

Economic Note	Number: HOEN001
Title of regulatory proposal	The Immigration (Residential Accommodation) (Prescribed Requirements and Codes of Practice) (Amendment) Order 2020
Lead Department/Agency	The Home Office
Expected date of implementation	Q3 2020/21
Origin	Domestic
Date	25 August 2020
Lead Departmental Contact	Lindsay Scott: Lindsay.scott8@homeoffice.gov.uk
Departmental Assessment	GREEN – FIT FOR PURPOSE

Rationale for intervention, objectives and intended effects

Technical changes to amend the Right to Rent Scheme to match wider developments in the immigration system.

Introduce an online status checking service for landlords and lettings agents.

Upgrade the checking process for non-visa visitor nationals from certain countries who enter the UK using the ePassport gate system.

Make technical changes to the current prescribed documents which are acceptable by landlords and lettings agents.

Update the statutory Code of Practice and guidance for the Scheme. Further detail is in the Evidence Base.

As a statutory scheme, the statutory excuses must be delivered by legislation.

Policy options (including alternatives to regulation)

Option 1: The ‘do-nothing’ is not to implement changes to the Scheme. This does not meet the Government’s objectives.

Option 2: Improve the operation of the Scheme and ensure it is in line with recent developments within the wider immigration system. This is **the Government’s preferred option**.

Costs and benefits summary

The total cost of the policy, which is equivalent to the cost to business, is estimated to be £1.4 million at present value (PV) over five years. Online service benefits include improved check reliability and fraud reduction from simplified checks

The Net Present Social Value (NPSV) is estimated to be **£0.4 million** (PV) over five years, assuming the Order comes into effect in Q3 2020/21.

Total Cost £m PV	Transition Cost £m	Cost to Business £m	Total Benefit £m PV
1.4	1.4	1.4	1.8
NPSV (£m)	BNPV (£m)	EANDCB (£m)	BIT Score (£m)
0.4	0.4	0.3	1.4
Price Base Year	PV Base Year	Appraisal period	Transition period
2018/19	2020/21	2020/21-2025/26	2020/21

Departmental sign-off (SCS):

Alison Samedi

Date: 3/9/2020

Chief Economist sign-off:	Tim Laken	Date: 14/8/2020
Better Regulation Unit sign-off:	Chris Batchelor	Date: 14/8/2020

Evidence Base

1. Background

Right to Rent Scheme Background

The Scheme was introduced in the Immigration Act 2014 and forms part of a suite of measures designed to tackle and deter illegal immigration. The Scheme is intended to prevent immigration offenders (“disqualified persons”) from accessing the private rented sector, and also forms part of the Government’s response to the challenge presented by rogue landlords who exploit vulnerable migrant tenants, sometimes in very poor conditions.

Under the Scheme, landlords and others providing let residential accommodation conduct simple document checks as prescribed in the order and the Code of Practice on all prospective adults seeking to take up occupation of let residential accommodation as their main or only home. Having conducted the checks in the prescribed manner, the landlord will have a statutory excuse against a civil penalty payable, if the individual is later found to have no legal status in the UK.

This note appraises the potential economic effects resulting from the proposed amendments to The Immigration (Residential Accommodation) (Prescribed Requirements and Codes of Practice) (Amendment) Order 2020. It does not reflect the effects of any future changes to secondary legislation or wider digital checking ambitions. Further appraisal will be considered for future changes to secondary legislation, including if or when any decision is taken around mandating use of the online service.

