

Impact Assessment, The Home Office	
Title: Phasing out acceptance of European Union (EU), European Economic Area (EEA) and Swiss national identity (ID) cards. IA No: HO0377 RPC Reference No: N/A Other departments or agencies: N/A	Date: 10 September 2021
	Stage: FINAL
	Intervention: Domestic
	Measure: Secondary legislation
Enquiries: ChecksandPowersBordersPolicy@homeoffice.gov.uk	
RPC Opinion: Not Applicable	Business Impact Target: Non qualifying provision

Cost of Preferred (or more likely) Option (in 2021 prices)					
Net Present Social Value NPSV (£m)	45.1	Business Net Present Value BNPV (£m)	-0.2	Net cost to business per year EANDCB (£m)	0.02

What is the problem under consideration? Why is government intervention necessary?
 Forged and counterfeit EEA national ID cards are disproportionately identified at the border being used by those seeking to enter the UK in a false identity or nationality. Following the UK's departure from the EU, the UK is no longer obliged to admit EEA nationals on production of an EEA national ID card (except for those with protected rights under the Citizen's Rights Agreements). Only government can make the required changes to policy and legislation to capitalise on these changes to strengthen the border against abuse of these documents.


What are the strategic and policy objectives, and the intended effects?
 The strategic objective is to protect homeland security. The policy objectives are to 1. Strengthen border security by reducing the use of vulnerable documents; 2. Support the introduction of a global immigration system following EU exit and the end of free movement; 3. Reduce the number of inadequately documented arrivals; and 4. To increase efficiency at ports by allowing more use of e-Gates, reducing waiting/processing times and costs to passengers. The intended effects are to improve border security and passenger processing efficiency.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
Option 1: Do-nothing - continue to accept the use of all EEA national ID cards at the UK border. However, this does not meet the Government's objective. It would not enhance border security or support wider objectives of the future immigration system.
Option 2: Remove the acceptance of EEA national ID cards at the UK border from 1 October 2021, except those held by members of the citizens' rights cohort. The Government would require all third-country travellers to use a passport as their primary travel document. **This is the Government's preferred option as it meets the policy objectives.**

Main assumptions/sensitivities and economic/analytical risks	Discount rate (%)	3.5
The costs and benefit in this analysis are dependent on the number of passengers who switch to using a passport (rather than an ID card). Passengers who do not own a passport may be deterred from travelling as a result of the cost; this analysis assumes that between 0 and 14 per cent of EEA passengers who would otherwise have travelled on an ID card are deterred, with a central estimate of 5 per cent.		

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 2026

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
 Minister:  Date: 5 September 2021

Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2021	PV Base	2021	Appraisal	10	Transition	1
Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)		
Low:	36.4	High:	49.1	Best:	45.1	Best BNPV	-0.2	

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	0.3	0.0	0.3	0.0	0.1
High	0.8	0.0	0.8	0.1	0.4
Best Estimate	0.5	0.0	0.5	0.05	0.2

Description and scale of key monetised costs by 'main affected groups'

All monetised direct costs are set-up costs incurred in the first year of implementation only. Private sector air, rail and sea operators who carry EEA passengers to the UK face familiarisation costs estimated to be £0.2 million (2021 prices, central estimate). Familiarisation costs for the Home Office are estimated to be £0.3 million (2021 prices, central estimate).

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

It has not been possible to monetise impacts to specific sectors or activities beyond the border, as ID card usage by specific cohorts is generally not recorded and reported. There could be impacts on those sectors which depend on worker or consumer groups who are more likely to use ID cards and could be deterred from travelling to the UK.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	0	36.7	36.7	4.5	0
High	0	49.9	49.9	5.9	0
Best Estimate	0	45.1	45.1	5.5	0

Description and scale of key monetised benefits by 'main affected groups'

Benefits to the public sector in the form of efficiency savings from processing passengers through e-Gates rather than Primary Control Point desks results in an ongoing benefit. This is estimated at £36.7 to £49.9 million (PV) with a central estimate of £45.1 million (PV) over 10 years. This is subject to assumptions on passenger volumes.

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

The key benefit of the policy is enhanced border security, however. It is not possible to monetise the security benefits. There will also be passenger time savings as a result of passengers using e-Gates rather than Primary Control Point desks. These benefits have not been monetised.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:									
Cost, £m	0.02	Benefit, £m	0.0	Net, £m	-0.02				
Score for Business Impact Target (qualifying provisions only) £m:					N/A				
Is this measure likely to impact on trade and investment?					N				
Are any of these organisations in scope?		Micro	Y	Small	Y	Medium	Y	Large	Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded:	N/A	Non-Traded:	N/A		

PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 2)

Are all relevant Specific Impacts included?	Y	Are there any impacts on particular groups?	Y
---	---	---	---

Evidence Base (for summary sheets)

A. Strategic Overview

A.1 Strategic Objective

1. The over-arching strategic objective of this intervention is to improve border security. It links to delivery plan 3. 'Enable the legitimate movement of people and goods to support economic prosperity' and to the border security aspects of delivery plan 4. 'Tackle illegal migration, remove those with no right to be here and protect the vulnerable' in the Home Office Outcome Delivery Plan: 2021-2022.

A.2 Background

2. Consistent with the Citizens' Rights Agreements¹, EU, other EEA and Swiss citizens (collectively referred to here as 'EEA citizens') resident in the UK by the end of the Transition Period at 23:00 on 31 December 2020 and certain EEA citizen family members (referred to herein as 'the citizens' rights cohort') can continue to use their EEA national ID card to enter the UK until at least the end of 2025 and indefinitely if the cards meet the biometric standards set by the International Civil Aviation Organisation (ICAO). The citizens' rights cohort is comprised of EEA citizens in any of the following groups:
 - a. A national of Switzerland with a valid entry clearance granted under Appendix Service Providers from Switzerland to the Immigration Rules;
 - b. An EEA citizen with valid indefinite or limited leave to enter or remain granted under the EU Settlement Scheme (in Appendix EU to the Immigration Rules), or who has made a valid application under that Appendix (other than as a joining family member of a relevant sponsor, as defined in Annex 1 to that Appendix) which has not yet been finally determined;
 - c. An EEA citizen with a valid entry clearance in the form of an EU Settlement Scheme Family Permit;
 - d. An EEA citizen with a frontier worker permit;
 - e. An EEA citizen seeking to come to the UK as an S2 Healthcare Visitor;
 - f. Those who have equivalent immigration permission granted by the Crown Dependencies or a valid pending application to one of the Crown Dependencies' EU Settlement Schemes (other than as a joining family member of a relevant sponsor) will also be able to continue to present an ID card.
3. From 1 January 2021, the Government has implemented a single global immigration system, which will apply to nationals of all countries except the UK and Ireland and the citizens' rights cohort. The Government announced in October 2020 that EEA citizens outside of the citizens' rights cohort will need a passport to demonstrate nationality and identity at the UK border, rather than a national ID card². This does not apply to the Irish Passport Card and to Gibraltar ID cards held by British citizens which will continue to be accepted.
4. Unlike passports, there are currently no community-wide standards for national ID cards issued by EEA States. A study in 2017, for example, identified that of the EU Member States that issue ID cards there were 86 different versions in circulation³. Inconsistency in the design and security features of these cards creates problems for effective border control given the potential for fraud and the need for manual processing. EEA national ID cards are some of the most abused documents seen at the border.

