

Summary: Intervention & Options

Department /Agency:	Title: Impact Assessment of review of security arrangements at common departure lounges	
Stage: Final Proposal	Version: 1	Date: 2 June 2009
Related Publications:		

Available to view or download at:

<http://www.>

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

Inadequate security arrangements for Common Departure Lounges (CDL) at Heathrow, Gatwick and Manchester airports have been identified as creating a potential risk to UK border security. The design of these CDLs allows airside transit for international passengers who have not first cleared border controls. The UK Border Agency (UKBA) are concerned that the existing processes and technology may not provide an effective mitigation to the risk. Consequently, UKBA will invoke legislation to ensure that security systems at CDLs effectively mitigate the risks posed.

What are the policy objectives and the intended effects?

To provide the necessary legal compulsion for the introduction of tighter security arrangement at the CDLs at Heathrow, Gatwick and Manchester airports. The intended effects are:

1. Stronger UK borders and a reduction in opportunities for immigration abuse and organised crime;
2. Diminution of the potential for breaches of UK border security;
3. Potential reduction in fiscal crime; and
4. Minimise the impact on the travelling public.

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

Option 1 - Do Nothing: Gatwick and Heathrow airports currently have a photo reconciliation system to control entry and exits to common departure lounges for domestic departing passengers. Manchester Airport has a photo reconciliation which is currently inactive.

Option 2 - Re-instate photo reconciliation at Manchester Airport CDL and improve the current CDL security arrangements at Heathrow and Gatwick airports.

Option 2 is the preferred option: This option will provide a suitable mitigation to the risk presented and is proportionate to the benefits (to the airport operators) associated with the operation of CDLs.

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

This policy will be reviewed after 6 months in February 2010.

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

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) the benefits justify the costs.

Signed by the responsible Minister:

..... Date:

Summary: Analysis & Evidence

Policy Option: 2

Description: Invoke existing legislation requiring photo verification systems to be enhanced at Gatwick, Heathrow and Manchester Airports.

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups': Manchester Airport Groups plc (MAG)- Manchester Airport: Reactivation costs and staff recruitment and training costs. BAA - Gatwick and Heathrow Airports : No additional costs as training processes already in place.
	One-off (Transition)	Yrs	
	£ 0.45m	1	
	Average Annual Cost (excluding one-off)		
	£ 0.00m		Total Cost (PV) £ 0.45m
Other key non-monetised costs by 'main affected groups': There are potentially recruitment and training costs for MAG as the photo system has been inactive for two years. UKBA are invoking current legislation to ensure ports have in place robust CDL security arrangements to which port authorities with CDLs had previously committed. Economy: Opportunity cost of time due to additional photo reconciliation at Manchester Airport.			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups': It is not possible to quantify the benefits. However, port authorities are more inclined towards the use of CDLs as they provide the authority with the opportunity to maximise revenue through increased retail space whilst reducing passenger screening and security costs.
	One-off	Yrs	
	£ 0	10	
	Average Annual Benefit (excluding one-off)		
	£ 0 (10 years)		Total Benefit (PV) £ 0
Other key non-monetised benefits by 'main affected groups': <input type="checkbox"/> Reduce opportunities for immigration abuse; organised and fiscal crime.			

Key Assumptions/Sensitivities/Risks:

Reactivation costs at Manchester Airport do not exceed £0.2m and additional staff/training costs do not exceed £0.25m.

Redeployment of existing staffing escalations will not incur any significant additional costs to UKBA.

