Summary: Intervention & Options

Department /Agency:	Title: **Final Impact Assessment of Common Travel Area (CTA) Reform**	
Stage: Final proposal	**Version:** 1.0	**Date:** 15 January 2009

Related Publications: 'Securing the UK Border' (Strategy, published July 2007), 'Security in a global hub' (Cabinet Office report, published July 2007)

Available to view or download at:
http://www.bia.homeoffice.gov.uk/sitecontent/documents/aboutus/consultations/closedconsultations/strentheningthecommontravelarea/

Contact for enquiries: Terri Carpenter **Telephone:** 0208 760 8488

What is the problem under consideration? Why is government intervention necessary?

The purpose of the UK Border Agency is to secure our border and control migration for the benefit our country. One of the key objectives is to create and maintain strong borders.

The Common Travel Area (CTA) is a longstanding arrangement between the UK, the Republic of Ireland and the Crown Dependencies which permits movement without immigration controls for all CTA nationals. It is purely an immigration arrangement; other agencies such as HMRC still operate controls on passengers and traffic entering the UK from another part of the CTA.

The UK Border Agency made a public commitment to review and strengthen the CTA arrangements in the 2007 'Securing the UK Border' strategy, the Cabinet Office 'Security in a Global Hub' report. CTA reform forms part of the Government's drive to make the UK's borders amongst the toughest in the world.

What are the policy objectives and the intended effects?

Policy objectives: To strengthen further the UK's borders and the security of the UK CTA borders. To work in partnership with the Crown dependencies and Irish authorities in order to secure the non-UK CTA borders.

Intended effects: a) reduce immigration abuse, organised crime and security risks within the CTA; while b) minimising impact on industry and travelling public.

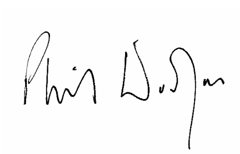
What policy options have been considered? Please justify any preferred option.

Option 1: continue with currently resourced activities only: Mobile Response Teams (MRTs), Operation Gull, revision of legislation, placement of CTA Liaison Officer and the roll out of e-Borders on CTA routes.
Option 2: as (1) but also introduce or enhance a range of local measures, including increased intelligence-led operations, improved data sharing and communication between CTA authorities; consideration of a common visa; and introduction a document requirement for travel by sea and air between the UK and the Republic of Ireland.
Option 2 preferred: This option will better support the future needs of the border agencies and will enable an appropriate and proportionate response to the threats and challenges that the UK border will face. This option avoids imposing disproportionate costs on the public or private sector.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? The policy will be reviewed by officials.

Ministerial Sign-off For final proposal/implementation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options

Signed by the responsible Minister: ....  .... Date: 08.01.09

Summary: Analysis & Evidence

Policy Option: 1	**Description: maintain the status-quo– only continue activity already resourced**

COSTS			
ANNUAL COSTS		Description and scale of **key monetised costs** by 'main affected groups' No new costs. Activity already funded.	
One-off (Transition)	**Yrs**		
£ 0			
Average Annual Cost (excluding one-off)			
£ 0		**Total Cost** (PV)	**£ 0**
Other **key non-monetised costs** by 'main affected groups' N/A. Already accounted for elsewhere.			

BENEFITS			
ANNUAL BENEFITS		Description and scale of **key monetised benefits** by 'main affected groups' No new benefits. Ongoing or agreed activities.	
One-off	**Yrs**		
£ 0			
Average Annual Benefit (excluding one-off)			
£ 0		**Total Benefit** (PV)	**£ 0**
Other **key non-monetised benefits** by 'main affected groups' N/A. already accounted for elsewhere.			

Key Assumptions/Sensitivities/Risks

Success subject to successful delivery of existing dependent programmes within the UK Border Agency (e.g. e-Borders, Simplification) and the Border Force (e.g. Northern Ireland Operations, Mobile Response Teams). Sensitivities regarding operations at the Irish/UK land border remain constant.

Price Base Year 2008	Time Period Years 10	**Net Benefit Range** (NPV) **£ 0**	**NET BENEFIT** (NPV Best estimate) **£ 0**

What is the geographic coverage of the policy/option?			The UK, in particular ports dealing with CTA traffic	
On what date will the policy be implemented?			Already underway and will continue until 2014	
Which organisation(s) will enforce the policy?			Carriers, the UK Border Agency, Police and CTA	
What is the total annual cost of enforcement for these organisations?			£ No new costs	
Does enforcement comply with Hampton principles?			Yes	
Will implementation go beyond minimum EU requirements?			n/a	
What is the value of the proposed offsetting measure per year?			£ n/a	
What is the value of changes in greenhouse gas emissions?			£ n/a	
Will the proposal have a significant impact on competition?			No	
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	Yes/No	Yes/No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)
Increase of £ 0	Decrease of £ 0	**Net Impact** **£ 0**

Key: **Annual costs and benefits:** **(Net) Present**

Summary: Analysis & Evidence

Policy Option:	Description: as (1) but also introduce or enhance a range of local measures; and strengthen the UK immigration controls.

