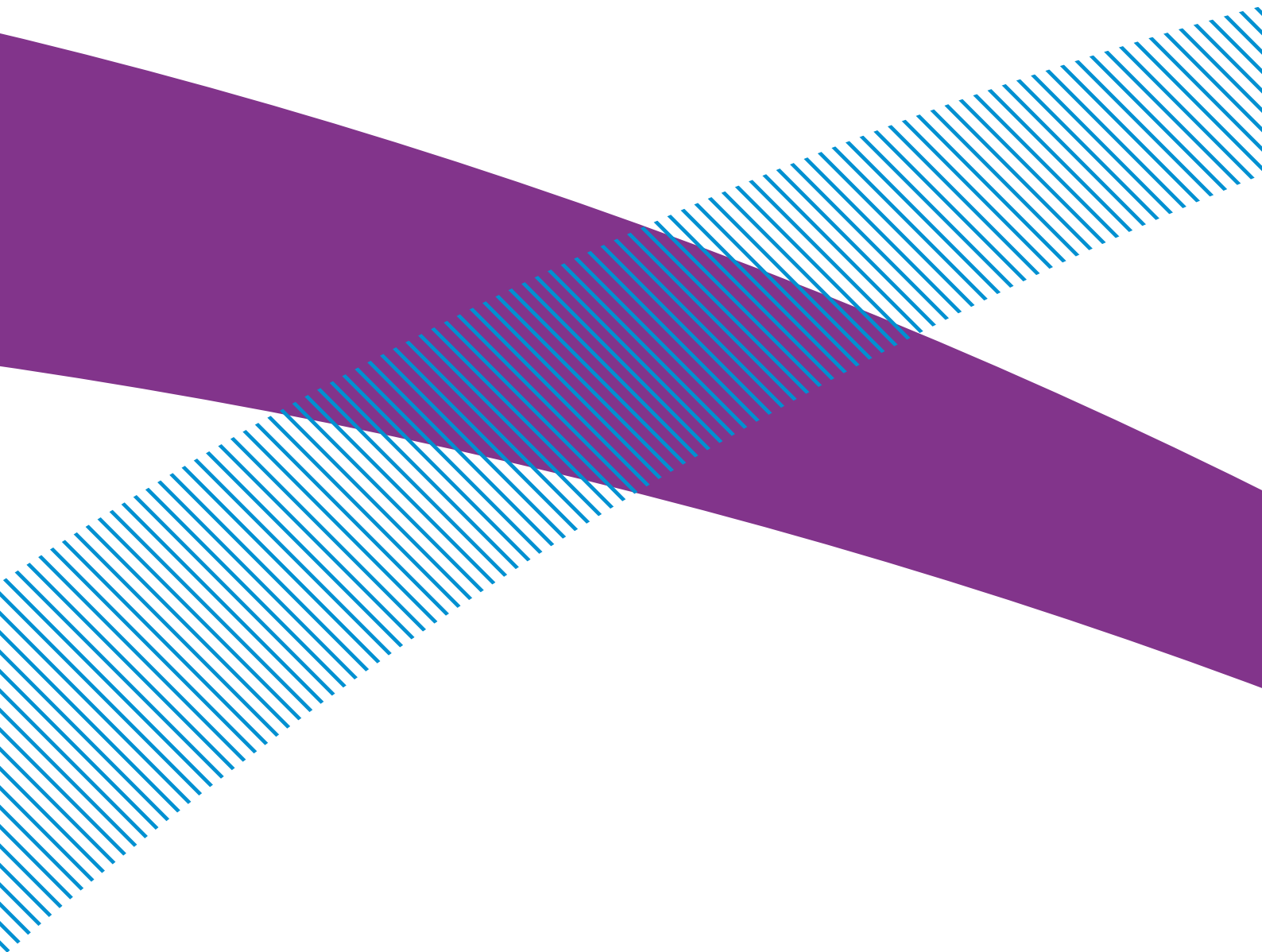




Home Office

# IDENTITY CARDS ACT SECONDARY LEGISLATION: **AN IMPACT ASSESSMENT**



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# 1 Introduction

## IDENTITY CARDS ACT SECONDARY LEGISLATION: AN IMPACT ASSESSMENT

1.1 This paper sets out an impact assessment of draft secondary legislation under the Identity Cards Act 2006, which facilitates the initial rollout of the National Identity Service to UK and European Economic Area (EEA) nationals. This legislation was initially published in draft for public consultation in November 2008 and is available at: [http://www.ips.gov.uk/identity/downloads/NIS\\_Legislation.pdf](http://www.ips.gov.uk/identity/downloads/NIS_Legislation.pdf). Final versions will be published by the Office of Public Sector Information (OPSI) as Draft Statutory Instruments pending approval by Parliament and will appear on the OPSI website (see: <http://www.opsi.gov.uk/si/dsis2009>).

1.2 The paper includes an assessment which covers the costs and benefits associated with the introduction of the service, an equality impact assessment as well as a review of privacy, small firms, competition, legal aid, rural proofing and environmental and health issues.

### SCOPE OF THIS ASSESSMENT

1.3 The Identity Cards Act, which received Royal Assent on 30th March 2006, is an enabling Act which outlines a framework for the introduction of a National Identity Register and the issue of identity cards. As such, the impact of the decision to introduce a National Identity Service was assessed in a Regulatory Impact Assessment and a Race Equality Impact Assessment which were published as the Identity Cards Bill was introduced to Parliament. These are available for review at: <http://www.ips.gov.uk/identity/publications-legislative.asp>

1.4 The draft secondary legislation that is the subject of this impact assessment covers the details of how the initial rollout of the service is to be implemented. As such, this impact assessment looks at the manner in which the service is to be implemented as outlined in those detailed provisions, as opposed to the principle of whether the service should be introduced or not.

1.5 The legislation enables the launch of the National Identity Service for UK and EEA nationals. Given the long term nature of the service the cost and benefits assessment outlined in the document includes the economic costs and benefits of the National Identity Service over a 30 year period of operation.

1.6 However, the detail of much of the legislation will put in place the provisions which facilitate the initial stages of the service's rollout specifically. Those are:

- Autumn 2009 – The issue of the first identity cards to a number of volunteers in certain areas and to airside workers at Manchester and London City airports
- 2010 – The rollout of identity cards to volunteers will be expanded and focus particularly on young people who choose to have one.

As a result, those assessments that focus on more detailed aspects of the service's operation (e.g. equality, competition and small firms, rural proofing, legal aid and sustainable development) have been written to address these initial stages more specifically. Such assessments will be reviewed and updated as the rollout of the service progresses.

1.7 The rollout of identity cards to foreign nationals by the UK Border Agency commenced in November 2008 under the UK Borders Act 2007. These arrangements will be extended to facilitate the issue of such cards to foreign nationals (excluding EEA nationals) who work airside in autumn 2009. However, as this assessment relates to legislation under the Identity Cards Act 2006, this assessment has not included the impact of any amendments that may be necessary to the UK Borders Act 2007 to introduce identity cards for airside workers within its remit.

1.8 In 2012, the issue of identity cards in high volumes to British citizens will commence. As announced in March 2008, further legislation will be proposed to provide that anyone applying for a British passport will be enrolled on the National Identity Register, will record their fingerprint biometrics and facial image and will be offered the choice of being issued with a separate identity card, a passport or both. The rollout of foreign national identity cards by the UK Border Agency will continue and it is intended that these identity cards should then be designated under section 4 of the Identity Cards Act. As a result, the point will be reached when the identity details, including biometric information for all British citizens, EEA nationals and foreign nationals issued with the different types of identity card or passport will be held on the same National Identity Register. In this phase of the rollout, approximately 6 million people will enrol annually and therefore, it is from 2012 that the service will be open to, and impact on, most people. Assessments of the detailed operation of the service from this point will include the impact on foreign nationals from outside of the EEA within their remit.

1.9 We will continue to assess the impact of our implementation plans through research as well as stakeholder and community engagement. Once the legislation that will facilitate the wider rollout of the service in 2012 is prepared, we will publish an updated version of this impact assessment alongside it which reflects this additional research and analysis.

## FURTHER BACKGROUND INFORMATION ABOUT THE SERVICE

1.10 Further details of the plans for the National Identity Service are in the *National Identity Scheme Delivery Plan* published on the 6th March 2008 (see: <http://www.ips.gov.uk/identity/downloads/national-identity-scheme-delivery-2008.pdf>) and in two documents published on the 6th November 2008. The first – *National Identity Scheme Delivery Plan 2008: a Response to Consultation* – reports on the outcome of the public consultation on the March 2008 Delivery Plan (see: <http://www.ips.gov.uk/identity/downloads/ConsultReportv2.pdf>). The second – *Introducing the National Identity Scheme* – explains how the service will work and the benefits that it will bring (see: [http://www.ips.gov.uk/identity/downloads/introducing\\_the\\_national\\_identity\\_scheme.pdf](http://www.ips.gov.uk/identity/downloads/introducing_the_national_identity_scheme.pdf))

## 2 Costs & Benefits Assessment

Summary: Intervention & Options		
<b>Department /Agency:</b> Identity and Passport Service	<b>Title:</b> Impact Assessment of secondary legislation facilitating the introduction of the National Identity Service for UK/EEA nationals	
<b>Stage:</b> Final	<b>Version:</b> 1.0	<b>Date:</b> 6 May 2009
<b>Related Publications:</b> National Identity Scheme Delivery Plan (2008), the Identity Cards Act Secondary Legislation: A Consultation and the Strategic Action Plan for the NIS (2006).		

**Available to view or download at:**

<http://www.ips.gov.uk/identity/publications.asp>

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

Current methods of proving identity are not sufficiently secure and reliable to meet the needs of the 21st century. The government is therefore committed to the introduction of a National Identity Service (NIS) comprising of: (a) a single National Identity Register holding core identity information, (b) the recording of fingerprint biometrics to link an individual securely and reliably to a single identity and (c) the issue of biometric identity cards.

**What are the policy objectives and the intended effects?**

Make life easier by: (a) providing an easy, more secure and reliable means of proving identity, including a valid travel document within the European Economic Area for British citizens, (b) allow services to be personalised to the customer and (c) facilitate more convenient business processes.

Make society safer and more secure by: (a) helping protect against identity theft and fraud by providing a simple universal means of proving identity based on a common standard (b) reassuring us all that workers in positions of trust are who they say they are, (c) helping protect the country from illegal immigration and reduce illegal employment and (d) making it harder for criminals to use false or multiple identities and thus prevent crime and terrorism.

**What policy options have been considered? Please justify any preferred option.**

During 2007, the Identity & Passport Service (IPS) reviewed the options for implementation of the Service, building on the options outlined in the Strategic Action Plan published in December 2006. Senior officials from IPS, the Borders and Immigration Agency (now part of UKBA), HM Treasury, Cabinet Office and Office of Government Commerce contributed to the options analysis. The agreed option was approved by the Home Office and HM Treasury early in 2008 and reflected in the March 2008 Delivery Plan. It is this agreed option that is further evaluated in this impact assessment.

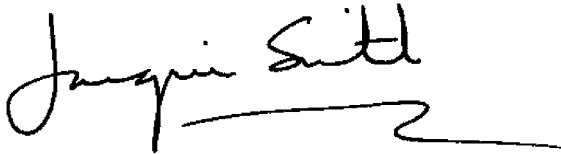
**When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?**

All programmes within the Service will be subject to OGC benefit evaluation review at Gate 5 of the Gateway Review process. There will be an initial 18 month evaluation period for the introduction of identity cards for airside workers, during which Government and aviation industry will consider the benefits and achievements for the aviation industry and consider how the service can be developed. A report on the anticipated financial cost of the service is laid before Parliament every 6 months and the overall costs incurred by IPS are outlined in our annual report. Further impact assessments outlining anticipated economic costs and benefits will also be published as significant points in the rollout of the Service are reached.

**Ministerial Sign-off** For final proposal/implementation stage Impact Assessments:

***I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.***

Signed by the responsible Minister:

A handwritten signature in black ink, appearing to read 'Jacqui Smith', with a long horizontal flourish extending to the right.

**Date:** 29th of April 2009

## Summary: Analysis & Evidence

Policy Option:  
Do Nothing

Description: Continue business as usual passport issuance.

