



Business Plan 2011 - 2012



Contents

Foreword	3
The Identity and Passport Services	5
Our Purpose	5
Our Principles	5
Our priorities for the next 12 months	8
Key Performance Indicators	16
Finance and Performance Management	18
Income and Expenditure	18
Capital Investment	19
Staff Numbers	19
Value for money	20
Shared Procurement	20
Transparency	21
Corporate roles and responsibilities	
Current organisation	22
Risk management	24

Foreword



The last 12 months have been a period of unprecedented change for the Identity and Passport Service (IPS). The physical destruction of the National Identity Register on 10th February 2011 marked the completion of a process to deliver the Government's commitment to scrap identity cards, the National Identity Register and halt biometric passports. This is an important achievement, but it is just one small part of the work of an organisation which is responsible for two services administering civil registration in England and Wales and providing passport services to UK nationals at home and abroad.

In late 2010, I set out a new vision for IPS that encapsulates these responsibilities. Our new Purpose is 'to provide accurate and secure records of key events and trusted passport services' and is supported by five Principles that describe how we will deliver our public services.

This 2011/12 Business Plan builds on the Purpose and Principles by identifying the future priorities for IPS, the actions we will take to deliver them and the performance measures we will use to assess whether we have achieved our goals. It contains an ambitious agenda that will enable IPS to: maintain the integrity and security of our products, services and data; improve the way we interact with our customers; modernise our systems and processes; motivate and develop our people; and reduce costs.

It also supports the Home Office's priorities to secure our borders and protect people's freedoms and civil liberties; in particular, combating identity crime.

Implementing this Business Plan is hugely dependent on the commitment, professionalism, energy and creativity of our people. The past year has been a difficult time for many of our staff, who have had to contend with significant change and uncertainty. I recognise and applaud the enormous effort and dedication that has been displayed by people across the organisation, which has enabled us to maintain our high standards of customer satisfaction and operational performance. There will be challenges ahead as we continue to restructure our organisation and reduce staff numbers, and I am personally committed to ensuring everyone receives the help and support they need.

At this time of financial constraint in the public sector, IPS has taken significant steps to minimise costs and improve efficiency. We have already reduced spending on consultants and interim staff by over 75%; have decreased the number of Senior Civil Servants from 33 to 10; and are on course to deliver a reduction in administrative costs of one third by 2014/15. There are no plans to increase passport fees over the Spending Review period and we are committed to improving value for the fee payer and managing our costs rigorously.

I am proud of the life-changing work we do and the very high levels of customer satisfaction, staff commitment and operational performance we achieve. There is no doubt that the next 12 months will be a challenging and exciting time for IPS, and we will continue to deliver a valued public service on behalf of the people of the UK.

A handwritten signature in blue ink, appearing to read 'Sarah Rapson'.

Sarah Rapson
Chief Executive and Registrar General
England and Wales

The Identity and Passport Service

Our Purpose

The Identity and Passport Service (IPS) is responsible for administering civil registration in England and Wales and providing passport services to UK nationals at home and abroad¹. As an Executive Agency of the Home Office, we also contribute to the Home Office's wider priorities to secure our borders and protect people's freedoms and civil liberties.

In late 2010, IPS encapsulated these responsibilities in a new statement of Purpose for our organisation. The IPS Purpose is:

'to provide accurate and secure records of key events and trusted passport services'

Our new Purpose reflects the changes that have taken place to IPS's remit following the scrapping of Identity Cards and the National Identity Register and the halting of second biometric passports. We are refocusing on our core civil registration and passport activities, which are part of the fabric of the UK.

Each year IPS issues over five million passports and around one and a half million birth, death and marriage certificates. We also receive annually over one and a half million birth, death and marriage registrations, from our partners in the Local Registration Service, and help resolve over fifty thousand adoption, birth, marriage and death registration issues.

We are proud of the life-changing work we do and the very high levels of customer satisfaction, staff commitment and operational performance we achieve. But as an organisation we can't stand still. IPS is continually enhancing the security and integrity of our products and services; investigating new, more convenient ways for our customers to interact with us; and ensuring our services are provided as affordably and efficiently as possible.

There are also external factors that impact upon us. IPS is playing an increasing role in support of the Home Office-led work to combat identity crime. We are moving to a Shared Service model for the provision of most corporate functions, in line with Cabinet Office guidance. We will need to examine what emerging policies around the reform of public services means for IPS.

