



National Audit Office

# Identity and Passport Service: Introduction of ePassports

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# SUMMARY

This report examines the Identity and Passport Service's project to introduce ePassports. An ePassport contains an electronic chip and antenna, to store and transmit to an electronic reader the passport holder's digital photograph and biographical information. The chip also contains an electronic signature confirming the issuing country and the integrity of the data to provide extra checks at border control. The budgeted set-up costs for the project were £63 million, and marginal production costs from 2005-06 to 2010-11 are estimated to be £195 million.<sup>1</sup>

Rather than put a new contract for ePassport production out to competition, the Agency invoked an exemption from procurement regulations on security grounds which offered it the option of amending its existing supplier contract for digital passports to incorporate ePassport production. The Agency chose this route because of delays in evolving international standards on ePassport design and substantial compensation costs would have been payable if the existing contract were to be ended early. The Identity and Passport Service took steps to secure value for money in the amended contract terms. However, longer term risks to value for money remain due to the technical novelty of ePassports, the risk of organisational knowledge loss and potential problems using electronic readers at border control.

<sup>1</sup> In this report the marginal cost of ePassport production refers to the additional cost of producing ePassports over and above the costs of those elements which would have been contained in digital passports.

## Main findings

- The Identity and Passport Service managed the implementation project successfully, delivering it within budget and to a timescale that ensured the UK's continued participation in the United States' Visa Waiver Program. The Identity and Passport Service undertook a gradual switch from digital to ePassports and met the majority of its customer service targets during the transition.
- British ePassports meet international standards on ePassport design and have demonstrated their interoperability in international tests.
- Although it has been tested in laboratory conditions, the ability of the chip unit<sup>2</sup> to withstand real-life passport usage is unknown. The chip units have a two year warranty but British ePassports are intended to last ten years. The Identity and Passport Service is keeping this issue under review.
- With the right equipment, technical experts have shown that it is possible to read and clone ePassport chips. To access the data on a chip, prior knowledge of the information contained on the passport data page is required. But if the information on the data page can already be seen (or is known from another source) then there is no need to read the electronic chip since it contains no more biographical information other than that visible on the data page with the naked eye. New security features in the ePassport design are intended to render impractical the creation of a faked ePassport in which a cloned chip could be inserted. The Identity and Passport Service told us that any alteration of the data on cloned chips would be detected when the ePassport is read by an electronic reader at border control.
- Future liabilities may arise from intellectual property rights relating to the design of electronic components which are held by contractors.
- The Identity and Passport Service spent £4.9 million on consultants during the project. The Identity and Passport Service recognises the need to reduce its reliance on consultants and interim staff and to devote greater attention to knowledge transfer. Using civil servants in non-technical roles within the future passport development project could save £3.5 million over the next five years and help retain organisational memory.
- There was insufficient liaison between the Identity and Passport Service and the Immigration and Nationality Directorate about how ePassports would be read at border control.

- The Immigration and Nationality Directorate began testing the ability of electronic readers to cope with high volumes of ePassport checks in late November 2006. If readers cannot cope, the full benefits of ePassports may not be realised.

## Recommendations

- 1 To manage the risks to value for money, the Identity and Passport Service should:
  - analyse the costs and benefits of a negotiated increase in the chip unit warranty and revisit this issue, and the question of passport validity, as more evidence of durability emerges;
  - test the market as soon as possible for potential suppliers to compete for the new contract for ePassport production which will begin in October 2010;
  - clearly document the basis for claiming any future exclusion from procurement regulations;
  - reduce expenditure on technical consultants by using alternative methods of remuneration such as fixed-price contracts and bonuses for work delivered, rather than paying daily rates; and
  - reduce expenditure on non-technical consultants in project teams by: developing a sustainable core of in-house project management skills to be supplemented with external specialists when required; and employing permanent staff rather than consultants to perform business analysis and administrative functions.
- 2 To increase effective working between government departments, the Home Office should:
  - oversee the sharing of technical expertise between the Identity and Passport Service and the Immigration and Nationality Directorate to ensure the forthcoming upgrade of readers at UK Immigration is timely and enables prompt reading of ePassports;
  - aggregate the purchase of biometric consultancy, readers and other equipment across the Home Office, appointing a lead purchaser who could also act on behalf of the Foreign & Commonwealth Office to secure better prices; and
  - manage any future upgrades to ePassports as a cross-agency project encompassing the Identity and Passport Service, the Foreign & Commonwealth Office and the Immigration and Nationality Directorate with a Senior Responsible Owner, a single project plan and project board.

<sup>2</sup> Throughout the rest of this report the term 'chip unit' will be used to denote the chip, its operating system, the antenna and the plastic covering in which they are all housed.