<b>COSTS</b>	<b>ANNUAL COSTS</b>		Description and scale of <b>key monetised costs</b> by 'main affected groups': The Economic analysis considers the incremental impact on the UK economy as a whole against a 'do minimum' scenario - it is the baseline against which the NIS option is assessed. The 'do minimum' option would not implement the NIS which includes improvements to the passport as well as the issue of an ID card.
	<b>One-off</b> (Transition)	<b>Yrs</b>	
	£N/A	30	
	<b>Average Annual Cost</b> (excluding one-off)		
	£N/A		
		<b>Total Cost (PV)</b>	£N/A
Other <b>key non-monetised costs</b> by 'main affected groups'.			
<p>Internationally, there is a trend to enhance identity and travel documents through the use of biometrics. A failure to ensure that British identity documents keep pace with such developments would harm their reputation and integrity. Thus, they could become a target for criminals and fraudsters, which in turn would reduce their usefulness to individuals due to reduced trust in British identity documentation. This raises risks to our national security, the security of our borders, may increase costs to the economy resulting from fraud as well as causing inconvenience for our citizens.</p>			
<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>		Description and scale of <b>key monetised benefits</b> by 'main affected groups': The Economic analysis considers the incremental benefits as a whole against the 'do minimum' scenario. The 'do minimum' option would not implement the NIS which includes improvements to the passport as well as the issue of an ID card. As such, this option does not meet current policy and legislative requirements for passports.
	<b>One-off</b>	<b>Yrs</b>	
	£N/A		
	<b>Average Annual Benefit</b> (excluding one-off)		
	£N/A		
		<b>Total Benefit (PV)</b>	£N/A
Other <b>key non-monetised benefits</b> by 'main affected groups'			

### Key Assumptions/Sensitivities/Risks

<b>Price Base</b> Year 2008	<b>Time Period</b> Years 30	<b>Net Benefit Range</b> (NPV) £N/A	<b>NET BENEFIT</b> (NPV Best estimate) £N/A
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What is the geographic coverage of the policy/option?		N/A			
On what date will the policy be implemented?		N/A			
Which organisation(s) will enforce the policy?		N/A			
What is the total annual cost of enforcement for these organisations?		£N/A			
Does enforcement comply with Hampton principles?		N/A			
Will implementation go beyond minimum EU requirements?		No			
What is the value of the proposed offsetting measure per year?		£N/A			
What is the value of changes in greenhouse gas emissions?		£N/A			
Will the proposal have a significant impact on competition?		No			
Annual cost (£-£) per organisation (excluding one-off)	Micro 0	Small 0	Medium 0	Large 0	
Are any of these organisations exempt?	N/A	N/A	N/A	N/A	
<b>Impact on Admin Burdens Baseline</b> (2005 Prices)		(Increase – Decrease)			
Increase of £0		Decrease of £0		<b>Net Impact £0</b>	
Key:	<b>Annual costs and benefits: Constant Prices</b>		<b>(Net) Present Value</b>		



What is the geographic coverage of the policy/option?		UK wide			
On what date will the policy be implemented?		Begins autumn 2009			
Which organisation(s) will enforce the policy?		IPS			
What is the total annual cost of enforcement for these organisations?		£2m (at steady state)			
Does enforcement comply with Hampton principles?		N/A			
Will implementation go beyond minimum EU requirements?		Yes			
What is the value of the proposed offsetting measure per year?		£ N/A			
What is the value of changes in greenhouse gas emissions?		£ N/A			
Will the proposal have a significant impact on competition?		No			
Annual cost (£-£) per organisation (excluding one-off)	Micro 0	Small 0	Medium 0	Large 0	
Are any of these organisations exempt?	No	No	N/A	N/A	
<b>Impact on Admin Burdens Baseline</b> (2005 Prices)		(Increase – Decrease)			
Increase of £0	Decrease of £0		<b>Net Impact £0</b>		
Key:	<b>Annual costs and benefits: Constant Prices</b>		<b>(Net) Present Value</b>		

## Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

**Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.**

Type of testing undertaken	Results in Evidence Base?	Results annexed?
Competition Assessment	No	Yes
Small Firms Impact Test	No	Yes
Legal Aid	No	Yes
Sustainable Development	No	Yes
Carbon Assessment	No	Yes
Other Environment	No	Yes
Health Impact Assessment	No	Yes
Race Equality	No	Yes
Disability Equality	No	Yes
Gender Equality	No	Yes
Human Rights	No	Yes
Rural Proofing	No	Yes

## OBJECTIVES & RATIONALE

### Why is the National Identity Service necessary?

2.1 Proving your identity or your entitlement to a service quickly and effectively is fundamental to a safe society and an efficient economy. From getting a job and using a bank to purchasing goods and accessing services, the need for reliable proof of identity forms part and parcel of our everyday lives. People use a variety of documents today in this context: passports, driving licences, birth certificates, utility bills or a range of other documents issued by a variety of different organisations.

2.2 These documents have been developed for a range of differing purposes and with significant variance in the standards for the authentication of the individual's identity prior to issuance. None have been produced specifically for the purpose of providing individuals with a secure and reliable way of proving their identity, yet they are often used when people need to prove their identity or entitlement to a particular service.

2.3 Such methods are not sufficiently secure and reliable to meet the needs of the individual and wider society in the 21st century. Public services, businesses and other organisations do not share a common trusted standard for the authentication of identity which creates problems for how we live our everyday lives as well as our individual and common security:

- Criminals try to exploit the flexibility around different identity documents and the varying levels of reliability in order to assert their identity in multiple ways or to steal the identity of others. This presents challenges for our individual protection (e.g. for ensuring your identity is not assumed by others for nefarious means) as well as for the security of society as a whole (e.g. for ensuring that those working applying to work in sensitive positions are

who they say they are so that their background checks are effective). Research demonstrates that the cost to the economy and society as a whole is significant – identity fraud is estimated to cost the UK £1.2.bn a year<sup>1</sup> and identity fraud accounts for a criminal cash-flow of £10m per day<sup>2</sup>. The impact this has on individual victims of identity theft varies. It can take up to 48 hours of work for a typical victim to sort out their life and clear their name. In cases where a 'total hijack' has occurred it may take the victim over 200 hours and cost up to £8,000 before things are back to normal.<sup>3</sup>

- We are inconvenienced in how we live our everyday lives as varying methods of verifying identity create different standards of authentication for different transactions. This complicates how both the public and private sector operates, resulting in needless bureaucracy for them and consumers. In particular, while we increasingly use remote channels – such as the telephone and the web – to purchase goods and obtain services, the format of today's identity documents does not facilitate very secure authentication through these channels.
- In addition, today's documents often mean we prove our identity in ways which reveals more information about ourselves than necessary – for example, bank statements include details about our personal finances whilst a driving licence includes the holder's address, which people may be cautious about revealing.

2.4 Meanwhile, internationally, there is a wider trend to enhance identity and travel documents through the use of biometrics. Biometric technology is already being implemented by the U.S, the U.K. and several other countries to enhance visa issuance processes and border control. The new standard for passports issued by European Union Member States will also include the recording of fingerprints in passports.

<sup>1</sup> Identity Fraud Steering Committee, 2008. Full details of the IFSC and the methodology behind the cost figures for identity fraud maybe found at: <http://www.identity-theft.org.uk/>

<sup>2&3</sup> [http://www.cifas.org.uk/default.asp?edit\\_id=561-56](http://www.cifas.org.uk/default.asp?edit_id=561-56)

2.5 Thus the realisation of many of the benefits of the scheme is dependent on the adoption of new technologies and processes including, as the scheme is rolled out, by businesses and public sector organisations that will use identity cards as the best and most secure means of verifying an individual's identity. However, it is not entirely ground breaking and some of this technology is already in operation today. For example, we will build on the existing experience of the Identity and Passport Service which already issues e-passports holding a facial image biometric in a chip contained in the passport. Enrolment of fingerprint biometrics will be new, but is already in place in the UK Border Agency for the issue of fingerprint biometric identity cards for foreign nationals and for biometric visas. There is also wider experience in Europe where 24 of the 27 EU member states already issue identity cards and where a number of countries either have or are planning to record fingerprint biometrics for the issue of passports. As a result, it will be possible to assess the viability and robustness of the technology and operating models, and ensure that risks are mitigated. Furthermore this will be subject to stringent ongoing review and scrutiny – for example through the Office of Government Commerce “Gateway” review process.

### WHAT ARE THE OBJECTIVES?

2.6 The National Identity Service plans to improve the way that identity can be verified by creating a simple universal means of proving identity based on a common trusted standard. It is a long term programme aimed at everyone who has the right to live and work in the United Kingdom.

2.7 There are three key elements to the service:

- A single National Identity Register – a central source of basic, verified identity information for all those legally resident in the UK against which the authenticity of an identity card or identity information could be verified.
- The recording of fingerprint biometrics – fingerprint biometrics will be linked to an individual's biographic identity which

provides a much more secure and reliable method to link an individual to his or her true identity and to allow it to be verified subsequently.

- The issue of biometric identity documents – a polycarbonate photocard or passport with an electronic chip, which holds the same identity information as that printed visibly on the face of the card in addition to a digital photograph and two fingerprints. This will give people a secure and reliable document which can be used to verify their identity quickly and easily.

2.8 This will **make life easier** for individuals as well as public and private sector organisations:

- For individuals, this will provide a more convenient way to prove identity and update personal information, provide easier access to services to those entitled to them as well as providing UK nationals with an identity card which is a valid travel document within the European Economic Area.
- For public sector organisations, this will enable them to transform public services by providing a personalised service to customers based on more up-to-date identity details. It will also increase efficiencies within the sector by reducing the financial burdens associated with customer and employee identity checks today.
- For private sector organisations, this will reduce financial burdens by streamlining how identity checks for customers and employees are conducted as well as generating new opportunities for investment by offering them the opportunity to help deliver the service in a way that represents the best value for money for all parties – individuals, public and the private sector.

2.9 The service will also **make society safer and more secure** to the benefit of individuals as well as the public and private sector:

- For individuals, it will protect people from identity theft and fraud by providing a means of proving identity based on a common trusted standard. This will also provide greater reassurance that workers in position of trust are who they say they are. In addition, it will secure our borders by hindering illegal immigration by making it harder to create a fake identity in order to claim that you have the right to work here. It will also make it harder for criminals to use false or multiple identities to hide their activities or launder money and thus, the service provides us all with better protection against crime and terrorism.
- For public sector organisations, it will improve their ability to counteract identity fraud and to identify those who seek to use public services without an entitlement to do so. It will also improve their ability to prevent illegal working by enhancing the robustness of right to work checks.
- For private sector organisations, it will reduce financial risks associated with identity fraud as well as also enhancing their ability to prevent illegal working by enhancing the robustness of their employee checks.

2.10 In order to maintain the integrity and reputation of the British passport, the U.K has already chosen to follow the new European standards for passports mentioned in paragraph 2.4. Thus, it was already intended that, in due course, fingerprints would be recorded when applying for a passport. Approximately 70% of the financial costs of running the National Identity Service would have been incurred in any case in order to introduce such measures.

2.11 Our approach also seeks to ensure that there is choice available to people in various aspects of the service and that the service can harness the expertise of the market to provide the best value for money to our fee payers:

- From 2011/12 individuals who enrol on the National Identity Register will be able to choose whether they have an identity card, a passport or both. Over time, this choice

could extend to other documents, such as the driving licence.

- The Identity and Passport Service will work closely with the private sector – both to help to deliver the service and to help to deliver benefits to business and to individual consumers. For example, new ways of recording fingerprints and photographs will be investigated to make it easy and convenient for individuals. We are looking to a future where the market would provide biometric enrolment services, giving citizens a choice of competing services which should maximise convenience and drive down price.

## THE INITIAL IMPLEMENTATION PHASE

2.12 As noted previously, this is a long term programme and, regardless of the initial rollout approach, some of the major benefits for the country as a whole will come over time when significant numbers of people are enrolled.