Price Base Year 2008	Time Period Years 10	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £ -0.45m
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What is the geographic coverage of the policy/option?		LHR, LGW, MAN	
On what date will the policy be implemented?		1 September 2009	
Which organisation(s) will enforce the policy?		UKBA	
What is the total annual cost of enforcement for these organisations?		£ current resource	
Does enforcement comply with Hampton principles?		Yes	
Will implementation go beyond minimum EU requirements?		N/A	
What is the value of the proposed offsetting measure per year?		£ 0	
What is the value of changes in greenhouse gas emissions?		£ 0	
Will the proposal have a significant impact on competition?		No	
Annual cost (£-£) per organisation (excluding one-off)	Micro N/A	Small N/A	Medium N/A
Are any of these organisations exempt?	Yes/No	Yes/No	N/A

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

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

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

Background

Airport Common Departure Lounges allow international and domestic departing passengers to mix. CDLs present an inherent risk to border security (Immigration, Customs controls, Counter Terrorism and other areas of criminality). The design of some CDLs allows airside transit for international passengers who have not first cleared border controls. These present an opportunity for international transiting passengers to avoid border security controls either accidentally or with intent.

Traditionally UK ports have had separate, sterile lounges for international and domestic passengers, which do not let the two groups mix. In the last 10 years, airport authorities have been inclined towards the use of CDLs in the light of potential financial and commercial benefits (as previously described in 'Key Monetised Benefits', p2).

There are approximately 31 CDLs in the UK and 26 of these do not allow direct access to international transiting passengers without them first clearing UK border controls. This design feature prevents international passengers from affecting a direct airside transit and significantly reduces the risk posed at these lounges.

Rationale for action

The five CDLs, located at Heathrow Terminals 1 and 5, Gatwick North and South and Manchester Airport (which represents the largest of the CDLs), allow international passengers to transit without first having to clear border control. This arrangement presents an unacceptable risk to UK border security.

The opportunity to circumvent UK border controls at these ports (via CDLs) is significantly increased by the volume of transiting passengers and the number of high risk routes served. It is estimated that 25% of domestic passengers and 60% of international transferring passengers (CAA (2009) Annual Statistics for 2008) pass through one of these three airports each year. It is necessary therefore to ensure a robust mitigation against the risks presented by CDLS at these ports.

At present, to lessen the risk presented, these locations have a photo reconciliation system installed. However, following a robust and rigorous system assurance exercise conducted by UKBA, a number of weaknesses in the system processes have been identified. Whilst UKBA have raised concerns with the respective port authorities, it is our view that insufficient action has been taken to address these weaknesses.

Consequently, the UKBA, in consultation with other government departments, has agreed to designate entry and exits of a CDL as a control zone under paragraph 26(3) of Schedule 2 to the Immigration Act 1971 and requires port authorities to undertake biometric verification of identity. This will mean that port authorities will need to put in place robust security arrangements at CDLs, currently either a robust biometrics system or restricting the admission of international transiting passengers until they have cleared UK border controls.

We initially proposed a biometric fingerprint reconciliation system. However, following more detailed analysis and consultation with the industry, other government departments and the Information Commissioner it has been suggested that we should instead, improve the effectiveness of the current photo system by legally requiring port authorities to put in place

robust CDL security arrangements with the following conditions and restrictions including: the establishment of stringent escalation procedures; improving the technology; enhancing the training of operators and developing operating processes.

Objectives

Enhanced security arrangements at common departure lounges at Heathrow, Gatwick and Manchester will mitigate the risk to border security. The intended effects are:

1. Stronger UK borders and a reduction in opportunities for immigration abuse and organised crime;
2. Will reduce the potential for breaches of UK border security;
3. Potential reduction in fiscal crime and
4. Minimise the impact on the travelling public.

Options

This section describes the main options considered in the Impact Assessment. The next section assesses the likely costs and benefits of each, and sets out why Option 2 has been chosen.

Option 1 - Do Nothing. Gatwick and Heathrow Airports currently have active photo reconciliation systems for domestic passengers but the processes governing the systems do not sufficiently mitigate risks to UK border security. Manchester Airport's photo system is presently inactive.

Option 2 - Invoke existing legislation to legally require port authorities to implement robust security systems at Common Departure Lounges located at Gatwick (North and South); Heathrow (Terminals 1 and 5) and Manchester Airport. We will work closely with the airport authorities (BAA and MAG) to ensure that the biometric systems are robust and provide sufficient mitigation against the risks posed by August 2009. We plan to evaluate the effectiveness of the security systems after 6 months and will review the need for further or alternative security arrangements if we are not satisfied the risk has been sufficiently mitigated.

