

Economic Note	Number: HOEN012
Title of regulatory proposal	Verifying identity digitally to demonstrate eligibility for the Right to Work (RTW) and Right to Rent (RTR) Schemes
Lead Department/Agency	Home Office
Expected date of implementation	06 April 2022
Origin	Final
Date	09/02/22
Lead Departmental Contact	John.Harrison@homeoffice.gov.uk
Departmental Assessment	GREEN

Rationale for intervention, objectives and intended effects

The COVID-19 adjusted checking process, which makes it easier for employers and landlords to carry out RTW and RTR checks during the pandemic, will end on 5 April 2022. A permanent and secure digital option is required. This will address the lack of an alternative to physical identity checks for British and Irish citizens. Digital technology is expected to lead to benefits for employers, landlords, and British and Irish citizens through time-savings and efficiency of recruitment and on-boarding processes, as well as increasing the security and integrity of the Schemes.

Policy options

Option 1: Do nothing. Revert to manual RTW and RTR checks on British and Irish citizens. This does not deliver the Government's longer-term objective.

Option 2: To implement changes to the RTW and RTR Schemes to allow employers and landlords to use Identity Document Validation Technology (IDVT) providers to carry out digital checks on their behalf for British and Irish citizens who hold a valid passport (or Irish passport card). This is **the Government's preferred option**. This change will be implemented on 6 April 2022.

Costs and benefit summary

Cost estimates are given for L, C and H (**£ millions, PV**) over 10 years for:

1. Potential time savings for employers and landlords (£m 10.9, 48.7, 117.9).
2. Familiarisation costs for employers and landlords (£m 0.5, 2.2, 5.9).
3. Cost-per-check costs for employers and landlords (£m 19.9, 61.9, 148.0).
4. Time to undertake a digital check for British and Irish citizens (£m9.3, 44.3, 111.3)
5. Travel time and cost savings to British and Irish citizens (£m 5.8, 80.0, 251.1).

Non-monetised costs and benefits are also considered.

Total Cost £m PV	Transition Cost £m PV	Cost to Business £m	Total Benefit £m PV
108.5	2.2	N/A	128.7
NPSV (£m)	BNPV (£m)	EANDCB (£m)	BIT Score (£m)
20.2	N/A	N/A	N/A
Price Base Year	PV Base Year	Appraisal period	Transition period
2022/23	2022/23	10	10

Departmental sign-off (SCS):	Matthew Bligh	Date: 11/02/2022
Chief Economist sign-off:	Tim Laken	Date: 03/03/2022
Better Regulation Unit sign-off:	Emma Kirk	Date: 07/02/2022

Evidence Base

1. Background

1. The Right to Work (RTW) and Right to Rent (RTR) Schemes ('the Schemes') were introduced as part of a suite of measures designed to tackle and deter illegal immigration and are intended to prevent individuals without lawful immigration status in the UK from taking up employment in the UK or accessing accommodation in the private rented sector in England; and to support efforts to tackle those who exploit vulnerable migrants.
2. Employers and Landlords (including letting agents) are required to conduct right to work and rent checks (hereafter referred to as 'the checks') on all prospective employees and tenants, including British and Irish citizens. These checks ensure the individual is not disqualified from carrying out the work in question, or renting a property, by reason of their immigration status.
3. There are two types of check: a manual check on a physical document such as a UK passport, and an online check via the Home Office online checking services. When carrying out a manual check on a document, the employer or landlord needs to check the documents are genuine and that the prospective employee or tenant is the rightful holder.
4. As part of the Home Office's ambition to become digital by default by the end of 2024, issuing physical documentation to foreign nationals is decreasing and being replaced by digital evidence of immigration status in the form of an eVisa. However, it is not currently possible to conduct an online check on all individuals, as this requires having an immigration status that can be checked online via Home Office systems. British and Irish citizens are not in scope of the Home Office online checking services, and according to a 2016 ONS report, British citizens make up 89 per cent of the UK workforce¹.
5. The undertaking of such checks ensures the employer or landlord can obtain a statutory excuse against liability for a civil penalty. Landlords can use the services of an agent to undertake a right to rent check. However, third party checks are not available to employers.
6. The Home Office has previously broadly endorsed the use of Identity Document Validation Technology (IDVT) and published guidance² in 2018 which provides advice around the use of this technology, however, it has not been formally recognised as part of the Schemes so whilst employers and landlords could use it to enhance their checks, it could not be used to obtain a statutory excuse.