2.13 Initial options for implementation were outlined in the *Strategic Action Plan for the National Identity Scheme 2006* (see: <http://www.ips.gov.uk/identity/downloads/Strategic-Action-Plan.pdf>). These options linked the rollout to the issue of passports from the start of the Service. However, the eventual option selected for the initial rollout, as outlined in the 2008 *National Identity Scheme Delivery Plan*, targets the initial rollout more specifically so that it can begin delivering meaningful benefits more quickly to selected groups.

2.14 In autumn 2009, we will commence the rollout of the service to those who work in sensitive roles and locations. This will start with the enrolment of staff who work airside at Manchester and London City airports. A recent independent review of transport security by Stephen Boys-Smith highlighted the importance of robust identity assurance as one of a number of required security steps (see: <http://www.dft.gov.uk/press/speechesstatements/statements/wmspersonnelreview>). It welcomed the prospect of introducing identity cards backed by biometric enrolment and a biographical footprint check in order to strengthen current

procedures. This will provide a more robust assurance of identity than the manual verification of various paper documents conducted today and a more reliable way to verify the identity of such workers once they have obtained an airside pass. In turn, increased identity assurance will also help improve the reliability and efficiency of other pre-employment checks (e.g. right to work checks). This will provide greater reassurance to the travelling public that checks conducted on airside workers are effective.

2.15 On a voluntary basis, the initial phase of the service will also start enrolling those customers who feel they will gain the greatest personal benefit in their daily lives from having or using an identity card. As such, we will enable a limited number of volunteers to enrol on the service in 2009 and, in 2010, this will be extended but with particular focus on young people. Given their need to prove their identity to obtain services that will form part of their adult lives (e.g. establishing bank accounts, applying for student loans), they will see immediate benefits from having a simple and more secure method to prove who they are as they begin this journey.

## ASSESSMENT

### Overview

2.16 The economic appraisal demonstrates that the service is justified on an economic basis as the quantified benefits for the UK economy as a whole substantially outweigh the investment costs.

2.17 The service returns a net present value of between £2bn and £10bn over a 30 year time horizon.

## DO NOTHING OPTION

2.18 This economic analysis considers the incremental impact on the UK economy as a whole against a ‘do nothing’ scenario. In practice, this scenario would be represented by the continued issue of passports as a travel and identity document in line with current practice. Thus, the financial cost of issuing passports today would continue to be incurred under this scenario.

2.19 Therefore the analysis takes account of all associated incremental costs of implementing the National Identity Service compared against incremental benefits to the UK economy as a whole against the baseline “do nothing” scenario as described above.

## BENEFITS

### Methodology

2.20 When detailing the benefits arising from the National Identity Service, the beneficiaries were categorised into three key groups: individuals, public sector and private sector.

2.21 In line with good practice (e.g. from the Office of Government Commerce) the following two levels of benefits have been identified for each of the key beneficiary groups:

- Strategic benefits – top-level benefits linked to the service’s strategy
- Operational benefits – intermediate benefits resulting from outcomes of the service that are quantifiable, measurable and are linked to strategic benefits.

### Strategic benefits

2.22 Strategic benefits are high-level benefits which confirm the achievement of the strategic goals of the service. Due to their qualitative nature, they will not be measured directly; however demonstrable realisation of operational benefits will contribute to the delivery of strategic benefits.

2.23 The strategic benefits of the service, categorised by key beneficiary group are detailed below.

## For individuals

### **Making life easier by improving customer experiences** through:

- providing individuals with an easy and convenient means of proving their identity; and
- introducing more convenient ways to access and maintain their personal information.

### **Making life easier by providing easier access to services for those entitled to them** through:

- providing other organisations with the information that enables them to identify individuals more easily; and
- providing other organisations with the information that enables them to provide individuals with joined up services.

### **Making society safer by protecting the identity of individuals** through:

- providing a simple, universal means of proving their identity based on a common trusted standard; and
- reducing the risk to individuals from identity fraud by ensuring robust application process for the service backed by biometrics and a range of identity verification services that will hinder those who wish to steal or fake identities.

### **Making society safer and reassuring the public at large** by:

- reassuring us that workers in positions of trust are who they say they are by introducing more reliable and robust verification methods and;
- reducing the risk to individuals from crime by making it harder for criminals to use false or multiple identities.

## For the public sector

### **Making life easier by helping transform the services** delivered by the public sector through:

- providing public sector organisations with 'up to date' information to enable them to offer personalised services.

### **Making life easier by driving efficiency in the public sector** by:

- decreasing the time and cost of 'Know Your Employee';
- decreasing the time and cost of 'Know Your Customer'; and
- allowing the private sector to enrol customers with the service.

### **Making society safer by helping protect the public sector from identity fraud** by:

- improving their ability to identify their customers thereby improving the decision-making process when assessing of eligibility to access services;
- improving their ability to identify their customers thereby decreasing the financial risk associated with identity fraud; and
- improving their ability to identify an individual's right to work.

## For the private sector

### **Making life easier by decreasing the financial burden on the private sector**

through:

- decreasing the cost of 'Know Your Employee'; and
- decreasing the cost of 'Know Your Customer'.

### **Making life easier by generating investment and employment opportunities**

through enabling the private sector to provide front-office services for the NIS with the aim of:

- delivering value for money for individuals;
- delivering value for money for the public sector; and
- improving accessibility for customers.

### **Making society safer by helping protect against identity fraud** through:

- improving their ability to identify their customers thereby decreasing the financial risk associated with identity fraud; and
- improving their ability to identify an individual's right to work.

## OPERATIONAL BENEFITS

2.24 Operational benefits derive from changes brought about by the implementation of the service. They must be quantifiable (can be either financial or non-financial) and are those benefits that IPS, delivery partners and stakeholders will actively monitor to help maximise the likelihood of their realisation. Operational benefits are linked to at least one strategic benefit to ensure alignment with the strategy of the service and the strategic objectives of other organisations associated with the service.

2.25 Examples of operational benefits for each key group of beneficiaries (i.e. individuals, public sector and private sector) are given below.

### **Individuals**

2.26 Examples of benefits to the **individual**, aligned to the strategic benefits, are illustrated below.

2.27 Improving the customer experience:

- Benefits have been identified in saving time for individuals when dealing with the government both in terms of the time taken to prove their identity and to keep their identity details up to date e.g. maintaining details on the National Identity Register therefore removing the need to notify differing government departments when changing address.

- The service aims to increase satisfaction amongst individuals in relation to proving their identity e.g. making it easier for young people to prove their age by providing a national standard which is accepted by public and private sector organisations.

2.28 Providing easier access to services for those entitled to them:

- 'Know your employee' – businesses are required to complete 'know your employee' checks before employees commence work. The types of checks may include:
  - Right to work;
  - Identity checks; and
  - Criminal Record Bureau (CRB) checks.

The service will save the individual time as it will give employers greater confidence in the identity information presented by the individual and enable the employers to validate the information more quickly.

- 'Know your customer' – in some industries, both public and private sector, businesses are required to 'know their customers'. This results in added costs to businesses as well as delays in accepting new customers.

The case study in Figure 1 below illustrates how the service will reduce the time taken to verify the identity of a customer.

2.29 Protecting the identity of individuals:

- Reducing the level of identity fraud – for further details please refer to benefits to the private sector and to the public sector regarding identity fraud detailed below.

2.30 Protecting the public:

- The Critical Workers Identity Card (CWIC) Scheme aims to protect the public by giving them greater confidence that workers in positions of trust are who they say they are beginning with airside workers.

**Figure 1: Benefits to the Individual  
Case Study – Getting a Mortgage**

**David is looking for a mortgage. He has found a deal he is interested in with a new lender.**

**When he gets there he is pleasantly surprised to be told that, as he has his identity card with him, they can verify his details now and start processing his application immediately. The company has been accredited by the Identity and Passport Service and is able to make checks against the National Identity Register.**

**The advisor asks for permission to initiate a check against David's entry on the register.**

**Whilst they are talking about the sort of mortgage he wants the response comes back from the National Identity Register confirming that David is who he says he is.**

**The advisor confirms that the company has to finalise the decision to lend and that he will be in touch with David in a few days.**

**The following day, David checks his record on the National Identity Register, and can see that it has logged the mortgage company's check against his details.**

**Public Sector**

2.31 Examples of benefits to the **public sector**, aligned to the strategic benefits of the service, are illustrated below.

2.32 Transforming the services delivered by the public sector:

- Public sector organisations have greater assurance regarding the information relating to their customers which will help them deliver more personalised services to their customers.

2.33 Driving efficiency in the public sector:

- 'Know your employee' – businesses are required to complete 'know your employee' checks before employees commence work. The types of checks include right to work checks, identity checks and criminal record checks. The service will enable public sector employers to be more efficient both in time and cost when completing these checks. As per individuals it will give employers greater confidence in the identity information presented by the individual and it will enable them to validate the information more quickly.
- 'Know your customer' – in some industries businesses are required to 'know their customers' as well as fulfilling their anti-money laundering obligations. Compliance with these requirements results in added costs as well as delays in accepting new customers, something that the service will help to tackle e.g. savings for identity checking could be a reduction in both time and cost of checking the identity of someone applying for (or renewing) a driving licence if they are on the National Identity Register. A case study illustrating this example is in Figure 2 below.

2.34 Help protect the public sector from identity fraud:

- there are anticipated savings in reducing tax credits fraud where better initial checks on claims to detect and reject fraudulent claims can be carried out; and

- significant amounts of money are spent each year on individuals who are not entitled to access public services – more robust assurance of identity will assist in better assessment of entitlement.

**Figure 2: Benefits to the Public Sector**  
**Case Study – Applying for a driving licence**

**Gemma has just turned 17 and is eager to learn to drive. Before she can book her first lesson she needs to apply for her provisional licence which she does online from college in a free lesson.**

**Gemma logs on to the DVLA website and starts to complete the form. In the section about confirming her identity it asks her for her passport or identity card number. Gemma has an identity card, enters the number, and ticks the box to say she is happy for DVLA to get her photo and signature electronically from the Identity and Passport Service. That means she won't have to print the form and send it through the post with a new certified photo.**

**Private Sector**

2.35 Some examples of benefits to the **private sector**, aligned to the strategic benefits, are illustrated below.

2.36 Help protect the private sector from identity fraud and illegal immigration:

- Financial fraud – The main areas where the service has been identified to have a potential impact include:
  - Account takeover fraud (facility takeover fraud) – where a third party gains access to, and fraudulently uses, a legitimately obtained account of an innocent victim;
  - Credit card application identity fraud – where criminals use fraudulently obtained personal information to deceive a card company or bank that they are a genuine card holder. They then take over and start accessing the cardholder's account;

- Telecommunications subscription fraud – where an individual orders a telephone service (such as mobile phones) without the intention of ever paying for it. The service can help vendors who use the service to confirm more robustly that an individual owns the identity presented.

2.37 Decreasing the financial burden on the private sector:

- Businesses are required to complete 'know your employee' checks before employees commence work. The types of checks may include:
  - Right to work;
  - Identity checks; and
  - Criminal Record Bureau (CRB) checks.

The service will enable private sector employers to have greater confidence in the identity information being presented by individuals as well as being more efficient both in time and cost when completing checks to validate this information. This also benefits employers as there are significant penalties for illegal working where the employer has not adequately checked an individual's right to work.

A case study illustrating an employer confirming an individual's right to work is included in Figure 3 below.

2.38 Generating private sector investment by enabling the private sector to provide front-office services for the service:

- Allowing the private sector to enrol customers onto the service will encourage private sector investment and, through competition, help drive value for money for the customer.

