REPORT

The UK border: Implementing an effective trade border

Cross-government

Contents

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For further information about the National Audit Office please contact:

National Audit Office
Press Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

020 7798 7400

www.nao.org.uk

@NAOorguk

Key facts

5

the number of times the government has delayed the introduction of full import controls since the end of the transition period

£4.7bn

the amount that the government forecasts it will spend on the 13 most significant programmes to manage the passage of goods across the border in the context of the United Kingdom's (UK's) exit from the European Union (EU) and improve performance of the border over the lifetime of the programmes

39mn

the number of customs declarations completed on the movement of goods in both directions between Great Britain (GB) and the EU during 2022

Traders have faced additional administrative burdens and costs moving goods across the EU–GB border since the UK left the EU:

£7.5 billion   HM Revenue & Customs' 2019 estimate of the total annual cost to UK businesses of completing customs declarations on trade between the UK and the EU, which it is yet to update

316,000   the number of Export Health Certificates issued by the Animal and Plant Health Agency on goods exported from GB to the EU during 2023 (not including goods moved from GB to Northern Ireland)

£54 million   the Department for Environment, Food & Rural Affairs' estimate of the annual cost to traders of the sanitary and phytosanitary (SPS) controls it introduced for EU imports between January 2021 and December 2023

Traders will face additional costs following the introduction of the remaining import controls:

£469 million   the government's estimate of the annual cost to traders of the SPS controls and safety and security declaration (SSD) requirements it is putting in place under its new border target operating model, some of which existed before the UK left the EU because of long-standing controls applied to imports from countries in the rest of the world

It will take time for a fully functioning border to be in place:

October 2024   the date by which the government plans to have introduced most import controls, including customs checks, most SPS controls, and SSDs

After October 2024   when the government plans to phase in the introduction of SPS checks on goods arriving from the island of Ireland, checks on live animals at border control posts, and checks on medium-risk fruit and vegetables arriving from the EU. The government has not yet specified when it expects to have the full regime in place

Summary

Introduction

1   The United Kingdom's (UK's) decision to leave the European Union (EU) in 2016 has changed how goods are traded across the border between the UK and the EU. This has included the requirement for the introduction of customs and sanitary and phytosanitary (SPS) controls. Due to the UK government's political and constitutional responsibilities under the Belfast (Good Friday) Agreement, the UK government has put in place a different set of trading arrangements for moving goods into and out of Northern Ireland (NI) from those in the rest of the UK. Since 2016, the National Audit Office has reported six times on the management of the UK border, most recently in November 2021.[1]

2   In the period since we last reported, the government has introduced some new import controls and set out its timetable for the introduction of most of the remainder, and has updated arrangements for the movement of goods into and out of NI through the Windsor Framework and the Safeguarding the Union Command Paper. It has also been undertaking work to improve the functioning of the border in the longer term. This is in line with the government's 2025 UK Border Strategy (the Strategy), which set out its vision for the UK border to have "the world's most effective border that creates prosperity and enhances security for a global United Kingdom".

Scope of this report

3   This report brings together information on the impact and cost of new arrangements, and on future risks and opportunities, and examines whether the government is on course to implement an efficient and effective trade border. It focuses primarily on the work of UK government departments with significant responsibilities at the border. This includes the Cabinet Office, the Department for Environment, Food & Rural Affairs (Defra), HM Revenue & Customs (HMRC) and the Home Office. Most of the arrangements required to implement new border controls, and the specific arrangements relating to the movement of goods in and out of Northern Ireland, are the responsibility of the UK government. However, SPS controls are a devolved responsibility in NI, Scotland and Wales.[2] We cover devolved responsibilities only where the UK government and the devolved administrations need to work together to implement new arrangements.

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1   Comptroller and Auditor General, *The UK border: Post UK–EU transition period,* Session 2021-22, HC 736, National Audit Office, November 2021.
2   Devolved powers are those that have been passed from the UK Parliament to one of the devolved administrations in NI, Scotland and Wales. Reserved powers are those that remain at a UK Parliament level.

4   This report focuses on the movement of goods across the border. It covers:

- the operation of the border since the end of the transition period in December 2020 (Part One);

- the introduction of a full border control regime (Part Two);

- future risks, challenges and opportunities relating to the management of the border (Part Three); and

- the implementation of arrangements relating to Northern Ireland (Part Four).

This report is based on information available up to April 2024. We do not evaluate the implementation of controls introduced from 30 April 2024.