COSTS

ANNUAL COSTS		Description and scale of **key monetised costs** by 'main affected groups'
One-off (Transition)	**Yrs**	**UK Border Agency** – Staff costs (Northern Ireland £300k each year), communication costs, border control staff costs (£2.5m-£4.5m p.a. fully operational). **Private sector**: Carriers' liability: transfer to HMG (£6.8m) Communication costs. **Tourism Industry** - reduced output due to fall in demand. Over medium term this fall is to an extent offset as tourists switch to other legitimate routes into the UK. The economy will return to equilibrium in the long-run, with overall economic output unaffected, but possibly with a different
£ 52.5m	10	
Average Annual Cost (excluding one-off)		
£ 2.8m – 3.9m	10	**Total Cost** (PV) **£ 67m - £75.8m**

Other **key non-monetised costs** by 'main affected groups'

Private sector – costs of handling new mobile/flexible immigration controls between UK and the Republic of Ireland – likely to be relatively low.

BENEFITS

ANNUAL BENEFITS		Description and scale of **key monetised benefits** by 'main affected groups'
One-off	**Yrs**	HMG - Carriers' liability Revenue transfer from Carriers where Inadequately Document Arrivals are identified (£6.8m). This offsets the cost to the carriers and is not revenue generating.
£ 0	10	
Average Annual Benefit		
£ 0.80m	10	**Total Benefit** (PV) **£ 6.8m**

Other **key non-monetised benefits** by 'main affected groups'

UK Border Agency – reduction in imported asylum cases and abuse of immigration system; increased border security. Economy – reduction in number of illegal migrants and potential reduction in illegal working; reduction in cross border crime (including serious organised crime).

Key Assumptions/Sensitivities/Risks Successful delivery of existing and dependent programmes within the UK Border Agency (e-Borders, Simplification) and the Border Force; sensitivities regarding operations at the Irish-UK land border remain constant. See Annex B for details on key assumptions.

Price Base Year 2008/09	Time Period Years 10	**Net Benefit Range** (NPV) **- £16.6m to - £69m**	**NET BENEFIT** (NPV Best estimate) **- £60.1m to - £69m**

What is the geographic coverage of the policy/option?	The UK, in particular ports dealing with CTA traffic
On what date will the policy be implemented?	Present to 2014
Which organisation(s) will enforce the policy?	Carriers, UK Border Agency, Police and CTA equivalents
What is the total annual cost of enforcement for these organisations?	£ Use existing resources
Does enforcement comply with Hampton principles?	Yes/No
Will implementation go beyond minimum EU requirements?	N/A
What is the value of the proposed offsetting measure per year?	£ unknown
What is the value of changes in greenhouse gas emissions?	£ unknown
Will the proposal have a significant impact on competition?	Yes/No (see Annex A)

	Micro	Small	Medium	Large
Annual cost (£-£) per organisation (excluding one-off)	see annex	see annex	**N/A**	**N/A**
Are any of these organisations exempt?	Yes/No	Yes/No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices) (Increase - Decrease)

Increase of £ 0 Decrease of £ 0 **Net Impact** **£ 0**

Key: **Annual costs and benefits: Constant Prices** **(Net) Present Value**

Evidence Base (for summary sheets)

1. BACKGROUND

1.1 The Common Travel Area (CTA) comprises the United Kingdom, the Crown dependencies[1] and the Republic of Ireland.

1.2 The CTA dates back to the 1920s when the creation of the Irish Free State required changes in border control in the British Isles for immigration purposes. The CTA was given full statutory recognition in the UK under s1(3) of the Immigration Act 1971 (the 1971 Act) and Immigration (Control of Entry through the Republic of Ireland) Order 1972 (as amended). The CTA was established essentially through administrative agreements in 1922 and 1952 - there is no formal agreement between the constituent territories which underpin the CTA. Although the origins of the CTA are unclear, the 1997 European Treaty of Amsterdam explicitly recognised its provisions in order to distinguish it from the Schengen area.

1.3 Apart from limited attempts to control the land border between Britain and the Republic of Ireland during and after the Second World War, the CTA has remained in essence a free movement zone. Essentially, the CTA permits citizens of the UK, Crown dependencies and Republic of Ireland to move freely between the jurisdictions without a requirement to carry a passport.

1.4 Approximately 15.6 million passengers travelled between Republic of Ireland and the UK and Crown dependencies in 2006 by air and sea, of which 12.4 million journeys were by air[2] and the remaining 3.2 by sea[3]. Total UK passenger flows are expected to grow from 228 million in 2005[4], to 465 million passengers per annum by 2030[5]. This is a predicted passenger increase of 104 per cent by 2030 by air alone. Similarly, Irish flows are estimated to grow by a further 42 per cent by 2010 by air[6]. The assumption is that the projected increase in passenger flows will also be reflected on CTA routes. Globalisation will see further increases to legal and illegal migration flows.

2. CURRENT LEGAL INTERPRETATION

2.1 Under the 1971 Act, arrival in and departure from the UK on a local journey from or to any of the Channel Islands, Isle of Man or the Republic of Ireland shall not be subject to control, nor shall a person requiring leave to enter the UK, except in so far as any of those places is for any purpose excluded from s 1(3) of the 1971 Act. The UK, the Channel Islands, Isle of Man and the Republic of Ireland shall be collectively referred to as “the common travel area” (CTA) (s1(3) & s11(4) of the 1971 Act).