Proposed Legislative Changes

Amend the Immigration (Residential Accommodation) (Prescribed Requirements and Codes of Practice) Order 2014 (“the 2014 Order”) to make changes to the operation of the ‘Right to Rent’ Scheme (“the Scheme”) as provided for in Chapter 1 of Part 3 of the Immigration Act 2014 (“the Act”). The principal secondary legislation changes to the Scheme are as follows:

- To enable landlords to use a new Home Office online checking service to discharge their legal obligations under the Immigration Act 2014.
- To permit visitors from Australia, Canada, Japan, New Zealand, Singapore, South Korea and the USA to present proof of arrival within the last six months along with their passports to demonstrate a right to rent. This will bring the Statutory Instrument (SI) and Code of Practice into line with new Home Office guidance, issued in August 2019 to landlords confirming the alternative means by which these visitor nationals can evidence their right to rent. Visitor nationals from these countries have been able to use ePassport gates since May 2019, and visitors from these countries no longer have their passports endorsed on arrival. As short-term visitors, they will not be covered by the new online checking service.
- To make technical changes to the current prescribed list of documents which are acceptable by landlords under the regulations, to make it easier for individuals using the existing manual arrangements to demonstrate a right to rent. The document list will be amended to include:

- short United Kingdom birth and adoption certificates making it easier for British citizens who do not hold a passport to demonstrate their right to rent
 - documents issued to non-EEA family members under the EU Settlement Scheme (EUSS), to be recognised as documents which can be relied upon by landlords to establish a statutory excuse against liability for a civil penalty.
- To make minor technical changes list of acceptable documents (Schedule Lists A and B in the 2014 Order), to improve alignment with the Code of Practice; making it simpler for the landlord to conduct the initial and follow-up checks.
 - To amend and update the existing statutory Code of Practice which underpins the Scheme to reflect these changes and afford a statutory excuse to the landlord when they undertake the checks as prescribed.

2. The policy issue and rationale for government intervention

The existing system relies heavily on third parties undertaking checks of physical documents at arms' length from the Home Office. Such checks can carry risks, for example through counterfeit documentation. Increasingly, the Home Office has tackled illegal migration through the development of a compliant environment. To make this a success, third parties and other government departments (OGDs) need to be able to make quick and reliable judgements about an individual's right to access work, benefits and services, and to be able to deny access to those who or are not, or who cease to be eligible as a result of their immigration status. The Order will enable landlords to lawfully use the new Home Office online status checking service to conduct their checks.

The introduction of an online service for the Scheme complies with the Governments Digital Transformation Strategy, which sets out how the Government will use digital to transform the relationship between the citizen and the state. The introduction of the online service will make it easier for migrants to evidence their status and for the landlord to undertake checks. The end user experience will be transformed, as the service is personalised to meet the need of the user, only providing information to the landlord that is required to comply with the Scheme.

This service will give landlords the ability to rely on an online check which will provide information in real time, directly from Home Office systems, to determine the current right to rent status of a non-EEA national with a valid biometric resident permit or card or an EEA national with status granted under the EU Settlement Scheme. In addition, it also ensures that landlords will be able to undertake online checks on those whose leave will be granted under the new points-based system when it launches in 2021.

Finally, a small number of technical changes to the legislation must be reflected in the Code of Practice, which underpins the Scheme. These will afford a statutory excuse against a civil penalty to the landlord who undertakes the checks as prescribed.

3. Policy objectives and intended effects

These changes are intended to improve the experience of migrants and landlords by aligning Home Office guidance and the Code of Practice, and through voluntary use of an online status checking service to verify status.

While there are likely to be some monetisable benefits for both landlords and the Home Office associated with use of the online status checking service, the main driver for this work is not to

generate savings, but to enable a transformational change in how the end to end immigration system operates and interacts with those who come into contact with it.

4. Policy options considered, including alternatives to regulation

Do nothing - This does not meet the Government's objectives, for the reasons outlined in section 2. Inconsistencies between the SI, Code of Practice and Home Office guidance would remain, and landlords would not be able to use the online service to conduct checks. This is essential for those granted digital status under the EU Settlement Scheme and the new points-based immigration system in 2021.

Preferred option - Make the changes to the Right to Rent Scheme under The Immigration (Residential Accommodation) (Prescribed Requirements and Codes of Practice) (Amendment) Order 2020.

