

Summary: Intervention & Options

Department /Agency: Home Office/Border and Immigration Agency	Title: Impact Assessment of ratification of the Council of Europe Convention on Action against Trafficking in Human Beings	
Stage: Implementation	Version: 1.0	Date: 6 October 2008
Related Publications: Council of Europe Convention on Action against Trafficking in Human Beings http://conventions.coe.int/Treaty/EN/Treaties/Html/197.htm		
Available to view or download at: http://www.homeoffice.gov.uk/about-us/publications/regulatory-impact-assessments/		
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What is the problem under consideration? Why is government intervention necessary?

Problem: Human Trafficking is a serious form of transnational organised crime that causes harm to individuals and the communities in the UK and in Europe as a whole.

The UK signed the Council of Europe Convention on Action against Trafficking in Human Beings ('the Convention') on 23rd March 2007 and is therefore obliged to ratify it. Implementing the Convention forms part of the UK's Action Plan on Tackling Human Trafficking and provides a framework for the identification and support of victims of trafficking while simultaneously helping to combat irregular immigration and the harm caused by organised immigration crime.

What are the policy objectives and the intended effects?

Combating human trafficking is a high priority for the UK Government. Implementing the Convention is a key action of the UK Action Plan on Tackling Human Trafficking (March 2007). Implementing the Convention will provide a cross-Government legal framework to tackle all aspects of trafficking and contribute to the delivery of the Government's commitments on safer communities (particularly Public Service Agreements 23 and 24), fairness and equality for all and UKBA's Harm Reduction agenda. The minimum standards of the Convention will assist in: a) the protection of victims; b) increased reporting and participation by victims in the criminal justice system; c) increased investigations & prosecutions in trafficking cases; and d) prevention.

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

Option 1 - Do nothing (do not ratify convention)

Option 2 - Ratify Convention with Full implementation.

Option 2 is the only realistic option following the Government's signature of the Convention in March 2007. The treaty only allows for one limited reservation in relation to the extent of criminal jurisdiction so we must fully implement the treaty or not ratify at all. Ratification is an international obligation and implementation of the Convention forms part of the government's concerted strategy to protect victims and punish those involved in their exploitation.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? The policy will be reviewed two years after implementation.

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

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options

Signed by the responsible Minister:

..... Date:

Summary: Analysis & Evidence

Policy Option:	Description:
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COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' Ongoing costs: Competent Authority - £100 k p.a. - Victim Support Costs: Stage 1 - £290 k p.a. - Victim Support Costs: Stage 2 - £1.2-2.5 m p.a. - Victim Support Costs: Stage 3 - £390 k p.a. - CJS costs: prosecutions - £1.8m p.a.
	One-off (Transition)	Yrs	
	£ 0m	1	
	Average Annual Cost (excluding one-off)		
	£ 3.9-5.2m p.a.	3	
Total Cost (PV)			£11.7-15.6m
Other key non-monetised costs by 'main affected groups' There may be wider costs to some government departments and the Criminal Justice System that have not been included in this assessment.			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' Key benefits include: - Cash seizures from trafficking criminals - £540k p.a. - Employment of victims at Temporary Residence - £560k p.a. - Increase in quality of life and reduction in physical and emotional victims for identified victims through improved support provision
	One-off	Yrs	
	£ 0		
	Average Annual Benefit (excluding one-off)		
	£ 1.2m	3	
Total Benefit (PV)			£ 3.6m
Other key non-monetised benefits by 'main affected groups' Increase in prosecution and convictions against criminals or criminal organisations involved in trafficking adults and children; humanitarian benefits to victims, their families and communities; reduction in associated criminal behaviour (illegal working, tax non-compliance, crime etc); compliance with an international treaty.			

Key Assumptions/Sensitivities/Risks Key sensitivities lie around the volumes of potential victims of trafficking that will be referred to a Competent Authority and identified as victims of trafficking. There are also sensitivities around the extent to which the proposals will interact with existing immigration processes and the affect on downstream costs to the Criminal Justice System.

Price Base Year 2008	Time Period Years 3	Net Benefit Range (NPV) - £ 12.1m to - £ 25.5m	NET BENEFIT (NPV Best estimate) £ - 8.2 - 12.1m
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What is the geographic coverage of the policy/option?				National	
On what date will the policy be implemented?				April 2009	
Which organisation(s) will enforce the policy?				Home Office	
What is the total annual cost of enforcement for these organisations?				£ n/a	
Does enforcement comply with Hampton principles?				Yes	
Will implementation go beyond minimum EU requirements?				Yes	
What is the value of the proposed offsetting measure per year?				£ n/a	
What is the value of changes in greenhouse gas emissions?				£ n/a	
Will the proposal have a significant impact on competition?				No	
Annual cost (£-£) per organisation (excluding one-off)		Micro 0	Small 0	Medium 0	Large 0
Are any of these organisations exempt?		Yes/No	Yes/No	N/A	N/A

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

Key:	Annual costs and benefits: Constant Prices	(Net) Present Value
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Evidence Base (for summary sheets)

Rationale for Government Intervention

The Council of Europe decided that a treaty on action against trafficking in human beings was necessary for three main reasons. Firstly, because trafficking affects almost all member states either as countries of origin, of transit or of destination, an international treaty would have a binding action on all states, ensuring that concerted efforts would be taken to address a form of serious and organised crime which frequently takes place across borders. Secondly, a convention would enable member states to combine prevention, protection of victims and prosecution/investigation of traffickers under one heading and thus encourage a holistic effort to combat trafficking. Thirdly, a convention would provide for an independent monitoring mechanism to ensure effective implementation by all signatories. The conclusions of this body would enable individual member states to identify areas where they need further work to tackle trafficking.

