

Impact Assessment, Home Office

Title: Introduction of an Electronic Travel Authorisation (ETA) Scheme.

IA No: HO0374

RPC Reference No: N/A

Other departments or agencies: N/A

Date: May 2023

Stage: FINAL

Intervention: Domestic

Measure: Secondary Legislation

Enquiries:

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RPC Opinion: Not Applicable

Business Impact Target: Non qualifying provision

Cost of Preferred (or more likely) Option (in 2022 prices)

Net Present Social Value NPSV (£m)	543	Business Net Present Value BNPV (£m)	-26	Net cost to business per year EANDCB (£m)	3
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What is the problem under consideration? Why is government intervention necessary?

Compared to those who hold immigration status, less information is known about most non-visa nationals (NVNs) before they arrive at the UK border. This means there is less information and time to assess the risks this cohort may pose. The Electronic Travel Authorisation (ETA) Scheme will require individuals to obtain permission to travel to the UK in advance of doing so. This will enhance the Government's ability to assess any risks the NVN cohort and others pose ahead of travel and provide greater certainty about an individual's eligibility to travel to the UK.

What is the strategic objective? What are the main policy objectives and intended effects?

The strategic objective is to better secure the UK border against individuals who may pose threats.

- To fill the current gap in advance permissions, specified cohorts intending to travel to the UK will be required to obtain permission to travel in advance of coming to the UK.
- To ensure the requirement is enforced, the carriers' liability civil penalty regime will be extended to incentivise carriers to check all travellers are in possession of an appropriate permission to travel, that is, an ETA or another type of permission, for example, an eVisa.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Option 1: Do nothing, and continue the current system. This does not meet the objectives.

Option 2: Introduce enabling powers in primary legislation to implement an ETA scheme, in the Immigration Rules, thereby requiring specified individuals to obtain permission to travel to the UK, in the form of an ETA, before doing so. **Option 2 is the Government's preferred option** as it meets the policy objectives.

Non-regulatory options were considered but did not meet the objectives so were not taken forward.

Main assumptions/sensitivities and economic/analytical risks **Discount rate (%)** 3.5

This assessment assumes 16 to 32 per cent of current refusals at the border could be prevented by the ETA scheme. A fall in visitor volumes due to the fee introduction is estimated using elasticity range of 0 and -0.7. Monetised benefits and costs are sensitive to passenger numbers (assumed to return to pre-pandemic levels by implementation). Optimism bias of 62 per cent applied to all direct costs, 30 per cent to caseworking. Public sector costs are incremental due to building systems as investment at the UK border. The NPSV is not a complete indicator of benefits as it has not been possible to monetise all costs and benefits. Uncertainties and assumptions will be reviewed in line with ETA fee.

Will the policy be reviewed? The cost of an ETA fee is expected to be reviewed. **If applicable, set review date:** 2024

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:

Jella Braveman

Date:

June 2023

Summary: Analysis & Evidence

Policy Option 2

Description: Introduction of an Electronic Travel Authorisation (ETA) scheme

FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2022/23	PV Base	2022/23	Appraisal	12	Transition	3
Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)		
Low:	972	High:	-308	Best:	543	Best BNPV	-26	

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Exl. Transition Constant Price	To Business Present Value
Low	57	655	712	49	13
High	195	3,918	4,112	340	62
Best Estimate	117	1,510	1,627	124	29

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

Using central estimates: the main costs to businesses are IT set-up and familiarisation costs of **£29 million** in year 1 only. Set-up costs to the public sector incurred between 2022/23 to 2025/26 include IT (**£89 million**). Ongoing costs (PV) to the public sector are inclusive of **£435 million** for IT running costs and **£677 million** for application processing and caseworking. The main associated ongoing indirect costs are from exchequer losses in revenue of **£397 million (PV)**.

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

It has not been possible to estimate the ongoing IT system costs (for example, maintenance) to carriers at this stage.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Exl. Transition Constant Price	To Business Present Value
Low	0	1,684	1,684	176	0
High	0	3,804	3,804	398	9
Best Estimate	0	2,170	2,170	227	2

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

Based on central estimates and 2022/23 prices the main benefits (PV) to business are inclusive of savings from reduced border refusals (**£2 million**). Public sector benefits (PV) are from reduced refusals and fee income which is estimated at **£2,167 million**.

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

Increased border security through earlier assessment of the risk posed by individuals travelling to the UK. A greater degree of assurance about individuals' eligibility to enter the UK ahead of travel. In the future, the ETA scheme will allow passengers to undergo automated border screening, helping to speed up legitimate journeys to the UK.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:									
Cost, £m	3	Benefit, £m	0.2	Net, £m	-3				
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	N	Small	N	Medium	Y	Large	Y
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?	N
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Evidence Base (for summary sheets)

A. Strategic Objective and Overview

A.1 Strategic objective

1. The main objective is to secure the UK border, improving the ability to identify individuals who pose a threat to deter and prevent their travel before they are able to reach the border, and support wider ambitions to transform the way that passengers are managed when travelling to and crossing the UK border. The ambition is to deliver a world leading data-driven, digital, person-centric border. See section K for further information on how objectives will be monitored and evaluated.

A.2 Background

2. The UK's border and immigration system has many strengths, including protecting against: crime, immigration abuse, public health concerns, espionage, and terrorism. At the same time, it needs to be efficient and easy to use to help promote economic growth, making the UK a global destination of choice. The Government has already taken steps towards strengthening the UK border. For example, by requiring carriers to provide passenger data and incentivising them to check that travellers are properly documented ahead of travel, by operating an Authority to Carry ("No Fly") Scheme to refuse carriers' authority to carry certain individuals when it is necessary in the public interest and implementing a robust approach to assessing people seeking to enter the UK, including a biometric visa regime and checking 100 per cent of arrivals on scheduled journeys from outside the Common Travel Area (CTA). However, whilst the current border and immigration system has served the UK well, it will become increasingly difficult to maintain in the context of increasing and diversifying threats.
3. In the context of increasing passenger volumes and varying threats to the border, the current policy for non-visa national (NVN) visitors, including EEA citizens, does not allow the UK to exploit the benefits available from better data and analytics. At present, NVNs coming for up to six months as visitors, can readily travel to the UK alone. Carriers are required to provide the Government with passengers' travel document information in advance of travel, in the form of Advance Passenger Information (API)¹. In comparison with those who are required to obtain an entry clearance (including visit visas) prior to travelling, this means that UK border control and law enforcement authorities have less information to assess the risk posed by most NVN individuals in advance of their arrival in the UK.
4. As an indication of the scale of the number of arrivals that provided the Government with limited advance information, in 2017² the UK admitted approximately 50 million arrivals that did not need to seek entry clearance in advance of travel (39.8 million EEA nationals and 10.2 million NVNs). In terms of NVNs arrivals, 10.2 million accounts for approximately 79 per cent of total NVN arrivals at the UK border (9.4 million NVN arrivals and 0.8 million NVN landside transit journeys) whom the Home Office received very limited advance information about. The scale of increasing passenger volumes can also be seen in Home Office

¹ Advance Passenger Information comprises, for each passenger: (1) Full name; (2) Sex; (3) Date of birth; (4) Nationality; (5) Travel document type; (6) Travel Document Number; (7) Document country of issue and (8) Document expiry date.

² 2017 represents the last year which provides comprehensive statistics detail in respect of arrivals in the UK. This is because, in May 2019 the Government removed the need for all non-EEA travellers to fill in landing cards upon arrival in the UK and expanded the use of ePassport gates to seven additional countries (UK and EEA citizens were already eligible). As anticipated in the original consultation, the withdrawal of landing cards has resulted in a temporary loss to some data, ahead of new data sources being developed. Likewise, due to the ongoing Covid-19 pandemic recent passenger volumes are significantly lower than business as usual and it is uncertain as to how or when passenger volumes will begin to increase..

published statistics between 2006 and 2016, where EEA and non-EEA passenger arrivals grew at an average rate of 2.2 per cent and 2.5 per cent each year, respectively.³

5. The current approach limits the Government's ability to identify fully those who pose a risk or are seeking to take advantage of the UK's position as an open trading nation. It also limits the Government's ability to identify those who pose no risk and could, therefore, benefit from a more expedited clearance process at the border in the future. It means the Government is unable to create a border and immigration system that is less binary in approach (that is, visa or non-visa based on nationality alone) when more advance information would permit a more sophisticated approach to risk assessment. Over time, the use of this information will allow the majority of legitimate passengers to use an automated process at the border to confirm their identity and undertake final security checks, while allowing Border Force Officers to be used where they can add most value in questioning those where an intervention is deemed necessary.

Points-based immigration system

6. The Government is not limited to continuing to operate the current approach. On 27 July 2022, the Government published a detailed policy statement⁴ setting out its vision for transforming the UK's border and immigration system; including a suite of changes which aim to secure the UK border against threats from people. Such changes include investment in border processes, biometrics and technology which will result in a border that operates with a fully digital end-to-end customer journey, improving both security and the passage of legitimate travellers through the border. It also includes the introduction of a universal 'permission to travel' requirement.
7. The focus of this impact assessment (IA) primarily relates to the universal permission to travel requirement. The requirement means that in the future anyone (except British and Irish citizens) wishing to come to the UK will need to obtain permission to do so before they travel. For those coming or returning to the UK having been granted leave, their permission to travel will be their visa, entry clearance, biometric residence permit or, increasingly, their digital status. Home Office is developing digital versions of these permissions, as has already been the case for those individuals on the EU Settlement Scheme. For British and Irish citizens, who do not require leave to enter the UK, their permission to travel will generally be their nationality, as demonstrated by their passports or passport cards.
8. Those who do not need to obtain a visa for short stays or who do not already have an immigration status⁵ will be required to obtain permission to travel, in the form of an Electronic Travel Authorisation (ETA), before making their journey to the UK.

Electronic Travel Authorisation (ETA) scheme

9. The introduction and operation of the ETA scheme will obligate those who do not require a visa and who do not already have an immigration status, but who require leave to enter on arrival, to apply for and obtain permission to travel to the UK in advance of doing so. Individuals granted an ETA will have permission to travel to the UK for a period of two years or until the expiry date of the passport they used to apply with, whichever is sooner, and will be able to use it to undertake multiple trips in that time.

³ Home Office (2018) National Statistics: Admissions. <https://www.gov.uk/government/publications/immigration-statistics-year-ending-june-2018/list-of-tables#admissions>

⁴ New Plan for Immigration: legal migration and border control strategy - GOV.UK (www.gov.uk)

⁵ For the purposes of this Impact Assessment we are using 'immigration status' as an overarching term to capture anyone who has: British or Irish citizenship, any form of leave to remain, or an entry clearance (including a visit visa).

10. This requirement will enhance the Government's ability to screen those intending to travel to the UK in advance and, where appropriate, prevent travel; thereby blocking threats from arriving and entering the UK. Combined with investment in border processes, biometrics and technology, obtaining permission to travel in advance of arrival will also enable the Government to further automate border clearance processes for low-risk passengers. This will allow the Government to use its highly trained Border Force officers to focus on higher-risk passengers as well as other activities associated with their role and responsibilities.
11. The introduction of the ETA scheme will also provide carriers with greater clarity about individuals who may and may not be carried to the UK. The scheme aims to reduce the risk of carriers being either: financially penalised for carrying inadequately documented individuals⁶; or incurring costs which arise from the detention⁷ and removal⁸ of individuals who are refused entry at the UK border.
12. The introduction of the ETA scheme is in line with the approach taken to border security by many of the UK's closest international partners; it is a familiar concept to many carriers and travellers.
 - Australia has operated an Electronic Travel Authority scheme since 1996,
 - The United States introduced the Electronic System for Travel Authorization (ESTA) in 2008,
 - Canada introduced an electronic Travel Authorization (eTA) in August 2015, and
 - New Zealand introduced an Electronic Travel Authority (NZeTA) in October 2019.
 - The European Commission is also developing plans for a similar system covering the Schengen area, the Electronic Travel Information and Authorisation System (ETIAS), which is currently expected to be in operation from 2024.

eVisas

13. In addition to introducing the ETA scheme, the Home Office is digitising the border and wider immigration system in a more holistic manner, resulting in a border that operates as a continuum with a fully digital end-to-end customer journey. Eventually the majority of physical products used to demonstrate a person's immigration status will be replaced by a fully digital status record. The Home Office has already introduced a digital status for some of those granted permission on the Hong Kong British National (Overseas) route, those granted EU Settlement Status and EEA nationals granted permission to work, study or live in the UK. The ambition is to replace the physical vignettes issued to migrants from the rest of the world with a digital status by the end of 2024.

The Government has already taken some of the necessary steps to allow for the introduction of visas or entry clearance in electronic form by amending the Immigration Rules. However, in much the same way as the ETA scheme will operate, the amended carriers' liability provisions (described below) will incentivise carriers to ensure that a traveller holds an ETA, or another form of digital permission, such as a visa or an immigration status in electronic form where so required, or risk a civil penalty.

⁶ Under Section 40 of the Immigration and Asylum Act 1999.

⁷ Schedule 2, Paragraph 19 of the Immigration Act 1971 allows the Secretary of State for the Home Department to hold carriers liable for the costs of custody, accommodation or maintenance where an individual, who is not in possession of an Entry Clearance and who has been refused entry to the UK, is detained.

⁸ Schedule 2, Paragraph 8 of the Immigration Act 1971 allows Immigration Officers to give the captain or the owners/agents of a ship or aircraft directions requiring them to remove an individual who has been refused entry from the UK.

Carriers' liability

14. In introducing an ETA scheme and digitising immigration status, the Government will also extend the carriers' liability civil penalty regime. Currently, under Section 40 of the Immigration and Asylum Act 1999, carriers are incentivised to check that passengers travelling to the UK are properly documented; meaning they conduct checks to ensure travellers hold an appropriate, genuine travel document and, if a visa national, that they have a visa for the UK. Under the regime, where an inadequately documented arrival (IDA) is brought to the UK, the carrier may be liable for a fine of up to £2,000.
15. As part of the introduction of the ETA scheme the Government is extending this scheme to incentivise carriers to check for the presence of an ETA or another form of digital permission, such as a visa or an immigration status in electronic form where required. This means the Secretary of State for the Home Department (the Home Secretary) will be able to levy a penalty charge against a carrier if they fail to ascertain whether an individual possesses the required permission to travel, either in electronic or physical form.

