National Audit Office

REPORT

The UK border: Implementing an effective trade border

Cross-government

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The UK border: Implementing an effective trade border

Cross-government

Report by the Comptroller and Auditor General

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Gareth Davies
Comptroller and Auditor General
National Audit Office

10 May 2024

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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.

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).

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.

Part One

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

1.1 The government introduced new arrangements to manage the passage of goods across the UK border following the end of the transition period. This part covers:

- the background to the new border arrangements;
- the cost of border programmes;
- the functioning of the border since the transition period ended; and
- the management of risk at the border.

Background

1.2 The United Kingdom's (UK's) decision to leave the European Union (EU) customs union and single market means that the UK is required to apply import controls on goods arriving in Great Britain (GB) from the EU in the same way as it does on goods arriving from the rest of the world (ROW).[7] 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). The transition period ended on 31 December 2020 and the EU introduced full import controls on goods moving from the UK to the EU the next day.

7 World Trade Organization rules state that countries should typically operate equivalent controls on trade with different countries, in line with the Most Favoured Nation principle which requires non-discrimination between trading partners and the consistent application of customs checks, tariffs and non-tariff barriers to trade.

1.3 In February 2020, the government confirmed its intention to introduce full import controls on goods moving from the EU to GB on 1 January 2021, but subsequently said it would introduce these in stages. While the government did introduce some import controls in January 2021 and January 2022 (see **Figure 1** on pages 18 and 19) it delayed implementation of the remaining controls five times. The reasons the government gave for the delays included giving businesses time to recover from COVID-19 (including at the request of industry) 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). SSDs for EU imports into GB will be required from 31 October 2024. The government began implementing the final SPS controls in phases from January 2024 with the majority of the remaining SPS controls implemented from April 2024. However, the government plans to phase in some SPS controls at a later date. Checks on fruit and vegetables from the EU classified as medium risk are not planned to begin until January 2025. The government also plans to introduce SPS checks on goods arriving from the island of Ireland, and checks on live animals at border control posts, but has not set an exact date (see paragraphs 2.16 and 2.17).

1.4 Responsibility for implementing and operating border controls is split across many government departments and agencies, as well as other stakeholders in the devolved institutions, local government and private sector (**Figure 2** on page 20). The government's objectives for managing the border can, at times, conflict: it has to choose the appropriate balance between operating a higher level of checks to maintain security and increase compliance, and encouraging the free flow of goods.

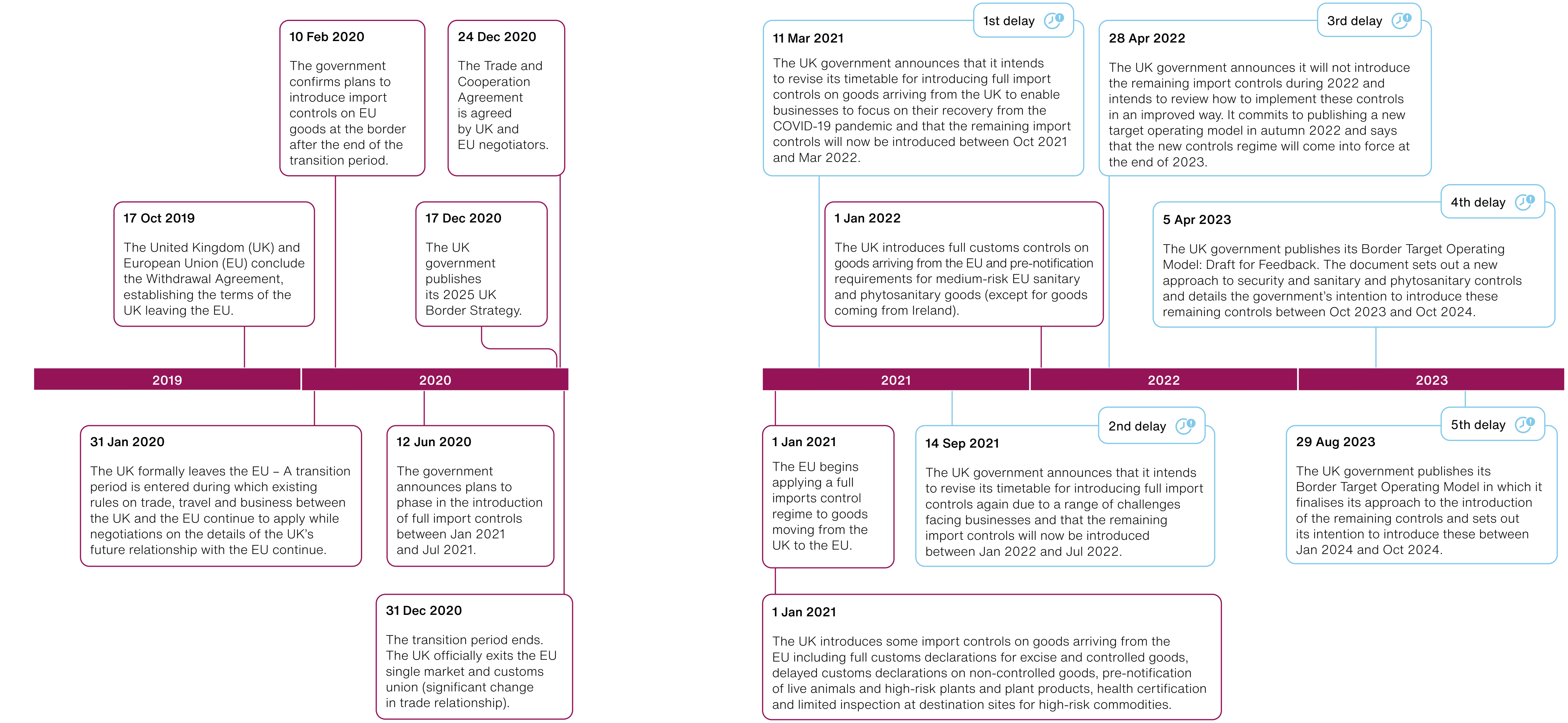
The cost of border programmes

1.5 It is not possible to provide an exact figure for the border-related element of EU-exit related costs because departments do not categorise spending in this manner. However, the three departments mainly responsible for the operational management of the border forecast that they will spend around £4.7 billion on the 13 most significant border-related programmes over the lifetime of the programmes (**Figure 3** on pages 21 and 22). 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, elements of which would have been necessary even if the UK had not left the EU. It does not include the additional enduring operational cost of managing the border, such as additional staff.

Figure 1

The most significant events relating to the government's plans to introduce a full import control regime, 2019 to 2023

The UK government has delayed the implementation of full import controls five times since the end of the transition period



Timeline events   Timeline events relating to delays

Note

1 Our assessment of the number of delays does not include any announcements made prior to the end of the transition period.

Source: National Audit Office analysis of events surrounding the introduction of a full import control regime on European Union goods

Figure 2

Bodies with responsibility for implementing and operating border controls

There are a large number of bodies with responsibility for different elements of border controls

Organisation	Responsibilities
Central UK government departments	
HM Revenue & Customs (HMRC)	Policy and operational responsibility for collecting tax, duties and excise on the movement of goods across the border and for processing customs declarations. Is responsible for delivering programmes relating to border management.
The Department for Environment, Food & Rural Affairs (Defra)	Policy responsibility for controls around sanitary and phytosanitary (SPS) products within England. Is responsible for delivering programmes relating to border management.
The Home Office	Policy responsibility for keeping citizens safe and borders secure, including enabling the legitimate movement of people and goods to support economic prosperity. Is responsible for delivering programmes relating to border management.
Border Force (a directorate within the Home Office)	Operational responsibility for securing the border and managing flows of people and goods. Undertakes checks on goods relating to issues such as fiscal compliance, anti-smuggling activity, and detecting the movement of illicit goods.
The Cabinet Office	Responsibility for coordinating the delivery of border-related programmes across government, and for designing and coordinating the delivery of work relating to the implementation of the border target operating model and the 2025 UK Border Strategy.
UK government arm's-length bodies and agencies	
The Animal & Plant Health Agency	Issues Export Health Certificates for SPS goods to be exported to the European Union and the rest of the world. Undertakes checks on imports of SPS goods such as plants and live animals.
The Food Standards Agency	Policy responsibility for high-risk food not of animal origin, and responsibility for the food and feed safety aspects of imports of products of animal origin. It provides the framework for the activities and competence of staff in local authorities and port health authorities through guidance and frameworks to ensure they are consistent when enforcing the laws for food and animal feed.
Port Health Authorities and relevant local authorities	A specially created local authority or part of the relevant local authority, which carry out a range of health controls at the UK border including carrying out checks on food and feed consignments in order to: • ensure that only products that are safe to eat enter the food chain; • safeguard animal and public health; and • check compliance with international trading standards. They also carry out checks on imports of products of animal origin.
Devolved administrations	
The Department of Agriculture, Environment and Rural Affairs (DAERA)	Policy responsibility for controls around SPS products within Northern Ireland.
The Scottish Government	Policy responsibility for controls around SPS products within Scotland.
The Welsh Government	Policy responsibility for controls around SPS products within Wales.
Other stakeholders	
Port and airport operators	Manage points of entry for ships and planes arriving in the UK. They provide space for government organisations to operate, and can manage inventory systems, collect trade and other data, and report data to a variety of government systems.

Note

1 Official veterinarians in private practice are responsible for signing Export Health Certificates in Great Britain.

Source: National Audit Office analysis and understanding of organisations with responsibilities for the border

Figure 3
Cost and forecast spending on the most significant border-related programmes

The three main departments with responsibility for managing the border forecast they will spend around £4.7 billion on the 13 most significant border-related programmes required in the context of European Union (EU) exit and improving the performance of the border over the lifetime of the programmes

Programme	Department	Purpose of programme	Actual/forecast programme life	Costs incurred by March 2023	Forecast whole life cost of programme
				(£mn)	(£mn)
Borders and Trade	HM Revenue & Customs (HMRC)	Stabilising border activity, understanding and implementing the roll-back of easements, and fully operationalising the border in the period following the end of the transition period.	Apr 2021 to Mar 2022	410	410
Infrastructure Programme	HMRC	Putting in place the infrastructure required to maintain the flow of trade following the end of the transition period and support the introduction of import controls.	Jan 2020 to Mar 2024	400	465
Customs Declaration Service (CDS)	HMRC	Replacing the ageing Customs Handling of Import and Export Freight (CHIEF) system for submitting customs declarations with a new service for imports and exports (the CDS).	Oct 2013 to Dec 2019	334	334
CDS Northern Ireland	HMRC	Delivering the changes required to CDS to support the introduction of the Northern Ireland Protocol.	Apr 2020 to Mar 2021	154	154
Northern Ireland Programme	HMRC	Completing the delivery of policy and legislative commitments for Northern Ireland.	Apr 2022 to Mar 2025	150	498
Single Customs Platform	HMRC	Building on the delivery of the CDS programme to improve the live service and improve system stability and resilience.	Apr 2022 to Mar 2026	129	508
Border Systems Transition Programme	HMRC	Delivering the changes to business processes and IT systems further to the announcement of the Withdrawal Agreement and Northern Ireland Protocol, and to negotiate on the UK's future relationship with the EU.	Nov 2019 to Mar 2021	75	75
CHIEF Transition	HMRC	Ensuring that CHIEF was able to operate alongside CDS as part of a dual platform in preparation for the end of the transition period.	Oct 2019 to Mar 2021	45	45

Figure 3 *continued*

Cost and forecast spending on the most significant border-related programmes

Programme	Department	Purpose of programme	Actual/forecast programme life	Costs incurred by March 2023	Forecast whole life cost of programme
				(£mn)	(£mn)
Single Trade Window	HMRC	Bringing together HM Government processes for collection, assurance and use of border data, making it easier for traders, intermediaries and businesses to trade.	Jun 2020 to Mar 2027	77	349
Trader Support Service	HMRC	Providing a free to use service to support traders to meet their obligations under the Northern Ireland Protocol/Windsor Framework.	Jun 2020 to Dec 2024	366	549
Biosecurity, Borders and Trade	Department for Environment, Food & Rural Affairs (Defra)	Delivering the key infrastructure, systems, services, operations, capabilities and legislative changes required to enable the introduction of new sanitary and phytosanitary controls on the movement of goods to and from the EU.	Apr 2021 to Mar 2025	305	798
Northern Ireland Programme	Defra	Ensuring an enduring operable Northern Ireland/Great Britain boundary for all Defra stakeholders and the ongoing integrity and efficacy of Defra's regulatory regimes in the context of the Northern Ireland Protocol and upholding the Good Friday/Belfast Agreement.	Jan 2021 to Oct 2026	90	399
Cerberus	Home Office	Building a system to transform Border Force's targeting of risk at the border through bringing together different datasets and improving data analytics and targeting capabilities.	Oct 2019 to Mar 2025	80	161
Total				**2,615**	**4,745**

Notes

1 These are all the programmes which have appeared on the Government's Major Projects Portfolio (GMPP) between 2016 and 2023 that relate primarily to changes required to trade goods across the UK border in the context of EU exit or to improve the operation of the border. There are other programmes related to these objectives that are not on the GMPP because they are not sufficiently large, for example.