The UK signed the Convention on 23 March 2007. The decision to sign was reached after balancing the risks (mainly to the integrity of the immigration control) against the wider benefits to the Government's stronger and safer communities' agenda. It was signed against a background of increasing awareness of the scale and seriousness of this crime and a political climate that had seen the UK lead agreement to an EU action plan on trafficking in 2005, draft its own comprehensive national action plan; establish a dedicated UK Human Trafficking Centre and see the Serious Organised Crime Agency (SOCA) commit to devote 25% of its effort to combating organised immigration crime, including trafficking.

The Government signed the Convention in the knowledge that the UK was largely but not fully compliant. We will meet the minimum standards required by the Convention and may exceed them in some respects. The impact of ratification will be reviewed as part of our long term trafficking strategy and any appropriate changes will be made.

Paragraph 4 of Article 42 of the Convention provides that it will come into force 3 months after the ratification instrument is deposited with the Council of Europe. We therefore expect the Convention to come into force in Spring 2009.

Strategic context

Combating human trafficking is a UK Government international and domestic priority. Ratification of the Convention forms part of the cross-Government UK Action Plan on Tackling Human Trafficking (published by the Home Office and Scottish Government on 23 March 2007 and updated on 2 July 2008), helping in the drive against irregular migration and organised crime whilst providing protection and specialist support to victims.

Policy to tackle human trafficking and ratification of the Convention impacts on a number of Government targets particularly:

- PSA 3 Ensure fair, controlled migration that protects the public and contributes to economic growth
- PSA 23 Make Communities Safer
- PSA 24 Deliver a more effective, transparent and responsive Criminal Justice System for victims and the public
- PSA 18 Promote better health and well-being for all
- PSA 19 Ensure better care for all
- PSA 15 Address the disadvantage that individuals experience because of their gender, race, disability, age, sexual orientation, religion or belief

Implementation of the Convention supports SOCA and police led programmes, operations and priorities. Combating trafficking is part of the core UKBA business of enforcing compliance with

immigration laws and reducing the harm caused by illegal immigration – by rescuing victims and creating a hostile environment for traffickers.

Scale of Human Trafficking

The UK is primarily a destination country for trafficked men, women, and children. The overall scale of human trafficking remains unclear although internal research conducted in 2003 suggests that at any one time there were approximately 4,000 victims of trafficking for sexual exploitation in the UK. More recent intelligence estimates from the police led Operation Pentameter 2 are consistent with the earlier research findings, suggesting that the scale of this form of trafficking has remained relatively stable over the past 5 years.

There are no reliable estimates of the number of those trafficked to the UK for the purposes of forced labour, although there are limited findings from Operation Tolerance, a pilot conducted over four months in targeted geographical and employment areas.

In relation to child victims of trafficking, and relying particularly on the Child Exploitation and Online Protection Centre (CEOP) study Scoping Project on Child Trafficking (2007) and the ECPAT UK Report Missing Out (2007), it has been estimated that 360 potential child victims could be detected per annum. However, it is recognised that this estimate is based on very limited quantitative data and therefore we have included a volume range that goes up to 1,000 potential child victims of trafficking a year. It is acknowledged that as this estimate of volume increases so will the costs. The estimates of victims and the costs to identify and support them remain broadly indicative, which is a reflection of the unknown scale of the problem.

Options

Two options were considered:

Option 1 – do not ratify the Convention

Option 2 – ratify the Convention

Ratification is an international obligation and implementation of the Convention forms part of the government's concerted strategy to protect victims and punish those involved in their exploitation. In this impact assessment, we have therefore concentrated on determining the costs and benefits of Option 2 – full implementation.

Impacts of Policy changes

Full implementation of the Convention requires:

- Training and awareness-raising in indicators and identification of human trafficking – this will require training for frontline officers across government agencies, although training on human trafficking issues are funded under existing commitments to the UK Action Plan.
- The development of a formal process for referring and identifying victims of trafficking through a decision-making body – this will require additional processing and referral costs for frontline officers, and additional costs to establish and operate a decision-making body.
- The provision of a minimum standard of victim support for crisis and reflection periods – this will require some additional costs to expand current provisions of victim support in line with the requirements of the Convention.
- The provision of a temporary residence period for victims in need of continued support or those complying with authorities in investigations against traffickers. This will require some additional costs of providing access to benefits and services for those granted Temporary Residence.
- Sustained efforts to investigate, prosecute and convict criminal involved in trafficking – this may require additional resources for Criminal Justice Agencies.

National Referral Mechanism

Development of a National Referral Mechanism (NRM) is not a specific requirement of the Convention but it is recommended international best-practice and the Convention does require the existence of a victim identification process and victim support arrangements which are the main elements of an NRM. The (OSCE) guidance defines a National Referral Mechanism as a 'co-operative framework which state actors fulfil their obligations to promote and protect the human rights of trafficked victims, co-ordinating their efforts in a strategic partnership with Civil Society'. States have the discretion to develop their own systems but the key components are: guidance and procedures on identification; referral onto appropriate support; repatriation & resettlement; and cooperation between agencies.

