



Entitlement Cards and Identity Fraud

A Consultation Paper



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by the Secretary of State for the Home Department
by Command of Her Majesty
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Foreword

**by the Home Secretary,
the Rt Hon David Blunkett MP**



After the terrorist atrocities in the United States on 11 September 2001, I was asked whether the Government was considering introducing identity cards. I said at the time that any debate about identity cards should not centre exclusively on issues of national security. Far more important are the issues of citizenship and entitlement to services and it is in this context that I would like to see the debate unfold.

In February we set out our policies on nationality, immigration and asylum in the White Paper *Secure Borders, Safe Haven* (CM 5387). In the Paper we announced that we would be publishing a consultation paper on entitlement cards later in the year. By giving advance notice of the publication, we have been able to take account of the views expressed in over 300 letters and emails sent by members of the public and to consult a wide range of organisations in the public and private sectors. I am very grateful for the contributions we have already received and look forward to a lively and informative debate over the next six months.

There are strongly held views on all sides of the debate on identity or entitlement cards. Although many people have settled views on the principle of whether or not they favour them, I think it is important to rehearse all the pros and cons of a scheme even if this is seen as going over old ground. I think there will be an even more informed debate if we also explain how a card scheme might operate in practice. Everyone can then relate the potential uses of a card scheme to how it might benefit them in their daily lives. Equally they will be more aware of how a card might cause some inconvenience for example in having to go through the process of applying for one. We have therefore provided an outline of a possible scheme in this Paper. Whether we go ahead with the scheme will be dependent on the assessed will of the people of the United Kingdom, which is why we are launching this consultation. It is essential that any card is practical and cost-effective in meeting the objects for which it is intended. The particular shape and nature of the entitlement card, and its development, will also be subject to the views put forward and the technical potential for the years ahead. It will by its very nature take some time, should the Government decide to legislate, to get the card into place. We will also need to take into account technical developments which will provide both for a greater range of potential uses and improved security, alongside the impact of such work on the timetable for the ongoing modernisation of the Government's core IT systems.

One of the potential benefits of a card scheme which is most often quoted is in reducing identity theft and fraud which each year costs the economy at least £1.3 billion. There is a pressing need to tackle this problem now and an entitlement card scheme could only make a contribution in the long term when cards were widely held by the population. The Government is therefore also publishing a report on the extent of identity fraud and other possible measures to combat it. Some of the measures could involve increased co-operation between the public and private sectors and increased use of information sharing about individuals. This paper also seeks views on some of these projects as well as setting out actions the Government will take in the short term.

The consultation exercise will run for six months which I hope will give time for everyone to consider the issues in depth by holding discussions in their communities, with their Members of Parliament and local councillors and by participating in the debate in the media. The introduction of an entitlement card scheme would be a major step and the Government would not proceed without the most careful consideration of all the responses we hope to receive.

Douglas Blunkett

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Executive summary

- 1 The Government wishes to consult on whether it should introduce an entitlement card scheme. A universal entitlement card scheme would:
 - (i) provide people who are lawfully resident in the UK with a means of confirming their identity to a high degree of assurance;
 - (ii) establish for official purposes a person's identity so that there is one definitive record of an identity which all Government departments can use if they wish;
 - (iii) help people gain entitlement to products and services provided by both the public and private sectors, particularly those who might find it difficult to do so at present;
 - (iv) help public and private sector organisations to validate a person's identity, entitlement to products and services and eligibility to work in the UK.

The consultation will help the Government to weigh up the overall costs and benefits of introducing entitlement cards.

2. The Government does **not** wish to consult on the introduction of a compulsory scheme, by which it means a card which everyone would have and be required to carry at all times.

Potential Uses of a Card

3. By giving a clear indication that the holder of an entitlement card is lawfully resident in the UK, a card scheme could be a powerful weapon in combating illegal immigration. The perception that once people manage to enter the country illegally they can work and obtain benefits and public services with impunity adds to the 'pull factor' which draws people into organised networks of people trafficking. A universal entitlement card scheme would give greater credibility to legal migration routes into the country. It would reduce the burden on legitimate employers who already check the immigration status of their employees by giving them a single, easily understood card to check. It would also help to prosecute unscrupulous employers who employ illegal workers for less than the minimum wage and undercut legitimate companies.
4. The potential benefits of an entitlement card scheme go much wider than an immigration control measure. It could provide a more efficient basis for administering public services by

avoiding the need for people to provide the same personal information time and again to a range of public services. There would also be savings for service providers as there would be a single definitive source of information about people's identity and possibly a unique personal number for everyone registered on the system.

5. A card scheme could help prevent people becoming victims of identity theft and identity fraud, for example preventing parents suffering the distress caused when a criminal assumes the identity of their deceased child. A card could allow people to travel around Europe without the need to carry a passport book and might be useful to young people to help prove their age when purchasing age-restricted goods and services.
6. The arguments for and against entitlement or identity cards have been made many times since the wartime scheme was abolished in 1952. The benefits of improving the provision of public services and reducing illegal immigration and identity fraud need to be considered alongside the arguments against a scheme. People might be concerned that a card scheme might allow the Government to link together all of the information it held on individuals. If a card scheme was not secure, it could itself become the source of increased levels of fraud if cards could be forged. The Government recognises that there are strongly held views on both sides of the argument and wishes to see these explored fully during the consultation period.
7. One of the arguments most often quoted against a card scheme is that the benefits would take many years to realise because of the time it would take for cards to be held widely. Because of the pressing need to tackle the increased threat of identity fraud which is estimated to cost the country at least £1.3 billion each year, the Government would also like to consult on a number of measures which could be implemented in advance of an entitlement card scheme or instead of one, if it was decided not to proceed after this consultation exercise. The Government is publishing a separate report on the extent of identity fraud and suggested ways of combating it which provides more detail than can be covered in this paper but the main points are summarised in Chapter 4.

How a card scheme might work in practice

8. The Government expects that there will be a vigorous debate on the general pros and cons of an entitlement card scheme. However it thinks that there will be a more informed debate if people also have an idea about how a scheme might work in practice. This paper therefore sets out a suggested scheme in which the photocard driving licence and the recently announced passport card would both be equally acceptable forms of entitlement card.

It is not possible to combine the exact format of both cards into one because of the specific requirements of the respective EU and international standards with which each card must comply. However, as the format of the UK passport card is yet to be decided, it will be designed to accord as close as possible with the format and layout of a photocard driving licence. Both will therefore fulfil the functions of an entitlement card. Not all the population can qualify for a driving licence or a passport. These people would be offered a card at a lower cost than a passport or a driving licence in the form of a non-driving licence/entitlement card. Such cards are commonly used as forms of photo-id in the United States by people who cannot drive. The card would look like a photocard driving licence minus the information on what vehicles the holder is entitled to drive. The use of driving licences and passport cards, suitably adapted, is only one way of delivering cards to the population using existing organisations. Chapter 5 and Annex 4 detail how such a scheme might work if it were decided to proceed. But Chapter 5 is illustrative rather than prescriptive and the figures for costs, charges and timetable cannot be more than broad estimates at this stage.

9. In order to ensure that a card scheme would provide a greater level of protection against identity fraud, it is proposed that the checks currently undertaken for driving licence and passport applications should be strengthened. One of the most difficult parts of a person's identity to counterfeit is their historical background which can only be built up over time for example as they pass their driving test, apply for a passport and open bank accounts. The method of issuing entitlement cards would make greater use of checks on this type of information.
10. Another option which the Government would like to explore is the recording of biometric information as part of a card scheme. This would take the form of recording a fingerprint scan or the image of a person's iris (the coloured ring around the eye) as well as a digital photograph which is already taken for passports and driving licences. There would be strict controls on how this information was used. If it proved feasible and cost-effective, recording this information would greatly reduce the ability of fraudsters to create multiple false identities and provide a powerful way for people to prevent their own identities from being stolen. However it is also important that the introduction of this technology should be acceptable to the general public and the Government would like to use this consultation exercise to seek people's views. This means whether it would be acceptable **in principle** for this information to be recorded and also whether it would be acceptable **in practice** as people would need to go somewhere where the appropriate recording equipment was installed when they applied for a card.
11. The Government would ensure that a scheme complied with the requirements of the Data Protection Act 1998 by setting out the purposes of the central register on which a card scheme would be based in legislation and drawing up regulations for the use of any unique personal number which might be given to every person who registered. Under the suggested scheme set out in this paper, the central register would **not** become the depository for a wide range of information held by different Government Departments or Agencies about individuals. The Government is clear that protection against intrusion or unauthorised access to personal information is crucial if any such scheme were to work.

12. An entitlement card would probably be issued in the form of a smartcard which incorporated a simple memory chip. This would allow other organisations to make more use of the card which in turn would help it become more useful to card-holders. There would be safeguards to ensure that information which might be held on the chip from one service provider was not made available to other service providers in an unauthorised manner.

Cost estimates

13. The cost of a scheme would depend on whether biometric information was recorded and what type of card would be issued. The more sophisticated the smartcard used, the more often a card might have to be re-issued which would increase the scheme's costs. Over a three year period of developing the systems and a ten year period during which the cards would be valid, the total cost of a scheme would be around £1.5 billion. This figure is based on broad estimates of delivering large scale IT and distribution systems. The figure is subject to a number of caveats and should be treated with some caution. These costs do not take into account any savings to the Government in terms of more efficient administration of services and reductions in fraud. Neither do they take into account any additional revenue paid to the Government by partners who might wish to use the card to help administer their services. It is only after this consultation exercise that the Government will be able to make an estimation of the savings to Government – as it needs to know what services people would like to see linked to a card and also whether and how other organisations would want to make use of it.
14. Even if the net costs of a scheme were as high as £1.5 billion, these could be recouped by increasing passport and driving licence fees and by charging a fee for the non-driving licence/entitlement card. The fee for the non-driving licence/entitlement card would be lower than the current passport and driving licence fees (which are £30 and £29 respectively). The level of the fee increase would also depend on whether the card was a smartcard and how sophisticated the chip on the card would be. If a 10-year non-driving licence/entitlement card cost £15, passport and driving licence fees would have to rise by around £10-£14 depending on the sophistication of the card. If a 10-year non-driving licence/entitlement card cost £5 – which might be more affordable for less affluent groups in the population – this would mean a rise in passport and driving licence fees of around £14-£18, again depending on the sophistication of the card. For a further fee increase of £1, non-driving licence/entitlement cards could be made available free of charge to the 10 million least affluent members of society. The Government is also investigating the feasibility of paying by instalments for some types of entitlement card. The caveats which apply to the cost estimate for a scheme, similarly apply to how the costs might be recovered through fees.

15. The Government wants to see a full and informed debate on whether a scheme should be introduced. The publication of this paper marks the beginning of that process. By allowing 6 months for comments, the Government hopes that people and interested organisations will have time to consider the issues in depth. The Government is grateful for the contributions and suggestions which it has received since it announced it intended to publish this paper. In the months ahead, it will continue the dialogue it has started with various groups and broaden the range of organisations it has met to discuss the issues raised in this consultation paper.

Chapter 1

INTRODUCTION

- 1.1 The UK is increasingly a card-carrying society. Most people are used to carrying forms of identity which are used to prove their entitlement to a wide range of products and services. Approximately 90% of adults hold some form of plastic card used for financial purposes. These include:
- ATM (Automated Teller Machine) cards – commonly referred to as ‘cash cards’ for withdrawing cash and obtaining other services from cash machines.
 - Credit cards – which allow goods and services to be obtained on credit.
 - Debit cards – which allow goods and services to be paid for by debiting the card holder’s account directly.
 - Store cards – a form of credit card issued for use by a particular retailer or chain of retailers.
- 1.2 Over 137 million plastic financial services cards are in circulation in the UK. Increasingly, one card offers more than one service for example most debit and credit cards can also be used as ATM cards. In addition to cards issued by the financial services industries, other types of plastic card are also issued by organisations as diverse as:
- local authorities, for example to access library services or concessionary travel;
 - clubs, such as health clubs which often use cards to control access to their facilities;
 - rail and bus companies for season tickets;
 - retailers for loyalty card schemes;
 - other private sector service providers such as motoring organisations.

Since 1998, the Government has also issued plastic cards to over 10 million people in the form of photo-card driving licences.

1.3 The Government wishes to consult the public and interested organisations on whether it should introduce an entitlement card scheme and if so what form that scheme should take. A card scheme would entail:

- establishing a secure database which could potentially hold core personal information about everyone who is lawfully resident in the UK;
- implementing rigorous procedures to ensure that the information held on the database was accurate and protected from unauthorised access;
- linking the core personal information to other databases which held service entitlement information. This would allow service providers to deliver their services more efficiently and effectively and in a way which made it simpler for people to gain access to the services to which they were entitled;
- issuing entitlement cards to everyone on the central database so they had a convenient way to access services.

This consultation exercise seeks views on whether using an entitlement card would:

- be more convenient for those using services, for example through not having to provide the same information many times over to different Government agencies and through not having to carry a number of cards to access a range of services;
- ensure that people who might have difficulty in obtaining entitlement to services can do so more easily on production of a card;
- allow the Government to administer services more efficiently;
- help to tackle illegal immigration and illegal working by providing a straightforward way for service providers to check entitlement to services and for employers to check eligibility for work.

It also seeks views on what services people would find most useful to link to a card and which service providers in the public and private sectors would wish to use a card scheme.

1.4 If a card was issued subject to stringent security checks such as those associated with passports and driving licences, public and private sector organisations might also use the card to help reduce levels of identity fraud. There are other measures to combat identity fraud which the Government could implement on a faster timescale and at lower cost than an entitlement card scheme. This consultation exercise also seeks views on some of these measures.

- 1.5 A card scheme also has drawbacks. People might regard a card as an unnecessary intrusion into their privacy, especially if the scheme required everyone to have a card. It would take some time to set up a scheme and issue cards in sufficient numbers to cover most or all of the population. It might take some time before the up-front costs – which might have to be met by fees – would yield additional benefits to card-holders. The project would be complex and subject to the risks confronted by all large scale IT projects. The Government would not proceed with a scheme without a full cost-benefit analysis, and a proper risk assessment of the challenges posed by the procurement and roll-out. These studies would be published alongside any decision to proceed.
- 1.6 Chapter Two of this paper discusses the pros and cons of different types of scheme, for example whether a scheme should be voluntary or universal. It also discusses how a scheme could be established in law.
- 1.7 Chapter Three discusses some of the potential uses of an entitlement card such as helping to provide better access to Government services and helping to reduce identity fraud.
- 1.8 Chapter Four discusses some other ways of dealing with identity fraud. It should be read in conjunction with a detailed report on the extent of identity fraud and possible measures to deal with it which the Government is also publishing (www.homeoffice.gov.uk/dob/ecu.htm).
- 1.9 There are many different ways in which a national entitlement card scheme could be set up and run. Chapter Five outlines one option in order to help inform debate about the advantages and disadvantages of a national card scheme. Further detail is provided at Annex 4. The Government would welcome suggestions for improvements to the suggested scheme or other ways in which it could be provided.
- 1.10 Chapter Six discusses how a scheme would need to comply with the principles of the Data Protection Act 1998 and the Human Rights Act 1998.
- 1.11 Annexes to this paper provide a summary of all the consultation points in the paper, a brief history of identity cards during the First and Second World Wars, a summary of schemes operating in some other countries, a more detailed description of the scheme outlined in Chapter 4 and a more detailed discussion of how the cost estimates were arrived at.
- 1.12 The Government hopes that the consultation will be widespread and will be pleased to facilitate meetings around the UK where the issues can be debated. The consultation exercise will last until 10 January 2003.

Comments should be sent to:

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Or they can be sent via email to:

entitlementcardsunit@homeoffice.gsi.gov.uk

A copy of this paper and the more detailed report on identity fraud is available on:

www.homeoffice.gov.uk/dob/ecu.htm

All comments received on the consultation paper may be published unless the person or organisation making them specifically asks for them not to be.

Chapter 2

THE OPTIONS FOR AN ENTITLEMENT CARD SCHEME

2.1 An entitlement card scheme would comprise:

- a central database ('the central register') capable of covering all of the resident population of the UK. The central register would hold core personal information which is commonly used by all service providers such as name and address;
- secure procedures for establishing entries on the central register and for keeping the information up to date so that people would not have to provide the same information time after time to different service providers;
- links between the central register and information held on other systems by service providers so they could make efficient use of the information stored on the central register. The links would need to be designed so that information about specific entitlements (for example medical restrictions on a person's ability to drive) were not made available to other service providers without consent;
- the issuing of plastic cards to everyone on the central register. The cards may incorporate some information and features on a microchip embedded into the card. These are commonly known as 'smartcards'. The cards could provide a convenient way for people to prove their identity and their entitlement to services in some circumstances. In other circumstances such as when services are provided over the telephone, the card-holder's entry on the database would be the main way to prove identity and entitlement.

P1. The Government invites views on the principle of establishing an entitlement card scheme as a more efficient and convenient way of providing services, tackling illegal immigration and illegal working and combating identity fraud.

Coverage

2.2 An entitlement card scheme needs to be capable, ultimately, of covering the whole population. Unless a card scheme can cover everyone, it is questionable whether it will be

cost-effective to link it to major services. Without this degree of coverage, service providers and employers would need to maintain different ways of checking entitlement. As well as increasing certain costs such as staff training it is likely that more errors will be made if parallel systems are in operation. A scheme which was universal in its coverage would not need to be limited to services which were administered UK-wide (of which there are very few in any case). Each devolved administration or local authority could decide whether to link some of its services to an entitlement card scheme. But in order to give them that choice the scheme itself would need to be universal.

2.3 There could be one or more very targeted entitlement card schemes focused on specific services, regions or parts of the population. For example a card scheme could be used to verify access to particular services or facilities where there is a need to establish identity to a high degree of confidence for example benefit claims or obtaining a VAT Registration Number. In these cases only users of those particular services would require entitlement cards. Particular parts of the country might have problems which are less pressing elsewhere, for example the Government is implementing specific measures to combat electoral fraud in Northern Ireland. The Government is also issuing Application Registration Cards (ARCs) to asylum seekers to help them obtain the services to which they are entitled.

2.4 Even if an entitlement card scheme were limited to specific population groups or services, there would not necessarily be a proportional reduction in the cost of a targeted scheme compared with one which had wide coverage. For example the service the card was linked to might still be nation-wide (for example VAT Number Registration) and so the method of applying for cards might still need to be nation-wide even if only part of the population was covered.

P2. Should the Government give consideration to one or more targeted entitlement card schemes and if so what sort of schemes should be considered?

Voluntary or compulsory?

2.5 The debate on identity or entitlement cards is often confused by imprecise use of the adjectives which describe possible schemes. The following paragraphs discuss the different ways that schemes are often described and then defines precisely what the Government means by the different options available. The Government hopes that this will be helpful to those participating in the consultation exercise.

- 2.6 A voluntary entitlement card scheme would be one where:
- it was entirely at the discretion of the individual whether they registered with the scheme and obtained a card;
 - it would be the individual's choice whether or not to use a card to access particular services i.e. there would always be a way to gain entitlement to a particular service without a card.
- 2.7 A universal entitlement card scheme would be one where:
- everyone in the country over a certain age was required to register with the scheme and to obtain a card;
 - a card would be the only way to access particular services (other than in an emergency or in cases where a card had been lost or stolen). An analogy could be drawn with taking a driving test. To take a test, the candidate needs to have registered with the Driver and Vehicle Licensing Agency (DVLA), obtained a valid provisional driving licence and produce it at the test.
- 2.8 A compulsory entitlement card scheme would have the same characteristics as a universal scheme but would also include a legal obligation to carry a card or to produce it within a certain time at the request of a police officer or other authorised person.
- 2.9 Because a voluntary scheme could never guarantee complete coverage of the population, service providers would need to support different ways of checking the entitlement of the people they serve. Benefits to service providers would therefore be lower than for a scheme where everyone was required to have a card. Another drawback of a voluntary scheme could be that those people who could most benefit from having a simple, straightforward way to assert their rights and entitlements might be among the least likely to apply for a card. From the point of view of society as a whole, the greatest benefit of an entitlement card might well be negated if a section of society were not to take up the card and the protections it could afford to the broader community would be reduced or eliminated.
- 2.10 A voluntary scheme could help to ensure that more effort would be made to make a card genuinely attractive to cardholders. It could help to keep the issuing organisation focused on meeting customer needs and improving the range of benefits associated with the card. However even with the best conceivable service, there would always be some part of the population not covered. Even if coverage was not universal, a voluntary card scheme would provide everyone with the opportunity to possess an official form of Government-issued proof of identity and entitlement. This is not the case at present as only people who qualify

for driving licences and passports can obtain such a document. If cards were widely held, service providers might still be able to rely on a card scheme to help them administer their services, though they would also have to have other ways to determine identity and entitlement.

P3. Views are invited on whether the Government should implement a voluntary entitlement card scheme.

2.11 The main advantage of a universal scheme would be that it would ensure complete coverage. However universal coverage is not an end in itself, rather it would be a means to ensure more consistent and efficient delivery of services linked to the card scheme and also to realise more benefits which would be linked to the degree of card ownership such as helping the private sector combat identity fraud. The disadvantages of a universal scheme are:

- some people might regard the requirement to have a card as an unwarranted intrusion into their personal lives and might find the process of applying for a card inconvenient;
- if a fee was charged for a card, some people might not be able to afford it;
- service providers would need to have special procedures to identify genuine cases of loss or theft of a card, if the sanction for not having a card was to be denial of service.

2.12 Of course a card scheme cannot dictate to service providers that the card should be the exclusive means of accessing their services. However if they did not make the card the only route to apply for or to demonstrate entitlement to their services, they would have all of the disadvantages of a compulsory scheme without the most important benefit i.e. a consistent and efficient way to identify who was entitled to the service. Requiring a card to be produced for particular services need not mean that it would be required for every service. It could be a matter for each service provider to opt into the scheme when it was deemed most appropriate for them to do so for example after a period of consultation with those who would be most affected.

2.13 The required use of a card would not preclude other ways of accessing services in an emergency for example when a card had been lost or stolen. No person would be denied access to a service in these circumstances. However a universal card scheme could still have a role in these cases, for example a service provider could be able to check with the card issuing authority that a card had been reported lost or stolen.

2.14 The key to being able to determine entitlement in cases where a card had been lost or stolen would be for the database which administered the scheme to have universal coverage of the population. Some services – particularly those where there is little or no face to face contact

(such as services provided via telephone call centres) might use the card scheme without making use of the card itself. They would access the information held on the card issuing database (with the consent of the card-holder).

- 2.15 The Government has already ruled out the option of a compulsory scheme and does not wish to consult on it. Supporters of a compulsory scheme advocate that it would help the police to identify suspects. The current police powers in this area are set out below. Identifying a suspect is not usually a problem for the police, the vast majority of people they come into contact with are already known to them.

POLICE POWERS OF IDENTIFICATION

- 2.16 The police generally have no powers to require a person to provide them with information about their identity. However under section 25 of the Police and Criminal Evidence Act 1984, a constable may arrest a person on suspicion of committing an offence which would not normally be subject to powers of arrest, if the identity of the person cannot be readily ascertained or there are reasonable grounds for doubting whether the name and address provided by the person are genuine. The provisions also apply in Northern Ireland by virtue of Article 27 of the Police and Criminal Evidence Act (Northern Ireland) Order 1989. In Scotland under section 1 of the Criminal Justice (Scotland) Act 1980, if a constable has reasonable grounds for suspecting that a person has committed, or is committing an offence, the constable may require the person to give his or her name and address. Failure to comply with that requirement is in itself an offence.
- P4.

Views are invited on whether the Government should implement a universal entitlement card scheme where:

- (i) it would be a requirement that all lawful residents of the UK over a certain age register with a scheme and obtain a card;
- (ii) service providers would be free to decide whether or not to use the card scheme as the means to access their services;
- (iii) service providers who did choose to use the card scheme would make the scheme the exclusive way to access their services (with exceptions for emergencies such as lost or stolen cards);
- (iv) some services would rely on the database which administered the card scheme rather than require production of a card if that was a more efficient and convenient way to provide the service.

Legal basis for a scheme

2.17 An entitlement card scheme for UK citizens only could be implemented without legislation if it was based around passports which are issued under the Royal Prerogative. However the Government wishes to consult on a scheme which would cover UK residents and this would therefore require primary legislation. It also believes that primary legislation is the appropriate way to implement a scheme in any case. The scope of any legislation would need to cover:

- the establishment of an entitlement card as a legal entity;
- powers to make regulations on how entitlement cards could be issued (as is currently the case for the issuing of driving licences);
- creation of criminal offences for making fraudulent applications for cards, fraudulent use of cards and counterfeiting of cards;
- the provision of any information sharing powers necessary to check applications for cards (see Chapters 5 and 6);
- rules for the sharing of any information contained in the card issuing database with other parties;
- penalties for failure to notify changes to personal details for example change of address or change of name.

2.18 As one of the primary suggested uses for an entitlement card scheme is as an immigration control measure to help combat illegal working, any legislation would be a matter for the Westminster Parliament. However the Westminster Parliament could not create specific criminal offences in Scots Law associated with an entitlement card scheme (for example making a fraudulent application for a card) without the consent of the Scottish Executive and Parliament.

2.19 As with driving licences, the detailed rules on how entitlement cards could be issued would probably be best left to secondary legislation. For example the Government would want to be able to introduce changes to the scheme quickly should the design of a card become seriously compromised by counterfeiters. It would be unnecessarily disruptive to the Government's legislative programme to have to introduce emergency primary legislation in such circumstances. It would not be the Government's intention to make significant changes to any entitlement card scheme via secondary legislation. For example it would not be possible to make a voluntary or universal scheme into a compulsory scheme without a change in primary legislation.

2.20 It could be possible to link use of the card scheme to particular services in the primary legislation which established the card scheme itself. However it could be many years before cards were widely or universally held. A better option might be to wait until the scheme was established and require each particular service to amend its own rules or enabling legislation when it wished to adopt the card. An example might be the use of a card to help combat illegal working (which is discussed further in Chapter 3 paragraphs 13-20). It would only be when a card was widely held that the regulations deriving from the Asylum and Immigration Act 1996 would be amended to make the card the only means by which employers could comply with the law on checking the eligibility of their employees to work in the UK. This is arguably a more open and transparent approach to linking the card to specific uses over time. However it does mean that Parliament might be asked to approve a card scheme without a complete description at the time of the full range of its potential uses.

P5. Views are invited on what the contents and scope should be of any legislation to implement an entitlement card scheme.

2.21 If the Government decided to proceed with a universal scheme it would have to decide how to ensure that all the population was covered. It could allow a period of grace where card ownership would be voluntary or linked to the renewal of other documents such as driving licences or passports so that ownership would rise gradually. There could then be a specified date by which everyone would be expected to obtain a card.

2.22 The sanctions for failing to obtain a card would depend on the uses of the card. In most cases the sanction would be denial of service, subject to the need to ensure that people whose cards had been lost or stolen could still receive services while waiting for a replacement. In some card schemes in Europe there are criminal sanctions for failure to have a card. A system of civil or criminal sanctions could be employed in a UK scheme, although as the primary purpose of a card scheme is to prove entitlement, the Government believes that denial of service would be sufficient means to ensure that cards were widely held provided that a wide range of service providers adopted the card. If an entitlement card was issued in the form of a driving licence, the criminal sanctions for failure to possess and produce a card when it was being used as a driving licence would remain.

2.23 Card holders would also have a duty to inform the card issuing authority of any changes to certain personal information such as change of address or change of name after marriage. Similar requirements already exist for driving licences and passports. It is already an offence to fail to inform DVLA of a change of name or address.

- P6. Views are invited on what powers the Government should have to require cards to be held in any universal scheme and what incentives and sanctions there could be to help ensure universal coverage.
- 2.24 If a card scheme was linked to passports and driving licences as set out in Chapter 5, it would need sufficient flexibility to cover situations where a person was banned from driving or had to surrender a passport for example because of an order made under the Football Disorder Act 2000. Under the possible scheme set out in Chapter 5, there would always be an alternative form of entitlement card available to a UK resident should a driving licence or passport be withdrawn.
- 2.25 The Government might also use legislation for an entitlement card scheme to make it an offence to provide fake identity documents and other forms of entitlement card such as a proof of age card which can often be passed off as genuine. Under current law, use of such cards can be illegal if they involve some form of deception, but the supply of such cards is not necessarily an offence.

Unique personal number

- 2.26 Any card scheme would have to be administered by a database which would require each person registered on the system to have some form of unique personal number or identifier. However it is a separate issue whether this number would be visible on any card and available for use by the card-holder and other organisations.
- 2.27 Different personal numbers have developed over time for different uses for example the National Insurance number, driver number and NHS number. Many large IT systems which administer tax, benefits, driving licence and other systems depend on these numbers. The introduction of a card scheme could offer the opportunity to rationalise their use. However if an entitlement card scheme was voluntary it could not be guaranteed for example that all people who currently had a National Insurance number would also have an entitlement card. There would also be very significant and probably prohibitive costs to revise existing IT systems to use a different numbering scheme.
- 2.28 However it would be possible to develop cross-references between any unique personal number in an entitlement card scheme and other numbering schemes. There would be two main advantages to this approach. Firstly it would allow other Government organisations to identify discrepancies in their records and amend them as entitlement cards were issued without incurring the costs of re-writing their systems from scratch. However the cost of

developing such cross-referencing systems may also be significant and would need a clear business justification. A second advantage would be that new services in the future could choose to use the unique personal identifier rather than developing yet another number. However if an entitlement card scheme was voluntary there could again be problems of inconsistent coverage between any new service and the card scheme.