2 The CDS programme began in 2013, before the 2016 referendum, due to changes that HMRC was required to make relating to the EU's introduction of the Union Customs Code.

3 The whole life cost of a programme is not the same as the original budget for the programme. Where costs incurred are the same as whole life costs this does not necessarily mean that the programme came in at the original budget.

4 The life of the Cerberus programme may be extended beyond March 2025 subject to agreement of the necessary funding.

Source: National Audit Office analysis of Government Major Projects Portfolio and departments' data

The functioning of the border

1.6 We noted in November 2021 that the government had been largely successful putting in place its initial operating capability for the end of the transition period. This included implementing limited import controls. On 1 January 2022, HM Revenue & Customs (HMRC) introduced full customs controls (with the exception of goods arriving from Ireland – see paragraph 2.17) with minimal disruption. No major contingencies were invoked, and inland border facilities had sufficient capacity, although there were some minor instances of disruption.

Customs controls

1.7 While the flow of goods into the UK has remained mostly uninterrupted since the end of the transition period, the introduction of new controls has created additional costs and burdens for traders. In relation to customs, this has included making 63 million import and 30 million export declarations for GB–EU trade between January 2021 and June 2023 (see **Figure 4** overleaf). Traders have also had to invest in additional staff, training and software to enable them to interact with the new systems and processes or, alternatively, to hire intermediaries to help with the administrative burdens. In 2019, HMRC estimated that completing a customs declaration would cost traders between £15 and £56 per declaration, resulting in an additional annual cost to UK businesses of £7.5 billion on the movement of goods between the UK and the EU.[8] HMRC is currently updating this estimate.

1.8 HMRC's forecast of the number of customs declarations it would receive was significantly greater than that which materialised. In November 2020, we reported that HMRC estimated that after the transition period ended, it might receive 270 million customs declarations annually, compared to the 55 million declarations received prior to this. During 2022 (the last full year for which we currently have data), HMRC received 95 million declarations, of which 39 million related to EU trade and 55 million related to trade with the ROW. HMRC told us that the primary reasons for its over-estimate included changes in behaviour by traders and intermediaries, such as submission of fewer declarations for more items, and a lack of detailed information about levels of trade with the EU prior to EU exit and how this would translate into declarations. The lower than anticipated number of declarations means that HMRC's updated estimate of the total annual cost to businesses of making customs declarations on goods moving between the UK and the EU will likely be significantly less than £7.5 billion.

8 HM Revenue & Customs, *HMRC impact assessment for the movement of goods if the UK leaves the EU without a deal (third edition),* October 2019.

Figure 4

Customs declaration volumes for goods traded internationally from January 2021 to June 2023

Traders made 39 million customs declarations (26 million import and 12.6 million export declarations) on trade between Great Britain (GB) and the European Union (EU) during 2022

Trade partner	Type of declaration	Number of declarations made during 2021	Number of declarations made during 2022	Number of declarations made during January to June 2023	Total number of declarations between January 2021 and June 2023
		(mn)	(mn)	(mn)	(mn)
GB–EU	Import	23.4	26.0	13.8	**63.1**
UK–Non-EU	Import	33.8	46.7	21.3	**101.8**
Other	Import	0.8	0.9	0.3	**1.9**
Total import declarations		58.0	73.5	35.5	**167.0**
GB–EU	Export	10.9	12.6	6.9	**30.5**
UK–Non-EU	Export	9.1	8.7	4.7	**22.5**
Other	Export	0.3	0.3	0.1	**0.7**
Total export declarations		20.3	21.6	11.8	**53.7**
Total declarations		**78.3**	**95.1**	**47.3**	**220.7**

Notes

1 Customs declarations for trade movements between Northern Ireland (NI) and GB have been excluded, in addition to UK trade movements with the Isle of Man, Jersey, Guernsey and the UK continental shelf.

2 Trade partners for customs declarations are categorised as GB–EU, UK–Non-EU or Other. Summary statistics are for all trade partner categories, unless a particular trade partner is specified.

3 ‘Other’ includes any declarations made for EU–NI goods, declarations covering multiple countries or where some information is missing.

4 Numbers may not sum due to rounding.

5 Customs declaration volumes for 2023 were only available until June.

Source: National Audit Office analysis of HM Revenue & Customs data

Sanitary and phytosanitary controls (SPS)

1.9 Due to the partial introduction of SPS controls, traders dealing in these goods have not yet had to cope with the full burden and cost of additional controls. The Department for Environment, Food & Rural Affairs (Defra) estimates 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. However, UK-based traders have been operating at a disadvantage compared to their EU counterparts because EU traders have been able to export their goods, other than those presenting a high biosecurity risk, into the UK without dealing with additional controls, while UK traders have had to comply with EU requirements such as Export Health Certificates (EHCs) resulting in additional costs to UK traders. In 2023, the Animal and Plant Health Agency (APHA) issued 316,000 EHCs and 21,000 phytosanitary certificates in relation to the movement of SPS goods from GB to the EU.[9] Stakeholders told us about the negative effect the disparity in controls had on their industry. For example, the National Farmers Union told us that the disparity had created an issue for competitiveness, as the sector has to comply with EU requirements and the associated costs, and for biosecurity. The British Poultry Council told us that the industry continued to face difficulties and significant losses as a result of ongoing imbalances in the new regime.

The management of risk at the border

1.10 The government's decision to phase in the introduction of import controls means it has had to manage additional risk during the period between the end of the transition period and the introduction of full import controls.

Management of biosecurity risk

1.11 Departments have assessed that biosecurity risk to the UK has increased since the end of the transition period. For example, in June 2022, the Food Standards Agency reported the need for improved controls on higher-risk food being imported from the EU as one of its two main concerns in relation to food safety. In November 2022, Defra reported to ministers that biosecurity and health risks were dynamic and increasing in some commodities and regions, and that the UK had lost full access to EU surveillance and alert systems, limiting real-time awareness of impending threats. Defra also reported to ministers that there were frequent detections of non-compliant products and pests coming from the EU and the biosecurity risk would continue to increase as UK regulations diverged from the EU. The National Farmers Union and British Poultry Council told us they were concerned about the biosecurity risk from a lack of import controls on animal products. Defra told us that there had not been any outbreaks of disease resulting from the phased approach, but the lack of a requirement for EHCs for EU imports would have made it harder to manage if a disease outbreak had been identified.

9 This does not include 46,000 EHCs and 7,500 phytosanitary certificates relating to the movement of goods from GB to Northern Ireland.

1.12 Following the end of the transition period, the government did impose some import controls to try and mitigate biosecurity risk. For example, while the government has allowed most SPS goods from the EU to enter largely without certification and checks, it introduced these for the highest-risk plants. It also continued to operate the same certification and checking regime on movements of live animals from the EU to GB that existed prior to the end of the transition period.[10] However, Defra has operated a regime for these goods where inspections occur at destination sites, at a much lower rate than would be achieved at the border control posts where inspections will take place once controls are fully implemented. There are an estimated 6,000 dispersed locations, meaning it is not possible for APHA to fully implement the checks required under the current risk-based approach. In September 2022 Defra reported to ministers that less than half of the required checks on plants and less than 10% of those on live animals were taking place. In March 2024 Defra told us that the position at that point remained similar to that in September 2022. This exposes the UK to greater biosecurity risks, as pests and diseases identified are already inland and closer to potential hosts.

Management of fiscal risk

1.13 Since the end of the transition period, traders have had to comply with new customs procedures, including UK export and import requirements on entry to EU member states. Traders can continue to import and export goods tariff- and quota-free, provided that those goods meet the 'Rules of Origin' requirements set in the Trade and Cooperation Agreement.[11,12] However, traders must pay duty on goods which do not meet these requirements. In 2022-23, HMRC collected £5.8 billion in customs duties on the movement of all goods from the EU and the ROW.[13] This compares to £3.3 billion in 2019-20, the last full year in which the UK and the EU were part of the same customs union and no customs duties were due on UK–EU movements.[14]

1.14 HMRC is currently undertaking work to estimate the level of fiscal compliance for custom duties owed by traders and to better monitor compliance. HMRC has so far focused its compliance activity on the highest-risk traders, including businesses or individuals with a track record of serious non-compliance. HMRC's view is that compliance with the new procedures has generally been good, but some errors in declarations are occurring due to a lack of familiarity with, and the complexity of, new requirements. HMRC has plans to develop a stand-alone customs duty tax gap estimate, subject to resources and the development of a robust methodology.

10 Since the end of the transition period, APHA 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 EHC 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.

11 Rules of Origin require goods to have a certain amount of EU or UK content in them and a certain amount of processing which goods undergo in the UK or EU before export, this determines whether goods qualify as UK- or EU-originating and therefore qualify for zero tariffs and quotas.

12 HM Government, *Trade and Cooperation Agreement*, CP 426, April 2021.

13 HM Revenue & Customs, *Annual Report and Accounts 2022 to 2023*, HC 1466, July 2023, page 204.

14 HM Revenue & Customs, *Annual Report and Accounts 2019 to 2020*, HC 891, November 2020, page 191.

Part Two

The introduction of a full border control regime

2.1 In February 2020, the government announced it would introduce import controls on European Union (EU) goods. The United Kingdom (UK) subsequently introduced import controls relating to customs declarations and high-risk animal and plant products. In April 2022, it announced it would review how to implement the remaining controls and, in August 2023, published its new border target operating model (BTOM). This set out a revised approach for introducing the remaining controls relating to sanitary and phytosanitary (SPS) checks and safety and security declarations (SSDs). The new approach was intended to balance the need for effective border controls with simple import processes.

2.2 This part covers:

- the actions that the government took following its decision to review its approach announced in April 2022;
- the design of the new BTOM;
- the implementation of the BTOM; and
- the specific implications for infrastructure of the government's approach to introducing import controls.

The actions the government took following its decision to review its approach for introducing import controls

2.3 Following the government's April 2022 decision, departments stood down some arrangements they had already put in place. Prior to the decision, the Department for Environment, Food & Rural Affairs (Defra) had been working with the Animal and Plant Health Agency (APHA) and Port Health Authorities (PHAs) to recruit and train the staff needed to undertake checks on SPS goods. APHA had recruited 77 staff but, following the decision, deployed these to other roles within the agency. PHAs had recruited around 520 staff, which were being funded by Defra until such time as the PHAs could recover costs via charging (see paragraph 2.14). Following the decision, Defra agreed to continue to fund 150 staff to mitigate biosecurity risks until the new controls were introduced. Of the remaining 370 staff, some were reassigned roles within local authorities, and the rest were released at the end of their fixed-term contract or made redundant. Overall, Defra paid £58 million between April 2020 and September 2023 to build capacity ahead of the planned July 2022 controls, fund the retention of the 150 staff, and cover the costs of reducing capacity, including redundancy costs.