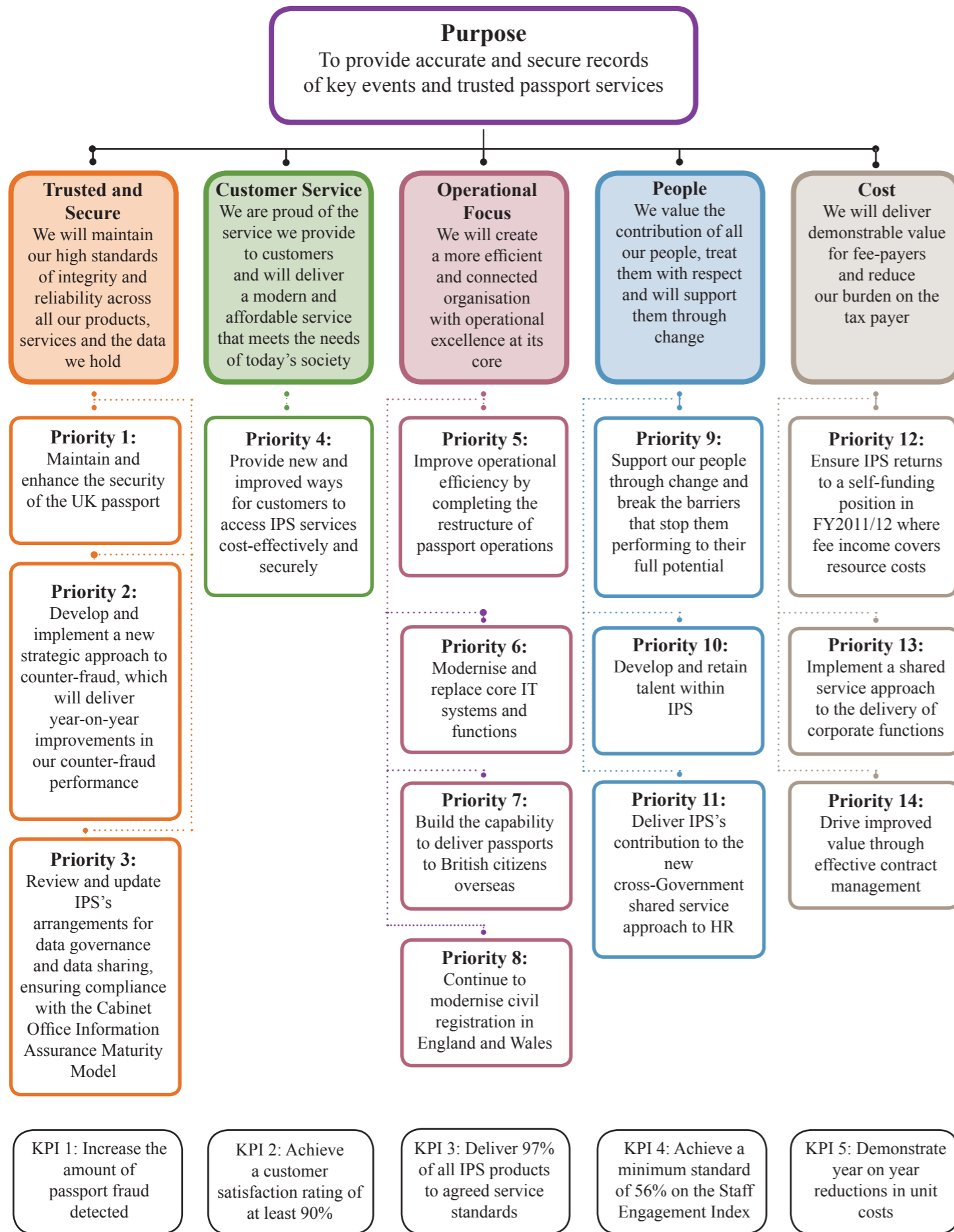
This IPS Business Plan contains the priorities and performance levels we will deliver between now and April 2012 to respond to these internal and external factors. It also sets out our longer-term plans for the Spending Review period up to 2015.

Our Principles

IPS has five guiding **principles** that explain the approach we take to delivering our public services. These capture the impact of the Spending Review and the need to continually get better at what we do, as well as recognising the important role of our staff in making change happen:

- **Trusted and Secure** – we will maintain our high standards of integrity and reliability across all our products, services and the data we hold
- **Customer Service** – we are proud of the service we provide to customers and will deliver a modern and affordable service that meets the needs of today's society
- **Operational Focus** – we will create a more efficient and connected organisation with operational excellence at its core
- **People** – we value the contribution of all our people, treat them with respect and will support them through change
- **Cost** – we will deliver demonstrable value for fee-payers and reduce our burden on the tax payer.

¹ From 1st April 2011



These principles, together with our Purpose, describe the organisation we are seeking to build over the coming years. By focusing on these principles, we believe that we will continue to build public confidence in the services we provide and maintain our worldwide reputation for excellence.

The principles are supported by a set of **priorities** which explain the new activities IPS will take forward, the changes we will make and the outcomes we will achieve.

What we do

The Identity and Passport Service provides a number of valued products and services to British nationals.

In 2010 we:

- Issued **5.34m** UK passports
- Conducted **~297k** identity authentication interviews
- Received notification of **~1.5m** birth, death and marriage registrations
- Produced **~1.67m** birth, death and marriage certificates
- Dealt with **~52k** pieces of casework
- Dealt with **5.37m** Passport Validation Service enquiries

Our priorities for the next 12 months

Trusted and Secure

This is our most important principle. IPS must ensure that the information we hold, whether it is civil registration information or passport information, is as accurate and secure as it can be, so that individuals, customers and partners can trust IPS and the services we provide.

The passport is the most widely used and respected identity document in the UK and, in recent years, we have introduced a range of new initiatives, such as face-to-face interviews for first-time adult applicants, to make sure we issue passports to the right people. We have also invested in the security of the passport, with a new and innovative design launched in October 2010, which contains world-leading security features. By the end of February 2011, over one million of these new, more secure, passports had been issued. Our Passport Validation Service (PVS) continues to enable partners across Government and selected private sector organisations to validate passports presented as proof of identity.

IPS will continue to support the general public to correct and amend registration information to ensure it is accurate and will continue to be the trusted source of all registration data to the Office of National Statistics (ONS) for governmental statistical purposes. We will do this by setting out a trusted framework through which the Local Registration Service (LRS) delivers its service through the role of the Registrar General.

Over the next four years, IPS will take forward three priorities under our Trusted and Secure principle, which will ensure we continue to maintain our high standards of integrity and reliability across all our products, services and the data we hold.

Priority 1: Maintain and enhance the security of the UK passport.