¹ The UK-EU withdrawal agreement, the separation agreement with the EEA EFTA states (Norway, Iceland and Liechtenstein) and the Swiss citizens' rights agreement

² Paragraph 145 of <https://www.gov.uk/government/publications/uk-points-based-immigration-system-further-details-statement>

³ https://ec.europa.eu/info/sites/info/files/dg_just_final_report_id_cards_and_residence_docs_cses_28_august_2017_2.pdf

5. Recognising these weaknesses, in 2019 the European Parliament and Council adopted a regulation⁴ to create a minimum standard for national ID cards issued by EU Member States, to be implemented in 2021. However, those cards currently in circulation which do not conform to those standards do not have to be replaced for between 5 and 10 years.
6. In 2019, approximately 41 million EEA citizens travelled to the UK⁵. It has been estimated⁶ that around a third of all EEA citizen arrivals at UK airports travel using a national ID card. At maritime ports, this proportion is higher when including hauliers as usage amongst this group is estimated at approximately 80 per cent.

A.3 Groups Affected

7. The main groups that will be affected by the policy will be:
 - a) EEA citizens who are not a part of the citizens' rights cohort, and who travel to the UK (except from the Crown Dependencies) but do not currently hold a passport.
 - b) The Home Office, specifically Border Force (BF), who are responsible for implementing immigration controls at the UK border.
 - c) All air, sea and rail operators who carry EEA passengers to the UK.
 - d) Businesses where a proportionately higher number of employees or customers are inclined to travel to the UK on EEA national ID cards such as haulage companies and language schools.

A.4 Consultation

Within government

8. The Home Office has worked closely with a number of other government departments (OGDs), including the Department for Culture, Media and Sport (DCMS), the Department for Business, Energy and Industrial Strategy (BEIS), the Northern Ireland Office (NIO), the Foreign, Commonwealth and Development Office (FCDO), the Department for Education (DfE), HM Treasury (HMT) and the Department for Transport (DfT) in developing the policy proposals to better understand the implications particularly for tourism and school groups (including English language schools) and to inform options for communicating change and raising awareness.
9. The Home Office also continues to engage with the Devolved Administrations of Northern Ireland, Scotland, and Wales, the Crown Dependencies of Guernsey, Isle of Man and Jersey and the Irish Government on a range of issues related to the introduction of this policy.

B. Rationale for intervention

10. The rationale for the policy is to enhance border security. The Government is committed to strengthening the security of the border and phasing out the use of EEA national ID cards as a valid travel document for entry to the UK is a significant step towards reaching that goal. EEA ID cards are among the least secure documents seen at the border and are, generally, not as secure as corresponding national passports. They continue to dominate detection figures for document abuse at the border. Document abuse facilitates many risks to the UK. Document fraud can be an enabler of terrorism and organised crime and is linked to human trafficking and irregular migration.
11. The Frontex (the European Border and Coast Guard Agency) 2020 risk analysis report, noted that detection of fraudulent documents on intra-EU movements had increased for the third successive year in 2019 by 33 per cent.⁷

⁴ 2019/1157, <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32019R1157&qid=1562932802720>

⁵ <https://www.gov.uk/government/statistical-data-sets/immigration-statistics-data-tables-year-ending-december-2019#passenger-arrivals-admissions>

⁶ Informed by Home Office internal analysis.

⁷ https://frontex.europa.eu/assets/Publications/Risk_Analysis/Risk_Analysis/Annual_Risk_Analysis_2020.pdf

12. National security is inherently a public good, no private sector entity can act in the capacity of the national border control authority. In principle, the Government must act in this capacity to provide a level of security which would not otherwise be provided by the market alone. In respect of national ID cards, the private sector is not in a position to determine appropriate standards for travel documents at the UK border.
13. The policy also supports the Points-Based System and the Government's New Plan for Immigration. One of the main principles of the Government's future points-based immigration system⁸ is the equal treatment of EU and non-EU nationals. The Government expects visitors from outside the EU (including the USA, China, and India) to hold a passport and we will now expect those visiting from EEA countries to do the same. In the absence of any intervention, EEA citizens would continue to receive different, and preferential, treatment to that of third-country nationals.
14. A further benefit of the policy is increased efficiency at the border. Along with nationals of Australia, Canada, New Zealand, United States of America, Japan, Singapore, and South Korea (the so called 'B5JSSK' countries) EEA nationals will continue to be able to enter the UK via electronic passport gates (e-Gates) to maintain flow at the border. However, EEA national ID cards are not compatible with e-Gates and have to be processed by a BF officer. The variances in format and quality can lengthen the border transaction time whereas EEA passports can be used in the e-Gates at many UK ports of entry; the quickest and most efficient method of crossing the border. It is also anticipated that any alternative automated clearance methods approved in the future will require passport details to enable individuals at the border to be matched quickly and effectively to their record of prior permission to travel to or enter the UK.
15. Government legislative intervention is required to improve border security and support the principles of the new UK border system.

C. Policy objective

16. The overall intended outcome is that the measure will strengthen the security of the UK border by mitigating the risk associated with the abusive use of insecure EEA national ID cards.
17. It also contributes to the delivery of a single global immigration system that applies to all except nationals of the UK and Ireland and the citizens' rights cohort.
18. In addition, encouraging travel on passports supports the Government's intention to increase the use of technology and digitisation in UK border processes,⁹ thereby improving the efficiency of delivering border control and facilitating the legitimate movement of travellers whilst enhancing security. Many EEA national ID cards are not machine readable, and none are compatible with the UK's electronic passport gates (e-Gates). The automated checks by e-Gates are faster and more efficient than the equivalent manual process.
19. It is difficult to quantify increased levels of security that will result from this policy change. However, an indication of a successful implementation would be low (and decreasing over time) levels of refusal of EEA citizens at the border for being inadequately documented. A further benefit is likely to be efficiency-related and linked to the increase in the proportion of eligible passengers using e-Gates. Those individuals who would previously have entered the UK using a national ID card will, after the policy change (and subject to ongoing review of e-Gate usage), be using a passport and therefore also be entitled to use the e-Gates. It is likely that this will reduce average processing times and associated costs and reduce passenger waiting times.

⁸ <https://www.gov.uk/government/publications/the-uks-points-based-immigration-system-policy-statement/the-uks-points-based-immigration-system-policy-statement>

⁹ <https://www.gov.uk/government/publications/uk-points-based-immigration-system-further-details-statement>

D. Options considered and implementation.

20. **Option 1:** The 'Do-nothing' option, is to continue to accept the use of EEA ID cards at the UK border as a valid document to enter the country. These ID cards that do not conform to the new standards set by the European Parliament would continue to remain in circulation for up to ten years. **This option does not meet the Government's objective.** This is because of the existing security vulnerabilities associated with ID cards that would persist. The single global immigration system would continue to treat this group of EEA passengers differently to other nationals and as favourably as those with saved rights under the Citizens' Rights Agreements. Also, it would run counter to the policy of encouraging the use of e-Gates and a fully digital end-to-end customer journey.
21. **Option 2:** is to remove the acceptance of EEA national ID cards at the UK border, including those encountered by a Border Force Officer on arrival into Great Britain from Ireland as part of an intelligence-led immigration control, from 1 October 2021, except those held by members of the citizens' rights cohort and those travelling from the Crown Dependencies. The Government would require all third-country travellers to use a passport as their primary travel document. **This is the Government's preferred option as it meets the policy objectives** of enhancing border security and supporting wider objectives of the future immigration system.