2.4 The decision in April 2022 did not have any significant impact on the systems development work Defra was undertaking in relation to the introduction of controls. However, it did affect infrastructure requirements. Most of the border control posts (BCPs), at which checks on SPS goods will be undertaken, are located at ports. However, due to the lack of space at the Port of Dover and at Eurotunnel, prior to the April 2022 decision, the government had constructed two government-run BCPs at Sevington and at Bastion Point in Dover. Defra spent £32 million developing and maintaining Bastion Point, but never used it as, following the change in model and reduction in SPS checks required, the government decided to consolidate all checks at Sevington, which therefore required reconfiguring, at a cost of around £15 million.[15] Defra estimates that the decision to consolidate SPS checks at Sevington will save £7 million in operating costs per year, which otherwise would have had to be recovered from businesses. Further analysis of the implications for infrastructure requirements of the government's overall approach to introducing import controls is set out at paragraphs 2.19 to 2.25.

15 The £15 million for reconfiguring Sevington includes the cost of incorporating live animal checks. The UK government does not now intend to build any additional sites for live animals.

The design of the border target operating model

2.5 Following ministers' decision to change the approach to introducing the remaining controls, the Cabinet Office was given responsibility for designing a new regime for the introduction of SPS controls and SSDs, in conjunction with other relevant departments. This required it to resolve tensions between different priorities, such as the balance between having strong biosecurity controls and minimising cost to traders. The design also had to reflect the requirements of the devolved administrations, and feedback from border stakeholders and trader organisations.

SPS controls

2.6 Leaving the EU single market meant the UK no longer has the same level of access to EU systems and data as it did previously (see paragraph 1.11), but it does now have the opportunity to set its own biosecurity controls and to undertake checks on SPS goods arriving from the EU. In determining what biosecurity controls to introduce, the government had to consider both the biosecurity risk from imports, and ensuring the controls being introduced are strong enough that the UK's trading partners do not consider exports from the UK to be an unacceptable biosecurity risk. The UK originally intended to adopt a regime that largely retained the EU's certification requirements while making substantial reductions to some checking rates. However, in the new model the government decided to apply controls in a more targeted and dynamic way by focusing checks on the highest-risk goods. This has resulted in a reduction in some previously planned requirements on the overall numbers of checks on goods from both the EU and the rest of the world (ROW).[16] **Figure 5** overleaf shows the estimated annual number of checks that Defra anticipates will occur on animal products under the government's original model, and under the new BTOM.

2.7 The government has designed a dynamic risk model but does not yet have the data to know if it is effectively balancing cost and risk. To support the implementation of the new model, Defra had to categorise all SPS products as high-, medium- or low-risk. The resulting analysis assigns a risk category to several thousand individual commodities. Defra plans to work with other relevant government bodies to monitor the appropriateness of the risk categorisations and update these as required. The government knows that the cost of any disease outbreak caused by imported goods could be very costly. For example, it estimates that the 2001 foot and mouth disease outbreak cost the UK economy around £12.8 billion (at 2022 prices). However, it does not have estimates of the relative costs of import controls versus the potential cost of failing to prevent outbreaks of specific diseases, such as African swine fever.

16 In its design of the new regime the UK needed to apply the same model to the arrival of goods from the EU and from the rest of the world.

Figure 5

The estimated annual number of checks that the government anticipates undertaking on animal products under its original and revised models

The new model reduces the anticipated level of documentary and ID checks on animal products

Type of check	Model					
	The UK government's previously proposed model			New border target operating model (BTOM)		
	(Estimated number of checks per year in 000s)			(Estimated number of checks per year in 000s)		
	EU	Non-EU	Total	EU	Non-EU	Total
Documentary checks	1,800–2,800	90–100	**1,900–2,900**	410–1,700	80–90	**490–1,700**
ID checks	20–30	90–100	**110–120**	10–20	30–40	**40–60**
Physical checks	20–30	20–30	**40–50**	10–20	30–40	**40–60**

Notes

1 A documentary check is an examination of official certifications, attestations and other commercial documents that are required to accompany a consignment.

2 An identity check entails the visual inspection of a consignment in order to verify its content and that labelling corresponds to the information provided in the accompanying documentation.

3 A physical check entails a check on the goods to verify that they are compliant with the sanitary and phytosanitary import requirements for Great Britain (GB). This includes, as appropriate, checks on the health of the animals, the consignment's packaging, means of transport and labelling. Temperature sampling for analysis, laboratory testing or diagnosis may also be required.

4 For animal products, the government is planning on the following basis. **Under the original model:** 100% of European Union (EU) consignments need documentary checks and, on average, 1.1% need ID and physical checks; 100% of non-EU consignments need documentary and ID checks and, on average, 25% need physical checks. **Under the BTOM:** for EU consignments, low-risk goods have no SPS checks, medium and unknown-risk goods have 100% documentary checks and on average 1% ID and physical checks while high-risk goods have 100% checks across all. Defra has assumed that checking volumes for non-EU goods will reduce by 10% on average.

5 Low-risk animal products may still be subject to checks but these would not be routine and instead intelligence-led.

6 Certain live animals may be subject to a reduced level of ID and physical checks dependent upon species but would still be classed as 'high-risk'.

7 This figure does not cover plants and their products. **Under the original model:** low-risk plants and plant products would have required phytosanitary certification and undergone documentary, ID and physical checks all at 1%. Medium and high-risk plants and plant products would have undergone 100% documentary checks with ID and physical check rates set according to risk. **Under the BTOM:** low-risk plants and plant products will not be in scope for import controls. For medium-risk plants and plant products, documentary, ID, and physical checks will all be risk-based, with imports from the EU typically checked at 3% and from the rest of the world at 5%. High-risk plants and plant products will undergo 100% documentary checks, with ID and physical checks at between 5% and 100% according to risk.

Source: National Audit Office analysis of the Department for Environment, Food & Rural Affairs (Defra) Impact Assessment on the The Official Controls (Miscellaneous Amendments) Regulations 2024, available at: www.legislation.gov.uk/ukia/2024/83/pdfs/ukia_20240083_en.pdf and information from Defra

Safety and security declarations

2.8 SSDs provide information on goods crossing the border, which helps Border Force to target its interventions, to try and prevent the movement of illicit goods such as drugs and weapons.[17] Imports into the UK from the ROW have required an SSD since 2011 and the government intends to introduce SSDs on EU imports to improve targeting activity to manage risk. It originally intended to do this after the transition period ended but now plans to introduce this requirement from October 2024. Under the government's original plans, it intended to replicate the ROW model for the EU. When it designed the new model, to reduce the burden on traders, it reduced the number of fields which traders/agents must complete from 37 under its previous plans to a mandatory 20 (there will also be up to eight conditional fields, and nine optional data fields). The introduction of SSDs on EU traffic should improve Border Force's ability to target interventions relating to EU traffic, particularly via roll-on, roll-off routes.[18] However, Border Force's ability to fully realise these benefits will depend on the Home Office introducing a new system, Cerberus, which will improve the ability to analyse SSDs alongside other data (see paragraphs 3.14 and 3.15).

The cost of new controls

2.9 The new approach imposes new costs on traders compared to when the UK was part of the EU, but these are less than would have arisen under the previously proposed model.[19] The government estimates that the SPS and SSD requirements under the new model will impose costs on traders of around £469 million a year, although some of these costs have existed in relation to ROW goods since before the UK left the EU.[20] This is £514 million less than the estimated £983 million total annual cost of the regime previously planned.[21,22] The government's new estimate of costs depends on it delivering elements of its Single Trade Window (STW) programme and implementing its planned trusted trader schemes, both of which will be challenging to deliver on time (see paragraphs 3.13 and 3.17).[23] If the government does not introduce the trusted trader schemes by the time it implements the new controls, it estimates that the annual costs of the new controls will be around £537 million. It has not produced an estimate of the impact of not introducing the STW on time because it views the STW as integral to introducing the new model.

17 Examples of information contained in an SSD include: who is sending the goods and where from; the place of loading and unloading; mode of payment; and carrier and route information.

18 Roll-on, roll-off (RORO) refers to the way that freight is loaded and unloaded – that is, it is usually driven on or off the ferry or train.

19 This analysis is based on the government's forecasts regarding declaration numbers once all controls have been introduced and does not take account of any potential changes in levels of trade that may occur as a result.

20 These costs cover traders based in the UK, the EU and the ROW.

21 These numbers are mid-points on a range of estimated costs. The lower and upper estimates for each figure are as follows: £469 million (£381 million to £556 million); £514 million (£423 million to £607 million); and £983 million (£804 million to £1,163 million).

22 The estimated difference between the raw costs of the government's previously proposed model and the model it is currently implementing does not perfectly align with the government's estimated impact of the new model. This is due to additional levels of uncertainty based on interactions between policies which has been applied to the upper and lower bounds of safety and security declaration estimates.

23 The estimated cost of the new model is based on a 'steady state' where the take up of the STW for submitting SSDs is at its maximum expected level.

The implementation of the border target operating model

2.10 When the government published the BTOM in August 2023, it set out the timetable for introducing new controls (see **Figure 6**).[24] It planned to introduce the remaining controls in phases between January and October 2024 but specified that it planned to introduce checks on SPS goods arriving from the island of Ireland "from 31 October 2024".

Figure 6

The timetable for introducing import controls set out in the revised border target operating model (BTOM)

The BTOM set out the government's plans to phase in the remaining import controls

Date	Controls to be introduced
31 January 2024	The introduction of health certification on imports of medium-risk animal products, plants, plant products and high-risk food and feed of non-animal origin from the European Union (EU). The removal of pre-notification requirements for low-risk plant and plant products from the EU. The introduction of full customs controls for movements of goods from Ireland to Great Britain (GB).
30 April 2024	The introduction of documentary and risk-based identity and physical checks on medium-risk animal products, plants, plant products and high-risk food and feed of non-animal origin from the EU. Existing inspections of high-risk plants/plant products from the EU will move from destination to border control posts. The simplification of imports from non-EU countries will begin. This will include the removal of health certification and routine checks on low-risk animal products, plants, plant products from non-EU countries as well as a reduction in physical and identity check levels on medium-risk animal products from non-EU countries.
31 October 2024	The requirement for safety and security declarations for imports into GB from the EU or from other territories where the waiver applies will come into force. Alongside this, a reduced dataset for imports will be introduced and use of the UK Single Trade Window will remove duplication where possible across different pre-arrival datasets – such as pre-lodged customs declarations.
From 31 October 2024	The introduction of check requirements for EU sanitary and phytosanitary goods that enter GB via west coast ports.

Notes

1 Goods enter GB from the island of Ireland through west coast ports such as Cairnryan, Liverpool, Holyhead and Pembroke.

2 The Department for Environment, Food & Rural Affairs is temporarily treating medium-risk fruit and vegetables from the EU as low-risk which means that they are not subject to checks on arrival in GB.

3 The BTOM specified that border control posts checks on live animals would commence in late 2024.

Source: National Audit Office analysis of the Cabinet Office Border Target Operating Model, August 2023, available at: https://assets.publishing.service.gov.uk/media/64f6e2629ee0f2000db7be8e/Final_Border_Target_Operating_Model.pdf

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

2.11 In contrast with the previous times we have reported on the management of the border in the context of EU exit, the government has now made most of the required major changes to systems and infrastructure. However, both government and traders are still required to make some changes in advance of the new controls. For example, departments need to recruit and train staff, to make outstanding policy decisions, and to put operational arrangements into practice. In addition, traders need to ensure they are aware of new requirements, such as the potential need to take goods to a BCP for inspection, and plan for them.

Readiness for controls introduced in January 2024

2.12 The changes introduced on 31 January 2024 primarily affected traders moving SPS goods from the EU to the UK.[25] The most significant change was the introduction of the requirement for some categories of SPS goods to obtain Export Health Certificates (EHCs) or phytosanitary certificates. These certificates must be completed by an official veterinarian (vet) or inspector in the EU before goods are exported to the UK. Before the January deadline, some stakeholders expressed concerns about whether there would be sufficient veterinary capacity for this work. In February 2024, Cabinet Office officials reported to ministers that, overall, there had been little sign of disruption to border flows resulting from the introduction of the January checks. Defra also reported that there were no significant impacts on border flow and EU veterinary capacity was sufficient, although it was working with EU vets to address some specific queries regarding signing off EHCs.