2. The policy issue

7. Whilst the Home Office continues to roll-out the 'digital by default' agenda, moving an increasing number of migrants onto eVisas and providing digital services, there is no equivalent long-term service for British and Irish citizens. Employers and landlords are finding it increasingly inefficient to onboard British and Irish citizens who have to demonstrate their eligibility using physical documents in person.
8. A temporary COVID-19 adjusted checking process was introduced in March 2020, to make it easier for employers and landlords to carry out checks safely during the COVID-19 pandemic. This allows the checking process to be undertaken remotely via video call or mobile app rather than individuals sending in original documents or attending in person. However, this is not an

¹ [A12: Employment, unemployment and economic inactivity by nationality and country of birth - Office for National Statistics \(ons.gov.uk\)](#)

² [Identification Document Validation Technology - GOV.UK \(www.gov.uk\)](#).

established digital solution and does not confer the requisite safeguards for a forward-looking long-term option.

3. Rationale for government intervention

9. The COVID-19 adjusted checking process is planned to end on 5 April 2022, at which point a more long-term and secure digital option is required.
10. Given the potential for time and security advantages of using digital checks over manual checks to carry out checks on British and Irish citizens, especially during times where COVID-19 may have an impact on people's ability to travel, secondary legislation is being amended. This will allow employers and landlords to use Identity Service Providers (IDSPs) to carry out digital checks to verify an individual's eligibility when carrying out a right to work or right to rent check.
11. The RTW Scheme is in operation across the UK and the RTR Scheme is in force in England only. Current legislation will not provide an employer or landlord with a statutory excuse against a civil penalty if they have used the services of an IDSP for identity verification and have not either used the HO online service, or manually checked documents. An amendment to secondary legislation is required to allow for employers and landlords to be able to obtain a statutory excuse if they choose to use an IDSP for digital identity verification. Government intervention is required to make the necessary changes to secondary legislation.

4. Policy objectives and intended effects

12. The policy objective is to prevent those who have no lawful immigration status in the UK from being able to take up employment in the UK or secure accommodation in the private rented sector in England. The proposed changes will modernise the system of checks making them more efficient, secure and accessible. It also supports the Home Office transition to be digital by default by the end of 2024.
13. The use of IDVT will not be mandatory, and employers and landlords will have the option to continue undertaking manual checks of physical documents should they wish. The use of IDVT comes at a cost to the user (employers and landlords in this case), and those who wish to use the technology will need to subscribe to their chosen IDSP. This would likely still represent a more beneficial business model to those who undertake a large number of checks. However, some employers, particularly within certain sectors and smaller businesses whose workforce is not able to work remotely, could choose to continue with physical identity checks where it does not make commercial sense for them to purchase IDVT services. Similarly, some employers and landlords who still need to meet prospective employees or tenants in-person may choose not to use IDVT. Currently, only British and Irish citizens with a valid passport (or Irish passport card) will be able to use IDVT.
14. The intended effects of the policy are to:
 - Complement the Home Office ambition to become Digital by Default by 2024.
 - Support the implementation of the Government's UK Digital Identity and Attributes Trust Framework (UKDIATF), which sets the rules and standards for digital identity checking.
 - Support business and long-term post pandemic working practices.
 - Create a degree of parity between those individuals who can use the Home Office online checking services and those who cannot (mainly British and Irish citizens), by allowing them to have their identity checked digitally.
 - Increase the security and integrity of the Schemes.

5. Policy options considered

15. **Option 1: Do nothing** (do not amend legislation and revert to business as usual using a manual checking system for RTW and RTR checks on British and Irish citizens).
16. **Option 2: Introduce IDVT checking (The Government's preferred option).**
17. In response to the positive feedback received on the temporary adjusted checks process, (the Home Office received a large amount of correspondence on this matter from employers and MPs), the department reached out to employers and landlords and their representative bodies on potential options for a permanent solution. This included the Home Office Employer Consultative Group (ECHO), the Home Office Advisory Groups and the Landlord Consultative Panel.
18. The Home Office has broadly endorsed the use of IDVT and published guidance³ in 2018 around its use, however, it has not been a formal part of the Schemes. There is a large amount of evidence that IDSPs can guarantee an efficient and secure service with a high degree of assurance when validating ID on behalf of employers and landlords. This would increase the effectiveness of the Schemes in identifying people without rights to work or rent.
19. Some employers already use IDSPs to enhance their ID checking process. It would not be mandatory for employers or landlords to use IDVT, they could continue with manual checks of physical documents if they prefer. The cost of these services and/or products would be met by employers and landlords.

6. Appraisal

General assumptions and data

20. This appraisal assumes that the Order comes into effect in April 2022 and appraises the impacts over a 10 year period. The discount rate has been set to 3.5 per cent. Where possible, impacts have been monetised. However, not all beneficial impacts have been monetised in this appraisal. As such, the Net Present Social Value (NPSV) should be considered alongside these qualitatively described yet significant non-monetisable benefits. As the RTR Scheme policy applies to England only, the relevant estimates are for England only, unless otherwise stated. The RTW Scheme applies to the whole of the UK.

