

**TITLE OF PROJECT**

**Identity Cards**

**OGC Gateway review: 0 – Strategic Assessment**

**Status of report: Issue V 1.0**

**Senior Responsible Owner: <name redacted>**

**Review Date: 26, 27, 28 and 29<sup>th</sup> January 2004**

**Review team:**

**<Names redacted>**



Office of Government Commerce

## **Background**

The combination of greater mobility and advancing technology is making it increasingly difficult to protect and authenticate people's identity. As a result British citizens are facing growing threats to their security and prosperity from illegal migration and working, organised crime and terrorism, identity theft and fraud and fraudulent access to public services. Identity fraud has been estimated to cost at least £1.3 billion every year. Biometric passports are already being developed in the UK, elsewhere in Europe and the US partly in response to this situation. The US has announced that a biometric will shortly be required for foreign nationals entering the US.

Following widespread consultation the Government has decided to build a base for a compulsory Identity Card scheme proceeding by incremental steps as a key part of a comprehensive strategy to contain these threats and to ensure more reliable means of authenticating people's identity. The proposals are being designed to protect people's true identity against fraud and to enable them to prove their identity more easily without unnecessary intrusion by the State.

The first stage of the scheme will pave the way for the establishment of more reliable means of proving identity by:

Establishing a National Identity Register;

Proceeding towards more secure passports and driving licences based on biometric technology with personalised, specific identifiers;

For those who do not need a passport or driving licence and choose to take it up, making available a voluntary identity card;

Introducing mandatory biometric documents for foreign nationals coming to stay in the UK for longer than 3 months.

The costs of these steps and all start up costs are to be met from charging or existing departmental budgets. The introduction of the plain identity cards are planned to start in 2007/8 and together with the incremental roll out of biometric passports and possibly driving licences 80% coverage of the economically active population is expected within 5 years. Preparation activities include a 6 month biometric pilot by the Passport Service to test face, iris and fingerprint biometric information.

If the conditions are right the first stage of the scheme could then be followed by a move to a compulsory card scheme. This step will require full debate and a vote in both Houses of Parliament and will only be taken after a rigorous evaluation of the first stage and when there is high confidence that everything is in place to enable the scheme to work.

The Government's White Paper (Identity Cards - The Next Steps - Cm 6020) has indicated that once an OGC Review has confirmed that the programme is ready to proceed draft legislation will be published to enable the scheme to be introduced.

A Gateway 0 review was completed in June 2003, which concluded that the programme (then called Entitlement Cards) should be reviewed again when the preconditions for Gate 0 were satisfied.

### **Purpose and conduct of the review**

The purpose of Gateway 0 is to:

- Review the business need and identify whether it requires a project or a programme of projects.
- Ensure that the project or programme is supported by users and stakeholders and contributes to the organisation's business strategy.
- Review the arrangements for leading and managing the project or programme (and its individual projects).
- Review the arrangements for identifying and managing the main project or programme risks (and in the case of a programme the individual project risks), including external risks such as changing business priorities.
- Check that financial provision has been made for the project or programme and that plans for the work to be done through to business case justification (Gateway Review 1) for each procurement project are realistic, properly resourced and authorised. This should include the individual projects within a programme.

This Gateway 0 review was carried out from 26<sup>th</sup> to 29<sup>th</sup> January 2004 mainly at Allington Towers, London SW1E 5EB.

The team consisted of:

<Names redacted>

27 people were interviewed or spoken to on the telephone. They are listed at the Appendix.

The review team would like to acknowledge the help and openness of all those who contributed to the review, not least those who made (and frequently adapted) the interview arrangements for us. The candid discussion of the status of the programme was a notable feature of this review.

### **Conclusions**

The previous Gate 0 review carried out in June 2003 followed extensive government consultation on the Identity Cards scheme (then called Entitlement Cards) and although few of the Gate 0 preconditions were satisfied this was not a criticism of the work done at that stage by the small Entitlement Card team. The previous report detailed 16 recommendations, which outlined a best practice management framework appropriate for the size and complexity of the Identity Cards programme. In November 2003 the

Government decided in principle to go ahead once the OGC had confirmed, by means of a Gate review, that the programme is ready to proceed.

In the present Gate 0 review we have been very impressed and pleased with the substantial progress that has been achieved in the 7 months since the previous review. Of particular note has been the introduction of the comprehensive governance and management structure under the leadership of the Programme Board chaired by the Permanent Secretary and the creation of the multidisciplinary integrated management team headed by a Programme Director with broad relevant private sector experience. Although this relatively new team is still being developed, a number of stakeholder and user structures have been put in place with recognisable positive impacts.