2.2 There are some exceptions to this rule under s.9 of the 1971 Act:

- Persons subject to a deportation order issued by UK authorities - Immigration (Entry Otherwise than by Sea or Air) Order 2002 (SI 2002/1832);
- Persons who have been excluded from the UK by the Secretary of State because their exclusion is conducive to the public good (exclusion is limited to cases involving national security for the Crown dependencies, and provided an immigration officer gives the person written notice of the exclusion on the person’s arrival in the UK) - s.9(4) of the 1971 Act;
- Persons who have at any time been refused leave to enter the UK and have not since been given leave (either by the UK or the Crown dependencies) - s.9 (4) of the 1971 Act.

2.3 Schedule 2 of the 1971 Act states that an immigration officer may examine any persons who have arrived in the UK by ship or aircraft to determine their admissibility.

2.4 Under s.9(5) of the 1971 Act, the Secretary of State for the Home Department (SSHD) can exclude, by order, any of the Crown dependencies from s1(3) (1971 Act), if it appears necessary to do so by reason of differences in UK and any of the Crown dependencies’ immigration laws. S.9(6) provides that the SSHD can also exclude, by order, Republic of Ireland from s1(3) (1971 Act) for purposes that may be specified in the order.

---

[1] The Bailiwick of Jersey and the Bailiwick of Guernsey (the Channel Islands) and the Isle of Man
[2] http://www.caa.co.uk/docs/80/airport_data/2006Annual/Table_12_1_Intl_Air_Pax_Route_Analysis_2006.pdf
[3] http://www.dft.gov.uk/162259/162469/221412/221658/228808/222300/223699/213486/SeaPassenger2006PDF
[4] Passenger air travel at UK airports http://www.dft.gov.uk/about/strategy/whitepapers/air/aviationprogressreportsection/?version=1
[5] Forecasts of the future demand for passenger air travel at UK airports, constrained by expected future airport capacity http://www.dft.gov.uk/about/strategy/whitepapers/air/aviationprogressreportsection/?version=1
[6] http://www.transport21.ie/WHAT_IS_TRANSPORT_21/TRANSPORT_21/Economic_and_Demographic_Trends.html

2.5 Under s.3(4) of the 1971 Act, leave to enter or leave to remain lapses on going to a country or territory outside the CTA, unless the person returns to the UK during the period of leave in circumstances under which he is not required to obtain leave to enter. If he does return to the UK, his previous leave shall continue to apply.

2.6 Notwithstanding the principle of free travel within the CTA, it is not lawful for a person who is not a British Citizen to enter the UK (including the Crown dependencies) where their presence was unlawful in another part of the CTA, unless they are given leave to enter. The practical effect of this is that if someone with valid leave in the UK or Islands travels to another part of the CTA, and their leave subsequently expires, and that person then returns to the UK or Islands, without obtaining further leave, that person becomes an illegal entrant. This enables enforcement action to be taken when appropriate and reduces the risk of abuse within the CTA.

3. RATIONALE FOR ACTION

3.1 The biggest shake-up in our border protection and immigration system is well underway. We have already begun the creation of a strong new force at the border equipped with new powers and world-leading technology. The UK Border Agency is a £2 billion force bringing together 25,000 immigration, customs, and visas staff. 13,000 staff now work at the border alongside 3,000 police officers.

3.2 Our tough checks now start abroad and we are re-introducing mechanisms to count people in and out of the country. Our e-Borders system screens increasing numbers of passengers against watchlists before they land. Anyone requiring a visa - three quarters of the world's population - now have their fingerprints checked against UK databases. Our approach to strengthening the CTA is an integral part of our border reform process.

3.3 Movement without immigration controls for all nationals of the CTA is an important component of the special relationship which exists between the peoples of the islands that comprise the CTA, and provides long established political, economic and social benefits. However, the CTA was developed some time ago: following dramatic increases in mobility, it is recognised that the privileges bestowed on CTA nationals may be abused by others, for example, facilitating illegal immigration, crime, smuggling, tax evasion and other risks.

3.4 At present, the UK Border Agency does not carry out routine immigration controls on routes between the Republic of Ireland and the UK. The absence of this control leaves a critical gap in the intelligence picture both in terms of the ability to stop the movements of illegal migrants and other criminals and similarly in the ability to both anticipate and historically track the movements of such individuals.

3.5 Accordingly, in close partnership with the Governments of the Republic of Ireland and the Crown dependencies, we have developed a number of proposals for reform.

3.6 The UK Border Agency ‘Strengthening the Common Travel Area’ consultation was published on 24 July 2008. The document sought views about the impact of proposed changes to the operation of the CTA and posed important questions for the private sector about the cost and implications of the proposal to introduce border controls on all air and sea routes between the Republic of Ireland and the UK. Amongst other things, it also sought views on the key questions around:

- the forms of acceptable documentation for travel by air and sea; and
- whether those proposed acceptable forms of documentation would be different for travel by air from the Republic of Ireland to Northern Ireland.

3.7 In addition, a series of industry specific and regional events were held around the country throughout the twelve week consultation period.