The UK already abides by the basic principles of a National Referral Mechanism but we will enhance this by developing a more formal identification and referral process. Front-line professionals will use indicators to consider whether an individual could be a victim of trafficking before referring their details to a designated Competent Authority to make a decision on whether there are reasonable grounds to believe that the individual has been trafficked. UK legislation requires that decisions that impact on immigration status must be taken by the Secretary of State for the Home Department. Under the UK's proposed system the State will make the final decision utilising the advice and information from front-line professionals (including the police, prosecutors and specialist non-Government Organisations). More detail is included in Annex B.

Stage 1

It is important that front-line responders are alert to the possible early indicators that suggest that an individual may have been trafficked and know how to respond appropriately. The UK has already delivered training, guidance and awareness raising to a range of front-line professionals and this will continue pre and post ratification.

From the point that a potential victim comes into contact with a "first responder" we expect the referral to a Competent Authority to be made as soon as possible and a reasonable grounds decision (1st stage of assessment) to take on average 5 days. If a potential victim is destitute the intention is to provide them with temporary accommodation during this time. Existing practice shows that often the first few days of support and early interventions are vital to securing the longer-term engagement of victims. Therefore prompt referral and access to Third Sector support will be facilitated through the National Referral Mechanism.

Stage 2 – Recovery and Reflection periods

Where the Competent Authority has identified that there are reasonable grounds to believe that an individual has been trafficked (with exploitation occurring in the United Kingdom) individuals will be eligible for a reflection period of 45 days- this will be extendable in some circumstances. During this stage the victims will not be given access to public funds but will be provided with Convention compliant support through funding of Non-Government Organisations and other third parties. We are introducing secondary legislation to exempt non-UK national victims of human trafficking from being charged for 'emergency' health care during the reflection period

The number of victims who will be identified and qualify for the reflection period is difficult to accurately predict. However, we have developed an estimate based on data received from the Government funded POPPY project, the pilot on trafficking for forced labour (Operation Tolerance), Operation Pentameter 2, and other research. We anticipate that approximately 500 cases a year will initially be referred to the Competent Authority. This is based on an

assumption that 300 will be potential victims of sex trafficking, and 200 will be potential victims of labour trafficking.

We estimate that the total annual number of adults the Competent Authority will identify as victims of trafficking will be approximately 350. This is based on the assumption that only 70% of those referred to the competent authority for the first stage assessment will be identified as victims of trafficking and given the 45 days leave under the reflection period requirement.

Child victims will be afforded mainstream accommodation as part of Local Authorities safeguarding procedures. We anticipate that approximately 325 child victims will be identified who will enter the reflection period, although we have included a range to reflect uncertainty.

Stage 3 – Temporary Residence

Following the reflection period, and once a competent authority has decided conclusively that an individual is a victim of trafficking, they may be eligible for a residence permit. The Convention provides that a residence permit should be granted where one or both of the following circumstances apply; a victim is co-operating with an investigation or criminal proceedings; or it is deemed necessary owing to 'their personal situation'. In respect of the second category, we judge that a combination of our existing obligations on asylum and human rights and our Discretionary Leave policy already cover situations where a individual's personal circumstances, such as their "safety, state of health, family situation or some other factor" (paragraph 184 of the Convention Explanatory Report), make it necessary for them to remain in the UK. Guidance to UKBA case owners would be amended to highlight the Convention to ensure that trafficking cases are considered under the relevant category. In addition we intend to extend Discretionary Leave to explicitly cover the first category as well. The Government has decided that where an individual is conclusively accepted as a victim of trafficking and qualifies for a residence permit it should be granted for a minimum of one year.

It is expected that around 70% of those who have been given a reflection period will apply for a residence permit (others will return voluntarily, make alternative applications to remain in the UK or go missing). It is estimated that 40% will be granted temporary residence as a large proportion will qualify for other forms of leave or will not meet the required criteria. However this percentage (and subsequent costs) is subject to change as we develop our working on the criteria required for temporary residence.

Child victims will already be receiving support and mainstream accommodation through Local Authorities at this stage. However, we estimate that approximately 90% will apply for a temporary residence permit and 60% will be successful under the residence permit criteria (with the additional consideration of the best interests of that child).

Costs and Benefits

Initial assumptions have been used to understand the key changes and the scale of the costs that may arise as a result of fully implementing the Convention. The key costs and benefits fall mainly on the public sector and are highlighted in the table below:

Key Costs/Risks

- **Training and Familiarisation costs:** on indicators and identification of victims of trafficking. Work is ongoing to identify frontline staff across government departments who need training on identifying potential trafficked victims; the majority of training requirements form part of the existing UK Action Plan so limited additional costs will be incurred
- **Referral costs:** associated with frontline staff questioning and referring potential victims to a Competent Authority as part of the National Referral Mechanism
- **Competent Authority costs:** there will be costs of providing a Competent Authority to determine those that are victims of trafficking
- **Victim support costs:** the key costs will be provision of victim support to those identified as victims of trafficking. There will be three stages of support for victims:
 - **Stage 1** – crisis support for 5 days are estimated at approximately **£290k p.a.** (based on an assumption of 500 adult referrals p.a.; and 360 child referrals p.a.)
 - **Stage 2** – reflection and recovery support for 45 days (estimated at approximately **£1.2m-£2.5m p.a.** depending on number of support places required)¹
 - **Stage 3** – temporary residence support for 12 months (estimated costs to HMG for those accessing benefits and support services is approximately **£400k-£500k p.a.**, although these can be seen as *transfers of resources* rather than economic costs)
- **Case-working costs:** of processing applications for Temporary Residence
- **Possible resource impacts on the Criminal Justice System:** these will vary depending on the number of additional prosecutions and convictions for trafficking offences. The full extent of the impact is not clear and will also depend on resources and priorities within the Criminal Justice System.