Preferred option and implementation plan

22. A change to the Immigration Rules (secondary legislation) amending the definition of acceptable documents for establishing nationality and identity when seeking to enter the UK will be required to implement this policy. This will come into effect on 1 October 2021.
23. From this date, all newly arriving EEA citizens will be required to present a passport and may be refused entry by BF if they do not. This will include those arriving in Great Britain from Ireland if they are subject to an intelligence led immigration control by Border Force (as now, there will be no routine immigration controls on those arriving from another part of the Common Travel Area, with none whatsoever on the land border).
24. This policy does not apply to people travelling from one of the Crown Dependencies as they will not be required to show a passport if encountered by a Border Force Officer as part of an intelligence led control. They will be required to present a document confirming their identity – which could include an ID card. They will also need to satisfy Border Force whether they require immigration permission, and if so that they hold such permission. This is because the Crown Dependencies operate very similar immigration rules and policies as the UK, including the forthcoming restriction on ID card usage. This means the risk of someone using an ID card when they should not is lower. Ireland will continue to accept EU ID cards, because they continue to be a member of the EU as a matter of national policy. We therefore want to have measures in place when we operate our own immigration controls on journeys from Ireland to prevent abuse.
25. Since 1 July 2021 BF officers have been engaging in messaging at the border to inform passengers who present an ID card, but who are not a part of the citizens' rights cohort, of the impending change. This will be followed by implementation of the policy from 1 October 2021, whereby passengers may be refused entry.
26. Firms offering international aviation, ferry and rail services ('carriers') will be unable to determine whether a passenger is eligible to travel on an EEA ID card until a full technological solution is available to them in approximately 2024. Therefore, decisions around accepting ID cards for entry to the UK will have to be made at the UK border.
27. This phased approach and targeted notification of the policy change is supporting the wider strategic communications campaign. Communications cannot guarantee reaching all EEA citizens who hold and travel on ID cards but will go some way to help mitigate the risks and be important for reputational, operational, and political reasons. The policy was announced in October 2020¹⁰, allowing almost a year to raise awareness of this change, supported by a communications campaign

¹⁰ <https://www.gov.uk/guidance/visiting-the-uk-after-brexit>

which began in March 2021. This focused on partnering with important intermediaries, such as carriers and the travel sector, to influence traveller behaviour. The Home Office has engaged carriers on the policy change through a range of channels, including industry partnership forums, via BF staff at regular operational meetings, and providing them with supporting communications materials to build awareness both of operational implementation, and for them to communicate new requirements to their customers. The policy for those travelling from Ireland and the Crown Dependencies was confirmed on 2 September 2021 via an update to gov.uk, and the key messages are being embedded into the existing communications campaign and other ongoing engagement.

28. The Home Office, primarily BF officers working at Primary Control Point (PCP) desks, will be responsible for the ongoing operation and enforcement of the new arrangements once they come into effect.

E. Appraisal

E1 General assumptions and data

29. The appraisal period for this impact assessment (IA) is 10 years as recommended in the Green Book (HMT, 2020),¹¹ covering the period 2021 to 2030 inclusive. All direct costs are incurred in the first year of implementation, whilst the benefits and indirect costs are ongoing.
30. The proposed implementation of the policy is in 2021, therefore all costs and benefits are in 2021 prices, using GDP deflators¹². In line with the Green Book, all costs and benefits are discounted by 3.5 per cent to produce a Net Present Social Value (NPSV) for the preferred option (discounted or 'present values' are abbreviated as "PV" throughout the IA). All estimated costs and benefits are additional relative to the "do nothing" counterfactual whereby EEA national ID cards continue to be accepted at the UK border.
31. Total costs and benefits to businesses and the public sector are quantified where possible. Monetised estimates are rounded and presented to the nearest £0.1 million unless otherwise stated. Passenger volume estimates are presented to two significant figures.
32. Estimating the costs and benefits relies on a number of assumptions which are subject to significant uncertainty. To reflect this the analysis presents three scenarios corresponding to low, central, and high-cost outcomes.
33. The final costs and benefits included in the NPSV are those which directly impact UK residents and businesses, in line with the Better Regulation Framework¹³ and the Migration Advisory Committee.¹⁴
34. The estimated impacts of this intervention are included in the cost-benefit analysis under two broad headings: a) direct costs and benefits and b) indirect costs:
 - a) Direct costs and benefits are those that are clearly and immediately related to the phasing out of ID cards. In many cases it is difficult to isolate this impact from other factors. Only direct effects are considered in the 'net cost to business per year' (EANDCB¹⁵).
 - b) Indirect costs and benefits are those that occur because of the direct impacts, including behavioural change. These are considered where the impacts are thought to be significant and reasonably close to the direct effect and are included in the NPSV. However indirect effects which are assessed and described in the analysis, but which are not reasonably close to the direct effect, have not been included in the final NPSV. For example, consideration of any potential impact on tourism to the UK is an indirect effect which is not included in the

¹¹ <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

¹² <https://www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp>

¹³ Better Regulation Framework guidance, <https://www.gov.uk/government/publications/better-regulation-framework>

¹⁴ Migration Advisory Committee (2012) <https://www.gov.uk/government/publications/analysis-of-the-impacts-of-migration>

¹⁵ EANDCB is defined as the Equivalent Annual Net Direct Cost to Business, see Regulatory Policy Committee guidance, <https://www.gov.uk/government/publications/impact-assessment-calculator--3>

NPSV. The Home Office has judged that the phasing out of ID cards at the UK border is unlikely to cause a substantial change to tourist arrivals on its own. Also, this is a behavioural effect and is not closely related to the actual policy change to be considered as an indirect effect that contributes to the NPSV.

35. This analysis assumes full compliance with the new requirements, in line with the Better Regulation Framework. It is difficult to assess the level of awareness of the policy, or the extent to which guidance from carriers to passengers will be effective. The Home Office will continue to review levels of compliance following implementation. As noted in paragraph 26, from 2024 carriers will be able to determine whether a passenger is eligible to travel on a national ID card prior to departure, and therefore full compliance should be ensured from this date.
36. As noted in Section A, passengers in the citizens' rights cohort can continue to use their national ID cards until at least the end of 2025. Those with status under the EU Settlement Scheme (EUSS) form the vast majority of that cohort, with 4.5 million applications granted settled or pre-settled status by the end of March 2021.¹⁶ However, it is not possible to match membership of this group to historic or forecast travel patterns. Therefore, this analysis does not account for these passengers.

E2 Volumes

37. Some of the costs and benefits of this intervention are highly dependent on the volume of passengers crossing the UK border. This section establishes the baseline volume of journeys that would have occurred using ID cards if the policy was not implemented. The subsequent section estimates the number of journeys which could be deterred as a result of the policy, where passengers who do not have a passport are required to purchase one to travel to the UK.
38. This analysis does not extend to the drivers of goods vehicles, as the framework for assessing deterrence on the basis of travel fares is less relevant. The number of journeys that these drivers make over the validity period of a passport will be much higher than other passengers, and therefore the number of journeys is unlikely to be responsive to the cost of travel.
39. Data is drawn from a range of internal operational datasets to capture differences in ID card usage by mode of travel and nationality where possible. It should be noted that whilst operational datasets typically come with increased uncertainty, this is marginal relative to the impact of COVID-19 and further assumptions on passport ownership.