Readiness for controls introduced in April 2024

2.13 The changes introduced on 30 April 2024 have required preparations from government, traders and other border stakeholders. The most significant changes were the introduction of document, identity and physical checks on medium-risk SPS products, and the movement of ID and physical checks on high-risk plants and plant products from the point of destination to BCPs at ports and government facilities.[26,27] The Cabinet Office monitors departments' and traders' readiness for the milestones set in the BTOM. In January 2024 it assessed delivery confidence for April controls as amber, meaning successful delivery appeared feasible but significant issues requiring management attention existed.

25 The government also introduced full customs controls for movements of goods from Ireland to GB on 31 January 2024.
26 The UK has allowed SPS goods from the EU to enter largely without certification and checks, apart from those required for the highest-risk live animals and plants.
27 Defra is temporarily treating medium-risk fruit and vegetables from the EU as low-risk, which means that they are not subject to checks on arrival in GB. It plans to begin treating them as medium-risk from January 2025.

2.14 The Cabinet Office identified a number of issues contributing to the amber risk rating, which included.

- **The capacity and legislative basis to undertake checks on SPS goods, and the development of an approach to compliance:** Port Health Authorities (PHAs) undertake a range of checks on SPS goods crossing the border and need to recruit and train additional staff by April 2024. Defra estimates that around an additional 300 PHA staff are required in total in England to implement controls coming in during 2024 and beyond, but these will be recruited flexibly as the regime beds in. During our visits to ports in November 2023, we heard concerns about PHAs' ability to recruit and train sufficient staff before the April and October deadlines. In December 2023, Defra told us that it recognised that PHAs would not have 100% of the staff they required from "day one" and it would work with them to build up the service. In January 2024, the Cabinet Office reported that recruitment remained a critical issue, alongside ensuring there was a sufficient legislative basis for changes and agreeing an approach to compliance and enforcement for "day one". In March 2024 Defra told us that PHAs had recruited around an additional 85 staff ahead of the introduction of the April controls.

- **The development and implementation of a border control post charging strategy:** The government is introducing charging at government-owned infrastructure to recover the operating costs of undertaking physical inspections of SPS goods. Ports will bear the operating costs of these inspections at commercially-run premises. Their decision about how much to charge is influenced by how much the government charges. In our November 2021 report, we found that port representatives were very concerned that the charging regime had not been finalised.[28] At that point, the charging regime was due to be implemented by January 2022. Stakeholders we spoke to during autumn 2023 expressed frustration that details of the charging regime had still not been finalised. On 3 April 2024, Defra published the details of the charging regime it is applying from 30 April 2024.[29]

- **The development of driver messaging functionality:** In our November 2021 report we highlighted a risk that HM Revenue & Customs (HMRC) would not be able to make changes to its systems to inform drivers when they need to attend a BCP for SPS goods to be checked, and where to go. At the point we reported, the deadline for doing so was July 2022.[30] As at February 2024, the driver messaging system had not yet been delivered. The Cabinet Office told us that it anticipated driver messaging would be ready for the introduction of April controls, but that a contingency solution would be required in relation to some categories of goods.

28 Comptroller and Auditor General, *The UK border: Post UK-EU transition period,* Session 2021-22, HC 736, National Audit Office, November 2021, page 13.
29 Department for Environment, Food & Rural Affairs, *Common user charge: rates and eligibility*, 3 April 2024.
30 Comptroller and Auditor General, *The UK border: Post UK-EU transition period,* Session 2021-22, HC 736, National Audit Office, November 2021, page 63.

2.15 Some external stakeholders raised concerns about government and industry readiness for the April changes and their potential impact. For example, in January 2024 a group of 30 trade organisations representing the UK's food industry and other relevant industries wrote to the Secretary of State for the Environment raising concerns regarding the introduction of the new checks on biosecurity and food security, including the potential for food inflation.[31] The government estimates that the new controls will increase food inflation by less than 0.2 percentage points between 2024 to 2027. The horticultural industry has particular concerns about the logistics of the physical inspections being introduced. For example, the Horticultural Trades Association raised concerns that moving to the new arrangements of inspecting plants at BCPs, rather than at points of destination, could increase biosecurity risks and/or lead to long waiting times for hauliers.

Readiness for controls due in October 2024 and beyond

2.16 The most significant change to be introduced in October 2024 is the requirements for goods being moved from the EU to GB to have an SSD. In January 2024, the Cabinet Office assessed overall readiness for October as 'amber-green', meaning successful delivery appeared probable. However, the Cabinet Office did raise some issues relating to the introduction of SSDs, including the need to develop operational testing plans, and for departments to work together to develop their approach to ensuring compliance with the new requirements. The government is also due to introduce checks at BCPs on live animals arriving in GB and, in the BTOM, said it would do this in late 2024. However, this is dependent on infrastructure being ready, which is currently estimated to be completed in the first half of 2025. As at January 2024 the Cabinet Office rated the risk around the introduction of these checks as 'amber-red', meaning successful delivery of the project was in doubt, with major risks or issues apparent in a number of areas. Risks related to delivering the systems, infrastructure and legislation required to undertake the checks.

31 SPS Certification Working Group, *Border Target Operating Model – Critical Issues Impacting GB Bio- and Food Security*, 25 January 2024.

2.17 The government has not finalised the arrangements and timetable for bringing in SPS controls on goods arriving into GB from the island of Ireland, which usually arrive in west coast ports. Unlike for movements from the rest of the EU, with some limited exceptions, the government did not introduce import controls on goods moving into GB from the island of Ireland when the transition period ended. This was because it wished to minimise disruption for traders while negotiations on the Northern Ireland Protocol were ongoing. The government introduced full customs controls on goods arriving from Ireland in January 2024 and said in the BTOM that it intends to introduce checks on SPS goods "from 31 October 2024". SPS checks at some west coast ports are the responsibility of the devolved administrations in Scotland and Wales. As at April 2024 the UK government had not yet reached agreement with the devolved administrations on when to bring in checks on SPS goods arriving from the island of Ireland, or the level or nature of those checks. The date will be influenced by the resolution of a number of outstanding policy issues (for example, in relation to the UK government's commitment to unfettered access for Qualifying Northern Ireland Goods flowing from Northern Ireland to GB – see paragraphs 4.8 to 4.9) which affect the practical implementation timetable, and by commitments to give people reasonable notice of changes.

The application of controls

2.18 Traders and hauliers also need to get ready for the new controls. For example, from 30 April 2024 traders importing SPS goods from the EU will need to ensure goods have been pre-notified, and, if required, hauliers will need to bring goods to a BCP for inspection. 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. The combination of the need to scale up checks and the desire to support traders means that the government intends to take a pragmatic approach and apply controls flexibly in the early stages. In a letter to the Chair of the Environment, Food and Rural Affairs Committee, published on 30 April 2024, Defra said that it recognised that the introduction of new controls could pose challenges initially for business, but that it intended that its graduated approach to compliance and enforcement would minimise disruption, while protecting the UK's biosecurity.[32] The government intends to scale up checks on a national basis but there may be a period during which different levels of control and checking are operating at different ports, for example depending on their ability to recruit and retain the inspection staff required and whether they receive goods from the island of Ireland. Ports and the organisations operating within them told us they were concerned that disparities in controls applied at different ports could divert trade flow to the entry point of least resistance, and that there could be risks to biosecurity as a result. As noted in our November 2020 report, any differences in border regimes could present new opportunities for fraud, evasion or smuggling.[33]

32 *Defra responds to the EFRA Committee's concerns over the implementation of import checks*, 30 April 2024.
33 Comptroller and Auditor General, *The UK border: preparedness for the end of the transition period*, Session 2019–2021, HC 371, National Audit Office, November 2020, page 13.

The implications for infrastructure of the government's approach to introducing import controls

2.19 Departments have been working to put in place the infrastructure needed to manage the border since 2018. Over this period, there has been considerable uncertainty about the arrangements required, and the planned position and size of the infrastructure needed has changed many times. There has been policy uncertainty about arrangements to be put in place and difficulty forecasting numbers of hauliers that will use sites. The government's general approach has been to provide the infrastructure necessary to maximise flow and to cope with peak requirements as controls are introduced, and then plan to rationalise infrastructure requirements and make the border run more efficiently over time.

The provision of government infrastructure

2.20 Border controls on the movements of goods normally take place at commercially-run ports and airports. However, before the transition period ended the government anticipated that there would be a need to establish temporary government-run sites to undertake border controls. This was agreed in May 2020, to serve ports that lacked the space to provide the necessary infrastructure within their facilities. These were developed in two phases: smaller interim sites that the government planned to stop operating by the end of 2022, and enduring sites that will operate until a commercial solution is delivered. **Figure 7** overleaf shows all previous, existing and planned government border infrastructure relating to the introduction of controls since the end of the transition period.

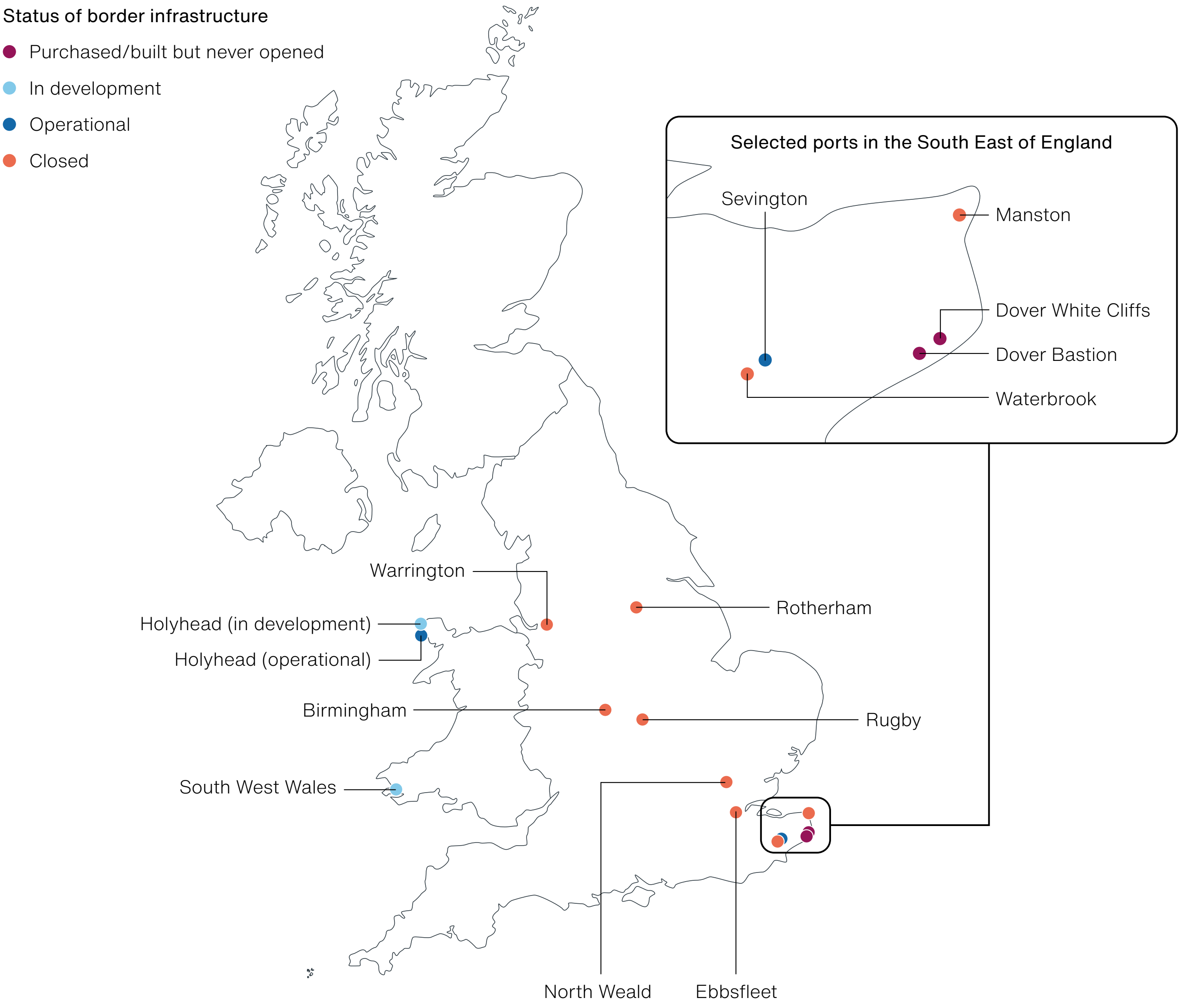
2.21 Over the period 2020-21 to 2023-24, HMRC spent around £258 million setting up, operating and decommissioning eight interim sites that it had established prior to the end of the transition period to handle the movement of goods under the Common Transit Convention (CTC) (see **Figure 8** on page 39).[34] In our November 2021 report, we highlighted that the usage of these sites was hard to predict. Since the end of the transition period, the volume of goods that has required checking at government premises under CTC arrangements was lower than had been anticipated, which meant there was excess capacity at the sites. As a result, HMRC closed four of the interim sites earlier than it had planned, which it estimates led to a reduction of £19 million in operational costs. HMRC closed all eight interim sites by the end of 2022.