3.8 The introduction of the CTA reform proposals, set out in the Government’s response to the ‘Strengthening the Common Travel Area’ consultation, will help plug a critical gap in our border security. Department for Transport forecasts indicate that the travelling population will increase significantly over the next 20 years, which will in turn lead to increased threats to UK border control. Introducing border controls will allow the UK Border Agency to detect more illegal migratory and goods flows. Similarly, we will be more able to operate in an intelligence-led way. This will lead to targeted interventions and lessen interventions on legitimate travellers.

3.9 As Britain's border controls become much tougher, there is clearly a risk of displacing efforts of those who seek to exploit our borders illegally. We must therefore guard against the risk of any part of our border security becoming a 'weaker link'.

3.10 Revised legislation proposed for the Borders, Citizenship and Immigration Bill will create certainty and clarity around the UK Border Agency's power to regularly control passengers travelling through the CTA and to require identity/nationality documents and enhance the UK Border Agency's ability to prevent the movement of immigration offenders attempting to travel between the Republic of Ireland and UK. This will allow detailed analysis and identification of suspect passengers, travel patterns and networks. It will also help in the identification of those involved in immigration crime or other criminal activity that are not currently known to the authorities. Further legislative changes will be considered as part of the UK Border Agency's Simplification programme

4. OBJECTIVES

4.1 CTA reform will strengthen further the UK's borders and the security of the non-UK CTA borders in a proportionate manner. The intended effects are:
a) to guard against immigration abuse, organised crime and security risks within the CTA;
b) to plug a critical gap in our border security;
c) to minimise cost on industry; and
d) to minimise impact on the travelling public.

5. OPTIONS

5.1 This section describes the main options considered in the impact assessment and the likely costs of each, summarised in Annex A. Section 6 assesses the options and sets out why option 2 is preferred.

5.2 **Option 1**: Do nothing and only continue with activity already resourced – Joint operational activities, Mobile Response Teams, CTA Liaison Officer, simplification of legislation and roll out of the e-Borders programme.

5.3 **Option 2**: as (1) but also introduce or enhance a range of local measures, including increased intelligence-led operations, improved data sharing and communication between CTA authorities; consideration of a common visa; and introduce a document requirement for travel by sea and air between the UK and the Republic of Ireland.

6. COST/BENEFIT ANALYSIS

Table 1: Summary of policy options and cost

Option 1: do nothing; continue only with activity already resourced – Operation Gull, Mobile Response Teams, CTA Liaison Officer, simplification of legislation and the introduction of e-Borders.	
Benefits	**Costs**
– No costs to the UK Border Agency, OGDs or private sector additional to those already set out in the e-borders impact assessment. – Already includes joint operational activity, Mobile Response Teams, CTA Liaison Officer, simplification of legislation and e-Borders, some of which have begun to deliver results. – Minimal impact on industry and the travelling public.	– The introduction of e-Borders on air and sea routes from the Republic of Ireland to the UK goes some way to strengthening the UK border and reduce immigration abuse and organised crime on those routes. (Already included in the e-Borders impact assessment). – Damage to the UK Border Agency, Home Office, HMG reputation in the case of a lack of decisive and effective action to tackle identified risks, especially following a public commitment to do so. – No additional resource costs.
Option 2: as (1) but also introduce or enhance a range of local measures, including increased intelligence-led operations, improved data sharing and communication between CTA authorities; consideration of a common visa; and introduce a document requirement for travel by sea and air between the UK and the Republic of Ireland..	
Key Non-monetised benefits	– **Key Monetised Costs**

– Strengthen the UK border and security of the wider CTA border to reduce immigration abuse and organised crime, reducing imported asylum cases. – Complement e-Borders programme. – Economic benefits include a reduction in irregular migration and a potential reduction in illegal working and crime. – Potential reduction in fiscal fraud on alcohol and tobacco through increased detection on CTA routes.	– Staff costs and running costs associated with increased operational activity in Northern Ireland. – Training costs associated with training current immigration staff in new procedures. – Communication of policy changes to the travelling public including signage, leaflets and advertising. – Additional staff to operate border controls on air and sea travel between the UK and the Republic of Ireland, although some staff will be redeployed. – Reduced output to the tourism industry over the medium term due to reduced demand **Key non-monetised costs** – Additional costs to port authorities of accommodating new border controls – expected to be relatively small at this stage.

Discussion of non-monetised costs and benefits

Costs

6.1 The most significant costs associated with the proposals are the introduction of border controls. In response to feedback from the public consultation, the UK Border Agency plan to operate mobile teams or a permanent staff presence, flexibly responding to risk rather than traditional fixed immigration controls. Fixed immigration controls would have been costly to the private sector; the cost of operating mobile teams will be minimal.

6.2 The implementation of these controls will be introduced in a proportionate phased way in consultation with key stakeholders in the longer term to minimise impact. Current costs will be minimal and will be incurred gradually over the implementation period. The full roll out of the proposals is planned by 2014. The costs included in this assessment therefore represent a range of potential costs covering the scale of operational options that are available. Ports may face additional costs in the future if a decision is taken to introduce fixed border controls at all ports, and this would be subject to a further Impact Assessment.