With only a few exceptions the recommendations made by the earlier review have been fully implemented. In addition the new management team has compiled a generally convincing, although preliminary, strategic business case, improved stakeholder engagement, defined and implemented risk management and secured resources for the programme definition phase. In our view the Gate 0 preconditions have now been satisfied.

**The review team can consequently confirm that in our view the ID Cards programme is ready to proceed.**

Although a robust management framework, resources and plans are now in place with potential for success, many complex issues remain to be addressed and a great deal of further work is required to establish a solution that is feasible, affordable and achievable with a high degree of certainty. We have identified many critical areas where intensive work will be needed before the next review. We have made a number of significant recommendations designed to improve the prospect for success and we assess the status of the ID Cards programme to be AMBER.

This conclusion reflects our concerns with the potential for problems in the future and it must not be interpreted as comment on the quality and completeness of the work done to date or a qualification on our confirmation that the programme should proceed with the next phase of work.

We also emphasise that the SRO and the management team are as conscious as we are of the scope and magnitude of the issues to be addressed.

### **Good Practice**

Among many exemplars of good practice we have noted are the broad and senior membership of the Programme Board and their involvement in the recent risk awareness workshop, the proposed User Group structure and some excellent documentation.

## **Summary of recommendations**

The following recommendations are critical before next review (Gate 1)

**We recommend early appointment of a finance director or finance officer for the programme with specific responsibility for budgeting and financial modelling.**

**We re-affirm our earlier recommendation that the Programme Director, with the agreement of the Programme Board, should seriously consider appointing a professional firm, with relevant expertise, in the role of client advisers.**

**An early decision should be taken on whether it is necessary to keep open the option of putting the whole delivery structure or the whole front office function out to PFI.**

**The planning and implementation of the programme will need to continue to recognise the need of partner Departments to make a success of their own businesses alongside their participation in the Identity Cards scheme.**

**We recommend that strategic decision points be built into the programme cycle before the project proceeds from one phase to the next and in particular to the procurement phase. The business case and plan will need to be thoroughly updated and reviewed as part of these decision points. The Gate reviews should precede these Departmental decision points.**

**It will be essential to identify the preferred solutions to each of the main technical issues by the start of the procurement phase.**

**In order to confirm that the business case is robust at the next gate review we would urge that new costings and sensitivity analyses be prepared, together with financial modelling, alongside the work on structures, standards, deliverables and technical issues discussed above. Here again, the proposed client advisers could give much help.**

**We recommend that the programme adopt a more integrated approach to the assessment of risk, cost and timescale. This is an area where the proposed client advisers could give much help.**

**We recommend that Identity Cards should be treated as a single project rather than a programme for future Gate reviews until such a time as the performance review focus can be switched to the individual projects.**

The following recommendations are potential improvements

**We recommend that the Permanent Secretary should continue as chairman of the Programme Board until all of the major decisions that involve interdepartmental issues have been taken.**

**We endorse the proposal that the Programme Director should in due course assume responsibility for the programme as a whole.**

**We recommend that the Private Sector Users Group(s) be set up straight away.**

**The CIP facility will need to be ready in time and to the required standard if it is to be used to support the Identity Card programme.**

## **Preconditions**

### **Gateway Process Enhancements**

The OGC remit requires certain specific checks to be carried out on all IT-enabled programmes and projects as part of this Gate 0 review. These checks have been completed satisfactorily as follows:

Identity Cards is classified as a mission critical and high risk programme and consequently this Gate review has been carried out by a fully independent team. The quality of management and level of resources has been assessed to be adequate at this point in the programme.

Identity Cards is an incremental, not big-bang, programme and an appropriate approach has been adopted.

The Home Secretary has been clearly defined as the responsible Minister.

<Name redacted>, the Permanent Secretary, is currently the SRO and also chairman of the Identity Cards Programme Board. Helen Edwards will become the SRO following this review. Helen was recruited for her new post as an internal applicant through an open competition selection process that assessed the suitability of all candidates for SRO duties, which were included in the job description. She has previous SRO experience and will attend the SRO training course.

<Name redacted> is the Programme Director. <Name redacted> was recruited as an external candidate through an open competition selection process that assessed her suitability for this post. She has extensive relevant private sector experience.

The Identity Cards programme has been assessed by the Department against the NAO/OGC list of common causes of failure. We have examined this assessment and support its conclusions although recognising that some of the common causes on the NAO/OGC list relate to activities that will be undertaken during later stages of the programme.