A.3 Groups affected

16. The ETA scheme will be implemented in a phased manner, on the basis of nationality from October 2023 until the end of 2024. From October 2023, nationals of Qatar will be able to apply for an ETA. After which nationals of Oman, United Arab Emirates, Kuwait, Bahrain, Saudi Arabia and Jordan will then join from the ETA scheme in February 2024. Throughout 2024, as per our intention as set out in The New Plan for Immigration: legal migration and border control policy paper, published in July 2022, the ETA scheme will be extended to all groups of NVNs. This IA therefore covers all the main groups that are intended to be affected by the proposed ETA policy which are:
 - Individuals who want or intend to travel to the UK, particularly:
 - NVNs who require leave to enter on arrival and who do not currently require an entry clearance or have an immigration status in advance of travelling (for example, those coming as visitors or to undertake activities permitted by Appendix Visitor: Permitted Activities of the Immigration Rules⁹).
 - EEA citizens, who are now also NVNs and will therefore require a permission to travel to the UK as well as leave to enter on arrival. As with other NVNs those with an immigration status or entry clearance will not require an ETA.
 - Visa nationals (VNs) who currently benefit from specific concessions in the Immigration Rules which mean they can, in limited circumstances, travel to the UK without a visa.
 - Other specific cohorts who do not require a visa or entry clearance e.g. Tier Five Creative and Sporting concession holders.
 - Some limited specific categories of passenger who may be exempt from the proposed ETA requirements remain under consideration and any exemptions will be announced in due course.
 - The Home Office will develop and manage the system and ensure that those arriving in the UK are in possession of a valid ETA, where required.
 - All air, sea and rail operators who carry passengers to the UK will, where appropriate, be expected to check that an individual has an ETA before boarding to avoid incurring

⁹ <https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-v-visitor-rules>

a penalty. It is anticipated that costs for small or micro-businesses in the general aviation (GA) and/or general maritime (GM) sectors will be minimal. This is because the Home Office will ensure appropriate mitigations to prevent the new requirement being overly burdensome to these sectors are put in place.

- The Judiciary and HM Courts and Tribunal Service (HMCTS) would be affected in three scenarios: 1) should an individual who was refused an ETA lodge a judicial review (JR) against such a decision, 2) should the Government choose to prosecute those who use deception to try to obtain an ETA, and 3) should a carrier appeal a penalty under the Carriers' Liability Penalty scheme.
 - Companies, based both inside and outside of the UK, may be affected where they require individuals to travel to the UK to undertake permitted business activities, as defined in 'Appendix Visitor: Permitted Activities of the Immigration Rules',¹⁰ should they decide to absorb the cost of said individual obtaining an ETA to evidence their permission to travel.
17. Applications for ETA will be subject to a fee, and the department intends to charge £10 for an application during the initial rollout period, where countries included in the initial rollout period are those stated in para 16. While the fee of £10 is applied to all nationalities for the purposes of this IA, Government intends to undertake a review of the fee prior to further rollout in 2024, and therefore the fee may be subject to change.
18. The Government is continuing to consider whether any other groups or sectors will be impacted by the introduction of the ETA scheme. Where a group is identified, the Government will consider the implications of the impact and, if necessary, whether any mitigations need to be put in place.
19. It is acknowledged that over time the status of certain groups or countries may change (i.e. from visa nationals to non-visa nationals and vice versa). These are not currently within the scope of the IA given the uncertainty, but the Government will strive to maintain minimal impact on border security and the economy.

A.4 Consultation

Within Government

20. The Home Office continues to have detailed discussions about the UK's points-based immigration and border system with a number of other government departments including the Department for Digital, Culture, Media and Sport (DCMS), the Department for Business, Energy and Industrial Strategy (BEIS), the Department for International Trade (DIT)¹¹, the Foreign, Commonwealth and Development Office (FCDO), the Department for Education (DfE), HM Treasury (HMT) and the Department for Transport (DfT).
21. The Home Office also continues to engage with the Devolved Administrations of Northern Ireland, Scotland and Wales as well as the Crown Dependencies (Bailiwick of Jersey, Bailiwick of Guernsey and the Isle of Man) on a range of issues related to the introduction of this policy.

Public consultation

¹⁰ [Immigration Rules - Immigration Rules Appendix Visitor: Permitted Activities - Guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/immigration-rules-immigration-rules-appendix-visitor-permitted-activities-guidance)

¹¹ At time of publishing the departments are facing restructure. BEIS and DIT will now be restructured to the Department of Energy Security and Net Zero, Department for Science, Innovation and Technology, and the Department for Business and Trade.

Targeted stakeholder engagement

22. In 2018, the Home Office engaged with a cross-section of stakeholders to explore, first, how they currently connect to and exchange (both send and receive) data with the Home Office and, second, how they would/could exchange data with the Home Office if digital permissions (eVisas) are introduced. This engagement included 61 representatives from the aviation (both commercial and general), maritime and rail sectors, and included stakeholders such as carriers, companies providing departure control systems, ground handlers and companies providing technical integration of systems.
23. As part of this engagement process, the Home Office engaged with stakeholders who were: internationally and geographically diverse, held different market shares (for example, flagship carriers as well as low-cost airlines), had different operating models and submitted passenger and service data to the Home Office in different ways. The Home Office also engaged with stakeholders who did and did not have experience of flying to countries which already operate permission to travel schemes, such as the United States of America's ESTA programme.
24. Since 2020, the Home Office has engaged with a number of carriers on the detail of messages that will be communicated to carriers confirming a traveller's permission to travel status. The Home Office will intensify and broaden this engagement as it further develops the detail of the Universal Permission to Travel requirement, as well as the ETA scheme and moves towards implementation. The Home Office will also conduct further engagement with GA and GM carriers to understand any potential impacts on their operating models.
25. The Home Office has also engaged with a range of international partners who have implemented similar schemes, including Australia, Canada, New Zealand and the USA. This engagement focused on understanding these countries' experience of implementing similar systems; including their experience of engagement with the private sector (especially carriers) to give their respective policies effect. The Home Office found that this engagement yielded constructive qualitative discussions and lessons learnt in respect of the various countries' experiences. However it was not possible to obtain quantitative data, beyond that set out in this IA.

B. Rationale for intervention

26. In the context of diversifying and intensifying threats, as well as increasing passenger volumes, it is paramount that the UK's border security is enhanced by ensuring all potential travellers undergo a more detailed pre-arrival check. The introduction of the ETA scheme will close the current gap in advance permissions for NVNs. It will enhance the Government's ability to undertake pre-arrival checks with greater information,¹² obtained at an earlier stage, than is currently provided by airlines shortly before departure. This will enable the Government to make better-informed decisions about individuals' suitability to travel to the UK at an earlier point in the passenger journey. This will prevent more of those individuals who pose a threat from arriving at the border only to be refused entry to the UK, in turn reducing pressure at the border and ensuring the smooth flow of legitimate travellers.
27. Consequently, it is expected that the pre-arrival checks conducted as part of the ETA scheme will generate efficiencies at the border. For the traveller and carriers, the ETA scheme will mean that they will be provided with more assurance as to whether they have

¹² Individuals applying for an Electronic Travel Authorisation (ETA) will need to provide: biographic and biometric information, contact details and answer a short set of suitability questions.

permission to travel to the UK earlier in the passenger journey. It is expected that this approach will also help to mitigate potential financial penalties imposed on carriers because an IDA has been allowed to travel, as well as where carriers incur costs associated with the detention and removal of individuals refused entry to the UK.

28. In addition, the ETA scheme – combined with investment in border processes and technology as set out in the New Plan for Immigration: Legal Migration and Border Control policy statement published on 27 July 2022¹³ – is seen as part of the process which the Government wants to use to achieve its ambition of creating a border and immigration system that is more sophisticated in its assessment of risk and has a less binary approach (visa or non-visa) based on nationality. It should enable the Home Office to further promote automated clearance methods, as the Government seeks to increasingly automate the clearance of low-risk passengers, whilst continuing to expertly detect potential security threats such as forged passports and imposters. This would create a streamlined, end-to-end digital process for those travelling to the UK, carriers, and the Home Office. It will also allow the Government to use its Border Force officers to focus on higher-risk passengers as well as other activities associated within their role and responsibilities.
29. Government intervention is required to collect further advance information about individuals intending to travel to the UK to allow the Home Office to make better informed decisions about an individual's eligibility to travel to the UK, thereby preventing threats from reaching the UK border. Government intervention will allow the Home Office to progress its vision for the future border and immigration system.

C. Policy objective

30. The main objective is to strengthen the security of the UK border, improving the ability to identify individuals who pose a threat before they can reach the border, and support wider ambitions to transform the way that passengers are managed crossing the UK border. The ambition is to deliver a world leading data driven digital, person-centric border. See section K for further information on how objectives will be monitored and evaluated.
31. To address these objectives, the following legislative measures have been introduced through the the Nationality & Borders Act 2022:
 - **A power to introduce a requirement to obtain an ETA:** This provides the Government with an earlier and enhanced ability to assess an individuals' eligibility to travel to the UK. This means the Government will have the opportunity to confirm whether an individual has a permission to travel – in the form of an ETA - or should seek a visa, rather than being refused entry on arrival at the border. This will provide the Home Office with greater control over how it manages the risk associated with incoming travellers and provide individuals with more assurance at an earlier point in time about their eligibility to travel.
 - **A power to extend the carriers' liability civil penalty scheme to enforce the requirement for carriers to check with the Home Office for the existence of an ETA, or other digital immigration permission (e.g. eVisas):** This will minimise existing and new burdens on carriers by working with their existing processes, providing greater clarity about individuals that may be carried to the UK and reducing

¹³ [New Plan for Immigration: legal migration and border control strategy](https://www.gov.uk/government/consultations/new-plan-for-immigration-legal-migration-and-border-control-strategy) - GOV.UK (www.gov.uk)

the risk of carriers being penalised for carrying individuals without the necessary permission.

D. Options considered and implementation

32. **Option 1:** Do nothing, that is, continue the current system. Under this option, NVNs would continue to provide limited information prior to arrival and be able to travel to and arrive at the UK border on the basis of a limited assessment of their suitability. There would continue to be a gap in respect of advanced permissions for NVNs compared to VNs. This option does not allow the Home Office to respond to increasing and diversifying threats at the border. While there are no economic costs associated with this option, it does not meet the Government's objectives and would not address the security risk to the UK.
33. **Option 2:** to meet the policy objectives set out in paragraph 30, the Government is now proposing to implement the legislative measures set out in paragraph 31. **This is the Government's preferred option** as it would strengthen the UK's border security by providing the Government with an earlier and enhanced ability to assess an individual's eligibility to travel to the UK.
34. The Home Office will be responsible for operating and enforcing the ETA scheme which is will be fully rolled out by the end of 2024. The Government will introduce the ETA scheme in a phased manner starting with Qatar in 2023 followed by Kuwait, United Arab Emirates, Oman, Bahrain, Jordan, and Saudi Arabia in early 2024. The Home Office will provide an update on which nationality will be next to join the ETA scheme in due course.

E. Appraisal

General assumptions and data

35. The Green Book¹⁴ advises that an appraisal period of 10 years is suitable for most government interventions. The full benefits and impacts of this policy will begin to be realised once the scheme is fully implemented in 2024. Some costs are transitional (incurred before 2024), and so this IA covers a 12-year appraisal period to fully capture the impacts of the policy.
36. This IA covers a 12-year period from 2022/23 to 2033/34. Costs and benefits are estimated in terms of 2022/23 prices. **The estimates of costs are based on additional impacts to current activity.** This analysis has assumed that an ETA will be valid for two years from the date of issue and holders are able to make multiple trips in that period. Where an ETA expires, individuals will be expected to apply for a new ETA should they wish to continue to travel to the UK.
37. The intervention being appraised has a three-year transition period, with set-up costs incurred from 2022/23 to 2024/25. Benefits are realised from 2023/24 onwards, when the first passengers will be required to hold an ETA.
38. The final costs and benefits included in the net present social value (NPSV) are those which both directly and indirectly (where identifiable) impact UK residents and businesses, in line with the Better Regulation Framework¹⁵ and the Migration Advisory Committee Report

¹⁴ <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

¹⁵ <https://www.gov.uk/government/publications/better-regulation-framework>

(2012)¹⁶. Any uncertainties related to the estimates throughout are described in the following sections.

39. In line with the Green Book, the total costs and benefits to businesses and the public sector are quantified where possible. Monetised estimates are presented to the nearest £10 million, £1 million or £0.1 million in 2022/23 prices, and passenger volume estimates are presented to two significant figures. Annex 2 contains the rounding conventions used throughout this IA.
40. The fee income (see section E12) is dependent on the number of travellers visiting the UK. For the purposes of this IA, it has been assumed that passenger volumes will return to the pre-pandemic trend by the time that this policy is fully implemented whilst accounting for the uncertainty with a wide range based on analytical estimates.
41. This IA assumes a fee of £10 for ETAs which has a two-year validity period¹⁷ and considers a fee maxima scenario of £15 in sensitivity analysis in section G2. The department intends to charge £10 for an ETA application during the initial rollout period, with the fee level to be reviewed before further rollout to other countries. The fee will be set in accordance with the fees and charging principles contained within the Immigration Act 2014¹⁸. The fee maxima may also be reviewed before further rollout to other countries.
42. The estimated impacts of introducing ETAs are included in the cost-benefit analysis (CBA) under two broad headings: direct costs and benefits, and indirect costs and benefits.
 - Direct costs and benefits are those that are clearly and immediately related to the introduction of ETAs; for example, the cost to carriers of updating IT systems. Only direct effects are considered in the 'net cost to business per year' (EANDCB¹⁹);
 - 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, as they affect the policy decision and are included in the final NPSV of the proposal. Indirect effects such as potential impact on visitor spend in the UK are included in the NPSV to provide a wider view of impact.
43. In line with Green Book guidance, the Home Office has considered the application of an optimism bias²⁰. The Home Office outlined all of the risks it could identify and determined how these risks contributed to the total risk of the project and then additionally, how these risks could be mitigated. The starting level of optimism bias was 200 per cent, as per Green Book guidance, as ETAs involve the development of IT infrastructure. Mitigation factors accounted for 69% of the overall bias applied. Some risks have been mitigated, as work has already proceeded on implementing the ETAs solution by contractors. A key risk that cannot be mitigated is the innovation involved in ETAs, this risk is generating over one third of the optimism bias. Based on this breakdown, 62 per cent was decided as the appropriate optimism bias for public sector and private sector direct costs relating to development of IT infrastructure and ongoing IT costs. For processing costs, an assumption 30 per cent is applied due to a higher level of confidence in the relevant systems in place.