- 2.29 A unique personal number need not be a new number developed from scratch. It could be based on one of the existing numbering schemes which would have the advantage of reducing by one the potential number of cross-references to other identifiers. The main options for use of an existing number would be the National Insurance number and the drivers number. Although the NHS number has a very wide coverage of the population, it is not as widely known or used by the population at large and its use as a unique personal identifier might raise concerns over the confidentiality of medical records.
- 2.30 Chapter 5 discusses using driving licences as part of an entitlement card scheme. Although each driver number is unique, a person's driver number can change over time for example if a woman changes her name when she marries this has to be reflected in a new driver number (as the number incorporates part of the name). This ability for a person to change their driver number would make the administration of a unique personal number based on driver numbers more complex than it would need to be. A person's driver number also changes when they exchange a Northern Ireland driving licence for one issued by the DVLA and vice versa.
- 2.31 The National Insurance number has the widest coverage of all the numbering schemes consisting of 82 million records (including 13.5 million records for people who are dead). While the process of allocating National Insurance numbers to adults has been tightened up significantly, there remain some instances where people have been issued with more than one National Insurance number (though not necessarily through fraud on their part). It might be unwise to rely on a number where there are known problems with data quality as the basis for any new scheme.
- 2.32 On balance the arguments point in favour of a new unique personal number for any entitlement card scheme. The number could be cross-referenced to other personal numbers. Whether or not these cross-references would be developed would depend on the type of card scheme and the uses of the card and its supporting database. Given the potential for increased data sharing about individuals which might result from a card scheme, and the right of card-holders to know what data sharing is taking place, there is a strong case for making a unique personal number known to the card-holder and ensuring it is visible on the card. It could also provide a convenient reference for card-holders to use if they needed to correspond with the card issuing authority for example when reporting lost or stolen cards. Data protection issues are discussed in more detail in Chapter 6.

- P7. Views are invited on whether any entitlement card scheme should allocate a unique personal number to each card holder, what form any number should take and whether it should be incorporated onto the card itself.

A population register

- 2.33 Associated with the range of personal numbers discussed in paragraph 27, there is a multiplicity of large public databases on UK residents, including those for National Insurance, income tax, the NHS, driving licences, vehicle owners, passport holders and voters. Each one holds between 35 and 75 million records. Each database attempts to capture similar core information about people, yet there are inaccuracies and some data is out of date. These arrangements are costly and inefficient, and inhibit the joined-up delivery of public services.
- 2.34 The Government is also examining the scope for linking public databases on the resident population to improve efficiency and joined-up public service delivery. In particular the Government is examining the feasibility of developing a high-quality common population register, holding core data and a unique identifier on UK residents that could be used across the public sector.
- 2.35 Such a database would hold a very limited range of core information about people, such as their name, address, date of birth, sex and a unique personal number. A population register should be more accurate and transparent than existing databases, and would have stringent safeguards to protect the privacy of personal data.
- 2.36 A population register would have the following practical advantages:
- There would be important **customer service benefits**, enabling people to enter core data only once, and allowing service providers to deliver more personalised, pro-active and targeted communications and services. (There would be additional benefits if people could volunteer to place supplementary information about their circumstances on the database, to help service providers target services more appropriately.) As discussed in paragraphs 26-32 above, people would ultimately have a single identifier number for interacting with state. A common database would be indispensable for enabling more joined up and internet-based delivery of public services.
 - There would be substantial gains in **efficiency** within the public sector by simplifying processing, facilitating matching of records, and reducing error. The common database would replace the core data held inaccurately on existing databases and could in time replace the electoral register.
 - The common database could also help deter some kinds of **fraud**.

- 2.37 Many other countries are investigating how citizen databases can be integrated to improve public service delivery. Some countries (such as Sweden) already have a well-established population register.
- 2.38 Developing a Population Register would represent a major challenge and require a sustained and high-level political leadership and prolonged commitment by the public bodies involved. It would take many years to yield its full benefits.
- 2.39 The Government nevertheless believes that a more integrated approach to citizen databases is indispensable to realising the Government's ambitions for a more modern, joined-up and internet-based approach to public service delivery.
- P8. Views are invited on the development of a national population register which could be used in a sophisticated way across the public sector with the aims of improving customer service and efficiency.
- 2.40 As an entitlement card scheme would need to be underpinned by a database of all UK residents, an issue for consideration is whether this database should be the national population register as discussed above or a new self-standing database.

Chapter 3

POSSIBLE USES FOR AN ENTITLEMENT CARD

3.1 This Chapter sets out the areas where an entitlement card might be used. The Government wishes there to be a completely open debate about the possible uses of a card both by the public and private sectors. The suggested scheme set out in Chapter 5 which builds on the driving licence and passport schemes would mean that entitlement cards would have some basic core uses:

- as a driving licence, possibly with some enhancements such as storing insurance and vehicle details on a smartcard chip; or
- as a travel document in the European Economic Area and possibly other countries.

3.2 However this chapter mainly focuses on broader potential uses of an entitlement card scheme. The Government would welcome views from individuals and organisations in the public and private sectors as to whether a card would be helpful to them in delivering their services and what features they would like to see in a card scheme to allow them to make most use of it.

Providing better services

3.3 Public services in the UK have developed their own individual ways to identify the people they need to serve and to determine what their service entitlements are. As a result, people need to provide the same information about themselves to many different organisations. They may also need to provide the same document such as a birth certificate a number of times. As well as being irritating, this can lead to delays in people getting the services they are entitled to. At the extreme, people might not apply for services they are entitled to, especially if they have difficulty filling in forms or using the telephone.

3.4 When personal information changes for example on moving house, a wide range of public and private sector organisations needs to be informed. This can be time consuming and can

leave people open to the risk of fraud if they forget to inform all the organisations they deal with. Correspondence can go astray and be used to obtain goods and services fraudulently in their name, damaging their credit rating.

3.5 An entitlement card along with the information held in a supporting database could provide a simple way for people to provide core personal information to a range of central and local Government services. As more services are delivered over the telephone, the ability to use information in the database would be particularly helpful, provided there were adequate controls on access to and use of the information. There is also a commitment to provide more Government services over the Internet. An entitlement card scheme could support this in two ways:

- by providing a means to check that people are who they say they when they access a service (authentication);
- by storing some service entitlements electronically on a microchip embedded in an entitlement card (a so-called 'smartcard').

3.6 As well as benefits for users of services there could be benefits for service providers. These could be passed on to the public through improved service levels and lower costs. Just as users of services have to provide the same information time after time, each service provider also has to key it in to their systems. Time and effort is wasted in confirming details on incomplete forms. Organisations repeat checks which have already been done by others. Access to core personal information held either on a card or in a supporting database could help service providers deliver more efficient and responsive services. Some new services which required some form of card might not be affordable because of the cost of administering a dedicated card scheme. However they might be able to proceed by using an already existing entitlement card scheme. Existing cards such as loyalty cards issued by retailers could use the entitlement card, saving the cost of producing and distributing cards. Organisations might also be able to make use of cards for internal purposes for example access control to their premises or computer systems.

3.7 However a move to relying on an entitlement card as a universal gateway to a range of services would be complex with significant set-up costs and also raises a number of concerns:

- each service would face transition costs in adapting IT systems and procedures and in training staff;
- as it would be some time before cards were widely held, services would need to be able to deal with those without cards as well as card-holders. Unless cards became mandatory for all users of a particular service, it would have to maintain at least two ways of operating indefinitely;

- if the card scheme became the only way to access a very wide range of services, people might be denied services while they waited for a replacement for a lost or stolen card unless there were effective procedures in place to check records on the central register in the absence of a card;
- most people interact with Government infrequently compared with other services. This is particularly the case for central Government as opposed to local Government services. There may be limited value in a card which simplified just a few of their dealings with service providers;
- a significant amount of personal information would be held in one place and there would need to be sufficient safeguards to prevent abuse;
- the project would be large scale and challenging with the kinds of major risks associated with any large IT project;
- retailers and other organisations might be reluctant to use the card in place of their own cards because of the loss of brand identity.

3.8 Any scheme would have to address these concerns. Lessons should be learned from past IT projects and sufficient time should be set aside to design, develop and implement a scheme with a thorough analysis and ongoing management of the risks. A balance would need to be struck between ensuring that the first cards issued were sufficiently useful to encourage people to want them, while avoiding building too much risk into the scheme from the outset by linking them to a large number of services from day one. A phased approach would need to be adopted both in terms of linking services to cards and in how 'hi-tech' the cards themselves were.

P9. Views are welcomed on whether an entitlement card scheme would allow for more efficient and effective delivery of Government services and what services people would most like to see linked to a card scheme.

P10. Views are also welcomed from organisations providing services in the public and private sectors on whether they would like to link their services to a card scheme and what features they would want to see in a card scheme that would most benefit their services.

Identity Fraud

3.9 Identity fraud where a person adopts a completely false identity, falsifies part of their identity (for example their age) or adopts the identity of another person is estimated to cost the UK at least £1.3 billion each year split equally between the public and private sectors. The true cost of this crime is difficult to measure. It is often linked to other crimes of conspiracy,

fraud and deception, ranging from opportunistic impersonation to very sophisticated money laundering and people-trafficking operations.

3.10 An entitlement card scheme could help to combat identity fraud if it provided a higher level of assurance of a person's identity than existing documents such as a passport or driving licence. The benefits would be maximised if:

- the card scheme was flexible in how it could be used to prove identity. If a scheme only provided proof of identity when the card was shown, this would severely limit its usefulness as organisations move to provide their services over the telephone and the Internet;
- the process for applying for a card was simple and not in addition to applying for other forms of Government issued 'identity' documents such as the photocard driving licence and the passport;
- the card scheme could be used by the private sector where at least half of all identity fraud takes place.

3.11 The main drawbacks of depending on a card scheme to counter identity fraud are:

- it will be some years before entitlement cards are widely held. There would be a need for legislation before the systems could be developed and cards would probably be issued gradually;
- it is highly likely that an entitlement card scheme would become the target of organised criminals who would attempt to produce counterfeit cards. Even if counterfeit cards could be detected by sophisticated checks, many people might still be fooled by them and become victims of crime;
- best practice in combating identity fraud stresses that organisations should not rely on a single source document or check to establish a person's identity. Organisations should make a number of checks from different sources. The range and sophistication of the checks will depend on the value of the product or service offered. Some commercial organisations have indicated their reluctance to undertake checks on identity – preferring to tolerate a level of fraud – unless they can clearly identify a financial benefit which would outweigh the cost of the checks.

3.12 The Government is not relying on a possible entitlement card scheme as the only measure it will take to combat identity fraud. A report from a Cabinet Office led study on identity fraud is also being published (www.homeoffice.gov.uk/dob/ecu.htm). This identifies a series of measures which the Government will take in the short term along with some other projects about which it wishes to consult. More details of these projects are provided in Chapter 4.

- P11. Views are sought on whether an entitlement card scheme would be a cost effective additional measure against identity fraud and related criminal activities such as money laundering.

Tackling illegal immigration and illegal working

- 3.13 The Government's White Paper Secure Borders, Safe Haven published in February (CM 5387) set out a range of measures to deal with the problems of illegal immigration and illegal working. As entitlement cards would be available only to lawful UK residents, it would help those who had recently arrived lawfully in the country to gain entitlement to services as most entitlements are linked to lawful residence. In the absence of a straightforward way to demonstrate entitlement in the way that could be offered by a card scheme, it can be difficult for service providers to ensure that only those entitled to services get them. The impression that it is easy to obtain a range of public services in the UK with minimal checks on entitlements, adds to the 'pull' factor which encourages people to risk their lives at the hands of people traffickers and other organised criminals. An entitlement card which was widely recognised and was issued to all legal migrants whatever their route into the UK could be an important measure to combat illegal immigration.
- 3.14 Another important component of the pull factor is the impression that those in the UK illegally can obtain work easily and those in the UK legally but with no right to work can also obtain employment. By its very nature, the scale of the problem is extremely difficult to measure. The problem is particularly severe where the availability of work is greatest. Lower wage employment sectors such as catering, cleaning and hospitality are particularly affected. Other sectors such as the construction industry and agriculture are disproportionately affected but the problem is not limited to these areas. Winston Churchill's statement in 1909 when Wages Councils were established that "the good employers are undercut by the bad, and the bad are undercut by the worst" still rings true today.
- 3.15 Section 8 of the Asylum and Immigration Act 1996 made it an offence for employers knowingly or negligently to employ people who have no permission to work. The maximum penalty that can be imposed on an employer if the offence is proved is £5,000 per illegal employee. Employers can establish a defence by proving that they were shown one of a number of documents showing entitlement to work and that they believed this to be genuine. The measure has not proved an effective deterrent with less than 30 convictions

in the year 2000. Employers are often confused about their duties, are unclear how to verify employment status and may not be able to detect fraudulent documents.

3.16 One of the measures the Government announced in the White Paper was that it would limit the range of identification acceptable for Section 8 compliance. In the Nationality, Immigration and Asylum Bill currently before Parliament the Government proposes:

- to give greater flexibility to the sort of document that the Secretary of State can require an employer to see in order to establish a statutory defence. For example, under the new provisions the Secretary of State will be able to require the production of one or more documents establishing the employee's ability to work and one or more documents establishing the employee's identity. The previous provisions allowing the Secretary of State to require the employer to take specified steps to retain or record these documents before he can establish his statutory defence will be retained;
- to extend the powers of immigration officers in relation to the investigation and prosecution of suspected offences under the 1996 Act to confer powers of search, entry and arrest directly on immigration officers in relation to a section 8 offence.

These changes would not impose an additional burden on employers and businesses. They would not have to alter their recruitment procedures. The Government is simply clarifying what is expected of employers and making it easier for them to comply with the legislation.

3.17 Looking beyond the immediate proposals in the Bill, the Government would like the views of employers and other interested organisations as to whether an entitlement card scheme would be helpful in meeting their obligations under the law. If an entitlement card contained a clear statement of the card-holder's eligibility to work, was very difficult to counterfeit and the card scheme provided a simple way for employers to check valid cards it could – over time – become the sole way for employers to comply with Section 8 of the 1996 Act. In order to achieve this:

- entitlement cards would have to be issued to everyone who was lawfully resident in the UK, i.e. the scheme would have to be universal;
- cards would have to be issued promptly to avoid there being an undue delay between a person taking employment for the first time and obtaining a card. Employers would be allowed a period of grace if the employee was waiting for a card;
- employers would need to be able to check the entitlement card database to confirm that an employee without a card had an application pending for a new or replacement card. This check would not necessarily need on-line access to the database, it could be provided by telephoning a call centre.

- 3.18 The need to determine eligibility to work could complicate the process of applying for an entitlement card as it would require specific expertise in interpreting the immigration rules. However for the vast majority of entitlement card holders, eligibility to work would be straightforward as all UK citizens and citizens of other countries in the European Economic Area (EEA) have a right to work in the UK. (The European Economic Area comprises the countries of the European Union together with Iceland, Liechtenstein and Norway). The card could be issued on the production of valid documentation showing eligibility to work such as a national identity card from an EEA country or a copy of a work permit issued to the employer. An entitlement card scheme could help deal with those who stay in the country for longer than they are allowed by setting the expiry date of the card to be the same as the document on which the card-holder entered the country for example the work permit. In other words a two year work permit would result in the issue of an entitlement card that lasted for two years only.
- 3.19 Adding an additional step to the process of hiring overseas workers (i.e. the need to apply for an entitlement card), might make the UK less attractive to those who can easily take up legitimate employment such as other EEA nationals and have an adverse effect in the economy. (Some EEA countries require UK citizens to hold foreign residents' cards when working in their countries). Small businesses in particular might be disproportionately affected. However this additional step would only apply once to UK and citizens of other EEA countries who were lawfully resident in the UK when they took up employment for the first time. Their cards – unlike those issued for example on the basis of a work permit – could be valid for several years (for example 10 years like a passport) and they would thus be in possession of a card (or registered on the central register) when they moved to other jobs. This should lessen the burden of checks on subsequent employers.
- 3.20 A card scheme on its own could not be wholly effective in bringing illegal working to an end. Many cases involve unscrupulous employers colluding with illegal workers and a card scheme could only be one part of the overall strategy which is set out in the White Paper. A card scheme would facilitate the more effective enforcement of the law, it would not be an answer on its own.
- P12. The views of employers, trade unions and other interested parties are sought on whether an entitlement card scheme would be an effective measure (as part of a wider package) to combat illegal working and illegal immigration and what suggestions they might have for how a scheme could be designed to minimise administrative burdens on employers.

A convenient travel document

- 3.21 Most citizens of EEA countries travel within Europe using their national identity cards rather than a passport. UK citizens must use a full UK passport book which is less convenient to carry than a card. The UK Passport Service has announced that it is examining the feasibility of introducing a passport card which would be issued alongside the passport book. Unlike current identity cards in Europe (with the exception of the new Italian identity card), the passport card would conform to standards laid down by the International Civil Aviation Organisation (ICAO) and endorsed by the countries of the European Union. This means that the passport card could also be valid for travel to countries outside Europe.
- 3.22 The possible entitlement card scheme outlined in Chapter 5 suggests using the passport card as one component of a scheme. As the card could only be issued to UK citizens, it would not on its own provide universal coverage. However it would provide a form of entitlement card which was clearly linked to citizenship and could have important symbolic value for those who acquired citizenship.
- P13. Views are sought on whether an entitlement card should be available to UK citizens in a form which allowed it to be used as a more convenient travel document to Europe than the passport book.

Proof of age

- 3.23 An entitlement card which clearly showed the age of the holder could be used to help retailers and licensees comply with the laws which restrict the sale of age related goods. In the absence of a national proof of age card, various schemes – some nation-wide, some local – have developed over the years. However the plethora of different schemes can be confusing for retailers who might not for example recognise cards produced by young people on holiday which were issued in a different part of the country. It is also increasingly easy to apply for fake identity or proof of age cards on the Internet which can also confuse retailers. Recognising the additional responsibilities placed on retailers by the Criminal Justice and Police Act 2001, the British Retail Consortium has proposed an accreditation scheme which would ensure that proof of age cards were issued to a common standard and incorporated a holographic logo which would be easily recognisable by retailers all over the country and would be difficult to counterfeit. The Government has welcomed this development.

Table 3.1**Examples of Age Restrictions (not exhaustive)**

Age	Restriction
5	Alcohol consumption under parental control Entry to pubs for which a children's certificate has been obtained (except Northern Ireland)
10	Agricultural or horticultural employment permitted (under parental supervision)
12	Entry to 12 certificate cinema films Purchase or rental of 12 certificate video films and games Ownership of a pet
13	Part-time employment (up to 25 hours per week) if a work permit is obtained
14	Employment as a babysitter Purchase of airguns Entry to pubs without children's certificates (except Northern Ireland)
15	Entry to 15 certificate cinema films Purchase or rental of 15 certificate video films and games Part-time employment (up to 35 hours a week for 15/16s) if a work permit is obtained
16	Full-time employment Consumption of beer, cider, sherry (and in Scotland wine) if consuming a meal outside the 'bar' area of a pub or restaurant (except Northern Ireland) Purchase of tobacco Purchase of lottery tickets & scratchcards Purchase of knives Purchase of sparklers & party poppers Purchase of razor blades Purchase of liqueur chocolates
17	Driving a car Purchase of crossbows
18	Purchase of lighter fuel & restricted solvents Purchase of fireworks Purchase of alcohol not previously permitted as above Entry to pubs in Northern Ireland Entry to most nightclubs Entry to betting shops, bingo halls and casinos Playing fruit machines Entry to licensed sex shops Entry to 18 certificate cinema films Purchase or rental of 18 certificate video films and games (and R-18 films from licensed video premises)
21	Entry to some nightclubs

3.24 For an entitlement card scheme to be an effective proof of age card, it would need to be available to young people over the full range of age restrictions that apply to various goods and services, some of which are illustrated in Table 3.1 above. Even if an entitlement card scheme was in place, there might still be a role for straightforward proof of age cards. Parents might be reluctant to apply for (and pay for) an entitlement card which was more expensive than a straightforward proof of age card unless the card provided other benefits for their child for example as a passport. Even so, some young people might be reluctant to carry a 'valuable' entitlement card (such as a passport card) to gain entry to places where it might be lost or stolen such as pubs and clubs.

P14. Views are sought on whether an entitlement card would be an effective proof of age card, whether there should be a minimum age at which entitlement cards should be available and if so what that age might be.

Reducing crime

3.25 An entitlement card scheme's contribution to reducing crime would be greatest in the areas of tackling identity fraud, money laundering (where it could help financial services companies 'know their customer') and organised crime associated with people trafficking and illegal working.

3.26 It is debatable whether an entitlement card scheme on its own would have a significant effect on other types of crime. As discussed in Chapter 2, paragraphs 15 and 16, it is rarely the case that the police cannot identify suspects as most are already known to them. Those engaged in criminal activity are unlikely to carry a card.

3.27 An entitlement card scheme might provide some efficiency savings for the police if cards were widely held and if they were able to access the central database with consent. If cards could be read automatically (for example by a hand-held device), recording the details of people questioned and eliminated from enquiries could be straightforward if they happened to be carrying a card at the time.

3.28 In the police station, if identity was established, personal information could be entered into police systems via the card or the card database if suitable links were in place, saving the cost of keying personal information for example into custody systems. However this would require the subject's consent which would not be forthcoming in all cases.

3.29 The police might benefit from access to any biometric information (such as fingerprints, iris patterns or a digital photograph) held on the entitlement card database. (Biometric information is discussed in more detail in Chapter 5 paragraphs 20-24). However as noted, most offenders are already known to the police and their own biometric databases of fingerprints and DNA are much more sophisticated than anything envisaged for an entitlement card scheme. The thought that the police might have access to this information might cause public unease and lead to a lack of confidence in the overall entitlement card scheme. There may still be a case in very closely prescribed circumstances for the police, the intelligence services and other organisations investigating very serious crimes such as HM Customs and Excise to have access to the biometric information when matters of national security were at stake or for the prevention or detection of very serious crimes. However the Government would want to see a full debate on this point and seek views on what safeguards there should be. For example whether access to the database in these circumstances should be governed by a warrant applied for on a case-by-case basis.

P15. Views are sought on:

- (i) whether an entitlement card scheme would be effective in reducing crimes other than those related to identity fraud;
- (ii) whether an entitlement card scheme would reduce administrative burdens on the police;
- (iii) whether the police, the intelligence services and other organisations investigating very serious crimes such as HM Customs & Excise should have access to the central register – including biometric information – in closely prescribed circumstances in cases where they are investigating matters of national security or very serious crimes and what those safeguards should be.

Electoral registration and voting

3.30 An entitlement card scheme might be helpful in drawing up and maintaining the electoral register for example it could help administer rolling voter registration by automatically transmitting changes of address to the electoral register. There would not be a straightforward link between entitlement card holders and eligibility to vote. Some card holders such as foreign nationals from outside the EU would have no right to vote, nationals of other EU countries could vote in elections to the European Parliament but not in Westminster elections, UK citizens may be entitled to vote for more than one council if they are resident in more than one part of the country. So a card scheme could not itself substitute for voter registration but it might make the system more efficient and it might help to develop new ways of voting.

3.31 An entitlement card could be shown at a polling station and make it easier to cast a vote at a polling station other than the designated one. Chapter 5 and Annex 4 discuss various ways that the central register supporting a card scheme might be used to validate the identity of a card-holder when sending applications by post or conducting business over the telephone or on-line. These could be used to support new ways of voting (for example by telephone) and to increase confidence in the security of voting by post if the latter became more widespread.

P16. Views are invited on whether an entitlement card scheme would benefit the maintenance of the electoral register and facilitate new ways of voting.

Emergency Medical Information

3.32 One of the most common suggestions from members of the public who write to the Home Office about identity and entitlement cards is that a card should hold – with the consent of the card holder – a limited amount of medical information for use in an emergency for example, current medication or allergies and also double as an organ donor card.

P17. Views are sought on:

- (i) whether an entitlement card should display emergency medical information and/or act as an organ donor card at the card holder's consent?
- (ii) if so, what sort of emergency medical information would be most useful to display?
- (iii) given space constraints on the card, whether storing emergency medical information on a smartcard chip on an entitlement card would be useful?

Chapter 4

COMBATING IDENTITY FRAUD

- 4.1 Identity fraud arises when someone takes over a totally fictitious name or adopts the name of another person with or without their consent. It is not easy to gauge the extent and nature of identity fraud as some instances of identity fraud are recorded as other crimes. An example would be the theft of a credit card. When the stolen card is used, the thief is adopting the card holder's identity. However the crime might be recorded as one of theft or obtaining property by deception. In some cases, organisations might not even record that a crime has been committed and write the loss off as a bad debt.
- 4.2 Despite the difficulty in measuring identity fraud, there is widespread consensus in the public and private sectors that the level is rising. A cross-Government study led by the Cabinet Office was set up to establish the nature and extent of the problem and to recommend how it might be tackled. The findings of this study will be published and made available at www.homeoffice.gov.uk/dob/ecu.htm. The report provides a comprehensive analysis of the problem and potential projects to counter it.
- 4.3 The report estimates that the minimum cost to the economy of identity fraud is £1.3 billion pa. Some examples of the extent of identity fraud in 2000/01 are:
- 3,231 driving tests were terminated prematurely because of doubts over the driver's identity;
 - 1,484 fraudulent passport applications were detected;
 - approximately 50 cases of fraudulent documentation were detected every month at Terminal 3, Heathrow Airport;
 - in the course of a two week exercise targeted at Portuguese documents in June 2001, 59 fraudulent documents were detected at selected UK ports and the Benefits Agency National Identity Fraud Unit (NIFU). The majority were counterfeit identity cards, detected at NIFU;
 - although there is little reliable information on the number of people trafficked into the UK, a recent Home Office study estimated that 1,500 women a year are trafficked for sexual exploitation;

- in 1999 over 21,000 illegal immigrants were detected; during the same period 5,230 were removed or left voluntarily;
- 18,500 referrals were made to the Financial Services Authority under the money laundering regulations;
- 564 cases involving identity fraud were identified by the Benefits Agency's Security Investigation Service, whose specialist teams investigate organised fraud cases across the country;
- in the private sector, the credit reference agency Experian estimated that around 1-2% of transaction value is lost through fraud and that about 3-5% of all fraud is identity fraud.

4.4 As well as the immediate financial gain associated with identity fraud, it can also be associated with wider organised criminal activities. Examples include:

- trafficking of people into the UK and illegal immigration more widely. If illegal immigrants are to enjoy goods and services, from the public or the private sector – or, indeed to work – in the UK, they will usually require a (false) identity;
- drug running: drug couriers also often adopt a false identity rather than risk using their own;
- money-laundering. Money-laundering depends on concealment of identity, not on identity fraud per se (concealment may be achieved through the creation of a fictitious company as much as through false individual identities);
- organised fraud: to develop multiple identities to make fraudulent claims to state benefits or, in the private sector, credit card applications etc. Organised fraud – rather than individual fraud – is increasingly likely to be the source of identity fraud in future, as new technology, such as the introduction of chips on credit and debit cards and the requirement to enter a PIN (personal identification number) for each transaction will reduce the value of stolen cards. Fraudsters are increasingly likely to attempt to obtain cards by applying for cards in other peoples' names and redirecting or intercepting their post.

4.5 Combating identity fraud has often attracted a low priority compared with other types of fraud. Most fraud in the benefits system is not committed by people adopting other identities, rather they mislead the Benefits Agency about their status, for example they work while claiming benefits. While the number of fraudulent passport applications detected may seem large at 1,484, this represented just 0.03% of total passport applications in 2000/01. However it is likely that many instances of identity fraud are not detected. Certainly the rate of growth of identity fraud is rising considerably. Figures from CIFAS, the UK's Fraud Prevention Service) showed an increase in ID fraud of 462% in 2000 compared to the previous year.