No non-regulatory alternatives could meet the Government's objectives.

5. Appraisal

General assumptions and data

The proposals are likely to impact several groups, including:

1. Landlords and letting agents.
2. The public sector, including the Home Office.
3. Individuals who will be required to prove their migration status before a tenancy agreement can commence.
4. Other private or third sector organisations, as well as the public sector, who may be affected indirectly.

The legislation excludes some types of property and residential tenancy agreements from the Scheme, such as local authority accommodation and, as such, are not directly affected by these changes. The appraisal concerns private and business landlords. Lodger landlords who are letting a spare room in their home are included in the analysis, although a lack of data on the number of private landlords that are lodger landlords means there is no accurate way of quantifying the impacts on this group distinct from other private landlords. The Private Landlord Survey¹ estimate of the number of private landlords is based on the number of deposits registered with one of the three government-backed Tenancy Deposit Protection (TDP) schemes that operate in England. Lodger landlords are not required to provide such a deposit protection, though they may choose to. There is a risk that some lodger-landlords are excluded from the analysis.

This analysis treats costs for landlords operating as part of a company and letting agents as business costs. Some individual landlords will also be operating as businesses. Profits from UK land or property are treated, for tax purposes, as arising from a business². Lodger landlords are not considered as business landlords. However, there is a lack of data on the proportion of individual landlords that are lodger landlords as opposed to renting their primary residence. The Department for Business, Energy & Industrial Strategy (BEIS) data suggests that 60 per cent³ of businesses operating in the real estate sector in 2019 have no employees and consist of sole proprietorships and partnerships comprising only the self-employed owner-manager. To avoid underestimating the costs on business, this analysis considers all costs and benefits for individuals

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/775002/EPLS_main_report.pdf

² <https://www.gov.uk/hmrc-internal-manuals/property-income-manual/pim1020>

³ <https://www.gov.uk/government/statistics/business-population-estimates-2019>

as business costs and benefits. **Estimates of the total impacts on business are equivalent to the total impacts of the policy** and should be considered as an upper bound.

There are uncertainties surrounding the assumptions and impact estimates, particularly around the behavioural change by those seeking to remain in the UK illegally. The proposals will make checks easier for landlords to carry out and could encourage the departure of existing immigration offenders. Use of the online service will be voluntary (the landlord cannot mandate the use of the online service).

This appraisal assumes that the Order comes into effect in Q3 2020/21 and considers the impacts over a five-year appraisal period. Where possible, costs and benefits have been monetised. However, significant benefits are not monetisable. Therefore, the Net Present Social Value (NPSV) should be considered alongside the significant non-monetisable benefits. Assumptions on specific costs and benefits are detailed below and Table 6 provides a summary of these costs and benefits. **Estimates are for England as the Scheme is in operation in England only.**

Since this Order stipulates a number of amendments to current legislation, the appraisal is broken down into two sections based on the two main provisions: the enabling of digital checks and aligning the code of practice with current guidance. Most of the impacts are likely to result from use of the online service. This legislation enables landlords to use the online service but does not require them to do so; as such the monetised estimates provided around the benefits and costs of this service are particularly uncertain.

Bringing the Scheme in line with wider changes to the immigration system

There may be some costs resulting from aligning current guidance with the legislation and Code of Practice.

1. Costs

Set-up costs

Updating guidance for staff and landlords

There may be costs associated with updating handbooks for staff, revising guidance and codes of practice for landlords. The updates are expected to be minor. These costs have not been quantified as guidance for staff and others is routinely maintained and updated.

Landlord familiarisation costs

There will be familiarisation costs for landlords in familiarising themselves with the updated Code of Practice and guidance. This will be the cost of the time taken to read the updated documentation. Whilst prospective and current tenants may also familiarise themselves with the documentation, the responsibility is on the landlord to verify status and so the cost for all landlords to review the additional guidance is estimated.