**Figure 3: Benefits to the private sector**  
**Case Study – Confirming right to work**

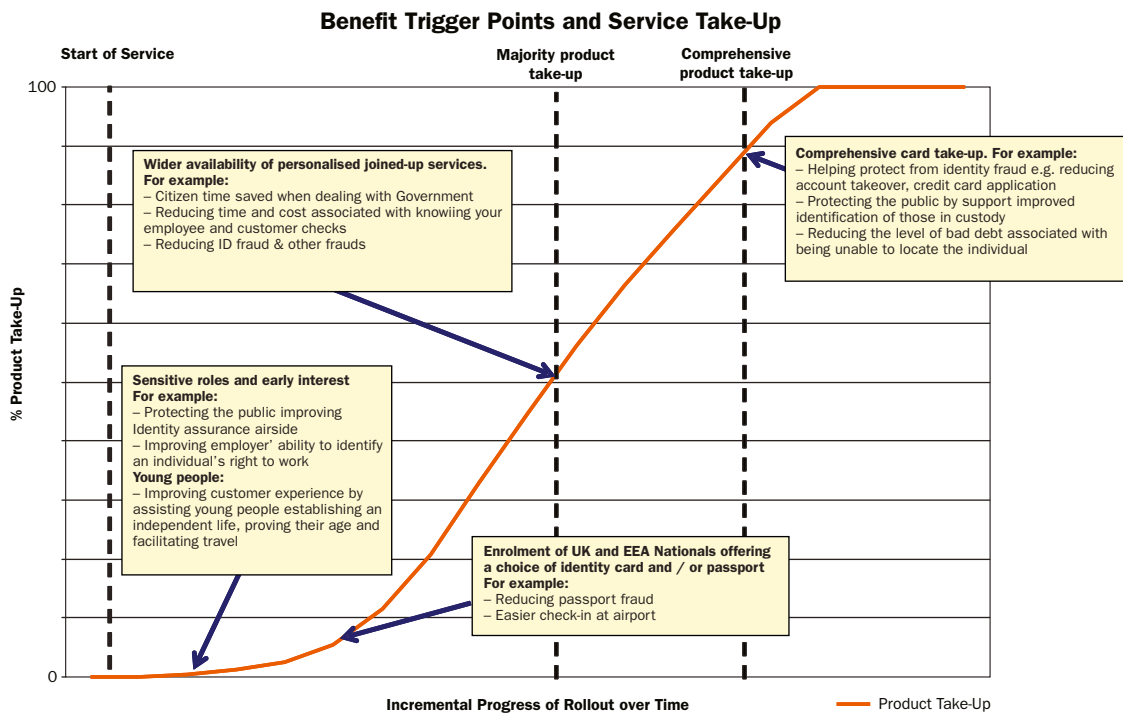
**Bill is the owner of a coffee shop and has just made a job offer to Sally to start work next week. Before she can start, it is standard practice to check her identity and right to work so Bill asks Sally for evidence of both. Sally chooses to show Bill her identity card which confirms both her identity and her right to work in the UK and gives her consent for him to get her National Insurance number from the Identity and Passport Service. Bill is pleased by this as it means he can get her payment and deductions set up quickly and right first time.**

**How Benefits Are Realised Over Time**

2.39 The benefits of the service are estimated to be between £0.9 billion to £1.6 billion per annum once the service has reached its ‘steady state’. There are a number of assumptions that will impact how benefits will be realised over time, for example

- customer take-up of products and services is a key determinant of how quickly specific benefits begin to be realised;
- planned releases of the service;
- products and services to be offered by the service; and
- timescales for when other organisations will invest to realise the benefits.

2.40 The realisation of specific benefits begins at specific “trigger” points that reflect the rollout strategy and also depends on the availability of key infrastructure. Figure 4 illustrates how benefits accrue over time:



## Management of benefits

2.41 Benefits management is a continuous process within the service's operations. The governance body for the benefits of the service will be responsible for monitoring the delivery of benefits by the Identity and Passport Service, delivery partners and other stakeholders on a regular basis. In addition, each programme within our delivery programme will also be subject to an OGC Gateway 5 – Operations review and benefits realisation.

## Critical Workers Identity Card (CWIC) Benefits

2.42 The agreed option for rollout of the service, as outlined in the 2008 National Identity Scheme Delivery Plan, targets the initial rollout more specifically so that it can begin delivering meaningful benefits more quickly to selected groups.

2.43 The rollout in 2009 will begin with those who work in sensitive locations, starting with airside workers at Manchester and London City airports. The rationale for this phase has been outlined in paragraph 2.13. Agreed in association with stakeholders at participating airports and the Home Office, the anticipated, additional benefits of the rollout to airside workers are:

- Help to ensure the travelling public and others are confident about their safety;
- Provide cardholders with an highly secure and convenient identity document that can be used to prove their identity, and as a travel document within the European Economic Area for British citizens;
- Facilitate faster, cheaper and more joined-up pre-employment and security checking processes;
- Improve the portability of reference checks between employers and airports creating greater flexibility for employers and staff;
- Speed up pre-employment clearance for card holders moving from one job to another; and
- Initiate opportunities to work jointly with airports to streamline airside pass regimes.

2.44 Starting with an 18 month evaluation period, the Government and industry in partnership will assess the benefits and achievements of CWIC and consider how the process can be further developed for future phases.

## COSTS

### Methodology

2.45 The economic analysis considers the incremental impact on the UK economy as a whole against a 'do minimum' scenario. Therefore the analysis takes account of all associated costs of implementing the service compared against benefits to the UK economy as a whole e.g. the benefit of reduced fraud to the public and private sectors.

2.46 The economic cost items included in the analysis are:

- The incremental costs to Government of setting up and running the additional infrastructure required to issue fingerprint biometric passports and biometric identity cards.
- Costs to citizens relating to travel to an enrolment facility to enrol their fingerprints.
- The estimated costs to stakeholders to realise the benefits the service offers.

2.47 The Identity and Passport Service has developed cost forecasting models aligned to the major programmes and capabilities that the service is delivering as outlined in the March 2008 National Identity Scheme Delivery Plan. These models can be consolidated to produce an overall view of estimated costs of the service. Key variables can also be modified to evaluate the impact of changes in assumptions and to test the sensitivity of estimated costs to key cost drivers.

2.48 The specific assumptions used to model costs have been developed from a combination of market research, detailed business analysis and, where available, using information from suppliers. Cost estimates include provision for optimism bias (as defined by the Treasury Green Book) and contingency.

## Economic Costs

2.49 The costs of the service will be borne by a variety of stakeholders although must be viewed within the context of the considerable benefits anticipated to these stakeholders. Specifically:

- The incremental costs of investing in and running the additional infrastructure required to issue fingerprint biometric passports and identity cards will ultimately be borne by the fee paying customer in the same way as currently applies to passports.
- The estimated costs to stakeholders such as businesses to realise benefits e.g. the cost of biometric readers, will primarily be borne by those stakeholders. Businesses will not be obliged to bear these costs if they choose not to adopt the new identity checking services that the service will generate. Decisions to invest in new infrastructure will form part of businesses' normal capital investment choices. There will be no obligation to invest and businesses will do so where the return to them outweighs the investment cost. Over time, a range of identity services will be developed with varying levels of investment required in order to participate. This will facilitate all types of businesses to participate in the service by enabling them to select a service which best suits their particular business needs.
- Costs for citizens to travel to an enrolment facility and to enrol their fingerprints will be borne by citizens in a similar way to first time passport applicants who are required to attend an interview centre today.

2.50 The average incremental annual economic cost (undiscounted) of the National Identity Service is estimated at £0.4bn over a 30 year period.

## ECONOMIC COSTS VS. FINANCIAL COSTS (INCL. THE SECTION 37 PARLIAMENTARY COST REPORT)

2.51 The cost figures outlined on this page and page 10 of this assessment relate to *economic* costs. However, these figures differ from the *financial* cost figures outlined in the Parliamentary Cost Report which is laid before Parliament every 6 months and was most recently laid on the 6<sup>th</sup> of May 2009.

2.52 Although the underlying costs presented in the Cost Report are related to those used in the economic appraisal for this assessment, there are key differences in scope and accounting treatment that mean the two are **not** directly comparable. The following section explains the differences between them.

### Economic Costs

2.53 The economic cost outlined in this assessment is:

- Economic Cost: **£7bn**
- Time Horizon: **30 years** (2008 to 2038)

2.54 This is calculated on the following basis:

- The economic appraisal only considers the *incremental investment* required for the National Identity Service and, correspondingly, the incremental benefits that accrue as a result of this investment. It does not take consideration of the costs and benefits accrued from the existing operations of the Identity and Passport Service and its delivery partners today. This is because the economic appraisal is seeking to determine an investment decision about whether the incremental investment in the service yields sufficient benefits to make it worthwhile to the UK.

- The economic appraisal must consider the cost of the service over a 30 year period *to the UK economy* as a whole. As such it contains the costs to deliver the service itself, the investment necessary by others stakeholders in order to realise the benefits of the service (e.g. technology and business change) as well as the costs for customers interacting with the service (e.g. travel costs).
- The economic appraisal *discounts all future cashflows* including costs and benefits back to present value to enable an investment decision to be made in comparison to the value of money in today's society. The same discount is made to the economic benefits range of £9bn to £17bn. This allows a net *present* value (NPV) to be determined.
- The economic appraisal recognises only the cash costs as and when they are incurred and as such, *depreciation is not included in the calculation.*

### Financial Costs

2.55 The financial costs outlined in Section 37 of the National Identity Service Cost Report published in May 2009<sup>3</sup> for providing passports and ID cards to British and Irish citizens resident in the UK, including set up costs, were:

- Financial Cost: **£4.945bn**
- Time Horizon: **10 years** (May 2009 to May 2019)

2.56 This is calculated on the following basis:

- The Cost Report includes both the total estimated cost of the existing passport operations and the incremental estimated cost of the new National Identity Service. As noted in paragraph 2.53, this is different to the economic appraisal which only looks at the incremental cost.
- The Cost Report considers the cost to the Identity and Passport Service of providing passports and identity cards to British and Irish citizens resident in the UK alone. It does not consider broader costs to other stakeholders or cost to customers that are included in the calculation of economic costs.
- The Cost Report includes the year by year cost of depreciating assets over their useful expected life as opposed to the economic cost calculation.

<sup>3</sup> Available at: <http://www.ips.gov.uk/identity/publications-legislative.asp>

## 3. Equality Impact Assessment

### INTRODUCTION

3.1 This Equality Impact Assessment (EIA) has been produced in accordance with a requirement on public authorities to consider how their policies, programmes and services affect different groups of people in society. It focuses on the people that will be affected by the initial introductory phases of the National Identity Service in relation to race, disability, gender, gender identity, religion or belief, sexual orientation and age.

3.2 As noted in paragraphs 1.3 & 1.4, the principle of introducing identity cards was reviewed within impact assessments published alongside the Identity Cards Bill in 2005. The aim of this EIA is to identify any potential positive or negative impact resulting from the secondary legislation under that Identity Cards Act needed to enable the initial phases of the National Identity Service for UK and EEA nationals. It will also outline how we will seek to ensure that any negative impacts are identified and appropriate mitigating actions are put in place.

### GENERAL PRINCIPLES

3.3 The National Identity Service is an inclusive scheme which, over time, is open to everyone who has the right to live in the United Kingdom. The Service does not seek to assign an identity to an individual or to categorise them but to reflect their own identity in a secure and reliable way. It will show that everyone belongs to our society – whether they were born here, make their home in the U.K or are just staying for while to study or work.

3.4 Thus, its core benefits apply equally to everyone – individuals will be able to reap the benefits of a single, safe and secure way of

protecting their personal details and proving their identity quickly, easily and securely whilst we can all benefit as the service facilitates a safer society.

### METHODOLOGY

3.5 Since the initial proposals for a National Identity Service were introduced, the Home Office and the Identity and Passport Service have commissioned research and undertaken stakeholder engagement in order to obtain the views of those represented within the equality strands. These findings have helped identify the impacts of the implementation of the scheme on those groups and suggest possible solutions.

### RESEARCH

3.6 Research has been an ongoing part of the development of the service since 2004. Some of this research has dealt specifically with equality and diversity issues whilst other pieces of general research have ensured that equality strands are appropriately represented within the sample. This research programme has used both qualitative and quantitative methods and was conducted by professional, independent researchers.

3.7 The following lists the pieces of research that have assisted the Identity and Passport Service in understanding the opinions and requirements of minority communities as the service has been developed:

- December 2004:<sup>4</sup> Qualitative research was conducted by Cragg Ross Dawson with ethnic minority, faith, disability and nationality groups. Using groups and individual interviews, it focussed on examining participant perception of applying for, enrolling for and using identity cards.
- May 2005:<sup>5</sup> A large scale customer experience trial was conducted by Atos Origin to obtain participant opinion on the experience of recording biometrics – almost 10,000 people participated at either 6 fixed

<sup>4</sup> Craig Ross Dawson Report – “Identity cards people with special issues: response to the proposed customer experience”. Available at: <http://www.ips.gov.uk/identity/publications-research.asp>

<sup>5</sup> Atos Origin Report – “Biometrics Enrolment Trial”. Available at: <http://www.ips.gov.uk/identity/publications-research.asp>

office locations nationwide or at a mobile enrolment centre which visited 22 locations. The sample group also included a group of 750 disabled people. Participants were invited to record biometrics using actual recording equipment and were later asked their opinions of the experience.

