial figures are in real terms at estimated 2004 prices and exclude contingency unless otherwise stated.

[5] British and qualifying Irish nationals only.

[6] 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,

[7] ID checks for public services which are the responsibility of devolved administrations must be made by the devolved administrations themselves

IDENTITY CARDS

Overview

Aims of the ID cards programme are:

- to tackle illegal working and immigration abuse;
- to disrupt the use of false and multiple identities by organised criminals and those involved in terrorist activity;
- to help protect people from identity fraud and theft;
- to ensure free public services are only used by those entitled to them;
- to enable easier and more convenient access to public services.

2. Establishing the most cost-effective, reliable and acceptable system to deliver these aims has been the focus of the Government's work. A successful system must be able to enrol individuals promptly and accurately and store their data securely to enable it to be used to verify that identity in a wide variety of situations. It must also gain the confidence of users of the scheme, both the organisations which verify identity and the cardholders themselves. The Government has listened to reservations, taken advice and observed practice in other countries. The Home Office has appointed a development partner - PA Consulting - to advise on preparing for procurement of the various components of the scheme. This is a large, complex programme which will be carried out under UK government and EU procurement rules. EU rules ask for requirements to be advertised in the Official Journal of the European Union (OJEU); the Government's requirements will therefore be published at this stage. At the same time, work is continuing on developing and refining the business case for the project, with the involvement of stakeholders from both within and outside Government.

3. The framework for policy on ID cards was set out in "*Identity Cards: The Next Steps*" which was published in November 2003. The essential elements of the scheme are the establishment of a new secure register and biometric cards for British nationals resident in the UK and foreign nationals resident for more than three months. We have revised our proposals to concentrate on these elements and rationalised both the linkage with existing identity documents and the way in which the scheme will be delivered. The core elements of the scheme are briefly, as follows:

- A single standardised identity card for all resident UK nationals would be issued alongside passports and possibly other documents in the longer term, as well as in its own right for those who wished it;
- Registration certificates and residence permits for foreign nationals would be issued, taking account of EU standards, but to the same level of security as the UK identity cards and as part of a single overall system for recording and verifying the identity of all legal residents;
- A single, standard verification service, operating online to achieve full security and ensuring a full audit trail of card use, with the alternative of a visual check for low value and low risk transactions;
- A simplified organisation structure for delivery - a new Executive Agency incorporating the functions of the United Kingdom Passport Service (UKPS) and

working closely in conjunction with the Immigration and Nationality Directorate (IND) of the Home Office in respect of foreign nationals;

- An enhanced function for the proposed National Identity Scheme Commissioner who would be responsible for the oversight of the whole scheme.

4. Preliminary research suggests that a single, standardised identity card of the type proposed here is a clearer and simpler idea for the public to understand. It follows the approach used in most EU Member Stales, which is a point raised by the Committee in its report. The card for British nationals with their nationality on me face would be accepted as a travel document within the European Economic Area\ like the cards which are routinely used within the EEA by nationals of Member States. A card which did not show nationality on the face would also be available for the small number of people for whom a card valid for travel within the EEA would not be necessary or appropriate[2]. The linkage to passport issue will ensure that the majority of the population could be registered in a manageable way as they renew their passports (80% of the adult population have a passport)

5. The establishment of an agency in this way would have several advantages. It would, for example, allow for simpler, clearer management accountability to Ministers and Parliament and draw on the existing skills and capability of the United Kingdom Passport Service and the Immigration and Nationality Directorate. It would also considerably reduce the risks and cost attaching to setting up and maintaining consistent standards across different agencies. And, most importantly, it would open up the possibility of offering a single point of contact for all applications.

6. Verification of identity is the key activity in the successful operation of the scheme: a card is intended to be used in transactions which require the satisfactory establishment of identity. A simplified verification service would enable organisations to adopt a consistent approach to checking identity, which should in turn lead to more efficient delivery of services and enhanced consumer confidence.

Costs

7. 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.[3] 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.