



**INFORMATION SYSTEMS
AND INNOVATION GROUP**
Department of Management

The Public Sector and Sourcing: The Case of the UK National Identity Scheme

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A warning

David Blunkett MP

- I need to be contrite enough to congratulate Phil Booth from NO2ID, Dr Whitley from the London School of Economics identity project, and others, for the tremendous campaign that they have run, over the past five years in particular, to stop this scheme.

- I congratulate them because they changed the culture and atmosphere around, and attitudes towards the scheme and its intentions in a way that those of us initially involved could not have conceived.

- In doing so, they have persuaded large swathes of the normally well-informed population, including vast swathes of the media, that the identity cards scheme and the second generation biometric register were intended to impact on the public and intrude on their civil liberties in a way that was never intended and was never going to happen.

- That they were wrong should not mislead us into misunderstanding what can happen in a vigorous democracy, and how careful we have to be in explaining our intentions and taking on arguments openly.



GLOBAL CHALLENGES FOR IDENTITY POLICIES

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TECHNOLOGY, WORK AND GLOBALIZATION



The Identity Project

an assessment of the UK Identity
Cards Bill and its implications

A
B I L L

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Make provision for and in connection with the repeal of the Identity Cards Act 2006.

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Repeal of Identity Cards Act 2006

1 Repeal of Identity Cards Act 2006

(1) The Identity Cards Act 2006 is repealed.

Public sector sourcing in the UK

- Early 1990s
 - Market test cost efficiency
 - Outsource IT operations on 5-10 year contract
- Example: Inland Revenue

Outsourcing problems

- Industrial relations issues
- Changing specifications
 - Self assessment online
- Change in suppliers after initial contract term

Introducing the National Identity Service

- Introduction of identity cards and next generation (fingerprint biometric) passports
- Centralised National Identity Register
- Explicit data-sharing agenda, based around the Register
- Delivered by the Identity and Passport Service (IPS)

Other IPS requirements

- Replacement of core processes
- Provision of desktop infrastructure for IPS
- Replacement and upgrading of the existing systems for fingerprint matching and storage

Functionality to be provided by sourcing

- General IT services
 - Office systems
 - Appointments

- Specialist
 - Biometrics
 - Data sharing
 - Encryption
 - Security

Sourcing timeline

- 31 March 2006 Act receives Royal Assent
- December 2006 Strategic Action Plan
- August 2007 NIS Strategic Supplier Framework Prospectus
- Pre-Qualification Questionnaire stage

Competitive Dialogue

October 2007

- A long list of suppliers invited to participate in a Competitive Dialogue with IPS, prior to seeking final tenders for the Framework Agreement.
- Accenture; BAE Systems; CSC; EDS; Fujitsu; IBM; Steria; and Thales

Sourcing model

- Transform the Competitive Dialogue into a Strategic Supplier Group (SSG) who will work with IPS to deliver the capabilities for the service.
 - Specific contracts based around mini-competitions between members of the SSG

Framework agreement

- The NIS is a large scale, long term business transformation programme involving multiple stakeholders.
 - Needs a range of capabilities
 - Private and public sectors
- We need committed suppliers, willing to bring their best ideas and people

An explicit set of business principles

- The process will be fair and balanced but commercially challenging. Mechanisms to achieve both cooperation and competition will be ever present.
- Close relationships with the suppliers will be open, progressive and cooperative, and will require all parties ... to meet high standards.

- The selected SSG suppliers will be invited to compete for each project within the programme. Suppliers will need the capability to design, build and operate all the technologies required by the NIS.
- The capabilities needed to execute projects will include Systems/Business Integration, Business Process Outsourcing and IT Outsourcing.

Positive, partnering behaviours

- SSG members will be formally incentivised to work towards achieving common goals and to work cooperatively with each other.
 - Where SSG members work together and deliver against agreed objectives, all will be rewarded with bonuses against an agreed formula.
 - Risks will be shared between the Agencies and the SSG

Some principles

- Driving Whole Scheme Value – making sure that all parties are focused on the value of the NIS as a whole rather than of a particular contract;
- Being responsive to change – being proactive in finding new technical and business features, and responding to enhance the overall value of the NIS;

David Davis and Intellect

- David Davis wrote to Cabinet Secretary, Sir Gus O'Donnell, giving formal notice that an incoming Conservative administration would scrap the Government's identity card project

John Higgins, Intellect

- Firstly, it is important to state that the UK technology industry is neither for, nor against the policy of introducing ID cards in the UK. This public policy debate took place and was voted upon in Parliament.