Key findings

The operation of the border since the end of the transition period

5   The government is still operating only a partial import control regime, after delaying the implementation of full controls five times since the end of the transition period. The government originally intended to introduce a full import control regime on 1 January 2021. Full import controls include customs and transit checks; inspections of animals, plants and their products (sanitary and phytosanitary, or SPS, checks); and safety and security declarations (SSDs).[3] It has delayed full implementation five times since the end of the transition period, for reasons that have included giving businesses time to recover from COVID-19, and the cost of living crisis. Full customs controls were introduced on 1 January 2022 (with the exception of goods arriving from Ireland, where they were introduced in January 2024) with the majority of the remaining import controls due to be introduced by 31 October 2024. However, the government plans to phase in some SPS controls at a later date, including checks on goods arriving from the island of Ireland. It has not yet specified when it intends to have the full regime in place (paragraphs 1.2 to 1.3, 2.10, and 2.16 to 2.17, and Figures 1 and 6).

3   The SPS controls being implemented during 2024 are set out in Figure 6. They include the introduction of documentary, identity and physical checks on medium-risk animals, plants and their products and the movement of existing inspections of high-risk plants and their products to border controls posts.

6   **The government estimates that it will spend at least £4.7 billion to implement new border arrangements relating to EU exit and improve the performance of the border.** The three departments with primary responsibility for managing the border forecast that they will spend around £4.7 billion on the 13 most significant border-related programmes over their lifetimes, of which £2.6 billion had been spent by March 2023. This cost primarily relates to putting in place the infrastructure and systems required to manage the border in the context of EU exit, and wider programmes to improve the performance of the border, for example, through making better use of data to reduce costs for traders and government. It does not include the additional enduring operational cost of managing the border, such as additional staff (paragraph 1.5 and Figure 3).

7   **Since the UK left the EU, border processes have operated largely as intended, but traders have faced additional costs and administrative burdens.** In the period since we last reported, which includes the introduction of full customs controls, the GB–EU border has continued to operate relatively smoothly. The new controls mean traders moving goods between GB and the EU are required to provide new information to border officials, which adds cost to moving goods. In 2022, traders made 39 million customs declarations on goods moving in both directions between GB and the EU and, in 2023, the Animal and Plant Health Agency issued 316,000 Export Health Certificates (EHCs) and 21,000 phytosanitary certificates in relation to the movement of SPS goods from GB to the EU (not including goods moved from GB to Northern Ireland). HMRC estimated in 2019 that completing customs declarations would result in an additional annual burden to UK businesses of £7.5 billion. It is currently working on a revised estimate which is likely to be significantly smaller due to lower-than-anticipated declaration numbers. Defra has estimated that the annual cost to traders of complying with the SPS import controls it introduced for EU imports between January 2021 and December 2023 is around £54 million. The government has not produced an estimate of the total cost to traders of complying with new controls (paragraphs 1.6 to 1.9 and Figure 4).

8 The UK has faced increased biosecurity risk as a result of the phased approach to introducing full import controls. Departments have assessed that biosecurity risk to the UK has increased since the end of the transition period. The UK losing access to EU surveillance and alert systems also reduces its awareness of impending threats. Defra told us there had not been any outbreaks of disease resulting from the phased approach, but that the lack of requirement for EHCs for goods arriving from the EU would have made it harder to track the source of an outbreak, if one had occurred. The Animal and Plant Health Agency has been undertaking checks on high-risk goods at points of destination rather than at the border.[4] It has not been able to undertake all the checks required under the existing regime due to the geographical spread of locations, increasing biosecurity risk (paragraphs 1.10 to 1.12).

The introduction of a full border control regime

9 The government's new import control regime will impose new costs on businesses trading goods between the UK and the EU, but these costs should be less than it originally planned, and enable greater focus on goods that are higher risk. The government originally intended to introduce a regime for import controls on SPS goods which largely retained the certification requirements for goods entering the EU, although with substantial reductions to some checking rates. It also planned to replicate the model it was operating in relation to SSDs for the rest of the world (ROW) goods for those arriving from the EU. However, in April 2022 the government announced it would review its plans. Working with the relevant stakeholders, including the devolved administrations, the Cabinet Office co-ordinated the design of a new border target operating model (BTOM), published in August 2023, which set out a new approach.[5] This model lowers costs to traders as it reduces the number of SPS goods requiring documentary and physical checks by focusing controls on areas of higher risk, such as those plant and animal products at greater risk of introducing pests and disease. It also reduced the number of mandatory fields on SSDs which traders must complete. The government estimates that the revised model will cost traders £469 million a year in total, although some of these costs have existed in relation to ROW goods since before the UK left the EU. This is £514 million less per year than the regime it originally planned to implement (paragraphs 2.5 to 2.9 and Figure 5).