- 4.6 An entitlement card scheme such as the one set out in Chapter 5 of this paper could have an important role in combating identity fraud. However a card scheme itself could become a target for organised criminals to produce counterfeit cards. The existence of a card scheme could also mean that organisations could place too much reliance on the card and drop their guard in checking applications thoroughly. This could perversely result in an increased risk of identity fraud. Although the Government would look at options for increasing the take-up of cards if it decided to proceed with a scheme, it could take some time before cards were widely held and the full benefits of a scheme in combating identity fraud were realised. Whether or not a card scheme goes ahead, there is a need to identify and implement measures against identity fraud that could be implemented on a quicker timescale.
- 4.7 The card scheme suggested in Chapter 5 includes much of the good practice identified in the Cabinet Office report. Some of these good practice points such as greater use of biographical checks of applicants' details could be implemented without proceeding with a universal entitlement card scheme.
- 4.8 The Home Office now has responsibility for developing an identity fraud work programme. An early step will be to establish a new Identity Fraud Forum to steer the work. This will require the participation of a number of departments most affected by identity fraud such as the Department for Work and Pensions, the Inland Revenue, HM Customs & Excise, the Immigration and Nationality Directorate of the Home Office, DVLA and the UK Passport Service. The Home Office will also invite representatives from the private sector to join the Forum and participate in drawing up the work-programme and the projects which will follow.
- 4.9 Some of the areas where the Government would like to make early progress are:
- making legislative provision for data sharing between the UK Passport Service (UKPS) and the Driver and Vehicle Licensing Agency (DVLA) to allow the agencies to cross-check applicants' data. This would remove the need for some applicants for photo-driving licences to send their passport to DVLA or take it to a Post Office for examination if their passport was issued after 1998. (The Passport Service's systems hold digitised photographs of these passport-holders and a link between the agencies' systems would allow the photograph provided for the driving licence application to be compared with the one held on the passport system);
 - investigating further the establishment of links to credit reference agencies for checking passport and driving licence applications. Checks via credit reference agencies can give confidence that a person has established a 'historical footprint' in the community by opening bank and credit card accounts and paying utility bills at an address. The Government is **not** proposing that it undertakes a credit-worthiness check before granting access to Government services. The check would be to help establish identity, particularly proof of

residence. People are more likely to inform utility companies and their credit card issuers when they move house than they are Government agencies as they deal with the latter less frequently. Credit reference agencies may be particularly useful ‘one stop shops’ for verifying a person’s address because of the wide range of information sources they draw on;

- improving staff training on the scrutiny of applications, for example in the detection of fraudulent identity documents by sharing best practice across the public and private sectors;
- undertaking scoping studies to identify the costs and benefits of:
 - establishing a public sector database of known frauds and fraudsters and the degree to which information could be shared with a service which already provides this service for the private sector (CIFAS, the UK’s Fraud Prevention Service);
 - checking the consistency of application details (e.g. address) for a range of services. A commercial service known as HUNTER which was originally developed by the Council of Mortgage Lenders provides this facility at present;
 - developing a management information system to record instances of identity fraud in Government and possibly the private sector for statistical and possibly for intelligence purposes;
 - developing a central register of stolen identity documents.

P18. The Government invites views on the early steps it would like to take to tackle identity fraud and welcomes expressions of interest from the private sector to collaborate in this work.

Consultation on potential identity fraud projects

- 4.10 There are a number of other potential activities and projects which could reduce identity fraud on which the Government is inviting views during this consultation exercise.
- 4.11 Chapter 5, paragraphs 17-19 set out how the Government could strengthen the checks on applications for passports and driving licences as part of an entitlement card scheme. If the Government decided not to proceed with an entitlement card scheme, there might still be merit in issuing passports and driving licences to these higher standards including the use of biometric information. There is increasing international interest in the use of biometric information on travel documents both to reduce the number of counterfeit documents but also to provide speedier clearance of passengers at busy terminals. In exploring the options for including biometric information on passports and entitlement cards, the Government will work with its international partners on using common standards. This should maximise the benefits to passengers, for example being able to obtain fast entry clearance in the UK and abroad by swiping a passport card through readers operating to common standards.

- P19. Views are invited on whether checks on applications for passports and driving licences should be strengthened to the degree outlined in Chapter 5 whether or not the Government decided to proceed with an entitlement card scheme based around these documents.
- 4.12 The results of the checks associated with issuing more secure driving licences and passports could be recorded in an identity database shared jointly between the passport and driving licence systems. This information could be made available to other Government departments and the private sector to help them counter identity fraud. In the case of some Government departments where there was a clear justification the information could be made available without the consent of the person it related to, provided the necessary legislative powers were in place. For private sector organisations, the information would only be provided with the subject's informed consent.
- P20. If more secure passports and driving licences were issued based around a common identity database shared between the UK Passport Service and the DVLA, the Government invites views on:
- (i) whether it should take the necessary legislative powers to allow other departments to access this identity database to allow them to make their own checks;
 - (ii) whether it should allow the private sector to access the identity database provided this was done with the informed consent of subjects.
- 4.13 A lower risk approach than that outlined at paragraph 12 might be for the Government to procure a service from the private sector which checked applications for services against a number of databases used by the credit reference agencies or similar organisations and selected biographical data held by the Government. The Government would still need new powers to allow the necessary data-sharing. Unlike a database linked to passport and driving licence applications which would conduct one-off checks when these documents were issued, this service could be used every time a person applied for a Government service.
- P21. Views are sought on whether the Government should procure a service from the private sector which checked applications for services against a number of databases used by the credit reference agencies or similar organisations and selected biographical data held by the Government.

A new criminal offence of identity fraud

4.14 The Government believes that there is a case for consulting on the creation of a new criminal offence of identity fraud which would also cover identity theft. The use of a false identity or the adoption of another person's identity is not a criminal offence unless it can be proved that there was some conspiracy to commit a criminal act or fraud, or it can be proved that a criminal act or fraud took place. However in these circumstances, the defendant would be prosecuted for the conspiracy or criminal act itself as this would be the more serious offence and would carry a higher penalty.

4.15 By making it an offence to use a means of identification of another person or a fictitious person without reasonable cause, the very act of using a false identity would be a criminal offence without the need to prove any criminal intent or conspiracy. This would provide the police with the means to disrupt the activities of fraudsters in the early stages of their criminal activities, for example while they are conducting business using false identities in preparation for a money laundering exercise or the importation of drugs. At present the authorities must wait until they have sufficient evidence to prove conspiracy or the main criminal offence itself. If they wait, they run the risk that the criminals might succeed and escape arrest or that the prosecution for the main offence might fail because of the complexity of the case or for other reasons such as witness intimidation.

4.16 As the offence would not require any criminal intent to be proved, the Government believes that the offence should be summary-only and should attract a maximum sentence of 6 months imprisonment. If criminal intent could be proved, another offence attracting a higher penalty such as a conspiracy offence could be used. Defendants would need access to a reasonable defence to cover the more innocent uses of a false identity such as adopting another identity when fleeing an abusive partner.

P22. Views are invited on whether a summary-only offence of identity fraud should be created.

Chapter 5

HOW A SCHEME MIGHT WORK IN PRACTICE

5.1 The previous chapters of this paper have set out the general arguments for and against different types of entitlement card scheme. While it is important to set out the issues in this consultation paper, most people and organisations have settled views about the principle of introducing identity or entitlement cards. The Government believes that people will be able to make a more informed decision about whether or not they would favour a card scheme if they had a clear view as to how a scheme might work in practice. This Chapter provides an overview of how one version of such a scheme could work. More detail is provided at Annex 4. All this material is illustrative rather than prescriptive. The Government has made no decision on whether or not to introduce an entitlement card. The option described is equally applicable to a voluntary or universal entitlement card scheme. There are other ways in which a scheme could be delivered and as part of this consultation exercise, the Government welcomes suggestions for how this suggested scheme could be improved or other ways in which a card scheme could be implemented.

A scheme based on passports and driving licences

5.2 Many people hold existing forms of photo-id issued by the Government in the form of a photocard driving licence or a passport. Around one-third of the 38 million holders of driving licences now possess a photocard licence. The UK Passport Service recently announced that it would seek to develop a passport card which would be issued alongside the passport book which would simplify travel to other parts of Europe and potentially other countries also. If an entitlement card scheme was introduced, rather than ask most of the population to have yet another form of photo-id, it would be sensible to make both of these cards forms of entitlement card. As well as not adding to the number of documents most people possess, a scheme based on driving licences and passports would also build on the expertise and systems of the DVLA and UK Passport Service (and possibly Driver and Vehicle Licensing Northern Ireland (DVLNI) if this agency issued cards to residents in Northern Ireland). This should be a lower-risk approach to introducing a card scheme rather than setting up a new organisation from scratch.

- 5.3 Not all lawful residents in the UK would be covered by an entitlement card based solely on passports and driving licences. Some people are medically unfit to drive or disqualified from driving and others do not meet the requirements for a UK passport (for example nationals of other EU countries). In this suggested scheme a special variant of the driving licence entitlement card would be available which contained the same information as the driving licence minus driving eligibility and driver number information. Such 'non-drivers' licences are commonly used as forms of photo-id in the United States.
- 5.4 If the Northern Ireland administration did not wish DVLNI to be involved in any entitlement card scheme, residents of Northern Ireland who did not wish to hold the passport/entitlement card could be issued with a non-driving licence/entitlement card from the DVLA in Swansea.
- 5.5 Having two forms of entitlement card could be confusing although some people might welcome having more than one kind of card for convenience or in case one was lost or stolen. It is not possible to combine both the photocard driving licence and the passport card into one. Each must comply to standards agreed at either EU or international level and when their requirements are aggregated, the information which must be displayed cannot fit legibly on a card the size of a credit card. However the Government would ensure that both forms of entitlement card had a similar look and feel so that they would clearly belong to the same family of entitlement cards. They could display a common logo incorporating the words 'entitlement card' and security features so that they clearly belonged to one family of entitlement cards. (see figure 5.1)
- 5.6 Another advantage of building on passports and driving licences is that a large proportion of the population could be covered by an entitlement card scheme without them having to make a specific application for a card. Over a period of 5-6 years, around 35 million people would naturally come within the scope of the scheme:
- as they applied for a passport or driving licence for the first time;
 - when they renewed an existing passport or photo driving licence;
 - when they applied for a replacement passport or driving licence if their existing document was lost or stolen;
 - when they informed DVLA or the UK Passport Service of a change of circumstances such as a change of name after marriage or (for driving licences only) a change of address.
- 5.7 In order to ensure that a scheme had universal coverage, people who did not qualify for a driving licence or passport could apply for the non-driving licence/entitlement card described in paragraph 3 above at any time.

Figure 5.1 – Illustrations of possible forms of entitlement card



This figure illustrates how the different possible forms of entitlement card might look. These pictures are illustrative only and do not represent how any forms of entitlement card might look should the Government proceed with a scheme.

P23. Comments are invited on whether any entitlement card scheme should be based around a passport card and the photo-driving licence (including a non-driving licence/entitlement card). In particular, comments are invited on whether having a family of cards rather than a single card would be helpful or confusing. Suggestions of other models for an entitlement card scheme are also invited.

Entitlement cards for young people

- 5.8 The scheme described above would be applicable to some young people as well as adults. Many young people now have their own passports and would therefore be able to acquire a passport/entitlement card. Many young people are also keen to acquire a provisional driving licence when they reach the age of 17. However there is another key age which marks a young person's transition to a more economically active stage of their citizenship.
- 5.9 At the age of 15 years and 9 months, young people are sent a plastic card with their National Insurance number and it might be feasible to issue an entitlement card alongside the issue of a National Insurance number. When young people were sent their National Insurance card, they could also be invited to apply for an entitlement card. The invitation might include a partially completed application form based on information held on the National Insurance system and a freepost envelope (or a reference to a website where the rest of the application could be completed). The entitlement card could be issued in the form of a passport/entitlement card (if the young person qualified) or in the form of a non-driving licence/entitlement card. The latter could be upgraded to a provisional driving licence at age 17 provided the young person met the requirements for a provisional driving licence (for example medical fitness to drive).
- 5.10 As there would be advantages to the Government in establishing a young person's participation in the entitlement card at an early age, this could be reflected in a lower fee charged for young people when they applied for other documents based on the scheme such as a provisional or full driving licence or a passport.
- P24. Views are sought on whether young people should be invited to apply for an entitlement card when they are issued with a National Insurance number.
- P25. The Government is particularly keen to hear young people's views on what features they would like to see on an entitlement card which would make it attractive to them.

Entitlement cards for foreign nationals

- 5.11 Most entitlements to services in the UK are based around lawful residence rather than citizenship. A universal entitlement card scheme would therefore also have to cover foreign residents other than those staying for short holidays or business trips where their passport or national identity card would suffice.
- 5.12 The Government would not wish to require wholesale changes to existing procedures for foreign residents to enter the country legitimately. These would stay in place but foreign residents would also be required to obtain an entitlement card. For example a foreign national who entered the UK on a work permit would be required to obtain an entitlement card before taking up employment. Work Permit UK's systems could be linked to those of the entitlement card issuer so the only additional information the foreign national would have to provide would be an address and biometric information. The entitlement card would be valid only for the period of the work permit on which he entered the country. Any changes to his employment status such as the extension of the work permit would require the issue of a replacement entitlement card.
- 5.13 Citizens of other EEA countries have a right to live and work in the UK. An entitlement card scheme would not infringe that right. Citizens of other EEA countries would have to apply for an entitlement card just as UK citizens have to apply for foreign residence cards in some EEA countries. Applications would need to be supported by passports or national identity cards issued by their native country. Applicants would also be required to provide biometric information.
- 5.14 Asylum seekers are now being issued with Application Registration Cards (ARCs) which also include biometric information in the form of fingerprints. Asylum seekers present a particular problem in verifying identity as they often enter the country without any official documents such as passports and those they have may not be genuine. The fingerprinting of asylum seekers to a legal standard of proof (unlike that suggested for the entitlement card scheme) helps to ensure that an individual cannot make more than one application for asylum and that the fingerprint evidence can be used in court.
- 5.15 An asylum seeker who was granted leave to remain would be able to exchange his ARC for an entitlement card. The biometric information recorded on the Home Office's systems would be cross-checked against any recorded for the entitlement card. This would help ensure that the person applying for an entitlement card was the same as the person who had applied for asylum and subsequently been granted leave to remain.

5.16 Within the family of entitlement cards, only the passport card would be available exclusively for British citizens. Thus within a scheme which would embrace all lawful UK residents, there would be a card which was a visible symbol of British citizenship. The issuing of this card to those taking up British citizenship – for example after being granted leave to remain and then applying successfully for naturalisation – could form part of the citizenship ceremonies discussed in the Government's White Paper Secure Borders, Safe Havens (CM 5387) published in February 2002.

P26. The Government invites comments on its suggestions for how entitlement cards could be issued to various categories of foreign nationals. The Government is particularly keen to ensure that any entitlement card scheme would not make the UK a less attractive place for foreign nationals to work and settle lawfully and welcomes specific suggestions on how to ensure this.

Confirming identity

5.17 The Cabinet Office study on identity fraud recommends that existing procedures for issuing driving licences and passports should be strengthened. In particular it discusses the greater use of biographical checks on applicants (ie checks that confirm that a person has been known by a certain identity and lived at known addresses for a number of years). Biographical information of this kind is the most difficult to counterfeit. The most effective method of confirming this biographical information would be to check some of the information provided by applicants with information held on other Government databases. Under this suggested scheme, the application could be checked against information held on:

- the passport and driving licence systems;
- National Insurance records;
- the electoral register;
- registers of births, marriages and deaths.

5.18 One of the areas where Government information is frequently out of date is address information, mainly because people interact with Government services (particularly central Government services) much less frequently than with private sector services such as credit card companies and utilities. The Cabinet Office identity fraud report suggests that the Government could make greater use of information held by credit reference agencies as their address information

is usually more up to date. The suggested entitlement card scheme therefore also includes such a check. (The practical usefulness of such a check is currently being evaluated by the UK Passport Service). The UK Passport Service and DVLA would use the check against credit reference agencies to help establish a person's address **not** his credit-worthiness. People would not be refused an entitlement card because of a poor or non-existent credit history.

- 5.19 An entitlement card scheme would also retain some of the existing checks used by the UK Passport Service and the DVLA, in particular the use of a countersignatory to verify a person's identity and appearance.

P27. Views are invited on whether more background biographical checks than currently take place should be conducted before applicants were issued with entitlement cards and whether the checks suggested in this paper are useful, feasible and proportionate.

Biometric information

- 5.20 Another way to strengthen identity checks would be to record applicants' biometric information. Biometric techniques exploit the peculiarity of certain anatomical features such as DNA profile, fingerprints, iris patterns or hand or facial characteristics and features arising from how a person speaks or writes her signature. The strength of biometrics lies in the one-to-one relationship between the person and their unique biometric information.

- 5.21 Recording biometric information as part of an application for an entitlement card would help to ensure that one person did not establish more than one identity in the scheme. It could also help to verify that the person presenting a card was the person it was issued to. The biometric information most likely to be of use in an entitlement card scheme are fingerprints, iris pattern recognition or facial recognition. These are discussed in more detail at Annex 4. Before deciding whether to incorporate biometric information into a scheme, the Government would need to be satisfied that the technology:

- was sufficiently mature and reliable;
- could be implemented at a cost which justified the benefits;
- was acceptable to members of the public.

- 5.22 On the acceptability of recording biometric information, the Government would need to be satisfied that people were content with the **principle** of recording this information. It would be a powerful technique to help protect people from becoming victims of identity theft or fraud. However some might be concerned that the Government was recording such intimate information about them and would quite rightly expect stringent safeguards on how the information was used.
- 5.23 Of perhaps equal or greater significance would be the acceptability of recording biometric information in **practice**. Recording biometric information would require special equipment to be installed around the country and for people to make a personal visit for the information to be recorded. This could be inconvenient unless equipment was installed at sufficient sites around the country. Arrangements would also need to be made for people who lived in sparsely populated areas and who were housebound or less mobile than the majority of the population. The Government has commissioned a more detailed study of the feasibility of using biometric information for passports, driving licences and entitlement cards and will publish the findings of this study during the course of the consultation exercise.
- 5.24 The combination of more biographical checks and the recording of biometric information should allow for much greater security in the issuing of passports, driving licences and entitlement cards. In general a risk-profiling approach would be adopted so that while more detailed checks would be performed on some higher risk applications, most could be processed on a fast track so that overall customer service levels would not be adversely affected and might even be improved. Failure of a particular check such as a non-match against a National Insurance record would not automatically result in an entitlement card being refused but in further checks being made. This would also be the case with checking biometric information as no system would be 100% accurate and there would always be a small number of 'false positive' matches where the computer system matched the records of two different people.

Figure 5.2 shows some examples of biometric equipment – an example of a fingerprint scanner used to check information recorded on a card or on a central database via a mobile telephone and an iris camera used to speed up passenger clearance at an airport. The pictures are used by the permission of the copyright owners and do not imply any preference on the part of the Government for particular suppliers of equipment.

Figure 5.2 – Examples of biometric equipment



HOW WOULD THE APPLICATION PROCESS FOR DRIVING LICENCES AND PASSPORTS CHANGE UNDER THIS SUGGESTED SCHEME?

The application process would be essentially unchanged. Applicants would still need to provide their details, a photograph and details of a countersignatory. However more information would be required on the form to establish nationality and applicants would also be asked for a National Insurance number (if they had one) to help establish their biographical identity. Also, by the time any entitlement card scheme might be introduced, it is likely that there will be more use made of on-line

applications from a public kiosk or from a home PC. The UK Passport Service is currently developing these systems.

The main difference would be if biometric information in the form of a fingerprint or iris pattern formed part of the scheme. This would require applicants to 'go somewhere' so their fingerprints could be scanned or iris photographed. If facial recognition was used as a biometric the current processes would not have to change as the photograph supplied would be scanned into and recorded on the database (as has been the case for passports and driving licences since 1998). At present people do have to 'go somewhere' to have a passport sized photograph taken – usually at a booth located in a busy part of town such as a shopping centre which also involves an additional cost over and above the passport or driving licence fee. However this can be done pretty much at peoples' convenience, if there is a queue by the booth they can always come back later unless their application is urgent (e.g. they have forgotten to renew their passport just before going on holiday). The number of biometric recorders would be far fewer than the number of photograph booths and an operator would be required to ensure that the information was recorded correctly.

It might be possible to design the scheme such that biometric information could be recorded at any time convenient to the applicant. For example the biometric recorder could issue a reference number when the information was recorded which could be used to link an application form to the biometric information. However it will be important to ensure that this did not increase the risk of fraudulent applications for example a person paying a casual visitor to the country to register a biometric and then applying for an additional card using this information. (Such a card would fail a biometric check at the point of use but many transactions might not make use of this facility).

Iris pattern cameras are being developed that can also take a 'head and shoulders' digital photograph at the same time as photographing the iris. If such technology was used for an entitlement card scheme, people would not have to pay for a separate photograph (though they would still need a good quality paper copy of the image in order for the photograph to be countersigned).

The Passport Service is moving towards an appointments system for personal passport applications. Appointments could be arranged in a number of ways e.g. by telephone or over the Internet. This could be another way of minimising the inconvenience to applicants by ensuring that they would not have to queue at peak times.

- P28.
- (i) Comments are invited on whether an entitlement card scheme should include the recording of biometric information with particular regard to the cost, feasibility and acceptability of the three most likely options (fingerprints, iris patterns and facial recognition).
 - (ii) The Government would like to hear the views of potential partners on how a nation-wide network of easily accessible biometric recording devices could be established and operated, how people who are not mobile or who live in sparsely populated areas could be served and what other value added services potential partners might offer.

What sort of card could an entitlement card be?

5.25 The current photocard driving licence is a plain plastic card and contains no additional information other than that which is printed on the card itself. If entitlement cards were issued in this form they would be simple and relatively inexpensive to produce and under normal conditions of wear and tear would last 10 years. Simple plastic cards could hold biometric information on a two-dimensional barcode which is a more sophisticated version of the type of barcodes used to price goods in shops).

5.26 However there is increasing interest in the use of smartcard technology where a card incorporates a microchip. As well as storing biometric information securely, the information displayed on the card can also be stored on the chip for ease of processing. It could also allow other organisations to make use of the card – at the card holder’s discretion – so that it could fulfil other important uses for the card-holder and reduce the number of plastic cards people have to hold. For example it could be easier for card-holders to enrol for other services – joining a local library might be as easy as swiping a card at the library counter. There would also be benefits for the library service which would save the cost of keying in the card-holder’s name and address into its systems.

5.27 However the incorporation of smartcard technology would increase costs in two ways:

- the cards themselves would be more expensive to produce;
- the cards would need to be re-issued during their 10 year validity period as the chip would degrade over time for example through the wear and tear of being carried or inserted repeatedly in card readers.

Issuing entitlement cards as smartcards is attractive but the Government will want to see the case for this properly established. The comments received during this consultation

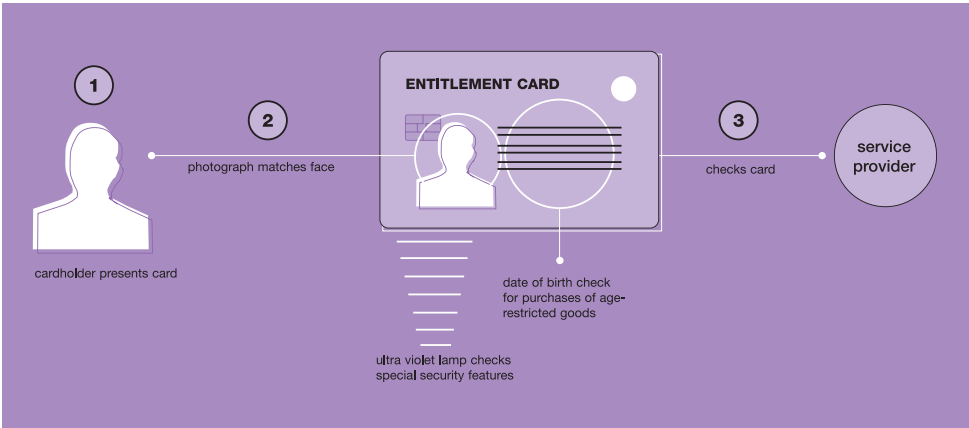
exercise will be crucial in making this assessment. Initial cost estimates indicate that a simple memory only smartcard would increase the costs of the scheme by around 25% (£30m per annum) compared with a plain plastic card. A more sophisticated smartcard which needed to be re-issued twice in a 10 year period would increase costs by around 140% (£180m pa). The Government would also consider phasing smartcard technology into an entitlement card scheme if the technical and business risks are considered too great to justify its deployment from the outset.

- P29. Views are sought on what benefits issuing an entitlement card as a smartcard would bring to card holders, whether the use of a smartcard chip could be shared by a number of organisations effectively and whether any potential partners would be interested in managing the sharing of a chip on behalf of the Government.

How a card might be used

- 5.28 There are a number of ways in which a card could be used. The simplest way would involve a visual check of the card details when it is presented in person for example when a young person wanted to prove her age to purchase age restricted goods. A more sophisticated form of face to face use might involve checking any security features which might be incorporated into a card, for example features which were only visible in ultra-violet light. This is illustrated in Figure 5.3.

Figure 5.3 – Visual check of a card



5.29 There will be many scenarios where the secure identity established by an entitlement card scheme would be useful in helping to establish entitlement to services but where card holders themselves would not be present. These include where applications would be made by post, telephone or on-line. In these scenarios, holders of entitlement cards could use their unique personal number issued along with the card. Service providers could then check the applicants' data against the central register which held card holders' details. To guard against misuse of stolen cards or information a card holder could register a PIN (personal identification number), password or pass-phrase and then quote part of this number, password or pass-phrase on the application form or to an operator at a call-centre. To ensure confidentiality the central register check would simply confirm 'yes' or 'no' whether the details were correct. These uses are illustrated in Figures 5.4 to 5.8.

Figure 5.4 – Checking a card by telephone

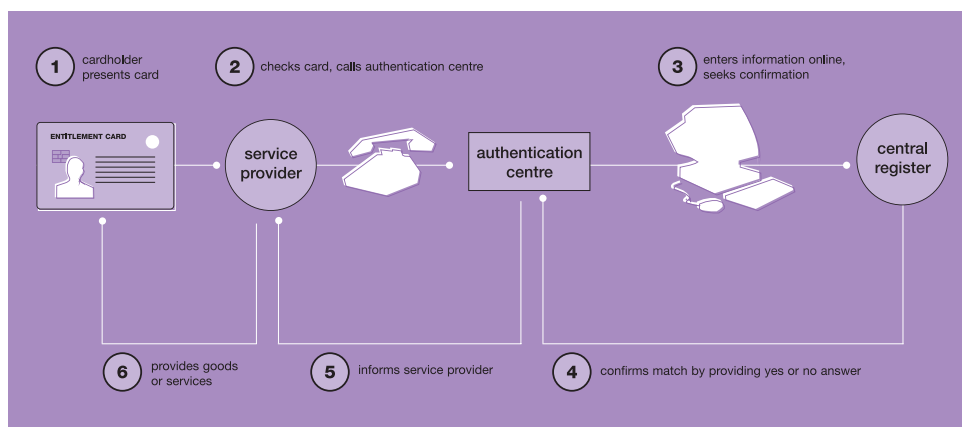


Figure 5.5 – Checking a card on-line

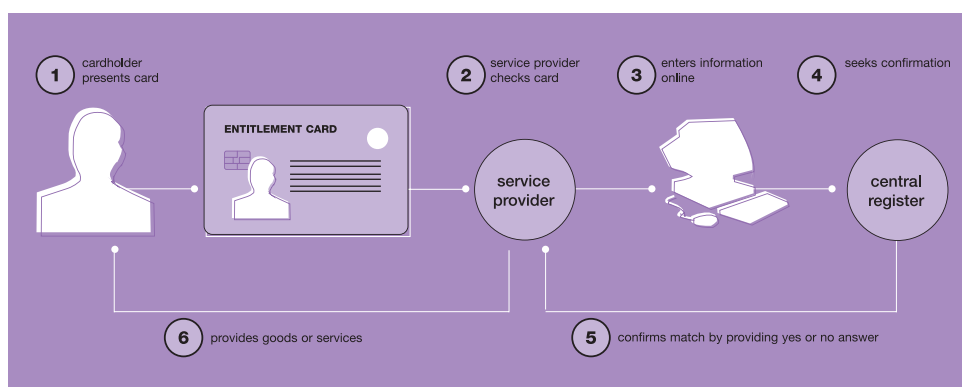


Figure 5.6 – Using card information to validate a form

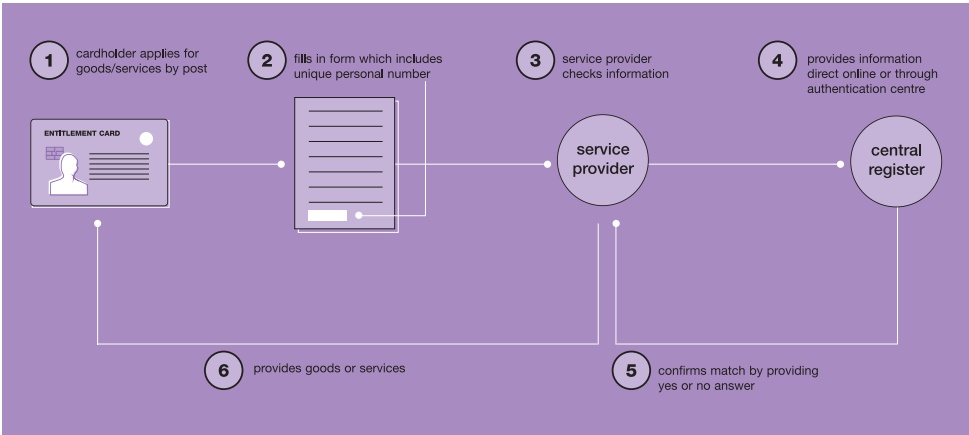


Figure 5.7 – Validating a card by checking secret information known only to card-holder

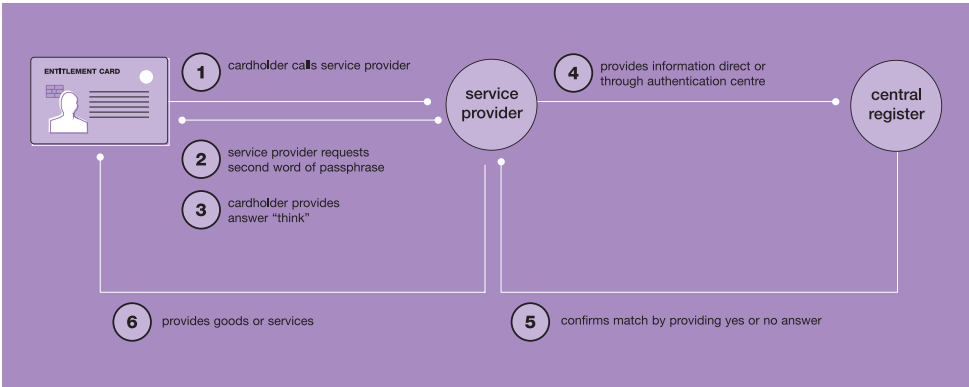
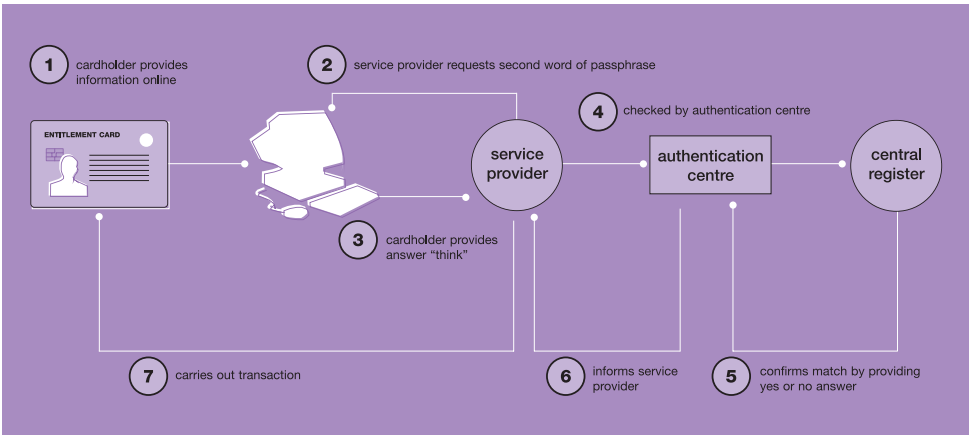


Figure 5.8 – Using secret card-holder information to validate on-line transactions



- 5.30 An even more sophisticated check would be possible by comparing the biometric information stored on the card or the central database with the person applying for the service. However given the greater cost and complexity associated with these checks it is unlikely that this type of use would be widespread in the early years of any scheme. These uses are illustrated in Figures 5.9 and 5.10.