Baseline volumes

40. The COVID-19 pandemic and the resulting global response has seen an unprecedented collapse in international passenger volumes. There is considerable uncertainty around the strength and timing of any recovery in passenger numbers. Therefore, the analysis is underpinned by three illustrative recovery scenarios corresponding to a low, central, and high-cost scenario. Higher passenger numbers result in a higher number of passengers deterred and therefore higher costs.
41. The three recovery scenarios assume that traffic recovers to its pre-pandemic trend by 2023 in the high-cost scenario, 2024 in the central scenario and 2025 in the low-cost scenario. These are consistent with expectations from aviation industry organisations.¹⁷ Arrivals by air made up 79 per cent of visits by overseas residents in 2019 according to the ONS.¹⁸ For 2021, the point from which these recoveries begin, current levels have been taken from Home Office passenger statistics.¹⁹

¹⁶ See Table 3, <https://www.gov.uk/government/statistics/eu-settlement-scheme-quarterly-statistics-march-2021>. Note that the deadline for most people to apply to the scheme was the end of June 2021. Therefore this figure will increase as subsequent statistics are published.

¹⁷ See IATA May 2021, <https://www.iata.org/en/iata-repository/publications/economic-reports/an-almost-full-recovery-of-air-travel-in-prospect/>; and ACI, April 2021, <https://www.aci-europe.org/economic-forecasts.html>

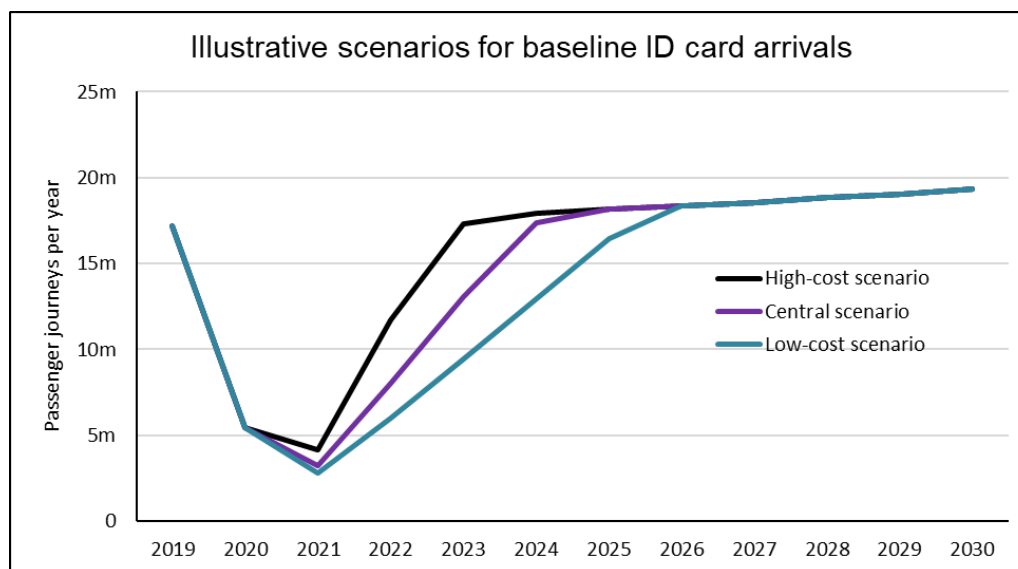
¹⁸ ONS, Table 2.07

<https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/datasets/overseasresidentsvisits-to-the-uk>

¹⁹ <https://www.gov.uk/government/statistics/statistics-relating-to-passenger-arrivals-since-the-covid-19-outbreak-may-2021/statistics-relating-to-passenger-arrivals-since-the-covid-19-outbreak-may-2021>

42. The pre-pandemic trend for aviation follows the UK aviation forecasts published by the Department for Transport (DfT), averaging 1.2 per cent annual growth across the appraisal period.²⁰ No equivalent forecasts exist for international maritime and rail passengers, therefore the average annual growth rate of the period 2010-19 has been used. This is -1 per cent for maritime passengers, and 2 per cent for rail. Figure 1, below, shows the estimates used for the number of individuals who would have travelled on an ID card into the UK by air if this policy was not enacted from 2019 to 2030. The same approach has been applied to maritime and rail arrivals.

Figure 1: EEA National arrivals using an ID card, under the “do-nothing” option, 2019-30.



Source: Home Office

Passengers deterred from travel

43. Of those who would otherwise have travelled on an ID card, some may own passports as well as their ID card. For that group there should be no material change in their decision to travel. Those who do not own passports may be deterred by the financial or administrative burden of purchasing a passport.
44. Advance Passenger Information (API) data indicates around 70 per cent of EEA passengers used passports to travel by air in 2019.²¹ However, it is not possible to identify how many of those passengers who used an ID card may also have a passport. Therefore, to cover the full range of uncertainty, this analysis assumes that of those passengers who would have travelled on an ID card, 67 per cent do not own a passport in the central scenario, within a range of 33 to 100 per cent in the low and high-cost scenarios respectively.
45. The methodology for estimating the number of passengers deterred follows the same approach used in other Home Office IAs²². The analysis treats the cost of obtaining a passport as a cost of travel to the UK and estimates the extent to which demand for travel changes as the price of the fare changes (price elasticity of demand for travel).
46. The price elasticities of demand for travelling to the UK come from recent Home Office research,²³ which includes an estimate for the price elasticity of demand for air travel, based on earlier research from DfT. There are no equivalent elasticities specific to maritime and rail passengers, therefore the full range of air travel elasticities have been applied across all modes. The central estimate for the

²⁰ Department for Transport (2017) UK Aviation Forecasts, annual growth in terminal passengers from the file 'passenger demand data for each modelled airport', <https://www.gov.uk/government/publications/uk-aviation-forecasts-2017>

²¹ This is consistent with survey data from VisitBritain, See slide 44, https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/consumer_sentiment_research_september_2020.pdf

²² For example, demand for visas https://www.legislation.gov.uk/ukia/2020/61/pdfs/ukia_20200061_en.pdf

²³ Home Office, 2020,

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/872608/review-evidence-relating-to-elasticity-horr114.pdf

price elasticity is -0.35, in a range of 0.00 to -0.70 for the low and high-cost scenarios. An elasticity of -0.70 implies that a 1.00 per cent increase in the cost of travelling to the UK would result in a 0.70 per cent reduction in demand for travel to the UK.

47. Passport costs have been taken from the websites of EEA issuing authorities and converted to Sterling according to average 2020 exchange rates. Similarly, average fares²⁴ for each mode have been sourced from the 2019 ONS International Passenger Survey (IPS) and uplifted to 2021 prices. The weighted average cost of a return journey for EEA nationals is estimated to be £207 for air travel, £98 for maritime and £144 for rail journeys. and the weighted average cost of a standard passport for EEA nationals is £61 (2021 prices). However, a passport could be used on multiple trips over the course of its validity period,²⁵ so simply comparing the cost relative to the cost of one return trip could overstate its impact. Conversely, a passenger may not know with certainty how many trips they will make over the validity period of the passport. Internal analysis of aviation passenger data has estimated the average number of journeys made by passengers in each EEA nationality group in a single year. The weighted average number of journeys per passenger has been estimated at 1.7 per year. The passport cost has been divided by this average number of journeys to give an effective weighted passport cost of £35 (2021 prices).
48. This only captures part of the behavioural response from potential travellers into the UK. It has not been possible to quantify the behavioural change as a result of the increased administrative burden. The effects from refusals and deterred passengers are summarised in Table 1.

Table 1: Estimated passenger volumes (000s) and changes to volumes (000s) resulting from policy, 2021-2030.