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4   Since the end of the transition period, the Animal and Plant Health Agency has been undertaking checks on high-risk plants and plant products from the EU at points of destination as an interim arrangement. There have been no changes to the live animal import regime since EU exit. Live animals required an Export Health Certificate for EU–GB moves and risk-based checks at destination before EU exit. The regime will continue to be the same until full border control post checks are in place.

5   Cabinet Office, *The Border Target Operating Model: August 2023*, CP 935, 29 August 2023.

10   Import controls are being phased in, and new sanitary and phytosanitary (SPS) controls may operate on an inconsistent and incomplete basis for a period after they are introduced due to ongoing uncertainties and differences in port readiness. Departments, such as HMRC and Defra, have already made most of the big changes to systems and infrastructure required, but departments still need to operationalise these controls, including making policy decisions and recruiting and training staff. In January 2024 the Cabinet Office rated readiness for controls due in April and October 2024 as 'amber' and 'amber-green' respectively. Issues contributing to the April amber rating included Defra delays in developing and implementing a border control post charging strategy and the capacity of Port Health Authorities (PHAs) and local authorities to undertake checks on SPS goods. The government intends to apply new controls flexibly while PHAs and local authorities recruit and train staff, and while traders adjust. It has also decided to bring in checks on SPS goods arriving from the island of Ireland at a later date than checks on goods arriving from other locations. While the government intends to scale up checks on a national basis, there is likely to be a period during which different levels of control and checking are operating at different ports. Stakeholders told us that they were concerned this could divert trade flows to the entry point of least resistance (paragraphs 2.10 to 2.18 and Figure 6).

11   Changes in direction about the introduction of import controls and difficulties forecasting requirements have resulted in the government spending money on infrastructure and staff that were ultimately not needed and have made it harder for stakeholders to plan. The government's approach to implementing import controls, including its decision to provide the infrastructure necessary to cope with peak requirements, combined with the challenges of predicting capacity requirements without good data on GB–EU trade flows, made it difficult to plan infrastructure and staffing requirements. This meant that the government spent some money that turned out to be unnecessary. For example, the government procured or built sites at Dover White Cliffs and Dover Bastion Point at a combined cost of £62 million, but subsequently decided they were not required when it adopted the new risk-based import control regime for SPS goods, which reduced the volume of goods which required checking. HMRC also spent £258 million between 2020-21 and 2023-24 on building and running eight temporary border facilities to cope with additional demand which did not fully materialise. PHAs recruited around 520 staff to undertake SPS checks, 370 of whom were not then required. Departments also took actions to minimise unnecessary costs when it became clear that the resources were not required. For example, some of the PHA staff were redeployed into other vacant positions and HMRC closed four of the temporary sites early. Organisations representing businesses and ports told us that late announcements about policy and uncertainty about the timetable for implementation of controls have reduced their ability to prepare for upcoming changes (paragraphs 2.3 to 2.4, 2.18 to 2.19, 2.21, 2.23 and Figure 8).

Future risks, challenges and opportunities

12   The Cabinet Office has not yet produced a comprehensive performance framework to measure how well the border is operating. In December 2020, the government published its UK 2025 Border Strategy (the Strategy) setting out its ambition to have "the world's most effective border". This would be achieved through delivering six transformations, but the Strategy did not explicitly set out how much progress would be required to deliver them. In the Strategy, the government committed to publishing an annual report setting out progress against the Strategy. The Cabinet Office told us that it now intends to publish an annual report once all controls have been implemented and more data are available in 2025, but it has not yet determined the exact timescale for doing so. The Strategy also stated the annual report would contain a balanced scorecard reporting progress against six indicators of border efficiency. The Cabinet Office developed a border performance framework, but this only provided a partial view of the efficiency and effectiveness of border operations. The Cabinet Office is now reviewing its planned approach to performance monitoring (paragraphs 3.2 and 3.18 to 3.19).

13   The government has no clear timetable for the implementation of its strategy to achieve its ambition of having "the world's most effective border". The government's 2025 UK Border Strategy set out the transformations needed to deliver it "by 2025 and beyond" but did not specify a timetable for their introduction. The Cabinet Office is currently reviewing the Strategy. It told us that its ambitions for the Strategy remain the same, but that taking forward the individual elements beyond the current spending review period of 2022-23 to 2024-25 will be dependent on prioritisation decisions in the context of resource constraints. There is no cross-government integrated delivery plan for the Strategy, which is not being delivered as a portfolio, and accountability arrangements have so far focused primarily on the delivery of the BTOM. There are significant implementation challenges that will need to be overcome to deliver the different elements of the Strategy, including effectively managing interdependencies between programmes, overcoming legislative barriers to sharing data and incentivising industry to take part in the relevant programmes. Without strong mechanisms to report on delivery and to hold departments to account for these, and in the face of competing priorities for resources, there is a significant risk that delivery of the underlying programmes will fall well into the future (paragraphs 3.2 to 3.5).