Figure 5.9 – Off-line biometric check

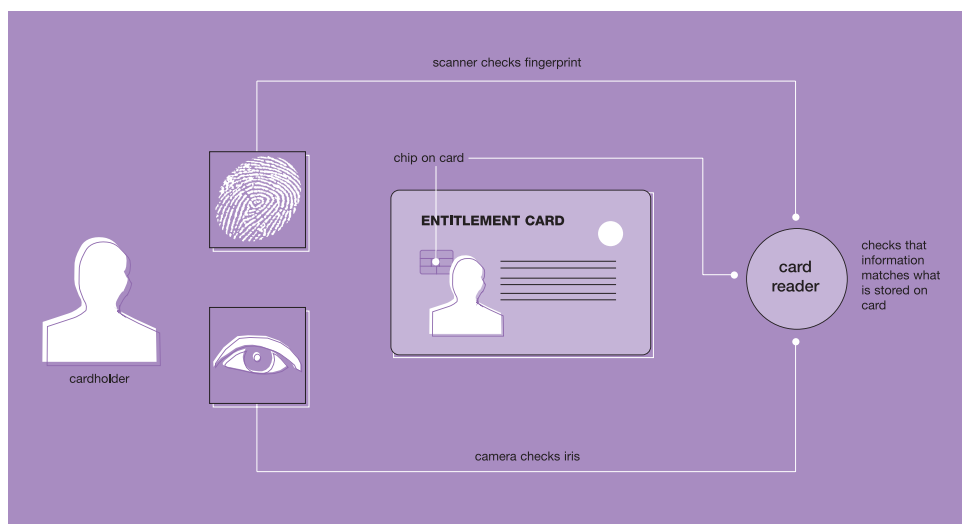
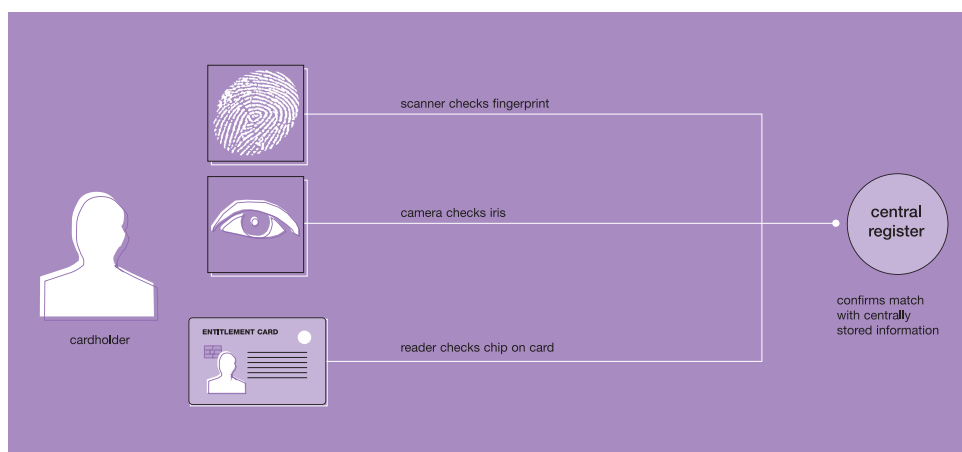


Figure 5.10 – On-line biometric check



5.31 Annex 4 discusses the different ways in which a card and its supporting database could be used in more detail.

P30. Views are invited on the different ways which a card system could be used to help validate face-to-face, post, telephone and on-line transactions. In particular views are sought:

- (i) from service providers on whether an authentication service based on a card scheme would be useful;
- (ii) from potential partners who might provide the authentication service on a commercial basis to help off-set some of the costs of the scheme to Government;
- (iii) on the longer-term use of biometric information should this form part of any scheme.

P31. Views are invited on whether it would be feasible in business and technical terms for an entitlement card to include a digital certificate and what the implications for the cost of the card would be.

Information which would be held on a card and the supporting database (the ‘central register’)

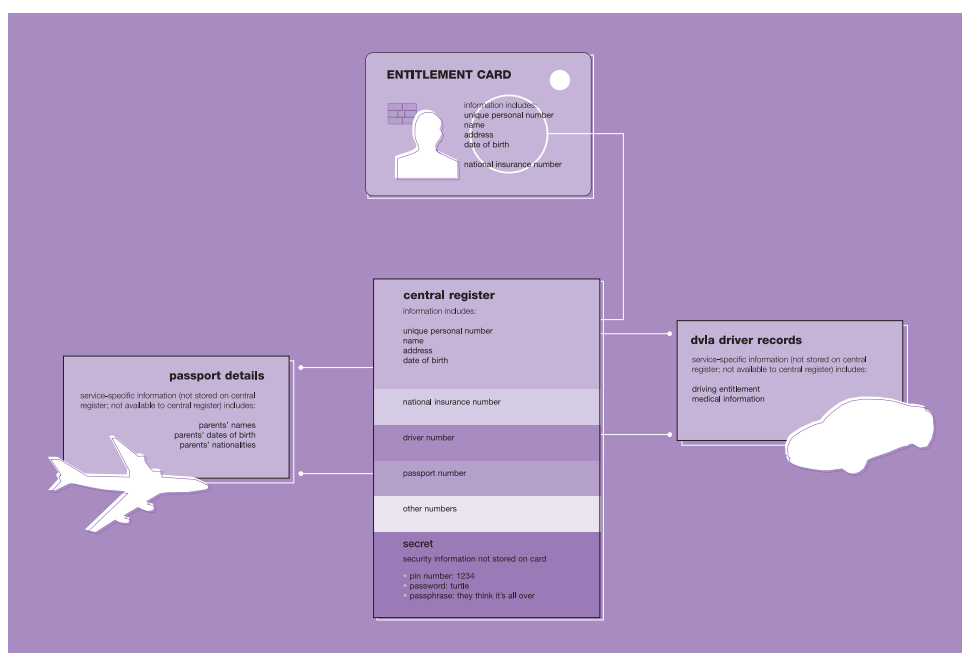
5.32 The database which administered a scheme (the ‘central register’) would need to hold :

- the personal information necessary to administer an effective scheme, including a unique personal number;
- cross-references to other personal identifiers used in Government such as the National Insurance number, passport number and driver number;
- any secret password, pass-phrase or PIN used to help authenticate transactions.

While the central register could also hold information about card-holders’ entitlements to specific services this could lead to it becoming unwieldy and too costly to manage. Information on entitlements to specific services would be held on other databases administered by the providers of those services. All these databases would be linked to the central register to share only the core personal information. The card and the central register would therefore be used as a gateway to entitlement to these other services. This would allow services to be added incrementally to the entitlement card scheme without the central database becoming too large to manage. Apart from these practical considerations, the separation of detailed personal information, protected by rigorous access protocols, might help reassure people about the extent of personal information held by the Government and the use to which it could be put. More details on the important issues of data protection and privacy are set out in Chapter 6.

- 5.33 This is illustrated in Figure 5.11 below which illustrates how the central register would hold a card-holder's core personal information which would include a driver number. The card-holder's driving entitlement information would be held on DVLA's driver's database linked via the card-holder's driver number. While a number of service providers might have access to the core personal information in the central register, only those authorised by DVLA would be able to access the driving entitlement information about the card-holder. This should help to reassure card-holders that all the information the Government would hold about them would not be held in one place.

Figure 5.11 – Where information would be held



- 5.34 Table 5.2 lists the information which would be held in the central register and compares it to what is currently displayed on the photocard driving licence and what would be displayed on a driving licence/entitlement card.
- 5.35 Some entitlement information might be held on the chip and might not be visible on the card. An example might be where the card was used as a season ticket for travel and needed to be read by ticket barriers. In these circumstances the central register would need to know that such an entitlement was recorded on the card and by whom so that the information could be re-created on a replacement card. The central register would not necessarily need to record the precise entitlement information which could be held on the travel company's systems and accessed only when a card needed to be replaced.

Table 5.2 – Information in the register and on the card

Information in the proposed central register	Displayed on current photocard driving licence	Displayed on proposed entitlement card/driving licence
Name	✓	✓
Date and place of birth	✓	✓
Residential address	✓	✓
Unique personal number	✗	✓
Other personal identifiers used in schemes linked to the entitlement card (e.g. national insurance number, passport number, driver number)	Driver Number	Driver Number
National Insurance Number	✗	✓
Nationality	✗	✓
Sex	✗ (though can be determined from the format of the driver number)	✓
Photograph	✓	✓
Digitised image of signature	✓	✓
Validity dates of card(s) & by whom it was issued	✓	✓
Employment status	✗	✓
Biometric information	✗	✓ (stored securely in a 2D barcode or chip)
PIN, password, passphrase	✗	✗

P32.

Views are welcomed on what information should be held in any central register which might be used to administer a card scheme and what information should be displayed or stored on the card.

Those who might find it difficult to participate in a card scheme

5.36 Any universal entitlement card scheme would need to ensure that it catered for various categories of people who might find it more difficult to participate in a scheme. Such groups could include:

- people who were housebound or not very mobile who might find it difficult to ‘go somewhere’ to have their biometric information recorded if this was necessary for the scheme;
- people living in sparsely populated areas who might also have difficulty in travelling to a place where their biometric information could be recorded;
- people who were homeless or who had very itinerant lifestyles who might find it difficult to register an address where cards could be sent;
- people who were mentally ill or incapacitated in some way and therefore might not be able to give their informed consent to use of information held about them on the central register or even to understand the purpose of the scheme;
- people who were fleeing abusive relationships and might want to live under another identity.

P33. The Government is very keen to consider suggestions from people whose circumstances might make it difficult for them to participate in a scheme and from organisations representing them on how a scheme can be designed to accommodate their needs.

Costs and Timescales

5.37 This section provides an estimate of the costs and implementation timescales for one possible entitlement card scheme. As with all other assumptions in this chapter, costs and timetable figures are illustrative, not prescriptive, and must be treated with caution at this stage. The cost estimates cover a thirteen year period comprising:

- three years while the necessary IT and other infrastructure is developed and installed;
- six years where the scheme is rolled out to all or the majority of the population;
- four years of ‘steady state’ operation.

The cost estimates cover a 13 year period as it is assumed that the validity of the secure identity associated with a card would be 10 years and it is therefore necessary to allow for this time after the 3 year development period. After year 13, cards would begin to be re-issued in bulk. The re-issue costs after 10 years could be substantially lower if the checks made before issuing the card in the first place were sufficiently reliable.

5.38 Table 5.3 indicates when the various costs might be incurred. The actual dates used are illustrative. There would be a 5-6 year period after the systems were installed when the bulk of the cards would be issued to the resident population. The total number of people to be covered would be around 51 million which is the total estimated population of the UK aged 16 and over by 2012/13 plus foreign visitors who have not settled permanently but have visited the country (e.g. to work) since the card scheme became operational. As discussed in Chapter 5, the current turnover of driving licence and passport applications should allow around 35 million people to be reached automatically. There would therefore need to be other ways of ensuring the rest of the

population registered. At the peak of the rollout activity, cards would be issued at a rate of around 11 million per year which is roughly equivalent to the current annual workload of DVLA and UKPS. The cost estimates provide for additional resources. Cards would continue to be issued for the 4 years after the resident population was covered as:

- new 16 year olds entered the system;
- new foreign residents applied for cards.

5.39 By the end of the 13 year period, 67.5 million people would be covered by the scheme, depending on the assumptions made on the number of non-casual visitors from the EEA and other countries who would require a card. Some people on the scheme would have died by year 13 but their records would be retained to guard against misuse of their identities.

5.40 It might be possible to increase the speed of take-up of cards by one or more of the following measures:

- recalling any existing paper driving licences still in circulation when entitlement cards started to be issued. Two-thirds of current driving licences are currently in this form;
- issuing passport cards and photocard driving licences as smartcards to reduce the learning curve associated with this technology;
- issuing passport cards and photocard driving licences with biometric information, again to reduce the technology learning curve.

COST BREAKDOWN

5.41 The set-up costs for a scheme would comprise:

- the design, development and implementation costs of the central database (the central register) and the information gateways between it and other systems (e.g. those operated by DVLA and the UK Passport Service);
- the cost of establishing a network of biometric information recording equipment.

5.42 The total cost is estimated at £136 million. This includes an allowance for the cost over-runs generally associated with large scale IT projects. More details of the underlying assumptions are provided at Annex 5.

5.43 The operating costs have been estimated as a percentage of the different set-up costs. Higher percentages have been applied to the higher risk areas of the IT infrastructure, namely the biometric recording equipment. The total operating costs of the infrastructure are estimated at £332 million over 13 years.

Table 5.3 – Illustrative rollout

Category of Cost	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Set-up													
Operations & Maintenance													
Processing Applications													
Card production ¹													
% cards held by resident population				10	30	50	70	90	100				

¹ Cards would continue to be issued after they were held by all the resident population as:

- (i) young people reached the age of 16 and applied for cards for the first time
- (ii) foreign residents visiting the country on a non-casual basis will require cards
- (iii) existing card holders will apply for replacements for lost, stolen or damaged cards or when their personal details change such as after moving house.

- 5.44 The additional staff costs at DVLA, DVLNI and the UK Passport Service for making the additional checks on applicants are estimated to be £62 million over 13 years.
- 5.45 The cost of processing applications for cards depends on the total number of people granted secure identities, i.e. it is in proportion to the 67.5 million people covered by the scheme rather than to the number of cards issued. It would cover the costs of collecting and checking applications at local points including the cost of operating the biometric recording equipment (as opposed to the cost of maintaining it which is covered in paragraph 43 above). The total cost is estimated to be £608 million.
- 5.46 Total card production costs would depend on the type of card issued. Cards have different production costs depending on their type and might also have to be re-issued over a 10 year period as any chip on the card wore out. A plain plastic card such as the current photocard driving licence should last 10 years and therefore would only need to be re-issued if it was damaged, lost or stolen or there was a change of card-holder details, for example a change of address. A simple memory chip smartcard would probably need to be re-issued once during the 10 year period of the validity of the secure identity. A more sophisticated smartcard which allowed the card-holder to digitally sign electronic documents might need to be re-issued twice during a 10 year period. There are therefore three estimates for card production costs over the 10 years that cards would be issued:
- £180 million for plain plastic cards;
 - £502 million for simple smartcards;
 - £2,007 million for sophisticated smartcards.

This gives total cost estimates over 13 years of:

- £1,318 million for plain plastic cards;
- £1,640 million for simple smartcards;
- £3,145 million for more sophisticated smartcards.

COST RECOVERY

- 5.47 The costs of a scheme could be recovered by increasing the fees for passports and driving licences (currently £30 and £29 respectively) and charging a fee for the non-driving licence/entitlement card.
- 5.48 Table 5.4 indicates possible fee increases which would cover costs.
- 5.49 Under the above cost-recovery schemes there would be no need to change the fees currently charged by DVLA and the UK Passport Service for replacement documents.

Table 5.4 – Ways costs could be recovered

Passport/driving licence fee uplift	Non-driving licence/entitlement card fee	Card Type
£10	£15	Plain Plastic
£14	£5	Plain Plastic
£15	£0 for 10 million people on lowest incomes ¹ , £5 for rest	Plain Plastic
£14	£15	Simple smartcard
£18	£5	Simple smartcard
£19	£0 for 10 million people on lowest incomes ¹ , £5 for rest	Simple smartcard

1. There are approximately 10 million pensioners and 5 million adults of working age currently in receipt of a key benefit which is defined as at least one of Jobseeker's Allowance (JSA), Incapacity Benefit and Severe Disablement Allowance (IB & SDA), Disability Living Allowance, Income Support and National Insurance Credits (through JSA or IB). It is not known what proportion of these groups have a passport or a driving licence and might therefore not qualify for a free non-driving licence/entitlement card. The Government will also investigate whether some entitlement cards could be paid for by instalments.

Estimates for recovering costs for an entitlement card scheme based on a sophisticated smartcard have not been made given the uncertainties around this technology. It is likely that by the time any entitlement card scheme came into operation, card production costs generally will be lower than they are today given advances in technology.

5.50 In practice, the above fee increases represent a worst-case scenario as some of the costs of a scheme would be off-set by:

- savings to Government administration. This cannot be estimated until after the consultation exercise when the Government will have a clearer view on what services people would like to see linked to a card and therefore what administrative savings there might be;
- charging private sector service providers for an authentication service based on the central register;
- charging other service providers for using the card to administer their services.

As with savings in Government administration, an estimate cannot be made of what use the private sector might want to make of an authentication service or a card in advance of the consultation exercise.

COMPLIANCE COSTS

5.51 The costs of using a card scheme for a particular purpose would depend on the particular details of how it was used, for example how many people would need to be trained in an organisation to recognise a card. One of the purposes of this consultation paper is to elicit

views from people and organisations about the range of uses that they would like to see for a card scheme. When these views have been assessed at the end of the consultation exercise, the Government will be in a better position to determine what the actual compliance costs would be and to produce a partial regulatory impact assessment. Compliance costs would include:

- design and implementation of new operating procedures to make use of the card for example changes to forms and staff handbooks;
- design and implementation of any changes to IT systems;
- staff training in new procedures and in operating changed IT systems;
- purchase and maintenance of any equipment such as card readers if the organisation wanted to use the card in this way;
- any transaction, network or call charges which might be levied by an authentication service linked to a card scheme.

Annex 5 gives some examples of how compliance costs might be estimated. It estimates that if organisations make widespread use of a card scheme for checking identity for example before granting credit, there will be a net saving on administration costs of £25 million pa once cards are widely held.

5.52 The Government believes that a card scheme will help reduce the cost for employers of complying with the requirements of section 8 of the Asylum and Immigration Act 1996. It is estimated that employers conduct around 3.6 million employee checks each year. However without an estimate of the current costs of carrying out these checks, it is not possible to estimate with any degree of certainty by how much an entitlement card scheme would reduce this burden. The Government hopes that organisations representing employers will help to identify these costs during the consultation exercise so that a more informed estimate can be made.

5.53 In the Nationality, Immigration and Asylum Bill currently before Parliament, the Government is proposing to enable immigration officers to enter business premises without a warrant and to require employers, banks and building societies to provide information about people suspected of being in the UK illegally. An entitlement card scheme might reduce the costs of these regulations for example by speeding up checks on employees at premises entered by the Immigration Service and thus reducing the time that business would be disrupted.

P34. Comments are invited on the indicative costs outlined in this section, in particular on the compliance costs which employers might incur in using a card to check the employment status of new employees.

Chapter 6

DATA PROTECTION AND PRIVACY ISSUES

- 6.1 This Chapter discusses how the suggested entitlement card scheme set out in Chapter 5 and Annex 4 would comply with the principles of the Data Protection Act 1998 and the Human Rights Act 1998. The Government is also consulting on a report of the Performance and Innovation Unit on Privacy and Data Sharing which if implemented could affect the legislation under which a universal entitlement card scheme would operate.

Data Protection Act 1998

- 6.2 The Government will ensure that any entitlement card scheme will operate in accordance with the eight principles set out in the Data Protection Act 1998.

The First Principle: Personal data shall be processed fairly and lawfully and in accordance with certain prescribed conditions.

The Second Principle: Personal data shall be obtained only for one or more specified and lawful purposes, and shall not be further processed in any manner incompatible with that purpose or those purposes.

- 6.3 Should it proceed with an entitlement card scheme, the Government would establish it by legislation which would ensure that the scheme met the lawfulness test in the Act. The legislation would set statutory purposes for the central register on which the card scheme was based. For the suggested scheme in Chapter 5, these purposes would be:
- (i) to provide people who are lawfully resident in the UK with a means of confirming their identity to a high degree of assurance;
 - (ii) to establish for official purposes a person's identity so that there is one definitive record of an identity which all departments can use if they wish;

- (iii) to help people gain entitlement to products and services provided by both the public and private sectors; and
- (iv) to help public and private sector organisations to validate a person's identity, entitlement to products and services and eligibility to work in the UK.

6.4 The statutory purposes include what the information is used for and to whom it might potentially be made available. Card holders would need to know this information in order for the scheme to meet the fairness test. As discussed in Chapter 2, it would be best left to individual service providers to decide if and when to link their services into a scheme. If use of an entitlement card were to be the only way to obtain access to a particular public service, then this would need to be set out in the legislation which governed that service rather than in the legislation governing the entitlement card. An individual would be able to know what services were making use of the scheme because either:

- (i) the personal numbers used by those schemes (for example a driver number) would be recorded on the central register; or
- (ii) the other services would be using the unique personal number associated with the entitlement card scheme as their own reference number (and the individual would have had to provide that number in the first place).

Where a private sector organisation was using the central register to verify identity, this would be achieved by informed consent e.g. the organisation would have to ask for the unique personal number and explain the purpose for which they were using it.

6.5 The Act requires the Government to prescribe the conditions under which personal data which contain a 'general identifier' can be lawfully and fairly processed in accordance with the First Principle. The unique personal number in an entitlement card scheme (see Chapter 2 paragraphs 26-32) would be an example of such an identifier. A general identifier is defined as any identifier which relates to an individual and forms part of a set of similar identifiers which is of general application. This requirement would avoid abuse by other organisations using a general identifier in their own systems without good reason.

6.6 The Act distinguishes between personal data and sensitive personal data and sets tighter conditions for processing the latter. The central register would not contain any sensitive personal data as defined by the Act i.e. it would not contain information on:

- racial or ethnic origin (which is not the same as nationality which would be held);
- political opinions;
- religious beliefs or other beliefs of a similar nature;
- membership of a trade union;
- physical or mental health or condition;
- sexual life;
- the commission or alleged commission of any offence, or
- any proceedings for any offence committed or alleged to have been committed, the disposal of such proceedings or the sentence of any court in such proceedings.

The Third Principle: Personal data shall be adequate, relevant and not excessive in relation to the purpose or purposes for which they are processed.

6.7 In the scheme suggested in Chapter 5, there would be a distinction between the data held on the central register and the data held on each type of entitlement card. The core personal information held on the central register would be included on all types of entitlement card with the exception of the full list of cross-references to other personal identifiers.

6.8 In considering compliance with the Third Principle, two questions need to be asked:

- is there any core personal information that would be in the central register which is additional to the requirements for the current photocard driving licence or the passport card which would be displayed on these cards if they became entitlement cards?
- what information is required by the standards for driving licences and passport cards which is additional to the core personal information that would be in the central register?

6.9 Table 6.1 builds on Table 5.2 in Chapter 5 to show the information which it is likely would be held on a central register and what would be shown on each type of entitlement card. The items marked with an asterisk are not mandated by the standard to which the particular entitlement card needs to conform. For example nationality is not required by the driving licence standard and residential address is not required by the passport card standard.

Table 6.1 – Information in the register and displayed on possible entitlement cards

Information in the proposed central register	Displayed on proposed driving licence/ entitlement card	Displayed on proposed passport/ entitlement card	Displayed on proposed non-driving licence/ entitlement card
Name	✓	✓	✓
Date and place of birth	✓	✓	✓
Residential address	✓*	✓*	✓
Unique personal number	✓*	✓*	✓
Other personal identifiers used in schemes linked to the entitlement card (e.g. National Insurance number, passport number, driver number)	Driver Number National Insurance Number*	Passport Number National Insurance Number*	National Insurance Number
Nationality	✓*	✓	✓
Sex	✓*	✓	✓
Photograph	✓	✓	✓
Digitised image of signature	✓	✓	✓
Validity dates of card(s) & by whom it was issued	✓	✓	✓
Employment status	✓*	✓*	✓
Biometric information (possibly)	✓* (stored securely in a 2D barcode or chip)	✓* (stored securely in a 2D barcode or chip)	✓ (stored securely in a 2D barcode or chip)
PIN, password, passphrase	✗	✗	✗

In addition to the information listed above, the driving licence/entitlement card would also show the classes of vehicle which the holder was entitled to drive.

- 6.10 If they were used as entitlement cards, both the photocard driving licence and – to a lesser extent – the passport card would therefore show more information than was strictly required for their individual purposes. This is almost unavoidable in any scheme involving dual or multi-use cards. The advantages in terms of the convenience to the card holder of having one card to fulfil a number of purposes probably outweigh the disadvantages of displaying on a single card slightly more information that is strictly necessary for each individual entitlement.
- 6.11 Chapter 5 discusses the possibility that a chip on a card might hold information such as a season ticket entitlement which would not be recorded on the central register. As there are a range of such potential uses, it might be impractical to record the details of such entitlements on the central register. The register would need to record that some such entitlement existed and where it was recorded in case it needed to be replicated on a replacement card. This could be achieved by the register holding a cross-reference to a personal identifier used by the travel company. Or the travel company might use the card-holder's unique personal number to index its entitlement information. However this would only be permitted if it complied with any conditions the Government laid down on the use of general identifiers (see paragraph 5 above).
- 6.12 Any person who was concerned about holding a card which displayed 'too much' information for their liking could apply for a non-driving licence/entitlement card which would only include the core personal information on the central register. This may not fully meet some people's concerns about compliance with the Third Principle as there would be no cards which were just confined to the individual uses of a driving licence and passport card. The Government believes that these concerns are more theoretical than real but will listen to the arguments during the consultation exercise.

The Fourth Principle: Personal data shall be accurate and, where necessary, kept up to date.

- 6.13 In the suggested scheme in Chapter 5, cards would be issued on the basis of applications made to the UK Passport Service, DVLA, possibly DVLNI and the Immigration and Nationality Directorate of the Home Office. Applications would involve a series of checks to establish confidence in the identity of applicants. There would be a requirement in law for entitlement card-holders to inform the issuing authority of changes to information held about them on the central register for example a change of address.

The Fifth Principle: Personal data processed for any purpose or purposes shall not be kept for longer than is necessary for that purpose or those purposes.

- 6.14 Under the scheme suggested in Chapter 5, information in the central register on a person would need to be held beyond the expiry date of a card even if the person had left the country (for example because her work permit had expired). The person's record would be retained to facilitate further applications for cards should she apply again for entry to the UK. It would also be necessary to retain records to guard against fraudulent applications. For example if a person left the country when her entitlement card expired but then attempted to enter the country again illegally using a false identity card issued by an EEA country, a check of the biometric information retained on the central register could detect this. Fingerprint information on those whose applications for asylum are rejected is retained after they have been removed from the country for the same reason. Information on card-holders who had died would also need to be held to avoid possible fraudulent applications using dead people's records as sometimes happens with passports. However this is not an issue for the Data Protection Act, which relates only to personal information about living people.

The Sixth Principle: Personal data shall be processed in accordance with the rights of data subjects under the Act.

The Seventh Principle: Appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data.

The Eighth Principle: Personal data shall not be transferred to a country or territory outside the European Economic Area unless that country or territory ensures an adequate level of protection for the rights and freedoms of data subjects in relation to the processing of personal data.