IPS will continue to make sure the UK passport is compliant with International Civil Aviation Authority (ICAO) standards and meets the requirements of the US Visa Waiver Programme. We will also monitor emerging threats and investigate new technologies where these impact on passport security. Our passport is amongst the most secure in the world; however, we are already taking steps to enhance security even further.

By 2015, we aim to introduce enhanced cryptography, more advanced access controls and anti-cloning technology into the passport chip, which will maintain the UK's position at the forefront of passport technology.

Priority 2: Develop and implement a new strategic approach to counter-fraud, which will deliver year-on-year improvements in our counter-fraud performance.

It is estimated that identity fraud affects over 1.8 million people each year at an annual cost of £2.7 billion². IPS has a key role to play in combating identity fraud. In 2011, we will undertake a comprehensive review of our approach to counter-fraud and develop a new counter-fraud strategy covering all aspects of our organisation. This strategic approach will include investing in facial recognition technology, to help identify and disrupt fraudsters attempting to obtain genuine passports and considering the relative ease of access to birth certificates.

In parallel, we are introducing a new counter-fraud Key Performance Indicator (KPI) that will drive year-on-year improvement across IPS.

Priority 3: Review and update IPS's arrangements for data governance and data sharing, ensuring compliance with the Cabinet Office Information Assurance Maturity Model.

IPS holds a large amount of personal data as part of our civil registration and passport functions. We have an excellent record on data protection and data security, but we must remain vigilant and ensure standards are maintained. Much of our civil registration information is available to the public in the form of registration indexes and certificates.

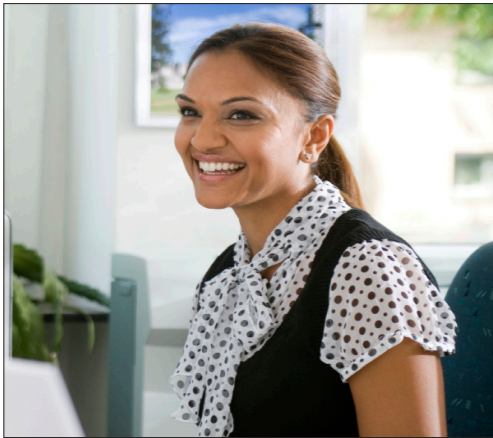
However, IPS also shares information with partners in Government and selected private sector organisations, for the purposes of crime prevention, public protection and the maintenance of statistical information with the ONS.

In 2011, we will review our data governance and data sharing arrangements and ensure these comply with the Cabinet Office Information Assurance Maturity Model and meet best practice standards.

² <http://www.attorneygeneral.gov.uk/nfa/WhatAreWeSaying/NewsRelease/Pages/identity-fraud-costs-27billion.aspx> 18 October 2010

Customer Service

IPS already achieves excellent customer satisfaction with over 99% of our customers when asked saying they are fairly or very satisfied with the service they receive. In addition to achieving Customer Service Excellence³ (CSE) accreditation, IPS has also been ranked the top public sector organisation for customer service three years running by the independent UK Customer Satisfaction Index.



Over the Spending Review period, our customers will continue to be able to visit the same number of passport counters as today and, in many cases, they will come to the same site for their passport interview. There are no plans to increase passport fees over the Spending Review period, and we will look to improve further the value we provide for the fee-payer by managing our costs rigorously.

Our Registration Online system is making life easier for the local registrars who deliver this service for us. Systems such as this and the close working relationship we have with local registrars will help them to continue to deliver for customers, amidst the backdrop of constrained local government finances.

As well as being proud of the service we provide, our Customer Service Principle also states that we will deliver a modern and affordable service that meets the needs of today's society. This aim is reflected in our customer service priority.

Priority 4: Provide new and improved ways for customers to access IPS services cost-effectively and securely.

Maintaining customer satisfaction and improving the customer experience remains core to our customer-focused culture. As we improve our operations and modernise our systems and processes, we are exploring ways to enhance our customer interactions. In early 2012, we will introduce a new online passport application channel which will dramatically improve the current electronic passport application service. As well as introducing the ability for customers to apply and pay for their passport online anywhere in the world, the new channel will allow them to check the status of their application. The online application channel will be of particular benefit to customers living overseas who, from 2012, will apply directly to IPS, rather than via the Foreign and Commonwealth Office, for their passport.

IPS has also undertaken a significant piece of passport customer research to understand the key drivers of customer experience and satisfaction; to identify where customers are finding it difficult to apply for passports and establish how we can help them get it right first time; and to ensure the voice of the customer is heard within the organisation. In 2011, we will be using the results of this research to improve the overall customer journey and make the process as easy and straight-forward as possible.

In 2011/12, we will also decide the future of the civil registration Digitisation and Indexing project. Around 50% of our birth, death, adoption and marriage records have already been digitised, and our aim is to digitise the remaining historic records and place our indexes online to improve access to this information.

Operational Focus

IPS has a good track record of delivering high-quality services that meet or exceed our customers' expectations. It is important that we maintain this operational performance; however, there are a number of drivers that mean we need to change and improve the way we operate.

The **first** of these is the need to truly become one organisation delivering two services. The current split between the civil registration and passport parts of our organisation is for historical reasons rather than operational benefits.

Closer integration is necessary to deliver better performance around establishing and confirming identity, maintaining secure credentials and combating identity crime. In practical terms, this means integrating passport and civil registration operations much more closely than has previously been the case. It also means reducing the size of our corporate support functions and adopting shared services wherever practical.