## Clearance of Actions

Three recommendations from the report of the review carried out between 23<sup>rd</sup> and 25<sup>th</sup> June 2003 have not been implemented. These recommendations and the our comments are:

“a senior Ministerial committee chaired by the Home Secretary should exercise Ministerial oversight of the scheme” – the Cabinet’s Domestic Affairs Committee, chaired by the Deputy Prime Minister, will exercise Ministerial oversight. This meets the spirit of the recommendation

“the Programme Director should lead the main Programme Management Team and the Bill Team” – we support the Department’s conclusion that the appointment of a Programme Director from outside the Civil Service meant that it was not appropriate immediately to bring both teams together under a single Director. However, we note that it is the intention to move to this position shortly

“the Programme Director should appoint a Professional Client Adviser” – this has not been done and we believe that the case for such an appointment remains compelling (see later).

The other recommendations, covering programme management, links with other Government Departments, Agencies and other stakeholders, early consideration of the implementation phase including links with other Government initiatives, costs and benefits, and legislative requirements, have been implemented in full.

## **Potential for success**

The Identity Cards programme’s potential for success is not in doubt. As the SRO and Programme Director recognise, however, there is much work to be done before a robust business case can be established for a solution that meets the business need, is affordable and achievable, with appropriate options explored, and likely to achieve value for money, as required at Gate 1. We list below some key areas where in our view the planned activities are critical, with recommendations where appropriate.

### Programme direction, management and advice

As described above, good programme direction and management structures have now been established at Ministerial and official levels for a programme, which involves many separate Departments and agencies. Some important points are:

The Department has done well to assemble so many partners together at senior level on the Programme Board. In our opinion, DWP should to be seen as important a partner as UKPS, DVLA and IND. Also crucial will be ONS, if deliverables from the proposed Citizens Information Project are built into the solution specification for the National Identity Register.

We endorse the Permanent Secretary's decision to remain as Chairman of the Programme Board even after handing over the SRO role (in due course) to the recently appointed Director General, Helen Edwards. With so many Departments and Agencies involved, retaining a Chairman with this seniority and experience of Whitehall will be exceptionally valuable. **We recommend that the Permanent Secretary should continue as chairman of the Programme Board until all of the major decisions that involve interdepartmental issues have been taken.**

There have been cogent reasons thus far for maintaining separate reporting lines for policy and delivery, physically co-located. **We endorse the proposal that the Programme Director should in due course assume responsibility for the programme as a whole.**

We felt that the current team structure placed insufficient focus on the vital task of budgeting and financial modelling and does not provide clear separation between financial control and contract management. **We recommend early appointment of a finance director or finance officer for the project with specific responsibility for budgeting and financial modelling.**

**We re-affirm our earlier recommendation that the Programme Director, with the agreement of the Programme Board, should seriously consider appointing a professional firm with relevant expertise in the role of client advisers.** Many other Departments in Whitehall have found this invaluable. A common arrangement is to select a firm with excellent reputation and relevant experience including a named individual at senior level to act as lead-adviser. The lead-adviser then brings in experts from his or her own firm, or others on sub-contract, to work in the Department, alongside the Department's own staff, in helping the Programme Director and team to assess options, manage the project and contract and oversee other contractors. This gives the Programme Team ready access, on a continuing but flexible basis, to specialist professional skills and experience, including proven project, risk management, procurement, analytical and modelling experience, which it cannot hope to assemble fully in-house.

We believe that an arrangement on these lines is likely to support the Programme Director more effectively in appraising and testing delivery options and defining and delivering the project successfully than appointing a prime contractor to oversee a range of other consultants and contractors at arm's length.

We support the Programme Board's decision to appoint not only a Principal Users Group of public sector stakeholders but also a Private Sector Users Group. This clearly needs to include representatives of employers and of the financial sector who will have much useful advice to offer on building the systems as well as in their user capacity. **We recommend that the Private Sector Users Group(s) be set up straight away.**

#### Structures: front and back office

The Department has reached firm decisions (rightly in our view) to make the proposed Card an Identity Card rather than an Entitlement Card, to build the

National Identity Register from scratch and to interview people (and collect the chosen biometrics) before populating the register. An option is that the register will be run by a dedicated agency under the Secretary of State.

We understand that the Programme Board also leans towards the development of a common, integrated service team for conducting interviews and collecting biometrics rather than dividing this task between several different agencies. This too we would strongly support.