Options for biometric fingerprinting and the complete segregation of international and domestic passengers (the most robust safeguard) were considered but were very expensive. However Manchester Airport are now considering taking up the option of segregation (more than this policy change requires) and not implementing the photographic reconciliation system.

Cost Benefit Appraisal

Table 1 – Summary of the policy options and associated costs and benefits

Option 1: Do Nothing. Gatwick and Heathrow Airports currently have photo reconciliation systems for domestic passengers. Manchester Airport does have a photo system installed but it currently remains in active.	
Benefits	Costs
- No additional benefits will accrue.	- Not quantifiable but damage to UKBA, Home Office, HMG reputation may occur. - No additional resource costs.
Option 2: Improved photo reconciliation systems located at Common Departure Lounges at Gatwick, Heathrow and Manchester Airports. These have been identified as high risk airports due to the high volumes of transiting passengers, the number of high risk routes served and the fact that these ports allow airside transiting. UKBA plan to work with the airport authorities to ensure that improvements to the systems are made by August 2009. We plan to evaluate the effectiveness of the photo systems after 6 months and review the need for further security.	

<p>Key Monetised Benefits</p> <ul style="list-style-type: none"> - It is not possible to quantify the benefits. However, ports authorities are more inclined towards the use of CDLs due to the financial benefits associated with their operation. <p>Key Non-monetised benefits</p> <ul style="list-style-type: none"> - Strengthen the UK border and reduce opportunities for immigration abuse and organised crime. - Reduce threat to border security. 	<p>Key Monetised Costs</p> <ul style="list-style-type: none"> - Reactivation of photo reconciliation system at Manchester Airport. - Recruitment and training of staff to operate photo system at Manchester airport and retention and training of staff at Gatwick and Heathrow. <p>Key non-monetised costs</p> <ul style="list-style-type: none"> - Initial set Up costs in terms of staff training and accommodation costs. - Maintenance costs – regular and ad hoc repairs. - Redeployment of staff to manage escalations. - Opportunity cost of time to businesses – additional time of passengers at capture and validation points and in subsequent queues.
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Discussion of costs and benefits

Costs

The costs associated with option 2 are relatively low compared to biometric fingerprint system. UKBA estimate the costs to sum to £0.45m (NPV) over 10 years. Gatwick and Heathrow airports currently operate a photo reconciliation system for domestic passengers on entry to the common departure lounge. These proposals will therefore have no additional set up costs for these airports. Manchester Airport has the technology installed to operate a photo reconciliation system but its operation is currently suspended. The airport operator will incur a one off fee to reactivate the system and meet staff recruitment and training costs under this proposal.

UKBA are taking action to invoke existing legislation. Ports operating a photo reconciliation system are expected to have already made adequate provisions for the system to operate. This implies that:

- Private sector staff have already been trained in the operation of the system – aside from the staff at Manchester Airport because the system has been inactive for the last two years;
- There are no construction costs as the technology is already in place;
- There will be no additional maintenance costs as the technology is in place and the deployment is not as a result of this policy intervention and
- No additional recruitment costs will be incurred to UKBA as staff will be redeployed to manage the escalation process.

Benefits

The primary benefit of invoking this legislation is to minimise opportunities for abuse of UK border security. Robust photo reconciliation systems at the five major CDLs (Heathrow (Terminal 1 and Terminal 5), Gatwick (North and South) and Manchester airports) will ensure that we can facilitate legitimate domestic passenger travel.

Table 2 – Costs and benefits of preferred option.

Cost	10 year NPV
Private Sector	
Reactivation costs at Manchester Airport	£0.20m
Additional staff and training	£0.25m
Accommodation and maintenance costs	£0.0m
UKBA	
Additional staff and training	£0.0m
Economic Costs	
Opportunity cost of time to legitimate passengers as a result of increased queuing time during peak periods.	Not quantified
TOTAL	£0.45m
Benefits	
Economic/UKBA benefits	
Stronger UK borders	Not quantified
Reduction in immigration abuse and organised crime	Not quantified
Reduction in fiscal fraud	Not quantified
TOTAL	Not quantified
NET Benefit	- £0.45m

Conclusion: Option 2 is the preferred option as it provides a proportionate response to the risk provided. The impact on passengers and the private sector is likely to be very small.