Passengers, thousands	Scenario	2021	2022	2023	2024-30 Annual average
Baseline passenger volumes under a do-nothing (Option 1)	Low	590	6,100	9,600	18,000
	Central	700	8,100	13,000	19,000
	High	960	13,000	18,000	19,000
Passengers deterred from travelling	Low	0	0	0	0
	Central	-41	-410	-650	-890
	High	-160	-1,800	-2,400	-2,700
Volumes of passengers who previously used ID cards, but who will travel using passports after policy implementation. (Option 2)	Low	590	6,100	9,600	18,000
	Central	660	7,700	13,000	18,000
	High	800	12,000	15,000	16,000

Source: Home Office internal analysis

Note: Figures may not sum due to rounding. 2021 figures are from implementation in October.

49. The baseline volumes have been combined with price elasticities to reflect the broadest range of likely outcomes. For example, the high-cost scenario applies the highest price sensitivity to the highest number of passengers. This implies a decrease in volumes (of those EEA passengers who would have travelled on an ID card) of 0 to 14 per cent from the first full year of implementation in 2022, with a central estimate of 5 per cent. Table 2 shows a summary of the assumptions used to estimate volumes across the three scenarios.

²⁴ Multiplied by two to approximate the cost of a return fare.

²⁵ For example VisitBritain research shows that around 77% of inbound visits in 2015 were repeat visits:

<https://www.visitbritain.org/new-research-repeat-visitors-uk>

Table 2: Summary of assumptions relating to volume estimates

	Low	Central	High
Date for recovery to pre-pandemic trend	2025	2024	2023
Share of ID card travellers who do not own a passport (%)	33	67	100
Price elasticity of demand	0.0	-0.35	-0.7

Source: Home Office internal analysis

COSTS

50. This section considers the costs estimated to result from the proposed policy. The direct costs are those that arise directly as a result of the policy. The indirect costs arise from behavioural responses to the policy. The direct costs are all set-up costs incurred either before or during the early stages of implementation. With the exception of the communications costs, which are taken directly from Home Office estimates, a standard cost model²⁶ approach has been used to monetise the administrative burden.

E3 Direct costs

Public sector communications costs

51. In advance of the policy coming into effect, a Home Office communications campaign will be necessary to inform the affected groups of the change in requirements, and to help mitigate any disruption. The campaign will work with the travel sector, carriers, sector and industry bodies, and cross-government partners to integrate messages into existing channels to communicate changes to travellers. Costs, which primarily relate to the production, translation, and distribution of materials for Home Office and these partners' use, are estimated to be between **£0.2 and £0.3 million**, with a central estimate of **£0.3 million (2021 prices)** and is incurred in 2021 only. This estimate has been sourced internally from the Home Office. Applying optimism bias in this context is not appropriate.

Private sector familiarisation costs

52. Carriers are responsible for ensuring that passengers are properly documented for travel to the UK or they may be liable to a carrier's liability charge. Carriers may therefore wish to encourage their passengers to check the requirements for travel to the UK on GOV.UK to make sure that they are properly documented for their journey.
53. As a consequence, there is expected to be a cost attributed to UK carriers for changes to guidance for passengers. This cost would be incurred to advise passengers of the new requirements in advance of booking. In practice, this is likely to take the form of changes to websites and online platforms. The duration and complexity of this work could vary depending on existing carrier systems; therefore, the analysis assumes a range of between one and three weeks for a single IT professional, with a central estimate of two weeks.
54. The median gross weekly wage for web design and development professionals (Standard Occupational Classification 2137) estimate is taken from the ONS Annual Survey of Hours and Earnings (ASHE)²⁷ and multiplied by 22 per cent²⁸ to account for non-pay associated costs and uprated to 2021 prices. This gives a weekly cost of £710 (2021 prices). As per paragraph 33, only direct impacts on UK residents and businesses are included. However, to avoid under-estimating costs, these guidance costs are assumed to be incurred by all commercial carriers registered with

²⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/609201/business-impact-target-guidance-appraisal.pdf

²⁷ ONS (2020), Annual Survey of Hours and Earnings, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashetable14>

²⁸ Eurostat, https://ec.europa.eu/eurostat/web/products-datasets/-/lci_lci_lev

Companies House, including the UK branches of foreign registered firms.²⁹ This gives an estimate of **£0.1 to £0.2 million (2021 prices)** with a central estimate of **£0.2 million (2021 prices)**.

55. There will also be a familiarisation cost to UK carriers in the form of the time it takes staff to read and understand the guidance. The process for disseminating new requirements to carriers is a routine process, and in many cases can be channelled through industry-wide guidance.
56. The size of the workforce that would need to read the guidance is taken from the Regulatory Triage Assessment covering Misdirected Passengers³⁰. This estimate accounts for all staff involved in facilitating passengers through the port system to the point of being checked for entry into the UK, and who may need to advise on the use of ID cards at the border. The central estimate is 12,000 staff within a range of 6,000 to 18,000. The length of the guidance is assumed to be 2,000 words, based on internal assessments.
57. Standard reading tables³¹ are used to estimate the time taken to read this guidance (see Table 3). Due to a lower reading comprehension, a slow reader may need to re-read the guidance (re-read time). There is no re-read time for very good readers where comprehension is between 80 to 85 per cent. An allowance has been made for people who may be dyslexic or where English is not their first language.

Table 3: Reading Speed Assumptions.

Words	Cost Scenario	Speed (wpm)	Time	Comp	Re-read time	Allowance	Total time
2,000	Low	400	5.3	85%	0	0	6
	Central	200	10.5	60%	4.2	0.5	15
	High	100	21	50%	10.5	1	31

Notes: wpm = words per minute. Comp = comprehension. Units are minutes unless otherwise specified.

Here, the familiarisation cost is calculated as:

$$\text{volume of employees} \times \text{gross hourly wage} \times \text{time spent} = \text{£ millions}$$

58. An average gross hourly wage has been taken from the ONS ASHE (2020) for the following occupational groups, multiplied by 22 per cent to account for non-wage costs, and then uplifted to 2021 prices.
 - Air travel assistants (Standard Occupational Classification (SOC) 6214) £11.89 per hour
 - Rail travel assistants (SOC 6215) £21.12 per hour
 - Maritime transport operatives (SOC 8232) £14.24 per hour
59. The weighted average of the wages is multiplied by the reading times shown in Table 3, and the estimates for carrier staff. Combining these costs with the cost of upgrading guidance, this gives total familiarisation costs in a range of **£0.1 to £0.4 million**, with a central estimate of **£0.2 million**. Familiarisation costs occur in the first year of the appraisal period only.

Public sector familiarisation costs

60. Public sector staff, specifically BF officers, will also need to familiarise themselves with the guidance and operational processes. This familiarisation cost is estimated using the same approach as for private sector staff, assuming the same length of guidance and reading times.
61. Around 9,000 frontline BF officers would be required to read the new guidance.³² The Home Office will bear an opportunity cost from time spent on this familiarisation. The average hourly cost of an officer is estimated at £31.38 (2021 prices) after accounting for grade mix and non-wage costs. The

²⁹ Based on internal research during April 2021.

³⁰ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/658407/Regulatory_Triage_Assessment.pdf

³¹ <http://www.readingsoft.com/> Estimates of reading speed are given by a number of reading software companies and this particular website has been used to estimate the time taken to read 2,000 words of guidance on an application form.

³² Home Office HR data

impact of any subsequent retraining or the costs of developing the guidance have not been monetised.