Second, demand is falling for certificates and passports and unlikely to rise to the peak levels seen between 2005 and 2007. In the case of passports, overall demand follows a broad 10-year cycle caused by a spike in applications in 1995 when British Visitors passports were cancelled.

However, as time goes on, the impact of this policy change becomes smaller, resulting in lower peak passport demand. On the other hand, declining demand for certificates appears to be a result of a shift in customer dynamics that is currently being investigated. Taken together, these decreases in demand mean that IPS must reduce capacity to ensure we remain as efficient as possible.

Third, we need to continue our programme of replacing and modernising many of our core IT systems and processes. This includes dealing with a number of legacy systems that were due to be replaced as part of the rollout of the National Identity Service (NIS). The scrapping of the NIS means that new solutions are required to replace this ageing technology and some hosting will be required for our civil registration systems.

These drivers and our response to them are reflected in the following four priorities under our Operational focus principle.

Priority 5: Improve operational efficiency by completing the restructure of passport operations.

In November 2010, IPS announced proposals to remove excess capacity in our passport operations by closing the Application Processing Centre in Newport and closing or restructuring 39 Interview Offices. These proposals were subject to consultation with our staff, trade unions, elected representatives and the public

In 2011/12, we will implement the agreed changes stemming from the consultation, reshaping our operations to deliver maximum efficiency and value for the fee-payer.

Priority 6: Modernise and replace core IT systems and functions.

In 2011/12, IPS will replace our passport application system (known as PASS) with a new, improved and more robust system. This will enable us to provide additional services, such as an improved online application channel and the ability to process applications from outside the UK, as well as significantly improving resilience of our systems.

From 2012/13, we will also replace or extend a number of legacy systems and will upgrade our main passport database, to ensure it remains as secure as possible. These changes to IT systems and processes will act as a foundation for wider modernisation within IPS.

³CSE was developed to offer public services a practical tool for driving customer-focused change within their organisation. It assesses five key areas of delivery: Customer Insight; The Culture of the Organisation; Information and Access; Delivery and Timeliness; and Quality of Service.

Priority 7: Build the capability to deliver passports to British citizens overseas.

From the 1st April 2011, IPS will take over responsibility from the Foreign and Commonwealth Office (FCO) for issuing passports to British citizens overseas. Between 2011 and 2013, IPS will gradually build the capacity to deliver services to overseas customers from the UK using our existing infrastructure. In the interim, the FCO will act as IPS's overseas service provider to ensure continuity for the customer.

A major milestone will be delivered in summer 2011, when passport personalisation and printing will be repatriated back to the UK. This will be followed by the gradual transfer of all passport application processing to the UK in FY 2012/13.



Priority 8: Continue to modernise civil registration in England and Wales.

We have been taking forward an extensive programme of civil registration modernisation – in particular, the Registration Online (RON) programme which has changed the way local registrars interact with IPS.



However, we are reaching the limits of the changes that can be made within the confines of our existing legislative framework. In order to continue to modernise, IPS is considering what the content of any new primary legislation should be as part of a possible Civil Registration Bill.

In 2011/12, we will also resolve options for continuation of the Digitisation and Indexing programme, which has been paused following the outcome of the Spending Review.

People

The past 12 months have seen unprecedented change within IPS. The scrapping of identity cards and the NIS, the proposed restructuring of passport operations and the implications of the Spending Review have had a significant impact on all our people.

One of the first changes we made was to reduce and refocus the IPS Senior Leadership Team around our core operations. This has resulted in a decrease in the number of Senior Civil Servants (SCS) in IPS from 33 to 10. At the same time, we radically reduced the number of contractors and consultants working for IPS, with an associated 75% reduction in spending compared to the previous financial year (2009/10), and we expect this to reduce by over 95% by the end of 2011/12.

We are now reviewing the internal structure of IPS, which will have implications for staff across the organisation. Over four hundred people left IPS in 2010 and we expect that more staff will leave as a result of natural turnover and our operational and central restructuring over the next four years. However, by the end of the Spending Review period, there will still be almost three thousand people working in IPS, all focused on delivering an excellent, secure and trusted service to our many customers.

Throughout the change process, we will ensure that all of our employees are treated fairly and led effectively. Our ambition is to foster a culture that means our people feel positive about change, are flexible in responding to it and are inspired to perform to the best of their ability.

Our people will also be supported in their work through ongoing development and opportunities to gain new skills and work experience. They will be more involved in making the decisions about how they do their job and how they improve what they do. We know that we have talented people throughout IPS. Through our 'Aspiring and Executive Talent schemes' we will invest in our staff and give them the skills they need and skills that help to strengthen our future leadership capability.

Our restructuring will reduce the layers of management and our managers will know how to support their teams effectively. We will also make sure that equality, diversity and inclusion are at the heart of our approach. Everyone will be clear about their personal responsibility to reflect our robust and fair policies in their behaviour at work. People will have access to expert and timely advice from HR – either online, on the phone.

To achieve these changes, IPS will take forward three priorities under our People principle.

Priority 9: Support our people through change and break the barriers that stop them performing to their full potential.

IPS has already taken steps to support our people through change and will look to build on this and improve it as necessary. At the same time, we also need to listen to what our people are telling us, act on this and ensure that the changes we make address the real and valid concerns they have.

In 2011, we will instigate a comprehensive action plan which will make senior leaders more visible; improve communications across the organisation; involve staff more in decision-making at all levels; applaud innovation and motivate people to challenge the status quo. Our overall aim is for all staff to feel they have a future in IPS and to understand the role they play in delivering our Purpose.