Wider risks and sensitivities

A number of assumptions have been made to calculate the costs and benefits described in Table 2. (See Annex B for more detail on the assumptions) Table 3 describes the sensitivities of the estimated costs and benefits to changes in the underlying assumptions.

Table 3 – Wider risks and sensitivities

Current assumptions	Alternative assumptions	Impact
Reactivation costs at Manchester Airport will be £0.1-0.3m	Reactivation costs could be higher or lower.	One off transition costs could be higher or lower.
Staff recruitment and training costs at Manchester Airport will be £0.2-0.3m	Training and recruitment costs could be higher or lower	

Specific Impact Tests: Checklist

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

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

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

Annex A – Specific Impact Tests

Competition Assessment

In making this assessment, official guidance from the Office of Fair Trading was consulted and the four tests of competition were applied. It is considered that the preferred option will not have a significant impact on competition. The proposals will only affect domestic travellers at Manchester, Gatwick and Heathrow. These airports account for 25% of domestic departures in the UK. The proposals will not directly affect the number of suppliers. It is possible that the proposals may have a very small indirect impact on airport authority costs, which may be passed onto airlines and, in turn, passengers. Although there is a possibility that a very small price change may affect some passenger's travel decisions, it is unlikely. The three airports covered by the proposals account for approximately 60% of international air passenger movements to and from the UK, reducing the possibility for connecting passengers to use a different airport for domestic and international flights. In addition, there is no evidence that legitimate passengers would be sufficiently deterred by additional security measures as to seek to avoid them. Should other airports seek to introduce processes that allow passengers to enter a CDL to which international airside transiting passengers have direct access, it would be the intention to require them to introduce similar processes to ensure that the risk is managed in a consistent manner and that commercial parity is maintained.

Small Firms Impact Test

None of the firms affected by these proposals are classified as small, as determined by the number of employees. Manchester Airports Group PLC, the owners of Manchester Airport, and BAA, the current owners of Gatwick and Heathrow Airports, employee in excess of 250 employees. Thus there is no impact on small firms.

Legal Aid

We do not believe that these proposals will have any impact on legal aid.

Sustainable Development

No impact

Carbon Assessment

No impact

Other Environment

No impact

Health Impact Assessment

No impacts

Equality Impact Assessment

These proposals will affect all domestic travellers departing from Heathrow, Gatwick and Manchester airports. They will not be discriminated on the basis of race, disability, age, sexual orientation, gender, gender identity, religion, belief and non-belief, nor for any other factor.

Human Rights Assessment

We not believe there will be any impact on human rights.

Rural Proofing

There will be no impact on rural areas. The proposals will only affect major urban airports.

Annex B – Assumptions

Option 1 – Do Nothing			
Measure & description	Costs/Benefits	Assumptions	Risks/Sensitivities
Do Nothing. Gatwick and Heathrow Airports currently have photo reconciliation systems installed for domestic passengers. Manchester Airport has a photo systems installed but it is currently inactive.	There are no new resources cost to UKBA or the private sector. The current level of operation will continue.		There will be no reduction in abuse of the immigration system and there may be an increase in threat level to UK border security.
Option 2 – Photo reconciliation systems at Gatwick, Heathrow and Manchester Airports			
Improved security systems at Common Departure Lounges located at Gatwick, Heathrow and Manchester Airports. We plan to work with the airport authorities to ensure that improvements to the systems are made by August 2009. We plan to evaluate the effectiveness of the photo systems after 6 months and review the need for further or alternative security.	Reactivation of photo reconciliation system at Manchester Airport. Recruitment and training of staff to operate photo reconciliation system.	It is estimated that this will cost £0.2m It is estimated that this will cost £0.25m	The costs may be higher or lower than this.