Key Benefits

- **Cash seizures:** from criminals and organisations involved in trafficking. These are estimated at approximately **£540k p.a.** and should be seen as a positive transfer of resources from the illegal to the legal economy and hence an economic benefit to the UK.
- **Return to legal productive employment for victims granted Temporary Residence:** this is estimated at approximately **£560k in year 1 and £710k p.a. from year 2.** based on the number of victims expected to return to legal employment in the UK once granted Temporary Residence.
- **Better identification of Victims of Trafficking:** guidance and training will enhance the skills/awareness of front line staff who will be able to identify and support victims of trafficking enhancing our efforts to disrupt instances of trafficking. This may also increase the detection of human trafficking victims
- **Extension of protection arrangements and support services for all identified victims.** Providing identified victims with early interventions will help reduce the longer-term physical, emotional, psychological and other health related costs for victims of trafficking. There will also be wider improvements in the quality of life of victims and associated benefits where there is an earlier return to legitimate employment.
- **Increase in prosecutions and convictions of traffickers:** providing victims with support to meet their individual needs will increase their confidence in the criminal justice system, hopefully leading to an increase in reporting, intelligence and continued engagement in the

¹ Note - it is recognised that providing intensive care for an individual for 45 days will not be appropriate for all victims. Some will require this level of care for a longer period, whilst others will only require access to accommodation and outreach care, or just outreach support (for those receiving outreach support from POPPY the cost is approximately £6,000 per case excluding accommodation).

criminal justice system. We anticipate that this will have a positive impact on the number of investigations, prosecutions and convictions of those involved in trafficking. This will mean a downstream reduction in the economic and social costs of human trafficking (caused by organised criminal groups). It may also contribute to the seizure of criminal assets as part of the wider investigations.

Notes and Caveats

Human Trafficking is a covert crime which makes estimating the scale difficult. The impact of the Convention has been estimated using existing intelligence and data predominantly on trafficking for sexual exploitation. It is recognised that this estimate is based on limited quantitative data and is subject to change as we continue to develop our intelligence picture (particularly for trafficking for forced labour). To reflect this, the costs to identify and support victims remain broadly indicative and a wide estimate range has been included to cover the possibility that the volume of identified victims and related costs may vary (from 350 to 1000 victims).

Whilst some elements of human trafficking are similar to other crime types (i.e. the health impact of trafficking for sexual exploitation on victims) there are issues that are unique to these crimes and victims. The Convention reflects this and the impact of introducing the new measures is therefore not directly comparable with the impact of measures relating to other crime types. It is important that we continue to review the protection and support needs of victims under the UK Action Plan on Trafficking and the impact of the new measures post ratification.

There will be limited additional costs of providing support for child victims. Existing child safeguarding procedures including accommodation and support are implemented by Local Authorities and Local Safeguarding Children Boards. In Northern Ireland the Area Child Protection Committees' Policies and Procedures will apply to these children and under the provisions of the Children (NI) Order 1995 they will be entitled to care and protection by the relevant Health and Social Care Trust.² Therefore the majority of child victims of trafficking would already be afforded mainstream accommodation, care, and support as required under the Convention.

Wider Impacts

Impact on Criminal Justice System

The Government is committed to providing victims and witnesses with the support they need. This is an integral part of the Criminal Justice Strategic Plan 2008-11 and the delivery of Public Service Agreement 24. It is recognised that provision of tailored support for victims and witnesses of crime plays a crucial role in bringing offenders to justice. Without the right information and support, victims and witnesses can be reluctant to give evidence.

In 2003, 17% of all ineffective trials in magistrates' courts and 23% of all ineffective trials in the Crown Court were due to prosecution witness issues. The introduction of tailored support such as Witness Care Units for all witnesses and specialist support services has resulted in a significant improvement in the number of cases going ahead. In 2006/07 only 2.9% of trials in magistrates' courts were ineffective because of prosecution witness issues, and only 2% in the Crown Court.

Victim engagement is particularly important in complex cases like human trafficking. To date there has only been one recorded prosecution for human trafficking in the UK that occurred without the engagement of the victim. Many victims may prefer to return to their country of origin at the earliest opportunity and the introduction of the temporary residence permits is intended to complement the existing arrangements for engaging with non-UK resident witnesses and

² Work is underway to establish a regional Safeguarding Board for Northern Ireland (SBNI) and Health and Social Care Trust Safeguarding Panels. It is anticipated that the new structures will be introduced during 2008 and will ultimately replace ACPCs. The SBNI will become responsible for the development of regional guidance relating to the safeguarding of children.

victims (like the use of live-link evidence). For others remaining in the UK whilst the case goes through the criminal justice system and receiving tailored support will be the best option to help in their recovery, ensure their safety and secure their continued engagement.