6.3 There are 41 sizeable passenger ports in the UK, 11 of which are seaports and the remaining 30 are airports. Of the seaports, 4 receive traffic from the Crown dependencies, but not from the Republic of Ireland. The proposals do not involve routinely checking traffic from Crown dependencies meaning those ports would not be affected in any way by the proposals. The remaining seven sea ports and all airports may face relatively small change costs, for example, additional communication costs.

6.4 The cost and benefit of the implementation of e-Borders on all internal routes to and from the UK was undertaken in the Impact Assessment of provision of passenger, service and crew data by carriers to the UK border agencies of November 2007. This included the administration costs to carriers of swiping passenger's documents. It is possible that there will be some additional costs to carriers in terms of staff required to check passengers.

6.5 If the proposals result in a reduction of tourist flows to the UK there will be a short term loss of demand for UK tourist agency goods and services. Over the medium and longer term the economy will adjust in two ways. Firstly, some travellers who still want to visit the UK will acquire a passport and potential tourists from other routes to the UK may now see it as a viable destination, especially if prices for tourism goods and services are temporarily lower. Secondly, the economy will adjust and the balance of output will change across sectors, although the long-run level of output produced will be unaffected.

6.6 Given the level of uncertainty over the speed at which the economy will return to equilibrium, we have quantified only the potential medium-term transitional loss to the tourist industry in the summary table.

Benefits

6.7 The benefits of introducing the proposals are largely around increased immigration checks on routes that have not previously been the subject of routine immigration control. These changes will contribute significantly to our security, to our intelligence gathering and to our border control capacity. Whilst it is difficult to quantify these benefits, results from strategic operations have indicated a significant level of abuse on some of the routes. The strengthened operational activity at the land, sea and air borders is therefore expected to bring significant additional benefits from identifying, prosecuting and preventing Immigration offenders and other criminals from entering the UK.

6.8 These measures will complement the e-Borders programme. The advanced checking of passenger information will result in more effective processing of the majority of passengers through border controls and improved security at ports, for example through more risk based, intelligence led interventions.

6.9 Additional benefits are likely to arise from reduced cases of imported asylum abuse. This is difficult to quantify, as there may also be reduced cases of Republic of Ireland imported asylum abuse cases from the UK, so the net impact is uncertain.

6.10 There will be significant benefits to the UK Border Agency if successful operations prevent illegal travel and trade in the UK, and hence improve public confidence in UK border security. Improved data on migration will help support improved planning of Government, local authority and third sector services and contribute to ensuring joined up delivery of services.

6.11 With increased immigration checks at ports and integrated working as proposed in the Border Force model, there may also be benefits associated with additional excise seizures as well as prohibition and restrictions (including Class A) that result from immigration controls identifying customs offences.

6.12 The substantial security benefits cannot be measured easily in purely numerical terms. However, the estimated property damage arising from the “9/11” attacks on New York amounted to $10bn - $13bn and human capital losses at about $40bn[7]. The economic cost to the UK of the terrorist attack on 7th July 2005 has been estimated at over £2bn[8]. Clearly any contribution the CTA reforms make to reduce the risk of such attacks will be significant.

Borders, Citizenship and Immigration Bill

6.13 We are proposing to amend legislation to provide the power to routinely control persons arriving in/departing from the UK from/to another part of the CTA and as a result require passengers to present identity/nationality documents when requested. This is a border strengthening measure that brings immigration and customs powers in line on routes between the UK and another part of the CTA. This legislative change is a key element of the CTA reforms and specific details of the costs and benefits associated with this are included within this Impact Assessment. This has been cross referenced with the wider impact of the Border, Citizenship and Immigration Bill which can be found at http://www.bia.homeoffice.gov.uk/managingborders/borderscitizenshipbill.

Summary Cost and Benefit Table

The costs and benefits identified for option 2 are summarised in table 2. All costs are shown as net present values.

Table 2 – Costs and Benefits of Preferred Option

[7] Milkin Institute

[8] Centre for Economics and Business Research

Costs	10 year NPV (£)
Private Sector	
Tourism industry – transitional reduction in tourism demand	43.5m
Carriers' liability to Carriers	6.8m
Cost of communicating policy change	0.8m
Private Sector costs of handling mobile immigration controls	Not quantified – relatively low
Public Sector	
Training costs to the UK Border Agency of communicating policy change	0.0m
Increased operational activity in Northern Ireland	1.05m – 1.20m
Immigration controls	
Staff costs to the UK Border Agency	14.6 - 23.6m
Total costs	**67m – 75.8m**
Benefits	
Public Sector	
Carriers' liability to HMG	6.8m
Wider Economic Benefits	
Stronger and more secure UK borders	Not quantified
Reduction in illegal entry, illegal entry and working	Not quantified
Reduction in Fiscal Fraud	Not quantified
Total benefits	**6.8m**
Net Benefit	**-£60.1m to -£ 69.0m**

Conclusion: Option 2 is preferred because it proposes proportionate action to tackle risks identified to enhance the UK Border Agency's ability to detect and address abuse of the CTA, while also facilitating legitimate travel. This option would be aligned with other major high priority the UK Border Agency or OGD programmes, and, from a resource perspective would have a proportionate impact on passengers and the UK economy in relation to the threat and risks the loophole currently presents.