- 2007 to date:<sup>6</sup> Quantitative research conducted as part of wider Home Office omnibus surveys on a quarterly basis by Taylor Nelson Sofres. Such surveys include questions about the level of support for the National Identity Service as well as specific questions about its implementation. Such survey results include analysis of responses from BME communities.
- April 2008:<sup>7</sup> Quantitative research conducted by Taylor Nelson Sofres with regard to how individuals prove their identity today and how they might use the National Identity Service in the future. Such survey results include analysis of responses from ethnic minority respondents.

3.8 Additional research has also been conducted by external organisations. For example, focus groups were conducted by the British Council with international students and by Connexions (educational card scheme for 16-19 year olds). In addition, the IT firm Fujitsu has conducted research with disability and faith groups about the implementation of identity cards.

## CONSULTATION & ENGAGEMENT

3.9 Since the Identity Cards Act received Royal Assent, the Identity and Passport Service has consulted with a number of groups in relation to specific design and process issues. For example, we have liaised with the Royal National Institute of Blind People (RNIB) with relation to the design of the identity card, with a:gender and Press for Change to understand the needs of the transgender community and the Welsh Language Board about the use of Welsh for customers living in Wales.

3.10 As the rollout of the initial phases of the service for UK and EEA nationals has drawn closer and our implementation plans have become more detailed, the Identity and Passport Service also increased its programme of stakeholder engagement, including consultation with groups representing the various equality strands:

- Following the publication of the Delivery Plan for the National Identity Scheme on the 6th of March 2008, a 3 month consultation took place to seek people's views on the plan generally and on a number of its specific components. This was complemented by a series of events held across the United Kingdom, to which representatives of communities included within the equality strands and organisations representing all regions of the United Kingdom were invited.
- In November 2008, a consultation document setting out draft secondary legislation proposed under the Identity Cards Act 2006, including a draft Code of Practice on Civil Penalties, was published and distributed to representatives of communities included within the equality strands.
- Facilitated group discussions were held at Manchester and London City Airport on equality and diversity issues in relation to the rollout of identity cards to airside workers. This facilitated discussions with individuals on potential concerns that they had with the service in these areas and offer an opportunity to work with us to find solutions for such issues. This was in addition to workshops and meetings held about the wider introduction of identity cards to airside workers with a range of stakeholders from the aviation industry.

<sup>6</sup> TNS Omnibus Reports – “National Identity Scheme Tracking Research” Reports. Available at <http://www.ips.gov.uk/identity/publications-research.asp>

<sup>7</sup> TNS Consumer Report – “Proof of Identity Research”. Available at <http://www.ips.gov.uk/identity/publications-research.asp>

- Meetings were held with representatives from Home Office equality networks. The aim of the meetings was to describe the planned processes of the service from application and enrolment to the receipt and uses of the identity card with the objective of identifying possible impacts that our implementation plans for the initial phase of the scheme for UK and EEA nationals might have on the people they represent.

3.11 Finally, the Identity and Passport Service reviews the issues and concerns raised in public correspondence received from members of the public via post or our website. Key issues and themes raised are actively considered as part of our development of the service, including those received on equality issues.

## ASSESSMENT AND ANALYSIS

3.12 This section assesses the impact of the initial stages of the service on the basis of research and consultations described above. We have identified and summarised possible positive impacts or stated where no impact was observed. In addition, the section outlines where potential adverse impact has been raised and our intended mitigating actions to address these.

3.13 This analysis can be regarded as a snapshot of our current understanding. We will proactively seek to engage further with stakeholders to develop our understanding as the service progresses. Details of our plans for future engagement, monitoring and research can be found in paragraphs 3.56 to 3.68.

3.14 This equality impact assessment covers the following equality strands:

- Race, Nationality & Ethnicity (inc. Black and Ethnic Minorities)
- Disability (inc. physical, mental or other)
- Religion or belief (inc. Islamic, Sikh, Buddhist, Hindu, Jew and Christian and those with lack of religion or belief)

- Age (e.g. young and older workers/ customers)
- Gender Identity (inc. transsexual, transgender)
- Gender (male /female)
- Sexual Orientation (inc. homosexual, lesbian , gay, bisexual)
- Gypsies and travellers

## RACE, NATIONALITY & ETHNICITY

### Positive or Neutral Impact

3.15 The National Identity Service is an all inclusive scheme designed to be open to everyone who has the right to live or work in the United Kingdom irrespective of an individual's race, colour or racial origins. The ethnic origin of the individual will not be recorded on the National Identity Register or on the identity card. As such, the concept behind the service does not create a negative impact for different ethnicities. Indeed, recent research from the Home Office Omnibus surveys has demonstrated that there are similar levels of support amongst ethnic minorities for the service to that observed within white respondents.<sup>8</sup>

3.16 The service may facilitate travel for ethnic minorities in lower socio economic groups. Research conducted in April and August 2008 into the kinds of identity documents held by people in the United Kingdom indicated that members of BME communities in low socio-economic groups are less likely to hold a passport and less likely to travel within the EU compared to similar respondents from white communities. As such, the introduction of an identity card at £30 will offer British citizens within these communities a cheaper travel document to travel to those countries and thus would help facilitate cheaper travel for such individuals. This would seem to be reflected within research in August 2008, which demonstrated a higher level of interest in purchasing an identity card for EEA travel purposes amongst BME communities (40%) compared to other groups.

<sup>8</sup> In February 2009, the Omnibus research indicated support for the Scheme of 59% amongst white respondents and 56% amongst BME respondents.

## Adverse Impact

3.17 Whilst not caused directly by the introduction of identity cards, concern was raised amongst BME respondents about the way in which members of ethnic communities are felt to be required to produce identity documents more often (e.g. by the police) and there was a concern that the introduction of the service would be affected by this or could exacerbate it.

3.18 Some concerns have also been raised in media reporting and public correspondence about whether biometric technology would work as effectively for black males or those from the Far East as is the case for others and whether “low quality” recording and verification results would subsequently cause problems for those individuals. While the vast majority of BME participants in the 2005 biometric enrolment trial were not concerned about recording biometrics, the number that expressed apprehension was higher than average.<sup>9</sup>

3.19 Concerns have been raised by organisations from Northern Ireland about how the service would reflect commitments within the Belfast agreement that allows those in Northern Ireland to be recognised as British, Irish or as dual nationals. They also highlighted a number of issues arising from difference in Northern Ireland law, such as employment equality law, which would need to be considered as part of the scheme’s implementation in Northern Ireland. Finally, the general need to ensure that the service was designed in a way which was respectful of all communities within Northern Ireland was emphasised.

3.20 Stakeholder engagement in Wales has highlighted the need to ensure that those living in Wales have access to Welsh language materials, and can communicate in Welsh with the Identity and Passport Service throughout the application and enrolment process and thereafter. They also commented that Welsh should be included within the design of the identity card itself.

## Mitigations

3.21 The Identity and Passport Service has reviewed these concerns and the following section outlines actions that have been taken or will be put in place to address these issues on an ongoing basis in the future.

3.22 We take seriously any concerns that the introduction of the National Identity Service could feed disproportionate requests for those from ethnic minority communities to produce identity documents. We are taking a number of actions to avoid this from happening and intend to monitor this on an ongoing basis:

- **Legal Prohibitions:** The Identity Cards Act already makes clear that there is no requirement to carry an identity card at all times and that an individual cannot be required to produce an identity card to prove their identity without being offered an alternative means of proving their identity unless otherwise specified in other legislation. Such protections are additional to those contained in equality legislation which ensures that all those who are seeking to verify an individual’s identity using the service need to do so in a fair and reasonable manner.
- **Police Powers:** The service does not introduce any new police powers to require an identity card to be produced and existing safeguards around the ability of the police to require identification to be produced still apply.
- **Written Guidance:** Guidance will be provided to organisations such as the police, public authorities and private sector organisations that may need to request an individual to provide proof of identity. The guidance will advise these organisations that they must offer the individual alternative reasonable means of proving their identity unless otherwise specified in legislation. It will highlight the need for such

<sup>9</sup> 21% of BME participants were concerned about recording fingerprint biometrics prior to participating compared with 9% of white participants. This figure dropped to 16% after participation.

organisations to adhere to equality law in the manner in which they use identity cards as part of how they deliver their services.

- Identity Commissioner: Under the Identity Cards Act, there will also be an appointment of the National Identity Scheme Commissioner who will work independently of the Identity and Passport Service. Part of the Commissioner's role will be to monitor the manner in which identity cards are put to use by both public and private sectors. The Commissioner will report at least annually to Parliament.

3.23 We have conducted a review of biometric research to see whether we can substantiate the claims raised surrounding the reliability of biometric technology in recording and verifying biometrics of certain ethnic minorities. There is no evidence to suggest that the recording of biometrics from individuals from ethnic minorities would prove to be anymore difficult than other groups using a comparable biometric solution. The biometric solution being implemented by Thales to facilitate the initial phase of the service has also formed the basis of large scale biometric schemes in Ethiopia, Kenya, Cameroon and Namibia which have enrolled millions of people. Furthermore, biometric technology has already been implemented by the UK Government across the globe as part of the visa application processes and is enrolling and verifying biometrics of applicants from a large variety of ethnic groups successfully.

3.24 With relation to the involvement of Irish nationals within the National Identity Service, we are clear that the service must work in a way that recognises fully the identity rights of the people of Northern Ireland as laid out in the Belfast Agreement. We are seeking to design the service so that it open to everyone who has the right to live in the United Kingdom – whether they are British, Irish or a national from another country.

- Irish nationals resident in Northern Ireland can be issued with an "Identification Card", a version of the identity card which will differ from that issued to British citizens.

This will not record an individual's nationality and thus it cannot be used as a travel document – only the Irish Government could issue an official standard travel document to Irish citizens. However, this version of the card will enable the holder to prove their identity in the same way as British citizens can.

- While some symbols have been included within the card's design to indicate that the document has been issued by the UK Government, we have sought to design features which can reflect all parts of the United Kingdom, such as the inclusion of the shamrock to represent Ireland within the tactile feature, and we have sought to avoid symbols such as flags.
- Those who hold, or wish to take up, Irish or dual nationality will continue to have the right to apply for an Irish passport and inclusion on the National Identity Register will not change such rights. As the eligibility to enrol in the service is open to all nationals in principle, participation in the service does not infer or impose British nationality.
- We will continue to liaise with the Northern Ireland Office, the Northern Ireland devolved administration and civil society organisations within Northern Ireland to ensure the implementation of the service takes consideration of the legal and cultural differences in Northern Ireland

3.25 A number of actions will be taken to ensure that Welsh can be used by those in Wales as they engage with the National Identity Service:

- The Identity and Passport Service already has a Welsh language scheme and we will build on this scheme and update it to encompass the introduction of identity cards. We are working with the Welsh Language Board in doing this. This commits us to providing application materials and forms in Welsh to people in Wales as well as to communicating to those applicants from Wales who wish to communicate in Welsh with our organisation.

- An individual will be able to fill in their application form in Welsh and they will be able to register their details on the National Identity Register in Welsh and have a Welsh name reflected on their identity card.
- We cannot include Welsh language in the first cards to be issued in 2009 starting with airside workers at Manchester and London City airports. However, we are working to see how the design of the next version of the identity card can be adapted to include the Welsh language. The need to meet international standards for the design of travel documents (such as the identity card) puts some constraints on the design of the card.

## DISABILITY

### Positive or Neutral Impact

3.26 The National Identity Service is an all inclusive scheme designed to be open to everyone who has the right to live or work in the United Kingdom. No details of any individual's disability will be recorded on the National Identity Register or on the identity card. As such, the concept behind the service does not create a negative impact for people with disabilities.