Volumes

21. This proposal affects businesses and individuals conducting either RTW or RTR checks on British and Irish citizens who currently discharge their legal obligation through physical document checks as opposed to through IDVT, as well as British and Irish citizens themselves.
22. As a result, this policy is most likely to affect:
 - Employers of British and Irish citizens.
 - English Landlords and letting agents, renting to British and Irish citizens.
 - British and Irish citizens themselves who are required to prove their eligibility to work or rent.
23. However, there may be additional impacts in the public sector, including the Home Office and other private or third sector organisations who may be affected indirectly. These are discussed

³ [Identification Document Validation Technology - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/identification-document-validation-technology).

further in the non-monetised costs and benefits section. Local authority accommodation is exempt from the RTR Scheme and, as such, not directly affected by these changes.

Right to Rent Scheme volumes

24. This appraisal concerns private and business landlords and letting agents. Landlords of lodgers 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 Survey⁴ 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, though they may choose to. There is a risk that some lodger-landlords are excluded from the analysis.
25. The total number of landlords and letting agents currently operating in England, and likely to be actively conducting RTR checks, is uncertain. Estimates for the number of individual and business landlords are based on the 2018 English Private Landlord Survey, and include only those who do not use a letting agent. The number of letting agents has been informed by a survey of Companies House data⁵ which estimated there were 19,000 letting agents in England in 2018. Table 1 show these estimates.
26. The estimates of individual landlords (defined as a landlord who lets property as an individual or a group of individuals) who will need to read the additional guidance have been scaled down to consider only those landlords in England letting to British and Irish citizens using an estimate of the proportion of checks carried out on British and Irish citizens who hold a valid passport (or Irish passport card) out of the total number of checks in 2022 (61%)⁶.
27. Not all landlords will find it efficient to use IDVT to undertake RTR checks, however. Under the central case, it has been assumed that landlords with two or more properties are expected to use IDVT for RTR, translating to 53 per cent and 90 per cent of individual and business landlords respectively, based on their contribution to the total number of tenancies⁷ rather than the proportion of landlords with that portfolio size.
28. Under the low case, it has been assumed that only landlords with five or more properties in their portfolio (15% for individual landlords and 54% for business landlords based on tenancy contribution), and all letting agents (100%), will find IDVT efficient to carry out RTR checks. The high scenario assumes all landlords and letting agents (100%), regardless of portfolio size, will use IDVT. These uptake scenario assumptions are based on rough order of magnitude estimates as RTR checks have not been carried out using IDVT before, therefore there exists a lack of robust evidence on which to base uptake and number of checks by landlords.

⁴https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/775002/EPLS_main_report.pdf

⁵ [Number of estate agents in UK rises by over 500 so far this year despite market challenges – Property Industry Eye](#)

⁶ The calculation and source for the number of checks is further discussed from para 30. The number of Irish citizens who hold a valid passport has been scaled down in line with the calculation for British nationals in para 38.

⁷https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/775002/EPLS_main_report.pdf

Table 1, Estimated volume of landlords in England and scenarios of take up (vol and %) the IDVT for RTR checks (2022).

Type of landlord	Estimated volume In England	Estimated volume letting to British and Irish citizens	IDVT uptake (Low)	IDVT uptake (Central)	IDVT uptake (High)
Individual landlord	834,000	512,000	75,000 (15%)	273,000 (53%)	512,000 (100%)
Business landlord	55,000	55,000	30,000 (54%)	49,000 (90%)	55,000 (100%)
Letting agent	19,000	19,000	19,000 (100%)	19,000 (100%)	19,000 (100%)
Total	908,000	586,000	124,000	341,000	586,000

Source: Home Office, December 2021.

Notes: Estimated volume in England = number of landlords in England by type taken from 2018 English Private Landlord Survey⁸ x proportion of landlords not using a letting agent (57%) taken from 2011 census data.⁹

Estimated volume letting to British and Irish citizens = Estimated volume in England x proportion of checks on British and Irish citizens with a valid passport out of total checks (61%) (for Individual landlord only otherwise the same as estimated volume in England).

IDVT uptake = Estimated volume letting to British and Irish citizens x proportion of landlords with qualifying portfolio size for each case (based on contribution to number of tenancies).

