

Title: Counter-Terrorism and Security Bill – Border Security IA No: HO0140 Lead department or agency: Home Office Other departments or agencies:	Impact Assessment (IA)		
	Date: 18/11/2014		
	Stage: Final		
	Source of intervention: Domestic		
	Type of measure: Primary legislation		
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Summary: Intervention and Options	RPC Opinion: NA
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Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Two-Out?	Measure qualifies as
-£33.20m	-£19.60m	£2.10m	NA	NA

What is the problem under consideration? Why is government intervention necessary? On 29 August the Joint Terrorism Analysis Centre raised the UK threat level from SUBSTANTIAL to SEVERE meaning that a terrorist attack is 'highly likely'. There is a need to legislate to deal with the increased terrorist threat. The Counter-Terrorism and Security Bill will address the following issues with the UK border: **1a)** The National Border Targeting Centre has to telephone most carriers to deny authority to carry. This can be ineffective in time-critical situations. **1b)** Insufficient advance data is received from non-scheduled aviation and maritime services to have a full picture of arriving and departing traffic. **1c)** There is a need for more effective sanctions for non-compliance with requirements to provide data. **2a)** For British nationals, the current threshold for 'no fly' is restricted to individuals assessed to pose a direct threat to the security of aircraft and imposed by a direction which can mean time delays. **2b)** Currently carriers can only be recommended not to carry individuals who have been excluded from the UK for reasons other than national or public security e.g. those excluded from the UK on the grounds of unacceptable or non-conducive behaviour **2c)** Outbound flights from the UK are not currently within the statutory authority to carry arrangements. **3)** Our ability to specify security measures at foreign airports is constrained by legal considerations around extra-territorial action. **4)** To amend Schedule 7 to the Terrorism Act 2000 to clarify the legal position in relation to the examination of goods in remote storage outside the immediate boundary of a port and the examination of goods comprising items of post.

What are the policy objectives and the intended effects? The objective is to put measures in place to prevent or disrupt the entry or return to the UK of individuals who pose a terrorism-related or other threat, primarily but not exclusively by air, and to mitigate the threat of an attack on transport services operating to the UK (or onward from the UK). The objective of the Schedule 7 amendments is to clarify the legal position in relation to the examination of goods in remote storage outside the immediate boundary of a port and the examination of goods comprising items of post.

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

Option 1 is to make no changes (the do-nothing option). Whether Advance Passenger Information is provided via interactive connectivity would remain at airlines' discretion. The authority to carry scheme, the government's ability to require carriers to undertake specified security measures, and the articulation of Schedule 7 would remain as they are.

Option 2 is to legislate. This is our preferred option. **1a)** Scheduled carriers may be required to install interactive systems which will mean no fly alerts and passenger screening requirements provided directly into carriers' systems. **1b)** Non-scheduled aircraft may be required to provide advance data. **2a)** The scope of the no fly arrangements will be extended to include more individuals, both British and foreign nationals, who pose a terrorist or terrorism-related threat to the UK. **2b)** The outbound no fly arrangements will be placed on a statutory footing and will also include individuals who have had their passport seized under the new Temporary Passport Seizure powers. **3)** Carriers operating to the UK may be required to undertake specified security measures. **4)** Schedule 7 will be amended to clarify the legal position relating to the examination of goods in remote storage outside the immediate boundary of a port and the examination of goods comprising items of post.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 2016					
Does implementation go beyond minimum EU requirements?			NA		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro Yes	< 20 Yes	Small Yes	Medium Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)		Traded: Unknown		Non-traded: Unknown	

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister: _____ Date: _____

Summary: Analysis & Evidence

Policy Option 1

Description: Option 1 is to make no changes (the do-nothing option)

FULL ECONOMIC ASSESSMENT

Price Base Year 2014	PV Base Year 2014	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 0.00	High: 0.00	Best Estimate: 0.00

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A	0.00	0.00
High	N/A	0.00	0.00
Best Estimate	N/A	0.00	0.00

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

Do-nothing option.

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

Do-nothing option.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	0.00	0.00
High	N/A	0.00	0.00
Best Estimate	N/A	0.00	0.00

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

Do-nothing option.

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

Do-nothing option.

Key assumptions/sensitivities/risks

Discount rate (%)

3.5

If the current legislation (primary and secondary) remains unchanged, then whether Advance Passenger Information becomes interactive or not will be at airlines' discretion. The scope of the no-fly list, the Government's ability to require airlines to undertake specified security measures, and the articulation of Schedule 7 will remain as they are.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs: 0.00	Benefits: 0.00	Net: 0.00	NA	NA

Summary: Analysis & Evidence

Policy Option 2

Description: Option 2 is to legislate.

FULL ECONOMIC ASSESSMENT

Price Base Year 2014	PV Base Year 2014	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -42.04	High: -25.95	Best Estimate: -33.20

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	9.00	2.43	29.57
High	10.00	3.74	42.21
Best Estimate	9.75	2.80	34.14

Description and scale of key monetised costs by 'main affected groups' This option requires investment by UK airlines (£9.75m initially and £1.25m annually) and the Government (£1.2m annually) to maintain interactive systems for Advance Passenger Information. Border Force will also need to continue resourcing a help-desk (£0.384m annually). There is the possibility that extending the No Fly list could mean UK nationals face an increased potential of disruption to their travel (costs estimated to be negligible). Costs to the justice system are also estimated to be negligible.