### Adverse Impact

3.27 While the concept of the service has a neutral impact, concerns have been raised about how it may be implemented – e.g. how the application processes may work or the card can be easily used by those with certain disabilities.

3.28 A number of these concerns reflect issues that are pertinent to all public service providers. The need for due regard to the Disability Discrimination Act (DDA) has been highlighted and a number of issues emphasised in particular:

- There is a need to provide application materials and information that will accommodate the needs of those with a disability (e.g. Braille and large print materials);

- There is a need to ensure adequate access to application centres and an easy method to book appointments;
- There is a need to take particular care for the needs of those with mental health issues or learning difficulties to ensure that they are aware of the requirements of the application process and how to use the service once enrolled.

3.29 Other concerns related specifically to the implementation of the National Identity Service:

- Research that formed part of the 2005 biometric enrolment trial demonstrated that, while a large majority of respondents from the sample of disabled individuals expressed little concern about recording biometrics, the level of those expressing anxieties about the process was higher than that amongst able-bodied respondents.<sup>10</sup> This has been reiterated in stakeholder engagement, where representatives also sought reassurance about how those with upper limb damage would be able to complete the enrolment process.
- Issues were also raised by the blind and partial sighted on their ability to use and identify the ID card apart from other cards.

### Mitigations

3.30 The Identity and Passport Service has established policies on ensuring needs of disabled people have been addressed within our operations and we will be extending the remit of these policies to include the operation of initial phases of the National Identity Service. Specific policies dealing with issues relating to the blind and partially sighted, the deaf and hard of hearing as well as wheelchair users are in place. They deal with issues such as the provision of appropriate application materials and office access. Further information on IPS's policy on customers with disabilities in can be found at: <http://www.ips.gov.uk/passport/customers.asp>

<sup>10</sup> 12% of disabled participants were concerned about recording fingerprint biometrics prior to participating compared with 9% of the quota sample. This figure dropped to 8% after participation.

3.31 As part of updating these policies, we will ensure that any additional locations used for the National Identity Service for the application and enrolment process are DDA compliant. DDA compliance formed part of our requirement set for our technology and estates suppliers. IPS staff will be trained to assist individuals who may have difficulties with the application (e.g. completion of application form) and biometric enrolment processes and will make application forms and guidance material available in an accessible format for those who require it.

3.32 All offices within our interview office network were assessed for compliance with the needs of the disabled by a representative of the Home Office Disability Support Network (HODS) and we ensure that new enrolment centres will be subject to such similar inspection and the lessons learned from the first years of the operation of our interview office network will be utilised in establishing the new application centres for the Service.

3.33 The operations of biometric systems in place today have demonstrated that individuals with a range of different disabilities can enrol and verify biometrics successfully. However, we recognise that the biometric recording process may present difficulties for some applicants with disabilities and we are taking steps to alleviate such issues:

- Applicants will be permitted to bring a helper to the application centre to assist them where they feel that is necessary
- The design of the biometric recording technical solution and the design of the recording stations have taken consideration of the needs of those who are disabled to facilitate easier enrolment – e.g. manoeuvrability of the desk at the recording station.
- Where an individual may have upper limb damage and cannot record any fingerprints, they will still be able to enrol and other elements of the enrolment process are in place in order to verify and secure their identity.

3.34 We have engaged with the Royal National Institute of Blind People (RNIB) with regard to the design features of the identity card. Together with the RNIB, we sought to design a card that would enable a blind or partially blind person to identify the card as an identity card easily and facilitate its easy use. We have identified a feature to provide orientation and identification of the identity card for the blind and partially sighted. We will continue to develop such features as we develop further versions of the card.

## RELIGION OR BELIEF

### Positive or Neutral Impact

3.35 The National Identity Service is an all inclusive scheme designed to be open to everyone regardless of their religion or belief or lack of religion or belief who is aged 16 years and over and has the right to live or work in the United Kingdom. A person's religion or belief or their affiliations to any religious group or the lack thereof will not be recorded on the National Identity Register as it is not a registrable fact and there is no requirement within the Identity Cards Act to do so.

### Adverse Impact

3.36 Whilst not caused directly by the introduction of identity cards, concern was raised in research amongst Muslim respondents who, similarly to some BME respondents, felt that Muslims are required to produce identity documents more often (e.g. by the police) and there was a concern that the introduction of the service would be affected by this or could exacerbate it.

3.37 In addition, the need to take consideration of cultural and religious practice in certain aspects of the application process has been raised, for example:

- Consideration should be taken to make allowances for religious forms of dress (e.g. those who wear the hijab, burkha or turbans)
- Appointments should be made available so that those who need to attend religious service will not be disadvantaged

## Mitigations

3.38 As discussed in paragraph 3.22, we are putting in place a range of measures to avoid any disproportionate requests for those from ethnic minority communities to produce identity documents and ensure they will not be discriminated against in the way identity cards may be used.

3.39 With regard to addressing cultural and religious practices in our enrolment processes, the Identity and Passport Service already has policies in place to address these issues at our existing interview office network and will build upon these for the rollout of the service. Examples of the actions we will take are:

- To meet the requirements of the International Civil Aviation Organisation (ICAO), a clear photograph of the individual's facial features for inclusion on the identity card during enrolment is required. Therefore, women wearing a hijab or burhka will need to remove them. However, the application centres will provide space with sufficient privacy to allow for discrete removal of facial covering. Head coverings which do not conceal the face, such as turbans, will not need to be removed.
- In relation to appointment times for interviews, the Identity and Passport Service will ensure that appointments can be agreed with the individual in advance and are available at a range of times. Thus, appointments need not encroach on any religious activity – i.e. Muslim midday prayer on Friday and any other recognised religious festivals.
- During the application and enrolment process, we will ensure that cleaning wipes for biometric recording equipment and any wipes given to individuals for their hands will not be alcohol based.

## AGE

### Positive or Neutral Impact

3.40 The National Identity Service is an all inclusive scheme designed to be open to everyone who is aged 16 years and over and has the right to live or work in the United Kingdom. The inclusiveness of the service means that there is largely a neutral impact with regard to age.

### Adverse Impact

3.41 Research and stakeholder engagement has not identified an adverse impact in relation to an individual's age specifically. However, issues have been raised with regard to the ability of those who suffer from a number of conditions that are more common amongst the elderly (e.g. arthritis or Parkinson's disease) to record biometrics. These issues have been covered under the disability section above.

3.42 In general, the initial phases of the service will have a minimal impact on the elderly as cards will be offered to volunteers or those working airside at airports. However, with relation to later phases of the service's rollout, concern was raised about what would happen to groups who would experience mobility issues, especially centring on elderly people living alone, with examples given of those who are ill or have no relatives to rely on.

### Mitigations

3.43 As the rollout of the National Identity Service continues, we will continue to review the impact of the service with relation to age, and the elderly in particular, and will update future impact assessments in accordance with the findings.

## GENDER IDENTITY

### Positive or Neutral Impact

3.44 Engagement with organisations that represent the trans community have indicated that, by implementing the service in a manner which was sensitive to the needs of transgendered applicants, it could enhance the inclusion of trans people in society by providing them with trusted proof of identity which reflects their gender status, whilst providing enhanced protection for their gender history.

## Adverse Impact

3.45 Engagement with organisations that represent the trans community has also highlighted a number of concerns surrounding how the National Identity Service could potentially create problems for transgendered people:

- In order to obtain a Gender Recognition Certificate (GRC), an individual needs to provide evidence that they have lived their lives for a period in their acquired gender. There was a concern that if a Gender Recognition Certificate was required in order to obtain an identity card in an acquired gender, it could create a “catch-22” situation for individuals who are gathering evidence that they are living in that gender, especially in the later stages of the service’s rollout. If a person could not provide proof of identity in their acquired gender to access services using a passport or identity card, they feared that they would be unable to obtain adequate evidence (e.g. in the form of utility bills, letters from interaction with public authorities etc) to obtain a GRC. Consequently, they would not be able to apply for an identity card in their acquired gender.
- The gender history of transgendered people is highly sensitive information and the disclosure of that history is highly restricted under the Gender Recognition Act. This does not simply cover gender history but other details such as former names in a birth gender. The need to adhere to such provisions was highlighted, especially during the provision of proposed identity checking services or in processes to verify identity details as part of the application process. Additionally, the need to have sufficient policies and protections in place to ensure discretion in how that information is handled internally by staff was also emphasised.
- The need for sensitivity during the application and enrolment process was highlighted. This includes issues like ensuring that staff members treat applicants

professionally and discreet facilities are available for applicants if requested. In recent meetings, the overarching need to provide adequate information and choice within the application processes so that trans people can interact with the service in a way that is appropriate to their individual circumstances was also raised.

## Mitigations

3.46 The Identity and Passport Service recognises that the service could have a negative impact on trans people but could also present an opportunity to facilitate greater inclusion for trans people in society. We intend to put the following measures in place to ensure the latter:

- For those who possess a Gender Recognition Certificate, their acquired gender will be reflected on the National Identity Register. If any gender history is recorded on the Register (i.e. because they have obtained a GRC after enrolment), it will be protected to ensure that it is not disclosed in line with the protections within the Gender Recognition Act.
- For those who have a need to spend time living in an acquired gender but do not possess a Gender Recognition Certificate, it will also be possible to apply for an identity card in an acquired gender or, if they so choose, for two identity cards. They could hold a National Identity Card which can be used for travel in one gender as well as an Identification Card which is not valid for travel but can be used to prove their identity in a second gender. This would help address issues experienced by those who still have a need to verify their identity in their birth gender. Both cards will relate to their unique entry on the National Identity Register. The card used by the individual would then determine the gender in which their identity was verified when asked for proof of identity.
- The gender status of trans people will be legally protected on the National Identity Register. While ensuring that the protections of the Gender Recognition Act are implemented, the Identity Cards Act

also provides additional protection. It includes a criminal offence for the unauthorised disclosure of information from the Register – including unauthorised disclosure of information by staff.

- We will have planned measures to ensure discretion during the application process. These will include allocating applications from trans people to senior case workers who will be aware of the needs of the trans community. We will also providing wider staff training for staff at an application centre and providing space there to give privacy to trans applicants if requested.
- Finally, we will make materials available to trans applicants online and through trans community organisations which will particular guidance on how trans people can apply for identity cards and how they can be best used by trans product holders to prove their identity.

## GENDER

### Positive or Neutral Impact

3.47 The National Identity Service is an all inclusive scheme designed to be open to everyone who has the right to live or work in the United Kingdom irrespective of their gender.

### Adverse Impact

3.48 Research and stakeholder engagement has not identified any potential adverse impact in relating to an individual's gender.

### Mitigations

3.49 As the rollout of the National Identity Service continues, we will continue to review the impact of the service with relation to gender and will update future impact assessments in accordance with the findings.

## SEXUAL ORIENTATION

### Positive or Neutral Impact

3.50 The National Identity Service is an all inclusive scheme designed to be open to everyone who has the right to live or work in the United Kingdom irrespective of their sexual preference. A person's sexual orientation will not be recorded on the National Identity Register or on the

identity card as it is not a registrable fact and there is no requirement within the Identity Cards Act to record it.

### Adverse Impact

3.51 Research and stakeholder engagement has not identified any potential adverse impact in relating to an individual's sexual preference.

### Mitigations

3.52 As the rollout of the National Identity Service continues, we will continue to review the impact of the service with relation to sexual orientation and will update future impact assessments in accordance with the findings.

## GYPSIES & TRAVELLERS

### Positive or Neutral Impact

3.53 The National Identity Service is designed to be open to everyone who has the right to live or work in the United Kingdom including gypsies and travellers. The fact that a person belongs to this community will not be included on the identity card or entered on the National Identity Register.

### Adverse Impact

3.54 Representatives of gypsy communities in the United Kingdom have expressed concerns that they would be particularly adversely affected by requirements to register and update addresses as well as highlighting a need to be sensitive to the cultural differences as part of the application and enrolment process.

### Mitigations

3.55 The proposed secondary legislation makes provisions for any applicants from gypsy communities to agree an appropriate address to be recorded as part of the application. Furthermore, the requirement to update address allows for a three month time period to notify the Identity and Passport Service from the time of changing address.

## MONITORING ARRANGEMENTS

3.56 A number of measures will be in place to represent the interests of communities represented by the equality strands and monitor the ongoing impact of the implementation of the service on them.