34 Moving goods under the CTC allows traders to reduce the number of declarations they are required to make when moving goods across borders within a customs territory, and to suspend the payment of duties until goods reach their final destination.

Figure 7

Map showing previous, existing and planned government border infrastructure related to the introduction of border controls since the end of the transition period

The government has rationalised its provision of infrastructure to conduct border checks



Notes

1 Heavy goods vehicle capacity at the operational sites is: Sevington (4,208) and Holyhead (398). Capacity is expressed as daily throughput of the site – the maximum number of vehicles through the site in an average day.

2 The sites being developed in Holyhead and South West Wales are being provided by the Welsh Government.

3 We have adjusted some site locations by up to several millimetres to prevent point overlaps and to improve visual clarity. Therefore, the map shows approximate, rather than exact, locations.

Source: National Audit Office analysis of HM Revenue & Customs data; Office for National Statistics licensed under the Open Government Licence v.3.0. Contains OS data © Crown copyright and database right 2024

Figure 8

The cost of establishing, operating and decommissioning government-run border infrastructure over the period 2020-21 to 2023-24

Over the period 2020-21 to 2023-24 the UK government spent around £711 million on government infrastructure to manage the passage of freight across the border of Great Britain

Stage	Cost of enduring sites	Cost of temporary sites	Cost of sites purchased/ established but not used	Total
	(£mn)	**(£mn)**	**(£mn)**	**(£mn)**
Purchasing/setting-up	237	42	62	**341**
Operating	154	199	0	**353**
Decommissioning	0	17	0	**17**
Total	**391**	**258**	**62**	**711**

Notes

1 This does not include the costs associated with the sites that are the responsibility of the devolved administration in Wales.

2 The costs reported include a mixture of forecasts and actuals.

3 The sites that were purchased/established but not used were Dover White Cliffs and Dover Bastion Point. The £62 million combined cost of purchasing/setting up these sites is made up of £32 million relating to developing and maintaining Bastion Point, the £21 million purchase cost of Dover White Cliffs, and £9 million relating to preparatory work on the Dover White Cliffs site.

4 Figures may not sum due to rounding.

Source: National Audit Office analysis of Department for Environment, Food & Rural Affairs, HM Revenue & Customs and Department for Transport data

2.22 As at February 2024, the UK government was running two enduring sites at Sevington and Holyhead with a combined capacity of 4,600 vehicles.[35,36] The cost of setting up and operating these over the period 2020-21 to 2023-24 was around £391 million. As at February 2024, the Welsh Government was in the process of constructing a second site in Holyhead (to undertake SPS rather than customs checks), due for completion by January 2025 at the earliest. It planned to begin constructing two sites in South West Wales in July 2024. In March 2024 the Welsh Government stated that it expected construction work on all Welsh BCPs to be completed by late spring 2025.[37,38]

35 In addition, the UK government was operating two much smaller sites at Dover Western Docks and Stop 24 to handle hazardous goods.

36 Capacity is expressed as the daily throughput of the site – the maximum number of vehicles through the site in an average day.

37 Welsh Government, *Post EU-exit border controls and infrastructure*, March 2024.

38 The UK government's *Safeguarding the Union* command paper, CP 1021, published in January 2024, confirmed there would be no border control post in Cairnryan in Scotland.

2.23 In 2020 the government purchased the Dover White Cliffs site at a cost of £21 million with the intention of building a second government-run border facility to undertake checks on cross-channel freight traffic, alongside Sevington. In May 2022, the government decided not to proceed with building a facility at Dover White Cliffs because lower-than-anticipated volumes of freight and high delivery and operational costs meant developing the site would not represent good value for money. It estimates this decision saved around £120 million. The Department for Transport (DfT) currently owns the site and is considering options for its use. Possible options include using the site to strengthen arrangements in Kent relating to the management of cross-border traffic and/or using the site to support the introduction of the EU's new Entry and Exit System, which could increase the risk of queues on the approach to the short straits after it is introduced by the EU in October 2024.[39]

2.24 The Sevington site, which serves traffic coming from the Port of Dover and Eurotunnel, is by far the largest existing or planned government site. Border Force staff have been undertaking customs checks at the site since March 2021, with SPS checks commencing from April 2024. Between January 2022 and July 2023, the average monthly utilisation of the site was 40% with a low of 19% in May 2022 and a high of 74% in November 2022. Utilisation levels should increase when SPS checks commence. However, the government acknowledges that the efficiency and cost effectiveness of site operations could be improved in future and that the private sector may be best placed to deliver this. The government plans to operate Sevington on a commercial basis in the future, and departments are currently working together to agree an approach to doing so.

Port infrastructure

2.25 In October 2020, the government launched the Port Infrastructure Fund to enable ports that handle EU goods imports to access funds to build the infrastructure required. The government allocated £200 million to successful ports, which was 66% of the total they had bid for. Some therefore supplemented government funds with their own money. Ports built border facilities such as inspection sheds, specialist facilities for undertaking SPS checks, and staff offices. As a result of the government's change in approach to the introduction of import controls, some of the facilities ports built have excess capacity or may no longer be required.

39 Under the new system, non-EU travellers will be required to scan their passport and biometric information at entry points to the EU.

Part Three

Future risks, challenges and opportunities

3.1 In addition to introducing remaining import controls, the government also intends to make the border function more efficiently and cost-effectively in the longer term. This part covers:

- progress delivering elements of the 2025 UK Border Strategy; and
- the government's arrangements for monitoring the performance of the UK border.

Progress delivering elements of the 2025 UK Border Strategy

3.2 In December 2020, the government published its 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".[40] This would be achieved through delivering six transformations, which government and industry would need to deliver "by 2025 and beyond". Each transformation was underpinned by a series of deliverables. However, the Strategy did not explicitly set out the initial baseline, how much progress would be required to deliver them, or a clear timetable for delivery.

3.3 The Strategy has been broadly welcomed by stakeholders. In 2020, over 170 stakeholders responded to a public consultation on the Strategy and the government reported that 84% of them agreed or strongly agreed with the Strategy's strategic objectives, and 74% with its strategic outcomes.[41] Successful production of the deliverables within the Strategy, such as the Single Trade Window (STW) (paragraphs 3.7 to 3.11) and ecosystem of trust (paragraph 3.16) will require engagement from many government bodies and from external stakeholders such as ports, airports and trader associations. The programmes underlying the Strategy are being led by the respective departments and co-ordinated through a cross-government Border Design Authority, chaired by the Cabinet Office.

40 Cabinet Office, *2025 UK Border Strategy,* CP 352, December 2020, page 10.
41 Cabinet Office, *2025 UK Border Strategy,* CP 352, December 2020, page 12.

3.4 There is no cross-government integrated delivery plan for the Strategy, as the programmes are not being delivered as a portfolio, but are down to individual departments to implement. In theory, progress on the Strategy would be reported to the cross-government Border Delivery and Performance Group. However, to date this Group has focused on the more immediate operational priorities associated with the delivery of the Border Target Operating Model. In 2023, the Cabinet Office began a process of assessing what progress had been made delivering the Strategy and determining whether there should be any change in future priorities and timescales for delivery. This process has not yet concluded. The Cabinet Office told us that its ambitions for the Strategy remain as they were when it was published, 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.

3.5 Stakeholders we have spoken to generally reported good engagement with the Cabinet Office regarding the Strategy. However, the approach government has adopted regarding its implementation contrasts with its previous approach to managing the border in the context of the United Kingdom's (UK's) exit from the European Union (EU), where a central DG-led group had oversight of cross-government activity and reported regularly to senior officials and ministers. The Cabinet Office told us that the previous arrangements had been exceptional and would be inappropriate for the current circumstances. However, without a clear delivery pathway and strong cross-government delivery mechanisms to hold departments to account, and given the many interdependencies between elements of the Strategy, there is a significant risk that departments will find it harder to overcome implementation challenges, and that delivery stalls. This raises the risk that costs to traders and government will increase, and opportunities will not be realised. A previous attempt to streamline the government's operations at the border to increase efficiency, the One Government at the Border programme, was not completed.

3.6 Given the breadth of the Strategy and the Cabinet Office's decision to re-evaluate priorities for delivery, we have not assessed progress against the whole Strategy. We have focused on projects most relevant to delivering the new border target operating model (BTOM).

The Single Trade Window (STW)

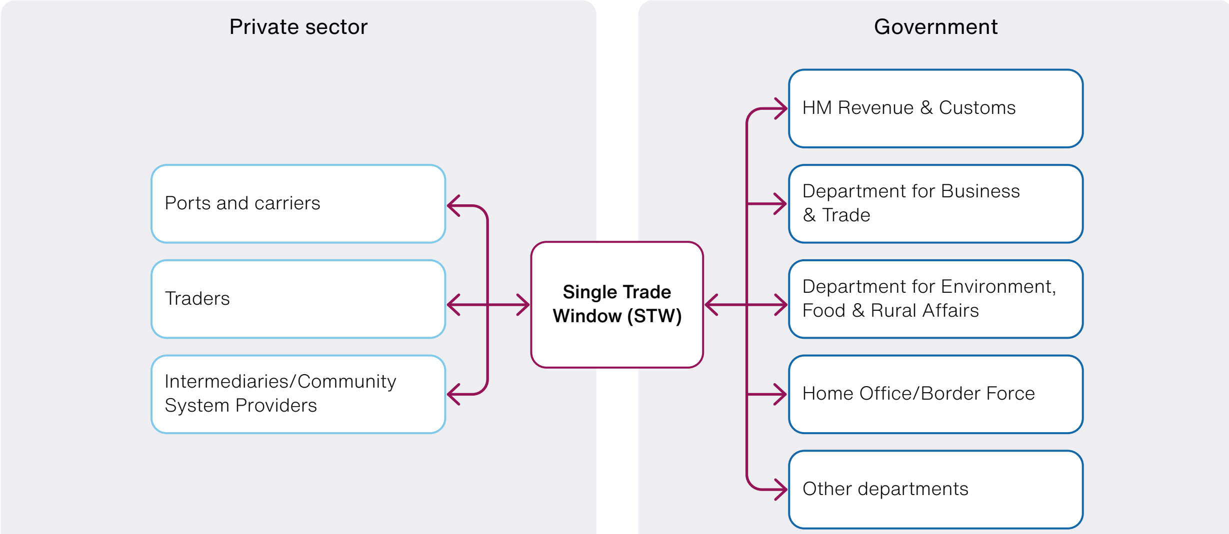
The purpose, cost and intended benefits of the Single Trade Window

3.7 The government is seeking to introduce an STW as an essential component of its plans to deliver both the BTOM and the Strategy. The World Customs Organization (WCO) defines an STW as a "facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfil all import, export, and transit-related regulatory requirements". Research undertaken in 2020 found that in 2018, 41 countries had developed an STW and another 76 were in the process of developing one.[42] The government intends that the UK STW should be world-leading and go beyond the core capabilities set out by WCO (**Figure 9**).