Other key non-monetised costs by 'main affected groups' The possible expansion of the No Fly list¹ is significant and therefore increases the risk of airlines incurring costs from handling no fly alerts, especially if they result in offloading passengers who have already boarded and retrieving their luggage from the hold. There will be an increased chance of reputational costs to the UK if an individual is wrongly denied boarding.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	0.02	0.17
High	Optional	0.42	3.62
Best Estimate	NA	0.12	0.95

Description and scale of key monetised benefits by 'main affected groups' Under this option, carriers would not need to pay detention and removal costs for individuals who would otherwise have been carried to the UK and then denied permission to enter (£0.12m annually) or refused admission.

Other key non-monetised benefits by 'main affected groups' The main benefit of the policy is reducing the probability of a terrorist attack by prohibiting individuals who are known to pose a terrorist risk to the UK from travelling to the UK or on a UK-bound aircraft or on an aircraft out of the UK. This benefit cannot be quantified, but since the cost of such an attack would be extremely large, only one attack would need to be prevented over a long period of time for the benefits of this policy to more than offset the costs.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
<p>Assumptions and sensitivities: The consultation to gather relevant data was brief. While data was provided by a sample of UK carriers, we cannot be sure they are fully representative. In addition, different carriers may face different costs depending on their size or their existing systems. In the absence of this data we assume that carriers are all affected in the same way. Calculations which incorporate the change in the size of the No Fly list are subject to uncertainty, since they extrapolate based on a very small initial sample. Cost estimates based on projected no fly alerts should therefore be treated with caution. Our high estimate assumes that the increase in alerts is proportionate to the increase in the number of individuals on the No Fly list, and therefore greater than that suggested by Border Force data.</p> <p>Risks: 1) The effectiveness of the policy is dependent on accurate, complete advance passenger information having been submitted correctly. 2) There will always remain a small risk that an individual on the no fly list will be allowed to board an aircraft as a result of poor or late data. Although this risk will be significantly reduced as a result of the measures in this Bill. 3) The UK may become a less attractive destination for travel by imposing requirements on UK and foreign carriers and costs or waiting times increasing.</p>		

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs: 2.20	Benefits: 0.10	Net: -2.10	NA	NA

¹ In this document the reference to a 'No Fly' List is a reference to individuals in respect of whom a carrier is liable to be refused authority to carry to or from the UK, and references to 'No Fly' can, where appropriate, mean references to preventing travel by other modes of transport.

Measures to strengthen border security, impact assessment evidence base

A. Define the problem

On 29 August the Independent Joint Terrorism Analysis Centre raised the UK national terrorist threat level from SUBSTANTIAL to SEVERE meaning that a terrorist attack is 'highly likely'. Approximately 500 individuals of interest to the police and security services have travelled from the UK to Syria and Iraq since the start of the conflicts; many of these individuals have joined terrorist organisations including the Islamic State of Iraq and the Levant (ISIL). On 1 September the Prime Minister announced that legislation would be brought forward in a number of areas to stop people travelling overseas to fight for terrorist organisations, or conduct terrorist related activity, and subsequently returning the UK, and to deal with individuals already in the UK who pose a risk to the public.

International aviation remains a target for terrorists. There have been attempts to launch terrorist attacks inside the cabins of passenger aircraft using concealed explosive devices, and terrorist groups with the intent, the capability and the determination to undertake such attacks continue to pose a threat.

In December 2001 Richard Colvin Reid attempted to detonate explosive material concealed in his shoes onboard a flight from Paris to Miami. In December 2009, Umar Farouk Abdulmutallab attempted to detonate an improvised explosive device concealed in his underwear onboard a flight from Amsterdam to Detroit. Neither device had been detected by airport security screening. Although Abdulmutallab's failed to function fully, its method of initiation was viable. In May 2012 a plot to blow up a passenger aircraft using a device similar to Abdulmutallab's was foiled and the device, designed to be concealed under clothing, was recovered. Both "underwear bombs" were linked to Al Qa'ida the Arabian Peninsula terrorist group.

These attacks identified that security screening should be supplemented by information and intelligence about individuals posing a terrorist threat and capable of undermining traditional security screening methods.

The safety of the travelling public is among the Government's top priorities. In October 2010 the Government made a commitment in the Strategic Defence and Security Review to "make changes to pre-departure checks to identify better the people who pose a terrorist threat and prevent them flying to or from the UK". In the UK's Strategy for Countering Terrorism (CONTEST) in July 2011, the Government undertook to "use secondary legislation to deny airlines authority to carry to the UK foreign national passengers included on our no fly list".

The UK's Pre-Departure Checks Scheme (PDCS) was introduced in July 2012 to prevent people who pose a terrorist threat from flying to or from the UK. This is now an important element of our counter-terrorism strategy. We have stopped the travel of a small number of people whom we judged may pose a threat to aviation security or who would pose a terrorist threat if they were able to travel.

The terrorist threat continues to evolve and we now need to strengthen our Data requirements, Authority to Carry ('No Fly') scheme and Specified Security Measures to prevent or disrupt the entry or return to the UK of individuals who pose a terrorism-related threat, primarily but not exclusively by air; and to mitigate the threat of an attack on transport services operating to the UK (or onward from the UK), again primarily but not exclusively by air.

The Channel Tunnel also needs to be further protected against the terrorist threat. Following the liberalisation of passenger traffic, there is interest from train operators in running services from countries other than France or Belgium, with which the UK has longstanding arrangements and understandings concerning security.

The concerns with our border security measures fall under four headings:

1. Data

1a. Currently carriers are required, under immigration legislation, to provide data of checked-in passengers by 30 minutes before scheduled departure time – but later data is also sent. Late, incomplete, and poor quality data can undermine the effective operation of “no fly” and specified security measures.