The familiarisation cost for landlords is estimated at **£1.1 million** during 2020/21. This assumes that it takes landlords on average ten minutes to review the new guidance and that all landlords take the time review the new guidance. This cost would be an up-front cost in the first year. Table 1 presents a breakdown of this estimate by landlord type.

Table 1 – Familiarisation costs for landlords in England from changes to the guidance, £ million.

Type of Landlord	Value of Time (hourly rate, £)	Non-wage costs (%)	Volume	Total cost (£m)
Individual Landlord	7.49	0	762,000	1.0

Company Landlord	11.75	16.1	50,100	0.1
Letting Agent	11.75	16.1	22,000	0.1

Source: Home Office analysis, 2020. Note: Figures are rounded to nearest thousand.

These estimates are based on the following:

- Volumes
 - Individual Landlords: The 2018 Private Landlord Survey estimate of around 1.5m landlords⁴ in England.
 - Company Landlords: Combining the Private Landlord Survey estimates of the share of landlords recorded “as part of a company” and “Other”.
 - Letting Agents: A survey⁵ of Companies House data estimates the number of letting agents in 2018 at 22,000. This analysis assumes that all agents let properties.
- Value of Time
 - Individual Landlords: The 2018 Private Landlord Survey estimate of the median annual non-rental income for landlords of £25,000.
 - Company Landlords and Letting Agents: The median (gross hourly wage excluding overtime) hourly earnings for overall administrative occupations and Estate agents and auctioneers (£11.75) from The Annual Survey of Hours and Earnings (ASHE) 2019⁶.
- Non-Wage Costs
 - The percentage estimate of non-wage costs is the share of total hourly labour costs excluding bonuses for the “Real estate activities” sector that consists of non-wage costs from the 2019 Index of Labour Costs per Hour⁷ (2019 Q3).

A low estimate of £0.6 million assumes that a landlord requires 5 minutes to familiarise themselves with the updated guidance, whilst a high familiarisation cost of £1.7 million assumes that it takes 15 minutes to review the new guidance. The range of estimates is presented in Table 2.

Table 2 – Low, central and high estimates of landlord familiarisation costs to the updated guidance, £ million

Scenario	Time cost (£m)
Low	0.6
Central	1.1
High	1.7

Source: Home Office analysis, 2020

Tenant familiarisation costs

⁴ <https://www.gov.uk/government/publications/english-private-landlord-survey-2018-main-report>

⁵ <https://propertyindustryeye.com/number-of-estate-agents-in-uk-rises-by-over-500-so-far-this-year-despite-market-challenges/>

⁶ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2019>

⁷ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/indexoflabourcostperhour/ich/octobertodecember2019>

Some tenants may also choose to familiarise themselves with the updated Code of Practice. Visitor nationals from Australia, Canada, Japan, New Zealand, Singapore, South Korea and the USA who wish to rent property as their main home for more than three months will be affected by the change. Most visitors intending short term visits to the UK are very unlikely to be occupying accommodation for this purpose.

Home Office internal analysis suggests that around 99 per cent of visits from nationals of Australia, Canada, Japan, New Zealand, Singapore, South Korea and the USA who made a non-visa visit between Q4 2017 and Q3 2018 lasted fewer than 90 consecutive days. The familiarisation cost even if all visitor nationals from Australia, Canada, Japan, New Zealand, Singapore, South Korea and the USA who rented for over three months familiarised themselves with the amendment would therefore likely to be negligible.

2. Benefits

Enabling of digital checks

The majority of the costs and benefits from this amendment result from enabling landlords to use online immigration status checks as an alternative to undertaking checks on physical documents.

The online service is part of the wider Home Office Status Checking Project which replaces existing manual checking processes with automated, digital services to make real-time status information more easily accessible. Employers have been able to rely on the right to work online service for right to work checks since January 2019 for holders of modern immigration documents. EEA citizens with status under the EU Settlement Scheme have been able to share their digital status since September 2019. The right to rent checking service has been through testing and will go live in autumn 2020.