### **Identity Commissioner**

3.57 As previously mentioned, an Identity Commissioner will be appointed. The role, created under the Identity Cards Act 2006, will be independent of the Identity and Passport Service. The Commissioner will provide strong oversight of how the National Identity Service operates.

3.58 Their role is not only to examine how the Home Office operates the service but to examine the uses of the National Identity Register and identity cards in the public and private sector as a whole. As such, this would include an examination of whether the service is being operated in an equal and fair manner.

### **Identity Rights Charter & Public Panel**

3.59 As part of the Government's response to the consultation on the National Identity Scheme Delivery Plan, it announced that an Identity Scheme Charter will be created. Its aim is to ensure that the operation of the service is transparent and that individuals, businesses and the Government are fully aware of their rights and responsibilities under the service.

3.60 This charter will now be called the Identity Rights Charter. It will be developed in consultation with a Public Panel. This will consist of a group of individual members of the public that will scrutinise the operation of the National Identity Service and present views and recommendations that can be used to develop policy, good practice or better regulations. The Panel could cover issues pertaining to equality and diversity amongst others. Its work will be supported by an experts group which will operate independently of the Government but with its support. It would comprise of experts from the fields of identity, privacy, equality and human rights and would help the panel identify key issues for discussion.

### **Stakeholder Engagement**

3.61 Aside from our public engagement through the work of the Public Panel, we will continue to engage with key stakeholders in assessing the impact of the service on communities within the equality strands as its rollout continues.

3.62 We are clear that the National Identity Service needs to work for everyone across the all nations within the country and we are committed to listening carefully to the views from the devolved administrations.

3.63 Furthermore, we have found relationships where we have involved organisations in assisting us with particular design issues, such as our engagement with the RNIB, to be highly productive. We are grateful for their contribution and we will continue to build and develop such relationships as the service is rolled out.

3.64 As part of the rollout to workers in sensitive roles and locations we consulted with the aviation sector throughout 2008, holding around 100 meetings across the industry, to listen to their concerns and issues. We will continue to work closely with our stakeholders across the aviation sector to ensure the successful delivery of identity cards for airside workers.

### **Quantitative & Qualitative Research**

3.65 As part of our ongoing programme of research about the service, we will seek to ensure it includes continued assessment of the opinions and requirements of the minority groups.

### **Equality Monitoring**

3.66 Once the service begins its rollout to UK and EEA nationals, we plan to seek volunteers from our customers to provide feedback on our operations. As part of such research, respondents will have the option of declaring whether they belong to a community represented within the equality strands. The resulting feedback will enable us to assess the impact of the scheme on such customers and make any necessary amendments to policy or processes.

### **Correspondence & Customer Engagement**

3.67 We will continue to review and analyse issues raised in public correspondence. Furthermore, we will work to institute a robust system to obtain customer feedback and handle customer complaints so that issues are handled promptly and fairly and there is a meaningful process of feedback that can influence changes in policies and operational processes. The Identity and Passport Service already surveys customer satisfaction and in 2007-2008, some 97 per cent of all customers surveyed were either 'satisfied' or 'very satisfied' with our service.

### **ACTION PLAN**

3.68 An action plan on equality issues, required by the Home Office Strategic Diversity Action Team, is available in the Appendix.

## 4. Other Reviews

### COMPETITION

4.1 The Office of Fair Trading is responsible for rules which establish when a full competition impact assessment must be carried out. This should occur when the proposals being introduced will:

- Directly limit the number or range of suppliers
- Indirectly limit the number or range of suppliers
- Limit the ability of suppliers to compete
- Reduce suppliers' incentives to compete vigorously

4.2 We have concluded that current proposals for the initial phases of the service do not require a competition impact assessment on this basis.

4.3 Consideration was given to whether the initial phases of the National Identity Service would impact on private sector providers of proof of age cards. The review concluded that this was not the case at this point because of differences between products and their issuing processes – Proof of age cards are cheaper, are issued after much less authentication and are designed for a single purpose whereas the identity card will provide the holder with proof of identity (not just age). Furthermore, the initial rollout of the identity card in the initial phase will be targeted at smaller numbers, although this will not be the case once the large volume rollout commences.

4.4 We will continue to review whether any further competition assessments need to occur as further phases of the service are introduced.

### SMALL FIRMS

4.5 In the initial rollout phases of the service, the small volumes of cards in circulation means that the overall impact on the small business community will be negligible. However, once the service commences enrolling high volumes of people, the impact and opportunities for small

firms increase significantly and we will seek to update this assessment before this phase of the service is introduced.

4.6 However, the issue of identity cards to airside workers will mean that, eventually, all employees of small firms who employ airside workers will need to obtain an identity card in order to obtain their airside pass.

4.7 As a result, airside employers at Manchester and London City airports were involved in discussions and asked to participate in a short survey to assess the impact on the introduction of identity cards for airside workers on their business.

4.8 The findings revealed that most small employers felt reasonably comfortable with the introduction of identity cards and felt that there will be a minimal impact on small firms operating airside:

- When asked to assess the impact of the issue of identity cards to airside workers on their business on a scale of 1 to 10 (with 10 being the highest level of impact), the result was a mean average of just under 4.
- The cost impact was considered small as the cost of the card will be subsidised by the Government for the initial 18 month evaluation period.
- Most employers were keen to stress that they hoped CWIC would not add to their pre-employment checking burden.

4.9 The findings highlighted that it was necessary to be mindful of the following concerns:

- The need for the employee to complete (and in most cases, the employer to check) an additional application form;
- The need for employers to track the progress of their employees' CWIC application (much like they currently track the progress of the other requirements);
- The potential for delays in the pre-employment checking processes caused by CWIC

- Concern about the additional requirements placed on employees e.g. to book an appointment, to enrol and to collect their card, and the potential for employees not to complete this process in a timely way.

4.10 However, the introduction of identity cards for airside workers will be used as the basis of activity facilitating faster, cheaper and more joined-up pre-employment and security checking processes and improve the portability of reference checks between employers and airports creating greater flexibility for employers and staff. In particular, identity cards for airside workers will bring greater assurance in the identity of those in sensitive positions, helping maintain public confidence in the security of our airports and greater convenience for employers in fulfilling their legal obligations.

4.11 Furthermore, the Identity and Passport Service is establishing a Process Improvement Fund to support pre-employment checking and airside pass issuing infrastructure and process improvements. Our aim is that such initiatives will accelerate the benefits of the service and reduce burdens on employers of airside staff.

## LEGAL AID

4.12 The limited scope of the initial rollout phases of the National Identity Service will limit the number of people who will be affected by civil or criminal proceedings as a result of the provisions under the Identity Cards Act. The following provides an outline of the civil and criminal penalties contained in the Act that are due to be commenced for the rollout in the second half of this year.

### Criminal penalties

4.13 There are three sections of the Act that will be commenced when the National Identity Register (NIR) goes live in the second half of this year that will commence criminal offences specifically relating to the NIR:

- Section 27 relates to the unauthorised disclosure of information from the NIR with a maximum penalty of up to 2 years imprisonment.

- Section 28 relates to providing false information in an application to be enrolled on the NIR or to modify an entry on the NIR. This carries a maximum penalty of up to 12 months imprisonment.

- Section 29 relates to tampering with the NIR, either technologically or physically, and has a maximum penalty of up to ten years in prison.

### Civil penalties

4.14 The Identity Cards Act 2006 includes provisions for a civil penalty regime to enforce the requirement for ID card holders to update the information held about them on the NIR, to notify IPS if their card is lost or stolen or to return their card if they are required to do so.

4.15 Details of the circumstances when and how an individual may be issued with a civil penalty are available in the Code of Practice on Civil Penalties which is included in the Identity Cards Act Secondary Legislation consultation documents, available at: [http://www.ips.gov.uk/identity/downloads/NIS\\_Legislation.pdf](http://www.ips.gov.uk/identity/downloads/NIS_Legislation.pdf)

4.16 For the purpose of this document, the following is a brief summary of the civil penalty process. If an individual fails to comply with one of the requirements within the specified timeframe, they will be sent a warning letter. If they do not respond to the warning letter within the specified timeframe a civil penalty may be issued. If a person feels they were issued with a penalty wrongly or of an excessive amount they may lodge an objection, with the Secretary of State, or an appeal, through the civil courts.

### Impact on legal aid

4.17 The number of people that are likely to be in a position to be able to commit offences under sections 27 to 29 of the Act are small given that the population of those on the NIR will be limited in the early rollout stages. Similarly the number of people who are likely to claim legal aid as a result of being issued with a civil penalty will also be extremely limited. On this basis, and in consultation with Ministry of Justice colleagues, it is estimated that the impact on the cost of legal aid will be low. As the service expands, further assessments will be made of the impact on civil and criminal legal aid.

## SUSTAINABLE DEVELOPMENT, CARBON, ENVIRONMENT & HEALTH

4.18 The provisions being introduced by this secondary legislation will not have a meaningful impact on environmental or health issues. However, the Identity and Passport Service has and will continue to ensure that our work is carried out in a sustainable way as new measures to introduce the National Identity Service are implemented. A sustainable development policy within the organisation has established local targets for:

- Reducing electricity consumption
- Improving energy efficiency
- Reducing waste and increasing recycling
- Reducing water consumption.

4.19 Practical examples of this work in action include the use of paper with increased recycled paper content for the printing of published documents, reporting of electricity, gas and waste data from our offices as well as local action plans to drive improvements.

4.20 We are also increasingly mindful of the impact of running IT systems on the environment. Our delivery partner for the initial development of the service, Thales, have commissioned an independent environmental report and audit on the operation of the data centre which will be used by the service in its initial phase. The report found that the data centre was “quite clearly among the best facilities in the U.K” and recommendations to reduce the carbon footprint further are now being taken forward.

4.21 Further details of the Identity and Passport Service sustainable development policy can be found at: <http://www.ips.gov.uk/passport/about-us-sustainable.asp>

## HUMAN RIGHTS

4.22 As required, all proposed legislation has been reviewed for compliance with the Human Rights Act.

## RURAL PROOFING

4.23 The Identity and Passport Service already has a considerable regional presence throughout the United Kingdom and takes the impact of its policies on rural communities seriously. For instance, when interviews for first time passport applicants were introduced in 2008, a network of 68 interview offices was established across the country. The aim was to ensure that applicants would not have to travel more than one hour to reach their nearest office. Furthermore, for applicants living more than one hour from an office, we have gone on to develop a solution for remote communities that allows applicants to be interviewed over secure video link.

4.24 However, the initial rollout phases of identity cards to airside workers and volunteers from 2009 and to young people from 2010 will cover a very restricted geographical area will have no effect on rural communities. We will examine the impact on those living in rural communities as we introduce further phases of the service.

## PRIVACY

### Introduction

4.25 The Identity and Passport Service (IPS) takes the security of personal data very seriously and already has a recognised track record of securely holding the core identity information of around 80% of the UK population on the passport database. This is reflected in recent research that shows that 71% of those interviewed trusted the Identity and Passport Service to look after their personal information, far more than expressed trust in banks, insurance companies, supermarkets and internet retailers.<sup>11</sup>

4.26 The requirements and methodology for conducting a Privacy Impact Assessment (PIA) have been introduced recently and were designed to be undertaken during the development phase of a new initiative. A full PIA of this early stage of the National Identity Service has not been conducted at this point because the decision to rollout identity cards was taken before these developments. Nonetheless, privacy issues have

<sup>11</sup> National Identity Scheme Tracking Research – Wave 7: February 2009. Available at: [http://www.ips.gov.uk/identity/downloads/National\\_ID\\_Tracking\\_Research\\_February\\_2009.pdf](http://www.ips.gov.uk/identity/downloads/National_ID_Tracking_Research_February_2009.pdf)

been carefully considered and formed an important part of the design process. We will also ensure that the service is implemented fully in accordance with existing legislative safeguards such as the Human Rights Act and the Data Protection Act. The Identity and Passport Service will take full account of guidance on PIAs and wider privacy issues as the service is rolled out further.