Current manual operation / non-interactive systems can be inefficient. The National Border Targeting Centre (NBTC) has to telephone carriers to give ‘no fly’ or specified security measure instructions (e.g. a request to screen a named passenger), other than for a small number of carriers that have voluntarily connected their systems directly to the Border System. Having to telephone the carrier may not be effective in time-critical incidents.

1b. The unscheduled nature of certain types of flights (collectively referred to as General Aviation (GA)), and the high number of private airfields and landing strips at which they can arrive or depart, means that the border authorities are faced with significant challenges with GA. The police and Border Force manage this challenge through a process of advance notification which allows these flights to be risk assessed. However, whilst many operators provide the information required, this does not provide a sufficiently complete picture of arriving and departing GA.

2. Authority to Carry (‘No Fly’)

British nationals cannot currently be included in an authority to carry scheme. For inbound British nationals, the current threshold for no fly is restricted to individuals assessed to pose a direct threat to the security of aircraft, ships or trains, or to passengers and luggage on board. These individuals will now be brought within the authority to carry scheme so that their travel can be prevented more quickly and effectively.

At present, carriers may only be recommended not to carry: Individuals excluded from the UK for reasons other than national or public security; individuals subject to a deportation order not made on public or national security grounds; individuals who are otherwise inadmissible to the UK except those refused a visa on grounds of national security; and individuals who are the subject of a UN/EU Foreign Travel Ban (with the exception of individuals who are the subject of a UN/EU Foreign Travel Ban due to their association with Al Qa’ida or the Taliban, who are already part of the statutory scheme).

Outbound flights from the UK are not currently within the statutory scheme so carriers can only be recommended not to carry an individual from the UK.

3. Specified Security Measures

We currently have the power to direct security measures at UK airports, and for UK-registered airlines operating anywhere. However, our ability to specify such measures at foreign airports is constrained not only by practical issues, but also by legal considerations around extra-territorial action.

There is currently no power to direct train operators not to let Channel Tunnel trains enter UK territory unless certain specified security measures (including passenger screening) have been carried out.

There is a need to have the power to require carriers from certain countries who intend to operate into the UK, or in the case of ships to enter a UK harbour, to undertake additional specified security measures, including screening of passengers.

4. Schedule 7 to the Terrorism Act 2000 ('Schedule 7')

Schedule 7 to the Terrorism Act 2000 ('Schedule 7') is an important part of the UK's port and border security arrangements and contributes daily to keeping the British public safe. The practice of examining officers examining goods, including goods which comprise items of post in the course of Schedule 7 examinations has existed since the provisions entered into force in February 2001. There is an arguable legal basis for this. The Counter-Terrorism and Security Bill provides an opportunity to clarify the legal position in relation to the examination of goods in remote storage outside the immediate boundary of a port and the examination of goods comprising items of post. Examination of goods is an important capability given the current threat, to detect terrorist material being sent to and from the UK.

There are two specific issues:

- (i) Current legislation does not define a port for the purposes of the goods examination power, and goods storage can include facilities outside what may appear to be the immediate boundary of a port, and the Bill will make clear at which locations examination of goods may lawfully take place.
- (ii) Current practice of overt examination of goods at ports includes goods which comprise postal items, and the proposal makes clear that practice is foreseeable and lawful.

B. Rationale

Protecting the UK against terrorism is a fundamental role of Government. Counter-terrorism measures require judgments on the need to balance protecting the public with safeguarding civil liberties and dealing with sensitive issues of national security. Such judgments should not be left to the private sector. The private sector does not have the access to intelligence to understand the scale/nature of the threat.

It is the Government that manages sensitive information and intelligence on individuals that pose a terrorist threat and is responsible for the safety and security of UK citizens. Given the necessity of counter-terrorism measures, and the role of the Government to protect the public, the Government is uniquely placed to fulfil this role.

C. Objectives

Our objective is to put measures in place to prevent or disrupt the entry or return to the UK of individuals who pose a terrorism-related threat, primarily but not exclusively by air, and to mitigate the threat of an attack on transport services operating to the UK (or onward from the UK), again primarily, but not exclusively by air.

For Schedule 7 there is a need to clarify the legal position for the examination of goods in remote storage outside the immediate boundary of a port and the examination of goods comprising items of post.

D. Options

Option 1 is to make no changes (the do nothing option).

If no changes are made to the provisions around **Data**, the **Authority to Carry ('No Fly')** Schemes, and the **Specified Security Measures** then the border security weaknesses and concerns outlined in section A will remain.

The police currently carry out goods examinations at ports' remote storage facilities and examine goods comprising postal items under **Schedule 7**. Doing nothing will not provide necessary clarity of law.

Option 2 is to make the following changes via primary and secondary legislation:

1. Data - 1a.) Require carriers to use passenger data systems capable of receiving instructions to offload or to screen any passenger and to provide complete and accurate data within a specified timeframe, and make regulations establishing a civil penalty regime to penalise non-compliance.

1b.) Take a power to allow us to require through regulations the advance data for non-scheduled aircraft and ships. Before introducing this power to introduce regulations we will consult on the details of the requirement, including: data content; timescales for advance notification; and form and manner of notification.

2. Authority to Carry ('No Fly') - The scope of the no fly arrangements will be extended to include more individuals, both British and foreign nationals and the outbound 'no fly' arrangements will be placed on a statutory footing, so that Border Force can require carriers not to carry an individual outbound as well as inbound. Regulations will be made establishing a civil penalty regime to penalise non-compliance.