Priority 10: Develop and retain talent within IPS.

Our people are our greatest asset. We know we need to invest in our staff, both to give them the skills they need and to retain them in IPS. In 2011/12, we will use the 'Aspiring Talent' and 'Executive Talent' schemes to identify people with the most potential and target them for specific training and development opportunities. We will also maintain our Investors in People (IiP) Bronze status and have given a clear commitment at Board level to work towards the Gold standard during this year's review process.



Priority 11: Deliver IPS's contribution to the new cross-Government shared service approach to HR.

The way HR is delivered across Government is changing. In the future, there will be a greater emphasis on the use of shared service provision, linked to common standards and processes. IPS is playing its part in developing the Next Generation HR systems and understanding the implications for the organisation.

Cost

As an Executive Agency of the Home Office, IPS produces a separate Annual Report and Accounts which are audited by the National Audit Office. Our overall imperative is to ensure that these accounts are timely and accurate and that we derive the greatest possible value from the money we spend. Day-to-day, we will continue to plan; forecast and manage budgets; balance costs and fee income; and seek to maintain a self-funding position based on cost-recovery.

In addition, over the Spending Review period, IPS must reduce administrative or 'Whitehall' costs by a third; decrease the amount of central Home Office resource funding we receive; and operate with a much reduced capital investment profile.

To achieve these aims, IPS has three priorities under our 'Cost' principle:

Priority 12: Ensure IPS returns to a self-funding position in FY2011/12 where fee income covers resource costs⁴.

IPS as part of the Spending Review settlement, has planned for passport and certificate services to become self-funding, with fee receipts covering resource costs. We will receive a decreasing amount of central Home Office funding to support non fee-funded statutory registration activities, in line with the wider decrease in the Home Office resource budget.

Achieving this self-funding aim will require IPS to manage costs and income closely to ensure we remain on target.

Priority 13: Implement a shared service approach to the delivery of corporate functions.

In 2010, IPS moved to a shared service model for the provision of HR, marketing and some categories of procurement. In 2011/12, we plan to increase the number of corporate functions provided on a shared service basis to include finance and the remaining procurement categories.

Also in 2011, we will integrate the civil registration and passport supply chains, in-line with the shared service agenda across the Home Office, to continue to drive value-for-money.

Priority 14: Drive improved value through effective contract management.

In FY2010/11, IPS will spend in excess of £250 million with our suppliers. It is our responsibility to make sure that this money is efficiently and effectively used to support the delivery of our strategic goals.

We have already been successful in renegotiating a reduced cost model for one of our key IT contracts and, over the Spending Review period, we will ensure that contracts with our suppliers are

- professionally negotiated;
- they represent value for money; and
- that they are competitively priced, whilst delivering the required level of performance and quality.

This will include benchmarking our performance against national performance indicators in the public and private sector.

⁴ Other than for statutory non-fee funded services provided by the General Register Office. These services are funded directly by the Home Office

Key Performance Indicators

IPS has five Key Performance Indicators (KPIs) that are linked to our principles.

KPI 1:
Increase the amount of passport fraud detected

Trusted and Secure

- The passport is the most widely used and respected identity document in the UK. Its importance as a key identity credential means that IPS is a target for fraudsters attempting to falsely obtain genuine passports or produce counterfeit passports.
- To maintain the high levels of trust and security that the UK public expects, we are committed to increasing the amount of passport fraud detected, by delivering a year-on-year improvement in our counter-fraud performance.

KPI 2:
Achieve a customer satisfaction rating of at least 90%

Customer Service

- IPS prides itself on delivering exceptional customer satisfaction. For 2011/12, we have refined our approach to measuring customer satisfaction. This will now include a broader spectrum of customers and use a 1-10 point scale based on key driver analysis, rather than the previous four point satisfaction scale. These changes bring IPS's approach in-line with best practice.
- For the first time, our KPI will also include customer satisfaction levels for our certificate customers. This change is in keeping with our overall move towards a more integrated organisation.

KPI 3:
Deliver 97% of all IPS products to agreed service standards

Operational Focus

- Ensuring IPS delivers against its agreed service levels is a fundamental component of our operational performance. It is imperative that we meet the standards we have set and that the public expect. In 2011/12, IPS's target is to process at least 97% of all the products we provide within these service levels – this includes both passports and certificates.
- In addition, the Government is committed to making information readily available to the public as part of its transparency agenda. Our operational performance indicator supports this transparency programme and, in the future, being open about our performance will be part of the Home Office's overall drive to place more information in the hands of the public.

KPI 4:
Achieve a minimum standard of 56% on the Staff Engagement Index

People

- Our people are our greatest asset and, at a time of change and uncertainty in the public sector, it is important that we listen to them and take action on their concerns. In 2011/12, IPS will again be using the Civil Service People Survey to provide an insight into how our employees feel about their place of work. The survey is an important part of our efforts to drive change and create an atmosphere where people feel proud to work for IPS.
- Our target is to meet or exceed the average Staff Engagement Index score across the civil service. Using this measure also allows us to benchmark our performance against other government departments.

KPI 5:
Demonstrate year on year reductions in unit costs

Cost

- As part of our commitment to demonstrate value for the fee-payer, IPS is committed to achieving a year on year reduction in the unit cost of passports and certificates. This will ensure we focus on improving efficiency and driving value for money across the organisation. Separately, as part of the Government's transparency agenda, IPS will be publishing the average yearly unit costs for passports. This will enable the public to more easily assess our performance in reducing costs.