- 6.15 Similar subject access provisions would apply to the central register as apply to current large personal databases such as DVLA's. In addition it would be possible for a card holder to access the personal information held on the chip of his own smart entitlement card provided he knew the necessary PIN or password which would gain access to the information. The Government would also investigate whether it would be possible for the card holder to use her card securely to access her own record on the central register to avoid paying subject access fees. For example it could be possible to access the central register via a network of public service kiosks. The Government would have to be satisfied that this could be achieved without compromising personal information, for example that another person could not use a stolen card to view another person's record on the central register. If a card included biometric information, this could be a way to ensure that the information on a stolen card could not be read.

- 6.16 Organisations such as DVLA and the UK Passport Service have a great deal of experience in administering large databases of personal information – including where they are administered by a third party under contract. They would be well placed to comply with the requirements of the Seventh Principle.
- 6.17 The only scenario in the scheme outlined in Chapter 5 and Annex 4 where data might be shared with countries outside the UK would be where an applicant's biometric information would be checked with Immigration Service records. This might also include a check with some other European countries' biometric records of asylum seekers via the Eurodac system (see Annex 4). All of these countries are within the EEA and therefore the check would not be in breach of the Eighth Principle.
- P35. Views are invited on what specific measures should be included in any entitlement card scheme to ensure compatibility with the principles of the Data Protection Act 1998.

The Human Rights Act 1998

- 6.18 Many signatories to the European Convention on Human Rights operate identity card schemes which are also used to help gain entitlement to services. Some schemes are voluntary (such as in Austria, Finland, France, Italy, Luxembourg, the Netherlands and Portugal), others (such as in Belgium, Germany, Greece & Spain) are closer to a universal or compulsory scheme as outlined in this paper. Annex 3 includes brief details of the schemes operated in other EU countries.
- 6.19 The Government believes that an entitlement card scheme would be compatible with its obligations under the Human Rights Act 1998. In particular it believes that any scheme would not infringe Article 8 (the right to respect for private and family life, home and correspondence). Any scheme would operate in accordance with legislation passed by Parliament and the Government would only propose such legislation if it was satisfied that an entitlement card scheme would help:
- some parts of the population which might have difficulty in asserting their entitlements to services to do so;
 - prevent people becoming victims of identity theft and identity fraud, for example preventing parents suffering the distress caused when a criminal assumes the identity of their deceased child;

- to combat illegal working and help stop unscrupulous employers undercutting legitimate companies who are employing some of the most vulnerable members of society on the minimum wage.

Changes to how information gateways might be established

- 6.20 Any entitlement card scheme would depend on effective information sharing arrangements. The information sharing gateways would have two different purposes:
- (i) to help establish that an application for a card is genuine. This would require the gateways discussed in Chapter 5. The legislation would set out the clear statutory purpose for these gateways which would only be used when processing applications for cards or related purposes (for example issuing replacements);
 - (ii) to allow access to the central register by organisations wishing to verify the identity of a card-holder as part of determining his entitlement to services.
- 6.21 As discussed in paragraph 3 above, the Government would define in primary legislation the statutory purposes for which information on the central register was retained which would help administer the second type of gateway discussed above. The Government is occasionally criticised when using its existing databases to support identity checks. It is claimed that the use of these databases such as the National Insurance central index is not in accordance with the purposes for which they were set up. It is in the absence of a database clearly set up for the purpose of identity checks that the Government occasionally has to resort to other databases where there is a clear need for such checks such as the recent legislation to counter electoral fraud in Northern Ireland. With a central register in place, the Government would no longer need to use other databases for this purpose.
- 6.22 The gateways of the first type would also need to be defined in primary legislation under the current state of the law. Following the publication of the Performance and Innovation Unit's report on Privacy and Data Sharing (www.piu.gov.uk/2002/privacy/report/index.htm), the Lord Chancellor's Department has consulted on whether to enable information sharing gateways to be established via secondary legislation, subject to a codified list of tangible safeguards and adequate Parliamentary scrutiny. The consultation exercise lasts until 12 July. The information sharing gateways between Government departments which might be necessary for any checks on entitlement card applications could be established in this way if the Government decided to implement the PIU recommendation and Parliament had approved the measures before any legislation on entitlement cards was presented to Parliament.

Annexes

- 1 List of consultation points
- 2 Population registers and card schemes in the UK since the First World War
- 3 Card schemes in other countries
- 4 How a scheme might work in practice
- 5 Indicative cost assumptions

Annex 1

List of consultation points

The consultation points which appear in the main text of the paper and at Annexes 4 and 5 are summarised here for convenience.

Chapter 2 – The options for an entitlement card scheme

- P1. The Government invites views on the principle of establishing an entitlement card scheme as a more efficient and convenient way of providing services, tackling illegal immigration and illegal working and combating identity fraud.
- P2. Should the Government give consideration to one or more targeted entitlement card schemes and if so what sort of schemes should be considered?
- P3. Views are invited on whether the Government should implement a voluntary entitlement card scheme.
- P4. Views are invited on whether the Government should implement a universal entitlement card scheme where:
 - (i) it would be a requirement that all lawful residents of the UK over a certain age register with a scheme and obtain a card;
 - (ii) service providers would be free to decide whether or not to use the card scheme as the means to access their services;
 - (iii) service providers who did choose to use the card scheme would make the scheme the exclusive way to access their services (with exceptions for emergencies such as lost or stolen cards);
 - (iv) some services would rely on the database which administered the card scheme rather than require production of a card if that was a more efficient and convenient way to provide the service.
- P5. Views are invited on what the contents and scope should be of any legislation to implement an entitlement card scheme.

- P6. Views are invited on what powers the Government should have to require cards to be held in any universal scheme and what incentives and sanctions there could be to help ensure universal coverage.
- P7. Views are invited on whether any entitlement card scheme should allocate a unique personal number to each card holder, what form any number should take and whether it should be incorporated onto the card itself.
- P8. Views are invited on the development of a national population register which could be used in a sophisticated way across the public sector with the aims of improving customer service and efficiency.

Chapter 3 – Possible uses for an entitlement card

- P9. Views are welcomed on whether an entitlement card scheme would allow for more efficient and effective delivery of Government services and what services people would most like to see linked to a card scheme.
- P10. Views are also welcomed from organisations providing services in the public and private sectors on whether they would like to link their services to a card scheme and what features they would want to see in a card scheme that would most benefit their services.
- P11. Views are sought on whether an entitlement card scheme would be a cost effective additional measure against identity fraud and related criminal activities such as money laundering.
- P12. The views of employers, trade unions and other interested parties are sought on whether an entitlement card scheme would be an effective measure (as part of a wider package) to combat illegal working and illegal immigration and what suggestions they might have for how a scheme could be designed to minimise administrative burdens on employers.
- P13. Views are sought on whether an entitlement card should be available to UK citizens in a form which allowed it to be used as a more convenient travel document to Europe than the passport book.
- P14. Views are sought on whether an entitlement card would be an effective proof of age card, whether there should be a minimum age at which entitlement cards should be available and if so what that age might be.

- P15. Views are sought on:
- (i) whether an entitlement card scheme would be effective in reducing crimes other than those related to identity fraud;
 - (ii) whether an entitlement card scheme would reduce administrative burdens on the police;
 - (iii) whether the police, the intelligence services and other organisations investigating very serious crimes such as HM Customs & Excise should have access to the central register – including biometric information – in closely prescribed circumstances in cases where they are investigating matters of national security or very serious crimes and what those safeguards should be.
- P16. Views are invited on whether an entitlement card scheme would benefit the maintenance of the electoral register and facilitate new ways of voting.
- P17. Views are sought on:
- (i) whether an entitlement card should display emergency medical information and/or act as an organ donor card at the card holder's consent?
 - (ii) if so, what sort of emergency medical information would be most useful to display?
 - (iii) given space constraints on the card, whether storing emergency medical information on a smartcard chip on an entitlement card would be useful?

Chapter 4 – Combating identity fraud

- P18. The Government invites views on the early steps it would like to take to tackle identity fraud and welcomes expressions of interest from the private sector to collaborate in this work.
- P19. Views are invited on whether checks on applications for passports and driving licences should be strengthened to the degree outlined in Chapter 5 whether or not the Government decided to proceed with an entitlement card scheme based around these documents.
- P20. If more secure passports and driving licences were issued based around a common identity database shared between the UK Passport Service and the DVLA, the Government invites views on:
- (i) whether it should take the necessary legislative powers to allow other departments to access this identity database to allow them to make their own checks;
 - (ii) whether it should allow the private sector to access the identity database provided this was done with the informed consent of subjects.

- P21. Views are sought on whether the Government should procure a service from the private sector which checked applications for services against a number of databases used by the credit reference agencies or similar organisations and selected biographical data held by the Government.
- P22. Views are invited on whether a summary-only offence of identity fraud should be created.

Chapter 5 – How a scheme might work in practice

- P23. Comments are invited on whether any entitlement card scheme should be based around a passport card and the photo-driving licence (including a non-driving licence/entitlement card). In particular, comments are invited on whether having a family of cards rather than a single card would be helpful or confusing. Suggestions of other models for an entitlement card scheme are also invited.
- P24. Views are sought on whether young people should be invited to apply for an entitlement card when they are issued with a National Insurance number.
- P25. The Government is particularly keen to hear young people's views on what features they would like to see on an entitlement card which would make it attractive to them.
- P26. The Government invites comments on its suggestions for how entitlement cards could be issued to various categories of foreign nationals. The Government is particularly keen to ensure that any entitlement card scheme would not make the UK a less attractive place for foreign nationals to work and settle lawfully and welcomes specific suggestions on how to ensure this.
- P27. Views are invited on whether more background biographical checks than currently take place should be conducted before applicants were issued with entitlement cards and whether the checks suggested in this paper are useful, feasible and proportionate.
- P28. (i) Comments are invited on whether an entitlement card scheme should include the recording of biometric information with particular regard to the cost, feasibility and acceptability of the three most likely options (fingerprints, iris patterns and facial recognition).
- (ii) The Government would like to hear the views of potential partners on how a nation-wide network of easily accessible biometric recording devices could be established and operated, how people who are not mobile or who live in sparsely populated areas could be served and what other value added services potential partners might offer.

- P29. Views are sought on what benefits issuing an entitlement card as a smartcard would bring to card holders, whether the use of a smartcard chip could be shared by a number of organisations effectively and whether any potential partners would be interested in managing the sharing of a chip on behalf of the Government.
- P30. Views are invited on the different ways which a card system could be used to help validate face-to-face, post, telephone and on-line transactions. In particular views are sought:
- (i) from service providers on whether an authentication service based on a card scheme would be useful;
 - (ii) from potential partners who might provide the authentication service on a commercial basis to help off-set some of the costs of the scheme to Government;
 - (iii) on the longer-term use of biometric information should this form part of any scheme.
- P31. Views are invited on whether it would be feasible in business and technical terms for an entitlement card to include a digital certificate and what the implications for the cost of the card would be.
- P32. Views are welcomed on what information should be held in any central register which might be used to administer a card scheme and what information should be displayed or stored on the card.
- P33. The Government is very keen to consider suggestions from people whose circumstances might make it difficult for them to participate in a scheme and from organisations representing them on how a scheme can be designed to accommodate their needs.
- P34. Comments are invited on the indicative costs outlined in this section, in particular on the compliance costs which employers might incur in using a card to check the employment status of new employees.

Chapter 6 – Data Protection and privacy issues

- P35. Views are invited on what specific measures should be included in any entitlement card scheme to ensure compatibility with the principles of the Data Protection Act 1998.

Annex 2

Population registers and card schemes in the UK since the First World War

1. The first 'identity card' scheme in the UK was established by the National Registration Act 1915 which set up a population register for England, Wales and Scotland covering all persons aged between 15 and 65. The purpose was to aid military conscription during the First World War and to ensure that the available workforce was used to best effect. Everyone on the Register was issued with a certificate of registration setting out their personal details. The certificate was not known as an identity card. A 1918 amendment to the Act required the production of the certificate on demand to a police officer or other authorised person.
2. The registration requirement was withdrawn at the end of the First World War but planning for a revised system was undertaken in the 1930s. At the outbreak of the Second World War in 1939, a much more comprehensive national registration scheme was introduced. This covered all civilians (members of the armed forces had their own cards) and required the carrying of an identity card at all times. The cards were issued by a special exercise akin to the census. Enumerators visited every household and issued identity cards on a return visit the following week. Police officers or service personnel in uniform had the power to require production of an identity card on demand although an individual who was not in possession of the card had 48 hours in which to produce it.
3. The general wartime identity card had no photograph, but a photograph bearing 'green card' was available on request subject to a similar application process to a passport. The photocard was needed to access certain restricted areas. An identity card had to be shown when applying for a ration book and this link with rationing helped to keep the scheme up to date. It was also used as the basis for electoral registration for the 1945 General Election.
4. Rationing and national service continued after the end of the war and the national registration scheme number which was included on the identity card became the National Health Service number. In November 1947 Aneurin Bevan told Parliament that the identity card had become "almost a popular document". The unpopularity of prolonged rationing

after the end of the war probably contributed to the difficulty of debating the continued use of identity cards as a way of helping to administer other public services and there was pressure for identity cards – along with other emergency measures – to be repealed. Questions were raised in Parliament when Mr Clarence Willcock was prosecuted when he refused on a matter of principle to show his identity card when questioned by a police officer over a minor motoring offence. Although he produced his driving licence and insurance papers, he was fined 10 shillings for failing to produce the card. His case reached the High Court in 1951. Although the Court confirmed that the power in the National Registration Act 1939 requiring an identity card to be produced on demand still existed, the Lord Chief Justice, Lord Goddard, commented unfavourably on the continuance of the power in peacetime and on the circumstances of Mr Willcock's case. The wartime scheme was withdrawn in 1952.

5. There has been regular public and parliamentary interest in the issue of identity cards over the last 50 years. In the late 1980s the Home Affairs Select Committee recommended the adoption of a machine-readable voluntary identity card based on the then recently introduced machine-readable page of the passport.
6. The previous Government published a Green Paper on identity cards in 1995. During the consultation exercise which followed, the Home Affairs Select Committee conducted a detailed inquiry and favoured the introduction of a voluntary identity card combined with the new EC standard photocard driving licence which was then shortly to be introduced. In its response to the Committee's report, the previous Government stated that it intended to introduce such a voluntary card scheme. In the Queen's Speech opening the 1996/97 Session of Parliament, the previous Government announced that it would publish a draft Bill on the introduction of voluntary identity cards. However the Session was curtailed by the calling of the May 1997 General Election and no draft Bill was published.

Annex 3

Card schemes in other countries

Note: This information was obtained via a survey conducted by the Home Office with the help of the Foreign and Commonwealth Office. Information on some card schemes is more detailed than others because it has not been possible to have follow-up discussions with all of the countries surveyed.

Country	Legal status	Method of issue	Information on card includes	Cost & validity	Uses	Comments
Austria	Voluntary.	Apply locally, issued centrally by passport office.	No information on current card. From Jan 2002 smartcard with 16kbyte chip.	£32 – lasts 10 years.	To support claims for state benefits, banking and European travel. Smartcard will be used to access e-government and e-commerce services.	Current issuing rate 80,000 pa. Expected to increase to 150,000.
Belgium	Compulsory to carry and produce on demand to police. Issued from age 12.	Local commune.	Photo Name Nationality Place of birth Date of birth Sex Address Issuing Authority.	No information.	To meet legal requirements.	Plans to incorporate health insurance info on reverse of card.
Denmark	No card.					Central Persons Number allocated at birth. Used for benefits, tax, banking. Non-Danish citizens must have and carry at all times a Permanent Residents' Card.

Country	Legal status	Method of issue	Information on card includes	Cost & validity	Uses	Comments
Finland	Voluntary but very widely held.	Issued locally by police with check of central population register.	Personal number Issue & expiry dates Card number Photo Signature Smartcard option recently introduced.	£13.50 for basic card, £18 for smartcard. Lasts 5 years.	European Travel.	
France	Voluntary. 51% of eligible population have them. Individuals must be able to prove their identity to police but can use other documents e.g. driving licence.	Issued by local prefecture.	Photo Name Sex Place of birth Date of birth Nationality Height Signature Includes machine readable zone with optical character text.	Issued free of charge. Valid 10 years.	Support claims for state benefits, banking transactions, European travel.	

Germany	Compulsory for every citizen over 15. Must be carried at all times. Police can ask to see card or passport.	Issued locally.	Photo Name Place of birth Date of birth Height Eye colour Address Expiry Date	First card free, subsequent cards cost £15. Valid for 10 years if over 26 years of age, 5 years otherwise.	European Travel.	Cost of card not fully recovered through fees but extra charges apply for passports. Debate on changing the law to allow biometric information to be recorded.
Machine readable optical character text.						
Greece	Compulsory for all citizens from age of 14. Not compulsory to carry. Police have powers to stop people without reasonable suspicion of having committed an offence.	Issued centrally by Ministry of Public Order.	Photo Name Place of birth Date of birth Nationality Parents' names Physical description Address Occupation Religion Image of right thumb print	No information on cost. Valid 10 years.	Applying for passports and driving licences Entrance to public buildings and Government buildings Travel in Europe.	

Country	Legal status	Method of issue	Information on card includes	Cost & validity	Uses	Comments
Ireland	No card					Looking at whether to establish a national population register.
Italy	Voluntary. Available for citizens over 15. Widely held. Must be able to prove identity to police on request.	Issued locally by the Mayor of the Communal Municipality.	Old paper card being replaced by new card with optical strip and chip. Name, photo, serial no., stamp, signature. Will include fingerprint eventually.	Paper card was £3. Valid for 5 years. No information on cost of new card.	European travel State benefits Financial transactions. New type of card can be used for tax payments, health appointments, and registration for schools.	Hoped that new card will increase security and enable user to be 'recognised', reduce risk of fraud and of cards being counterfeited. Should allow for on-line signature to enable people to sign for goods on-line. Still at experimental stage. Hoped that scheme will be fully operational by 2005.
Luxembourg	Voluntary, issued from birth. Can opt for passport instead of ID card. Cards and passports together have 99% coverage.	Issued locally.	Photo Basic personal details.	Valid 2 years from birth to 15. 10 years for over 15s.	Travel. Proof of identity for official purposes, banking and commercial transactions.	Most people consider it normal to carry the card.

Netherlands	Voluntary although some form of ID is required in certain circumstances.	Applications to local authorities, issued centrally.	Name, photo, hologram, social security and tax nos.	£17 max valid for 5 years (local authorities have discretion to charge less.)	European Travel. Some form of ID required to open bank accounts, obtain benefits, get employment.	Card introduced in 1996 after 8 years debate. Current card dates from 2001. 30% coverage although most people have some form of ID. The compulsion to possess some form of id dates from 1994. Separate residents permit for foreign nationals. Debate begun on compulsory cards, over 60% said to favour some form of National Registration. Interest in biometrics for the future.
Portugal	Voluntary though widely held belief that they are compulsory. Must carry proof of identity in public place.	Ministry of Justice.	Photo Fingerprint Signature Name and details of parents Place/Date of birth Marital status Height	£3 for over 16s, £1 for under 16s. Valid 5 years to age 40, 10 years 40-60 and then indefinitely.	European Travel. Required to access a range of services e.g. passport, driving licence and marriage licence application, employment and education.	Considered a normal part of life to carry one. Some recent debate on extent of police powers to stop people.
Spain	Compulsory to carry at all times and produce on request to police.	Ministry of the Interior who exercise this through the Police Dept.	Photo Name Nationality Sex Signature Place/Date of birth Parent's names Address Machine readable optical character text.	Issued from age 14. Costs £4 and valid for 5 years until 30 years of age, then 10 years until 70 years of age, then permanent.	European Travel. Dealings with Government and commerce. Looking at introducing an electronic ID card with a chip and the role this could play in e-government and e-commerce.	Fingerprint is taken as part of the application process but is stored on the database not the card.

Country	Legal status	Method of issue	Information on card includes	Cost & validity	Uses	Comments
Sweden	<p>Sweden has just announced that it intends to introduce a national ID card system to enable residents to travel.</p> <p>At present there is no national scheme. Some private firms offer voluntary cards which are very widely held. A form of ID is required in some circumstances containing personal ID number.</p>	<p>Current system- Post Office or banks, some private companies to their staff. Need an extract from population register as a 'personal certificate' To support the application.</p> <p>No information available on how proposed new national card will be issued though it will be a Government issued card.</p>	<p>Current card-Swedish Standards Institute Stamp, name, photo, personal ID no., expiry date. Some show nationality but cannot be used for travel.</p> <p>Proposed card- signature and photo. Cards will specify citizenship or residence stats. Possibility to include a chip in future.</p>	<p>Current system- Valid for 5 yrs. Between £14-£20. Discounts available.</p> <p>Proposed system- no information on costs. For citizens- valid for 5 years, for residents-valid for 3 years.</p>	<p>Current system- wide range of official purposes mainly financial.</p> <p>Not for travel.</p> <p>Proposed card as above but valid for travel.</p>	<p>Sweden has announced its intention to introduce a national ID card system to allow travel in Europe.</p> <p>Unique personal reference number issued at birth and used for all official purposes.</p> <p>Growing demand (mainly from private companies) for electronic cards with a chip. Some interest in biometrics but concerns over potential cost.</p>

USA	No national identity card.	<p>No plans to introduce a card. Most citizens carry photo id as routinely requested to show id.</p> <p>Main forms of photo id are drivers licence and social security card.</p> <p>Non-drivers licences also issued. There are 242 different formats of driving licence in the US and no common standards between states for documents required to support driving licence applications. 24 states have now agreed common format to include digitised photo and 32 have agreed a list of required supporting documents.</p> <p>New Green Card which must be carried by all legal immigrants under development including digitally encoded data strip.</p>
Australia	No card and no plans to introduce one.	<p>Proposal to introduce a compulsory card made in 1986 and was withdrawn in 1987.</p>
Canada	No card.	<p>There are centrally issued Social Insurance Cards and Province issued health and driving licence cards used for id.</p> <p>Permanent residence paper card issued to non-citizens who cannot work without one. Will be replaced with plastic card issued by passport office. Some provinces experimenting with biometrics for health cards.</p>

Annex 4

How a scheme might work in practice

1. The Government believes that people will be able to make a more informed decision about whether or not they would favour a card scheme if they had a clear view as to how a scheme might work in practice. This Annex provides more detail of the scheme outlined in Chapter 5. As part of this consultation exercise, the Government would welcome suggestions for how this proposed scheme could be improved or other ways in which a card scheme could be implemented. The consultation points included in Chapter 5 are repeated in this Annex for convenience so that it can be read in isolation of the main text but appear in a different sequence as the order of the contents of this Annex is different in places from Chapter 5.
2. The suggested scheme is based around the existing passport and driving licence systems and the Chapter discusses:
 - the advantages and disadvantages in principle of a scheme based on both documents;
 - how identity is currently verified for these documents;
 - how identity checking might be improved in line with some of the recommendations in the Cabinet Office Identity Fraud report;
 - the issues involved in recording biometric information as part of a scheme;
 - how entitlement cards could be issued to young people and various categories of foreign resident;
 - what sort of card an entitlement card might be, for example whether it would be a smartcard;
 - how a card and its supporting database might be used in a range of different circumstances e.g. for face-to-face transactions or transactions conducted over the telephone;
 - what core personal information would be held by the card database and how this would relate to other entitlement information which might be displayed on the card or stored in other systems;
 - the issues involved in ensuring that vulnerable and other 'hard to reach' groups of the population can participate in a scheme;

Estimates of costs are included in Annex 5.

3. The most widely held and recognised forms of identification issued by the Government are driving licences and passports. Since 1998 driving licences in Britain have been issued as photo-card licences to standards which are common throughout the European Union. Around 13 million photo driving licences have been issued and the remaining 25 million paper licences are being steadily replaced for example as drivers notify the Driver and Vehicle Licensing Agency (DVLA) of a change of address. As well as meeting the requirements of the EU Directive, the introduction of photocard licences allowed the DVLA to strengthen the integrity of the driving licence through the inclusion of a photograph and the introduction of tighter identity checking procedures based on the best practice of the UK Passport Service. Photo driving licences have been issued in Northern Ireland by Driver and Vehicle Licensing Northern Ireland (DVLNI) since 1928 and since April 1999 these have been issued to the full EU standard.

4. 44 million passports are currently in issue. In 1998 a more secure form of passport was introduced to counter the increased risk of forgery. The UK Passport Service (UKPS) has now issued around 12 million passports where the photograph of the holder is printed onto the passport from a digitised photograph (rather than a paper photograph being affixed to the passport during the printing process). In February 2002, the Passport Service announced that it would examine the feasibility of issuing a travel card alongside the paper passport book. The card, which would comply with standards agreed by the International Civil Aviation Organisation (ICAO) and endorsed by the European Union, would provide a convenient travel document when visiting countries in the European Economic Area and other countries where there is no requirement to stamp a paper passport or visa on entry.

5. As UKPS and DVLA have the most expertise in Government in verifying identity and issuing documents which are widely regarded as providing proof of identity, the Home Secretary asked the Chief Executives of both agencies to work together to set out how they might set up and administer a scheme to help inform the debate during this consultation exercise.

6. The suggested scheme is best described from the point of view of issuing cards to the majority of the UK adult population who already hold a driving licence, a passport or both. The Chapter then goes on to describe how cards could be issued to:
 - adult UK residents who do not qualify for or who do not wish to hold either a driving licence or a UK passport;
 - young people reaching the age of 16;
 - various categories of foreign resident.

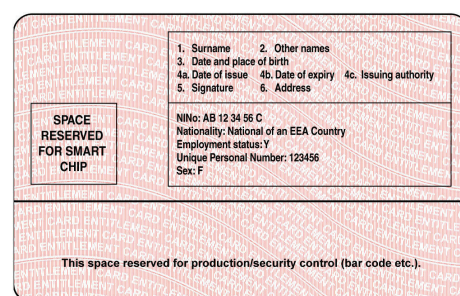
Building on passports and driving licences

7. As the vast majority of the adult population already holds either a driving licence or a passport, in this scheme both the photo driving licence and the planned passport card would be equally acceptable as an entitlement card. Each card has scope within its own standard for displaying specific information for national use. This would allow additional information useful to an entitlement card scheme such as any restrictions on a person's eligibility to work to be set out on either type of card.

Why cannot the photo driving licence and the passport card be combined onto a single card?

8. The standards developed for the specific international use of each card are not sufficiently compatible to combine the functions of a driving licence and travel document onto one card. Although there is much common information between the two standards for example name, date of birth and photograph, the standards require some information to be shown in a different size or format. For instance the driving licence standard requires the expiry date to be in the form '31/7/02' whereas the travel card standard specifies '31 JUL 2002'. The standards also specify that information should be displayed in a different sequence. The passport card requires the name of the issuing state to be shown first, whereas the driving licence standard requires this to be displayed after the name, date & place of birth and issue & expiry dates. How information is displayed on a card may become less important with the increasing use of smart card technology where information is stored electronically on a microchip and this may allow the standards to converge over time.
9. However for the foreseeable future, the standards are unlikely to converge sufficiently to allow both cards to be combined into one. This is because the complexity of changing European and international standards will take considerable time and even minor alterations, which might look like common-sense, would invalidate the use of the card for the purpose intended. The standards have been built up over the years to meet the specific requirements to show eligibility to drive and to facilitate international travel. Each card needs to be easily understood in as many situations as possible for example a police officer examining a licence on a poorly-lit road or an immigration officer at a small border crossing which is not equipped with facilities to scan travel documents electronically.

10. Under this scheme, most UK adult residents would be issued with an entitlement card in the form of a photo driving licence or a passport card or both. They would not need to make a special application for a card. They could be issued with a card in a number of circumstances:
 - as they applied for a passport or driving licence for the first time;
 - when they renewed an existing passport or photo driving licence;
 - when they applied for a replacement passport or driving licence if their existing document was lost or stolen;
 - when they informed DVLA or UKPS of a change of circumstances such as a change of name after marriage or (for driving licences only) a change of address.
11. People who did not qualify for a driving licence or a UK passport, or who preferred not to hold one, could apply for a non-driving licence/entitlement card. 'Non-driving' drivers' licences are common in the US where the need to show a photo-id is very common and many people use a photo-drivers licence for this purpose.
12. The advantages of this scheme are that entitlement cards could be distributed as part of already well established processes and a high degree of coverage could be obtained without requiring people to make a special application for a card. The applicant will only need to establish their identity once when dealing with the DVLA, the UK Passport Service and other Government departments thereby removing the burden of having continually to prove their identity when applying for different services. The risks and costs will be lower as the Government will build on the systems and expertise of the DVLA and the UK Passport Service, rather than establishing a new organisation from scratch. The process of applying for a card will be largely familiar to the majority of the population and most people will have two forms of entitlement card which will give them choice and convenience.
13. The main disadvantage of this scheme is that having two forms of entitlement card might be confusing, especially to organisations whose staff will need to be trained to recognise the cards. Some of the potential confusion about recognising different types of cards could be overcome by ensuring that as far as possible, they have a similar appearance, design and features so that each card clearly belongs to the same family of entitlement cards. They would also carry common wording showing that they are entitlement cards, along with a common personal identifier unique to the holder and possibly a common symbol to indicate that they have been issued to a higher degree of assurance than existing documents. As neither the non-driving licence/entitlement card nor the passport card yet exists, this should be possible to achieve while still complying with the requirements of the ICAO standard for the passport card. If the Government decided to go ahead with a scheme in this way, it would start consultations with the relevant authorities to bring the standards even closer together to minimise any potential confusion.