3. Specified Security Measures - Provide that carriers operating to the UK may be required to undertake specified security measures. In particular, measures in the Bill will strengthen our ability to impose specified security measures on carriers as a condition of their operation to the UK or entry into UK airspace.

4. Schedule 7 – to clarify the legal position in relation to the examination of goods in remote storage outside the immediate boundary of a port and the examination of goods comprising items of post.

Legislating in this way is our preferred option as it can meet the policy objectives and achieve the intended effects. Further detail on the Data, Authority to Carry and Specified Security Measures changes that we propose to make are provided in Annex A.

Groups Affected

We expect the following groups to be affected by the Data, Authority to Carry and Specified Security Measures changes:

- Carriers, as they will bear some of the implementation costs, but also benefit from the proposal in terms of enhanced security and reduced passenger detention and removal costs;
- A very small number of British passengers, who may incur costs if incorrectly prevented from boarding through mistaken identity.
- The UK Government, who have responsibility for UK national security and bear some of the costs for maintaining an interactive Advance Passenger Information system; and
- The UK public, who will benefit from enhanced security.

In addition to scheduled aviation services, the new provisions will also be applicable to international rail, maritime and non-scheduled aviation services and traffic. The provisions will be applied to these modes of transport as the threat requires. A consultation, and an assessment of the costs, will be produced at the time it is proposed to apply the provisions to these other sectors. Therefore the costs and benefits, which are relevant to these areas, are not included in this impact assessment. Due to data limitations we do not know how these costs and benefits will compare to those in this impact assessment covering scheduled aviation.

The amendments to Schedule 7 clarify the operation of the legislation in relation to the examination of goods in remote storage outside the immediate boundary of a port and the examination of goods comprising items of post. These are existing practices, and so the changes will not affect any new groups.

Costs and Benefits

We have carried out analysis on the possible effect of expanding the scope of the No Fly list (so that it includes all those who are the subject of a deportation order or exclusion order from the UK) but do not include the details here for national security reasons. This analysis is based both on data provided by the National Border Targeting Centre regarding alerts and offloads for the current authority to carry scheme between July 2011 and September 2014 and data for deportation order individuals and those who are excluded from the UK provided by Border Force for September 2014. This analysis includes estimates of the number of no fly alerts, cases of mistaken identity and successful interceptions before an individual boards a flight. These calculations are subject to uncertainty. We are estimating the effects of a significant increase based on a small sample size, and using only one month of the calendar year which may not be representative. However, given limited evidence on which to base forecasts, we use this as our best approach.

This impact assessment only considers the costs and benefits of this legislation to the UK. There may also be impacts on non-UK carriers and passengers.

Costs

Monetised Costs

To UK airlines of implementing and maintaining an interactive system

We consulted with UK carriers about the cost of implementing an interactive system. For airlines with an interactive system already, there is no additional cost. One respondent estimated that its implementation cost was approximately £975,000. Responses from those without an interactive system suggested that:

- The implementation cost will be between £900,000 and £1 million.
- There will be annual maintenance costs between £100,000 and £150,000.
- One carrier also suggested they may face further ongoing (unspecified) annual costs of £500,000.
- Carriers told us that staff training costs were minimal.

Our best estimate of the cost to a non-interactive carrier of implementing an interactive system is £975,000, with annual maintenance costs of £125,000.

There are 11 UK registered carriers. Of these, one already uses an interactive system and will not face additional costs. Therefore the best estimate of the total cost for the other 10 UK carriers is £11 million in the first year (implementation of £9.75 million and annual maintenance cost of £1.25 million) and £1.25 million after this, resulting in an approximate average annual cost of £2.2 million in current prices over a 10 year period.

Based on the range of estimates above, the low estimate of the costs is £10 million in the first year and £1million after this, and the high estimate is £12 million in the first year (implementation, annual maintenance and other ongoing costs of £500,000) and £2 million after this.

It should be noted that other governments are increasingly requiring that carriers implement interactive Advance Passenger Information. Carriers are therefore likely to have to pay these costs at some point in the near future whether they are required by the UK government or not. Once a carrier has implemented interactive API the additional costs of connecting to Border Force are low.

To the UK Government of implementing and maintaining an interactive system

The cost to the Government of maintaining an interactive system is currently £1.2 million per year.

High and low estimates of this cost are 10 per cent higher and lower than the best estimate. This is due to a lack of data on which to base sensitivity analysis.

To Border Force of resourcing a help-desk

Border Force estimate that a help desk to assist with the interactive API mandated as part of this legislative package will require:

- A delivery team made up of one Border Force Higher Officer, two Border Force Officers and one Border Force Assistant Officer.
- One Border Force Assistant Officer to act as a call receiver; and
- Two Border Force Assistant Officers to help with testing.

Border Force estimate that the total cost of these resources will be £384,000 per year (including on-costs). High and Low estimates are 10 per cent higher and lower than the best estimate. This is due to a lack of data on which to base sensitivity analysis.

To UK airlines of handling more refusals of “authority to carry”

Staff time handling a “notification refusing Authority to Carry”: In the absence of data, a period of one hour was assumed to be necessary to handle a notification. This assumption is based on consultation with airlines for a previous impact assessment ‘Implementation of Authority-to-Carry Scheme under Section 124 of Nationality, Immigration and Asylum Act 2002 IA No: HO0060 (2012)’. This would involve one member of staff making and receiving phone calls to / from the airline’s security staff and possibly to engage the airport’s security staff. Using the Annual Survey of Hours and Earnings 2013 Provisional Results, median gross hourly earnings for full-time Air Travel Assistants were £12.08. Uprating to 2014 prices and adjusting for non-wage labour costs results in approximate hourly earnings of £15.44. Based on our analysis of the potential expansion of the scope of the no fly list, we calculate that the total annual cost to airlines of handling an increased number of refusals of ‘authority to carry’ will be between £1,050 and £3,165.