¹⁶ Migration Advisory Committee (2012) "*Analysis of impacts*", January, London. see: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/257235/analysis-of-the-impacts.pdf

¹⁷ Real 2020/21 prices. It is assumed that the fee will remain approximately constant in real terms, increasing in line with the general rate of inflation over the appraisal period.

¹⁸ Immigration Act 2014: Chapter 22, Section 68. http://www.legislation.gov.uk/ukpga/2014/22/pdfs/ukpga_20140022_en.pdf.

¹⁹ EANDCB is defined as the Equivalent Annual Net Direct Cost to Business, see Regulatory Policy Committee guidance.

²⁰ [Green Book supplementary guidance: optimism bias - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257235/green-book-supplementary-guidance-optimism-bias.pdf)

Appraisal volumes

Baseline volumes

44. The baseline passenger figures over the appraisal period have been projected using the DfT Aviation Passenger Forecasts²¹ which have been supplemented to account for the roll out period. Based on these projections, the number of visits from countries that will require an ETA post-roll out is estimated to be approximately 52 million per year. As passengers can make multiple visits during an ETA's validity period, the volume of ETAs required for this number of visits is estimated by the number of unique individuals from historic Advance Passenger Information (API) data. In the low scenario it is assumed that on average in a 2 year period individuals make 2.7 trips, in the central 1.8 trips, and in the high 1 trip.
45. This provides an average range of ETA applications per annum of between **c.22 – c.52 million** with a central estimate of **c.29 million** at full roll out volumes (from 2025/26). Over the 12-year appraisal period we estimate total baseline volumes to range between **c.210 – c.490 million** with a central estimate of **c.270 million** (see Tables 1 and 2). A wide range is considered as there is substantial uncertainty around passenger volumes due to the inherent difficulty in estimating future volumes and the number of trips passengers will make, compounded by a lack of recent data due to the Covid-19 pandemic and the UK's exit from the EU.
46. There are additional categories (not exclusive to NVNs) currently under consideration to fall within an ETA requirement which have not been included in the baseline as published data is not available for these cohorts.²² The analysis presented in the following sections therefore considers the number of NVN arrivals only. Throughout this analysis NVN refers to both EEA and non-EEA nationals, unless otherwise stated.
47. In accordance with the European Union's Free Movement Directive, 2004/38/EC,²³ the Home Office did not record the purpose of travel for EU citizens when passing through UK border control. It has not been possible to attain a reliable breakdown of the number of journeys by EEA nationals by purpose of travel. This analysis therefore assumes that all EEA nationals will require an ETA before they travel to the UK.

Table 1: Breakdown of estimated NVN & EEA visits, 2018.

	Number of NVN passengers given leave to enter, 2018
Visitors (ordinary visitor and business visitors)	9,800,000
Passengers in transit (landside)	710,000
Short-term study (previously Student Visitors)*	120,000
Points Based System Tier 5 (Temporary Workers and Youth Mobility) - Creative and Sporting	26,000
EEA journeys (excluding Irish nationals)†	36,000,000
Total NVN & EEA visits	47,000,000

Source: Home Office (2018) National Statistics: Admissions. <https://www.gov.uk/government/statistical-data-sets/immigration-statistics-data-tables-year-ending-june-2019> Figures are presented to two significant figures and may not sum due to rounding. * Short-term study numbers are projected from 2016, these figures were not available for 2018.

†Home Office Internal analysis, 2019 figures.

²¹ Department for Transport (2017) UK Aviation Forecasts - <https://www.gov.uk/government/publications/uk-aviation-forecasts-2017>

²² These include visa nationals who are able to benefit from the Transit Without Visa (TWOV) concession, provided they hold the required exemption documents, visa nationals who are able to transit airside without having to obtain the appropriate Direct Airside Transit visa.

²³ <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ%3AL%3A2004%3A158%3A0077%3A0123%3Aen%3APDF>

Table 2: Baseline estimated average annual unique individuals, post-roll out

	Number of trips per individual	Average number of unique NVN individuals per annum, post-roll out	Total unique NVN individuals over 12-year appraisal period
Low	2.7	22,000,000	210,000,000
Central	1.8	29,000,000	270,000,000
High	1	52,000,000	490,000,000

Source: DfT UK Aviation forecasts, Home Office Analysis. Figures may not sum due to rounding. *

Impact on short-term visitor volumes

Demand for travel to the UK

48. The UK competes with other destinations to attract tourists, students and workers. It is therefore possible that introducing an ETA scheme may have an impact on potential short-term visitors deciding to travel to the UK for business, leisure or study. The extent of this impact is highly uncertain however it is assumed that this substitution effect will be negligible, as other competitive destinations also run similar schemes. Furthermore, the UK has unique characteristics and opportunities that may offset some of travellers' inconvenience costs resulting from the introduction of ETAs.
49. Obtaining authorisation to travel is already a familiar concept to many carriers and passengers. As set out in paragraph 12, Australia, Canada, the USA and New Zealand already have equivalent schemes in place, with the European Commission set to introduce the ETIAS scheme in Schengen member states from 2024. Therefore, a high proportion of travellers should be familiar with the type of requirement, and the associated cost. The current fee for an ESTA in the USA is \$21 (£16.99)²⁴, valid for up to 2 years. The current fee for an eTA in Canada is \$7 CAD (£4.35) and valid for up to 5 years. For Australia, an eTA fee is currently 20 AUD (\$10.69) for visitors, valid for 12 months. The New Zealand eTA currently ranges between a fee of 17 NZD (£8.74) and 23 NZD (£11.82). This is valid for up to 2 years for visitors.
50. When the ETA scheme is launched in October 2023, it has been agreed that it will cost £10 for an application and an ETA will be valid for 2 years or until the passport associated with the ETA expires. The fee level will be reviewed in 2024 after the initial rollout to the countries stated in para 16 to determine a future level of the fee, however, any changes in the future are uncertain. Therefore, this Impact Assessment assumes a consistent fee level of £10 throughout and the sensitivity analysis considers a £15 fee maxima level.
51. The cost of an ETA is a small additional cost for travellers relative to the cost of travel and the benefits of visiting the UK, and therefore it is unlikely to deter a large number of visitors. A case study undertaken by the UN World Trade Organisation and World Travel and Tourism Council found that the introduction of the US ESTA program did not have a negative impact on tourist arrivals from visa waiver countries.²⁵ Overseas visitor volumes to the US continued to grow over time from the introduction of a fee in 2010 to July 2016, although it cannot be said for certain that this growth would not have been higher without the introduction of ESTA.²⁶ The majority of the US ESTA fee is allocated towards the promotion of tourism to the US, which may have negated some of the potential negative impact.

²⁴ Based on 2022 average spot foreign exchange rates taken from <https://www.bankofengland.co.uk/statistics/exchange-rates>.

²⁵ UNWTO & WTTC (2012) 'The Impact of Visa Facilitation on Job Creation in the G20 Economies: p13-14. [The Impact of Visa Facilitation on Job Creation in the G20 Economies \(e-unwto.org\)](https://www.unwto.org) .

²⁶ Department of Homeland Security, Yearbook of Immigration Statistics, Table 31 <https://www.dhs.gov/immigration-statistics/yearbook>

52. The impact on visa demand is very uncertain, the Home Office has found no evidence to date to suggest a significant impact on visa demand as a result of an increase in price. However, there is the potential for price increases to deter visitors, and therefore, to avoid underestimating the impact of a fee on willingness to travel to the UK, the analysis has applied the airfare price elasticity of foreign travellers' demand for air travel to the UK as a possible behavioural assumption.²⁷ ***This is not a direct proxy, reflecting the uncertainty involved in understanding demand for travel to the UK, and is an illustrative guide to the potential impact.***
53. Price elasticities of demand for travel were taken from work by the Home Office which reviewed DfT air travel passenger elasticities.²⁸ The ETA fee is treated as an addition to the cost of travel. The range provided in the report states the low and high estimates are 0 and -0.7 respectively, with a central estimate of -0.35. An elasticity of -0.7 implies that a 1 per cent increase in the cost of travelling to the UK would result in a 0.7 per cent reduction in demand for travel to the UK. Given the asymmetric nature of the economic impact of fee changes this range is used to capture the uncertainty within a proportionate range. Additional consideration of this can be found in Section G, Table 8.
54. It is difficult to quantify any behavioural change purely as a result of the increased administrative burden of needing to apply for an ETA. The Government is committed to ensuring that the application process is not overly burdensome, but customer-friendly and quick. Although exact application timings remain unconfirmed, we have assumed that this burden will not impose a behavioural response in addition to the fee impact. Illustrative size of any potential impact is considered in section G5 of the sensitivity analysis.
55. The weighted average cost of a return trip to the UK for EEA nationals and NVNs are estimated to be £209 and £812 respectively in 2022/23 prices.²⁹ This would mean that the cost of an ETA is likely to be around 1.2 to 4.8 per cent of the average cost of a return trip from these countries³⁰. The average fare for specific air, rail or maritime routes to the UK may vary significantly from this proxy estimate. However, it is expected that the cost of an ETA would still be a small proportion of the cost of an individual's total trip travelling on these routes. Particularly as their visit to the UK could form part of a multi-destination trip, or passengers may intend to visit the UK more than once during the validity of the ETA. The trips assumptions as described in paragraph 44 are applied across the scenarios by increasing the price of an average trip by the number of trips assumed to be made.
56. Applying the elasticities above for a £10 fee to the weighted average cost of a return trip implies an average annual impact on post 2025/26 visitor volumes of **0 to 1,400,000**. The low, central and high volume scenarios applied throughout this IA are shown in Table 3. In the low scenario, the low impact elasticity is applied to low baseline volumes while in the high, the high impact elasticity is applied to the high baseline volumes. Additional sensitivity analysis is conducted in section G4 to estimate the impact when high impact elasticities are applied to low volume scenarios, and vice versa.

Table 3: Illustrative behavioural impact on short-term visitor volumes of a £10 ETA fee

²⁷ This is in line with similar approaches used in other Home Office Impact Assessments, such as the Immigration Health Surcharge, https://www.legislation.gov.uk/ukia/2020/61/pdfs/ukia_20200061_en.pdf

²⁸ The Home Office (2020) page 7, applying the demand for air travel.

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

²⁹ Based on data collected from the International Passenger Survey in 2019-20. Data was collected on the average single fare paid for a flight to the UK from 32 EEA and 44 different NVN countries. The price is a weighted average of standard and business class ticket prices according to the total numbers of standard and business class passengers entering the UK from each of these destinations in 2019. The prices of flights have been uplifted to 2022/23 prices using ONS GDP deflators.

³⁰ Elasticity impacts are larger for EEA and lower for NVN based on the flight costs.

Scenario	ETA price	Validity period ³¹	Elasticity	Impact on passenger growth (%)		Average annual impact on visitor volumes	
				EEA	NVN	EEA	NVN
Low	£10	2 years	0.0	0.0	0.0	0	0
Central	£10	2 years	-0.35	0.9	0.2	200,000	20,000
High	£10	2 years	-0.7	3.3	0.9	1,280,000	120,000

Source: DfT UK Aviation forecasts, Home Office calculations.

57. After applying these elasticity assumptions the total volume of ETA applications over the appraisal period is estimated to be between **c.210 and c.480 million** with a central estimate of **c.270 million**. These ranges apply throughout the IA to the scenarios. Low scenarios are representative of volumes of c.210 million, and high scenarios volumes of c.480 million for all estimated costs and benefits. The central estimates are representative of volumes of c.270 million. Given the discussion above, these estimates are to be considered illustrative.

Refusal of permission to travel

58. There may be an impact on volumes of visitors to the UK through individuals who are deemed unsuitable for permission to travel being refused an ETA. There are security and efficiency gains arising from these refusals which are discussed in the benefits section, as well as lost revenues from those passengers who are unable to visit the UK.
59. The exact level of refused ETA applications is considerably uncertain, while the specific policy details and suitability thresholds remain to be confirmed. However, as the US ESTA scheme applies to a similar cohort of travellers, the refusal rate for ESTA applications may provide an illustrative comparator. In 2010, the refusal rate for ESTA in the US was 0.24 per cent.³² The low estimate is informed by the Australian ETA refusal rate in 2018, which was 0.05 per cent³³. A range of 0.05 to 0.24 per cent, with a central estimate of 0.145 per cent, is used in this analysis. Applying this range to the expected volume of applications at full roll-out gives an estimate of between **11,000 and 121,000** prospective travellers being refused an ETA per year, with a central estimate of **42,000**.
60. From those refusals, some applicants may still intend to come to the UK, and will require a visa. The cost of applying for a visit visa is £100 per applicant, therefore this is likely to act as a disincentive. Additionally, It is unknown what proportion of those who are refused an ETA will choose to apply for a visit visa, a more costly and stringent process, to enter the UK. Any that do should be treated as a cost to the public sector as these applications are considered a net loss³⁴. It is assumed however, of those refused an ETA the numbers that go on to apply for a visa could be small and the impact on the NSPV will be insignificant in comparison to other impacts.

COSTS

Direct costs

61. It has not been possible to fully monetise all impacts identified in this analysis.

³¹ It is assumed that average annual applications for ETAs valid for two years will be lower than if it was for a single year validity period as they can be used multiple times over several years. These assumptions are based on analysis of internal migration data for EEA and NVNs. It is also assumed that deterred visitors will be lower under these scenarios by the same proportion. This may underestimate the impact on number of visits to the UK, as some deterred applicants might have gone on to make multiple visits to the UK over several years.

³² United States Government Accountability Office (2011) 'Report to the Committee on Homeland Security and Governmental Affairs, U.S. Senate': p12. <http://www.gao.gov/new.items/d11335.pdf>. 32,784 of approximately 13.7 million applications for VWP travel were refused in 2010.

³³ Visitor Visa Program Report (2018) <https://www.homeaffairs.gov.au/research-and-stats/files/visitor-visa-june-2018.pdf>. Page 13 & 21, number of ETAs lodged and granted. Assumes that the difference between the number lodged and granted is the number of refusals. Therefore 1,453 of the 2.7m lodged applications are assumed to be refused.