This Order enables landlords to use the online service to verify the status of tenants. This economic note estimates the benefits of expanding the rollout of the existing status checking service to landlords as part of digitising right to rent checks rather than the costs and benefits of the Status Checking Project as a whole.

The online service may be used by non-EEA nationals holding modern immigration documents (current biometric residence permits or cards) and EEA nationals holding status under the EU Settlement Scheme, as an optional alternative to evidencing a right to rent via physical document-based checks. For modelling purposes, it is assumed that 16 per cent⁸ (currently taken from internal data) of those eligible to use the online service, use it to carry out their checks in 2020/21.

This is expected to rise steadily to 50 per cent by 2025/6.

Code of Practice

The Order brings into force a revised Code of Practice to reflect the changes for visitor nationals from Australia, Canada, Japan, New Zealand, Singapore, South Korea and the USA who seek to rent a property for more than three months, through the existing list of acceptable documents. This is a small change that is likely to affect a fraction of the fewer than one per cent of visitor nationals from Australia, Canada, Japan, New Zealand, Singapore, South Korea and the USA whose stay exceeds 90 days. However, it is important that there is re-alignment between the Code of Practice, the Statutory Instrument (SI) and guidance to ensure that the legislation reflects the guidance to landlords and thereby trust is maintained in the Scheme.

⁸ An estimation of the average proportion of eligible right to work checks conducted using the online service between May 2019 and March 2020 based on internal analysis of data on employer profile views.

The Code of Practice will also be updated to reflect the other minor legislative changes detailed above, ensuring that a statutory excuse against a civil penalty is afforded to the landlord who undertakes the checks as prescribed.

The list of documents that a tenant can present to a landlord will also be updated. The changes will make it easier for tenants and landlords to determine what documents they are required to check to satisfy both an initial and any follow up right to rent checks.

1. Costs

Set-up costs

Development of the online service

The right to rent online service has been through testing. The IT cost of rolling out the new service is therefore likely to be limited. The amendments set out in this Order are likely to drive take-up of the service which may lead to a greater volume of enquiries, at least in the short-term. It is not possible to estimate the cost for expanding this service as it is part of the much wider Status Checking programme of services.

Familiarisation to the online service

This amendment will encourage landlords to familiarise themselves with the online service. It will provide a statutory excuse against a civil penalty payable in the event that they are later found to have entered into a tenancy agreement with an illegal migrant.

The additional guidance on how to use the online service will result in minimal familiarisation costs for landlords in terms of time spent in getting familiar with the new system.

The familiarisation cost for landlords is estimated at **£0.3 million** in 2020/21 only. This assumes that it takes landlords on average five minutes to familiarise themselves with the online service and that half of landlords choose to familiarise themselves with the service. The volume of landlords, value of landlord's time and non-wage cost estimates are given in Table 1.

There is uncertainty over the proportion of eligible checks that are conducted using the online service. If the proportion of eligible checks being conducted digitally remains at 16 per cent over the appraisal period, the familiarisation cost is estimated to be £0.1 million. A 100 per cent take up of the service by those eligible could incur a familiarisation cost to landlords of around £0.6 million. Table 3 presents these estimates.

Table 3 – Low, central and high⁹ estimates of familiarisation costs for landlords in England to the online service, £ million

Scenario	Time cost (£m)
Low	0.1
Central	0.3
High	0.6

Source: Home Office analysis, 2020

Benefits

Ongoing benefits

Lower use of fraudulent documents

The use of digital status checks is expected to increase confidence in the Right to Rent Scheme by simplifying both initial and follow up checks for landlords and removing any uncertainty from the perspective of the landlord as to whether they have been presented a genuine or fraudulent document. Landlords will be able to rely on clear and current information in real time from Home Office systems about the person's status.