To UK passengers who are incorrectly prevented from boarding their flight

There is also a potential cost to passengers if they are incorrectly prohibited from boarding their flight, due to being incorrectly identified as an individual whom the carrier should be denied authority to carry (there will remain a possibility of this happening if the passenger has similar biographic details to someone who is within the scope of the Authority to Carry scheme). The potential costs include the costs of food, accommodation, and passenger time.

- Office for National Statistics, 'Travel Trends 2013', estimates that the average spend per day per visit abroad by EU15 residents was £61. Updating to 2014 prices using the Retail Prices Index this figure is approximately £63.90.
- Using the Autumn 2013 Department for Transport Travel Appraisal Guidance data book, the average market price of travel time for all working persons is £27.07 per hour in 2010 prices. Updating to 2014 prices using the Retail Prices Index gives an approximate value of £32.00.

The average delay we consider is 2 hours based on previous cases where passengers have been mistakenly identified and offloaded. It is normal practice that passengers who are mistakenly identified as an individual who should be prevented from travelling depart on the subsequent flight (and are not required to purchase an additional ticket) once the mistaken identification is resolved. Based on our analysis of the possible expansion of the scope of the no fly list, we calculate that the total annual cost to UK passengers who are incorrectly prevented from boarding their flight as a result of mistaken identity will be between £0 and £2,065.

To the justice system

Civil sanction

If an airline is penalised (fined, permit suspended or other) by the Secretary of State for Transport, they can do one of two things:

- Appeal to the County Court; or
- Pursue a Judicial Review of the decision in the Administrative Court.

In both cases, a court fee would be payable which has been set to cover the costs of the court system although there is a slight shortfall in the fee paid to the County Court and the costs of actually handling the case.

However, as the expected number of appeals is likely to be minimal, the proposal is unlikely to impose any significant extra net costs on the civil justice system. Therefore we estimate the cost to the civil justice system to be negligible.

Criminal sanction

There may be associated costs to criminal justice agencies (Crown Prosecution Service, Her Majesty's Courts and Tribunals Service, Legal Aid Agency, National Offender Management Service (Prison and Probation)) as the Bill expands the scope of a possible criminal prosecution of a carrier for the offence of failure to comply with a specified security measure direction. However, as volumes of prosecutions are expected to be fairly low, based on past application of the offences and a history of general cooperation from the aviation industry in the area of aviation security, we do not anticipate any substantial downstream costs. Furthermore, it is intended that criminal sanctions will only apply after the civil sanctions process has been exhausted.

Table 1: Summary of monetised costs			
Cost	Annual estimate (£ million, current prices)		
	Low	Best	High
To UK airlines of implementing and maintaining an interactive system	1.90	2.20	3.00
To the UK government of maintaining an interactive system	1.08	1.20	1.32
To UK airlines of dealing with more “authorisations not to carry”	Negligible	Negligible	Negligible
To Border Force of resourcing a help-desk	0.35	0.38	0.42
To UK passengers	Negligible	Negligible	Negligible
To the civil justice system	Negligible	Negligible	Negligible
Total monetised costs	3.33	3.78	4.74
Note: Most of the cost to UK airlines of implementing and maintaining an interactive system occur in the first year. See details under ‘ <i>To UK airlines of implementing and maintaining an interactive system</i> ’.			

Amending Schedule 7 to clarify the law

The amendments to Schedule 7 are to clarify the current legal position, and so the changes will have a low impact on current operational practice.

Examination of goods is an element for the ongoing training and accreditation being developed and implemented by the National Counter-terrorism Policing Headquarters (in line with Schedule 7 as amended by the Anti-social Behaviour, Crime and Policing Act 2014). Therefore, no extra costs will be incurred.

The only additional costs, which will be minimal, will be around required safeguards in the form of a sticker and/or a Goods Information Leaflet. If the goods are unaccompanied, the examining officer will apply a sticker to the outside of the goods indicating the goods have been examined. Where appropriate, an examining officer will insert a Goods Information Leaflet inside the goods. The leaflet will mirror practice for the examination of individuals, where those examined are presented with a leaflet. It will outline the purpose and provisions of Schedule 7 and relevant contact details (including those needed to provide feedback or make a complaint). The Goods Information Leaflet will be in English when placed in goods, but the Home Office will translate the leaflet into 30 languages at an approximate cost of £6,000 and a web link on the Goods Information Leaflet will highlight that the text is available in multiple languages should it be needed by the individual who has had their goods examined. Examining officers will print the stickers and leaflets for goods examinations as, and when required, which will be at a small cost to individual police forces.

Non-monetised costs

Of expanding the scope of the No Fly list, impact on carriers

UK airlines may face increased costs as a result of broadening the scope of the no fly list, particularly if it is decided that subjects of all Exclusion Orders, Deportation Orders and Foreign Travel Bans should be added to the No Fly list. This will increase the number of no fly alerts and therefore will increase the frequency of ‘no fly’ costs. These costs could be significant in cases where an individual and/or their luggage has already boarded the aircraft (one estimate is that it will cost an airline £64 for every minute a flight is delayed and carriers have suggested that it takes between 10-20 minutes to offload a passenger, on these costs see further pages 15-16 below). However, the use of interactive systems and new data requirements will significantly reduce the risk of incurring these costs.