³⁴ See visa fees unit costing [Visa fees transparency data - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

Set up costs

E1 Private sector familiarisation costs

62. There will be a familiarisation cost for carriers operating services into the UK who will need to understand the new policy framework, operational processes, and the impact this will have on their responsibilities. Guidance for carriers will be drawn up by the Home Office as part of the preparation for implementation. Staff who are unfamiliar with the new process will need to be provided with appropriate guidance, and carriers will bear an opportunity cost of staff that are in familiarisation training, meaning they are not available to undertake their normal duties. The cost has been calculated as the number of operatives who need to read the new guidance and the time taken to read it. The impact of any retraining requirements has not been considered.
63. There is uncertainty surrounding the number of staff who will be required to read the new guidance. Previous consultation with the sector suggested that 6,000 to 18,000 carrier or contract staff are involved in document checking.³⁵ Internal analysis has estimated the familiarisation costs to be low: up to **£1 million (PV)**, based on predicted 1,050 to 3,150 words of guidance read by 6,000 to 18,000 carrier/contract staff at standard reading speeds (allowance has been made for people who may be dyslexic or where English is not their first language).³⁶ Gross hourly wage estimates were taken from the Annual Survey of Hours and Earnings (ASHE) 2022³⁷ and multiplied by 18 per cent³⁸ to account for non-pay associated costs such as national insurance contributions and updated to 2022/23 prices for the following occupational groups:
- Air travel assistants (Standard Occupational Classification 6214): **£14.00 per hour**;
 - Rail travel assistants (SOC 6215): **£21.08 per hour**;
 - Maritime transport operatives (SOC 8232): **£17.17 per hour**.
64. The introduction of ETAs will involve a change to the Immigration Rules. Consequently, immigration solicitors and advisors will incur familiarisation costs on becoming acquainted with the guidance. The Office of the Immigration Services Commissioner Annual Report³⁹ indicates there were just over 3,000 regulated immigration advisors, including an estimate for Citizens Advice Bureau staff. In addition to this, and in line with analysis for another Home Office Impact Assessment,⁴⁰ the number of solicitors likely to become familiar with the changes has been estimated in a range of 3,000 to 28,000 with a central estimate of 14,000. This is based on 2,820 law firms registered with the Law Societies of England & Wales, Scotland and Northern Ireland,⁴¹ employing 1, 5 and 10 solicitors under the low, central and high scenarios respectively.

³⁵ Home Office 2016 'Regulatory Triage Assessment: Misdirected Passengers: Consultation on Codes of Practice and a new civil penalty'. See:

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

³⁶ <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 2,100 words of guidance on an application form.

³⁷ ONS (2022) Annual Survey of Hours and Earnings 2022, Provisional Results, Table 15.5a.

See <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>

³⁸ Amendment to the National Minimum Wage regulations 2020, page

19, http://www.legislation.gov.uk/ukia/2020/7/pdfs/ukia_20200007_en.pdf

³⁹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901104/OISC_Annual_Report_and_Accounts_2019-20_WEB.pdf

⁴⁰ https://www.legislation.gov.uk/ukia/2020/70/pdfs/ukia_20200070_en.pdf

⁴¹ Search for firms in the area of "immigration" completed on 05/10/2020 on www.lawsociety.org.uk for England & Wales, www.lawsoc-ni.org for Northern Ireland and www.lawscot.org.uk for Scotland

65. As with the estimate for carrier staff, gross hourly wages were taken from the ASHE 2022 and adjusted for non-pay costs and uprated to 2022/23 prices, for the following occupational groups:
- Legal associate professionals (SOC 352): **£19.12 per hour**;
 - Legal professionals (SOC 241): **£28.63 per hour**.
66. Standard reading tables⁴² are used to estimate the time taken to read this guidance (see Table 5). Because of lower 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 4: Reading Speed Assumptions.

Cost Scenario	Length (words)	Speed (wpm)	Time	Comp.	Re-read time	Allowance	Total time
Low	1,050	400	5.3	85%	0	0	5
Central	2,100	200	10.5	60%	4.2	0.5	15
High	3,150	100	31.5	50%	15.8	1	50

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

The familiarisation cost is calculated as:

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

67. The private sector familiarisation costs are estimated to be between **zero and £1.2 million** (PV), with central estimate of **£0.2 million**. These costs are expected to be incurred in 2023/24 only.

E2 Private sector IT costs

68. The introduction of an ETA scheme will necessitate some changes to the processes by which the Government interacts with carriers (and vice-versa), although the extent of these changes will be dependent on the sector. The technical requirements for the mechanisms by which the Home Office will interact with carriers in respect of the ETA scheme (as part of the wider requirement to confirm whether an ETA or some other immigration permission is held) are still in development and will be discussed further with industry stakeholders through targeted stakeholder engagement as the policy requirements and resulting implementation plan continue to be developed. As this detail is still being worked through, thorough engagement with stakeholders in the industry to quantify the costs of changing IT systems has not been possible at this stage.
69. The UK's ETA scheme will be an electronic approval, as is the case with the US ESTA system. The US operates the ESTA Programme using interactive Advance Passenger Information (iAPI) capability for two-way interaction between carriers and US Customs and Border Protection (CBP). This system allows carriers to check the validity of an ESTA with CBP and receive a response within a matter of seconds. Most carriers (95%) already provide the Home Office with some data (API, TDI⁴³) prior to arrival, with 141 of 159 air carriers having an interactive capability (iAPI). Use of the existing iAPI system will allow carriers to receive confirmation of an individual's permission to travel status within a similar timeframe

⁴² <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 2,100 words of guidance on an application form.

⁴³ Advance Passenger Information and Travel Document Information

to that achieved by the USA. However, the ETA scheme will mean changes are needed to how this system operates.

70. Rail and maritime carriers do not use the iAPI system. To support the introduction of the ETA scheme we will develop alternative interactive technical solutions. As with commercial air carriers there is an established internal programme of work looking at how carriers in these sectors provide data to and interact with the Government (and vice-versa). Requirements for the General Aviation (GA) and General Maritime (GM) sector are also being considered.
71. Home office will continue to work with stakeholders for smooth integration of any systems. Incremental, early-stage development work is underway to introduce interactive functionality to the systems used by the sectors.
72. As it has not been possible to ascertain the implementation costs associated with the introduction of ETA in the early engagement, the following costs have been included as **illustrative** of the potential magnitude.
73. For this analysis, the Home Office has tried to determine the number of carriers that should be considered in this analysis. To determine whether a carrier has a direct impact on UK GDP, the Home Office has only considered carriers that are registered with Companies House. These carriers have the potential to employ and pay corporation taxes in the UK and would therefore be considered by BEIS Business Population Estimates (BPE). The analysis found 88 separate air carriers⁴⁴, seven separate maritime carriers and one rail carrier⁴⁵ that operate over non-juxtaposed routes.
74. It is not expected that carriers that operate either domestic-only routes or international carriers that operate routes with juxtaposed border controls will be required to have a system to check ETAs, although the latter may choose to do so as part of their own customer support services. At juxtaposed routes, we expect Border Force will check a prospective traveller's permission to travel to enter the UK before boarding the carrier, removing the need for an interactive carrier system.

Aviation sector

75. For the commercial scheduled aviation sector, it is envisaged that a message conveying whether an individual has the appropriate permission to travel will be built into the current iAPI mechanism, which is already used by most carriers and supports the operation of the existing Authority to Carry (ATC) Scheme⁴⁶. The intention is to minimise the burden on carriers as the Home Office will advise whether the individual passenger has the appropriate permission to travel, including where the carrier should look for physical evidence because a digital permission to travel has not been obtained. Likewise, the Home Office will continue, when necessary, to refuse carriers authority to carry individuals to the UK who are in scope of the ATC Scheme and this will include those refused ETAs. The Government recognises that carrier operating models may vary even with the use of interactive systems and will continue to engage across the sector to ensure variations are considered. It is also recognised that smaller carriers, for example, the GA sector will have different needs and the Home Office will conduct further engagement with this sector to better understand any impacts.

⁴⁴ Commercial scheduled carriers registered with UK Companies House as of 01/04/2021.

⁴⁵ Whilst there are two rail carriers that operate international routes into the UK and all passengers that board Channel tunnel services are seen by Border Force officers based at the UK's juxtaposed control prior to travel to the UK. NI-ROI rail services don't as they go through CTA.

⁴⁶https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/419838/49013_Official_ATC_Scheme_accessible.pdf

76. During engagement with the aviation sector, conducted in 2011, a cost estimate for implementing an interactive system for the US ESTA programme was provided to the Home Office. This cost estimate has been used as an indication of the costs that will be incurred, by carriers, to develop the IT systems compatible with Home Office systems. Using these estimates, the costs associated with implementing an interactive system for non-interactive airlines were estimated at **£0.8 million** (or **£1.0 million** in 2022/23 prices) per system. The introduction of ETAs will likely build on these existing systems and therefore is highly unlikely to cost more than the full transition to an interactive system. The cost of upgrading an existing API system were estimated to be **£0.3 million** (**£0.4 million** in 2022/23 prices). Given the uncertainty around the final design of the system, this estimate has been varied by 50 per cent to generate a low and high cost of **£0.2m to £0.6m** (2022/23 prices) respectively.
77. Although around 140 carriers have connected to the Home Office to transmit iAPI and receive response messages, the Home Office only receives data from 30 different systems. This highlights that systems are shared across different carriers and ports. For this analysis, only the existing 30 communication systems will be considered as incurring an upgrade cost. It is estimated that the implementation cost to UK registered aviation carriers will be lie in a range of **£10 to £29 million (PV)** (2022/23 prices), with a central estimate of **£19 million (PV)**, to be incurred in 2022/23. This is inclusive of the 62 per cent optimism bias.
78. The Home Office will conduct further engagement with the GA sector to identify and consider any impacts of the introduction of the ETA scheme. The Home Office will also work with the sector to identify suitable mitigations which ensure a disproportionate impact is not placed upon them.

Maritime

79. The maritime sector currently does not operate with iAPI capability. Some maritime carriers operate routes with juxtaposed controls, and it is unlikely these carriers will be expected to undertake the same document and identity checks as the aviation sector. For these carriers, the Home Office, via Border Force officers deployed to juxtaposed controls, will check for the presence of the appropriate permission to travel prior to boarding. Those that do not operate via the juxtaposed controls (including GM operators) will be expected to check for the presence of the appropriate permission to travel.
80. The maritime sector has traditionally made passenger information available in advance of arrival in the UK rather than in advance of departure to the UK. The Home Office is working with the sector to make API increasingly available from May 2021. The need to check that the individual has the right permission to travel will form part of those future plans. An interim technical solution that operates in the least disruptive way needs to be discussed and developed in partnership with these carriers until an interactive system is in place. As such it has not been possible to provide bespoke estimates for maritime carriers at this stage and so the figures used are based on the aviation sector (paragraph 75) as a proxy. These costs are likely to be an over-estimation since carriers operating at juxtaposed controls will not be required to make any changes until the ambition to move to interactive capability has been realised. In this assessment, the estimated cost of upgrading to an interactive system for non-interactive airlines was used to estimate the potential impact on maritime carriers.
81. The development of iAPI capability remains a longer-term objective. Therefore, to estimate the number of systems that will need to be upgraded and developed, the same ratio of carriers to systems as the aviation sector will be used. The central scenario for maritime will be to update three separate systems. This will be changed in the high and low case, to reflect the uncertainty of how many systems will be developed in the sector. In the low

scenario the ratio of systems to carriers will be reduced by 10 per cent, resulting in two separate systems to be updated. The high scenario will contain the maximum scenario of each carrier developing their own solution, meaning there will be eight separate systems to update. It is estimated that the implementation cost to UK registered maritime carriers will lie in a range of **£2 to £28 million** (2022/23 prices), with a central estimate of **£7 million** (2022/23 prices) to be incurred in 2022/23. This is inclusive of the 62 per cent optimism bias.

82. The Home Office will conduct further engagement with the GM sector to identify and consider the impact of the introduction of the ETA scheme. The Home Office will also work with the sector to identify suitable mitigations which ensure a disproportionate impact is not placed upon them.

Rail

83. International rail services through the Channel Tunnel to the UK operate through the juxtaposed controls, and therefore the Government would expect the presence of a permission to travel to be checked by the Home Office, via Border Force officers deployed to juxtaposed locations, rather than by the carrier. However there are still benefits to rail operators in being able to know whether their passengers have the appropriate permission before entering secure departure control zones so the Home Office is encouraging the rail carriers to work with the Department on a workable solution. The total implementation cost to the international rail sector is thought to be minimal, although this will be confirmed with the industry as part of ongoing engagement. As with maritime carriers, whilst it is recognised that the solution for rail carriers will differ from the aviation sector, this assessment has used the associated costs for non-interactive airlines implementing an interactive system as a proxy to estimate the potential implementation costs to UK registered rail carriers. It is estimated that the implementation cost to UK registered rail carriers will lie in a range of **£1 to £4 million** (2022/23 prices), with a central estimate of **£2 million** (2022/23 prices) to be incurred in 2022/23. This is inclusive of the 62 per cent optimism bias.

E3 Public sector IT costs

84. As with the private sector IT costs, the end-state design of the system has yet to be finalised. Therefore the high and low cost scenarios reflect the same range of uncertainty using a 50 per cent range around the best estimate. The indicative capital investment required for the ETA system is in the range of **£44 to £130 million (PV)** with a central estimate of **£89 million (PV)**, inclusive of a 62 per cent optimism bias. The Home Office is committed to delivering an in-budget solution, and the addition of optimism bias represents the possibility of further implementation costs required over the lifetime of the programme. This budget covers IT set up costs only, and is expected to be incurred from 2022/23 ending in 2024/25.

E4 Public sector communication costs

85. The communication costs for introducing a new ETA policy are expected to be incurred during the financial years 2022/23 to 2024/25. Government policies and programmes affect the lives of millions of people and for them to be implemented successfully, they must be communicated effectively. However, this must be done with cost efficiency in mind and there are strict rules and approvals procedures in place and all cost estimates will be scrutinised to ensure value for money on Government advertising. Exact cost estimates are still in development, along with the communication plans, however, the indicative costs of these have been included in departmental budgets and are subject to change.