There is agreement that different arrangements are likely to be needed for interviewing and collecting biometrics from different client groups, viz children of age rising 15 <sup>3</sup>/<sub>4</sub>, other UK residents and persons coming from overseas. The latter category includes subcategories where special arrangements may be needed.

In our view, the fuller business case for the project at Gateway 1 will need to include a proposed (or preferred) model for all the delivery structures, including enrolment and card issue (front office), and data assembly, maintenance and management and data access cum acceptance infrastructure (back office). It will be necessary to develop proposed approaches for acquiring or converting a network of front offices (numbers, locations and relationships with existing offices) and recruitment and training of staff.

We note that the Department will need to consider as part of the options and feasibilities studies whether to set up one implementing body to implement both front and back office functions or (perhaps less appealingly) two separate bodies. Decisions will also be needed on what form the body or bodies should take (agency or otherwise) and when and how it (they) should be set up. We would see merit in setting it (them) up in embryo, separately from the programme team, well in advance of roll-out.

## PFI

We see a strong case for deciding at an early stage, ahead of the procurement phase, whether or not PFI has to be considered as a serious option for the whole task of running the whole delivery structure or even the front office function (although we recognise that it may not be possible to take an early decision for some specific subsets of tasks within the overall service delivery structure).

Should the Department take the view that on a variety of grounds (including the importance of retaining strategic control, the sheer complexity of the project, the number of public stakeholders involved, concerns about the implications of supplier failure, public acceptance and cost), PFI for the whole task could not be a preferred option, it would seem important to decide that promptly. Keeping such an option open when there is no need to do so would seriously detract from focussed and effective programme direction. **An early decision should be taken on whether it is necessary to keep open the option of putting the whole delivery structure or the whole front office function out to PFI.**

## Collaterals

As implied above, the Identity Cards programme will have a major impact on the businesses of most if not all of the Home Office's partners in the project, and in particular on UKPS, DWP (JC+), DVLA, IND, FCO and ONS.

**The planning and implementation of the programme will need to continue to recognise the need of partner Departments to make a success of their own businesses alongside their participation in the ID Cards scheme.** They will need to maintain their own databases as well as interfacing with the National Identity Register. It will also be important to continue to look for possible synergies and rationalisations. **The CIP facility will need to be ready in time and to the required standard if it is to be used to support the Identity Card programme.**

## Decision milestones

The Programme Team has prepared a Programme Overview plan in gantt chart format which identifies distinct Programme Definition, Procurement, Build, Test and Roll Out phases. For the fuller business case at next Gate review, it will be important to introduce more detail into the programme plan chart, for example, to show how the development and deployment of the front and back office structures (as discussed above) will be scheduled and implemented. We also believe that the strategic decisions must be clearly identified in these planning documents.

**We recommend that strategic decision points be built into the programme cycle before the project proceeds from one phase to the next and in particular to the procurement phase. The business case and plan will need to be thoroughly updated and reviewed as part of these decision points. The Gate reviews should precede these Departmental decision points.**

## Deliverables

In considering the deliverables for the project, it will be important to see the Identity Cards programme as a whole system for enabling public services, the police and others who need to do so, to establish with a high degree of assurance the identity of persons they are dealing with. As with telephone handsets and credit / debit cards, the card itself will be a relatively small element in the whole.

The important elements will be the processes for enrolment, data capture and management, and access by users to the data or subsets of data or data-based messages (the acceptance infrastructure). Quality will be crucial in all cases.

There will be important issues about how far the planned purposes for which Identity Cards are used should extend, what standards of accuracy and other quality indicators should be set (bearing in mind the cost implications) and

how migration from existing documents should be achieved. Here too preferred solutions will need to be defined in the next stages of the planning work.

### Technical issues

We became conscious in the course of our discussions how many of the critical technical issues will need to be resolved and how great an impact some of these will have on costs, timing and other programmes. **It will be essential to identify the preferred solutions to each of the main technical issues by the start of the procurement phase.** Some examples are:

- *Plain cards.* It was put to us that there was a case for issuing people with passport cards rather than the less useful plain cards proposed for non-holders of driving licences or passports.
- *Information on card.* What information will best be (a) shown on the face of the Card, (b) contained in the chip or (c) accessed only through the database? Especially important in this connection are addresses information and biometrics.
- *Choice of identification number.* Should this be the National Insurance number or a new set of numbers? There are arguments in favour of the NI number but Inland Revenue officials have concerns about the amount of matching work they might have to undertake in order to match ID nos with the correct set of income tax and national insurance information.
- *Biometrics.* There is general agreement that there should be a second biometric as well as the photograph (or digital photograph). On the assumption that DNA would be too expensive, however, should it be fingerprints or irises (or both)? How scalable are the two technologies? And what are the cost implications? It was put to us that EU Directives and international passport standards might leave little option but to use fingerprints (which could also, unlike irises, be compared with existing stocks held by the police and others). The matter needs, however, to be firmly decided.