This figure illustrates how the different possible forms of entitlement card might look. These pictures are illustrative only and do not represent how any forms of entitlement card might look should the Government proceed with a scheme.

As well as being convenient for the general population, building on the driving licence and passport systems would help to spread demand for the new documents and avoid delays in issuing them promptly. The DVLA currently issues some 6.5 million photocard licences each year and the UK Passport Service issues 5.5 million passports each year. If these levels continue, around 80% of the economically active adult population would receive an entitlement card within 5-6 years of the start of a scheme. It would not be necessary for people to wait until their passport or driving licence expires to obtain a card. If they would like one earlier, it would be possible to submit an application at any time. If the Government decided that cards should be issued at a faster rate than would be achieved by this method, it could consider options such as offering financial incentives – through reduced card fees – or recalling (on a managed basis) the 25 million paper driving licences still in circulation.

15. People who have both a passport and a driving licence would have both forms of entitlement card. However they would both be of very similar appearance subject to the need to conform to the respective standards and share features such as a common personal number. They would both be issued to the same standards of identity checking and have comparable anti-counterfeiting features. For the purposes of determining identification and entitlement to services, only one of the cards would need to be used. Card-holders could choose the one which was most convenient for them.
16. Existing photocard driving licences would not become entitlement cards under this scheme because:
- there would have to be some changes to the information displayed on the card for example the inclusion of a unique personal number. These changes are allowed under the EU driving licence standard as part of the licence is reserved for national use;
 - for the reasons set out in Chapter 4, the Government believes that it is necessary to introduce more rigorous checks before issuing driving licences and passports to counter the increased risk of identity fraud. Documents issued to this new higher standard would be clearly identified as such.
17. As noted in Chapter 2, the entitlement card would have to be established by the Westminster Parliament to ensure that it could be used for immigration control purposes throughout the UK. Passport cards would be issued on a UK-wide basis under the Royal Prerogative as are passport books at present. However driving licences are not issued on a UK wide basis. They are issued by the DVLA in Great Britain and by DVLNI (Driver and Vehicle Licensing Northern Ireland) in Northern Ireland which is the responsibility of the devolved administration. If the devolved administration in Northern Ireland wished to participate in the administration of an entitlement card scheme, residents of Northern Ireland would be able to apply for the driving licence/non-driving licence variant from DVLNI or for the passport card variant from the UK Passport Service. (If this was the case the references to DVLA in this Annex would also need to be read as including DVLNI). If the devolved administration in Northern Ireland did not wish to participate in the scheme, residents of Northern Ireland would only be able to apply for the passport card from the UK Passport Service or a non-driving licence/entitlement card from the DVLA in Swansea.
- P23. Comments are invited on whether any entitlement card scheme should be based around a passport card and the photo-driving licence (including a non-driving licence variant). In particular, comments are invited on whether having a family of cards rather than a single card would be helpful or confusing. Suggestions of other models for an entitlement card scheme are also invited.

Establishing identity

18. As noted in Chapter 4, the Government accepts that there is a need to review how passports and driving licences are currently issued to counter the increased threat of fraud. This threat would be even greater if the passport and driving licence systems were to form the basis of an entitlement card scheme. There would be greater value to organised criminals in producing counterfeit passport cards and driving licences if they could also be used as entitlement cards. The issuing process would need to establish to a high degree of assurance that people applying for cards were who they said they were.
19. The current systems for checking identity for passports and driving licences are based on:
 - examination of documents issued at key events in a person's life such as a birth certificate or a marriage licence. Staff in DVLA, DVLNI and UKPS are trained to detect counterfeit documents;
 - examination of any previous records, for example if the person is applying for a full driving licence after passing a driving test, DVLA or DVLNI will already have a record of that person set up when the provisional driving licence was issued. UKPS can check against a computerised index of issued passports in the UK and the index will soon be extended to cover UK passports issued abroad by the Foreign and Commonwealth Office;
 - checking that a reputable person who knows the applicant has endorsed one of the photographs submitted as a genuine likeness of the applicant;
 - checking up on personal details, for example the address;
 - contacting applicants by post or telephone or asking them to attend a personal interview if there are doubts about their application.

The Government believes that these procedures can be strengthened and amended based on best practice as identified in the Cabinet Office report on identity fraud discussed in Chapter 4.

20. There are three elements of a person's identity:
 - things which you 'are' i.e. your **biometric identity**. These are attributes which are unique to an individual and include fingerprints, iris patterns (the coloured part of the eye around the pupil), and DNA profile. Physical appearance can also be regarded as a form of biometric identity provided the method of checking it (e.g. computer analysis of physical features) is sophisticated enough to allow for changes e.g. growing a beard, ageing or minor cosmetic surgery;

- things which are given to you i.e. your **attributed identity**. These are components of identity which are given at birth, including full name, date and place of birth and parents' names and addresses;
- things which happen to you during your life i.e. your **biographical identity**. This covers life events and how a person interacts with structured society, including:
 - Details of education/qualifications
 - Electoral register entries
 - Details of benefits claimed/taxes paid
 - Employment history
 - Issue of marriage certificate
 - Mortgage account information/property ownership
 - Insurance policies
 - History of interaction with organisations such as banks, creditors, utilities, public authorities.

21. With the exception of biometric information which is unique to an individual, the most difficult attributes of an identity to counterfeit are the biographical ones as these build up over time. An improved process for identity checking would therefore use more routine access to biographical information to increase the number of ways in which identity is verified. This would allow the DVLA and the UK Passport Service to form a view as to the risk of a particular application being fraudulent. The key biographical information which would help the checking process would be:

- **a cross-check of information held by the DVLA and the UK Passport Service.** Many people hold both documents. The passport is already used by the DVLA to help validate applications for photocard driving licences. Applicants are asked either to send their passport to DVLA when they apply for a licence, or to take their passport to a Post Office or DVLA regional office where it can be checked before the application is forwarded to DVLA. Since 1998 passport photographs have been digitised and stored as part of the computerised passport record. Applicants could therefore include their passport number on their driving licence application and the photograph they have supplied for the driving licence (along with other relevant personal information). DVLA staff could check that the photograph and personal details held on the passport system matched those supplied with the driving licence application. Similarly, first time passport applicants could provide their driver number to allow UKPS staff to check that the supplied details and photograph matched those held by the DVLA if they had already been issued with a photo driving licence;
- **records of births, deaths and marriages.** The Office for National Statistics published a White Paper on reform of Civil Registration in January 2002 which would remove the need for birth certificates issued in England and Wales to be posted with applications for

driving licences, passports and for other official purposes. Instead, applicants would provide details of their birth and there would be an on-line check of computerised records. An entitlement card scheme would not depend on the computerisation of births, deaths and marriages data and could operate initially by applicants presenting their certificates if the systems were not in place for an electronic check when the entitlement card scheme commenced. Applicants with birth and marriage certificates issued in Scotland and Northern Ireland would still need to send in their birth certificates as there are no current plans to computerise these records;

- **a National Insurance record.** National Insurance numbers are allocated to most UK residents as they reach the age of sixteen. The existence of a National Insurance record – perhaps going back many years – would be a useful biographical indicator of a person's identity. Applicants could be asked to include their National Insurance number on the application form and a cross check of their National Insurance record made while the application was processed. The check would **not** include details of applicants' National Insurance contributions paid (their 'stamp'), or of any benefits paid on the basis of their contributions. The purpose would solely be to check the personal details of applicants to see if they matched those held on the National Insurance records;
- **the electoral register.** A check of the electoral register would help in verifying applicants' addresses;
- **credit reference agencies.** The Government does **not** wish to check the credit-worthiness of applicants. An applicant would not be refused an entitlement card on the grounds of having a poor credit history. However credit reference agencies are often able to verify current and previous addresses because of their links to utility and financial services companies. When moving house, people are most likely to inform gas, electricity and telephone companies and their bank and credit card issuers because they tend to deal with these companies more frequently than with Government agencies. For example, there is no requirement to inform the Passport Service of a change of address during the ten year period for which a passport is valid. In 2001 the Passport Service used an identity verification check from a credit reference agency on a pilot basis to see whether the information provided by the credit reference agency helped to identify higher risk applications. All checks were made with applicants' informed consent and over 99% of the sample who attended in person at the passport office gave their consent. The results were not conclusive and a further pilot is planned for autumn 2002. The Government would only proceed with a check of information held by credit reference agencies if this did provide a way to identify higher risk applications because of the more up to date address and identity information held by the credit reference agencies.

22. Should it proceed with a scheme of this kind, the Government would need powers to establish information sharing gateways between the relevant Government agencies and the private sector (in the case of the credit reference agencies). In some cases the information gateways would just make the cross-checking of information which is already shared more convenient for the applicant. For example by removing the need to post a passport to DVLA, applicants would no longer risk not having their passport with them if they had an urgent need to travel. The information sharing gateways would operate in compliance with the Data Protection Act 1998 which is discussed in more detail in Chapter 6. In deciding whether to develop gateways between its systems, the Government would have to assess the resource implications and the effect on existing plans for developing and enhancing these systems.
23. Failing one or more of the above checks will not be a reason for refusing an entitlement card. There may be many valid reasons why an applicant fails one or more of these checks, for example a person who has worked abroad for many years might have forgotten her National Insurance number when she returns to the UK. By taking into account the results of a range of biographical checks applications can be grouped into lower risk and higher risk categories. Those with lower risk assessments could be processed speedily while higher risk applications would go through additional checks. These could include contacting the applicant or the person who has countersigned their photograph to ask further questions or even asking applicants to attend an interview.
24. A passport application requires a 'person of standing in the community' such as a bank official or civil servant who has known the applicant for at least 2 years to verify that one of the two photographs submitted by the applicant is a true and accurate likeness. A similar verification is required for a photocard driving licence application if the applicant does not have a passport or does not wish to send his passport to DVLA for checking. This requirement is being changed. It may be that an applicant's next door neighbour knows that person far better than their bank manager who might see them much less frequently than their friends and neighbours. The UK Passport Service therefore proposes to change the passport application procedure to require the countersignatory to hold a current UK passport and to insert their passport number on the application.
25. Checking with a countersignatory is a good way of verifying identity but to reduce the risk of fraud further this method needs to be combined with other checks described in paragraph 21 above. Another way of verifying the identity and confirming the likeness of the applicant would be to interview all first time applicants in person. This is being investigated by the UK Passport Service and the practice in other countries is being studied. One of the important messages from the Cabinet Office identity fraud report is the need to combine several different ways to verify identity to make it as difficult as possible to build up a fake identity.

- P26. Views are invited on whether more background biographical checks than currently take place should be conducted before applicants were issued with entitlement cards and whether the checks suggested in this paper are useful, feasible and proportionate.

Biometric information

26. Another way to strengthen the identity check would be to record applicants' biometric information. This would help to ensure that the identity which was established by the more rigorous checking process set out at paragraph 21 above was associated with information unique to an individual. It would ensure that a person could make only one application for an entitlement card (although a person might be issued with more than one card i.e. with a driving licence and a passport both of which would be linked to a single recorded identity). If he attempted to apply for another card using a false identity, the biometric information supplied with the second application would match with that supplied with the earlier application and the application would be earmarked for more checks. If it was found that the same person had attempted to make a second application he would be liable for prosecution.
27. Biometric techniques exploit the peculiarity of certain anatomical features such as DNA profile, fingerprints, iris patterns or hand or facial characteristics and features arising from how a person speaks or writes her signature. The strength of biometrics lies in the one-to-one relationship between the person and their unique biometric information.
28. There are many different types of biometric recording and checking systems available, some of which can be applied on a large scale and others which are more specialised. For a universal entitlement card scheme, any chosen biometric should be widely applicable to the whole population, use technology which is proven and affordable, and – most important of all – be acceptable to the general public.
29. The only biometric information which every person can provide is a DNA profile. However the Government considers that providing a DNA sample is too invasive a process to be acceptable for an entitlement card. It also requires specialised skills and samples cannot be matched to records held on a database without sophisticated chemical analysis.
30. The three types of biometric information which the Government believes are most promising for consideration in an entitlement card scheme are:

- fingerprints;
- iris patterns;
- facial recognition.

31. The use of any of the above types of biometric information (or a combination of these) would probably be limited in the early stages of an entitlement card scheme to ensuring that a person could not establish multiple, false identities. While the application was being processed, the biometric information which had been recorded would be checked against a central database. The system would indicate whether there was a likely match with one or more records already recorded which might indicate an attempt to make a fraudulent application.
32. No system based on biometric information is 100% accurate. Systems are capable of producing 'false positives' where two different records are declared to match by the computer. This is because the matching techniques declare matches on the basis of statistical probability rather than an absolute test. Therefore a match would not of itself result in a refusal to issue a card but it would prompt further checks to be made. Some of these could be quite straightforward for example, a closer examination of the photographs, age and gender of the two records, or the applicant may be contacted and asked further questions or invited to a personal interview.

DIFFERENT TYPES OF BIOMETRIC INFORMATION

FINGERPRINTS

33. Fingerprints are the most widely used and reliable form of biometric information. The Government is not suggesting that the fingerprints of entitlement card holders would be recorded to the standards required for legal proceedings. In order to use fingerprint identification in a court of law, the fingerprint record which is claimed by a computer system to belong to an individual must be validated by a trained fingerprint officer.
34. The ability to match fingerprints depends crucially on the quality of the original fingerprint taken. Modern fingerprinting systems no longer require fingers to be inked and then rolled onto paper. Electronic scanners are now used but these still require well trained staff to ensure that fingerprints are properly scanned. The Government envisages a much simpler scanning system than that used by the police or the Immigration Service, which would probably involve just the scanning of four fingers. The prints would not be scanned to a legal standard of proof of identity. The staff taking the fingerprints therefore would not

need to be as highly trained as those working for police forces of the Immigration Service and there would be no need for trained fingerprint officers to interpret the results of any potential matches detected by the computer. A decision as to whether to refuse an application would be based on a wider check of all the information submitted by the applicant as would a decision to prosecute for making a fraudulent application.

35. The main arguments against the use of fingerprints are that despite assurances that they were not being recorded to the full legal standard, people might still think that there were criminal connotations in having them recorded. There might be some cultural objections in some parts of the population to touching a surface which others have touched when the prints were taken. The scanners would therefore have to be wiped with a disinfectant after each person had used it which will add to the time taken to record the information. Also as people get older, their skin dries and it can be difficult for some elderly people's fingerprints to be electronically scanned. An example of fingerprint scanning equipment is shown in the figure below.



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IRIS PATTERNS

36. Iris pattern recognition is a more recent development in biometrics than fingerprints, although the technique is now 15 years old. Each person's iris pattern (the coloured ring around the pupil) is unique and can be photographed and matched against a computer record. No lights are shone into the eye when the iris is scanned, the subject looks into what appears to be a mirror and focuses on a fixed point which is usually marked by a cross. The camera 'beeps' when a suitable image has been taken. People who are blind

or partially sighted may experience some difficulty but more sophisticated cameras are now being developed that can photograph the iris without the need for the subject to focus on a fixed point. They can also take a conventional 'head and shoulders' digital photograph at the same time which would be suitable for a passport or driving licence application.

37. There are some medical conditions which make the iris pattern unsuitable. However any particular biometric technology (other than DNA) will always present problems to some part of the population, for example people without hands cannot give fingerprints. The Government would not exclude people who were unable to provide biometric information because of a medical condition from an entitlement card scheme.
38. Iris scanning is a much less proven technology than fingerprints. Fingerprinting systems operate using databases with many millions of records whereas iris scanning has only been used to date on systems holding up to a few tens of thousands of records. One of the most popular applications for iris scanning is entry control into buildings where there is a relatively fixed set of records against which to check and where an error by the system does not cause too much inconvenience. However there is no inherent reason why the technology could not operate on a much larger scale. The figure below shows an iris recognition camera in operation at an airport where its use in speeding up passenger clearance is being evaluated.



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FACIAL RECOGNITION

39. A third option for biometric information is facial recognition. Although people's faces change over time, software is becoming increasingly sophisticated to compare many different features of a person's face such as the separation of the eyes, the length of the nose and the distance between the lips and the chin. Because the software assesses many different facial characteristics, it would take significant cosmetic surgery to 'fool' the system, for example major reconstructive surgery after a very serious accident. To work at its best, the software requires good quality images but these are already a requirement for existing driving licences and passports. Both the DVLA and the UK Passport Service now scan the photographs received by applicants and store them digitally. DVLA now holds digital photographs of around 13 million drivers and the UK Passport Service around 12 million passport holders. Photograph recognition could be less costly to implement than fingerprints or iris patterns as it would not require a regional network of devices to record applicants' information. As far as the general public is concerned, it would require no change to the existing application procedures for passports and driving licences. However the system's recommendation as to whether a new applicant's photograph matches another already stored is usually not as clear cut as in the case of fingerprint or iris scanning systems which operate to more definite criteria. There might therefore be a greater need for training of staff processing applications and a higher proportion of applications might be marked higher risk. It is unlikely that current facial recognition technology would be sufficiently accurate to eliminate a sufficient proportion of multiple applications. Its role – if any – would probably be for use in addition to either fingerprints or iris patterns.
40. Before the Government decided to include biometric information in an entitlement card scheme, it would have to be satisfied on four points:
- cost – that the technology was affordable and that the additional costs were outweighed by the benefits of having a card scheme which was much less prone to fraudulent applications;
 - feasibility – that the technology could be implemented throughout the country and operated reliably. The Government would want to ensure that people would not have to travel too far to record their biometric information and that suitable facilities would be available for people who were housebound or who lived in sparsely populated areas. A nation-wide network of devices to record biometric information would have to be installed. The Government would look to enter into partnership agreements with one or

more organisations which could offer this nation-wide coverage. It would also look to those organisations to offer further added value services such as initial checking of applications and perhaps scanning photographs. The Government would be particularly keen to discuss how those living in sparsely populated areas of the country and how less mobile people such as those who were housebound could be covered;

- acceptability of the technology in principle. The Government recognises that some people will be worried about the use of biometric information. This might be particularly the case for fingerprints which unlike iris patterns can be left behind by touching objects. There might be concerns that the police would have access to such a national fingerprint database. The Government would have safeguards on the use of all information held on a central database including the biometric information. As discussed in Chapter 3, there may be some scenarios where it would be appropriate to provide the police with access to the biometric information on the database, for example it could help in the identification of victims of serious accidents who may have lost their memory. The Government believes that this issue should be debated fully during the consultation exercise and is willing to listen to arguments on all sides before reaching a conclusion;
- acceptability of the technology in practice. Unlike the current application processes for passports and driving licences, a scheme involving fingerprint or iris pattern biometric information would require people to 'go somewhere' to have the information recorded. While the Government would not countenance a scheme which required people to travel long distances, it recognises that even if biometric recording devices were installed widely around the country there might still be a risk of queuing at peak times such as on Saturday mornings. It would like to see a solution which avoided this and would like to see suggestions for schemes where biometric information could be recorded with minimum inconvenience.

The Government has commissioned a more detailed study of whether biometric technology could be implemented successfully on a scale necessary for an entitlement card scheme. It will publish the results of this study during the course of the consultation exercise.

41. The Government recognises that the introduction of biometric checks would present particular difficulties for UK passport holders living abroad. Even if biometric recording devices were installed in major consulates, it might still be difficult for all UK passport holders overseas to visit a consulate in person for a biometric check. The Government will consider suggestions during the consultation exercise for how this might be overcome.

P28.

- (i) Comments are invited on whether an entitlement card scheme should include the recording of biometric information with particular regard to the cost, feasibility and acceptability of the three most likely options (fingerprints, iris patterns and facial recognition).
- (ii) The Government would like to hear the views of potential partners on how a nation-wide network of easily accessible biometric recording devices could be established and operated, how people who are not mobile or who live in sparsely populated areas could be served and what other value added services potential partners might offer.

How would the application process for driving licences and passports change under this suggested scheme?

The application process would be essentially unchanged. Applicants would still need to provide their details, a photograph and details of a countersignatory. However more information would be required on the form to establish nationality and applicants would also be asked for a National Insurance number (if they had one) to help establish their biographical identity. Also, by the time any entitlement card scheme might be introduced, it is likely that there will be more use made of on-line applications from a public kiosk or from a home PC. The UK Passport Service is currently developing these systems.

The main difference would be if biometric information in the form of a fingerprint or iris pattern formed part of the scheme. This would require applicants to 'go somewhere' so their fingerprints could be scanned or iris photographed. If facial recognition was used as a biometric the current processes would not have to change as the photograph supplied would be scanned into and recorded on the database (as has been the case for passports and driving licences since 1998). At present people do have to 'go somewhere' to have a passport sized photograph taken – usually at a booth located in a busy part of town such as a shopping centre which also involves an additional cost over and above the passport or driving licence fee. However this can be done pretty much at peoples' convenience, if there is a queue by the booth they can always come back later unless their application is urgent (e.g. they have forgotten to renew their passport just before going on holiday). The number of biometric recorders would be far fewer than the number of photograph booths and an operator would be required to ensure that the information was recorded correctly.

It might be possible to design the scheme such that biometric information could be recorded at any time convenient to the applicant. For example the biometric recorder could issue a reference number when the information was recorded which could be used to link an application form to the biometric information. However it will be important to ensure that this did not increase the risk of fraudulent applications for example a person paying a casual visitor to the country to register a biometric and then applying for an additional card using this information. (Such a card would fail a biometric check at the point of use but many transactions might not make use of this facility see paragraphs 79-83 below).

Iris pattern cameras are being developed that can also take a 'head and shoulders' digital photograph at the same time as photographing the iris. If such technology was used for an entitlement card scheme, people would not have to pay for a separate photograph (though they would still need a good quality paper copy of the image in order for the photograph to be countersigned).

The Passport Service is moving towards an appointments system for personal passport applications. Appointments could be arranged in a number of ways e.g. by telephone or over the Internet. This could be another way of minimising the inconvenience to applicants by ensuring that they would not have to queue at peak times.

Entitlement cards for young people

42. The scheme described above would be applicable to some young people as well as adults. Many young people now have their own passports and would therefore be able to acquire an entitlement card in the form of a passport card. Many young people are also keen to acquire a provisional driving licence when they reach the age of 17. However there is another key age which marks a young person's transition to a more economically active stage of their citizenship.
43. At the age of 15 years and 9 months, young people are sent a plastic card with their National Insurance number. The number is derived from the Child Reference Number which is allocated when child benefit is first claimed (normally within a couple of weeks of the child's birth). Some of the more rigorous checks suggested for adult applicants (such as a credit reference check) would not be applicable to young people as they will not have an extensive credit history. It might be feasible to issue an entitlement card alongside the issue of a National Insurance number.

44. The issue of a National Insurance number at 15 years 9 months is largely an automatic process based on the information held in the child benefit system. The system works well and is cost effective. It might add additional risks to the entitlement card scheme if it also involved making fundamental changes to the National Insurance system. However when young people are sent their National Insurance card, they could also be invited to apply for an entitlement card. The invitation might include a partially completed application form based on information held on the National Insurance system and a freepost envelope (or a reference to a website where the rest of the application could be completed). The entitlement card could be issued in the form of a passport and passport card (if the young person qualified) or in the form of a non-driving licence/entitlement card. The latter could be upgraded to a provisional driving licence at age 17 provided the young person met the requirements for a provisional driving licence (for example medical fitness to drive).
45. As there would be advantages to the Government in establishing a young person's participation in the entitlement card at an early age, this could be reflected in a lower fee charged for young people when they applied for other documents based on the scheme such as a provisional or full driving licence or a passport.
- P24. Views are sought on whether young people should be invited to apply for an entitlement card when they are issued with a National Insurance number.
- P25. The Government is particularly keen to hear young people's views on what features they would like to see on an entitlement card which would make it attractive to them.

Entitlement cards for foreign nationals

46. Most entitlements to services in the UK are based around lawful residence rather than citizenship. A universal entitlement card scheme would therefore also have to cover foreign residents other than those staying for short holidays or business trips where their passport or national identity card would suffice.
47. The Government does not wish to require wholesale changes to existing procedures for foreign residents to enter the country legitimately. These would stay in place but the foreign resident would also be required to obtain an entitlement card. This can be illustrated by using the work permit scheme as an example.

48. A work permit is issued to an employer on the basis of the need to employ a national from a country which is not part of the European Economic Area. The employee usually enters the country with a copy of the permit and the details of his leave to stay in the UK are noted via a stamp in his passport. The personal information (name, passport number etc) provided at the time of the work permit application could be passed to the agency issuing entitlement cards to foreign nationals to avoid the need for the applicant to resubmit information. The visitor could make an application for an entitlement card shortly after arrival in the UK – or in some cases even before it – and the only additional information he would need to provide would be an address and biometric information. The entitlement card would be valid only for the period of the work permit on which he entered the country. Any changes to his employment status such as the extension of the work permit would require the issue of a replacement entitlement card.
49. The card issued to foreign nationals would be the non-driving licence/entitlement card. There would be no need for a special, distinct card for foreign residents. Some foreign nationals would qualify for a full UK driving licence and would be entitled to this variant of the card if they wished. However the Government would no longer be able to issue licences in these cases for a 10 year period as the card would only be valid for the length of the person's stay in the UK. This would require a change in legislation.

ENTITLEMENT CARDS FOR EEA NATIONALS

50. Citizens of other EEA countries have a right to live and work in the UK. An entitlement card scheme would not infringe that right. Citizens of other EEA countries would have to apply for an entitlement card just as UK citizens have to apply for foreign residence cards in some EEA countries. Applications would be made using passports or national identity cards issued by their native country. While the full range of checks proposed for UK citizens might not be possible for citizens of other EEA countries (for example credit reference checks to establish place and length of residence), checks would be made on the validity of their national passport or identity card. Applicants would also be required to provide biometric information. This would help to ensure that even if a person managed to apply successfully for an entitlement card using a stolen identity card issued by another EEA country, that person would not be able to establish multiple false identities in the UK entitlement card scheme.

ASYLUM SEEKERS

51. Asylum seekers are now being issued with Application Registration Cards (ARCs) which also include biometric information in the form of fingerprints. Asylum seekers present a particular problem in verifying identity as they often enter the country without any official documents such as passports and those they have may not be genuine. The fingerprinting of asylum seekers to a legal standard of proof (unlike that suggested for the entitlement card scheme) helps to ensure that an individual cannot make more than one application for asylum and that the fingerprint evidence can be used in court.
52. An asylum seeker who was granted leave to remain would be able to exchange his ARC for an entitlement card. The biometric information recorded on the Home Office's systems would be cross-checked against that taken for the entitlement card to ensure that the person applying for an entitlement card was the same as the person who had applied for asylum and subsequently been granted leave to remain. This would be simpler if the biometric information recorded for the entitlement card scheme was the same as that adopted for the ARC (ie fingerprints). However this will not be the determining factor in deciding what type of biometric information (if any) to record as part of an entitlement card scheme. If another type of biometric information was used for an entitlement card scheme such as an iris pattern, this type of biometric would also have to be recorded for asylum seekers to ensure records could be cross-matched. However the use of fingerprints for asylum seekers would be retained because of the value of fingerprints in helping to prove to a court that a person has made multiple applications for asylum. The Immigration Service also checks the fingerprints of asylum seekers in the UK against the records of other EU countries via the Eurodac system so that asylum seekers who have claimed asylum in another country can be returned to have their claim dealt with there.

RESPONSIBILITY FOR ISSUING ENTITLEMENT CARDS TO FOREIGN NATIONALS

53. The issuing of cards to some foreign nationals might rest with the Immigration and Nationality Directorate of the Home Office given the particular expertise required to validate foreign identity documents. However there would need to be a common database for the entitlement card scheme to ensure that foreign nationals did not attempt to apply for another type of entitlement card such as a driving licence to establish another identity. Similarly without a common database, a UK citizen might try to establish a second false identity by applying for an entitlement card using false foreign identity documents.

CELEBRATING CITIZENSHIP

54. Within the family of entitlement cards, only the passport card would be available exclusively for British citizens. Thus within a scheme which would embrace all lawful UK residents, there would be a card which was a visible symbol of British citizenship. The issuing of this card to those taking up British citizenship – for example after being granted leave to remain and then applying successfully for naturalisation – could form part of the citizenship ceremonies discussed in the Government's White Paper *Secure Borders, Safe Havens* (CM 5387) published in February 2002.
- P26. The Government invites comments on its suggestions for how entitlement cards could be issued to various categories of foreign nationals. The Government is particularly keen to ensure that any entitlement card scheme would not make the UK a less attractive place for foreign nationals to work and settle lawfully and welcomes specific suggestions on how to ensure this.

What sort of card could an entitlement card be?

55. The current photocard driving licence is a plain plastic card and contains no additional information other than that which is printed on the card itself. The reverse of the card includes a simple one-dimensional bar-code of the type commonly used to price goods at checkouts in shops. It is used to keep track of the card as it moves through different stages of the production process and to match the card with the paper counterpart which holds information on licence endorsements before it is despatched to the driver.
56. Most plastic cards used for financial services such as credit and debit cards contain a magnetic strip which contains information to help validate transactions for which the card is used such as withdrawing cash from a cashpoint machine. Because of the increasing ease with which the information on magnetic strips can be read, copied or altered, financial services companies are increasingly adding microchips to cards, turning them into 'smartcards'. Smartcard chips can hold more information than magnetic strips and are more secure, for example there are more sophisticated ways to guard against unauthorised copying or reading of information stored on a chip. Within the next few years, most major UK issued credit and debit cards will be smartcards. Some smartcards are 'contactless' i.e. they can be read by being in close proximity to a card reader rather than having to be swiped. This type of smartcard is increasingly used for travel applications to speed up the

movement of passengers through ticket barriers or onto buses. It is possible for smartcards to be both contact and contactless as the contactless functions are carried on a separate chip which is usually encased between the layers of plastic which make up the card.