As we identify more victims of trafficking it is hoped that the capture of information will mean more successful prosecutions. Subsequently there will be an increase in costs. This will have an impact on the criminal justice system, as well as potential compensation pay outs and the provision of legal aid. The costs included in the summary table are partial costs, reflecting the potential costs of increased prosecutions assuming a significant increase in prosecutions as a result of the proposals. These estimates are highly uncertain and simply provide a broad indication of the scale of the impacts on the Criminal Justice System that may arise.

The lack of a formal appeal within the National Referral Mechanism may open the door to Judicial Reviews and Article 6 actions for those who are not identified as victims of trafficking. The average cost for a standard JR is approximately £3,250, however this figure does not include damages/costs awarded to the other side and costs can range depending on outcomes.

Impact on Business

Illegal working is by definition a clandestine activity and there is limited data available on which to base detailed analysis of the scale and distribution of the problem. However in 2006, the Institute for Public Policy Research estimated the illegal migrant working population to be approximately 216,850 in their report “Irregular Migration in the UK” in April 2006.³

Ratification of the Convention will enable us to develop an identification process that can distinguish between workers who have been exploited and those whose mistreatment is so serious as to make them victims of trafficking, deserving of the protection outlined in the Convention. Forced labour represents a severe violation of human rights and restriction of human freedom practices similar to slavery, debt bondage or serfdom.

We do not anticipate that ratification will have an adverse impact on small businesses. To the extent that there are competition benefits, there could be some small benefits to legitimate small firms as firms using trafficked persons for forced labour have an unfair competition advantage. Increased police activity in this area including through the implementation of the Convention should have a positive impact on competitiveness.

Wider Benefits

There are a number of wider benefits that are expected to arise as a result of option 2 - these are difficult to quantify but important to take into account. These wider benefits are set out below:

- Positive impact on community confidence and reduction in fear of organised crime
- Increase in victim and public confidence in the criminal justice agencies, other public services, the UK Border Agency and support service providers.
- Providing victims with protection and specialist services that meet the specific needs to compliment existing national and local measures.
- Assist in the prevention of human trafficking (including re-trafficking) and tackle our position as a ‘demand’ country.
- Strengthened relationships with source and transit countries
- Humanitarian benefits
- Increased multi agency partnerships to support victims and tackle crime
- Enhanced international reputation of United Kingdom

³ See: <http://www.ippr.org.uk/publicationsandreports/publication.asp?id=446>

- Completion of Action Point 1 in UK Action Plan on Trafficking in Human Beings
- Better understanding of labour trafficking issues (including scale of the problem in the UK and abuse of labour market regulations) which will assist in deterring employers from using trafficked workers which will in turn act to reduce demand
- Improvements in data collection to contribute to the intelligence picture on the scale and nature of human trafficking
- Reduction of forced labour will lead to a greater reliance on legal workers which will increase tax revenue streams through payment of tax and national insurance
- Reduction in the availability of illegal work in the UK will reduce the pull factor of illegal migrants which currently undermines efforts to enforce a managed migration system
- Reduction of market for employers to use illegal workers will prevent such 'businesses' undercutting legitimate business, and reduce parts of the UK economy becoming dependent on exploited labour
- Reduction in this form of illegality may reduce other forms of criminal behaviour on the part of the trafficker such as document forgery, facilitation of illegal entry, tax evasion, breaches of health and safety regulations

Summary Table

The table below sets out the summary of costs and benefits associated with implementation and ratification. This is based on the initial set of assumptions that have been developed and will be revised over time as more detailed evidence and outcomes from pilots become available:

COST BENEFIT MODEL	YEAR 1	YEAR 2	YEAR 3	3 YR NPV
COSTS				
SET UP COSTS	£1,389,000	£0	£0	£1,389,000
1. Training costs (BAU)	£1,389,000	£0	£0	£1,389,000
ONGOING COSTS				
NRM STAGE 1 COSTS	£330,000	£329,000	£325,000	£987,000
2. Identification costs (BAU)	£0	£0	£0	£0
3. Granting Temporary Admission for 45 days (BAU)	£13,000	£13,000	£12,500	£38,000
4. Referral costs	£32,000	£32,000	£32,000	£96,000
5. Temporary support provision costs	£289,000	£284,000	£280,000	£853,000
NRM STAGE 2 COSTS - LOW	£1,280,000	£1,236,000	£1,192,000	£3,709,000
NRM STAGE 2 COSTS - HIGH	£2,595,000	£2,531,000	£2,468,000	£7,594,000
6. Competent Authority costs	£103,000	£103,000	£102,000	£308,000
7. Victim Support Costs - Reflection Period - Low	£1,178,000	£1,134,000	£1,090,000	£3,400,000
7. Victim Support Costs - Reflection Period - High	£2,492,000	£2,429,000	£2,366,000	£7,286,000
NRM STAGE 3 COSTS	£73,000	£422,000	£438,000	£933,000
8. Temporary Residence application case working	£32,000	£32,000	£31,000	£95,000
9. Downstream costs of granting Temp Residence	£41,000	£391,000	£407,000	£838,000
CRIMINAL JUSTICE SYSTEM COSTS	£1,618,000	£1,865,000	£1,856,000	£5,339,000
10. Costs of increased prosecutions	£1,618,000	£1,865,000	£1,856,000	£5,339,000
DOWNSTREAM COSTS - TR RENEWALS	£0	£363,000	£437,000	£799,000
11. TR Renewal case work costs	£0	£17,000	£22,000	£39,000
12. Downstream costs of renewing TR	£0	£346,000	£415,000	£760,000
TOTAL COSTS - LOW	£4,694,000	£4,216,000	£4,247,000	£13,157,000
Excluding BAU costs	£3,292,000	£4,203,000	£4,235,000	£11,730,000
TOTAL COSTS - HIGH	£6,008,000	£5,511,000	£5,523,000	£17,042,000
Excluding BAU costs	£4,606,000	£5,498,000	£5,511,000	£15,615,000
BENEFITS				
ONGOING BENEFITS	£1,102,000	£1,242,000	£1,214,000	£3,557,000
1. Cash seizures	£538,000	£520,000	£502,000	£1,560,000
2. Return to legal employment	£564,000	£722,000	£711,000	£1,997,000
TOTAL BENEFITS	£1,101,000	£1,241,000	£1,214,000	£3,557,000
NPV - Low (excluding BAU)	-£2,190,000	-£2,961,000	-£3,021,000	-£8,173,000
NPV - High (excluding BAU)	-£3,504,000	-£4,256,000	-£4,297,000	-£12,058,000