42 Inmaculada Martinez-Zarzoso and Santiago Chelala, *The impact of single windows on trade*, February 2020.

Figure 9
The Single Trade Window (STW) concept

The STW is intended to make it cheaper and quicker for border stakeholders to submit data to government departments, and help departments use and share those data when managing the UK border



	Private sector	Government
Objectives	The STW will help private sector border users make applications and submit data to government, by creating a single gateway through which traders, hauliers and intermediaries can submit data.	The STW will send data to individual government systems, helping UK government departments to share and use the data they receive.
Features	The STW will allow private sector border users to: • Confirm their identity. • Make declarations and provide data. The STW will reduce costs by reducing time spent identifying points of contact and remembering and re-using data from previous applications. • Apply for and renew licenses and certificates. • Receive updates on status of goods moving. • Access guidance and support.	The STW will help government departments: • Improve data quality and reporting. • Share data better and faster across government departments. • Facilitate better data analysis to identify and intercept high-risk goods.
Major work required to deliver the STW	The STW team and technical delivery partner will need to: • Develop an identification process for traders. • Create a submissions portal covering all major types of declarations and licenses. Where data requirements are being reduced or simplified, these will need to be agreed. • Develop processes for automating data collection and collecting data from the supply chain. • Provide alerts to traders on movement status. • Provide guidance and support services.	The STW team and technical delivery partner will need to: • Manage the harmonisation of data standards across the government and industry. • Build the STW interface and ensure it is able to interface effectively with legacy government data systems. • Develop processes for sharing data securely. • Design reporting tools and performance dashboards. • Develop the service management and business continuity needed for a critical service.

Single Trade Window   External users   Government departments   → Flow of information

Source: National Audit Office analysis of HM Revenue & Customs data

3.8 The government intends that the STW will bring benefits to traders, government and the wider economy. HM Revenue & Customs (HMRC) is leading the delivery of the STW programme on behalf of government. In 2024 HMRC estimated that, over the 10 years to 2031-32, the STW would cost £349 million and deliver quantifiable benefits of £2.77 billion. Benefits include £2.48 billion in direct benefits to UK traders and hauliers through a decrease in the administrative effort required to move goods across the border, and £250 million in benefits to the government through better data collection and sharing. Many of the stakeholders we spoke to were supportive of the concept, but some expressed scepticism about the scale of the potential benefits. Stakeholders' concerns included whether the benefits had been overstated and whether the STW would provide an upgrade on existing products.

Delivery of the Single Trade Window

3.9 The government started exploring the STW concept in 2018, and HMRC approved the business case in December 2022. HMRC decided to contract a Technical Delivery Partner (TDP) to design, build and operate the STW. In May 2023, HMRC awarded Deloitte a contract for the role (working with IBM), worth up to £150 million by 2026.

3.10 The STW will be delivered using a novel "Software as a Service" model, whereby the TDP is responsible for designing, building, testing and running the service on behalf of the government. The contract specifies that the government will receive any specific intellectual property created and that the TDP should develop a solution that can be effectively competed when the contract ends. Meanwhile, HMRC will be responsible for setting service standards, approving deliveries and monitoring service performance. The HMRC team will need to develop an intelligent client function to oversee the work of the TDP and, once work is complete, ensure continuity of service after its contract ends.

3.11 HMRC initially chose to deliver the STW in stages where the TDP would complete a new strategic release every six months. The February 2023 business case stated that an initial strategic release providing the foundations for the system would be delivered in November 2023, to be followed by further strategic releases every six months that would add more functionality. HMRC has since revised its plan, with a public beta release now scheduled to take place in summer 2024.[43] As set out in the BTOM, the government intends that a user interface for traders to submit safety and security declarations (SSDs) will enable EU traders to meet their new obligations from October 2024 through the STW. The 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 will need to agree the timing, content and cost of future releases with the TDP as it proceeds with completing: fully developed and costed requirements; design, build and deployment work; and all related testing and integration, both internally and externally.

43 A 'public beta release' is where a new IT service or system is opened up to the public in order to get feedback on its operation.

3.12 Given the importance of the STW programme for delivering the 2025 UK Border Strategy, we have reviewed the programme against lessons we have previously identified as fundamental for departments implementing digital change programmes.[44] We have identified several factors and risks the programme will need to manage to be successful (**Figure 10** on pages 46 to 48).

3.13 The conclusion of our digital change assessment is that the STW is an extremely ambitious programme with a number of complex challenges which, to be successful, will as a priority require departments and the TDP to act on the following points.

- Strengthen the STW team's project planning arrangements to ensure that the scope and timetable are realistic. The programme has already fallen several months behind the timetable set out in its February 2023 business case, with the associated delays to benefits realisation reflected in its March 2024 business case. This 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).
- Agree common data standards across different department and external systems.
- Integrate the STW with a plethora of different legacy systems across different departments and external stakeholders.
- Ensure that contract management and funding arrangements remain appropriate throughout for a project of this scale and ambition.
- Strengthen departments' intelligent client capabilities to ensure they have the necessary expertise, experience, and processes in place to oversee the TDP's design of the STW and the operation of the novel Software as a Service delivery model.

HMRC has acknowledged the complexity and challenges it faces delivering the STW. It considers that it is on track to meet the commitment set out in the BTOM for a public release of the first set of STW functionality by October 2024.

44 Comptroller and Auditor General, *The challenges in implementing digital change*, Session 2021-22, HC 575, National Audit Office, July 2021.

Figure 10

Our assessment of the Single Trade Window (STW) programme against the National Audit Office's (NAO's) *Challenges in implementing digital change* framework

Using the NAO's digital change framework we have identified several factors and risks the STW programme will need to manage to be successful

Assessment area	Description	Challenges
Understanding aims, ambition and risk	The STW will be developing Application Programming Interfaces as well as a web portal to provide a single gateway through which traders can submit their data into multiple government systems, increasing the efficiency of the UK border. STWs are already in use in other countries. However, plans for the UK STW go beyond the minimum functional requirements defined by the World Customs Organization (WCO). Additional elements include automatically collecting supply chain data from external traders' systems, and sharing data to improve cross-government risk analysis.	The government started exploring the STW concept in 2018, and HM Revenue & Customs (HMRC) approved the business case in December 2022. There have since been repeated slippages in implementation. The Technical Delivery Partner was not appointed until May 2023, and the first release is behind the schedule published in the February 2023 business case. Important functionality, such as providing real-time alerts and taking data directly from the supply chain, have not yet been addressed, but are planned later. The government's plans for the UK STW to be 'best in class' are ambitious. One more ambitious element, the plan to integrate the STW with the supply chain data systems of external traders, was deemed unfeasible by consultants in 2022 in the next few years without significant new work by the government. In 2023 the Cabinet Office also concluded that supply chain data was not yet ready to replace traditional mechanisms of border control and industry would need to be incentivised to make data available in the right format. The extent of data sharing envisaged in the STW plans is not supported by legislation. A statutory instrument came into force on 1 May 2024 to enable its legality. However, the level of data sharing envisaged in making the STW 'world-leading', such as international interoperability, can only be enabled through primary legislation.
Engaging commercial partners	A Technical Delivery Partner has been given responsibility for the design, build, and delivery of the STW, including collecting, distributing and transforming data. The STW is being procured through a mix of Software as a Service, and design and development by the Technical Delivery Partner. The STW aims to be accessible as a cloud-hosted website rather than as a discrete asset built on a government platform. HMRC believes this approach provides a number of benefits, including: extending government's capacity to deliver better services; increase private sector innovation, learning and integration; and enhanced flexibility and risk-sharing.	The contract was agreed before all the background requirements were defined. This approach can provide flexibility and allow requirements to be finalised later, when they are better understood. Successful implementation will require the team to respond to emerging requirements and funding needs post contract signing. Following the removal of specified milestones for future releases means the team will now also need to agree these with the Technical Delivery Partner as the programme proceeds. The role that the Technical Delivery Partner now holds will require extensive cross-government and other stakeholder access and expertise if they are to understand, map, integrate and standardise the complex existing data and systems landscape in the prescribed timescale. This will require clear business ownership. The STW Programme is procuring the STW as a Software as a Service, which means the technical STW solution will not be built on government IT estate and will instead utilise cloud-based technology. The programme believes this approach will provide greater long-term flexibility and configurability, minimise technical resource requirements and allow them to respond and adapt according to industry needs. HMRC will need to manage this new relationship, while also ensuring it has realistic measures in place to avoid any lock-in. Service management has not yet been addressed at the level of detail necessary.

Figure 10 *continued*

Our assessment of the Single Trade Window (STW) programme against the National Audit Office's (NAO's) *Challenges in implementing digital change* framework

Assessment area	Description	Challenges
Approach to legacy systems and data	The STW will not replace existing legacy systems. Instead, it aims to create a new user interface to identify a trader, and then collect and share data with appropriate systems. Delivery is expected to take place in a series of strategic releases.	It will be very challenging to integrate data from cross-government and external IT systems with the STW. The programme plans to incorporate a data translation layer within the STW to transform data ingested so that it is suitable for the importing government systems. The programme needs to manage a wide range of interdependencies with other programmes (such as the Single Customs Platform programme) across government and with external stakeholders (such as Community System Providers). The legislative changes required to facilitate data sharing are on the critical path, but without a clear view of data requirements this legislation will be difficult to define and could become a source of further delay. The government plans to mitigate this challenge through secondary legislation, which can be introduced as data requirements and delivery plans become clearer.
Using the right mix of capability	HMRC will set the overall requirements that the STW will have to meet and the outcomes it should achieve, and the Technical Delivery Partner will decide how to meet them. HMRC's STW team recognises that switching from a direct design and delivery role to contract management and assurance will require a different mindset and skills. HMRC's digital team, its Chief Digital Information Office, will provide the technical resources required to understand and test delivery.	This is a significant cross-government business change programme, not just a technology project. The Technical Delivery Partner is only responsible for the technical delivery of the elements of the STW under its own direct control, but success relies on a whole range of other stakeholders (Home Office, Department for Environment, Food & Rural Affairs, and externals) agreeing and coordinating their business. HMRC has made delivery of the STW a priority, but Chief Digital Information Office resources are constrained and STW delivery will have to be balanced with the many competing IT change projects across HMRC. The programme has many critical and complex interdependencies. It will require expert project management and skilled, fully resourced teams to deliver on multiple fronts, including: business and technical stakeholder engagement; software development, testing, and delivery; passing primary legislation; and ensuring business continuity and disaster recovery. The government needs to ensure it has the high calibre business and technical skills and expertise in-house to oversee and assure STW's design, implementation, and ongoing operation.

Figure 10 *continued*

Our assessment of the Single Trade Window (STW) programme against the National Audit Office's (NAO's) *Challenges in implementing digital change* framework

Assessment area	Description	Challenges
Choice of delivery method	A single lead department (HMRC) has been given responsibility for programme delivery on behalf of the government. However, the system will have to be integrated with many different systems operated by other departments.	The Technical Delivery Partner is responsible for end-to-end integration across government, but it is not clear they have the channels or levers to achieve that. As a cross-government delivery with multiple functional requirements, STW delivery is inherently complex. The programme and Technical Delivery Partner plan to deliver incrementally, through a series of releases. The timing, content and cost of future releases will need to be agreed with the Technical Delivery Partner as they proceed and each release will need fully developed and costed requirements, related design and build work, testing and integration, and internal and external interdependencies to be managed. The programme believes this approach brings advantages in being able to break down the functionality and develop, cost, design, build, test and integrate a bit at a time, working with the departments relevant to that release. But managing these many moving parts will continue to be very challenging in such a complex programme.
Effective funding mechanisms	The STW Programme received funding through Spending Review 2021 (SR21) of £180 million for three years (a further £26 million was provided to other departments that will have to make changes to their systems to link to the STW). The costs for the first strategic release have been fixed, but future releases will be costed individually later. The Technical Delivery Partner will be paid through meeting milestones and achieving performance levels.	While fixed price only for the first strategic release gives government flexibility over future commitments and allows for agile and outcome-focused delivery, it also leaves the STW programme at risk of cost increases, uncertainty and delays as the Technical Delivery Partner finalises future releases. The Technical Delivery Partner will be paid on achieving technical milestones, but the government retains responsibility for ensuring funding and delivery of the overall target service model. We have often seen a gap in digital change programmes between what is happening technically on the ground and what the governance board think is happening.

Note

1 The NAO's digital change framework sets out lessons for the centre of government and departments to consider when implementing digital change, based on our previous reviews of such programmes.