Finance and Performance Management

How we are funded

IPS is predominately funded through fees paid by the customer for the products and services we provide. Our fees are set on a cost recovery basis and we are committed, during 2011/12, to producing a comprehensive fees strategy for passports and certificates, including our overseas passport customers, for the whole Spending Review period.

IPS also receives funding from the Home Office for capital investment and for the statutory work of the General Register Office (GRO) for which we cannot charge a fee (this latter funding is subject to a 33% real terms reduction over the Spending Review period).

Income and Expenditure

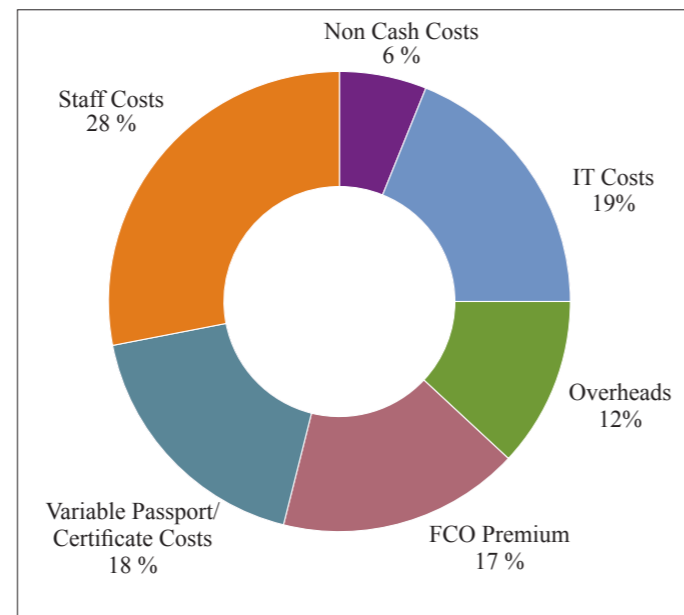
The table below shows forecast income and expenditure for the Financial Year 2010/11 and projected income and expenditure for Financial Year 2011/12.

Summary (£'m)	2010/11	2011/12
Fees and other charges	423.5	445.7
Central funding	50.0	7.4
Total	473.5	453.1
Total expenditure	473.5	453.1
Surplus/(deficit)	0.0	0.0

From 2011/12, IPS will depend on a minimal budget delegation from the Home Office to cover statutory GRO services, for which we are not able to charge a fee. Otherwise, passports and certificates will be self-funding (i.e. income from fees will cover our costs). Income and expenditure in 2011/12 is shown inclusive of overseas passports, responsibility for which will transfer to IPS from the Foreign and Commonwealth Office from 1st April 2011.

We expect passport demand and income to remain stable over the Spending Review period, which will enable IPS to achieve a self-funding position on passports in 2011/12. However, there are particular challenges around declining demand for certificates, which will require IPS to bear down on costs in this area of the organisation.

In 2011/12, expenditure will be allocated as follows:



- **Staff costs** include all frontline staff as well as staff in supporting functions classified as 'administration' or 'Whitehall' staff.
- **Variable passport and certificate costs** include costs incurred under long term contracts to supply passport and certificate stationery, to securely print and deliver passport books and to operate customer contact centres.
- **FCO Premium include** £15.62 of the adult and £4.28 of the child passport fee is passed to the Foreign and Commonwealth Office to provide consular assistance to UK nationals overseas.
- **IT costs** include the costs of maintaining our passport database and providing support for IT systems and to our people.
- **Overhead costs** include non-staff costs associated with our counter-fraud activities and corporate functions and the cost of our estate.
- **Non-cash costs** cover depreciation.

Capital Investment

IPS has received a capital allocation from the Home Office of £55m over the four years of the Spending Review period (see table below).

Summary (£'m)					
	10/11	11/12	12/13	13/14	14/15
Capital Funding	70.6	19.0	20.0	8.0	8.0

Whilst this represents a significant reduction in funding, compared with previous financial years, in which we received funding to develop the National Identity Scheme, it will enable us to invest in replacing and modernising our core systems.

This will ensure that we continue to deliver secure and trusted products, excellent operational performance and modern and affordable customer service.

Staff Numbers

IPS has already undergone a significant reduction in staff numbers following the cancellation of identity cards and the National Identity Service (NIS). We plan to make further reductions, both to remove excess capacity and as part of the Government's commitment to achieve a one third reduction in administrative or 'Whitehall' costs.

The table below shows our planned year-end full time equivalent (FTE) number of staff for each year in the spending review period.

Financial Year ending					
	10/11	11/12	12/13	13/14	14/15
Total FTE (Paid)	3,411	3,056	2,884	2,834	2,837

It should be noted that our FTE numbers are seasonal as we use a large number of part-year appointments during our peak season to meet our service delivery obligations.

Our forecast FTE levels represent a reduction of 17% between 2010/11 and 2014/15. This comes on top of significant reductions achieved already in 2010/11. The reduction in FTE is weighted towards 'Whitehall' staff, which will reduce by 28%, to deliver a 33% reduction in Administrative costs as a whole.

As a result, our staff costs will decrease from ~£124 million in 2010/11 to a budget of ~£107.9 million in 2011/12.

Value for money

IPS has been effective throughout 2010/11 in reducing costs. We have implemented a new more cost-effective passport supply contract; reduced our staffing base; and consolidated activity around our core Purpose.

Spending on consultants and contingent labour has already reduced by 75%, compared to the previous financial year (2009/10), and we expect this to reduce by over 95% by the end of 2011/12. We have also reduced our discretionary spend by almost 60% from our original plans at the start of the year.