To UK carriers from increased specified security measure requirements

The provisions around specified security measures will only impose limited additional costs on UK airlines. We currently have the power to direct security measures at UK airports, and for UK-registered airlines operating anywhere. However, our ability to specify such measures at foreign airports is constrained not only by practical issues, but also by legal considerations around extra-territorial action. Measures in the Bill will strengthen our ability to impose specified security measures on carriers as a condition of their operation to the UK or entry into UK airspace.

The limited additional costs which will be imposed on UK carriers by this legislation relate to the fact that HMG will be able to require carriers, including UK carriers, to screen individual passengers again using all of the screening methods available at the port, after they have passed through security. At present, carriers can only be requested to do this on a voluntary basis. The costs involved in this relate to the airline staff time in taking the passenger back through screening.

Of making non-UK registered airlines implement an interactive system

There are 144 air carriers operating scheduled flights into and out of the UK who are not UK registered. Of these, 11 already use an interactive system. Given this is an assessment of the impact on the UK we do not consider the cost to the 133 non-UK carriers of implementing an interactive system. However, we highlight a non-monetised cost to UK interests through channels such as reduced tourism and business flows and if the costs are passed onto UK travellers through higher air fares.

Of making non-UK registered airlines carry out specified security measures

The same reasoning also applies to making non-UK registered airlines comply with increased specified security measure requirements. We were told through consultation that while the cost of additional specified security measures may be borne by the relevant foreign state, it is now common for the cost to be borne by airlines, and potentially by consumers through higher pricing. We do not know if or how much of this cost would be passed on to consumers, and given this uncertainty we assume that all of the costs are borne by non-UK airlines, although acknowledge the potential for this to be passed on to consumers. However, if prices were to be passed on to consumers, UK passengers are likely to account for only a small proportion of all consumers who face these higher prices.

Of expanding the scope of the no fly list, impact on UK Government

There may be reputational costs to the UK if an individual is wrongly denied boarding.

Table 2: Summary of non-monetised costs	
Cost	Key details
Of expanding the scope of the No Fly list, impact on carriers	UK airlines may face increased costs due to there being more individuals on the No Fly list and the probability of more frequent alerts. These costs could be substantial in cases where an individual and/or their luggage has already boarded the aircraft.
Of making non-UK registered airlines implement an interactive system and complying with specified security measure requirements	Possible reduced tourism and business flows and costs passed onto UK travellers through higher air fares.
Of expanding the scope of the No Fly list, impact on UK government	There will be an increased chance of reputational costs to the UK if an individual is wrongly denied boarding as a result of mistaken identity.

Benefits

It should be noted that benefits are estimated relative to option 1. Given the proposed expansions of the No Fly list, there will be potentially additional benefit to airlines from using interactive systems. However, benefits are estimated based on the current size of the No Fly list.

Monetised Benefits

Operational benefits to Border Force of using an interactive system

A potential benefit is that Border Force would save time from not having to make a phone call for a no fly alert. Consultation with the National Border Targeting Centre (NBTC) suggests that the approximate length of a phone call to an airline to communicate a no fly alert depends on the circumstances. When a carrier is fully aware of the Pre-Departure Checks Scheme and answers the call the NBTC can relay their message in around 2 minutes. If the NBTC has difficulty relaying their message it can take longer, but if they have problems making contact with the carrier and time is limited they would involve the Department for Transport (DfT).

Assuming that Border Force Assistant Officers work 37 hours per week for 45 weeks a year (adjusting for annual leave and bank holidays), this results in the value of one hour of their time being £21.86. Even if all no-fly alerts resulted in phone calls of 10 minutes the total benefit of this would be less than £100.

To UK airlines of having an interactive system and incurring fewer detention and removal costs

Carriers would not need to pay detention and removal costs for individuals who might otherwise have been carried to the UK and then found not to have a right of entry or admission.

Consultation with airlines suggested that the detention and removal costs they face could range between £500 and £10,000 depending on circumstances. The average estimate from consultation was £2,200 per person.

In 'Implementation of Authority-to-Carry Scheme under Section 124 of Nationality, Immigration and Asylum Act 2002 IA No: HO0060 (2012)' detention and removal costs were estimated based on data from the UK Border Agency and calculating the average cost of a flight. Uprating

these costs to 2014 prices, the average detention cost for such an individual is £3752¹, and the average removal cost is taken to be the cost of a single flight, estimated to be £478². The sum of these estimates is £4230.

Our estimates reflect both the above responses to consultation and our own calculations, with a best estimate of £3,200. This provides a lower estimate than using the Border Force data, because the proportion of successful offloads for the current no-fly list is much lower.

Based on our analysis of the possible expansion of the scope of the No Fly list we calculate that the total annual benefit to airlines of incurring fewer detention and removal charges is between £17,000 and £420,000. Interactive systems could also potentially save detention and removal costs for individuals, for example those subject to other deportation or exclusion measures.

Table 3: Summary of monetised benefits

Benefits	Annual estimate (£ million, current prices)		
	Low	Best	High
Operational benefits to Border Force of using an interactive system	Negligible	Negligible	Negligible
To UK airlines of having an interactive system and less detention and removal costs	0.02	0.12	0.42
Total monetised benefits	0.02	0.12	0.42

Non-monetised benefits

Of having an interactive system to UK airlines

Consultation with airlines suggested that having interactive systems for Advance Passenger Information would provide benefits to the running of their business. It is not possible to capture the benefits of this with a monetised estimate due to lack of data. The data we have been able to gather suggests that the benefits to UK airlines from fewer delays or flight diversions could be substantial, although based on the size of the current no fly list they would be very infrequent.