The digital service will make it easier to identify who is eligible to access private rented accommodation. The service will, in time, make it harder for illegal migrants to continue to live in the UK, and act as a deterrent to those who would otherwise seek to abuse the system, reducing the economic impact of illegal migration

A reduction in opportunities for individuals to present fraudulent documents over time is expected to be a benefit of the digital status checks as they are rolled out more widely. It is not possible to monetise this benefit.

Time saving to landlords in processing checks

The use of digital status checks will not bring immediate financial savings to the Home Office, but they have potential to make the prescribed checks easier and quicker to conduct across the private rented sector in the long-term. Since the check can be done remotely via video call with the tenant and removes the need for physical documents, there is the potential for time savings for landlords. Also, the ability to evidence status in this way supports tenants and landlords during ongoing social distancing measures. As the prescribed check can be carried out via video call, there is then no need for face to face interaction or a reconciliation check.

This time saving is estimated to be worth £1.8 million to landlords over a five-year appraisal period.

This estimate is based on the following:

- Number of checks:
 - Under the central scenario, each landlord conducts one check per year on each tenant of the age of 18 and above. The estimate of the number of tenants is based on census 2011 data¹⁰ on tenure, scaled up to derive an estimate for 2018. The low and high scenario estimates of the number of checks are 0.5 and 2 per year respectively. Not everyone will require a check every year.
- Take up of the online service:
 - The central estimate assumes that 16 per cent of eligible checks are conducted using the online service in 2020/21, increasing linearly to 50 per cent of eligible checks by 2025/26. 16 per cent is the estimated average proportion of eligible RTW checks conducted using the online service between May 2019 and March 2020¹¹. The low scenario assumes that 16 per cent of eligible checks are conducted through the online service for each year of the appraisal period, whilst the high scenario assumes that 16 per cent of eligible checks are conducted using the online service in 2020/21, increasing to 100 per cent by 2025/6.
- Time per check:
 - Home Office assumptions about the time (in minutes) required to conduct checks. A digital check is assumed to take 3.5 minutes, whilst the duration of a manual is assumed to be around 7.5 minutes for all nationalities (see Table 4). If a renter does not possess the required documentation as set out in the code of practice, it may take longer for a landlord to conduct a manual check.
- Cost per check:

¹⁰ <https://www.nomisweb.co.uk/census/2011>

¹¹ Internal Home Office Analysis

- Based on the earnings of landlords. This uses the same assumptions/ sources of data used to estimate the familiarisation cost to the updated guidance.

Table 4 – Low, central and high estimates of the duration of a manual check¹² (in mins)

Scenario	UK/ Overseas national
Low	3.75
Central	7.5
High	15

Source: Home Office, 2020

It is expected that in the future, once landlords and tenants become familiar with digital checks, the majority of checks on individuals in possession of a BRP, BRC or status under the EUSS will be carried out using the online service. A 100 per cent take up of the online service for right to rent checks by 2025/26 by those eligible could generate up to £6 million of time savings for landlords each year.

There is some uncertainty about the value of time savings to landlords, since it will depend on the cost of undertaking a check and the take up of the online service. Table 5 presents a range of estimates by modifying the assumptions on the proportion of eligible checks conducted using the online service and the duration of a check.

Table 5 – Low, central and high estimates of time savings to landlords from using the online service to process checks, £ million.

Scenario	Time saving (£m)
Low	0
Central	1.8
High	18.1

Source: Home Office analysis, 2020

Improved experience for tenants

The digital service provides a quick and easy way for migrants to understand and establish their entitlements which should improve their experience, as well as making it easier for them to be compliant with the restrictions placed on their leave and entitlements. For example, where a migrant chooses to undertake an online right to rent check, this could be undertaken via video call, removing the need for the migrant to be present or their documents being in the possession of a landlord. This should also make it easier to comply with the follow up checking process when required.

It is not possible to quantify this effect as it would require the surveying of potential customers which is outside the scope of this exercise.