14   The government's plans to improve the functioning of the border rely heavily on successful delivery of the Single Trade Window (STW) programme, but the programme fell behind its original schedule and has since been replanned. The government is developing a STW which aims to reduce friction for traders moving goods across the border and improve the efficiency and effectiveness of government processes through improved data sharing and analysis. The programme is a fundamental element of the government's plans to implement both the remaining import controls and the Strategy. HMRC, which is leading the delivery of the programme on behalf of the government, has chosen to deliver the STW through a technical delivery partner. In May 2023, HMRC awarded a contract for this role to Deloitte, working with IBM. The contract is worth up to £150 million by 2026. We have reviewed the programme against our framework for departments implementing digital change programmes and identified several major challenges. In our view, the programme's objectives and timescales are overly optimistic and continue to under-estimate the complexity of what is required. The programme has already fallen several months behind the timetable set out in its previous February 2023 business case. HMRC has acknowledged the complexity and challenges in delivering the STW. The programme's latest March 2024 business case and delivery roadmap do not commit to milestones for the delivery of future strategic releases but they specify the functionality that will be delivered incrementally by 2027. HMRC considers that the programme is on track to meet the commitment set out in the BTOM to start public release of functionality by October 2024. Delays could reduce the benefits realised. The March 2024 business case estimates that a 12-month delay delivering the STW could reduce the benefits realised by £866 million over 10 years (from £2.77 billion) (paragraphs 3.7 to 3.13 and Figure 10).

15   The government needs to overcome challenges to collating and sharing data before it can use new information from EU safety and security declarations (SSDs) to improve risk management capability. Traders importing goods from outside the EU already submit SSDs to HMRC, but traders importing goods from the EU will be required to submit these from October 2024. Border Force is responsible for undertaking checks on goods regarding issues such as customs compliance and anti-smuggling activity. The Home Office intends to use the new information from SSDs to improve Border Force's targeting of activity to manage risk. The Home Office aims to do this through a new system, called Cerberus. However, there are challenges that could prevent it from doing so. For example, the Home Office considers that the programme will be challenging to deliver because of its overall complexity and there are legislative barriers that prevent Home Office and HMRC disclosing the information collected via SSDs directly to law enforcement partners (paragraphs 3.14 to 3.15).

The implementation of arrangements relating to Northern Ireland

16 The UK government is still finalising its plans for the movement of goods into and out of Northern Ireland (NI). Arrangements for the movement of goods into and out of NI are set out in the February 2023 Windsor Framework, and the February 2024 Safeguarding the Union Command Paper (the Command Paper). Together, these simplify the arrangements for the movement of goods into and out of NI compared to the previous Northern Ireland Protocol.[6] The UK government is working with the Northern Ireland Civil Service (NICS) on the requirements necessary to implement the new arrangements and intends to introduce them in phases between 2023 and 2025, with several changes being introduced from October 2024. However, some of the detail regarding the arrangements and the compliance and enforcement approach is yet to be finalised. Since the end of the transition period, the UK government has been funding the Trader Support Service, which completes customs declarations and SSDs on behalf of traders moving goods from GB to NI. In January 2024 it forecast it will have spent £531 million between December 2020 and December 2024 in supplier costs on providing this service (paragraphs 4.2 to 4.9 and Figure 11).

17 The UK Civil Service may need to work with the Northern Ireland Civil Service to help Northern Ireland benefit from its unique access to the UK and EU markets. NI businesses are in a unique position regarding the terms of their access to the UK and EU markets. However, the regulatory environments in the UK and the EU may diverge over time, potentially increasing costs for NI businesses wishing to operate in both markets. This poses particular challenges for the NICS, which is likely to require increased capacity and skills to monitor changes and understand the potential impact on the NI economy, and to influence decision-making on regulatory issues in both the EU and the UK. Before the UK left the EU, similar work would have been undertaken by the UK Civil Service, which is much greater in size than the NICS. The Command Paper undertook to foster closer working between the two and to establish a programme to encourage skills exchange (paragraphs 4.10 to 4.11).

6 HM Government, *Safeguarding the Union*, CP 1021, January 2024; HM Government, *The Windsor Framework: A new way forward*, CP 806, February 2023; HM Government, *The Northern Ireland Protocol*, CP 346, 10 December 2020.