Ongoing costs

E5 Private sector process costs

86. Carriers across all modes are already penalised if they carry a passenger who is inadequately documented for travel to the UK (for example, not in possession of an appropriate travel document, such as a valid passport and/or visa), or if they carry a passenger after having been refused authority to do so (under the ATC Scheme). The Home Office will continue to incentivise carriers to ensure they carry that only adequately documented individuals with permission, such as an ETA, can travel to the UK. This will be enforced by extending the legislation⁴⁷ which underpins the Carriers Liability Civil Penalty regime for inadequately documented arrivals so that carriers will be liable for a charge if someone arrives in the UK without the required permission to travel.
87. The Government wants to avoid a situation where checking for an ETA increases the overall time taken for carriers to check whether individuals hold the appropriate documentation prior to boarding. To do so, for the vast majority of carriers operating routes to the UK we are building on the interactive systems they already use. However, it will depend in part on the technical solution implemented, as well as those carriers who do not currently operate interactive systems either needing to put them in place or, alternative solutions providing a similar capability being developed. The intention is to work with carriers' existing operations as far as possible to minimise the impact.
88. For commercial, scheduled aviation carriers, the intention is to incorporate a message conveying whether an individual has the appropriate permission to travel into the current mechanism (iAPI) used to deliver the existing scheme. The ongoing processing costs for aviation carriers are therefore expected to be minimal at this stage.
89. For Channel Tunnel rail operators and maritime carriers operating through the UK's juxtaposed controls, the presence of a valid permission to travel will be checked by a Border Force officer before the passenger boards a service to the UK. For carriers operating routes without juxtaposed controls, there may be some costs associated with the time taken to complete additional checks on individuals' permission to travel. However the Government will seek to minimise this time as much as possible. Implementation plans will seek to minimise the impact on these carriers' day-to-day operations, and the technical solution will need to take account of the different operating models of these carriers.

E6 Private sector IT ongoing costs

90. The costs associated with the ETA requirements are expected to make a minimal addition to the cost of running current API systems because of the intention to build on existing systems. The running costs associated with any technical solution introduced for maritime and rail cannot be estimated until the form of such a solution has been determined. Stakeholder engagement to identify the ongoing IT costs to carriers has not been possible as the technical requirements for an interactive system capable of telling carriers whether permission to travel is held is still under consideration.

E7 Public sector process costs

91. Ongoing public sector process costs are expected to consist of three elements; the costs of processing ETA applications against existing systems to check an applicant's suitability; the

⁴⁷ Section 40 of the Immigration and Asylum Act 1999

provision of a customer service facility where an applicant wishes to submit an enquiry and the provision of a support function for carriers who are querying whether they have permission to carry an individual or raising any other issues which arise when trying to identify an individual's permission to travel status.

Application processing costs

92. All applications will be checked against the Home Office's records to identify whether there are any suitability concerns or any self-declaration of criminality or information which may cause national security concerns. Where there are no suitability concerns the applicant will receive automatic approval and permission to travel to the UK. Where suitability concerns are identified, the application will be sent to a case-working team to undergo manual assessment by an official acting on behalf of the Secretary of State for the Home Department. Based on current systems, it is expected that around 15 per cent of all applications will need to go through manual suitability assessments.
93. Using the above assumptions and operating model, case-working costs are estimated to be between **£420 to £1,410 million (PV)**, with a central estimate of **£600 million (PV)**⁴⁸. These estimates are inclusive of the 30 per cent optimism bias applied to caseworking. This is necessarily a very provisional estimate at this stage and will be subject to change as the policy and implementation plans are developed, especially as the Home Office considers the level of assurance required at the application stage.

Customer services costs

94. Customer services costs are dependent on the number of queries the Home Office receives in relation to the ETA scheme, the type of query applicants have, and the model employed for managing the customer services centre. As with the caseworking costs, these costs will depend on the final operating model, which is yet to be determined. Therefore this analysis has considered a range of scenarios, which may be subject to further refinement when the implementation plan is finalised. Current customer services use a hybrid model of insourcing for some queries and outsourcing for others. Analysis has been conducted on three different scenarios. These are: (a) a totally inhouse model; (b) a totally outsourced model and (c) a hybrid of the two.
95. It is assumed that the customer services centre will answer two types of queries. These are general questions about applying for an ETA (Type 1), and questions related to accessing their status and updating their details (Type 2). It has been assumed that the number of individuals contacting the Home Office with a Type 1 query will be minimal. The design of the application will be straightforward and not overly burdensome. Based on historical systems, it has been estimated that; between 1 to 7 per cent of applicants will contact the Home Office with a Type 1 query (with a central estimate of 4 per cent) and that 1.6 per cent of all applicants will contact the Home Office with a Type 2 query.
96. The costs of running the customer services centre are expected to be lowest in the outsourced scenario and higher in the in-house scenario. The costs over the 12-year appraisal period are estimated to be between **£17 and £430 million (PV)**, with a central estimate of **£74 million (PV)**. These estimates are inclusive of the 30 per cent optimism bias applied to caseworking. The central scenario uses the costs from the hybrid model.

⁴⁸ Informed by Home Office Analysis and Insight.

Carrier support costs

97. It has not been possible to estimate the cost of the carrier support function at this stage. The carrier support function will be expected to answer queries from carriers regarding issues arising from an individual's permission to travel status and/or carrier connectivity allowing for the sending and receipt of interactive messages. A carrier may contact the Home Office, for example, if an individual's details don't match those showing on their ETA or if it appears as if an individual has not received an ETA. The expected number of queries of this nature are currently unknown.
98. However, the Home Office will consider the use of engagement with carriers post-implementation to better understand their experience when operating with the ETA scheme system then in place.

Overall processing costs

99. Overall, public sector processing costs are estimated to be between **£440 and £1,850 million (PV)**, with a central estimate of **£680 million (PV)** from 2022/23 to 2033/34. These figures are inclusive of optimism bias.

E8 Public sector IT ongoing costs

100. As with the IT set-up costs, the end-state design of the system is yet to be determined, which could in turn have implications for the nature of running costs. Therefore a 50 per cent range around the central estimate is used to reflect this uncertainty, consistent with the range for IT set-up costs. The public sector IT resource costs are estimated to lie in a range of **£220 to £650 million (PV)**, with a central estimate of **£440 million (PV)** across the 12-year appraisal period from 2022/23 to 2033/34. These figures are inclusive of a 62 per cent optimism bias.

Direct costs summary

101. Table 5 outlines the summary of the direct costs of the proposed legislation.

Table 5: Summary of Direct Costs £ million (PV), 2022/23 to 2033/34.

Costs (£m)	Low	Central	High
Private sector familiarisation	0	0.2	1.0
Private sector IT set up	13	28	60
Private sector costs	13	29	62
Public Sector IT set up	44	89	130
Public sector processing costs	440	680	1,850
Public sector IT running costs	220	440	650
Public sector costs	700	1,200	2,630
Total direct costs	710	1,230	2,690

Figures are shown to the nearest £10, £1 or £0.1 million (refer to Annex 2 for rounding conventions). Figures may not sum due to rounding.

Indirect costs

E9 Impacts on the Exchequer

102. Any reduction in overseas visitors to the UK may reduce total visitor spending in the UK economy which would result in a loss of indirect tax revenue. This section uses the

illustrative behavioural impact on visitor volumes described in Tables 3 and 4 to estimate the impact on indirect tax contributions of any lost spending. The proportion of spending accruing to the wider economy is not quantified as it is unclear how much visitor expenditure directly benefits the resident population. Due to this uncertainty, only the impacts of lost revenue to the exchequer are included in the final NPSV. For this reason, we acknowledge that the indirect costs could be underestimated; capturing a higher portion of spend would significantly affect the results. Impacts should therefore be seen as illustrative given the uncertainty surrounding both volumes and behavioural assumptions. We explore potential wider impacts beyond exchequer losses in the sensitivity analysis section **G6**.

- 103. Indirect taxes are those paid on items of expenditure. They include VAT, duties paid on specific products (alcohol, fuel) and any other duties, licences (for example, driving, television) 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 their spending patterns. Since these are not known, data on expenditures made by visitors during their trips to the UK is obtained from the ONS International Passenger Survey.⁴⁹
- 104. Illustrative estimates of lost indirect tax contributions are calculated based on estimates of the average expenditure of NVN visitors and the flat indirect tax rate of 20 per cent.⁵⁰ The weighted average spend per visit for NVNs in 2022/23 is estimated at £722, based on data from the International Passenger Survey (IPS), leading to a weighted average estimated tax contribution of £144 per trip. Home Office internal analysis estimated the loss of revenue to the Exchequer by applying the same trips assumptions as detailed by the volume scenarios in paragraph 45 and weighting this across the 2-year ETA period. This is likely to be an overestimate as ETAs are not enforceable until 2025, meaning some people will still be able to travel without a valid ETA. Table 6 summarises these costs.

Table 6: Illustrative impacts on the Exchequer, 2022/23 to 2033/34, £ million (PV).

	12-year baseline volumes (millions)	12-year price impact on visitors (millions)	12-year impact on Exchequer
Low	210	0	0
Central	270	-2	-400
High	490	-13	-1,420

BENEFITS

Direct benefits

E10 Security and risk assessment

- 105. The introduction of the ETA scheme will provide the Government with a range of security benefits. Primarily these benefits will be as a result of the Home Office receiving more advance information for large numbers of individuals from certain nationalities intending to travel to the UK when compared to current arrangements; where very little advance information is received prior to their arrival at the UK border. The information will be submitted prior to an individual’s departure and further in advance than at present which will

⁴⁹ Weighted average spend per visit of EEA and non-EEA NVN visitors estimated at £722 in 2022/23 prices. This is based on data collected from the International Passenger Survey in 2019. Data was collected on the average spend per visit to the UK per country. The price is a weighted average of average spend by holiday and business travellers according to the estimated number of holiday and business class passengers entering the UK in 2019. Uprated from 2019/20/19 to 2022/23 prices using the ONS GDP Deflators.

⁵⁰ ONS (2019) 'Effects of taxes and benefits on UK household income, 2017/18 – reference tables: Table 8.

enable decisions as to whether an individual should be permitted to travel to be taken at an earlier stage in the passenger journey. This will include self-declaration of previous criminality and the ability to refuse an ETA on this basis⁵¹. This may prevent threats to the UK from reaching the border in the first place and reduce the number of individuals who are refused entry at the border. An application for an ETA will be refused on the grounds of nationality security, criminality and immigration abuse.

106. This contrasts with the current position in respect of those who can travel to the UK without obtaining a visa or entry clearance. For commercial scheduled aviation, the Government only receives eight fields of passenger data (in the form of API) about these individuals shortly before departure. Likewise, the amount, type and timing of information currently received from the maritime, rail, GA and GM sectors is much more limited, and in some circumstances, there is no advance information at all.
107. If potential threats do still reach the border and are refused entry (for example due to intentions testing) ETAs will enhance security by closing the current loop hole where refused individuals can re-attempt entry at a later date. For those with previous low level criminality who are still granted an ETA and permitted entry at the border the Home Office will be aware of criminality with an anticipated deterrent effect on offending.
108. For the Government, in addition to the increased advance information and additional time to assess risks, the introduction of the ETA scheme could enable more arrivals to benefit from being able to use the automated entry methods (such as ePassport gates) on arrival at the border. Although the ETA scheme will not in itself allow individuals to use ePassport gates, it may enable future work looking to increase the number and types of passenger arrivals who can benefit from use of automation at the border. It is envisaged that the ETA scheme and greater use of automation at the border will allow the Government to use its more highly-trained Border Force officers to focus on higher-risk passengers as well as other activities associated with their role and responsibilities. The ETA scheme may also consequently mitigate the expenses associated with a criminal investigation and costs associated with crime by preventing threats to the UK (for example, those who commit crimes here) from travelling in the first instance.
109. In addition to the above, the Home Office wants to use the information from ETA applications to help develop a clearer picture of the risk posed by individuals rather than entire nationalities. Using emerging data analytics capabilities to identify patterns and trends of abuse and compliance even more clearly may enable the Home Office to make additional changes to the requirements that are currently placed on different groups in a way that more accurately reflects their characteristics as an individual rather than on a nationality basis.
110. The security benefits mentioned in this section are non-monetisable due to the complex nature of developing a counterfactual.

E11 Reduced refusals at the border

111. The analysis produced for this IA has so far estimated the volume of applicants that will be refused permission to travel (either as a result of being refused an ETA or subsequently a visa). However, one clear advantage of operating the ETA scheme will be that screening of individuals and decisions on permission to travel take place pre-departure. This will mean individuals unsuitable for entry to the UK should not reach the border. Consequently, carriers are less likely to incur costs associated with the detention and return of individuals refused entry at the border, and Border Force could make efficiency savings, deploying officers to

⁵¹ [Immigration Rules - Immigration Rules Appendix Electronic Travel Authorisation - Guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/614423/Immigration_Rules_-_Immigration_Rules_Appendix_Electronic_Travel_Authorisation_-_Guidance_-_GOV.UK_(www.gov.uk).pdf)

focus on other roles and responsibilities as a result of a reduced casework load associated with refusals.

112. It is difficult to establish how many individuals who will be refused an ETA pre-departure would also be refused entry to the UK at the border, in the absence of the scheme. The number of refusals will be related to the suitability threshold which the Government chooses to set for the ETA scheme and how it in turn relates to the powers BF officers have to refuse entry at the border. Analysis of internal data suggests that around 10 per cent of passengers previously refused entry at the border would fall into categories which are likely to be considered as part of an application for an ETA.
113. There are likely to be many reasons for refusal which remain exclusive to both permission to travel decisions and decisions to refuse entry. For instance, it is assumed testing an individual's intentions in the UK, as well as their ability to comply with the conditions placed upon their stay will remain a critical component of the work that BF officers undertake at the border and will continue to be a reason for refusal of entry rather than becoming something explored and decided as part of the ETA scheme. A range of 16 to 32 per cent, with a central estimate of 25 per cent⁵² has been chosen to represent the reduction in refusals at the border. This is based on Home Office migration statistics on refusals at the border⁵³ and refusals for ESTAs.
114. The weighted average cost for carriers to return a refused passenger has been estimated at £173 in 2022/23 prices. In practice, the cost may be lower than this if a carrier is not operating at full capacity, or if the carrier can successfully recover its costs from that passenger. Carriers also bear the costs of detaining these individuals at the border; however, these costs vary significantly on a case-by-case basis and have not been included in this assessment. To reflect this very considerable uncertainty, a range of zero to 100 per cent of passengers paying for their own return has been used, with a central estimate of 50 per cent.
115. Based on these assumptions the private sector benefit from reduced refusals at the border is estimated to be between **zero and £9 million (PV)**, with a central estimate of **£2 million** over 12-years.
116. Additionally, a reduction in the number of NVNs refused entry at the border means that Border Force officers will be able to spend more time on other activities associated with their role. Due to the complex nature of monetising the benefits of those other activities, the opportunity cost of employing the officer⁵⁴ has been used to monetise this benefit. When multiplied by the time saved from the reduction in refusals this produces a benefit. Due to the sensitive nature of the information regarding processing refusals at the border, the two key assumptions: the opportunity cost of a Border Force officer and the time taken to process a refusal cannot be disclosed publicly. The benefit to the Government of reduced refusals incurred from 2023/24 to 2033/34 is estimated between **£0.1 and £0.7 million (PV)** with a central scenario of **£0.4 million (PV)**.
117. It is acknowledged part of the savings to private sector may be attributable to the public sector. There may be situations whereby the Home Office covers the cost of passenger return but the percent of situations where this is the case is unclear.