Source: National Audit Office analysis of HM Revenue & Customs' documents and teach-in on the Single Trade Window against our *Challenges in implementing digital change* framework, available at: www.nao.org.uk/wp-content/uploads/2021/07/The-challenges-in-implementing-digital-change.pdf

Improving the government's risk assessment capabilities

3.14 One element underpinning the Strategy's second transformation is to improve the government's ability to assess people and goods presenting at the UK border, using advanced risk analytics. Traders importing goods to the UK from the rest of the world already have to submit safety and security declarations (SSDs) and traders importing goods from the EU will now be required to submit SSDs from October 2024. Border Force plans to use the additional information from EU SSDs to improve its ability to identify high-risk goods, such as illegal goods smuggled into the UK. Intelligence officers can access a range of databases to identify persons and goods of interest, but these systems are not always integrated. The Home Office therefore also intends to improve the quality and quantity of alerts its intelligence officers issue through a new system called Cerberus, which will use SSDs alongside data feeds from many other systems, channelled through the STW when it becomes operational, to improve targeting.[45]

3.15 The Home Office is responsible for building Cerberus, and is delivering it by traffic mode, such as air and roll-on, roll-off traffic. Its first priority is to develop the system to collect air passenger information and roll-on, roll-off traffic, with information on goods in sea containers and air freight following in 2024-25 with the use of data from SSDs. However, the Home Office considers that the programme, which has a whole life cost of £161 million, will be challenging to deliver because of its overall complexity. In April 2024 the Home Office was internally rating its delivery confidence for the programme as 'amber-red' but had recently made changes to its approach, which it considers will improve delivery of the programme. There are other challenges to implementing Cerberus, such as the legislative barriers that prevent the Home Office from disclosing the information collected via SSDs directly to law enforcement partners. However, the Home Office considers this will not inhibit its ability to identify high-risk goods using data from SSDs and that the introduction of SSDs will bring a transformative improvement to the security baseline for EU imports.

Trusted trader schemes

3.16 There is scope for the government to reduce pressure at the border by minimising checks on compliant traders. HMRC has already developed many trusted trader schemes: in 2023 it operated 42 customs authorisations and 38 excise authorisations. However, few facilitations are offered for other types of controls, such as those on sanitary and phytosanitary (SPS) goods. The BTOM outlined a goal to use new trusted trader schemes alongside new technology and better data to allow near frictionless movement across the UK border for trusted traders. The concept was tested in six 'Ecosystem of Trust' pilots between late 2022 and early 2023. In January 2024, the first of three pilots of a new trusted trader scheme for animal products started, followed by another pilot in April 2024. Separately, a pilot for the Authorised Operator Status scheme for plant and plant products will launch in June 2024.

45 HMRC is also planning to develop its own system, called Minerva, to use SSDs to improve its targeting of goods that pose a risk from a customs perspective.

3.17 The BTOM's vision for a cross-government approach to trusted trader schemes will be challenging to deliver. HMRC intends to streamline and simplify its existing trusted trader schemes and has now appointed a technical delivery partner and IT delivery partner to support this. However, the Department for Environment, Food & Rural Affairs has acknowledged the challenges of designing an SPS trusted trader scheme that will align with other trusted trader schemes across the government, or that strikes the right balance between protecting biosecurity and facilitating trade. In addition, the Cabinet Office's 2023 evaluation of the six pilots to create the Ecosystem of Trust found that new models were not yet ready to replace traditional methods of border control, and that industry needed incentives to develop the technical infrastructure necessary for the schemes to work.[46]

Monitoring the performance of the UK border

3.18 The 2025 UK Border Strategy stated the importance of demonstrating progress towards the government's vision for the UK border through using Key Performance Indicators (KPIs). The government committed to developing an evaluation framework to enable it to track six indicators of border efficiency and stated it would publish an annual report setting out progress against the Strategy.

3.19 The Cabinet Office identified over 60 KPIs spanning four thematic areas (trade, resilience, people and security) and began reporting against them in March 2022. It produced four performance reports covering the period up to December 2022, before switching to producing reports every six months. These reports have so far only systematically reported performance against KPIs for two of the four areas of performance (trade and resilience). This performance framework was based on existing relevant data, which were incomplete. The Cabinet Office told us that delays introducing controls meant that some of the data required are not yet available, and other datasets cannot be produced without additional investment in systems for data collection and analysis. The Cabinet Office is now reviewing its performance framework to assess its fitness for purpose. It has also not yet published an annual report setting out progress against the 2025 UK Border Strategy and the performance of the border. 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.

46 The Cabinet Office, *The Ecosystem of Trust evaluation report*, August 2023, pages 4 and 8.

Part Four

The implementation of arrangements relating to Northern Ireland

4.1 Due to the United Kingdom (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. This part covers:

- the background to the arrangements relating to NI;
- arrangements relating to the flow of goods into NI;
- arrangements relating to the unfettered access of goods moving from NI into Great Britain (GB); and
- broader challenges relating to NI's unique market access arrangements.

Background

4.2 In December 2020 the UK and European Union (EU) agreed the Northern Ireland Protocol (the Protocol) which established the rules governing the movement of goods into and out of NI after the UK left the EU.[47] The Protocol attempted to maintain the open land border on the island of Ireland, in accordance with the 1998 Belfast (Good Friday) Agreement, while also protecting the integrity of the UK and EU markets and allowing them scope to diverge in future. However, the UK government considered the Protocol had created social, political and economic difficulties, and consequently negotiated with the EU to improve it, eventually leading to the agreement of the Windsor Framework on 27 February 2023.[48] On 31 January 2024, the UK government published the Safeguarding the Union Command Paper (the Command Paper) which set out changes to the Windsor Framework to improve its operation.[49]

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

Arrangements relating to the flow of goods into Northern Ireland

4.3 The Protocol allowed goods to move from GB and NI tariff-free but did not remove the need for paperwork such as customs declarations or checks on agrifood goods. The Windsor Framework and subsequent Command Paper set out simplified processes for moving goods from GB into NI, which more businesses would be eligible to use, and ensured there would be no new export declarations or checks for goods moving from NI to GB beyond those required, for example, by international agreements, such as those regarding the movement of endangered species, and risk-based intelligence checks. At the same time, under the new arrangements NI would retain access to the EU single market. **Figure 11** sets out the timeline for introducing the new arrangements.

4.4 The UK government is working with the Northern Ireland Civil Service (NICS) on the new requirements. The first phase of deliveries started in 2023 and most of the deliverables planned were implemented. The UK government and the NICS are working to implement the remaining milestones due in 2024 and 2025. Key deliveries include fully operationalising the red lane between GB and NI; replacing the green lane concept with a broader UK internal market system; completing the permanent infrastructure required for carrying out checks; and expanding the 'Not for EU' labelling scheme.

4.5 We asked the authorities responsible for implementing controls in NI about the challenges to meeting the remaining milestones. They raised three significant issues.

- **There is clear guidance for traders so that they can comply as easily as possible with the requirements for moving goods in and out of NI:** Some elements of the plans have not yet been finalised, including the details for moving goods through the red lane and the new UK internal market system. NICS departments told us that traders had sought clarity around some of these arrangements and they were concerned that failure to provide this in a timely manner could deter businesses from investing in NI. The Cabinet Office told us it and other departments are carrying out regular engagements with stakeholders to provide guidance. The Command Paper also announced several longer-term measures to improve engagement, including: an Intertrade UK body to help businesses trade across the UK internal market; an East–West Council to help deepen NI–GB links; and a Horticulture working group.

- **There is a plan to ensure traders comply with new rules:** A small proportion of goods that arrive in NI through the red route will be subject to compliance checks. There are some operational challenges relating to undertaking checks, such as ensuring that heavy goods vehicle drivers receive a notification to visit the appropriate control point, and then do so. The government also needs to prevent any possible exploitation of the UK Internal Market Scheme. As the new arrangements mature, the authorities will need to ensure processes for monitoring their potential abuse are robust.

Figure 11

Changes to Northern Ireland (NI) trade arrangements scheduled for 2023 to 2025

The Windsor Framework and the Safeguarding the Union Command Paper specified a number of changes to trade arrangements that will be made between 2023 and 2025

Date	Control/requirement introduced, or milestone achieved
June 2023	• Introduction of duty reimbursement scheme to allow traders to reclaim European Union (EU) duty paid on goods that can be shown not to have entered the EU.
July 2023	• Launch of first NI specific quota pots for steel, as agreed under the Windsor Framework.
October 2023	• Implementation of new sanitary and phytosanitary (SPS) arrangements, where goods staying in the UK face simplified certification requirements and substantially fewer checks. • UK Internal Market Scheme (UKIMS) replaces the previous UK Trader Scheme. An expanded range of businesses can declare their goods 'not at risk' of moving goods into the EU single market. • The Northern Ireland Retail Movement Scheme (NIRMS) replaces the Scheme for the Temporary Agrifood Movements to Northern Ireland (STAMNI). Businesses in Great Britain (GB) can move prepacked retail SPS goods and certain loose goods, including fruit and vegetables, to NI. • New 'Not for EU' labelling requirements introduced for meat and some dairy products moving from GB to NI. • Delivery of temporary enhanced checking facilities in NI. • Delivery of first set of changes to IT systems to support data sharing with the EU.
January 2024	• Expansion of Customs Duty Waiver Scheme and thresholds increased.
Early-mid 2024	• Appointment of an Independent Monitoring Panel to oversee operational implementation of the Windsor Framework. • Establishment of UK East-West Council. • Establishment of Intertrade UK to promote trade within the UK.
October 2024	• Benefits under the UKIMS are expanded. Authorised traders can benefit from a simplified dataset for moving 'not at risk' goods from GB to NI. • Reduction of identity checks for SPS goods. • Expansion of NIRMS 'Not for EU' labelling requirements to include all dairy products. • New arrangements for parcels come into effect. • Final set of changes to IT systems to support data sharing with the EU. • Introduction of new pet movement scheme.
January 2025	• New arrangements for the supply of medicines into NI take effect, including a UK-wide system of licensing and labelling.
July 2025	• Delivery of permanent SPS inspection facilities in NI. • Additional products moving under NIRMS require 'Not for EU' labelling, including composite products, fruit, vegetables and fish. • Further reduction in identity checks for SPS goods.

Source: National Audit Office analysis of Cabinet Office data, the Windsor Framework, available at: https://assets.publishing.service.gov.uk/media/63fccf07e90e0740d3cd6ed6/The_Windsor_Framework_a_new_way_forward.pdf, and the Safeguarding the Union Command Paper, available at: https://assets.publishing.service.gov.uk/media/65ba3b7bee7d490013984a59/Command_Paper__1_.pdf

- **Sufficient staff are in place to cope with the scale of arrangements required:** The authorities in NI have staff to deal with the additional requirements already in place. For example, in 2020, Border Force recruited 50 staff to support checks. Further staff may be required once there is greater clarity about the volume of goods being moved through the new processes and the compliance arrangements to be put in place.

The Trader Support Service

4.6 The Trader Support Service (TSS) completes customs and safety and security declarations in HM Revenue & Customs (HMRC) systems on behalf of businesses moving goods from GB to NI, while also providing advice and education. In December 2020, HMRC contracted a consortium led by Fujitsu to set up and deliver the TSS. The contract was initially for a two-year period, with the option of two one-year extensions. HMRC has since extended the contract twice and the current contract will expire in December 2024. In January 2024 HMRC forecast it will have spent £531 million in supplier costs on the provision of the TSS in the period between December 2020 and December 2024.[50,51]

4.7 In November 2021, we reported that HMRC had been monitoring the preparedness of the private intermediary market in NI with a view to considering its options when its contract with Fujitsu ended.[52] Following the publication of the Windsor Framework in February 2023, the government committed to providing long-term support for traders moving goods from GB and NI. HMRC is considering options for the future of the TSS to ensure there is continuity of support for traders (similar to the current service) beyond the current contract period. As set out in the Command Paper, the government intends to work with private sector partners to harness future technologies to support businesses. HMRC and the Cabinet Office told us that they recognise the importance of the existing intermediaries' market and are committed to ensuring there is a credible plan for growing the market's capacity and capability.