Notes:

- Numbers are rounded to the nearest £1,000.
- BAU refers to Business As Usual costs – this involves operations that UKBA would undertake even without the proposed policy changes.
- Victim support costs are estimated for the UK as a whole. Actual costs will vary across regions of the UK.
- Estimates are discounted at 3.5% using HMT Green Book guidance.
- These estimates are highly uncertain and based on initial assumptions. Estimates will continue to be developed over time to inform implementation decisions.
- See Annex A for more details on the initial assumptions underlying these estimates.

The estimates are provided over a 3 year period. If the costs and benefits are assessed over a 10 year horizon, the total costs would be £47.2m, the total benefits would be £11.3 and the total net benefits would be -£35.9m (all in 10 year NPV).

After 3 years, the policy will be reviewed and the options for further compliance with the Convention will be assessed. This may affect the total downstream costs and benefits associated with option 2.

Sensitivity Analysis

The key sensitivities with the model lie with the assumptions around volumes of adult and child victims that may be referred and identified per annum. The table below sets out the changes to total costs and total net benefits over 3 years associated with changes to the volume assumptions.

Assumption change	Volume Assumptions	Total Costs	Total NPV
Central assumptions	500 adult + 360 child referrals	£15,615,000	-£12,058,000
Adult volumes - High	1000 adult + 360 child referrals	£22,071,000	-£16,517,000
Adult volumes - Low	350 adult + 360 child referrals	£13,678,000	-£10,720,000
Child volumes - High	500 adult + 1000 child referrals	£25,643,000	-£22,086,000
Adult and Child volumes - High	1000 adult + 1000 child referrals	£32,099,000	-£26,545,000

This shows that total additional costs of option 2 could be significantly higher if the actual volume of referrals and identifications of adult and child victims of trafficking is significantly greater than estimated.

Summary and Preferred Option

Option 2 – ratification and full implementation of the Convention is the preferred option as it allows full compliance with international agreements, and meets the objectives of providing better support for victims of trafficking and to punish those involved in their exploitation.

Monitoring and post implementation review

The Convention establishes a framework of minimum standards to help identify and protect victims and bring to justice those who exploit them. This supports the Government's wider strategy to combat trafficking as set out in the UK's Action Plan on Tackling Human trafficking, which was updated in July 2008.

Implementation of the Convention will be monitored and reviewed under the Action Plan which is a 'living document'. Two new action points were added to the Action Plan in July which specifically addressed the creation of the 45 day reflection and recovery period for all identified victims of trafficking and the residence permit required by the Convention, with a commitment to reviewing the impact of these provisions in April 2010.

It is envisaged that the Interdepartmental Ministerial Group on Tackling Human Trafficking and the NGO Stakeholder Group will also be involved in monitoring and reviewing once the Convention is implemented.

Specific Impact Tests: Checklist

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

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

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

SPECIFIC IMPACT TESTS

Legal Aid

Individuals may require Legal Aid assistance for immigration purposes (for example applying for a temporary residence permit or to judicially review a decision on identification). As a result we may expect a small or moderate increase to costs.

Health

Ratification of the Convention means the Government will be required to provide access to emergency medical treatment, counselling and information (Articles 12 (1)b and c) and “necessary medical or other assistance to victims within its territory who do not have adequate resources and need such help” (Article 12(3)).

It is envisioned that a health impact assessment is not necessary for this proposed policy option, as it does not have a significant adverse health impact on the whole population or a major sub-group of the population. As the number of victims expected to meet the criteria after which they are able to access the healthcare support is likely to be around 350 a year ratification is not likely to result in a significant demand on any of the following health and social care services: primary care; community services; hospital care; need for medicines; accident or emergency attendances; social services; a health protection and preparedness response; likely contacts with health and social service provision.

Race, Disability and Gender Equality

The impact on all of the above is addressed in the Equality Impact Assessment attached at Annex C.

Human Rights

Ratification of the Convention is in accordance with the UK's existing obligations under the Human Rights legislation, particularly in relation to Article 3 (Freedom from torture or inhuman or degrading treatment) and Article 4 (Prohibition of slavery and forced labour).