WIDER RISKS AND SENSITIVITIES

6.14 The costs and benefits identified for option 2 are subject to a significant degree of uncertainty (see Annex A for more detail on the assumptions). A number of proposals are still subject to discussion and changes may result in alternations to the costs and benefits realised. Table 3, below, discusses the probable impact of some changes.

Table 3: Sensitivity analysis and wider impacts

Current Assumption	Alternative Assumption	Change to costs or benefits
A common visa is not implemented and travellers from countries requiring visas are deterred from travelling.	A common visa allowing visa nationals to enter both the Republic of Ireland and the UK is implemented	A common visa would remove the disincentive to travel between the UK and Republic of Ireland. Implementing a common visa would decrease the associated tourism costs by £24.5m (equivalent to £17m 10 year NPV). There may be some training costs associated with training the UK Border Agency officials to recognise Irish visas.
Currently only costs to UK owned businesses are included.	The majority of carriers operating between the UK and the Republic of Ireland are registered outside of the UK, primarily in the Republic of	The total cost in lost leisure and business fares to Non UK carriers sums to £14m (10 year NPV).

	Ireland and other EU countries	

6.15 The short term losses to the tourist industry will be split between lost spending in England, Wales, Scotland and Northern Ireland. The table below shows the likely impact on each country. The greatest number of visitors and thus lost spending will be to England. It is estimated that 7% of the short term losses will affect Wales. Throughout the implementation of these changes we will consult with key stakeholders and ensure that the public are kept informed of changes through regular communication to minimise the impact on the travelling public and tourism. In the long run, the economy will adjust so there is no loss of output.

Total Lost Tourist Spending	
England	73%
Wales	7%
Scotland	9%
Northern Ireland	11%
Total	100%

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	***Results in Evidence Base?***	***Results annexed?***
Competition Assessment	No	Yes
Small Firms Impact Test	No	Yes
Legal Aid	No	Yes
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	No	Yes
Disability Equality	No	Yes
Gender Equality	No	Yes
Human Rights	No	Yes
Rural Proofing	No	No

Annexes

Annex A: Specific Impact Tests

Competition Assessment

In making this assessment, the official guidance set out by the Office of Fair Trading was consulted and the four tests were applied. However it is considered that the proposals will not have a significant impact on competition.

In coming to this conclusion, two potential issues were identified and duly considered. The first relates to ferry travel from Wales. We estimate a disproportionate number of passengers travel through Welsh ports on ferries and hence there will be a relatively larger impact on Welsh ferries and tour operators for ferry travel. However, air travel costs are relatively equally distributed across the rest of the country. We will continue to work with industry and key stakeholders throughout implementation to minimise the impact on all ports across the UK.

The second potential issue was raised during the consultation process, relating to the land border between Northern Ireland and the Republic of Ireland. Concerns were raised that passengers would rather travel over the land border than go though border controls at sea and airports, which could have a potential impact on business. No evidence has been identified to confirm that genuine passengers would be sufficiently deterred by the introduction of border controls so as to seek to avoid them. The reforms are a package of measures to tackle illegal migration travelling by air, sea and land routes to the UK. Passengers may therefore be subject to additional immigration checks on all routes.

Small Firms Impact Test

No businesses in the shipping, aviation or rail sectors are defined as ‘small’. Having held a consultation, it has been found that proposals in this document will not have a significant impact on small businesses in the transport sector.

The majority of firms involved in the tourism sector are micro and small firms, accounting for 84% and 14% of all firms respectively, when measured by employment size. However, 66% of all firms have a turnover of greater than £100,000 per year, indicating that far fewer firms have small turnovers. It is not possible to allocate the tourism costs by size of firm as the distribution of turnover by employee numbers is not known.

Legal Aid

We have carefully considered the impact on legal aid and have concluded that implications may arise as a result of the proposed reforms. We are currently working with the Ministry of Justice to estimate the impacts on legal aid costs.

Sustainable Development

No impact.

Carbon Assessment

No impact.

Other Environment

A potential impact on the local environment and economy may occur should the proposals cause large queues to develop at airports/seaports. We are committed to managing this risk and ensuring that as far as possible processes for strengthened border controls do not take significantly longer overall than the present process. This potential impact will be kept under review.

Health Impact Assessment

No impact.

Equality Impact Assessment

In making this assessment we have carefully considered S75 of the Northern Ireland Act 1998, which sets out the statutory duty on public authorities with regard to the promotion of equal opportunities. We have also carefully considered the UK race relations legislation, and in particular S19 of the Race Relations (Amendment) Act 2000 which enables the UK Border Agency to subject individual nationalities to additional scrutiny when required. Passengers will not be (and are never) targeted on the basis of racial profiling. Those individuals who are unable to satisfy the UK Border Agency that they are CTA nationals will be subject to investigation in the same manner as in-land detections.

In light of these assessments, it is found that the proposed reforms do not discriminate on the grounds of race, age, faith and belief, disability, sexual orientation or gender.

Human Rights

We have considered the human rights implications of this policy. There will be no adverse effects on human rights resulting from these reforms.