E12 Fee Income

⁵² Home office analysis on 2018/19 reasons for refusals at the border.

⁵³ See [Immigration statistics data tables, year ending June 2019 second edition](https://www.gov.uk/government/statistics/immigration-statistics-data-tables-year-ending-june-2019-second-edition) - GOV.UK (www.gov.uk)

⁵⁴ Includes both wage and non-wage costs.

118. This IA assumes a fee of £10 for ETAs which has a two-year validity period⁵⁵ and considers the fee maxima scenario of £15 in sensitivity analysis in section G2. The department intends to charge £10 for an ETA application during the initial rollout period, with the fee level to be reviewed before further rollout to other countries. The fee will be set in accordance with the fees and charging principles contained within the Immigration Act 2014⁵⁶. The fee maxima may also be reviewed before further rollout to other countries.
119. Those who are refused an ETA once they have submitted their application would have still paid the fee as part of the application process, and the refusal rate is therefore not relevant to these estimates. It is also acknowledged that of the refusals detailed in paragraph 59 some may go on to reapply for an ETA, however this proportion is uncertain. This IA only estimates the income of initial applications. Based on the total volumes estimated to apply for an ETA, gross fee income is estimated to be in a range of **£1,680 million – £3,790 million (PV)** with a central estimate of **£2,170 million**. This is likely to be a high estimate as ETAs will not be enforced until full rollout in 2025 which means not all travellers prior to this period will apply for an ETA. It has not been possible to estimate the level of compliance during this period.

INDIRECT BENEFITS

E13 Private sector reduced disruption to operations

120. Where an individual meets the criteria of the Authority to Carry (ATC) Scheme⁵⁷, refusal of ATC can occur close to departure, meaning it can impact on carriers' operations - especially if a service is delayed whilst complying with the refusal of ATC. The introduction of the ETA scheme could help mitigate the impact of the refusal of ATC on both the carrier and the individual because, for most EEA and non-EEA nationals captured by the current ATC scheme, permission to travel in the form of an ETA would be refused before they seek to travel to the UK and before the carrier would otherwise be refused ATC. However, this benefit will be lost if the same individual attempts to travel without having been granted a valid ETA and falls within the criteria of the ATC Scheme, as the intervention would then take place at the same point close to departure. As of March 2021, over 8,000 individuals had been refused authority to carry since the scheme's introduction in 2015.⁵⁸ Although annual costs associated with ATC alerts are small, given the small number of alerts issued relative to total passenger flows, the prevention of these alerts would nonetheless reduce disruption to carriers.

E14 Benefits associated with greater automation of the border

121. By more effectively combining advance permissions with increased use of data and biometrics, the Government will explore how it can facilitate greater use of automation of the border. It is intended that the use of automation and technology at the border will allow Border Force staff to focus on other activities associated with their role and responsibilities.
122. It is expected that the increased use of automation will decrease the length of time it takes to process an individual at UK border control. However, it has not been possible to monetise

⁵⁵ Real 2020/21 prices. It is assumed that the fee will remain approximately constant in real terms, increasing in line with the general rate of inflation over the appraisal period.

⁵⁶ Immigration Act 2014: Chapter 22, Section 68. http://www.legislation.gov.uk/ukpga/2014/22/pdfs/ukpga_20140022_en.pdf.

⁵⁷ That is, their refusal is necessary in the public interest. More detail on exact cohorts captured by the scheme can be found here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/419838/49013_Official_ATC_Scheme_accessible.pdf

⁵⁸ [Authority to Carry Scheme and Civil Penalties Regulasi - Hansard - UK Parliament](#)

this potential benefit. There are other factors that may impede reducing the time an individual spends at the port such as waiting for their luggage or a transfer to their destination.

E15 Other public sector benefits

123. There are other potential benefits for the public sector which result from strengthened border security. For example, implementation of the ETA scheme would provide valuable data for the Home Office to extend and enrich knowledge of the user journey, by analysing patterns from pre-departure to overstaying. This enables a better understanding of the longer-term patterns of compliance as well as non-compliance and would support future policy development. It is considered that this capability could help the Government develop a border and immigration system which is focused on the risk an individual poses rather than the risk associated with an individual’s nationality, thereby allowing for greater differentiation and a targeted approach to border control.

Cost benefit summary

124. Based on ETA demand volumes of **210 million to 480 million** over the appraisal period, after accounting for price impacts of an assumed fee level of **£10**, low, central and high scenarios are estimated for costs and benefits. The low scenario considers low volumes, costs, benefits and elasticities while the high considers high volumes, costs, benefits and elasticities. The central scenario considers the best estimate for each of volumes, costs, benefits, and elasticities.

125. The estimated costs and benefits of the policy change are as follows. The estimated **total cost** lies in a range of **£710 million to £4,110 million (PV)**, with a central estimate of **£1,630 million (PV)** over 12 years.

- The **total set-up costs** lie in a range of **£57 million to £190 million (PV)**, with a central estimate of **£120 million (PV)** over 3 years in 2022/23 prices.
- **Total ongoing costs** are estimated in a range of **£650 million to £2,500 million (PV)**, with a central estimate of **£1,110 million (PV)** over 12 years (2022/23 to 2033/34). This gives an estimated cost per year range of **£49 million to £190 million**, with a central estimate of **£82 million**, in 2022/23 prices.
- **Total indirect costs** are estimated in a range of **£0 million to £1,420 million (PV)**, with a central estimate of **£400 million (PV)** over 12 years. This gives an estimated cost per year range of **£0 million to £150 million**, with a central estimate of **£42 million**, in 2022/23 prices.

Excluding set-up costs⁵⁹ this gives an estimated cost per year range of **£49 million to £340 million**, with a central estimate of **£120 million**, in 2022/23 prices.

126. The estimated **total benefits** of the policy change lie in a range of **£1,680 to £3,800 million (PV)**, with a central estimate of **£2,170 million (PV)** over 12 years. This gives an estimated benefit per year range of **£180 million to £400 million**, with a central estimate of **£230 million**, in 2022/23 prices.

Table 7: Summary of costs, benefits and NPSV 2022/23 to 2033/34, £ million.

12-year, PV (£m)	Low	Central	High
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⁵⁹ This is Green book best practice.

Costs			
Set-up costs			
Private sector familiarisation	0	-0.2	-1
Private sector IT set up	-13	-28	-60
Public Sector IT set up	-44	-89	-130
Total set up costs	-57	-120	-190
Ongoing costs			
Public sector case working costs	-440	-680	-1,850
Public sector IT running costs	-220	-440	-650
Total ongoing costs	-650	-1,110	-2,500
Total direct costs	-710	-1,230	-2,690
Indirect costs			
Impacts on the Exchequer	0	-400	-1,420
Total indirect costs	0	-400	-1,420
Benefits			
Private sector: reduced refusals	0	2	9
Public sector: fee income	1,680	2,170	3,790
Public sector: Reduced refusals	0.1	0.4	0.7
Total benefits	1,680	2,170	3,800
Net Present Social Value (NPSV)	970	540	-310
BNPV	-13	-26	-53
EANDCB	1	3	5

Source: Home Office Analysis, 2023. Figures shown to the nearest £10, £1 or £0.1 million (refer to Annex 2 for rounding conventions). Figures may not sum due to rounding. Figures include optimism bias as outlined throughout the IA.

NPSV, BNPV, and net cost to business per year

127. The **NPSV** of the monetised impacts of this policy is estimated at **£970 million to -£310 million (PV)**, with a central estimate of **£540 million (PV)** over the 12-year appraisal period. Income from the ETA fee is the main driver of the benefits. It is important to note however that the wider impacts are incomplete at this stage, which means that the impact, even with significant optimism bias adjustments and large ranges between scenarios, only represents a partial picture of the scope of the programme.
128. The estimated **BNPV** (the direct impacts that fall on business) is in a range of **-£13 to -£53 million (PV)**, with a central estimate of **-£26 million (PV)** over the 12-year appraisal period. This is a net cost to business, largely comprised of the initial IT set up costs.

Net cost to business per year (EANDCB)

129. The **net cost to business per year** (defined as the EANDCB⁶⁰) is estimated in a range of **£1 to £5 million**, with a central estimate of **£3 million**. This includes estimated costs for the aviation, rail and maritime sectors which are illustrative only of the potential scale.

⁶⁰ The Regulatory Policy Committee (RPC) define the net cost per business per year as the Equivalent Annual Net Direct Cost to Business (EANDCB).

Value for money (VfM)

130. These estimates are highly uncertain and will be amended alongside discussions with stakeholders and development of the implementation plan. The main driver of the positive NPSV for low and central scenarios is the income from fees, which in the central case outweighs the potential costs from processing and lost fiscal revenue from behavioural impacts. In the high case, with a high behavioural impact and high cost estimates, the NPSV is negative due to rising costs from diverging volumes in the high scenario and worst case assumptions on processing costs. However impacts on demand and demand estimates are still extremely uncertain, which is why we have provided a wide range of review.
131. While much of the NPSV is driven by fee revenue, this is not the purpose of the programme and there are significant benefits such as security and potential increases in efficiency at the border that are unquantified. These factors should be taken into consideration when assessing the scheme and may overstate the impact of fees as the driver of value for money.
132. **Option 2** is the preferred option as it is the most effective in meeting the policy objectives. The primary objective behind the ETA scheme is to secure the UK border, improving the ability to identify threats before they reach the border, and support wider ambitions to transform the way that passengers are managed crossing the UK border. See section K for further information on how the objectives will be monitored and evaluated.

Impact on medium, small and micro-businesses

133. This measure applies to all carriers involved in the transportation of individuals to the UK. The MSMBA is included as Annex 1. The main points are:
- There are very few medium, small or micro-sized firms that have been identified to operate in the commercial scheduled air, rail and maritime passenger travel markets. Therefore, very few medium, small or micro-sized firm in this sector will be directly affected by the introduction of an ETA, and no exemptions are planned as ETAs are mandatory for entry to the UK.
 - All firms affected in the commercial air, rail and maritime passenger travel markets are large firms (250+ employees), except for one medium-sized general maritime firm, and are used to operating in a regulatory environment and have specialist functions to deal with these issues. As ETAs are mandatory for entry to the UK, no exemptions to the policy are planned for the medium-sized carrier.
 - This MSMBA has not been able to identify whether any small or micro-businesses in this sector would be affected by the introduction of ETA. As implementation becomes closer the Home Office will conduct further engagement with the GA and GM sector and consider any impacts of ETA, particularly in relation to small and micro-businesses.

F. Proportionality

134. The level of analysis used in this IA is reasonable and proportionate to the scale of the costs and benefits. The analysis draws on the best available data at time of model development to inform assumptions, and scenario analysis is used throughout to demonstrate a reasonable range of uncertainty. Additionally, the risk section tests the sensitivity of outcomes against changes in the major assumptions in isolation. Sufficient time was given to the preparation of this IA and it has been subject to proportionate quality assurance.

135. Where impacts have been identified that could form part of EANDCB calculations, these have been quantified in ranges to provide some account for uncertainty. As set out elsewhere, the specific details of the IT systems are still under development and subject to engagement with industry stakeholders as the implementation plan is developed. Therefore, the precise cost of carrier system upgrades cannot be estimated with accuracy, and the costs included are illustrative only.

G. Risks

136. Table 8 summarises the main risks and limitations of the analysis undertaken by the Home Office. There are significant uncertainties in the monetary estimates, which should be taken as an order of magnitude only, on the basis of high level proposals. The subsequent sections then present sensitivity analysis which demonstrates the impact on the NPSV of changes to key assumptions **in addition to those underlying the main appraisal**, while holding all others constant.

Table 8: Main risks and limitations of this appraisal.

Risk	Explanation of risk	Risk assessment/Impact	Mitigation actions
Public Sector Ongoing Costs	The design of the ETA application process is currently underway, therefore meaning the costs of running the system remain uncertain at this time.	Medium – If costs are higher than anticipated this may have an impact on value for money.	Optimism Bias has been discussed by those involved in the design of the system and set at an appropriate level.
The ETA fee is yet to be determined.	The revenue generated by ETA sales is dependent on the fee charged.	High – Income from ETA is the largest monetised benefit in this analysis. If the agreed fee is lower than the provisionally agreed fee being applied to the countries in the initial rollout, this is likely to substantially change the overall benefits and may lead to a negative NPSV.	A fee range of £10-£15 (for the initial roll out, with the potential to review the maxima higher when considering roll out to the wider cohort. Increasing at the general rate of inflation over the appraisal period) has been estimated in section G2 to account for all scenarios.
Reduced removals at the border	It is assumed ETA will prevent 16 to 32% of current refusals at the border, however this is a highly uncertain assumption.	High – A reduction in individuals being refused entry at the border, therefore leading to less removals (meaning less costs incurred by carriers) is the primary private sector benefit of the programme.	A range has been applied to the analysis. The current benefits are low, and do not constitute a significant share of the NPSV or BNPV.