There is a risk of challenge under Article 6 (Right to a fair trial) of the European Convention on Human Rights against the lack of appeal on the reasonable grounds and conclusive decisions made by the "Competent Authority."

Other specific impact tests

The remaining specific impact tests were considered but no impacts are expected.

Annex A – Assumptions Table for Costs and Benefits

OPTION 1 – Do Not Ratify Convention			
Measure and Description	Costs and benefits	Assumptions	Issues, Sensitivities and Risks
Continue with current activity / operations and support provision	No new resource implications or costs to the UK Border Agency or third sector.	Current policies, operations and support services remain the same. Current activities and support provision are already approved and resourced.	This option does not comply with the Council of Europe Convention on Trafficking in Human Beings, and allows current problems and harms to remain
OPTION 2 – Ratify the Convention and Fully Implement Requirements			
Measure and Description	Monetised costs and benefits	Assumptions	Issues, Sensitivities and Risks
Compliance with Council of Europe Convention on Trafficking in Human Beings		<ul style="list-style-type: none"> - 500 adult referrals to Competent Authority p.a. through NRM (300 victims of sexual trafficking and 200 victims of forced labour) - 360 child referrals p.a. (majority covered through existing safeguarding children funds) - 100% of referrals provided stage 1 temporary support - 70% adult victims and 90% of child victims identified as trafficking victims and receive stage 2 support - 70% of adults and 90% of children apply for Temporary residence; 40% of adult applications and 60% of child applications granted Temporary Residence 	<p>There are significant uncertainties around volumes of adult and child victims referred to the Competent Authority and identified as victims of trafficking.</p> <p>There are additional uncertainties around the outcomes of those identified – i.e. the numbers applying for TR, the numbers granted TR, the numbers taking up benefits, the numbers entering legal employment, and the numbers potentially going missing at each stage.</p>
Set up costs: Training for front-line officers	<i>Public sector:</i> Training costs – estimated £0-£1.4m	Training: 3,000 front-line officers may require 2 days (15hrs) training.	The majority of training lies within existing commitments for training in trafficking issues, so limited additional costs of convention
Ongoing Costs National Referral Mechanism Stage 1	<p><i>Private sector:</i> No impact</p> <p><i>Public sector:</i> Case-working and Referral costs, approx £45k p.a. Temporary Support costs, approx £290k p.a.</p> <p><i>Third sector:</i> The third sector will provide victim support, funded by public sector</p>	<p>Case working times per referral estimated at 1 hour to grant temporary admission to those here illegally, and 1.25 hrs to interview victim and refer to CA</p> <p>Victim Support costs: <ul style="list-style-type: none"> - Temp accommodation estimated at £200 p/w: - Outreach support provided for 5 hours per victim at £30 p/hr </p>	

<p>Ongoing Costs</p> <p>National Referral Mechanism Stage 2</p>	<p><i>Private sector:</i> No impact</p> <p><i>Public sector:</i> Competent Authority Costs, approx £100k p.a. Victim Support Costs, range £1.1-2.4m p.a.</p> <p><i>Third sector:</i> The third sector will provide victim support, funded by the public sector</p>	<p>Additional staff required to make Competent Authority decisions on all 860 referrals; assume approximately 4 hours (half a day) per decision</p> <p>Additional victim support costs for 45 days (assume 350 adult plus 325 child victims):</p> <ul style="list-style-type: none"> - Support costs per place = £29.5k p.a. - Support costs (child) = £28k p.a. - Healthcare/counselling = £2,554 per person pa - Vocational training (adults) = £710 p.a. - Education (child) = £4,640 p.a. - Translation services = £800 per person p.a. 	<p>CA costs may change depending on final structure and terms of reference</p> <p>Support costs may change depending on different types of support required by victims (e.g. healthcare costs could be higher for certain victims).</p>
<p>Ongoing Costs</p> <p>National Referral Mechanism Stage 3</p>	<p><i>Private sector:</i> No impact</p> <p><i>Public sector:</i> Case working for Temporary Residence, approx. £32k p.a. Temporary Residence Support Costs, approx. £400k p.a.</p> <p><i>Third sector:</i> The third sector will provide victim support, funded by the public sector</p>	<p>Case working: assume 1 hr per TR application</p> <p>Support costs for 12 months (assume 100 adult and 175 child victims granted TR):</p> <ul style="list-style-type: none"> - Support costs (child) = £28k p.a. - Benefits for adults: = £7,500 p.a. <ul style="list-style-type: none"> - Income support - £62 p/w - Housing benefit - £68 p/w - Council tax benefit - £14 p/w - Healthcare costs = £1,680 p.a. - Education (children) = £4,640 p.a. - Vocational training (adults) = £710 p.p.p.a. - assume 50% adults take-up benefits and 50% re-enter legal employment, 100% children take up benefits 	<p>Figure could be higher or lower depending on volumes granted TR. However, it is not possible to assess due to uncertainties.</p>
<p>Criminal Justice System Costs</p> <p>Prosecution costs</p>	<p><i>Public Sector</i> Costs of prosecutions approx: £1.8m p.a.</p>	<p>Assume 80% of those granted TR co-operating with investigations, and assume 80% lead to prosecution. Unit costs of prosecution for trafficking offence range from £10-£20k per case.</p>	<p>Significant uncertainties on number of <i>additional</i> prosecutions that may arise based on co-operation of victims. There may be wider costs on the CJS that have not been fully assessed. Costs will also depend on CJS resources and priorities, and hence could be significantly higher or lower.</p>