Arrangements relating to the unfettered access of goods flowing from Northern Ireland to Great Britain

4.8 In December 2020, the UK government set out in the 2020 Internal Market Act that qualifying NI goods (QNIGs) must have unfettered access to the GB market after the transition period ended. The UK government has defined this as meaning "a permanent guarantee of being able to place goods on the UK market in all scenarios – meaning no forms, checks, controls, or tariffs, or any barriers to the market whatsoever, whatever the future form of regulations". The commitment to unfettered access was upheld in the Protocol, Windsor Framework and the Command Paper.

50 The programme costs for the Trader Support Service at Figure 3 relate to a different time period and include wider costs.
51 Letter from Jim Harra to Dame Meg Hillier, 19 January 2024, available at: https://committees.parliament.uk/publications/43197/documents/215001/default/
52 Comptroller and Auditor General, *The UK border: Post UK–EU transition period,* Session 2021-22, HC 736, National Audit Office, November 2021, page 89.

4.9 Only QNIGs will benefit from unfettered access arrangements.[53] Non-qualifying goods will be subject to customs and SPS controls on arrival in GB, but the vast majority of QNIGs will not. This means that goods originating from Ireland or the EU will be subject to customs and SPS controls on arrival in GB, but those originating from NI will not. This principle will apply regardless of route. The border target operating model states that government will prevent abuse of these arrangements through using existing customs anti-avoidance rules and new measures to prevent avoidance of SPS import processes. The Command Paper stated that government would develop an approach to checks and formalities for non-qualifying goods that does not pose any risk to the unfettered movement of QNIGs. This new approach is still being developed.

Broader challenges in the context of Northern Ireland's unique market access arrangements

4.10 As set out in the Windsor Framework, businesses and citizens in NI have opportunities due to NI's unique position of having full access to export to the EU market and also unfettered internal access to the UK market. Goods on the market in Northern Ireland have full access to the EU, and Qualifying Northern Ireland goods have unfettered access to the rest of the UK on the basis of the rules that apply in NI. EU and UK regulatory environments may diverge over time, potentially increasing costs for businesses operating in both markets. The Command Paper promised arrangements would be established to manage divergence, including a Ministerial group to identify and manage UK–EU divergence, and establishing a requirement that the impact on the internal market is explicitly assessed when completing regulatory impact assessments.

4.11 Senior NI civil servants we spoke to highlighted challenges around the capacity and skills required to enact new responsibilities. The NICS will be required to monitor potential regulatory developments in both markets; understand the potential consequences for NI; influence UK and EU decision-makers' discussions about regulatory changes; and implement regulatory changes as required. When the UK was in the EU, work like this would have been undertaken by specialist teams in the UK Civil Service, and the NICS is very small in comparison (488,000 full-time equivalent staff in 2023, compared to 23,000). The Cabinet Office told us that specific responsibilities were still being discussed which would inform capacity requirements, but that it was aware of the need for clarity regarding roles and that it would work with the NICS to pursue joint objectives. The Command Paper also undertook to establish a programme of secondments and movements between the UK Civil Service and the NICS to encourage skills exchange.

53 Qualifying Northern Ireland goods are those which were processed in Northern Ireland; or are in free circulation in Northern Ireland i.e. not under a customs procedure or in an authorised temporary storage facility, before being moved from Northern Ireland to Great Britain. Only food and animal feed dispatched from a registered or approved food or feed establishment in Northern Ireland are QNIGs for the purposes of SPS controls.

Appendix One

Our audit approach

Our scope

1 Since the United Kingdom's (UK's) decision to leave the European Union (EU) in 2016, the National Audit Office has reported six times on the management of the UK border, most recently in November 2021.[54] 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, while also taking forward wider work on the operation of the border. This report brings together information on the impact 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 that works for the government and for users.

2 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 (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 (NI) (Part Four).

3 Our review focused on four key departments and their relevant arm's-length bodies, each with some degree of responsibility for delivering and/or carrying out functions at the border. The departments include the Department for Environment, Food & Rural Affairs (Defra) along with the Animal and Plant Health Agency (APHA), HM Revenue & Customs (HMRC), the Cabinet Office and the Home Office along with Border Force. We have also made reference to Port Health Authorities where relevant. Our report focuses primarily on arrangements relating to managing the trade border between Great Britain (GB) and the EU, but also covers arrangements relating to Northern Ireland (NI).

54 Comptroller and Auditor General, *The UK border: Post UK-EU transition period,* Session 2021-22, HC 736, National Audit Office, November 2021.

4 We evaluated the government's understanding of the cost and impact of its border model; the government's approach to introducing import controls; the government's plans to implement its 2025 UK Border Strategy; and the implementation of arrangements relating to NI.

Our evidence base

5 Our independent conclusions are based on our analysis of evidence collected between August 2023 and April 2024.

Interviews

6 We carried out more than 30 virtual interviews and two teach-ins with officials from HMRC, Defra, the Cabinet Office, the Home Office and their relevant arm's-length bodies. These officials were selected to participate because of their job roles and their relevance to the audit. This included staff responsible for (or involved in):

- designing and overseeing the introduction and operation of full custom controls in January 2022;
- monitoring compliance at the border;
- infrastructure delivery;
- engaging with traders and other relevant third-party stakeholders;
- overseeing IT system improvements and implementation;
- delivering elements of the 2025 UK Border Strategy (the Strategy);
- monitoring and measuring performance at the border;
- designing and implementing the regime before the implementation of the border target operating model (BTOM) to manage the risks in the intervening period;
- designing and delivering the upcoming controls in line with the BTOM, including the controls on sanitary and phytosanitary goods (SPS), and safety and security declarations;
- resourcing and staffing; and
- implementing and overseeing arrangements in NI.

7 In addition, we held interviews with officials from HM Treasury, the Department for Business & Trade, the Department for Transport, and the Food Standards Agency, who had some stake in the ongoing operation of the border and future border programmes.

8 Interviews took place between 23 August 2023 to 29 February 2024. Interviews were mostly carried out online and we took detailed notes.

9 We analysed the data from interview notes thematically, reviewing the data against key themes, topics and areas we identified during the study; as well as taking into consideration themes emerging from the data. We used the analysis to:

- identify further lines of enquiry to follow up with the departments;
- inform our understanding of the new arrangements to manage the passage of goods across the UK border following the end of the transition period;
- inform our understanding of the actions that the government took following its decision to review its approach announced in April 2022; the design and implementation of the BTOM; and the implications for infrastructure;
- inform our understanding of progress delivering elements of the Strategy, and the arrangements for monitoring and managing the UK border;
- inform our understanding of the trading arrangements for the movement of goods into and out of NI from the rest of the UK; and
- triangulate evidence from other sources (including our document review and evidence from wider stakeholders).

Stakeholder interviews

10 A wide range of stakeholders external to the government operate at the border. To ensure they were represented in our fieldwork, we selected stakeholders to ensure a broad range of perspectives on the current operation and future outlook of trade at the border. We identified stakeholders to engage based on our previous work and desk research. We sent out a call for evidence to stakeholders by email and invited them to participate in an interview or provide a written response by email. In total, we conducted 14 interviews and received six written responses.

11 The call for evidence sent to stakeholders asked them to answer the following questions.

- How smoothly has the UK–EU border operated since the end of the transition period? Focusing on: issues relating to trading between the UK and EU; how well the government has engaged stakeholders; areas of improvement; and any estimates on time/cost impact of the additional border processes.

- What are your views on the government's border target operating model and its plans for implementation? Focusing on: whether the government consulted stakeholders during the development of the BTOM; whether stakeholders were informed enough to implement the BTOM; concerns regarding the BTOM; and impacts/opportunities presented by the new controls.
- In regard to the movement of goods, what are your views on the arrangements that the government intends to implement to support its ambition of having "the world's most effective border" as set out in the Strategy? Focusing on: whether the stakeholder supported the Strategy; the most important elements of the Strategy; and any specific concerns regarding specific elements of the plan or ability to implement them.

12 We analysed the data from interview notes thematically according to the questions asked above to identify the full range of views of stakeholders. The analysis was used to:

- inform further lines of enquiry that were followed up with the relevant departments; and
- report on the views of stakeholders on the concerns they had over the regime that was operating after the end of the transition period (Part One), the concerns over readiness, logistics and associated charges for the January and April 2024 SPS controls (Part Two), their views on the Single Trade Window and more generally the 2025 UK Border Strategy (Part Three).

Document review

13 We reviewed a range of published and unpublished departmental documents to assist with defining the parameters of the audit and improve our understanding of the programme. This included a review of:

- business cases;
- board meeting minutes;
- situation reports and performance monitoring dashboards;
- organisation charts;
- programme strategies, roadmaps, reviews and recommendations; and
- data on elements of the border.

14 Our review was carried out between 28 June 2023 and 29 April 2024. Documents reviewed covered the period between 1 January 2021 and 20 March 2024.

15 We reviewed and assessed each document against our framework of three key audit questions relating to the cost and impact of the border model which has been operating since the end of the transition period, the approach to introducing the remaining import controls and the plan to implement the Strategy. These were underpinned by more specific audit sub-questions. Our analysis was used to:

- inform further discussion and follow-up with departments; and
- triangulate findings from other sources, including interviews.

Site visits

16 We carried out site visits to four ports and one inland border facility dealing in trade of goods and implementing the government's border control regime. The aims of the site visits were to:

- understand how each site has been operating and the impact of the implementation of the new border control regime post transition period;
- assess the delivery and state of infrastructure and whether it meets the needs of border officials operating at the site; and
- understand the arrangements around staff at each local border control post, including any challenges being faced.

17 Each site visit comprised:

- an interview with a senior officer from Border Force; and
- depending on the site, an interview and/or tour by officials from APHA, the relevant Port Health Authority and the respective port operator.

18 We purposively selected a range of sites using key criteria of interest, including:

- a west-coast facing port that trades with NI;
- a port dealing in freight container trade between GB (Great Britain) and the EU;
- a port dealing in roll-on, roll-off trade between GB and the EU;
- an inland border facility;
- ports with newly built or expanded border control posts; and
- a site with a Home Office intelligence office.

The final four sites we selected to visit collectively covered these characteristics.

19 Site visits took place between 16 October 2023 and 17 January 2024.

20 During our visits we took notes of interviews with officials and during the tour, including observations on the condition and functioning of border control posts and their associated facilities.

21 Our notes on the site visits were used to:

- inform further lines of enquiry that were followed up with departments; and
- triangulate findings from interviews with departments, wider stakeholders and document reviews.

Quantitative analysis

22 We analysed data from the Cabinet Office, Defra, Home Office and HMRC. We also analysed published data from the UK Office for National Statistics (ONS), HMRC and Defra. The key data are as follows.

- Customs declarations published by HMRC: Since January 2021, HMRC has required customs declarations for imports and exports between GB and the EU. Every year HMRC publishes data on number of declarations made. We combined data from 2021 and 2022 with data on number of declarations up to June 2023. Data beyond this was not available.
- Cost and forecast spending on border programmes provided by HMRC, Defra and the Home Office.
- Inland border facility site utilisation: HMRC measured the site utilisation and time spent by heavy goods vehicles at inland border facilities built in preparation for the end of the transition period. The data was used to assess how well the newly built facilities were able to handle the volume of trade needing to attend the sites for inspection with the primary measure being whether sites remained below their target utilisation capacity.
- Defra and the APHA provided the figures on the number of export health certificates issued on goods exported from GB to the EU and GB to NI during 2023.

Review of the Single Trade Window (STW) programme

23 Given the importance of the Single Trade Window (STW) programme for delivering the Strategy, we reviewed the programme against lessons we have previously identified as fundamental for departments implementing digital change programmes.[55] This framework examines programmes in six areas:

- understanding aims, ambition and risk;
- engaging commercial partners;
- approach to legacy systems and data;
- using the right mix of capability;
- choice of delivery method; and
- effective funding mechanisms.

The study team carried out this review in conjunction with internal and external digital experts. Fieldwork included:

- interviews with the STW programme team and the technical delivery partner;
- a technology demo; and
- review of programme documents, including the delivery plans, contract with the delivery partner and technical documentation.

We assessed the information collected against the National Audit Office's digital change framework to identify challenges to delivery and risks requiring management.

55 Comptroller and Auditor General, *The challenges in implementing digital change*, Session 2021-22, HC 575, National Audit Office, July 2021.

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