<p>Private Sector Set-up Costs</p>	<p>For air carriers, the cost is informed by a single US estimate carrier in respect of the US ESTA system; it is assumed that carriers that already have iAPI will only bear the cost of upgrading their systems to accommodate for the ETA scheme. The maritime and rail sectors will have to bare the full cost of upgrading their systems.</p> <p>Additionally, the number of systems to be upgraded has been informed by the number of separate systems currently communicating with the Home Office in the aviation space. In the maritime and rail sectors there could be a higher number of systems per carrier than the aviation space.</p>	<p>Medium - Estimates are illustrative only as further work is required to understand requirements for maritime and rail carriers in particular.</p>	<p>Optimism Bias has been discussed and set at an appropriate level. The number of systems that need to be updated has also been varied to show the uncertainty in the maritime sector.</p>
<p>Impact on UK tourism – willingness to travel to the UK</p>	<p>To estimate the impact of charging a fee on UK tourism, DfT airfare elasticities are used to estimate how responsive demand for travel may be to an increase in price. These estimates are not specific to the NVN cohort and may not accurately represent the responsiveness of demand for travel.</p>	<p>Low – As the price of the ETA is expected to be small relative to the cost of travel from non-visa national countries the expected impact is small. The relative cost of ETAs is expected to be larger for EEA passengers due to lower air fares.</p> <p>Internal Home Office analysis has not found evidence of a significant relationship between small increases in fees and visa demand.</p>	<p>A range has been modelled and presented as part of the analysis.</p> <p>The analysis quantifies the impact of introduction of an ETA fee, which is used for illustrative purposes. The analysis uses proxies of the price elasticity for visa demand available in the academic literature. Estimates of elasticity summarised in paragraph 53 are the closest approximations</p>

			available. Therefore, results are uncertain and should be considered illustrative.
Impact on UK tourism – spend in the UK	The NPSV in the ETA IA accounts for visitors' contributions to fiscal revenue attributable to the Exchequer (through indirect taxes such as VAT). This is estimated at 20% of average visitor spend per trip to the UK. The wider impact from loss of spend in the UK related to changes in volumes is particularly uncertain.	High – Depending on the percentage captured, loss of spend impacts wider than the Exchequer only impact may significantly negatively impact the NPSV.	This methodology is used because of the uncertainty around consumption of goods and services by visitors, and how many of these are provided by domestic businesses and, therefore, could be attributable to the UK economy. Assumptions are uncertain and the average true fiscal impact of a visitor to the UK may differ. Section G6 provides illustrative scenarios of the impact.
Impact on Home Office case working/customer service capabilities	There may be an indirect impact as some applicants whose ETA application is refused may go on to apply for a visa. The extent of this impact will depend on the final system design and promotion of the visa route.	Low – The overall impact is expected to be small as the total number of individuals refused ETA is expected to be small.	A range has been modelled and presented as part of the analysis.
Customer service costs	Customer Service (CS) costs are highly dependent on the volume of queries received. The analysis has used assumptions on the percentage of individuals who would make queries about the application process or in relation to updating details to estimate costs.	Medium – If query volumes and therefore costs are higher than anticipated this may have an impact on value for money.	Three different scenarios have been modelled and optimism bias has been applied.
ETA demand volumes	There is large uncertainty around post	High – Income is largely dependent on sales	A large range detailed in the

	covid recovery of travel to the UK and what the actual steady state of ETA demand sales will be.	volumes and additional funding gained from the scheme will vary with actual numbers.	analysis to account for the varying possibilities.
Initial ETA income	ETAs enforcement date is TBC and not due until after full rollout. This means income which acts as the primary benefit is not definite in the early stages of the appraisal period	Medium – The magnitude of the expected net negative impact within the transition rollout years will be dependant on actual ETA sale volumes regardless of enforcement.	It is acknowledged in the IA that in the early phases of rollout income may range between 0 and the predicted estimates.
Reciprocal action impacts	Setting a fee at a level above international comparative countries may result in unestimated costs to the UK if reciprocal increases to international visa fees are made for the UK	Low – The provisionally agreed fee level is at a compararitive level while accounting for higher costs associated with the detail applied to the checking process of an ETA application	It is acknowledged in the IA that the fee level will fall within international comparative ranges

G1 IT set up costs

137. The public sector IT set up costs are the additional costs of the ETA system in addition to those being built to support the UK's Points-Based Borders and Immigration System, as set out by the Government in recent policy papers.⁶¹ A risk is that if any of these wider systems do not proceed, the cost of building them would be attributable to ETAs. There is a possibility that the set up costs could be significantly higher.
138. Due to uncertainties in the monetary estimates at this stage, this sensitivity analysis has tripled the central IT set-up cost estimates for both public and private sectors in the low, central and high scenarios. Tripling the IT set-up cost captures the highest standard of optimism bias applied to developmental infrastructure in the optimism guidance, without mitigations.⁶²
139. Private sector IT set-up costs are illustrative of potential magnitude only and are based on the expected costs for non-interactive airlines implementing an interactive system as a suitable proxy. To test the sensitivity of the NPSV to a large increase in these estimated costs, the IT set up costs for both the private and public sector were tripled in the low, central and high scenarios (Table 11), whilst the benefits remain unchanged. This is in addition to the 62 per cent optimism bias already applied throughout.

Table 9: IT set up costs sensitivity analysis, NPSV and BNPV, 2022/23-25/26, £ million.

	Private sector IT set up costs	Public sector IT set up costs	NPSV	Change in NPSV	BNPV
Low	39	130	860	-110	-39

⁶¹<https://www.gov.uk/government/publications/new-plan-for-immigration-legal-migration-and-border-control>

⁶² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/191507/Optimism_bias.pdf applying the 200% to the base IT cost has the impact of tripling the IT costs.

Central	85	270	310	-230	-83
High	180	400	-690	-390	-170

Note that these figures may not be exactly three times the IT costs stated previously, this is due to rounding. Change in NPSV is the change from the original NPSV, which is also rounded.

140. After tripling these costs, the overall NPSV remains positive in all scenarios. The NPSV decreases between **£115 million and £387 million** across the scenarios.

G2 Alternative fee income scenarios

141. ETAs will not be enforceable during the years of roll-out between 23/24 and 24/25 and therefore the exact income during this period remains uncertain. It is estimated that these years could account for up to **£230 million** of income NPV with a central impact of **£130 million**.
142. In this sensitivity analysis a £15 maxima fee level with a two-year validity period has been used to illustrate the potential impacts of ETAs at this fee level. To capture the full range of estimated impacts, the same low, central and high volume scenarios as used within the analysis sections of the IA. This provides an estimated range of NPSV of **£1,810 million to £830 million**, summarised in Table 10, compared to the **£970 million to -£310 million** estimated in the IA.

Table 10: Matching £15 fee maxima to low, central and high volume scenarios, £ million (PV), 2022/23 to 2033/34.

		Low	Central	High
Direct Costs	Private Sector	-13	-29	-62
	Public Sector	-700	-1,200	-2,610
	Total	-710	-1,230	-2,670
Indirect costs	Impacts on the Exchequer	0	-600	-2,130
	Total	0	-600	-2,130
Benefits	Private Sector	0	2	9
	Public Sector	2,530	3,240	5,610
	Total	2,530	3,240	5,620
NPSV (incl. Indirect Costs)	Total	1,810	1,420	830

Source: Home Office Analysis, 2023. Figures shown to the nearest £10, £1 or £0.1 million (refer to Annex 2 for rounding conventions). Figures may not sum due to rounding.

G3 Volume impacts on NPSV as a result of changes to countries NVN status

143. Over time, the Home Office may require more countries to apply for ETAs, or conversely rescind application requirements depending on visa national status. It is difficult to estimate how this may affect the number of ETA applications as there are many factors that influence whether a country would meet requirements for the scheme and future additions and removals have not yet been decided. Given these difficulties, illustrative scenarios have been estimated by applying a percentage increase and decrease in volumes of -15% to lowest volume scenario and 15% uplift to highest volumes holding other assumptions of the low and high scenarios constant. This gives volume ranges of **c. 180 million to c.550 million compared to the c.210 to c.480 million in the main section of the IA.**

144. Based on these changes in volumes, the NPSV is estimated to range between **£780 million** following a reduction in volumes and **- £230 million** following an increase in volumes. The range in the estimated NPSV in these scenarios is summarised in Table 11.

Table 11: Costs and benefits as a result of volume changes due to changes in countries' NVN status, £ million (PV), 2022/23 to 2033/34.

		Low (-15%)	High (15%)
Direct Costs	Private Sector	-13	-62
	Public Sector	-630	-2,910
	Total	-650	-2,970
Indirect costs	Impacts on the Exchequer	0	-1,630
	Total	0	-1,630
Benefits	Private Sector	0	10
	Public Sector	1,430	4,360
	Total	1,430	4,370
NPSV (incl. Indirect Costs)	Total	780	-230

G4 Low and high demand volumes scenarios

145. The impact the elasticity assumptions may have on ETA demand volumes are dependent on the assumptions detailed in paragraph 53. Actual price impacts of the ETA scheme remain uncertain until implementation. To account for the uncertainty around these assumptions, sensitivity analysis has been carried out to show range of impact. When applying the lowest possible elasticity impact to highest baseline demand and maximum possible elasticity to lowest possible baseline this provides the highest and lowest demand estimates of **22 million to 52 million**⁶³. Impacted detailed in Table 12.

Table 12: Illustrative impact on short-term visitor volumes of example ETA prices; Matched low elasticity to high volumes and high elasticity to low volumes

Scenario	ETA price	Validity period	Elasticity	Impact on passenger growth (%)		Average annual impact on visitor volumes	
				EEA	NVN	EEA	NVN
Low	£10	2 years	-0.7	1.2	0.3	200,000	20,000
High	£10	2 years	0.0	0.0	0.0	0	0

146. At a £10 fee, when applying low elasticity to high volumes and high elasticity to low volumes, NPSV is estimated to be between **£1,160 million and £350 million**. These potential impacts are detailed in Table 13.

Table 13: Illustrative low and high demand volume scenarios, £ million (PV), 2022/23 to 2033/34.

		Low Elasticity / High volumes	High Elasticity / Low volumes
Direct Costs	Private Sector	-62	-13
	Public Sector	-2,680	-690
	Total	-2,740	-710
Indirect costs	Impacts on the Exchequer	0	-610
	Total	0	-610

⁶³ Elasticity assumption of 0 applied to demand volumes of 52m and -0.7 applied to c.22m

Benefits	Private Sector	2	0
	Public Sector	3,900	1,670
	Total	3,900	1,670
NPSV (incl. Indirect Costs)	Total	1,160	350

G5 Administrative burden

147. Although difficult to monetise all potential behavioural impacts it is acknowledged there is potential that there may be greater impacts on travel related to the additional burden of applying for an ETA. In addition to the impact of the additional cost faced from the ETA fee, some may also be deterred from travel to the UK due to the time taken to apply. The Home Office will work to ensure the application process is as fast as possible but it is initially recommended to allow for up to 20 minutes for the process.
148. To account for this time burden, the opportunity cost concept is applied and the value of 20 minutes is calculated based on the average hourly cost of labour. This was found to be £26 per hour⁶⁴ resulting in an admin burden of £8.68 in 2022/23 prices. Applying the same elasticity assumptions mentioned earlier on in this IA, the time taken to apply for an ETA could result in a further decrease in visitor volumes of up to 2.3 per cent. Table 14 shows the potential number of visitors that may be deterred as a result of this. Elasticity impacts and administrative impacts due to the fee are not mutually exclusive, therefore the impacts could be additive or separate. The application process is still in development and so the actual likely time to apply for an ETA as well as these volumes are very uncertain.
149. This is estimated to lead to an NPSV of between **£970 million and -£1,590 million**.

Table 14: Illustrative impacts on short-term visitor volumes from administrative burden

Scenario	Elasticity	Impact on passenger growth (%)	Average annual impact on visitor volumes (from full roll out)
Low	0	0.0	0
Central	-0.35	0.7	190,000
High	-0.7	2.3	1,210,000

G6 Wider economic impacts from visitor spend

150. The NPSV throughout this IA has only accounted for visitors' contributions to fiscal revenue (through indirect taxes such as VAT) and Home Office revenue. As tourism is an export and individuals who visit spend money earned abroad on goods and services provided in the UK, the estimated fall in visitor volumes and associated visitor spend could have wider economic impacts. However, it is highly uncertain what goods and services visitors consume, and how many of those are provided by domestic businesses and, therefore, could be attributable to the UK economy.
151. A set of indicative sensitivity analysis around the central scenario is carried out in order to indicate how the NPSV could be impacted by the estimated fall in in visitor volumes as a result of £10 ETA fee. Table 15 illustrates the assumed proportion of visitor spend collected by domestic businesses.

Table 15: Remaining visitor spend (after accounting for taxation) attributed to the resident population, as a proportion of average visitor spend per trip to the UK

⁶⁴ Based on the estimated 2021 EU average taken from [Eurostat \(2022\)](#)

Scenario	Visitor spend to the UK (%)
Low	20%
Central	60%
High	100%

152. The cost to the UK from the foregone visitor spend collected by domestic institutions is calculated by considering the £722 weighted average spend per visit and subtracting the estimated contribution to fiscal revenue through indirect taxes. The remaining proportion is multiplied by the fall in visitor volumes weighting for the 2 years and the trips assumptions held throughout. The assumed share attributable to the UK of this is detailed in scenarios given in Table 15.
153. The estimated fall in unique visitor volumes due to an £10 ETA fee could result in the central NPSV to decline by between **£320 million and £1,590 million (PV, 2022/23 prices)** over the 12 year appraisal period. In the central sensitivity assumption, foregone visitor spend is estimated at **£950 million (PV estimated over 12 years, 2022/23 prices)**, this represents around a 0.5 percent reduction in visitor spend. Therefore, this foregone visitor spend would have the result of reducing the NSPV to **-£410 million**. This is very uncertain, and should only be regarded as illustrative given uncertainties around both the exact share of tourism spend apportioned to businesses and sectors across UK, and behavioural assumptions.

G7 Other risks

154. The Home Office is aware that the introduction of ETAs is significant change for NVN visitors. To mitigate the risk of causing inconvenience and delay to legitimate passengers who may not have realised they require an ETA, the Home Office intends to take a softer approach during the phased introduction of the scheme to the enforcement of the new requirement. In addition, the Department intends to work with carriers and develop clear communications to the cohorts affected by the introduction of the ETA scheme ahead of implementation will reduce this risk.
155. There may also be reputational damage if the application process is not straightforward to use and/or incorrect application decisions are issued. Through user research and testing, the Home Office will work to ensure that the system is user friendly and accurate. The Home Office is working to consider what, if any, support functions the introduction of an ETA scheme might require, including but not limited to a Frequently Asked Questions section and online guidance as part of the application process. There is also the risk of reputational damage if legitimate holders of an ETA are unable to travel due to problems with the system by which the Home Office will provide carriers with information about the individual's authority to travel. The Home Office will continue to engage with carriers to develop appropriate technological solutions and to ensure necessary mitigations are in place to minimise any risk.