Rural Proofing

No impact.

Annex B: Costings and high level assumptions

OPTION 1			
Measure and Description	**Costs and benefits**	**Assumptions**	**Sensitivities and Risks**
Only continue with activity already resourced – Operation Gull, Mobile Response Teams, CTA Liaison Officer, simplification of legislation and roll out of the e-Borders programme	No new resource implications or costs to the UK Border Agency, other government departments or private sector. These activities are already approved and resourced.		Continuation and increasing of existing threats
OPTION 2			
Measure and Description	**Monetised costs and benefits**	**Assumptions**	**Sensitivities and Risks**
As option (1) but also introduce a range of local measures including:			
Carriers' liability Application of carriers' liability to CTA routes to reduce the number of illegal immigrants entering the UK from the Republic of Ireland. The application would be in line with existing procedures on other international routes into the UK.	*Private sector*: The application of carriers' liability to CTA routes may have a resource impact on the carriers (both air and sea) that operate between the Republic of Ireland and the UK. An estimated total of **£0.5m-£1m p.a.** will fall to carriers through the current Carriers' liability Penalty of £2,000. *Public sector*: A net gain of **£0.5m-£1m p.a.** from the fixed charge.	Arrivals into the UK from other parts of the CTA are approx. 15.6m. The number of Inadequately Documented Arrivals (IDAs) is the sufficiently similar to the average number of IDAs identified on other routes into the UK (approx. 0.0064%). Of that figure, the fixed charge of £2,000 will apply to approx. 35% of cases. The amount collected could vary due to changes in volume of traffic or penalties. Carriers' liability revenue is thus assumed to fall in the range **£0.5m-£1m p.a.** The levels of IDAs should fall as will the number of imported asylum cases and cases of illegal entry into the UK. This should reduce illegal working in the UK.	Figure could be higher or lower. However, it is not possible to assess this because documents have not historically been systematically checked by the UK Border Agency on traffic arriving from the Republic of Ireland.
More effective sharing of resources with the Irish Government, including increasing the range of **joint training** opportunities.	*Private sector*: No resource implications. *Public sector*: No new resource implications or costs to the UK Border Agency, other government departments or private sector. CTA training for a select number of staff who would be responsible for cascading the training to IO's and CIO's. **£4,000 - £5,000**	UK Border Agency training requirements based on: – 40-50 additional staff – £30 average hourly wage – 0.5 days of training per person	Average wage is higher or lower than assumed here. Number of training hours required is higher or lower.
Increased **data sharing** initiatives between the UK and Republic of	*Private sector:* No resource implications.	The specific resource implications would depend on the scope of each individual	Increased national concerns with

Ireland.	*Public sector:* The UK Border Agency already collects the relevant data and has resources allocated to data sharing projects, so **minimal** set-up and transmissions costs would apply.	project, but likely to be absorbed by existing resources.	government management / handling of data. Strict guidelines need to be followed to ensure individuals are sufficiently protected.
Increasing **operational activity** focusing on illegal movements between the UK and the Republic of Ireland.	*Private sector:* No resource implications. *Public sector:* **<u>Costs and Benefits</u>**: Ad hoc immigration checks in Northern Irish Ports will lead to a reduction in the number of immigration offenders arriving in the UK. Staff - Release 5 members of staff back to Liverpool for 8/9 days per month as Operation Gull will have dedicated resources. **- £60k - £70k**. Staff travel to and accommodation in Ireland is funded under Operation Gull. Recruiting staff based in Northern Ireland will save **£80k-90k** per year. Some operational activity is <u>already resourced</u>. Increasing activity by employing locally based resources would cost approximately **£300k** per annum for 7 staff and two vehicles.	The resource implications will be dependant on the level of increased activity and the structure of the UK Border Agency workforce in Northern Ireland. Locally based UK Border Agency staff would cover both Operation Gull and risk based, intelligence led vehicle checks in their remit splitting their time equally between the two operations. Costs are currently £3,000 per 5 people per 5 days - £120 per person per day. 7 staff at 8/9 days per month equates to 672-756 man days per year (released from Operation Gull activities). Salary is used as a proxy for the value of the work they can now undertake in Liverpool – Opportunity cost. Operation Gull would recruit 7 staff locally on a full time basis and provide them with two vehicles at approximately £8,000 per year.	
Enhanced cooperation between UK-Irish **Airline Liaison Officers Networks** (ALON) and the establishment of a **joint intelligence unit** to pool existing and emerging passenger intelligence and other passenger intelligence sharing measures.	No new resource implications or costs to the UK Border Agency, other government departments or private sector. These activities will use existing resources.		
Introduction of **intelligence-led vehicle checks on an ad hoc basis** on the Northern Ireland side of the land border mirroring activity	*Private sector:* No resource implications. *Public sector:* **Benefits**: It will capture likely increase in	Locally based UK Border Agency staff would cover both Operation Gull and risk based, intelligence led vehicle checks in their remit, thus costs covered under Operation Gull.	