Total costs	<i>Public sector</i> Set Up = £0 - £1,400,000 Ongoing Stage 1 = £335,000 p.a. Stage 2 = £2,000,000 - £3,400,000 p.a. Stage 3 = £1,390,000 p.a. Criminal Justice System costs = £1,865,000 p.a. Total Cost (3 yr NPV) = - £13.1m - £17.7m Excluding BAU = - £11.7 - £15.6m		
Ongoing Benefits Cash Seizures	<i>Public sector</i> Ongoing Cash seizures = £540k p.a.	Cash seizures are estimated based on outcomes from Operation Pentameter 2.	These estimates are highly uncertain and should only be seen as indicative. In addition there may be wider benefits of cash seizures for other types of offences that are not quantified.
Ongoing Benefits Productivity of victims returning to legal employment when granted Temporary Residence	<i>UK Economy</i> Ongoing Productivity benefit = £560k in yr 1 and £710k p.a. from yr 2 (including downstream grants of Temporary Residence)	Assume 50% of those granted TR return to legal productive employment. Assume earn at least National Minimum Wage @ approx £11.5k p.a. We assume this is an economic benefit as resources move from illegal economy to the formal economy and increase UK productivity.	Risks that rate of return to legal employment and/or earnings are lower or higher than estimated.
Total Benefits	<i>Public sector</i> Ongoing Cash seizures = £540,000 p.a. <i>UK Economy</i> Ongoing Productivity benefit = £560,000 in yr 1 and £710,000 p.a. from yr 2 Total Benefit (3 yr NPV) = £3.6m		
NET BENEFITS 3 yr Net Benefits (NPV)	Total Cost (3 yr NPV) = - £13.1-17.7m Excluding BAU = - £11.7-15.6m Total Benefit (3 yr NPV) = £3.6m Net Benefit (3 yr NPV) = -£8.2-£12.1m		

Annex B – Process of Victim identification and support

Process (National Referral Mechanism)

The Convention requires a procedure in which trained/qualified staff within “competent authorities” can identify victims of all forms of trafficking and in appropriate cases issue them with residence permits. The combination of victim identification and victim support is often referred to internationally as a National Referral Mechanism (NRM), but is not explicitly referred to or required by the Convention. Competent authorities are public authorities likely to come into contact with victims, such as the police, immigration and customs. They are required to co-operate with each other and with any organisations (for example NGOs) that have a “support giving” role. The Convention envisages 2 stages to the decision making process: 1) a judgement as to whether there are “reasonable grounds” to believe someone is a victim of trafficking. This is not a final decision but is designed to be the trigger within the identification process for a freeze on removal action (minimum 30 day recovery and reflection period) and for the provision of a level of support; and 2) Conclusive establishment of whether someone is a victim or not followed by a consideration of whether the grant of limited leave (“residence permit”) is warranted.

The exact form of a victim identification process and the options for which public body or bodies should make decisions on who qualifies as a victim has been the subject of extensive consultation, within and outside Government agencies. Two forms of competent authority have been subject to operational testing over recent months: one based in the UK Human Trafficking Centre; one based in the UK Border Agency. As there are immigration consequences for foreign nationals being found to be victims of trafficking UKBA need to retain a decisive decision making role on behalf of the Crown in those cases to ensure that the discretion of the Secretary of State on immigration matters is not fettered. As they have done previously, both agencies will continue to play a key role in identifying victims of trafficking, working closely with the police, local authorities, Non-Governmental Organisations and any other public body likely to come into contact with victims.

Our plans to ratify the Convention will include a different national referral mechanism for children. This referral mechanism will recognise that Local Safeguarding Children’s Boards (LSCBs) already consider the vulnerability of the child and are in a good position to consider whether the child has been trafficked or not. So, as part of national referral mechanism LSCBs will filter cases that get referred to a competent authority and it is therefore likely that the majority of those cases will be positively identified by the Competent Authority.

Victim Support model

The victim support arrangements for human trafficking are considerably different to other policy areas as the Convention creates legal obligations on the UK to provide certain levels of protection and support. For UK nationals existing domestic obligations means that we are compliant but a number of victims will be non-UK nationals with no-recourse to public funds.

Victim support is a cross-cutting area and there is gap to address to meet the standards required under the Convention for all identified victims of human trafficking. Victim support is devolved issue and impacts on a number of Government departments including the Home Office, the Office for Criminal Justice Reform, the UK Border Agency, the Department for Communities and Local Government, the Department for Work and Pensions, the Department of Health, the Department of Business Enterprise and Regulatory Reform, the Department for Innovation Universities and Skills, and Department for Children Schools and Families.

The Cross Government Project Board and the Inter-Departmental Project Board have agreed to implement a holistic three-stage approach to supporting adult victims. It has been agreed that in the short term an adult Victim Support model similar to the existing POPPY Project will be used,

where Third Sector or other agencies are funded to provide support including accommodation and living expenses for individuals with no recourse to public funds during the reflection period. The Poppy project was evaluated and subject to a tendering exercise in 2005. The new model will have to be on a national scale (perhaps through a consortium arrangement) and may require competitive tendering. The long-term intention is to explore the feasibility of devolving responsibility and funding (at least in part) to a regional or local level, in line with other Government policy.