NATS (En Route) plc estimated that the cost of delaying a flight in 2013 was €81 per minute³. Using current foreign exchange rates, this is approximately £64 per minute. Estimates from consultation spanned a wide range depending on circumstance. We were told at larger airports an airline will face a charge for any extra time that the aircraft remains on stand, for example at London Heathrow the charge is £120 per fifteen minute period (£8 per minute). Another respondent gave an example where if the rest of the day's flying could be affected, the cost could be £220,000. Responses to consultation suggested most offloads which occur due to late notice could delay a flight between 10 and 20 minutes. However we do not have data to suggest the number of delays that would be prevented.

A flight diversion may be necessary if a person on the no fly list is suspected to have boarded a flight to the UK. While diversions are likely to be rare events, and the provisions in this Bill will significantly reduce the chances of a person on the no fly list being able to board a flight, responses from consultation suggested the costs of diversions can be very high:

¹ Cost of £3494 provided by the UK Border Agency for Implementation of Authority-to-Carry Scheme under Section 124 of Nationality, Immigration and Asylum Act 2002 IA No: HO0060 (2012). Upated from 2012 to 2014 prices using the Retail Prices Index.

² £445.50 calculated to be the average cost of a flight in 2012 prices in Implementation of Authority-to-Carry Scheme under Section 124 of Nationality, Immigration and Asylum Act 2002 IA No: HO0060 (2012). Upated from 2012 to 2014 prices using the Retail Prices Index.

³ NATS (en route) PLC "RP2 Revised Business Plan (2015-2019): Appendices", October 2013.

“The worst possible outcome for an airline is to experience a flight diversion... A diversion overseas resulting in an overnight delay to the flight can cost as much as £3-5 million for an airline – costs cover passenger care and compensation, rebooking of passengers who have missed connections, payment of handling fees in a new airport, and the time lost to the flying schedule if an aircraft is out of use for a period of time.”

In addition to fewer potential delays or diversions, the general response from carriers was that interactive systems would benefit the running of their business:

“The main benefit comes from the ability to protect the operation from interventions due to generated alerts, should API be provided upstream it allows greater time for vetting against the watchlists and means that we have a “red light” against that booking when check-in opens. For check-in on the day, iAPI (interactive API) again mitigates the impact of last in alerts. Having greater visibility of individuals who are likely to be denied boarding means we have better ability to manage the operation and avoid last minute baggage offloads or dealing with issues at the gate.”

“The main benefit is undoubtedly the ability to prevent a ‘No-Fly’ from checking-in for the flight. There will be no risk of them having entered the airside area or boarded the aircraft – both of which makes it more difficult to offload either because of the potential operational impacts/delays but also from the perspective of disruption/upset for other passengers.”

“I continue to be supportive of providing API as early on in the process as is practical. My reason for supporting this and my continued support of iAPI is to avoid/minimise any potential delays or operational impact caused by alerts generated.”

Although, we did receive a response which was sceptical if interactive systems would result in benefits.

“We do not believe that Interactive APIS would be beneficial either to Home Office or [to ourselves] for the purpose of stopping undesirable passengers. We have real concerns about the principle of message transmission to a Handling Company being the primary method of stopping a security risk passenger travelling. We would be dependent on a third party staff member possibly on a temporary contract to stop a passenger. There is a method currently in use by contacting our 24 hour Operational Control Centre, who can then stop an aeroplane departing even if it has pushed back.”

Of having an interactive system to UK government / relevant military spending and contingency action

While not related to the Pre-Departure Checks Scheme the cost of diverting an Egyptair flight in 2013, after a message to blow it up was found on board, was approximately £40,000. The flight has to be diverted to a particular airport which may disrupt its running. In an extreme scenario, a 24 hour closure of Manchester Airport would, for example, cost approximately £9 million although this figure could be higher depending on claims from airlines.

To the UK from decreasing the probability of a successful terrorist attack

The main benefit of the legislative changes is in reducing the probability of a terrorist attack on a UK-bound aircraft, boat or international train using the Channel Tunnel and in the UK by prohibiting individuals who are known to pose a terrorist risk to the UK from travelling to and from the UK and in preventing individuals from travelling to combat zones.

The benefits of preventing one attack, in terms of money and reputation, could offset the costs incurred by a UK carrier due to this policy.

Table 4: Summary of non-monetised benefits	
Benefit	Key details
Of having an interactive system to UK airlines	Responses to consultation suggested that an interactive system would help avoid/minimise any potential delays, diversions or other operational impact caused by alerts.
Of having an interactive system to UK government/ relevant military and enforcement	Reduced risk of military / contingency response
To the UK from decreasing the probability of a successful terrorist attack	The main benefits of the policy are in reducing the probability of a terrorist attack on a UK-bound aircraft and in the UK by prohibiting individuals who are known to pose a terrorist risk to the UK from travelling to and from the UK and in preventing individuals from travelling to combat zones.

Net Present Value (NPV)

Table 5: Estimate (£ Million)			
	Low (of NPV)	Best (of NPV)	High (of NPV)
Present cost over 10 years	-42.21	-34.14	-29.57
Present benefit over 10 years	0.17	0.95	3.62
Net present value over 10 years	-42.04	-33.20	-25.95

General Assumptions & Data

The consultation to gather relevant data was brief. While data are provided by a sample of UK carriers, we cannot be sure they are fully representative. In addition, different carriers may face different costs depending on their size or their existing systems. In the absence of this data we assume that carriers are all affected in the same way.

As covered above (see page 10) we have carried out analysis on the effect of significantly expanding the scope of the no fly list. This analysis is subject to a degree of uncertainty as we estimated the effect of a significant expansion based on a small sample size and using only one month of the calendar year which may not be representative. However, given limited evidence on which to base forecasts, we use this as our best approach.