62. Familiarisation costs for BF officers have been estimated to be in the range of **£0.0 million to £0.2 million (2021 prices)**, with a central estimate of **£0.1 million**. This is incurred in 2021 only.
63. **Total familiarisation costs** are estimated to be in the range of **£0.3 million to £0.8 million (2021 prices)**, with a central estimate of **£0.5 million**. This occurs in 2021 only.

E4 Indirect costs

Public sector loss of Exchequer revenue

64. Any reduction in overseas visitors to the UK would reduce total spending by these individuals in the UK economy. In this section, the deterred passenger volumes shown in Table 1 are used to estimate the impact on indirect tax contributions from any lost spending.
65. The proportion of spending spent elsewhere in the economy is not included as it is unclear how much visitor expenditure directly benefits the resident population. For example, it is not clear what proportion of visitor expenditure is on imported products, or how much displaces other visitors' spending; it is acknowledged that by not including these impacts in the final NPSV, the indirect costs may be an underestimate.
66. Indirect taxes are those paid on items of expenditure. They include VAT, duties paid on specific products (alcohol, fuel) and any other duties, licences, and intermediate taxes. Indirect tax contributions will depend upon tastes, preferences, and characteristics. However, robust data on the specific expenditure of visitors is not available and there is significant uncertainty about spending patterns. Lost indirect tax contributions are calculated based on estimates of the average expenditure of EEA visitors and the average indirect tax rate on expenditure of 18.3 per cent.³³
67. Data on spending by EEA visitors is obtained from the ONS International Passenger Survey (IPS)³⁴, and is estimated at £533 per visitor (2021 prices).³⁵ This gives an estimated loss in Exchequer revenues of between **£0 to £1,890 million (PV)**, with a central estimate of **£590 million (PV)** across the 10-year appraisal period. As noted earlier in this section, these costs are not included in the final NPSV.

Total costs

68. Total costs only include the direct set up costs, which are incurred in the first year and are estimated to be in the range of **£0.3 million to £0.8 million (2021 prices)**, with a central estimate of **£0.5 million (2021 prices)**.

BENEFITS

69. All of the benefits in this section are a direct result of the proposed policy, and relate to the policy's intended security and efficiency objectives discussed in Section C. The efficiency outcomes are ongoing and variable according to the volume of passengers who will travel using a passport under the policy, but who would otherwise have travelled on an ID card. Estimates for these passengers are the baseline volumes minus those deterred, as shown in the final rows of Table 1.

E5 Direct Benefits

Border security

70. The requirement for EEA passengers to use passports rather than ID cards will result in security benefits since passports issued by EEA authorities are more secure and easier to check than the

³³ ONS (2019) 'Effects of taxes and benefits on UK household income, 2017/18 – reference tables: Table 8.

³⁴ ONS, <https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/datasets/travelpac>

³⁵ Excludes Irish nationals, and includes Swiss. Average is weighted by nationality and includes business and leisure passengers. Data is from 2019, uplifted to 2021 prices.

latter,³⁶ thereby reducing the potential for document abuse and fraud. Document abuse at the border could facilitate a number of serious illegal activities such as modern slavery, trafficking, terrorism and other serious and organised crimes or national security threats.³⁷

71. Evidence provided to the European Commission shows that in 2011, 5 of the top 10 fraudulently abused documents detected at the UK border were EEA ID cards.³⁸ Internal assessments indicate that this pattern has persisted in recent years, with fraudulent ID cards making up around half of all document abuse. This does not include cases where the document is destroyed en route or detected by carrier staff.
72. The benefit of enhanced border security is very difficult to quantify. These benefits have not been monetised in this IA. There may also be efficiency gains as a result of reduced detection of fraudulent documentation, and associated casework. However, the time spent processing such cases is likely to be highly varied and dependent on individual circumstances. It is also not clear to what extent these time savings would be displaced by refusals from passengers now travelling on passports. These types of benefits have not been monetised in this IA.

Private sector - passenger time savings

73. Those individuals who travel on a passport, but who otherwise would have travelled on an ID card without the intervention, will be eligible to cross the border through e-Gates rather than a staffed PCP where they satisfy the age restrictions.³⁹
74. e-Gates allow for a faster passenger processing time and result in shorter queuing times than at a PCP. That represents a time saving for business passengers and firms. However, whilst there may be welfare benefits to those individuals, there is uncertainty as to whether these passengers would be conducting productive business activity for UK-based firms with these time savings. Because of this reason, this benefit has not been monetised.

Public sector efficiency gains

75. As more individuals use e-Gates at airports, the BF resource required to process those passengers is reduced. Officers will be able to focus more of their time on other activities or focus on higher-risk threats.
76. According to Civil Aviation Authority data, 91 to 95 per cent of all terminal passengers travel through airports that have e-Gates.⁴⁰ It has been assumed that this also applies to EEA nationals who will travel on passports rather than ID cards after the policy is implemented. These passenger volumes are then adjusted for the number of passengers who choose to use e-Gates out of those who are eligible. Based on operational data this is in the range of 65 to 79 per cent with a central estimate of 74 per cent.⁴¹ It has not been possible to disaggregate volumes of rail passengers in the same way, therefore this analysis may be a slight underestimate. There are no e-Gates on international maritime routes into the UK.
77. The cost saving of a passenger being processed through an e-Gate rather than the PCP desk is estimated to be £0.75 per passenger (2021 prices). This has been informed by internal analysis of BF officer time required to process passengers, estimated to be 137 seconds at a desk, and 30 seconds at an e-Gate. These times have been adjusted to account for different levels of staff per

³⁶ A common standard for passports issued by EU member states, based on ICAO standards for machine-readable passports, has been set by Regulation (EC) No 2252/2004.

³⁷ Further details on patterns of abuse can be found in section 5 of evidence provided by the Home Office to the House of Commons European Scrutiny Committee http://europeanmemoranda.cabinetoffice.gov.uk/files/2014/03/9124-13_Min_Cor_20_January_2014_Harper-Cash_annex_1.pdf

³⁸ Cabinet Office (2014), See section 4.2, http://europeanmemoranda.cabinetoffice.gov.uk/files/2014/03/9124-13_Min_Cor_20_January_2014_Harper-Cash_annex_2.pdf

³⁹ Those aged 12 to 17 may use e-Gates if accompanied by an adult, <https://www.gov.uk/government/publications/coming-to-the-uk/faster-travel-through-the-uk-border>

⁴⁰ Analysis of monthly CAA data 2019, Table_10_1_EU_and_Other_Intl_Pax_Traffic <https://www.caa.co.uk/Data-and-analysis/UK-aviation-market/Airports/Datasets/UK-airport-data/>

⁴¹ Informed by internal Home Office analysis.

passenger across e-Gates and PCP desks, and periods between peak business. That time is then multiplied by the BF officer cost per second,⁴² which is £0.007 (2021 prices).

78. The savings per passenger are then multiplied by the volume of passengers who travel using a passport, but who would have used an ID card, and who opt to use an e-Gate. This gives an estimated saving to the public sector of **£36.7 to £49.9 million (PV)** with central estimate of **£45.6 million (PV)** over 10 years.
79. These benefits are uncertain as they are highly dependent on what other aspects of their role BF officer's will undertake instead of working at the PCP. This analysis has also assumed that there is enough spare capacity on the e-Gates to absorb the increase in the number of passengers who would use them.

Total benefits

80. Total benefits are estimated to be in the range of **£36.7 million to £49.9 million (PV)**, with a central estimate of **£45.6 million (PV)** over 10 years.