57. There would be advantages to including some information on an entitlement card in a form which can be read and validated automatically. It could make the processing of transactions using the card simpler and more straightforward for both card-holders and organisations wishing to add their own services to the card. Given the move away from magnetic strips on credit and debit cards, there is probably little merit in incorporating a magnetic strip on entitlement cards. More information could be stored on a two-dimensional barcode which would have sufficient capacity to store biometric information, though the information stored would be fixed when the card was produced. While this might be seen as an advantage in some circumstances (as it would be difficult to tamper with the information and the card would be cheaper than a smartcard) it would be difficult for future services to be added to the card without it being re-issued each time which might prove costly.
58. Issuing entitlement cards as smartcards is attractive but the Government will want to see the case for this properly established. The comments received during this consultation exercise will be crucial in making this assessment.
59. In particular the Government would like to know whether people would welcome the information on the card being available in electronic form on a microchip (or some other medium – such as an optical strip which is similar to a magnetic strip but has a greater capacity to store information which then cannot be erased or overwritten). The Government would ensure that card-holders would be able to ‘see’ all the information encoded on the chip by ensuring they could read their card at terminals located where biometric information was recorded. The card holder could confirm that his fingerprint, iris pattern or photograph matched that stored on the card. Having information stored electronically would make it easier for card-holders to enrol for other services. For example joining a local library might be as easy as swiping a card at the library counter. The library service would save the cost of keying in the card-holder’s name and address onto their systems.
60. As most smartcard chips would be capable of holding more information than just the personal information associated with the card, people might find it useful to have other information held on the chip which was not visible on the card. Using the library example, the card could be used as a library card to borrow items as well as just enrolling the card-holder in the library in the first place. The chip could also store personal information at the card-holder’s discretion, for example medical information which might help assist treatment in an emergency.

61. In order to assess whether including these additional services on an entitlement card is feasible, the Government needs to know from other organisations in the public and private sectors whether they would wish to add their services onto a card. The Government is keen to listen to their views during the consultation exercise.
62. While including a large number of other services on the card appears attractive, the Government would need to be convinced that effective arrangements could be established for managing the use of the card across many different organisations. For example, how would the information on service entitlements be re-constructed on a replacement card should the original card be lost or stolen without recording all of these service entitlements on the central card database?
63. The Government would consider an arrangement whereby the use of the spare capacity on the entitlement card chip was given to another organisation which itself had the skills and expertise to manage the use of that capacity by a range of organisations. Such an arrangement would have to be managed so that there was no discrimination against organisations wishing to provide additional services or card-holders wishing to use them. Safeguards will also be required to ensure that organisations using the card can only access information on the card to which they are authorised. The organisation administering the spare capacity on the chip would not be able to favour services provided by itself over those of competitors. The Government would want to share some of the revenue generated by these additional services to help cover some of the costs which it had incurred in setting up and administering the card scheme.
64. As noted already, the photocard driving licence contains no smartcard features. Although there is no provision within the existing European driving licence standard to add a chip to the licence, the Government is keen to see a specification for a chip incorporated within the standard. This aspiration is shared by some other countries in the EU and the Government is making an official approach to the Commission for a chip to be included. As well as making the photocard driving licence more useful as an entitlement card, a smartcard driving licence would offer a higher level of security and other benefits to drivers. For example, the card could store vehicle registration details of the vehicles for which the driver was the registered keeper and insurance and MoT details.
65. The international standard for passport cards already includes the option of a microchip. It also requires an area of the card to be set aside for machine readable text so that the basic information on the card can be read by low technology scanners. As with a smartcard driving licence, a smart passport card could also offer enhancements to its basic use such as simple 'swipe-through' entry and exit at ports. This would probably require biometric information to be stored on the chip to ensure that only the person issued with the card was using it for travel.

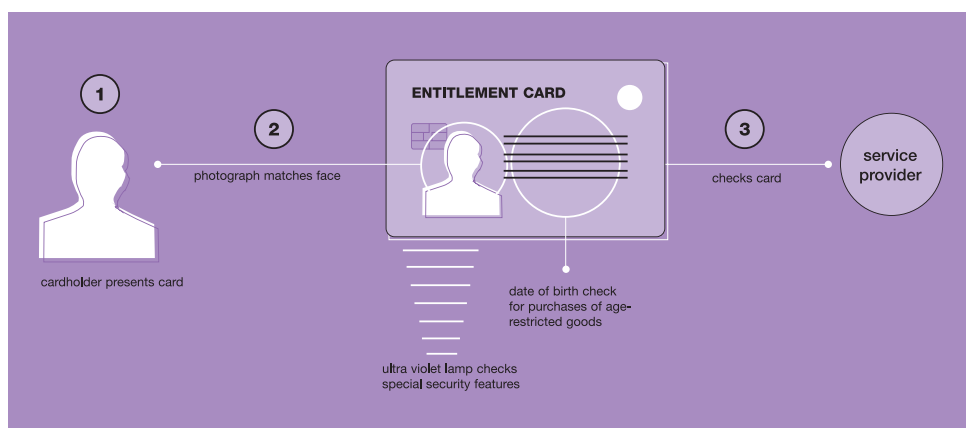
66. The Government would encourage the Commission to ensure that any standard for a chip on the driving licence was compatible with that already agreed for the passport card to ensure that the same readers could be used for both types of card. Standards have been established for the physical and electrical properties of smartcards and smartcard readers. The Office of the e-Envoy is also working on common standards which build on these to encourage the wider adoption of smartcards. The Government will adhere to the standards established for smartcards if and when it decides to include them in an entitlement card scheme. However the lack of standards in a particular area for example the sharing of a smartcard chip between different organisations will not inhibit the incorporation of a chip if the Government decides there is a clear business need. The Government will also consider phasing smartcard technology into an entitlement card scheme if the technical and business risks are considered too great to justify its deployment from the outset.
67. A further important issue to consider before deciding on the introduction of smartcards is the useful life of such cards. Smartcard chips – even if they are rarely inserted into card readers – have a limited useful life as the surface of the chip degrades through normal wear and tear while being carried in wallets and purses. Passports and photocard driving licences are currently valid for 10 years and the Government would not want card holders to go through the process of applying for entitlement cards more frequently than this. The Government might therefore look to a scheme where one or more replacement cards were issued during the 10 year period, the cost of which might be covered by the charge levied for the initial card. Alternatively for the driving licence model, a card could be paid for by instalments as replacement cards were issued over the 10 year period. This would not be possible with the passport card model as the passport book would still be issued alongside the card with a 10 year validity and the fee would have to cover both card and book.
- P29. Views are sought on what benefits issuing an entitlement card as a smartcard would bring to card holders, whether the use of a smartcard chip could be shared by a number of organisations effectively and whether any potential partners would be interested in managing the sharing of a chip on behalf of the Government.

How a card might be used

68. Chapter 3 explained that the Government does not wish to prejudge the debate on which services might be linked to an entitlement card scheme. It will listen carefully to all points of view during the consultation exercise. However in order to allow people and organisations to make an informed decision, this section sets out the different ways that a card and its supporting database (referred to subsequently as the central register) might be used. The Government believes it is important that a scheme could operate in many different ways and should not have to rely on the use of sophisticated technology in all circumstances to ensure the maximum possible benefit and flexibility for all users.

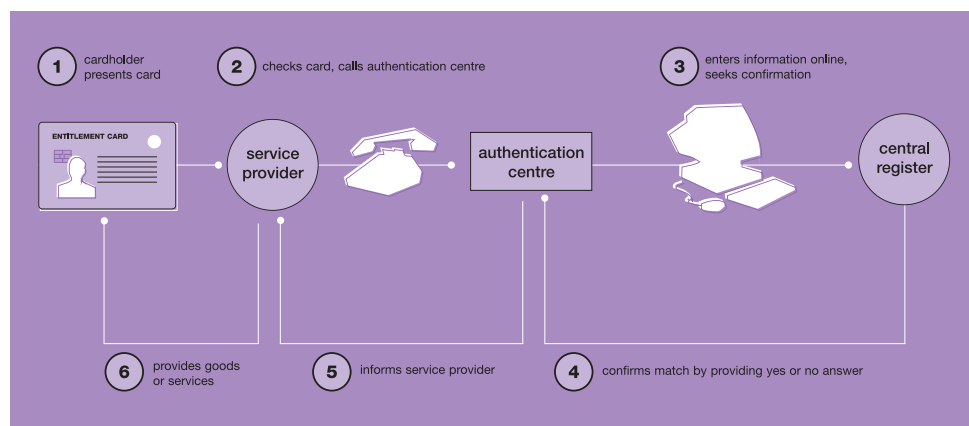
A VISUAL CHECK OF THE CARD

69. The most simple use would involve a visual check of the card, in particular whether the card holder looked like the photograph on the card. An example of this use would be as a proof of age card for young people purchasing age-restricted goods where the shop-keeper would need to be satisfied that the person presenting the card was the person it was issued to and that the date of birth shown on the card allowed the holder to purchase the goods.
70. The different types of entitlement card would need to be easily recognised and the Government would ensure that they would have a common design within the constraints of the separate standards for photocard driving licences and passport cards. Like banknotes, cards could have anti-counterfeiting measures such as special security printing designed to show other details when illuminated by ultra-violet light. This would provide an additional authenticity check if the person inspecting the card had any doubts.



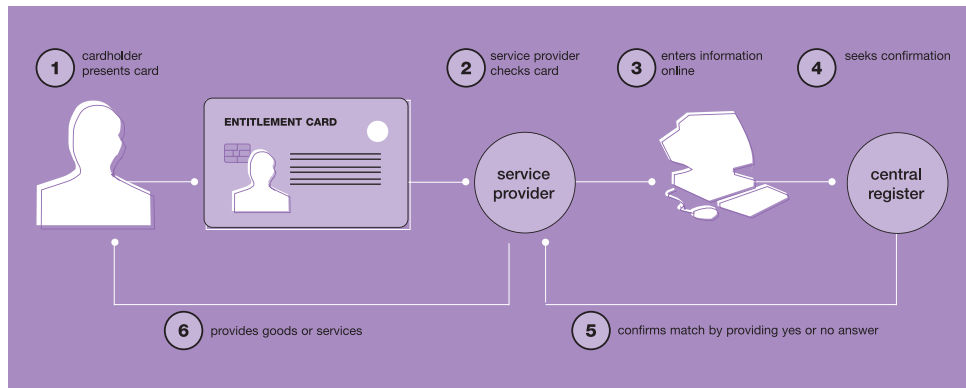
SIMPLE WAYS TO CHECK WHETHER A CARD WAS VALID

71. If the person inspecting the card still had doubts about its authenticity, he could contact an authentication service by telephone. The authentication service would have limited access to the central register. It would not have access to or be able to reveal any of the information stored on the central register, but it could give a 'yes' or 'no' answer to questions.
72. For example a person requesting the validation of a card could ask the authentication service whether a card with a unique personal number of 123456789 had been issued to John Smith of 53 Coronation Street, Weatherfield, Lancashire who had a date of birth of 15/8/1968. The operator working for the authentication service would be able to enter this information and check it against the central register. However the central register would simply confirm whether or not there was a match and the authentication service would merely pass on this 'yes' or 'no' to the person making the enquiry.

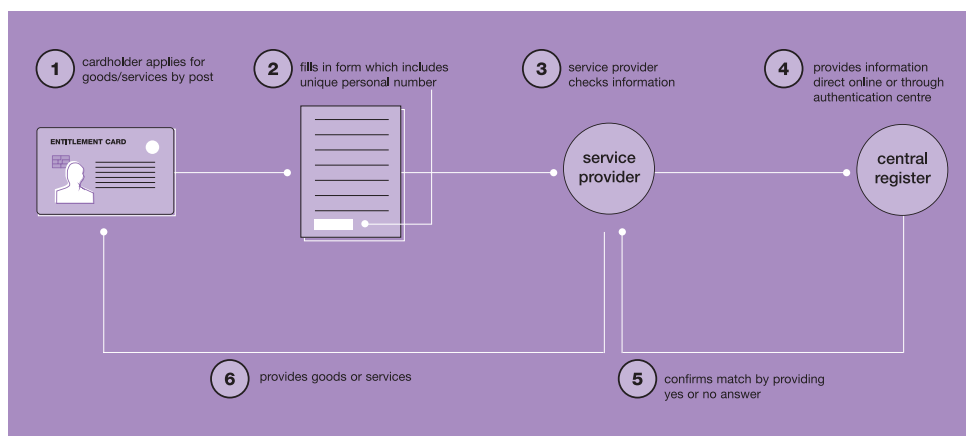


73. A similar service already exists for car hire companies to check the validity of photocard driving licences when the licence holder has forgotten the paper counterpart showing any endorsements. With the licence holder's consent, the car hire company can telephone DVLA and check how many endorsements are on the licence before deciding whether to proceed with hiring the car. If there was a commercial benefit for such a service, for example in reducing fraud, the cost of the telephone enquiry service could be recouped for example by using premium phone lines.
74. A more sophisticated way of checking a card might involve a form of on-line access to the authentication service. Again to protect the privacy of the card-holder, the service would merely reply 'yes' or 'no' to a series of questions. As many Government and private sector services are increasingly delivered over the telephone, the ability of an operator in a call

centre to make a simple check that a person's details matched those on the central register might be a useful service. Organisations could be charged a transaction fee or a fixed fee for making these enquiries.



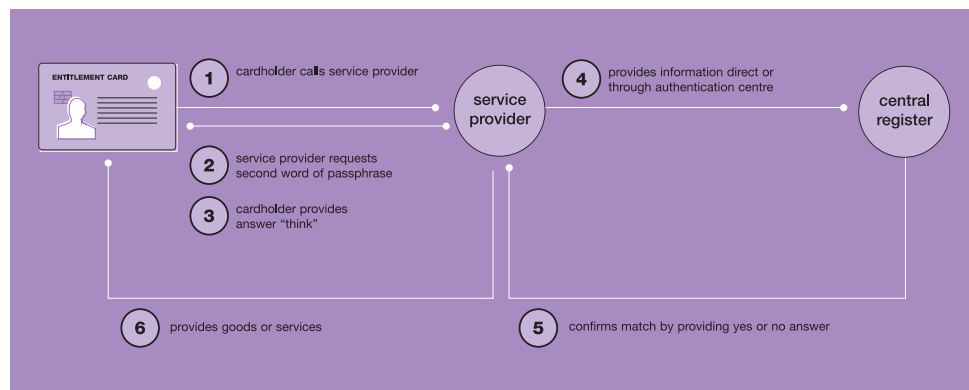
75. Many people might still prefer to apply for services by filling in and posting a form. By including their unique personal number and giving their consent, the service provider would be able to check an applicant's details against the central register.



MORE SOPHISTICATED FORMS OF CHECKING THE CARD

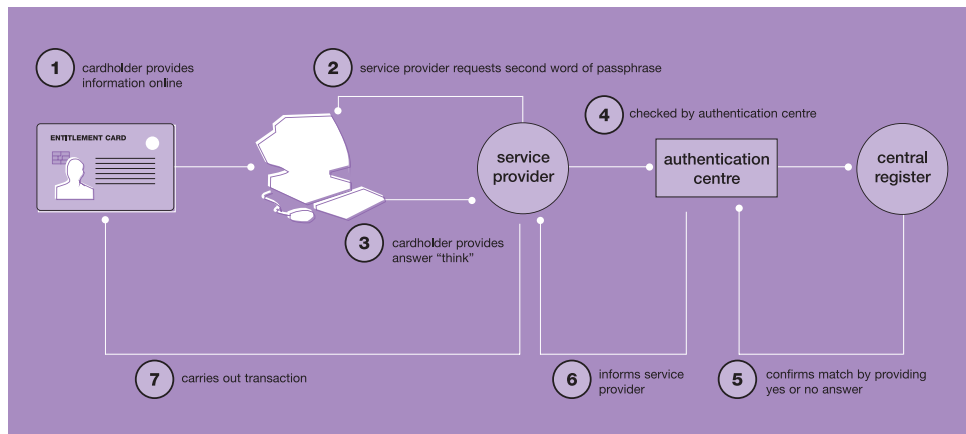
76. The scenarios outlined in paragraphs 69-75 above would not guard against a person using a stolen card to apply for services in another person's name over the telephone or by post. A more sophisticated way of checking that a person is using a card validly would involve registering a secret password, pass-phrase or PIN (personal identification number) when the card was issued. This approach is commonly used in telephone banking services.

77. Using the call-centre example described in paragraph 72 above, the card-holder would give the relevant personal details required by the service provider. The operator at the call centre would transmit these to the authentication service. The authentication service would come back with a random question based on the secret information for example 'what is the second word of your pass-phrase?' The operator would ask the card-holder for this information and then pass it on to the authentication service. As with the earlier example, the authentication service would simply answer 'yes' or 'no' as to whether the information originally supplied by the caller was valid. As the whole pass-phrase is never exchanged, the call centre operator would not know the full pass-phrase and thus would not be able to compromise the card-holder's information. For services which are applied for by post, the card-holder would have to enter some words from the pass-phrase or letters from her password and the service provider would have to tell the authentication service which parts of the pass-phrase or password were being supplied. Again, the authentication service would merely answer 'yes' or 'no'.



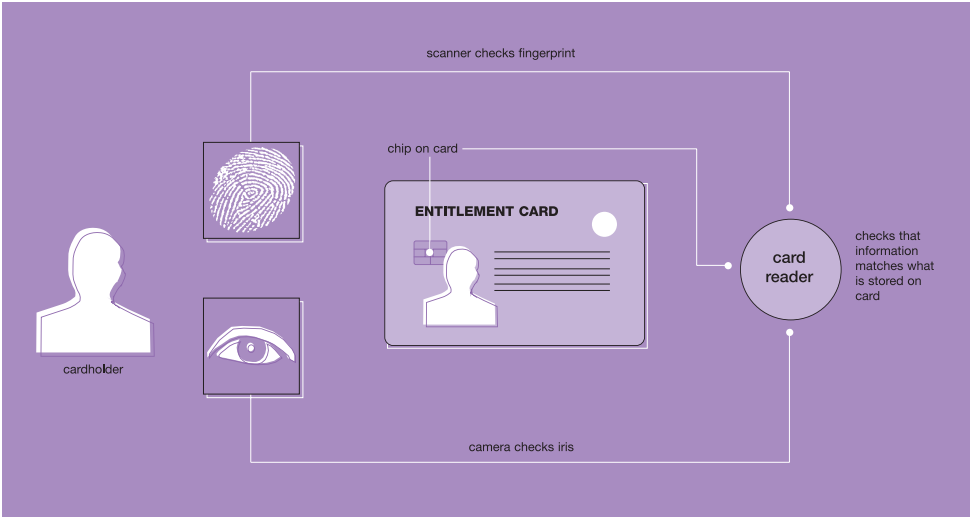
VALIDATING ON-LINE TRANSACTIONS

78. The authentication service could also be used to validate on-line transactions conducted over the Internet. In this situation the service provider's website would have a link to the authentication service. At the appropriate point in the transaction, the card-holder would be prompted to enter part of his pass-phrase or password by the authentication service. The transaction would only be authorised if the authentication service confirmed the card holder's details.

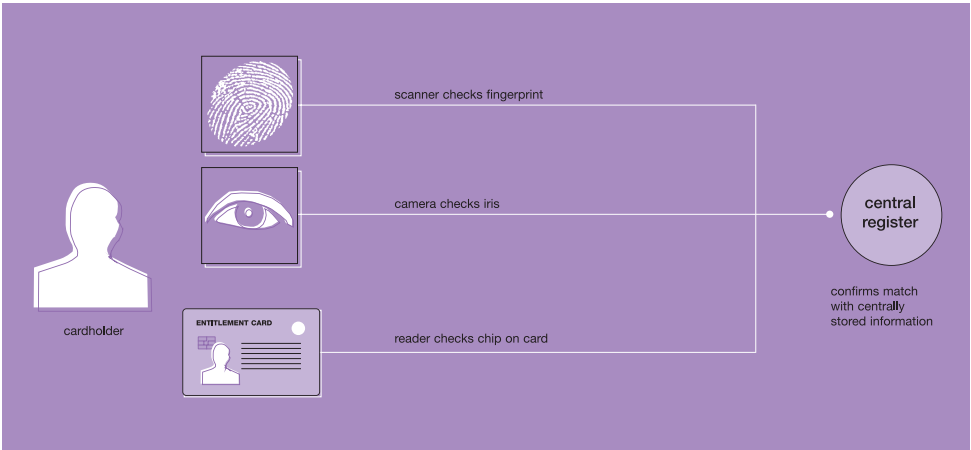


BIOMETRIC CHECKS

79. The type of uses outlined in paragraphs 69-78 above are based on what the card holder 'has' (ie the card or the details printed on it) and what she 'knows' (ie the secret password or pass-phrase). These can all be compromised, for example the card holder might keep the password written down in her purse which if stolen along with the card would allow a person to impersonate her on-line.
80. The biometric information which might form part of an entitlement card scheme would offer protection against this type of fraud as biometric information is something a person 'is' rather than 'has' or 'knows'. There are two types of check which could be achieved using biometric information, off-line and on-line.
81. Off-line checking would involve comparing the card holder's biometric with that stored on the card. The card-holder would place a finger over a fingerprint scanner or look into an iris camera and the device would compare the data with that stored on the card. This check would provide a very high level of assurance that the person producing the card was the person to whom it had been issued. As the organisation or person checking the card would have to invest in a suitable scanner and card reader, it is likely that this type of checking would only be used for high value transactions. This type of check would not be of use for services provided over the telephone or by post as it requires the card-holder to be present. However if the card holder owned a fingerprint scanner or an iris camera he could also validate on-line transactions provided a secure way could be devised for the service provider to trust the confirmation of identity registered by the scanner or camera.



82. It is conceivable that sophisticated counterfeiters might over time be able to encode a person's biometric onto a counterfeit card so that it would give a positive reading when swiped through a card reader. The highest level of assurance would be given by an on-line check of the card-holder's biometric information against that held on the central register. This would require the organisation checking the card to invest not only in a scanner and card reader but also an on-line connection to the authentication service. Such a cost is only likely to be justified for very high value transactions.



83. The choice of the type of biometric information to be used will also affect how checks can be made. With fingerprint and iris pattern recognition the computer system will indicate – within a margin for error – whether there was a match or not. There is no scope for a human operator to substitute their own judgement (other than in the case of a trained fingerprint officer and it is not suggested that they would be used in an entitlement card system). With facial recognition, the computer system can give a statistical probability that

a person's face matches the image encoded on the card or stored on the database. However there is more scope in this case for a human operator to substitute her own judgement. As no biometric system is foolproof there is always a finite probability that the system will fail to identify a valid card-holder – so called 'false negatives'. The banking industry believes that it will be 10 years before biometric checks will be used to validate day to day transactions. The Government does not envisage using the biometric information on a card to validate transactions until the technology proves to be reliable.

- P30. Views are invited on the different ways which a card system could be used to help validate face-to-face, post, telephone and on-line transactions. In particular views are sought:
- (i) from service providers on whether an authentication service based on a card scheme would be useful;
 - (ii) from potential partners who might provide the authentication service on a commercial basis to help off-set some of the costs of the scheme to Government;
 - (iii) on the longer-term use of biometric information should this form part of any scheme.

USING A CARD TO GENERATE DIGITAL SIGNATURES FOR INTERNET TRANSACTIONS

84. A card might also carry on the chip a digital certificate which could allow electronic transactions or messages to be signed by the card-holder in a secure way. This would provide a greater level of confidence in a person's identity for transactions conducted over the Internet. While the technical issues in including such a function on a card are relatively straightforward, the cost of the card itself would be greater because a more sophisticated microchip would be required. The business issues are however not straightforward, in particular concerning who would issue certificates and what liability they would take for their misuse.

- P31. Views are invited on whether it would be feasible in business and technical terms for an entitlement card to include a digital certificate and what the implications for the cost of the card would be.

How personal information might be held

INFORMATION HELD ON THE CENTRAL REGISTER

85. The card issuing database would be limited to storing:
- the personal information necessary to administer an effective scheme;
 - cross-references to other personal identifiers used in Government such as the National Insurance number, passport number and driver number;
 - any secret password, pass-phrase or PIN used to help authenticate transactions.
86. It is most unlikely that entitlement information relating to specific services would be held on the central register or on the card itself. The central register should not hold too much information to avoid it becoming unwieldy and too costly to manage. Information on entitlements to specific services could be held on other databases administered by the providers of those services. All these databases would be linked to the central register to share only the core personal information. The card and the central register would therefore be used as a gateway to entitlement to these other services. This would allow services to be added incrementally to the entitlement card scheme without the central database becoming too large to manage.
87. Such an approach is also likely to be more reassuring to card holders as all information about them would not be held in one place. Each service provider would only have access to the entitlement information relating to their own service (subject to any legal information sharing gateways that might exist). However when part of the core personal information changed, for example because of a change of address, this would be made available to all the services linked to the card scheme.

INFORMATION HELD ON THE CARD

88. Both the driving licence and passport card forms of entitlement card would hold some core entitlement information on the cards themselves. For example the categories of vehicle which the card holder could drive. In some circumstances the card (and the central register) might hold some additional entitlement information rather than just references to other databases as described above.
89. An example might be where the card acted as a season ticket where an automated ticket barrier would need to read information stored on the card rather than checking a database (because of the need for fast throughput at the ticket barrier). Should a card be lost or stolen, it would be important to be able to re-issue a card with the full entitlement

information on it. This could probably be best achieved by holding on the central register a marker which indicated that the card-holder also had specific entitlement information stored on the card chip from another organisation in this case a train operator. When a replacement card was being prepared, the specific entitlement would be downloaded from the train operator and stored on the replacement card before it was despatched to the card holder. As the detailed information about the entitlement information would be held by the train operator itself, it would be able to issue the card-holder with a temporary ticket while he was waiting for the replacement card.

THE CORE PERSONAL INFORMATION HELD ON THE REGISTER

90. The core personal information which would probably be needed for an entitlement card scheme and which would be held on the central register would be:

- (i) name;
- (ii) date and place of birth;
- (iii) residential address (using the definition accepted by DVLA for driving licences);
- (iv) unique personal number;
- (v) other personal identifiers e.g. National Insurance number, driver number, passport number. (The range of personal identifiers held would depend on the range of services and entitlements linked to the card scheme. For example if the card was also a rail season ticket, the database might hold a personal reference number to the train operator which issued the ticket);
- (vi) nationality. (As this is not part of the driving licence standard, on the combined driving licence/entitlement card, there is no need to indicate precise nationality. It would be more straightforward to simply state that the holder was or was not a citizen of a country in the European Economic Area. This approach would help define eligibility for employment and could also help deal with any sensitivities in parts of Northern Ireland about displaying nationality. However the rules for the passport card would require the precise nationality to be shown i.e. British);
- (vii) sex;
- (viii) photograph;
- (ix) digitised image of signature;
- (x) validity dates of the card and by whom it was issued (e.g. DVLA);
- (xi) issue number of the card(s) held;
- (xii) employment status;
- (xiii) biometric information (if this formed part of a scheme);
- (xiv) PIN/password/pass-phrase;

91. The combined driving licence/entitlement card would need to display all of the information listed in paragraph 90 above to conform to the EU standard for driving licences with the exception of:

- (iv) unique personal number;
- (v) other personal identifiers (with the exception of the driver number);
- (vi) nationality;
- (vii) sex – though it is possible to discern this from the driver number;
- (xii) employment status;
- (xiii) biometric information;
- (xiv) PIN/password/pass-phrase;

92. However to function effectively as an entitlement card, the card would probably have to display:

- (iv) unique personal identifier, as this would be essential to the operation of the entitlement card scheme;
- (v) National Insurance number, as the latter would be helpful to employers if the card scheme were to be used to help combat illegal working;
- (vi) nationality, as in most circumstances (ie for British and EEA nationals) this is a straightforward way to determine employment status;
- (xii) employment status.

These would be displayed in the area of the card on the reverse which is reserved for national use. If the recording of biometric information was part of the scheme, this could be held in either a two-dimensional bar code or a microchip. The PIN, password or pass-phrase would not be stored on the card.

93. The card would also need to display driving entitlement information, for example whether the driver was licensed to drive large goods vehicles as well as cars. This information would not be stored on the central register but on DVLA's or DVLNI's systems but it would be linked via the unique personal number and the driver number which would both be held on the central register.

94. The main differences for a combined ICAO standard passport card/entitlement card compared to the driving licence/entitlement card requirements are that:

- (ii) place of birth is not required (but date of birth is);
- (v) a document number (passport number) is required rather than a driver number;
- (vi) nationality is required;
- (vii) sex is required.

The reverse of the card has sufficient space to include the additional information necessary to make the passport card an entitlement card.