conducted in the Republic of Ireland. The focus will be on illegal movements between the UK and the Republic of Ireland.	immigration offences as traffic is displaced from the sea and air routes as a result of the introduction of controls. It is likely that movements of illegal goods will switch to Northern Ireland ports via the land border. The UK Border Agency will provide staff to operate vehicle checks on the land border. These staff will be trained in fraud/commodity detection, and can be expected to seize goods. These could include greater detection of alcohol, tobacco and hydrocarbon oil fiscal fraud on the sea routes, but this is difficult to quantify accurately.	With increased immigration checks at ports and integrated working as proposed in the Border Force model, it is expected that the UK Border Agency will make increased excise seizures as well as prohibition and restrictions (including Class A). **<u>Cigarettes</u>** Currently, 2 billion sticks seized annually, with approx. 75m in Northern Ireland. The 50% increase in vehicle checks could lead to additional seizures of cigarettes. Duty on cigarettes is approximately £0.16 per stick and will increase with inflation. **<u>Spirits</u>** The 50% increase in vehicle checks could lead to additional seizures of spirits. The illicit spirits market is estimated to be approximately 5% and the market value is likely to grow with inflation. Based on consumption and population statistics, it is estimated that approximately 1.66% of the illicit market is currently seized each year in Northern Ireland.	
Communication Improved communication on CTA procedure with travellers and carriers, such as comprehensive but understandable instructions on the UK Border Agency website; instruction leaflets on carriers operating between the Republic of Ireland and the UK; and improved signage at ports.	*Private sector*: *Public sector*: **£830k** plus installation costs spread between 2009/10 and 2013/14. Costs will cease when policy fully implemented, expected to be 2013/14 Leaflets to inform the travelling public of the change in procedure range from **£4k - £9k**	35 ports require new or improved signage costing approximately £20,155 (based on 1 light box sign per port + VAT + installation costs). Figures based on 500,000 leaflets ranging from A5 2 page leaflet printed in 2 colours on both sides to 210 x 99cm 6 page (A4) printed in 4 colours throughout on silk/gloss and fold.	
Immigration controls Strengthen the UK immigration controls for non-CTA nationals on sea and air borders between the UK and the Republic of Ireland, and put in place measures to verify the	*Private sector*: Relatively low change costs. *Costs to Tourism Industry*: There is a transitional cost to the UK tourism sector caused by a fall in demand. Over the medium term this fall is to an extent offset as tourists switch to other legitimate routes into the	CTA nationals will be required to prove their nationality with a passport or national id card[9] on all air and sea routes between the Republic of Ireland and the UK. A small number of additional staff will be	IT requirements may differ at different ports. Proportion of travellers deterred from travelling may be different from that

[9] When this is adopted.

identities of British and Irish nationals.	UK. The economy will return to equilibrium in the long-run, with overall economic output unaffected, but possibly with a different balance across sectors. Costs presented in the summary include the short and medium term transitional impacts on the tourist sector alone. It is estimated that these costs will be approximately£52.5m over ten years. (equivalent to £43.5m NPV over 10 years.) *Public sector*: Staff: Approx. **£2.5m-4.1m** to cover staffing costs for approximately 50-90 staff. Staff will be deployed gradually over the period 2010/11 to 2013/14. Costs depend on the border control regime employed. IT: approx. **£36k** per year, plus £5k one off cost, and £1m one off cost for WICU machines **Non-monetised benefit**: more rigorous checking of identity and nationality of those travelling within the CTA will help mitigate security risks. Known and suspected terrorists are more likely to be identified if all travellers within the CTA must either present a passport or ID card or otherwise satisfy an immigration officer of their identity and British or Irish citizenship.	recruited at ports throughout the country. In addition mobile teams will be deployed in Wales and the Northwest of England. Staff costs reflect fixed port staff and mobile staff. The range reflects differences in staff deployment between mobile and fixed border controls. IT costs based on 33 additional computers at 9 ports Assume that costs fall as passengers adjust to new requirements. Increase in air travel -2.89% p.a. until 2030. Maritime traffic - demand stable. 99% Irish and UK air travellers have passports. 35% of the remainder wishing to travel will acquire passports in each year of the implementation stages, falling to 20% in the remaining years. 90% Irish & UK ferry travellers own passports. 10% leisure travellers needing visa deterred. 100% business travellers have passports. 5% business travellers needing visas deterred Return ferry and air fares – assumed £100 Initial lost tourism spending can be apportioned between countries – England (73%), Wales (7%), Scotland (9%) and Northern Ireland (11%). It is likely that wider economic benefits will be apportioned in the same way.	assumed. Impact could be positive or negative. Mobile controls will have a negligible effect on freight carriage.
Introduction of a **common (short stay visit) visa** with the Republic of Ireland. This could be either a common visa issued by a single organisation, or as in the Schengen border zone, mutual recognition of two national visas operating to the same framework and standards. Alternatively, it could involve a combination of the two options.	*Private sector*: No resource implications. *Public sector:* **Benefits**: Our assumptions mean that visitors would be deterred from travelling if they are required to obtain a visa for travel from the Republic of Ireland to the UK. A common visa will mean no visitors are deterred, thus potential economic tourism costs may be lower by approximately £17m over the 10 year period.	The full common (short stay visit) visa option is being explored and is our preferred option.	

Produced by UK Border Agency
ISBN 978-1-84726-869-3