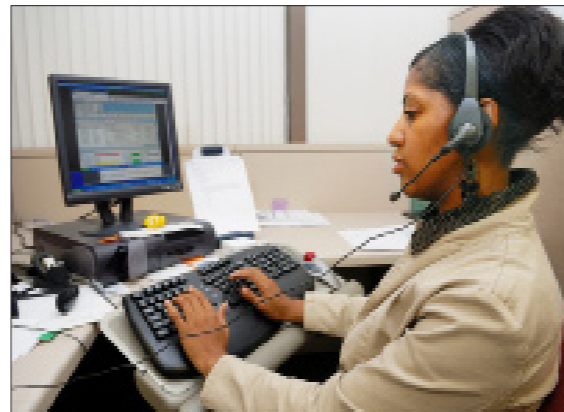
In addition to the rigour that we have already adopted, IPS has plans in place to achieve a total reduction of 33% in administration costs by the end of the Spending Review. These costs are planned to fall from £85.3m in 2010/11 to £79.3m in 2011/12 and £61.3m by 2014/15 – a total reduction of 35% in real terms.

Shared Procurement

In support of the Government's Shared Services Strategy, the IPS commercial team will ensure that IPS continues to co-operate with other public sector organisations in a joint approach to procuring goods, providing services and continuing to drive down prices without compromising quality.

In line with this aim, IPS has started to transition many of our categories of procurement to the Home Office Procurement Centre of Excellence (PCoE). The PCoE was formed to take advantage of the Home Office's considerable consolidated buying power, to drive down cost and provide value-for-money.

To date, IPS has transitioned 16 procurement categories to the PCoE and we plan to transition a further 11 by the end of the 2011/12 financial year. We are also integrating the civil registration and passport supply chains and will utilise the PCoE where appropriate to continue to drive value for money.



Transparency

Improving the quality of public services and ensuring value for taxpayers' money are central responsibilities of government. These responsibilities are even more important at a time of spending consolidation, when the Government is aiming to deliver better services for less money.

By publishing information, not just on the performance of public services but also on inputs, taxpayers will be able to judge whether productivity is improving and Government is delivering on its ambitions to deliver better services for less money.

Transparency is central to the success of this new approach. Publishing data on the performance and spending of public services and government departments in an open and standardised format that can be used by third parties will provide a solid basis from which to hold public service providers and the Government to account.

Her Majesty's Treasury has standardised the way in which the transparency agenda will be measured: input indicators define how public money is being spent; impact indicators address outcomes reflecting the public's priorities for public service quality.

In IPS, the input and impact indicators, which will be published on the Home Office website, are as follows:

- **Input indicator:** Cost of producing and issuing a passport
- **Impact indicator:** To process straightforward Passport applications within target

Corporate Roles and Responsibilities

The relationship, responsibilities and governance arrangements between IPS, the Home Office and Ministers are contained within the **IPS Framework Agreement**, which is available on our website. A summary of the current Senior Leadership Team structure and our approach to risk management are presented below.

The internal governance arrangements within IPS are contained with the **IPS Governance Framework**, which is also available on our website⁵.

Current organisation

The IPS Senior Leadership Team structure was recently reviewed to ensure that we have the structure, skills and capabilities to focus on our core civil registration and passport activities. To deliver against these requirements, the IPS Senior Leadership Team has been organised to consist of the Chief Executive, six Executive Directors, three Directors and the Deputy Registrar General.

The allocation of high-level tasks and overall responsibilities is as follows:

Chief Executive and Registrar General is directly responsible for the management of IPS. As the Accounting Officer, she is accountable to the Home Secretary for the performance of IPS. She is accountable to the Permanent Secretary of the Home Office for the effective and efficient delivery of the objectives and responsibilities assigned to IPS. She has also been appointed by HM The Queen, on the advice of the Prime Minister, as Registrar General (RG) for England and Wales. In this role, she has powers and duties that are independent of IPS and Government.

Executive Director, Finance & Corporate Services has overall responsibility for providing the core corporate services required to ensure that IPS delivers its strategies and operational priorities in a way that is safe, secure and affordable and which represents value for money. The management of all IT operational activity and estates management is the responsibility of the Director of Corporate Services.

Executive Director, Operations has overall responsibility for the delivery of civil registration and passport operations. The **Director of the Customer Service Network** is responsible for delivering accessible services to our customers, whilst the **Director of Application & Registration** is responsible for managing the passport and certificate processing activities.

Executive Director, HR and Organisational Development is responsible for delivering a professional HR service that supports the organisation as it changes and enables people to be engaged and to contribute through being part of an organisation where everyone is valued and employees are proud to be part of IPS.