E. Risks

Data: The effectiveness of the policy is dependent on accurate, complete advance passenger information having been submitted correctly. The data quality monitoring team in Border Force will continue to work to check poor data to reduce this risk.

Authority to Carry ('No Fly'): The subject of interest boards the aircraft and/or the aeroplane departs before the airline has received the 'notification refusing Authority to Carry'. This will remain a risk but the possibility of it occurring will be significantly reduced as a result of these measures.

Specified Security Measures: There is a risk that if the UK imposes demands on carriers then the UK will become a less attractive destination for travel. There is a risk that there would be a detrimental impact on the UK as a hub location if costs are significantly affected. If the UK is less competitive on costs, and waiting times increase, carriers may consider turning to European alternatives.

F. Implementation

The proposed Data and no fly measures would be implemented as soon as possible for scheduled aviation, specified security measures would be implemented at the discretion of the Secretary of State for Transport.

The provisions will be applied to international rail, maritime and non-scheduled aviation as the threat requires in the future. A consultation and an assessment of the costs will be produced prior to applying the provisions to these modes of transport.

G. Monitoring and Evaluation

Management Information will be collected by Border Force to inform future review. The impact will initially be reviewed one year after implementation.

This is likely to include a review of management information to determine the number of notifications refusing Authority to Carry or directions for Specified Security Measures that were sent to airlines; the proportion of no fly passengers that were successfully denied boarding by the airline; the proportion of passengers who were re-screened as directed; a review of the costs and benefits; an assessment of the operational processes for Government, airlines, international rail and maritime operators and passengers; and an assessment of the overall efficacy of the regulations in achieving their intended effect.

The UK would require that the Secretary of State is satisfied that the specified security measures are being carried out to levels required, and consequently the UK would need to have access to the relevant foreign airports for inspection purposes.

J. Feedback

Feedback will be sought from the main practitioners of the Authority to Carry and Specified Security Measures schemes. This will be done through established Border Force and Department for Transport communication channels and will inform any improvements to the PDCS Scheme and specified security measure requirements.

Specified Security Measures are currently in place temporarily for certain UK carriers on certain routes. Many of the immediate concerns they have had about these measures have been addressed through consultation between the Government and airlines.

Annex A – Proposed Legislative Changes: Data, Authority to Carry and Specified Security Measures

1. Data

Interactive connectivity: It is proposed to amend existing legislation to put beyond doubt the ability to compel carriers to use interactive electronic systems capable of providing information to, and receiving communications from, the National Border Targeting Centre (NBTC). Interactive Advance Passenger Information (iAPI) enables NBTC to deliver a notification of denial of authority to carry, and, in future, a direction to screen a named passenger, directly into carriers' departure control systems.

Timing and accuracy: We will make better use of existing legislation both to acquire passenger data in advance of travel for immigration purposes and for security and policing purposes, which includes safeguarding national security, and to specify the form and manner in which the data must be provided.

Non-scheduled aircraft: It is proposed to take a power to allow us to require in regulations specified data in advance of arrival for security, policing and immigration purposes.

Sanctions: The Bill will provide for a civil penalty to be applied for non-compliance with requirements to provide data or receive instructions in the form and manner specified.

2. Authority to Carry ('No Fly')

The Bill will provide for a scheme where carriers will be refused authority to carry to the UK:

- i. British nationals subject of a Temporary Exclusion Order.
- ii. Foreign nationals reasonably suspected to have been involved in terrorism-related activity outside the UK.
- iii. Individuals reasonably suspected to pose a direct threat to the security of any aircraft, ship or international train.
- iv. Individuals excluded from the UK on grounds of unacceptable behaviour or whose presence is otherwise non-conducive to the general public's welfare.
- v. Individuals subject to an exclusion or deportation order.
- vi. Individuals who are otherwise inadmissible to the UK.
- vii. Individuals who are the subject of a UN/EU Foreign Travel Ban.

The Bill will put our outbound 'no fly' arrangements on a statutory footing, whereby carriers may be directed not to carry from the UK:

- i. Individuals who are the subject of a Terrorism Prevention and Investigation Measure.
- ii. Individuals who are the subject of a prison licence preventing travel relating to a conviction for a terrorism-related offence.
- iii. Individuals in respect of whom the Secretary of State has cancelled a passport issued to the person or has not issued a passport on the basis that the person to whom the passport was issued or who applied for the passport has or may have been, or will or may become, involved in activities so undesirable that it is contrary to the public interest for the person to have access to passport facilities.
- iv. Individuals who have had their passport(s) seized under the new Temporary Passport Seizure powers.

The Bill will provide for a civil penalty to be applied to carriers who carry from the UK a person they were refused authority to carry.

3. Specified Security Measures: Powers are proposed to direct carriers who intend to operate into the UK, or to enter a UK harbour, from certain countries to undertake additional screening of passengers or apply specified security measures before they may enter into the UK, and enable the Government to:

- i. Direct specified security measures of passengers (which may be in respect of all passengers, a percentage of passengers, named individual passengers, or a combination of these) or the application of specified security measures (e.g. to prohibit items from cabin baggage).
- ii. Mandate the type of specified security measure to be carried out. This includes being able to specify the required equipment for that specified security measure.
- iii. Specify the points of departure to the UK from which additional specified security measure or where additional measures will be required.

The Bill will provide for sanctions to be applied to airlines who fail to meet the requirements of additional specified security measures prior to entry into the UK. There will be a range of possible sanctions, including a civil penalty.