
Question to the Home Office from Dr Edgar Whitley, Research Coordinator, London School of Economics Identity Project

On a number of occasions (most recently in a letter from the Minister to members of the Parliamentary Labour Party on February 7th 2006), the Home Office has accused the London School of Economics (LSE) of including up to £1bn marketing costs into its alternative costings for the ID cards scheme so as “*deliberately to inflate its costs*”. This claim was first made in the Home Office response to the LSE alternative blueprint issued in July 2005 which stated that we had estimated marketing costs of between £500m and £1bn. In our reply, issued on August 5th, 2005 we noted that “*The LSE report did not set out an estimate for marketing costs or indeed for any line item of that nature*”. Again, in our status report issued in January 2006, we again stated that we had made no such estimates and even suggested, in footnote 10, a possible explanation for the confusion.

Would the minister be prepared to clarify the basis upon which the Home Office has identified this £1bn cost in the LSE figures?

The Government remains sceptical about the quality of the cost estimates produced in the ‘Identity Project’ report, published by the Department of Information Systems at the LSE, and believes that the report lacks balance and contain several inaccuracies.

It makes a number of factual errors and appears to either omit respected scientific research that contradicts its claims or misrepresents others. A number of researchers quoted in the report have told the Home Office that they do not support the report’s interpretation of their work. These failings come

together to produce cost assumptions that inflate the true cost of the Scheme. Several of these issues have been raised by the Home Office and remain unanswered. For example:

- *Why is research by the UK's National Physical Laboratory, Germany's BSI institute and Cambridge University that shows that the stability of biometrics are sufficient to allow re-recording every ten years apparently discounted? The Identity Project report produced costs based on re-recording every five years, thereby increasing staff and operational costs significantly but provides scant reasoning for this;*
- *Why was no cost correction made when the report's estimate of biometric enrolment failures was reduced by nearly 830,000, a 97% reduction on the previous figure, despite the fact that the report originally noted that dealing with such cases would be a "significant administrative burden";*
- *Why does the report estimate the cost of electronic background checks at up to £20 per check when this is at odds with similar electronic checks by credit reference agencies or against birth, deaths and marriage records cost in the pence, not the pounds;*
- *What is the basis of the report's figures for the volume of information updates? Figures from the Office of National Statistics (ONS), the Government Accountability Office (GAO) and other government departments indicate lower figures than their assumptions. The report states that the procurement documents for the Identity Card Scheme corroborate the figures provided. They do not – the source provided in the report is a page on a procurement questionnaire and neither that page nor the document as a whole refers to any record update volumes at all; and*
- *Why has no correction (cost or otherwise) been made for admitted errors that inflated biometric error rates? For example, both the interim and final report confused the iris and retina and this was acknowledged by an author at a public debate at the Institute for Advanced Legal Studies in November. However, this is not acknowledged in the 'report on the original report' in January.*

With relation to the figures used for marketing costs, the 'Identity Project' report, published in June 2005 states, at the very front of their report, that a spreadsheet from the publisher, Kable, was used as the basis of their cost estimates (pg. iii). This spreadsheet was provided by Kable to the Home Office and included an estimate of £500m to £1bn for marketing costs, which is far in excess of other benchmarks.

In its initial response to the Home Office, the 'Identity Project' provided no explanation as to why this was incorrect when it was clearly included in the spreadsheet and the report had clearly and prominently provided an acknowledgement in the opening pages to Kable. To later argue that it did not feature as a separate line item in the cost summary in the initial report does not provide reassurance, as the line items provided in the report are remarkably broad and are much less precise than suggested best practice for business cases – thus the marketing costs might quite easily have been included under a broad line item, rather than be separately listed. Furthermore, the report offers little by way of explanation regarding what assumptions lie behind any of those figures. The Kable spreadsheet remains the most precise source document referred to in the report in relation to how its cost estimates were formed.

However, if the authors wish to insist that they have not included a figure of £500m to £1bn in their estimate for marketing costs, the Government is happy to acknowledge that insistence, as indicated by the Under-Secretary of State Andy Burnham in the House of Commons on the 13th of February.

Nevertheless, this still does not account for several other errors which inflate the report's cost estimates in the face of reliable contradictory evidence.