- As an industry we are now working hard with the Identity and Passport Service to ensure that the ID cards procurement results in solutions which are practical and deliverable. To this end, we believe it is wholly inappropriate for the industry to be used as a mechanism for scoring political points.

- Moreover, it is highly likely that the manner of this intervention will undermine the confidence of the supplier community in any future Conservative Government honouring other contractual commitments which may have been entered into by previous administrations.

- It will potentially make companies wary of entering into any public sector contracts at all. Such a fall in confidence would inevitably affect business decisions companies make about investing in UK Plc generally.

Departures

- January 2008 Accenture and BAE withdrew from the Competitive Dialogue process
- February 2008 Steria also withdrew from the process

- Competitive Dialogue process
 - Accenture; BAE Systems; CSC; EDS; Fujitsu; IBM; Steria; and Thales

- Competitive Dialogue process
 - CSC; EDS; Fujitsu; IBM; and Thales
- Strategic Supplier Group
 - CSC; EDS; Fujitsu; IBM; and Thales

First contracts issued

CSC

- The replacement of core Application and Enrolment processes for passports and the provision of desktop infrastructure for IPS
- April 2009
- Value £385 million
- Duration 10 years

IBM

- The replacement and upgrading of the existing systems for fingerprint matching and storage in connection with immigration and visa requirements and transition to the replacement service
- May 2009
- Value £265 million
- Duration 7 years

Thales

- The development of the Early propositions programme, including the implementation of a Tactical / Temporary National Identity Register
- Awarded July 2008
- Value £18 million
- Duration: Four years

De La Rue

- The design and production of next generation of UK passport books
- Awarded July 2009
- Value £400 million
- Duration 10 years

Election 2010

- Most parties oppose identity cards and plan to scrap them
- Coalition Government agrees to scrap identity cards, destroy information held on the Register
- Identity Documents Bill 2010 is the first to be debated by the new Parliament

Arguments for scrapping

- The impact assessment demonstrates that privacy and financial benefits significantly outweigh the costs of dismantling the ID card system.

- Thales 'early propositions' programme scrapped
- CSC and IBM contracts 'scaled back'

How much has been spent?

s37 cost reports

- Report on the 'next' ten years
 - Deduct 'last' 6 months
 - Add 'next' 6 months

October 2009 cost report

	Base year	Cost
Revised cost estimate	09/10	£4580m
Deduct 6 months April 09- October 09	09/10	(£205m)
Add 6 months April 19-October 19	09/10	£200m
Current cost report	09/10	£4575m

Cumulative expenditure

Transition	Cost report	Amount
CR1-CR2	May 2007	£200m
CR2-CR3	November 2007	£240m
CR3-CR4	May 2008	£220m
CR4-CR5	November 2008	£195m
CR5-CR6	May 2009	£200m
CR6-CR7	October 2009	£205m
	Total	£1260m

How much has actually been spent?

- IPS claims to have spent £257 million to date
- £35 million spent on consultants by IPS in 2008

Total cards issued?

20 October 2009-27 May 2010

- 14,670 cards have been issued

Contract cancellation

- The Government expects net costs of around £5 million to be incurred this year. This includes costs associated with terminating contracts with suppliers; write-off costs for equipment already purchased;

- ... maintaining the ability to issue cards in respect of new applications until the statutory obligation to do so is removed; contacting cardholders and other stakeholders to inform them of the change; exit costs for staff who cannot be redeployed elsewhere; and payment to contractors for secure destruction of identity information already held.

- “The contract is a bit like a nuclear deterrent. You need one and you have got to have a framework, but if you’ve got to use it you are probably in trouble”

Some final thoughts

- Innovative use of SSG and mini-competitions
 - Difficult to evaluate the effectiveness in the timescale of the Scheme
- Concerns about the sourcing management capability of government

Tangled contracts

- Just as much as laws, the design of IT systems can have strong effects in embodying and freezing a particular set of administrative capabilities ...

- The considerable costs of making a relatively fixed investment in a particular type of computer system, with a particular software and defined programmes and routines written within it, thus add a significant layer to the insulation of current policy orientations

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