E7 Summary of results

Table 4: Summary of monetised costs and benefits (L, C and H), £ million (2021 prices for year 1 only and PV for 10 years)

10-year present values, £ million	Low	Central	High
Set up costs (2021 only)			
Private sector familiarisation	-0.0	-0.0	-0.1
Private sector amendments to guidance	-0.1	-0.1	-0.2
Public sector communications costs	-0.2	-0.2	-0.3
Public sector familiarisation	-0.0	-0.1	-0.2
Total set-up costs	-0.3	-0.5	-0.8
Indirect costs (not in the NPSV)			
Loss of Exchequer revenues	0.0	-590.0	-1,890.0
Benefits			
Border Force officer time savings	36.7	45.6	49.9
Total benefits	36.7	45.6	49.9
Net Present Social Value	36.4	45.1	49.1
Business NPV	-0.1	-0.2	-0.4
EANDCB	0.01	0.02	0.04

Source: Home office internal analysis

Note: Figures may not sum due to rounding.

NPSV, BNPV, EANDCB

81. The Better Regulation Framework Manual⁴³ defines the Net Present Social Value (NPSV) as the net benefit to society and the economy as a whole, calculated as total benefit minus the total cost, both of which are discounted over the appraisal period by the social discount rate of 3.5 per cent. The

⁴² Based on contractual hours.

⁴³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/872342/better-regulation-guidance.pdf

NPSV of this policy is estimated to be in a range of **£36.4 to £49.1 million (PV)** with a central estimate of **£45.1 million (PV)** over the 10-year appraisal period.

82. The Business Net Present Value (BNPV) is the net present value of all benefits to business less the net present value of costs. This includes the familiarisation costs to carriers, and the cost of changing guidance, which are all incurred in the first year of implementation only. The **BNPV** is in a range of **-£0.1 to -£0.4 million (2021 prices)**,⁴⁴ with a central estimate of **-£0.2 million (2021 prices)**.
83. The net direct cost to business per year (EANDCB) is the metric used in scoring impacts for the Business Impact Target (BIT), and only direct costs are in scope. All of the direct costs to businesses are incurred in the first year of implementation. Therefore, the **EANDCB** is estimated to be between £10,000 and £40,000 per year with a central estimate of £20,000 per year.

Impact on small and micro-businesses

84. This policy applies to all EEA passengers crossing the UK border, with exceptional passenger groups as noted in Section A. The requirement for passengers to be appropriately documented applies irrespective of mode or the size of the firm providing carriage. As described in Section E3, carriers will face familiarisation costs for staff and any change to guidance, however this is not expected to be a burdensome process. There are no UK commercial scheduled carriers with less than 50 staff, carrying passengers on international routes. There are a small number of charter aircraft firms with fewer than 50 staff,⁴⁵ which may fly international routes. These firms may face familiarisation costs however this is unlikely to be a disproportionate burden.
85. The indirect impact of passengers deterred by travel may impact certain sectors in particular as set out in Section I. Some of those sectors, such as the English Language Teaching sector, are made up of a high number of small and micro-sized firms.⁴⁶ However, there should not be disproportionate impact on smaller firms, relative to the sector as a whole. The principal policy objective is to enhance border security. This cannot be achieved if the requirement is not enforced according to firm size or purpose of travel.

Value for money (VfM)

86. The objective of this policy is to strengthen the security of the UK border through mitigating abuse of EEA ID cards, whilst also contributing towards the delivery of a single global immigration system and increasing the use of technology in border processes. The benefits arising from increased automation have been monetised as part of the appraisal, however it is very difficult to quantify the security benefits.

F. Proportionality

87. The approach taken in this IA is considered proportionate given the evidence available on potential impacts. The IA has drawn on all available evidence, including analysis of internal operational datasets where appropriate. The level of detail is greatest for aviation passengers, as the mode of transport taken by the majority of arrivals.
88. Given the unprecedented uncertainty around future passenger volumes, the illustrative scenarios should be considered indicative only, and do not constitute forecasts of future passenger volumes.

⁴⁴ Note that where costs are incurred only in the first year of implementation, present values are interchangeable with 2021 prices, since the discount factor is 1.0.

⁴⁵ Listed under Type B licence holders, only some of which hold a certificate to carry passengers <https://www.caa.co.uk/Commercial-industry/Airlines/Licensing/Licence-types/Airline-licence-holders/>

⁴⁶ The members directory for the trade association English UK lists 433 firms <https://www.englishuk.com/member-directory> many of which are small or micro-sized.

G. Risks

89. This section outlines some of the key risks to the appraisal estimates for costs and benefits. Each of the existing scenarios are conditioned on a different combination of assumptions to reflect the underlying uncertainty around the central estimate. This section looks at some of those assumptions in isolation, while holding all other assumptions constant.

G1 – Passengers who may continue to use ID cards

90. Section A noted that EEA nationals within the citizens’ rights cohort can continue to use ID cards at the UK border until at least the end of 2025, and indefinitely if the cards meet the biometric standards set by the ICAO. The largest group within that cohort are passengers with status under the EU Settlement Scheme, which as of March 2021 had granted status to 4.5 million applicants.⁴⁷

91. The analysis of volumes in Section E has not included an adjustment for this group as there is no evidence on how frequently members of the citizens’ rights cohort cross the border. Therefore, the benefits to BF from such passengers switching to passports and using e-Gates, may be overstated. The indirect costs of lost Exchequer revenues, arising from passengers deterred from travelling, may also be overstated. The indirect costs are not included in the NPSV. Therefore, reducing the number of passengers subject to the policy reduces the NPSV proportionately.

92. Table 5 shows the impact on the NPSV if the policy did not apply to an increasing share of passenger journeys. The impact is proportional across all scenarios, allowing for rounding.

Table 5: Sensitivity analysis of exempt passengers, NPSV over 10 years, £ million, 2021.

Passenger journeys exempt (%)	Low	Central	High
0	36.4	45.1	49.1
10	32.7	40.6	44.1
25	27.2	33.7	36.6
50	18.0	22.3	24.2

Source: Home Office internal analysis

G2 – Passport costs

93. Section E2 outlined the approach to estimating the number of passenger journeys deterred due to the financial burden of having to purchase a passport. This was based on standard passport costs from EEA issuing authorities. Lasting pandemic measures in European countries may make it more difficult or expensive for EEA nationals to obtain a passport. Table 6 shows the impact of increasing passport costs by 50 and 100 per cent respectively.

94. Increasing the costs of a passport results in a proportionate increase in the share of baseline passenger journeys that are deterred across all scenarios. For example, in the central scenario, the share of deterred passenger journeys proportionately from 5 to 10 per cent, as passport costs are doubled. This results in a proportionate loss of Exchequer revenues (which are not included in the NPSV), but still only a represents a small share of journeys that continue, and pass through e-Gates at airports, after the policy is implemented. Therefore, the reduction in benefits is less than proportional.

⁴⁷ See Table 3, <https://www.gov.uk/government/statistics/eu-settlement-scheme-quarterly-statistics-march-2021> Note this may include a low proportion of duplicate applications for those moving from pre-settled to settled status.

Table 6: Sensitivity analysis of passport costs, NPSV over 10-years, £ million, 2021.