H. Direct costs and benefits to business calculations

156. Table 15 outlines the direct costs and benefits to business of the proposed changes. Excluding indirect costs, The business Net Present Value (BNPV) is estimated to be in the range of **-£13 million to -£53 million**, with a central estimate of **-£26 million**.
157. The main driver of the negative BNPV in the low and central scenarios are from IT setup costs. As the exact customer services process are currently uncertain and ongoing private sector costs still undetermined prior to implementation these values remain subject to change.

Table 16: Summary of costs and benefits to business, £ million (PV), 2022/23 – 2033/34

	Low	Central	High
Familiarisation costs	0	-0.2	-1
IT set up costs	-13	-28	-60
Direct costs to business	-13	-29	-62
Reduced refusals	0	2	9
Benefits to business	0	2	9
BNPV	-13	-26	-53
EANDCB	-1	-3	-5

Source: Home Office Analysis. Note: EANDCB is the net direct cost to business per year.

I. Wider impacts

Impact on competition

158. An ETA will be required for all eligible passengers, and should not necessarily create distortions between carriers in respect of demand. However, as set out in paragraph 74, carriers that solely operate routes with juxtaposed controls will not be required to have a system to check ETAs. This could create a cost advantage for such a carrier if a competitor offered a highly substitutable route which did not have juxtaposed controls. In practice those carriers that operate routes exclusively through juxtaposed controls are not a close substitute for those who do not.
159. There is no expectation of a change in output or price, as the added cost is a fixed cost. Carriers tend to have large fixed costs in operations. The cost of an ETA system is likely to be low relative to those existing costs.
160. The analysis on competition has concluded that there will be no impacts on incentives of the carriers. Passengers will have to apply for an ETA regardless of whether they travel through juxtaposed ports or not. Therefore, an ETA will not change consumer behaviour to favour one carrier over the other.

Income distribution inequality

161. The policy of ETAs is likely to have a larger impact on the travel of those at the lower end of the income distribution, considering individuals willingness to pay for an ETA to travel to the UK will differ depending on disposable income as well as preference. As with any policy that increases the price of goods or services, this is unavoidable.

Wider costs and benefits

162. ETAs will represent one of the many charges related to the border and taxes paid by people visiting the UK. There are other charges, such as Air Passenger Duty (APD) and VAT on services not fully quantified in this IA. The NPSV in the IA captures quantified benefits from reduced refusals at the border and fee income. However, it does not capture unquantified benefits from improved security, greater automation at the border or reduced disruption to private sector operations which are considered in qualitative terms in sections E10 to E15. Any reduction in volumes as a result of ETA will also have environmental benefits in line with those underpinning comparable policies at the border, such as the aforementioned

APDs. There are additional benefits associated with the wider ETA policy when considering ETA and as such the full extent of benefits from this wider programme have not been considered in the IA.

J. Trade Impact

163. No trade impacts were identified. Analysis conducted by Czaika and Neumayer (2017) found that visa restrictions or the introduction of a visa restrictions have no statistically significant impact on trade for high-income countries, defined as having a GDP per capita above \$4,036 (USD)⁶⁵. It is intended that the ETA scheme imposes less of financial and administrative burden on the individual than an application for a visa product.

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

164. Government intends to undertake a review of the fee prior to further rollout beyond those mentioned in paragraph 17 in 2024 . The Home Office is establishing a monitoring and evaluation plan for the New Plan for Immigration.

165. The Home Office anticipates data on the use of the ETA scheme will be collected and published as part of regular statistics to provide transparency and accountability for the Department's work, meeting the needs of Parliament, the media, academia, and the wider public, in line with the Code of Practice for Statistics. The Department will work to ensure the information needed for these purposes is collected.

⁶⁵ Czaika, Mathias and Neumayer, Eric (2017) Visa restrictions and economic globalisation, http://eprints.lse.ac.uk/74060/7/Neumayer_Visa%20restrictions%20and%20economic%20globalisation.pdf

L. Annexes.

Annex 1, Medium, Small and Micro Business Assessment

Introduction

The Small and Micro Business Assessment (SaMBA) assessment process applies across Whitehall for domestic measures that regulate business and come into force after 31 March 2014, and is a pre-requisite for Cabinet Clearance. As of 3 October 2022 this has expanded to MSMBA, to include medium-sized business. Firms with fewer than 500 employees will be exempted if there is evidence that the proposed new rules will result in a disproportionate burden that could impede economic growth. The MSMBA is explicitly focussed on smaller businesses (micro is 1-9 employees, small is 10-49 employees, and medium is 50 to 499 employees) because these firms are perceived to be disproportionately affected by the burden of regulation.

Analysis of firms impacted by the introduction of ETA

The introduction of the ETA scheme will directly impact on all carriers involved in the transportation of individuals to the UK.

Data from the Department for Business, Energy & Industrial Strategy (BEIS) on business population estimates in 2022⁶⁶ was investigated to find out whether any small or micro-business would be impacted by the introduction of the ETA scheme. However, none of the disaggregation of these data are small enough to show the proportion of small and micro-businesses in the international passenger transport sector, and therefore these data are of limited benefit in this assessment.

As part of the SaMBA for the introduction of Exit Checks in 2015, the Home Office engaged with commercial scheduled carriers to identify the potential impact on medium, small and micro sized businesses. This assessment looked at data on turnover, employment and total assets, which were extracted from various carriers/operators annual reports, investors' presentations and reports for the year 2013. These datasets, which are not disclosed here for commercial reasons,⁶⁷ indicate that all the firms that were impacted by exit checks had turnover, total assets and employment that defined them as large firms. All the firms had specialist HR, training and finance functions as well as being used to operating in a regulated environment plus dealing with government. Some of the firms that were impacted by exit checks were multi-national companies and they operate in different regulatory environments across the globe.

These findings are unsurprising as the international travel industry has significant unique components: large capital requirements, very specific assets (for example, the Channel Tunnel or a cruise liner) and significant operational and managerial skills that require specialist knowledge and experience plus important regulatory and safety responsibilities.

In the commercial scheduled air sector, when all affected firms are aggregated, turnover was close to £35 billion and employment was about 120,000. No firm had employment of <1,000 and most individual firms have employment in the range of 1,000 to 10,000 employees.

The international rail sector only had two companies, both with employment greater than 1,000 employees. The turnover and total assets of these companies are also commensurate with a large firm.

⁶⁶ Department for Business, Energy and Industrial Strategy (2016) 'Business Population Estimates for the UK and Regions 2022', October.

⁶⁷ The IA does not disclose who the carriers/operators are at any stage and the Home Office has worked closely with carriers/operators to ensure that commercial arrangements and port operations, particularly those related to security are not divulged in this process.

In the commercial scheduled maritime sector, employment was greater than 2,000 for all firms except one which was a medium-sized firm (which was more than 49 employees but fewer than 500 employees). As ETAs are mandatory for entry to the UK, no exemptions to the policy are planned for this medium-sized carrier. Again, turnover and total assets were in keeping with the expectation of large firms.

The commercial scheduled passenger travel sectors affected are the same as those affected by the introduction of Exit Checks, and the Government does not expect there to have been significant changes to size of firms in this market since 2015. Therefore, this assessment concludes that there will be no small or micro-businesses in the commercial scheduled air, rail and maritime passenger travel markets directly impacted by the introduction of ETA.

In respect of GA and GM carriers, to date, the Government has not yet been able to identify the extent to which the introduction of ETA would directly impact these sectors. It is recognised that there will be several medium, small and micro-sized firms in the GA and GM sector. However, the number of NVNs who would be entering the country via these routes, and who would be required to obtain an ETA, is expected to be small. Nonetheless, the Government is committed to engaging with both the GA and GM sector as it continues to develop the detailed scope of the policy and move towards implementation. Any impacts and potential costs for firms in both sectors will be explored through the planned industry engagement. It is the Government's position that it will ensure the processes that are put in place for these sectors are appropriate to the sectors means and are not overly burdensome.

It is anticipated there will be a small impact on travel agencies and businesses, who may wish to familiarise themselves and inform their clients of the change in requirements for visiting the UK or assist in applying for an ETA. Some of these travel agencies may be small or micro-businesses. However, as there will be no additional requirements on such firms from the proposed legislation, there is no need to consider exemptions. Whilst some travel firms may choose to assist their customers in making applications for an ETA, they are not obliged to. The Government intends for the application process to be available via both website and mobile application, in line with other immigration routes and so does not consider that it would be burdensome. In addition, the Government will provide detailed online guidance in respect of the application process as well as how to complete it and is also considering the provision of a customer support function, which would be available to anyone completing the application.

Summary

- There are very few medium, small or micro-sized firms that have been identified to operate in the commercial scheduled air, rail and maritime passenger travel markets. Therefore, very few medium, small or micro-sized firm in this sector will be directly affected by the introduction of an ETA, and no exemptions are planned as ETAs are mandatory for entry to the UK.
- All firms affected in the commercial air, rail and maritime passenger travel markets are large firms (500+ employees), except for one medium-sized general maritime firm, and are used to operating in a regulatory environment and have specialist functions to deal with these issues. As ETAs are mandatory for entry to the UK, no exemptions to the policy are planned for the medium-sized carrier.
- Work is ongoing to understand any potential impacts of the introduction of ETA on GA and GM carriers. This SaMBA has not been able to identify whether any small or micro-businesses in this sector would be affected by the introduction of ETA. As implementation becomes closer the Home Office will conduct further engagement with

the GA and GM sector and consider any impacts of ETA, particularly in relation to small and micro-businesses.

The conclusion of this SaMBA is that there are very few medium, small or micro-sized firms which operate in the commercial, scheduled international transport sector, and the introduction of an ETA will not add an overly-burdensome and adverse regulatory burden onto the large firms which operate in this sector.

It is therefore not considered necessary to apply an exemption for this policy to medium, small or micro-businesses. To date the Home Office has been unable to identify whether there are any small or micro-businesses which operate in the general aviation and general maritime sectors. However, the Government will conduct further engagement with these sectors to ensure any impact arising from the introduction of the ETA scheme is identified and will put in place appropriate mitigations to ensure the requirement is not overly burdensome.

Annex 2

Rounding conventions used in this impact assessment

- Figures greater than £100 million have been rounded to the nearest £10 million
- Figures greater than £1 million and less than £100 million have been rounded to the nearest £1 million
- Figures below £1 million have been rounded to the nearest £0.1 million
- Passenger volumes have been presented to two significant figures

Impact Assessment Checklist

Mandatory specific impact test - Statutory Equalities Duties	Complete
<p data-bbox="124 253 507 286">Statutory Equalities Duties</p> <p data-bbox="124 324 1268 432">The public sector equality duty (PSED) requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations in the course of developing policies and delivering services.</p> <p data-bbox="124 472 1268 947">The Equality Impact Assessment (EIA) has identified limited potential for direct discrimination on the basis of nationality (nationality). The requirement to apply for and obtain an ETA prior to travelling to the UK will broadly be compulsory for non-visa nationals (bar Irish citizens on the basis they do not require permission to enter or remain in the UK except in very limited circumstances) who do not already possess a visa, entry clearance or immigration status and who are intending to come here for short periods of time (up to six months), or transit through the UK. This could be said to amount to less favourable treatment of non-visa nationals. However, this will not be unlawful direct discrimination because it is being done in the exercise of immigration functions and will be set out in appropriate legislation, namely the Immigration Rules. The assessment is robust because it is proportionate to rely on the exception here, because of the policy need to maintain effective immigration control.</p> <p data-bbox="124 976 1268 1451">There is also a possibility of indirect discrimination on the basis of age, disability, and race (ethnic or national origins). Age could be engaged because: older applicants may have difficulty accessing electronic forms / processes and ETA applicants under 18 years of age will be required to provide more information than those 18 years or more. Disability could be engaged because: disabled applicants with a disability may have difficulty accessing electronic forms / processes. Race (ethnic or national groups) could be engaged because: applicants from certain groups may have difficulty accessing processes in English. Mitigation will include ensuring access requirements are factored into the design of forms and notices. With appropriate mitigation in implementation and operationalisation and balancing any remaining disadvantage with the legitimate aims of the Plan, the Home Office does not assess that any such treatment would ultimately amount to indirect discrimination.</p> <p data-bbox="124 1480 979 1514">These summary findings have been agreed by the SRO.</p>	<p data-bbox="1337 891 1390 925">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

<p>Review clauses</p> <p>The Small Business, Enterprise and Employment Act 2015 (s. 28) creates a duty to include a review clause in secondary legislation containing regulations that impact business or civil society organisations.</p> <p>The Government will review and monitor this measure following implementation. The Act will be subject to post-legislative scrutiny five years after Royal Assent.</p>	<p>Yes</p>
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<p>Medium, Small and Micro-business Assessment (MSMBA)</p> <p>The MSMBA is a Better Regulation requirement intended to ensure that all new regulatory proposals are designed and implemented so as to mitigate disproportionate burdens. The MSMBA must be applied to all domestic measures that regulate business and civil society organisations, unless they qualify for the fast track.</p> <p>Annex 1 considers the impact on small and micro-businesses. There are no medium, small or micro-businesses which operate in the commercial, scheduled air or rail passenger travel markets but acknowledge one within the maritime markets. Work is ongoing to understand any potential impacts of the introduction of an ETA system on GA or GM carriers. The MSMBA has not been able to identify whether any medium, small or micro-businesses in this sector would be affected by the introduction of ETA.</p>	<p>Yes</p>
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<p>Competition</p> <p>The Competition guidance provides an overview of when and how policymakers can consider the competition implications of their proposals, including understanding whether a detailed competition assessment is necessary. [Government In Markets Guidance]</p> <p>Section I sets out that potential competition issues might arise if some carriers were required to implement an ETA system while competitors would not. This might happen where carriers operating exclusively through ports with juxtaposed controls would not be required to make these changes. However, in practice such carriers do not offer closely substitutable routes with others who would have to implement an ETA system. Therefore the Home Office does not anticipate an impact on competition.</p>	<p>Yes</p>
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Social Impact Tests

<p>Justice Impact Test</p> <p>The justice impact test is a mandatory specific impact test, as part of the impact assessment process that considers the impact of government policy and legislative proposals on the justice system. [Justice Impact Test Guidance]</p> <p>A justice impact test has been completed for this policy and shared with the Ministry of Justice. The assessment includes an estimate for the number of ETA decisions which are subject to judicial reviews; the number of Carrier Liability penalties which are appealed in county court. The Home Office does not expect these impacts to be significant.</p>	<p>Yes</p>
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