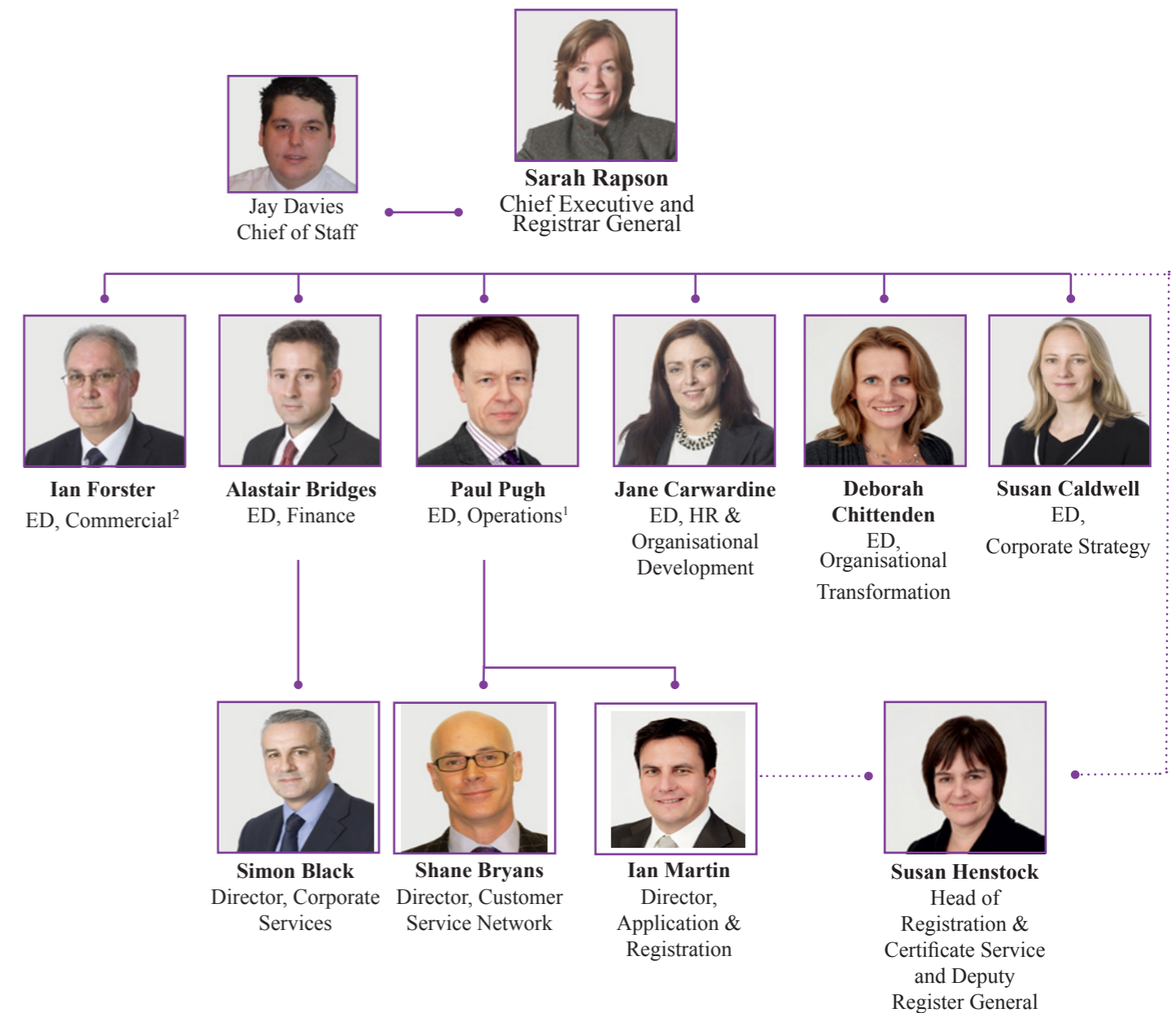
Executive Director, Organisational Transformation is responsible for delivering the modernisation of IPS in the area of programmes and projects.

Executive Director, Corporate Strategy holds IPS responsibility for strategy, business planning, policy, communications and product demand management across all IPS products and services.

Executive Director, Commercial is responsible for developing commercial and procurement strategies that enable the procurement of required capabilities, ensure value for money from suppliers and maintain continuity of supply.

Deputy Registrar General can carry out all of the statutory duties of the RG, including the signing of regulations, and advises the RG on all matters relating to civil registration. She also has operational responsibility for four organisational areas within GRO.

Senior Leadership team



Notes

¹ The ED will act as Deputy in the absence of the Chief Executive.

² The ED, Commercial reports directly to the Home Office Commercial Director but is part of the IPS Leadership Team.

⁵ Due for publication in April 2011

Risk management

Every management activity and decision in IPS requires an explicit consideration of risk, including those relating to the failure to deliver and the failure to perform in line with our own, our stakeholders' and the public's expectations.

IPS's responsibility is to manage these risks effectively. Specifically, we seek to:

- Anticipate potential risks, before they have the opportunity to materialise;
- Assess risks accurately, so we understand both their likelihood and impact;
- Identify which risks we can avoid, by changing our approach without changing our objectives, and which risks we must take steps to mitigate because they cannot be avoided;
- Track risks and mitigating actions until the risk is dealt with.

To manage risks to a practical and cost effective level and to increase the likelihood of our success, IPS maintains a flexible and scalable risk strategy and supporting processes. These encourage and facilitate the identification, analysis, recording, reporting and escalation of risks through the organisation's management chain and in our supply chain management.

Key elements of this process include a number of governance bodies embedded within the organisation to monitor and ensure appropriate risk management activity:

- A monthly Management Team Meeting, which reviews key corporate risks to delivery of priorities, with a detailed quarterly review.
- An Audit Committee that meets at least four times a year, is chaired by a Non-Executive Director and, reviews risks at each meeting.

- A Risk Management sub group to the Audit Committee, attended by senior managers, to review significant risks and the effectiveness of risk management practices.
- Quarterly reports to the Home Office Risk Committee and the Home Office Board on significant corporate and information risks.

Our corporate professional risk function, risk management policy and framework and standards documents all provide support and guidance to staff on how to manage and mitigate risk. We seek to learn from best practice by benchmarking with the Home Office, other government departments and private sector organisations.

In 2011/12, we will be reviewing our risk policy to ensure we continue to comply with the Home Office Risk policy and the requirements of their Risk Management Maturity Model.



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