4.27 The Identity and Passport Service has already worked with the Information Commissioner's Office in the development of the service and continues to do so to seek their views on the service and how it complies with the relevant privacy and data handling requirements. We have also established forums with privacy experts and interest groups to gain a better understanding of how to continue in our commitment to the transparent operation of the service.

4.28 Looking to the future, as previously mentioned, we will develop and consult on an Identity Rights Charter with public and expert input, which will set out the rights and responsibilities of individuals and government in relation to the NIS. We will establish a Public Panel in 2009 and work with them in developing the Charter. Along with consideration of equality issues, the Public Panel can also provide a forum for consideration of privacy issues. An experts group will be established to support the Panel and to advise on more complex or technical issues that can arise in discussions of privacy issues.

4.29 The remainder of this review will outline the privacy impacts that have been identified through stakeholder discussions, public consultation or in the media for the initial phases of the service and mitigations that have been put in place to address any concerns.

## POSITIVE IMPACTS

### Reducing Need to Produce Information Unnecessarily

4.30 The introduction of more secure identity documents will prove to be privacy enhancing as it will give individuals more control over their identity data. Today we are regularly required to prove our identity in order to gain access to goods and services. Currently individuals are

required to provide a number of documents to prove identity, often including a passport and a utility bill or bank statement. In doing so an individual may inadvertently provide information about their energy supplier, their financial status, their telephone records and so on. Organisations will take photocopies of the documents provided which they then hold on file. An identity card will provide secure proof of only identity information thus reducing the information unnecessarily held about an individual on many different databases subject to varying levels of protection.

### Prevention of Identity Fraud

4.31 Facial image and fingerprint biometrics will link an individual securely to a single unique identity and prevent people enrolling multiple identities. It will also become much more difficult to misuse another person's identity even if full details are known of his or her biographical information. By enabling individuals to prove their identity more easily and making it harder for their identity to be stolen or misused by others, the service will help protect civil liberties and freedom.

## CONCERNS & MITIGATIONS

4.32 A number of potential concerns have also been raised about the National Identity Service's impact on privacy. The following outlines those key concerns and mitigation measures.

### Recording & Sharing of Identity Information

4.33 A widely expressed concern is that the National Identity Register will hold an excessive amount of information and the data that can be held is disproportionate.

4.34 We have put in place a number of measures to ensure that there are checks and balances to ensure information held on the NIR is proportionate and only the minimum level of data necessary is held. The Identity Cards Act strictly limits the information that may be held on the NIR and how it is subsequently handled:

- The Act lays out the information that may be held on the NIR as the minimum level of data necessary to identify an individual and meet the statutory purposes of the service.

It will not hold a vast amount of new kinds of data and it will not hold sensitive personal data such as medical or police records, occupation, religious or political beliefs, nor will it hold tax, benefit or pension records. It will hold basic, verified identity information (such as name, address, gender, date/place of birth, nationality, national insurance number) supported by a biometric record. In line with passport records today, a record of your applications for identity products issued by the service and those products issued to you will also be kept. In this sense, it will often hold much less information than other existing public or private sector databases

- The Act establishes a legal framework for data sharing, providing strong oversight of the process. The legislation states that organisations will have to undergo an accreditation process before they may be provided with information from the Register and private sector organisations must obtain the consent of the individual concerned before they may do so.
  - The Act allows for information from an individual's entry on the Register to be provided to the police, security and intelligence agencies, SOCA and Her Majesty's Revenue and Customs, without the consent of that individual in a limited number of circumstances. Additional government departments or other public sector organisations may also be provided with information without the consent of the individual provided they have been approved to do so by Parliament under secondary legislation. The provision of this information will be conditional on the requirements set out in the secondary legislation being met, as well as it being consistent with the Data Protection Act and obligations under the Human Rights Act.
  - The Act also creates a criminal offence relating to the unauthorised disclosure of information from the NIR which would be liable to up to two years imprisonment.
- The Identity and Passport Service is also committed to offering individuals easy ways to check what information is held about them on the NIR. As the service expands IPS is looking to develop tools such as an online checking service. However, right from the beginning, individuals will be able to obtain a copy of what is held on their record in line with subject access rights under the Data Protection Act.

### **Audit records**

4.35 The service will hold a record of occasions when an individual's identity has been verified against the National Identity Register. It has been suggested that the audit record could provide a means of tracking individuals through their identity card transactions and as such, could be used as a surveillance tool.

4.36 However, the purpose of the audit record is to help give reassurance to the individual as it will allow them to check who has reviewed their record. In the vast majority of cases, people will already know – as they will have consented for this to take place. However, like a bank statement, people will be able to have a record so there is no doubt about what has happened with their record.

4.37 Nonetheless, we are listening to the concerns raised on this point and will take them into consideration as the service progresses. There are already a number of provisions in place that will ensure that the record avoids eroding privacy.

- In practice, in the majority of occasions when an individual uses their identity card the check will not be recorded on the NIR, as they will be made against the card. It will only be when an organisation requires a greater level of identity assurance that a check will be made against the NIR.
- In the case of an identity check against the NIR, the record will only list which organisation has made a check, not a reason for the check or the outcome. For instance if a bank were to verify an individual's identity as part of an application for a mortgage the record would merely reflect that a specific branch of the bank had

verified the individual's identity. It would not show that it was in relation to a mortgage application, nor the outcome of their application. The audit record will provide an important auditing tool and helps ensure that inappropriate checks are not being made against the NIR.

- The disclosure of any information from the audit record is very highly restricted in legislation. Aside from access by the individual themselves, only the security services and SOCA will be able to be provided with audit data where it is necessary to carry out their functions. The police and HM Revenue & Customs and other government departments approved to do so by Parliament under secondary legislation, may also be provided with this information but only where it is necessary for the prevention or detection of *serious* crime.

### Use of the National Identity Registration Number

4.38 Concerns have been raised that the National Identity Registration Number (NIRN) will facilitate unfettered data sharing across the public and private sector – creating a kind of virtual single database.

4.39 The NIRN does play an important role in the operation of the service. It is common practice for databases to allocate unique identifiers to individual records to aid in administration and audit functions which is why a unique number will be allocated to each record. Where the provision of information is permitted between departments, the number can promote more efficient and effective public services over time – like the ability to notify Government of a change of address just once. Unique record identifiers are crucial in this process.

4.40 However, we recognise the concerns expressed about the possible consequences of having a unique identifier within the service. There are a number of measures in place to address these:

- The NIRN will not be printed on the first version of the card and thus, this will

prevent any use of the number to facilitate unregulated data sharing in the private sector. We will continue to monitor this issue as the service rolls out further.

- The creation of a unique identifier does **not** automatically permit unfettered data sharing across Government. Data sharing across Government must be supported by law and must be compatible with the provisions of the Data Protection Act and the Human Rights Act. As already described, there are considerable controls on providing data from the NIR in the Identity Cards Act. The introduction of a unique identifier for records on the Register does not override these protections

### Data Security

4.41 High profile reports of data loss incidents across the public and private sectors have led to a drop in the public's confidence in large organisations' ability to look after their personal information. This has raised concerns about whether the National Identity Service could protect identity information of those registered.

4.42 In order to reinforce the high priority it gives to privacy issues, the Identity and Passport Service has a strong policy on maintaining the security of the data it holds. Core identity information is already securely held on the passport database, which has over 90 million records including records of 47 million current passports.

4.43 The Identity Cards Act establishes a statutory duty for the National Identity Register to be secure and reliable. Its management and processes will be overseen by the independent Identity Commissioner who will report annually on the uses to which ID cards are put, and the confidentiality, integrity and availability of information recorded in the Register. The Security Services use of the service will be monitored by the Intelligence Services Commissioner.

4.44 National Identity Register data will be held in secure repositories and they will be security accredited to meet Government and industry standards. Any viewing or provision of data from the Register will be subject to access controls and will be audited. The level of security classification for the National Identity Register will match some military databases. We will implement:

- **Personnel security.** This is key to creating a culture of security. All Identity and Passport Service staff and those with direct access to systems are security cleared to the correct level as determined by Government policy. As such they are bound by the Official Secrets Act which, along with the Identity Cards Act, allows considerable powers to deter and prosecute any attempted misuse.
- **Physical security** of the systems and, where necessary, the people and production capability. This will be in place to prevent unauthorised access to both information and resources.
- **Legislative protection** including enforcement provides both civil and criminal penalties for anyone attempting to access, misuse or bypass the controls used to secure the service.
- **Technical security** measures. These are used for access control, authorisation, general protection of stored information and protection of the systems that process information for the service.

4.45 The access and audit controls which will be put in place will be robust and backed by legislation. Section 27 of the Identity Cards Act will make it a criminal offence for anyone to make an unauthorised disclosure of information from the Register – with a penalty of up to 2 years imprisonment.

4.46 Full access to the Register will be limited to security cleared administration staff. Our staff will only be able to see information which relates to their duties. Thus, for example, maintenance functions such as change of address will be performed against the biographic element of the Register; therefore staff will have access to address information to perform this specific function.

### Scope Creep

4.47 Concerns have been raised that the introduction of identity cards is the first step on the way to a wider-reaching service that will see identity cards become a prerequisite for access to a range of public and private services.

4.48 However, the legislative framework for the service can provide some reassurance on this issue. The purposes of the NIR are clearly laid out in legislation; the purposes were agreed by Parliament during the passage of the Act and could only be changed by further legislation. The statutory purposes are: to provide a convenient method for individuals to prove their identity to anyone who reasonably requires proof and, at the same time, to provide a secure and reliable method for people to be identified wherever that is in the public interest.

4.49 The definition of “in the public interest” is also defined in the Act as being in the interests of national security; of the prevention or detection of crime; the enforcement of immigration controls or controls on illegal working; or to secure the more efficient and effective delivery of public services.

4.50 The overriding aim of the introduction of identity cards is to provide a secure and convenient method of proving identity and that service will have a knock on effect of making the provision of many goods and services more efficient. The Identity Commissioner will also oversee the operation of the service, keeping the uses to which the NIR and identity cards are put under review and that they comply with the statutory requirements set out in law.

# Appendix

## EQUALITY IMPACT ASSESSMENT ACTION PLAN

Recommendations	Responsibility	Actions required	Success Indicators	Target Date	What progress has been made?
Appointment of the Identity Commissioner	IPS Strategy Directorate	Appointment and establishment of the Commissioner's Office	Commissioner appointed	By mid 2009	Recruitment process underway
Develop and issue guidance on proper visual verification of the identity card to key stakeholders	IPS Strategy Directorate  IPS Comms & Marketing Directorate	Draft and distribute guidance	Compliance with Section 13 and Section 16 of the Identity Cards Act in the way identity cards are used in everyday life  Customer feedback indicates no discrimination in the manner in which the identity card is used as a proof of identity.	By mid 2009	Guidance to be drafted shortly

Recommendations	Responsibility	Actions required	Success Indicators	Target Date	What progress has been made?
Reflect equality issues in accreditation guidance	IPS Strategy Directorate  IPS Comms & Marketing Directorate	Draft and include in accreditation materials	Compliance with Section 13 and Section 16 of the Identity Cards Act in the way identity cards are used in everyday life  Customer feedback indicates no discrimination in the manner in which the identity card is used as a proof of identity.	By mid 2009	Guidance to be drafted shortly
Establishment of Public Panel	IPS Strategy Directorate	Development of a framework for the Panel in co-operation with key stakeholder groups	Panel established representing the wide range of interest from the public.  Clear expectations for the initial operation of the Panel and development of the Charter in place	By mid 2009	Initial preparations commenced

Recommendations	Responsibility	Actions required	Success Indicators	Target Date	What progress has been made?
Incorporation of equality issues into ongoing NIS research programme	IPS Strategy Directorate IPS Comms & Marketing Directorate	Identification of relevant research topics Inclusion in planning for future research Review of results	Equality topics included in research  Action taken to address any impacts identified in research	Ongoing	Co-operation between NIS policy team and IPS Comms & Marketing team in place in order to include research questions into research programme that assist the development of impact assessments
Review of biometric technology and general operations for equality impact	IPS Chief Information Officer Directorate  IPS Comms & Marketing Directorate	Review of any emerging research and operation of other biometric schemes  Review of operations after launch following customer feedback	Identification of any negative impacts on communities represented within the equality strands	Ongoing	Biometric Assurance Group already established