Passport costs, £m	Low	Central	High
Standard cost	36.4	45.1	49.1
+50%	36.4	44.3	46.3
+100%	36.4	43.5	43.6

Source: Home Office internal analysis

G3 – Journeys per passenger

95. This analysis has drawn on internal operational data to estimate the number of journeys a passenger makes in a single year, and then adjusted the passport costs accordingly. It could be argued that this should include all journeys that a passenger might make on the passport over the full validity period of the passport, however passengers are unlikely to know this with certainty. Therefore, an estimate for trips in a single year has been used to adjust this. For EEA nationals, the weighted average number of journeys per passenger has been estimated at 1.7. Table 7 demonstrates the sensitivity of the NPSV to this assumption.

Table 7: Sensitivity analysis of journeys per passenger, NPSV (10-year, £m)

Annual journeys per passenger	Low	Central	High
1	21.2	25.5	25.9
Baseline	36.4	45.1	49.1
2	42.7	53.1	58.4

Source: Home Office internal analysis

G4 - Unintended consequences

96. The objectives of the policy have been set out in Section C. Wider impacts, including the potential unintended consequences such as the impact on youth mobility and specific sectors, have been considered under Section I. No further unintended consequences have been identified.

H. Direct costs and benefits to business calculations

97. **Option 2 is the Government's preferred option** as it is the most effective in meeting the policy objectives. The **NPSV** is estimated in a range of **£36.4 to £49.1 million (PV)**, with a central estimate of **£45.1 million (PV)** across the 10-year appraisal period. The **Business Net Present Value** is made up exclusively of initial year set up costs. The BNPV is estimated at **-£0.1 to -£0.4 million (2021 prices)**, with a central estimate of **-£0.2 million**. When these costs are apportioned across the appraisal period in line with the BIT methodology, the **EANDCB** is estimated to be below **£0.1 million** in all scenarios.

Table 8: Summary of direct costs to business

£ million, 2021 prices	Low	Central	High
Familiarisation costs	0.0	0.0	-0.1
Amendments to guidance	-0.1	-0.1	-0.2
Business NPV	-0.1	-0.2	-0.4
EANDCB	0.01	0.02	0.04

Source: Home Office internal analysis
 Figures may not sum due to rounding.

I. Wider impacts

98. There may be wider impacts on sectors which are heavily reliant upon EEA and Swiss nationals who travel exclusively on national ID cards. It is not customary for UK statistics to record usage of document type by sector and therefore it is difficult to link these arrivals to specific sectors. It is also difficult to isolate the additional impact of this policy from any other trends in EEA arrivals following the UK's withdrawal from the European Union. For example, ID card usage may have been high among seasonal workers in agriculture, horticulture, and food processing sectors. However, from July 2021, the new points-based immigration system requires EEA applicants to use their biometric EEA passport to apply for immigration status.⁴⁸
99. Other sectors that rely on frequent movement of EEA nationals across the border, such as haulage, may also be impacted as the perceived cost for workers coming to the UK is now higher, if they do not own a passport. As noted in Section E2, a higher frequency of travel to the UK should reduce the effective per-journey cost of the passport. For such workers, the relevant determinant of coming to the UK is likely to depend on the labour market conditions relative to EEA countries.
100. Young people may be more likely to own an ID card but not a passport⁴⁹ given the higher financial and administrative requirements. Also, ID cards are cheaper than passports in many countries, and sometimes have longer validity.⁵⁰ This could have a corresponding impact on school visits and the English language teaching sector, which would be disadvantaged relative to English-speaking markets within the EEA (Republic of Ireland, Malta, Gibraltar). Those travelling as groups may be deterred from visiting the UK if a significant portion of the group cannot obtain a passport,⁵¹ or where non-EEA nationals are a part of the school group.⁵²
101. The indirect costs noted in Section E4 reflect the Exchequer costs from the loss of wider tourist spending. It is difficult to estimate the precise cost to the UK tourist sector, as this depends on the profile of spending of those passengers who only possess an ID card and are subsequently deterred. The ONS IPS indicates EEA residents accounted for 40 per cent of all spending by overseas residents in 2019.⁵³

⁴⁸ <https://www.gov.uk/guidance/using-the-uk-immigration-id-check-app>

⁴⁹ English UK, a trade association representing English language teaching centres suggests under-18s are more likely to rely on ID cards alone, <https://publications.parliament.uk/pa/cm5801/cmpublic/Immigration/memo//IB01.pdf>

⁵⁰ Further review of ID cards characteristics, see the European Commission draft Impact Assessment (2018), https://ec.europa.eu/info/files/impact-assessment-security-identity-cards_en

⁵¹ In a survey of English UK members, two-thirds reported that more than half of their European juniors travelled on ID cards. <https://www.englishuk.com/en/about-us/news-press/english-uk-news?newsId=3130>

⁵² The List of Travellers scheme which allows non-EEA visa nationals to travel as part of a school group will also end from 1 October 2021.

⁵³ ONS (2019), Table 4.04,

<https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/datasets/overseasresidentsvisits-to-the-uk>

J. Trade Impact

102. This measure has no direct impact on trade. The policy is not intended to prevent individuals from entering the UK, it simply changes the documentation required to cross the border. For those travelling on an ID card and who do not own a passport this may represent a financial barrier to travelling to the UK, with the level of deterred journeys shown in Table 1.
103. Where such travellers are employed in sectors that contribute toward UK trade, and are subsequently deterred by the new requirements, it is not clear what share of that lost output is strictly additional (or the level of substitution with UK resident workers).

K. Monitoring and evaluation (PIR if necessary), enforcement principles

104. The Government intends to implement this change at the UK border from 1 October 2021. The Home Office will continue to monitor the level of ID card usage in the period around implementation to support the direction of further communications.

L. Annexes

Annex 1, Impact Assessment Checklist

Mandatory specific impact test - Statutory Equalities Duties	Complete
<p data-bbox="199 371 580 405">Statutory Equalities Duties</p> <p data-bbox="199 472 1318 779">No significant PSED implications have been identified as arising from the change in policy. The policy is broad and implicates all travelling to the UK using ID cards. This may impact nationalities differently based on the usage of ID cards within each nationality groups but does align with policy to treat EU and Non-EU arrivals equally. However, it should not directly impact individuals based on the protected characteristics including age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, or sexual orientation.</p> <p data-bbox="199 904 847 938">The SRO has agreed these summary findings.</p>	<p data-bbox="1385 645 1442 678">Yes</p>

Any test not applied can be deleted except **the Equality Statement**, where the policy lead must provide a paragraph of summary information on this.

The Home Office requires the **Specific Impact Test on the Equality Statement** to have a summary paragraph, stating the main points. **You cannot delete this and it MUST be completed.**

Economic Impact Tests

Does your policy option/proposal consider...?	Yes/No (page)
<p>Business Impact Target The Small Business, Enterprise and Employment Act 2015 (s. 21-23) creates a requirement to assess the economic impacts of qualifying regulatory provisions on the activities of business and civil society organisations. [Better Regulation Framework Manual] or</p> <p>This is a non-qualifying regulatory provision.</p>	Yes

<p>Small and Micro-business Assessment (SaMBA) The SaMBA is a Better Regulation requirement intended to ensure that all new regulatory proposals are designed and implemented so as to mitigate disproportionate burdens. The SaMBA must be applied to all domestic measures that regulate business and civil society organisations unless they qualify for the fast track.</p> <p>The impact on small and micro-businesses has been considered as part of the appraisal in Section E. There may be a small number of charter aircraft firms with less than 50 staff, which may fly international routes. However, the familiarisation costs are not expected to fall disproportionately on these firms. No other international rail or maritime carriers have fewer than 50 employees.</p>	Yes
---	-----