### Legislation

We understand the considerations that point to early legislation. This is a programme where in practical terms programme definition, general enabling legislation and the broad procurement strategy have to be decided alongside each other. Fortunately it seems likely that the legislation can be framed in such a way as to keep open all the attractive technical and business options.

### Costs and funding

The cost estimates date from work carried by consultants last summer. In our view, they cannot be considered to be adequate for the full business case. The analysis already undertaken indicates high levels of sensitivity against some assumptions. **In order to confirm that the business case is robust at the next gate review we would urge that new costings and sensitivity**

**analyses be prepared, together with financial modelling, alongside the work on structures, standards, deliverables and technical issues discussed above. Here again, the proposed client advisers could give much help.**

On funding the Department have made clear that they will assign priority to the delivery of the Identity Cards programme and finding the necessary funds with help from HM Treasury. There are some concerns about funding in the Partner Departments. It will be important to do everything possible to ensure that such concerns do not hold up progress on the programme. As part of this clarity will be required as to which Department will be responsible for what.

### **Risk management**

A programme risk management strategy and a risk register have been developed which informed a recent Programme Board risk awareness workshop. This senior level event is commended as it helped to create and foster the desirable risk awareness culture throughout the programme. The register is currently built on worse case assessments and it takes no account of the impact of the considerable mitigation activities that are already in place. Although this conservative approach will be beneficial at this stage of the programme its value will diminish in the absence of a more measured assessment of the threats to programme success. Consequently as the effectiveness of the mitigation becomes apparent the impact must be factored into the risk register through a regular review and update process.

Currently the team's approach to risk management does not yet integrate the risk effects into the programme cost and schedule. The approach to risk management needs to be developed and some external help may be needed for this. Risk adjusted plans and cost should be produced during the project definition phase. Use of the Risk Management Maturity Model developed to measure the effectiveness of the MOD project management teams will help the team to understand how to develop their capability in this vital aspect of programme management.

**We recommend that the programme adopt a more integrated approach to the assessment of risk, cost and timescale. This is an area where the proposed client advisers could give much help.**

### **Readiness for next phase – business justification**

We can confirm that in our view the Identity Cards programme is ready to proceed. A further Gate review should be carried out towards the end of the Programme Definition phase when the options appraisal and feasibility studies have been completed, the business case has been filled out and the bill is published or ready for publication, which with the current schedule should occur towards the end of 2004.

The earlier Gate 0 review concluded that Identity Cards should represent a programme of projects, as risks will be minimised by building on existing operations and future initiatives in a number of operational areas within the Home Office and other Departments. There have been no developments to change this conclusion although substantial feasibility and solution design will

be needed before the any of the sub projects (apart from pilots) can be defined and approved. Until this is done, possibly in mid 2005, Identity Cards will be managed as a single major project. **We recommend that Identity Cards should be treated as a single project rather than a programme for future Gate reviews until such a time as the performance review focus can be switched to the individual projects.** Proceeding in this manner will continue to set the increasingly challenging performance benchmarks embodied in the Gateway process for the management team. The next Identity Cards review should therefore be Gate 1.

### **Annex - List of Interviewees**

<Name redacted>	Permanent Secretary
<Name redacted>	Home Office
<Name redacted>	Programme Director
<Name redacted>	Programme team
<Name redacted>	Programme team
<Name redacted>	Programme team
<Name redacted>	Programme team
<Name redacted>	Programme team
<Name redacted>	Programme team
<Name redacted>	Programme team
<Name redacted>	Programme team
<Name redacted>	Staffordshire Police (ACPO)
<Name redacted>	APACS
<Name redacted>	APACS
<Name redacted>	DVLA
<Name redacted>	DVLA
<Name redacted>	UK Passport Service
<Name redacted>	ODPM
<Name redacted>	ODPM
<Name redacted>	Home Office IND
<Name redacted>	DWP
<Name redacted>	Inland Revenue
<Name redacted>	Inland Revenue
<Name redacted>	Office for National Statistics
<Name redacted>	Office for National Statistics
<Name redacted>	FCO
<Name redacted>	DfT