More efficient allocation of Home Office resource

Existing manual services are costly per transaction. The digital service will increase the number of checks that could be supported (and the speed and quality of those checks) at a significantly reduced per transaction cost. Whilst some exception handling will continue, existing checking teams should be able to be rationalised, and effort focussed on the most complex cases, which

¹² Home Office Assumption

should lead either to a more efficient deployment of staff. It is not possible to isolate the potential staffing implications of the right to rent service from the rest of the status checking service.

Storing evidence of checks

The landlord will continue to require evidence of their checks. They will be able to choose whether to continue to print off the check and file it or save it electronically in a PDF or HTML format. This should make it easier for landlords and may generate minor savings from being able to store documents electronically.

Overall costs and benefits

This analysis has monetised the following for landlords:

- An estimate of the potential time saving by conducting checks using the online service as opposed to the existing paper-based system.
- The estimated cost of familiarisation in reviewing the updated Code of Practice and the updated guidance on the online service.

These estimates do not cover all the impacts of the proposed changes. The most significant benefit of the online service, for which this Order should promote take up, is an improvement in fraud prevention. It has not been possible to monetise this.

Table 6 summarises the costs and benefits that have been monetised as part of this analysis. This table outlines low, central and high net impact estimates based on the assumptions about the cost of a check, duration of a check and the take up of the online service outlined above. The net business impact is the same as the central net impact.

Table 6 – Summary table of the monetisable costs and benefits of the Order, £ million.

Present Values – Five-year appraisal period (2020/21 prices)	Low Net impact	Central Net impact	High Net impact	Net business impact
Benefits				
Time saving for landlords	0	1.8	18.1	1.8
Total benefits (PV)	0	1.8	18.1	1.8
Costs				
Cost of familiarisation for landlords with updated Code of Practice and guidance	1.7	1.1	0.6	1.1
Cost of familiarisation for landlords with new online service	0.6	0.3	0.1	0.3
Total costs (PV)	2.2	1.4	0.7	1.4
Net impact (PV)	-2.2	0.4	17.4	0.4

Source: Home Office internal analysis, 2020. Figures may not sum due to rounding.

6. Risks

The risks resulting from the changes proposed by the legislation are likely to be limited. The Home Office is undertaking a full evaluation of the Scheme, which will provide further insight on the potential for unlawful race discrimination as a result of the Scheme. There is a risk that landlords who feel more secure with the online checking service could be less likely to accept tenants who can only evidence their status by the production of manual documents. A number of mitigations

are in place to limit this risk. Strategic communications, the Codes of Practice, and the guidance all explicitly advise that the prospective tenant can choose how they evidence their status and how checks can be undertaken in a non-discriminatory manner. The guidance also advises what action to take if a tenant perceives they have been discriminated against.

There is some uncertainty about the take-up of the online checking service; a higher take-up would result in higher monetisable benefits. For modelling purposes, the central case assumes a similar take-up to that seen for the online service for the Right to Work Scheme, although the behaviour of landlords may differ from the behaviour of employers. In the absence of data on the proportion of landlords that are lodger landlords, this analysis has considered all the impacts on landlords as business impacts, which may overestimate the impact on businesses. Given the limited estimated total impact of the proposed changes, this is not seen as a large risk.

7. Implementation, monitoring and evaluation

The approach to monitoring this legislation is that an internal review will be carried out 12 months after introducing the legislation in Q3 2020 and the legislation may be amended accordingly. The regulation does not include a statutory review clause. The measures in question have small costs to business and there are no other reasons to consider a statutory review clause to be appropriate.

Mandatory specific impact test - Statutory Equalities Duties	Complete
<p>Statutory Equalities Duties</p> <p>The public sector equality duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations in the course of developing policies and delivering services. [Equality Duty Toolkit]</p> <p>The Public Sector Equality Duty (PSED) has been tested against this policy and agreed by the Senior Responsible Officer (SRO). The main finding was that there are not any significant PSED implications arising from the policy proposals.</p>	Yes