Conclusion

18   Leaving the EU customs union and single market created large-scale change in arrangements for the movement of goods across the UK border. More than three years after the end of the transition period, full import controls are still not in place. Although departments appear to be on course to introduce most of the remaining controls during 2024, there remains uncertainty about when full SPS controls will be in place. In addition, the model's operation is still to be tested and the government may not be able to apply controls consistently as the controls are phased in. The government's new border target operating model should reduce costs to traders in comparison to its initial plans. However, repeated delays in implementing controls have meant ongoing uncertainty and an increase in risk, and the government and border stakeholders have also incurred unnecessary costs. This could have been avoided if the government had established a clearer vision of how the border should operate from the start, and had taken a more strategic and planned approach to implementation.

19   The government's 2025 UK Border Strategy includes ambitious plans to use technology and data to facilitate the passage of legitimate trade, while still identifying people and goods at risk. Most stakeholders agree with this overall approach. However, there is no timetable for achieving these ambitions, and the extended phasing of the introduction of full import controls has meant slower progress on other elements of the Strategy. It is a considerable challenge to manage several large programmes involving multiple departments and external stakeholders, and we have highlighted the delivery risks. To improve its chances of success, the government needs strong mechanisms for delivery and accountability, a more realistic approach to digital transformation, and the means to assess and report on border performance to enable improvement over time.

20   The UK government and the EU have agreed arrangements to simplify the movement of goods from GB to NI, and the UK government and NI authorities are working to implement these. However, some details remain to be confirmed, including the operational implications of the government's recent Safeguarding the Union Command Paper. If NI is to benefit from its unique position, the UK government must provide the clarity required to give businesses the confidence to invest in and trade with NI, and provide sufficient support to the NICS to help it effectively enact its new responsibilities.

Recommendations

21 The government is introducing new import controls. We make the following recommendations regarding their implementation:

a **Defra, HMRC and the Home Office, working with the devolved administrations, should take action as soon as they can to ensure full controls are operating at all ports, and the Cabinet Office should provide central oversight and coordination of this activity.** This should include ensuring all ports have sufficient staffing and infrastructure to operate controls, and finalising plans for preventing and detecting non-compliance.

b **The Cabinet Office, working with Defra, HMRC and the Home Office, should, by July 2025, have a plan in place to monitor compliance with the new controls.** This should include any necessary reprioritisation of border resources and management of risks as controls settle in.

c **Once controls have been operating for a sufficient period, Defra should, in conjunction with external stakeholders, review whether the new model for sanitary and phytosanitary (SPS) controls provides an appropriate balance between biosecurity and trade flow and make any appropriate revisions.** As Defra starts to collect better data on SPS imports it should use these, together with estimates of the cost of outbreaks of disease and feedback from external stakeholders, to undertake a wholesale assessment of its model.

22 Following the introduction of controls, the government will continue its programme to improve the long-term performance of the UK border. These recommendations focus on delivering the future UK border:

d **By the end of 2024 the Cabinet Office and HMRC should refresh the delivery roadmap for the Single Trade Window (STW) programme to ensure its scope, timetable and project management arrangements are appropriate.** This should consider the challenges identified in our assessment of the STW programme.

e **Following the next spending review, the Cabinet Office, working with other departments, should confirm the government's plans for taking forward the different elements of its 2025 UK Border Strategy.** It should also clarify the arrangements to be put in place to effectively co-ordinate, monitor and report on these across government.

f **Following the next spending review, the Cabinet Office should re-evaluate the metrics it intends to use to measure the efficiency and effectiveness of the border for users and the government, and commit to public annual reporting against these.** This should include establishing the levels of performance required for the UK border to be "the world's most effective border". Where necessary, departments should consider creating new data sets to support their analysis and reporting of border efficiency and effectiveness, rather than just relying on existing data sources.

23 The UK government and the NICS are continuing to implement the arrangements required to operate the Windsor Framework and the Safeguarding the Union Command Paper and, more broadly, manage the unique position of NI in regard to its border and market access arrangements. These recommendations focus on helping ensure NI businesses can take advantage of these:

g **The Cabinet Office should ensure it has published in good time clear guidance for traders on the arrangements necessary to implement the next phases of the Windsor Framework and the Command Paper.**

h **By September 2024, the Cabinet Office should agree with Border Force and with the Northern Ireland authorities a plan for ensuring compliance with new rules being introduced through the Windsor Framework and the Command Paper.**

i **By September 2024 the Cabinet Office and Defra, working with the Northern Ireland Civil Service (NICS), should consider how they can provide ongoing support and advice to the NICS in the context of NI's unique access to the UK and EU markets.** This should support the commitments the UK government made regarding skills exchange between the NICS and the UK Civil Service in the Command Paper.