95. Chapter 3 discussed the optional inclusion of emergency medical information or organ donation details. There would be limited space to print information in the national use area, though the area available is larger on the passport card than on the driving licence. As the organ donor register is computerised, the card could merely indicate that the owner was a donor, the personal identifier under which the donor's wishes were recorded could be held on the central register. This would provide a way for practitioners to use the card to find out what the donor's wishes were.

Information in other languages

96. The standards for the driving licence allow for the production of a bilingual English/Welsh version of the licence to meet the requirements of the Welsh Language Act. A combined driving licence/entitlement card would therefore be made available in the same form and there is no reason why this should not also apply to the non-driving licence/entitlement card. However the standards for passports are set internationally and would not allow the combined passport/entitlement card to be printed in a bilingual English/Welsh version. In order to retain compatibility with current UK Passport standards, it would most probably be printed in a bilingual English/French format.

- P32. Views are welcomed on what information should be held in any central register which might be used to administer a card scheme and what information should be displayed or stored on the card.

Those who might find it difficult to participate in a card scheme

97. Any universal entitlement card scheme would need to ensure that it catered for various categories of people who might find it more difficult to participate in a scheme. Such groups could include:
- people who were housebound or not very mobile who might find it difficult to 'go somewhere' to have their biometric information recorded if this was necessary for the scheme;
 - people living in sparsely populated areas who might also have difficulty in travelling to a place where their biometric information could be recorded;
 - people who were homeless or who had very itinerant lifestyles who might find it difficult to register an address where cards could be sent;

- people who were mentally ill or incapacitated in some way and therefore might not be able to give their informed consent to use of information held about them on the central register or even to understand the purpose of the scheme;
 - people who were fleeing abusive relationships and might want to live under another identity.
98. In Chapter 5, views are sought on how a scheme could be designed to include parts of the population which might be difficult to reach. There may be lessons that can be learned from how the Connexions Card is issued. The Connexions Card is a smartcard being issued initially to all 16-19 year olds in England by the Department for Education and Skills. The company which produces the cards on behalf of the Department visits all but the smallest schools and colleges in the scheme. Initial information which has already been collected – for example from the school register – is confirmed with each applicant in a short face to face interview and recorded on a computer. A digital photograph is also taken. A similar approach could be adopted in mobile issuing stations for sparsely populated areas, perhaps linked to local authority provided services such as mobile libraries.
99. People who might find it difficult to leave their homes probably also receive some locally delivered services such as meals on wheels or home care. It might be possible for a suitably qualified person to accompany such a service by arrangement to process the application in this way. It would be particularly important to ensure this was done by arrangement to ensure that vulnerable people were not put at risk by criminals trying to gain access to their property by pretending to be ‘the entitlement card man’.
100. People who were mentally ill might be able to make an application for a card via a third party acting on their behalf though care would have to be taken to ensure that this did not provide a way for people to establish multiple identities within the scheme.
101. In special circumstances such as a person fleeing an abusive relationship a card scheme might be flexible enough to allow a person to have an alias provided this remained linked to one single identity record (a biometric would be a good way of ensuring this).
102. The Government is not proposing any changes to the law on transsexuals or those who are or who have undergone gender reassignment in this consultation exercise. The existing procedures for issuing passports and driving licences in these cases would apply for any entitlement card scheme.
- P33. The Government is very keen to consider suggestions from people whose circumstances might make it difficult for them to participate in a scheme and from organisations representing them on how a scheme can be designed to accommodate their needs.

Annex 5

Indicative cost assumptions

1. This section provides more detailed information on the figures summarised in Chapter 5.
2. The cost estimates cover a thirteen year period comprising:
 - three years while the necessary IT and other infrastructure is developed and installed;
 - six years where the scheme is rolled out to all or the majority of the population;
 - four years of 'steady state' operation.
3. The costs are split into:
 - set-up costs to establish the systems and infrastructure to check identity securely and issue cards;
 - operating costs which cover maintenance and operation of the infrastructure, additional staff costs, the cost of processing applications and the costs of producing & issuing cards.

The estimated costs for different parts of the scheme have been increased or decreased from a central estimate to adjust for the different risks of parts of the scheme. For example, the installation and running of any biometric recording infrastructure is considered to be a much higher risk than the manufacture and distribution of cards. The figures presented in this Annex are derived from a more detailed analysis and are therefore subject to rounding effects.

4. The costs would not necessarily be incurred in the way set out in this section. For example the capital costs of purchasing equipment might be bundled into a service charge as is increasingly common in large IT contracts.

Extent of a card scheme

5. The working assumption is that a card scheme would need to cover the whole population of the UK aged 16 and over. In the suggested scheme at Chapter 5, under 16s would be able to

hold a card and in some cases would be required to have one as it would be issued alongside their passport. However these numbers are negligible compared to the overall volume of card-holders in the scheme. The starting assumption is for a scheme which would cover the whole resident population of the UK aged 16 and over by the sixth year of its operation.

6. The number of people who would need to be covered by the scheme at the end of year 6 would be just over 51 million. This is calculated using population estimates from National Statistics. For the remaining four years of the scheme covered by these cost estimates the number of additional people joining the scheme has been estimated from:
 - National Statistics estimates of the number of young people reaching the age of 16 at that time and thus coming within the scope of the scheme;
 - extrapolations of Home Office figures for the number of non-casual visitors to the UK from overseas.
7. There is a difference between the total number of people covered by a scheme and the total number of cards issued under a scheme. This arises because:
 - some people would hold more than one card issued against a single securely defined identity. For example many people hold both a driving licence and a passport. Other people might prefer to hold more than one card, for example a passport card and a non-driving licence/entitlement card just in case they lost a card. It has not been possible to estimate the latter number and therefore the estimate of the total number of cards issued is probably an under-estimate;
 - the scenarios involving smartcards require one or more cards to be re-issued during the ten year period of the validity of the card. For example a passport lasts 10 years but a passport card issued as a smartcard may only last 3-5 years as the chip on the card will wear out. Rather than require passport holders to re-apply for a card more frequently than they do at present, they would be issued with a replacement card automatically. The older card could be 'disabled' automatically both by showing the earlier expiry date and programming the chip so that it ceased to function after this date;
 - some cards will be lost or stolen and replacements will be required before their expiry dates.
8. Over a ten year period of issuing cards in a universal scheme it is estimated that:
 - 67.5 million people would be covered, comprising the resident population aged 16 and over at the end of a six year rollout, plus the number of sixteen year olds entering the scheme in the four years after the rollout along with the number of non-casual visitors to the UK from overseas;

- allowing for some people holding more than one card (e.g. both a passport and a driving licence) and for a proportion being lost or stolen, 140 million cards would be issued if each card lasted for the 10 year validity period of the secure identity, i.e. if the card was a simple plastic card. If cards needed to be re-issued once during the 10 year validity period (because they were smartcards and the chip would wear out over time), the total number of cards issued would rise to 230 million. If cards needed to be re-issued twice during the 10 year validity period, (because they were sophisticated smartcards), the total number of cards issued would rise to 314 million.

Set-up costs

9. The main set-up costs would comprise:

- (i) building a central database and linking it to other Government IT systems and possibly credit reference agencies to help validate applications;
- (ii) establishing a network of biometric information recording equipment.

CENTRAL DATABASE

10. The existing large databases in Government such as those run by DVLA, UK Passport Service, the Department for Work and Pensions and the Inland Revenue have developed over time. The original development costs of these systems would not be a particularly useful comparator as changes in technology mean that a different approach might well be taken today. A further complication is that recent large database procurements such as the changes to the passport database implemented in 1998, have not involved the discrete procurement of components such as the database but have involved a package of services which are often bundled into a service fee by the supplier.
11. The £30 million central estimate for implementing a central IT database must therefore be treated with some caution. This estimate has not been broken down further (for example design, development, cost of IT hardware, and software licence fees) as this level of analysis is not practicable at this stage. The estimate also does not cover on-going maintenance and running costs of the database which is covered in paragraph 17 below. The main areas of uncertainty in this estimate are:
 - the general tendency for large IT projects to incur cost overruns for example because of requirements changing during the course of the project;

- the costs of large database projects are increasingly incorporated in service fees making comparisons with recent projects elsewhere in Government more difficult;
- the additional sophistication of the recording and search of biometric information. Most large scale biometric systems are used for applications such as policing and as discussed at Annex 4 an entitlement card scheme would not need to be as sophisticated. Therefore comparisons with such systems are not particularly useful;
- whether much of the cost could be absorbed in a current or planned IT systems development for example a major upgrade of DVLA's or UKPS's systems which would be needed anyway.

LINKS TO OTHER SYSTEMS

12. Links to other Government systems are required for biographical checks on applicants. The checks proposed in Chapter 5 would require links with:

- the UK Passport Service's passport database;
- the passport database operated by the Foreign and Commonwealth Office (FCO) for the issue of passports to UK citizens overseas;
- DVLA's and DVLNI's driver databases;
- on-line records of births and deaths (if these have been developed by the time any entitlement card scheme commenced);
- the central index which holds National Insurance records;
- systems operated by the Immigration and Nationality Directorate (IND) of the Home Office to check details of those applicants who are foreign nationals;
- possibly a link to a credit reference agency (to check address details).

13. The cost of the links depends on:

- how sophisticated the link needs to be. This is best illustrated by an example. The check on the national insurance number might just confirm that a match against the details provided on the application form exists. However a more sophisticated check might involve returning some of the information held on the national insurance record itself, for instance where the name of the applicant matches but the address does not. A link of this type might allow the operator processing the application to resolve potential problems without unduly delaying the issuing of the card;
- the technical standards of the systems being linked. In general older IT systems which operate to more proprietary standards than modern systems are more expensive to link;
- whether systems are distributed or centralised. In the case of the scheme set out in Chapter 5 all of the systems are centralised databases with the exception of the Immigration and Nationality Directorate's systems. However the latter are being centralised into a single case information database.

The central estimate of the cost of developing all of the links is £41m. The cheapest link to develop would probably be to a credit reference agency as such links are already commercially available and the development only needs to take place at one end of the link. It is likely that a link to the national insurance system would be the most expensive given the age of that system. The costs of links to DVLA, DVLNI and UKPS systems would fall somewhere in-between. The cost of the IND link has also been estimated on the high side given that the new database is not yet fully operational.

14. The same arguments as in paragraph 11 above on IT project costs would also apply for the links to other IT systems. However costs might not be as high if there were economies of scale in some of the developments for example if DVLA's proposed DVO (Driver, Vehicle and Operator) database formed the central register, this might reduce the cost of or remove the need for a link between DVLA's driver system and the central register. Also as UKPS's and FCO's passport databases are linked to each other there might only be a need for one link between them and the central register.
15. The central estimate of IT set-up costs is therefore £71 million. However given the risks associated with this part of the scheme, the cost estimate has been increased by 50% to £107 million

BIOMETRIC RECORDING EQUIPMENT

16. The central cost estimate of any fingerprint or iris biometric recording equipment is estimated at £19.5m. This is based on just under 2,000 sets of equipment at various fixed and mobile locations throughout the country each costing £10,000. It is assumed that there is no difference between the cost of fingerprint scanners or iris cameras. The £10,000 estimate is appreciably higher than the unit cost of a fingerprint scanner or iris camera but this reflects additional costs such as a PC and any other hardware and software which may be required along with the cost of installation and commissioning. Factors which might vary the total cost include:
 - volume discounts which may be offered for equipment purchased on such a scale.
There are very few comparable projects on this scale with which to make comparisons;
 - the need to install equipment in even more locations if there is insufficient coverage or if demand for cards proves higher than estimated.

Given that this is also a potentially high risk area, the cost estimate has also been increased by 50% to £29 million giving a total IT set-up cost of £136 million.

Operating Costs

IT INFRASTRUCTURE

17. The operating and maintenance costs of running the IT infrastructure, including the links between the various databases has been estimated at 25% pa of the set-up costs. This is probably on the high side compared with the maintenance and operation of single IT systems but given the potential complexity of the links and that different systems may be being upgraded at different times, it is prudent to have a higher percentage as a baseline. The risks inherent in complex projects mean that costs could be higher. However the costs directly attributable to an entitlement card scheme could also be lower for example if the central register was provided by the proposed Driver and Vehicle Operator's database. Over a 13 year period, the central estimate of the IT and operating maintenance costs is £175 million. However given the complexity of the central infrastructure, it would be prudent to add a further 50% to the central cost estimates to allow for the additional risks giving a total of £263 million.

BIOMETRIC RECORDING EQUIPMENT

18. The central cost estimate of maintaining and running the infrastructure of biometric recording equipment is estimated at 15% pa and comes to £35 million over 13 years. This is a higher estimate than usual maintenance charges of around 10% to reflect the higher complexity of the equipment, for example it may be more prone to failures than typical IT equipment. Costs may be higher if a sophisticated network to the central database as opposed to a simpler telephone or ISDN (Integrated Services Digital Network) line is needed, or the equipment requires a much higher degree of maintenance and attention than typical IT equipment such as PCs. Costs could also be lower, for example if the maintainer can provide an innovative solution which might allow some maintenance tasks to be undertaken remotely across a network. A further allowance is made for the cost of helping members of the public operate the equipment in the section below.
19. The operation and maintenance of the biometric infrastructure may well be the most risky part of the card scheme. The central cost estimate of £35 million has therefore been doubled to £69 million.

ADDITIONAL STAFF COSTS

20. The scheme described in Chapter 5 assumes that there would be a common identity checking process for entitlement cards in whatever form they were issued. There would be additional staff costs associated with recording and validating the biometric information on the central register, the additional checks on other Government databases and possibly credit reference agencies before cards were issued and to deal with the higher overall volume of applications.
21. Additional staff numbers would rise to a peak while the bulk of the population was issued with cards during the six year rollout. They would then settle back to a smaller number to handle renewals, replacements and new applicants (for example those reaching the age of 16 and foreign nationals entering the country for the first time). Staff numbers might rise more quickly if there was a higher than anticipated initial demand for entitlement cards. Costs could also be greater if the biometric checking threw up more suspected fraudulent applications than anticipated or if IT systems suffered lengthy teething problems. Costs could be lower if the use of biometric checking resulted in better identification of high risk applications, allowing a greater proportion of applications to proceed on a fast track. It might also be possible to reduce costs in other ways for example if more application information was recorded locally when the biometric information was recorded rather than it having to be keyed in centrally on receipt of the application.
22. The central estimate of additional staff costs is £62 million over 13 years. Given DVLA's and UKPS's expertise in administering large scale operations of this kind, the costs have not been adjusted for any increased or decreased risk.

PROCESSING APPLICATIONS

23. Because of the much higher quality of identity checks associated with an entitlement card scheme, the cost estimates assume that once a secure identity had been recorded on the central register (for example when a person applied for a passport), it would also be valid when that person applied for another card within a 10 year period (for example a driving licence). This means that the cost of processing applications is estimated on the basis of the total number of people covered by the scheme, rather than the total number of cards issued. The fact that more cards are issued than people covered by the scheme is covered in a separate estimate for card production costs.

24. Part of the costs of processing applications is covered by the existing UKPS, DVLA and DVLNI staff costs and the additional staff costs discussed above. However some costs would be incurred at the regional locations where biometric information was recorded. At present a number of 'High Street Partners' such as the Post Office offer an application checking service for passport and driving licence applicants. This has advantages for the applicants as they do not have to post important documents (such as birth certificates) with their application and it is checked for any errors or omissions which might delay the issue of the document. This also saves time and effort at the centre. A similar service is envisaged for applications for entitlement cards or more secure driving licences and passports. A further cost associated with each application might be a transaction fee charged by a credit reference agency. While it would be hoped that any biometric recording equipment used in the scheme would be simple and quick to use, the application processing cost would also need to cover the cost of high street partner organisations assisting members of the public to use the equipment.
25. In this analysis it is important not to double count those people who possess both a driving licence and a passport. An analysis of passport and driving licence applications indicates that around 35 million people would be allocated secure identities over a six year period via the normal rate of people applying for passports and driving licences. The central cost estimate of processing these applications at a regional office is £210 million. This leaves a further 32.6 million people to cover in a universal entitlement card scheme at a cost of £196 million, giving a total estimated cost of £406 million.
26. The processing cost of all applications is assumed to be the same for simplicity. However some applications will be more expensive to process for example:
- those of foreign residents where there might be a need for greater scrutiny of the documents they present;
 - people who live in sparsely populated areas who may need to use a service provided on other mobile services such as mobile libraries;
 - people who would not be able to visit the premises of a 'High Street partner' and who would require a home visit.

Overall, costs may be higher if recording biometric information proves to be a more complex process than envisaged or if there is insufficient interest from a range of organisations in providing these services which leads to less competitive prices. Costs could be lower if potential partners are keen to provide these services as they may see benefit in increasing the number of people visiting their premises.

27. Given the uncertainties, particularly around the complexity of recording biometric information, the central cost estimate of £406 million has been increased by 50% to £608 million (rounding effect – see paragraph 4)

PRODUCING CARDS

28. The cost of producing cards depends on the total number of cards issued and the cost of each individual card. The total number of cards issued depends on:

- the number of people who would be covered by the scheme who would each have at least one card;
- the number of people who would naturally have more than one card because they possess both a driving licence and a passport;
- the number of replacement cards issued for those which were lost, stolen or needed amendment as a result of a change of details for example a change of address.

It is unclear how many people might choose to have more than one card for reasons of convenience rather than because they had to and this number has not been estimated.

29. The total number of cards issued has been estimated by using the current number of driving licences and passports issued each year by DVLA and UKPS (which includes replacement documents and those issued because of a change of details) and the additional number of people who would need to be covered by a universal entitlement card scheme. It is assumed that these additional people would also require replacement cards at the same rate as those obtaining driving licences. Each year around 8% of the total number of licence holders apply for a replacement.
30. The cost of each individual card depends on how long the card would last. The current photocard driving licence is designed to last for 10 years. However smart cards which incorporate a chip have a lower useful life as the chip degrades over time due to wear and tear when being carried in a wallet or purse and when being swiped through card readers. It is assumed that such a card would need to be re-issued after 5 years and that it would cost slightly more than a simple plastic card. The card-holder would not need to go through the process of applying again, the card would be re-issued automatically. If a sophisticated smartcard was used which incorporated a digital certificate, this would need to be re-issued more frequently to ensure that the certificate remained secure. (As the processing power of generally available computers increases, the key lengths of certificates need to be increased to maintain the same level of security). It is estimated that such a smartcard – in addition to costing more in the first place, would need to be re-issued twice during a 10 year period.

31. The materials, production and despatching costs of the current photocard driving licence add up to £2.50 per card. It is assumed that a simple smartcard would cost a further £1 per card and a more sophisticated smartcard would cost an additional £5 per card. As a certain volume of photocard driving licences are already produced, these costs have not been included in the cost estimates as they would continue to be incurred whether or not there was an entitlement card scheme.
32. Using the above assumptions, the central estimate of card production costs for a universal entitlement card scheme over ten years would be:
- £240m for a plain plastic card (£120m for driving licence and passport entitlement cards and £120m for non-driving licence entitlement cards).
 - £670m for a simple smartcard which was re-issued once (£431m for driving licence and passport entitlement cards and £239m for non-driving licence entitlement cards).
 - £2007m for a sophisticated smartcard which was re-issued twice (£1617m for driving licence and passport entitlement cards and £390m for non-driving licence entitlement cards).

This part of the scheme probably attracts the lowest risks, with the possible exception of producing sophisticated smartcards. DVLA now has 4 years experience of producing photocard licences and will shortly begin producing a simple smartcard (the smart tachograph card). The large volume of cards which would be produced should attract some volume discounts on materials costs. With the exception of the estimated sophisticated smartcard costs (which remain at £1941 million), the estimated costs of plain plastic cards and simple smartcards has been reduced by 25% to £180 million and £502 million respectively.

Total cost estimates

33. The total cost estimates for a card scheme are summarised in Table A5-1 below.

Table A5-1 – Summary of cost estimates

Cost element	Cost estimate (£m)	Total (£m)
Set-up costs		136
IT (Central Register & links to other systems)	107	
Biometric recording equipment	29	
Operating costs		
plain plastic card		1182
simple smartcard		1504
sophisticated smartcard		3009
IT (Central Register & links to other systems)	263	
Biometric recording equipment	69	
Additional staff costs	62	
Processing applications	608	
Card production		
plain plastic	180	
simple smartcard	502	
sophisticated smartcard	2007	
TOTAL COST		
plain plastic card		1318
simple smartcard		1640
sophisticated smartcard		3145

Cost recovery

34. In order to translate the aggregate costs into a meaningful figure, the following section estimates how most of the costs of a scheme could be recovered via:
- increases to passport and driving licence fees;
 - charging a fee for the non-driving licence/entitlement card.
35. These examples are illustrative only. Before deciding on any fee structure the Government would take into account any off-setting savings to the Government through more efficient administration of services. It is not possible to make such an assessment until the outcome of the consultation exercise when the Government can make an assessment of peoples' views on what services they would like to see linked to a card. Further costs might be off-set by:

- charging private sector service providers for an authentication service based on the central register;
- charging other service providers for using the card to administer their services.

As with savings in Government administration costs, the Government will not be able to estimate these other off-setting costs until after the consultation exercise.

36. If the passport and driving licence fees were raised by £10, over the lifetime of the scheme this would raise an additional £820 million over 10 years, assuming that the level of possession of passports and driving licences remained the same. (The current fees for normal service are £29 and £30 respectively). If the fee charged for the non-driving licence/entitlement card was set at £15 and everyone else who needed to be covered by the scheme chose to have this card this would raise an additional £489 million.

Table A5-2 below sets out some different variations of fee rises which would cover the cost of the scheme.

Table A5-2 – Some cost recovery options

Passport/driving licence fee uplift	Non-driving licence/entitlement card fee	Card Type
£10	£15	Plain Plastic
£14	£15	Simple smartcard
£14	£5	Plain Plastic
£18	£5	Simple smartcard
£15	£0 for 10 million people on lowest incomes ¹ , £5 for rest	Plain Plastic
£19	£0 for 10 million people on lowest incomes ¹ , £5 for rest	Simple smartcard

1. There are approximately 10 million pensioners and 5 million adults of working age currently in receipt of a key benefit which is defined as at least one of Jobseeker's Allowance (JSA), Incapacity Benefit and Severe Disablement Allowance (IB & SDA), Disability Living Allowance, Income Support and National Insurance Credits (through JSA or IB). It is not known what proportion of these groups have a passport or a driving licence and might therefore not qualify for a free non-driving licence/entitlement card. The Government will also investigate whether some entitlement cards could be paid for by instalments

Estimates for recovering costs for an entitlement card scheme based on a sophisticated smartcard have not been made given the uncertainties around this technology. It is likely that by the time any entitlement card scheme came into operation, card production costs generally will be lower than they are today given advances in technology.

37. In practice the following factors would increase fee income and therefore result in lower fees:

- some revenue will be generated for fees charged for lost and stolen cards;
- DVLNI's fee income has not been included in the calculations;
- some people who do not currently hold a passport or driving licence may choose one of these forms of entitlement card rather than the non-driving licence entitlement card.

Compliance costs

38. The costs of using a card scheme for a particular purpose would depend on the particular details of how it was used, for example how many people would need to be trained in an organisation to recognise a card. One of the purposes of this consultation paper is to elicit views from people and organisations about the range of uses that they would like to see for a card scheme. When these views have been assessed at the end of the consultation exercise, the Government will be in a better position to determine what the actual compliance costs would be and to produce a partial regulatory impact assessment. Compliance costs would include:

- design and implementation of new operating procedures to make use of the card for example changes to forms and staff handbooks;
- design and implementation of any changes to IT systems;
- staff training in new procedures and in operating changed IT systems;
- purchase and maintenance of any equipment such as card readers if the organisation wanted to use the card in this way;
- any transaction, network or call charges which might be levied by an authentication service linked to a card scheme.

39. To inform the debate, this section sets out two scenarios around the use of a card. The first is a general use of the card which would be applicable to all organisations in the UK, that of using the card to validate a person's identity. The second invites specific views of employers on the costs of checking cards of new employees to help them comply with section 8 of the Asylum and Immigration Act 1996. The Government has published regulatory impact assessments for two measures in the Nationality, Immigration and Asylum Bill which is currently before Parliament. These are proposals to enable immigration officers to enter business premises without a warrant and to enable the Immigration Service to require employers, banks and building societies to provide information. This section also discusses how a card scheme might reduce the costs of business complying with these requirements.

CHECKING IDENTITY

40. A range of private and public sector organisations check the identity of their customers from time to time. Examples include checking identity when somebody makes an application for credit from a retailer, when they open a bank account or take on another high value transaction such as taking out a mortgage. This calculation assumes that as a card scheme rolls out, the proportion of people whose identity could be checked more securely would rise over time.
41. The working assumption is that 75% of the resident population would on average have some form of transaction which required their identity to be checked once a year. It is assumed that a card check would be made in 75% of these cases to allow for situations where a card was lost or stolen or not asked for by the organisation which was checking the identity, perhaps because of inexperienced staff who would not be aware of the procedures. This brings the total number of checks each year for these purposes once a card scheme was fully rolled out to 28.7 million. This is a prudent estimate as one of the major credit reference agencies reports an annual rate of 70 million credit reference checks on its systems. If 5 minutes per identity check could be saved by use of an entitlement card in these circumstances compared to checking identity in other ways, the cost saving to organisations would be £25 million pa when cards were widely held.
42. It is assumed that there would be no additional staff training costs in staff familiarising themselves with an entitlement card scheme as this would be incorporated over time into organisations' training programmes. One of the potential ways of using a card scheme would involve checking the authenticity of a card either by an on-line link or telephone call centre which had access to an authentication service based around the central register. The above figures assume that in 25% of cases the organisation decides to make a more detailed check of the card details via an authentication service contacted by a premium rate phone line. A premium rate call would be a simple way for the provider of the authentication service to recover costs. It is assumed that these calls cost 50p each. Table A5-3 sets out the calculation in more detail.

EMPLOYMENT CHECKS

43. Under section 8 of the Asylum and Immigration Act 1996 employers are required to check that their employees are eligible for work. An entitlement card scheme should reduce the administrative burdens on employers of complying with the law but in order to quantify this the Government needs to identify what current costs employers incur in complying with the law and what features they would want to see in a card scheme to make it simple to use.

Table A5-3 – Cost savings on identity checks

	Year					
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Resident population ('000)	49635	49914	50194	50473	50752	51032
% rollout of secure ids	10	20	20	20	20	10
Number of secure ids each year ('000)	5103	10206	10206	10206	10206	5103
Cumulative number of secure ids ('000)	5103	15310	25516	35722	45929	51032
Assume 75% of people would be checked each year						
Number of potential checks ('000)	3827	11482	19137	26792	34446	38274
Assume only 75% of are actually checked each year						
Number of checks ('000)	2871	8612	14353	20094	25835	28705
Assume 5 minutes per check saved compared with other methods and clerical labour rate of £12 per hour						
Costs avoided (£m)	2.9	8.6	14.4	20.1	25.8	28.7
Assume 25% of the checks would involve a premium rate call costing 50p						
Additional cost (£m)	0.4	1.1	1.8	2.5	3.2	3.6
Net costs avoided (£m)	2.5	7.5	12.6	17.6	22.6	25.1

44. There are approximately 1.4 million employers in the country, 960,000 of whom employ 1-4 people. There are approximately 24 million employees and on average job turnover is 10-15% of all employees. These figures exclude those working illegally.
45. Using the high end of the job turnover estimate, employers would need to conduct 3.6 million checks per annum on new employees. As with identity checks above, if we assume that checks are only carried out in 75% of all cases (for example because of poor training of the employer's staff) this will mean 2.7 million checks per annum. If we assume that 25% of these would also need a premium rate phone call, the cost of these calls would be £0.68 million.
46. In order to determine the overall annual savings to employers, it would be necessary to know the average unit costs of the current way employee checks are carried out. These require staff to be familiar with the law as set out in the 1996 Act and with a range of potential identity documents for example identity cards issued by other EEA countries. An estimate could then be made of the cost of a simpler method of checking which an entitlement card would bring and would then allow a net saving to employers to be calculated.

47. The Government has estimated that the total additional cost to business of the proposals now before Parliament to enable immigration officers to enter business premises without a warrant would be of the order of a maximum of £600,000. These costs have been estimated based on the disruption caused to businesses by immigration officers visiting premises and - in cases where a person liable to arrest was found working on the premises - inspecting personnel records. With an entitlement card scheme, these costs might be reduced if:
- checking personnel records was more straightforward if employers recorded the unique personal numbers associated with entitlement cards. Immigration officers would have access to the central register to check the details recorded;
 - if suspects on the premises had entitlement cards in their possession and they chose to show them to the immigration officers, questions about their status could be resolved quickly, reducing the time that normal business activity would be disrupted during the visit.
48. The Government has estimated that the cost to business of the proposals now before Parliament to require employers, banks and building societies to provide information on those suspected to be present in the UK unlawfully would be approximately £2 million. The cost is estimated by using the labour costs of staff obtaining address, employment and earnings information. An entitlement card scheme might make it easier to obtain this information if the Immigration Service was able to narrow down its search on particular suspect unique personal numbers and these were recorded by employers when people were taken on and by banks and building societies when people opened accounts.
- P34. Comments are invited on the indicative costs outlined in this Annex, in particular on the compliance costs which employers might incur in using a card to check the employment status of new employees.



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