29. The estimated number of checks on individuals is based on 2011 census¹⁰ data on tenure, scaled up to derive an estimate of the number of tenants for 2022 using population growth rates between the 2001¹¹ and 2011 Census (9%). The proportion of tenants that move-house each year (33%)¹² is applied to the Census data to calculate estimates of the number of checks on individuals each year in the UK and the EU.
30. To calculate the number of checks on Irish citizens, the number of checks on EU citizens has been scaled down using the same proportions applied in RTW volumes for employers (7%), which represents the number of Irish born individuals who work in the UK (approx. 150,000) as a proportion of the number of EU citizens working in the UK (approx. 2.1 million), in lieu of better evidence.
31. The estimates have then been further scaled down to include checks carried out in England only using population estimates for the UK¹³ and England¹⁴ (83% of the UK based in England). A 10 per cent uplift has then been applied to account for the fact that people may send applications to multiple landlords, consistent with the uplift applied in the previous published analysis. The proportion of IDVT uptake by landlords is then applied (dependent on the scenario), to determine what proportion of these checks will be undertaken by IDVT.
32. The total number of checks is also driven by the frequency of checks. The central scenario assumes each landlord conducts one check per year on each tenant of the age of 18 years and over. The low and high scenarios estimate there are 0.5 and 1.5 checks annually respectively, consistent with the frequencies used in a previous economic appraisal which assessed the impacts of digital checks for migrants to the UK.

⁸https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/775002/EPLS_main_report.pdf

⁹ [2011 Census - Census of Population - Data Sources - home - Nomis - Official Labour Market Statistics \(nomisweb.co.uk\)](https://www.nomisweb.co.uk/data/sources/2011-census-census-of-population)

¹⁰ [2011 Census - Census of Population - Data Sources - home - Nomis - Official Labour Market Statistics \(nomisweb.co.uk\)](https://www.nomisweb.co.uk/data/sources/2011-census-census-of-population)

¹¹ [2001 Census - Census of Population - Data Sources - home - Nomis - Official Labour Market Statistics \(nomisweb.co.uk\)](https://www.nomisweb.co.uk/data/sources/2001-census-census-of-population)

¹² [UK private rented sector - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/employment-and-labour-markets/private-rented-sector)

¹³ [United Kingdom Population 2021 \(Demographics, Maps, Graphs\) \(worldpopulationreview.com\)](https://worldpopulationreview.com/uk-population/)

¹⁴ [England population mid-year estimate - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/population-and-demography/population/mid-year-estimates)

Table 2, Estimated number of RTR checks in England for British and Irish citizens (2022).

Scenario	Total checks (annual)
Low case	1,007,000
Central case	2,541,000
High case	4,356,000

Source: Home Office, December 2021.

Total checks = (volume of checks in UK + (volume of checks on EU citizens based in the UK x Irish workers in England as a proportion of EU workers in England at 7% x proportion of the population who holds a valid UK passport at 72%)) x 17% reduction UK to England adjustment x 10% uplift x % share of total rental properties owned by landlords with qualifying portfolio size based on tenancy weight.

33. 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 business¹⁵. 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 59 per cent¹⁶ of businesses operating in the real letting sector in 2020 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 for individuals who are landlords as business costs.

Right to Work Scheme volumes

34. This section derives low, central, and high estimates of the annual number of RTW checks carried out by employers in the UK who hire British or Irish citizens with a valid passport or Irish passport card. This legislative change affects that specific employer group. The main appraisal figures are presented in Table 3.

Central scenario – number of employers impacted

35. Published statistics show the total number of businesses in the UK and the total number of individuals employed in the UK, by the number of employees in a business.¹⁷ For example, there are estimated to be 134,000 businesses employing 298,000 individuals in businesses with only one employee.
36. A consultation carried out by an external contractor, designed to measure the value of adopting digital identity for the UK economy regarding the RTW scheme, determined that it is likely that only medium and large employers, defined as being businesses with 50 or more employees¹⁸, will financially benefit from using the IDVT process for RTW.
37. There are estimated to be 43,000 businesses in the UK with 50 or more employees.¹⁹ Not all these businesses will be affected by this legislative change. The number of British and Irish employees as a proportion of the total number of employees in the UK (89%)²⁰ has been used as an estimate of the proportion of businesses who employ at least one British or Irish citizen. This gives an estimate of around 39,000 employers. This is further scaled down to include only those British and Irish citizens who hold a passport or Irish passport card, based on the number of 16+ year olds in the UK who hold a British passport²¹ (scaled up to 2021) compared to the

¹⁵ <https://www.gov.uk/hmrc-internal-manuals/property-income-manual/pim1020>

¹⁶ [Business population estimates for the UK and regions 2020: statistical release \(HTML\) - GOV.UK \(www.gov.uk\)](#)

¹⁷ [Business population estimates 2021 - GOV.UK \(www.gov.uk\)](#)

¹⁸ [HMRC SME action plan 2018 to 2019 - GOV.UK \(www.gov.uk\)](#)

¹⁹ [Business population estimates 2021 - GOV.UK \(www.gov.uk\)](#)

²⁰ [A12: Employment, unemployment and economic inactivity by nationality and country of birth - Office for National Statistics \(ons.gov.uk\)](#)

²¹ [DC2110EWR \(Passports held by sex by age \(regional\)\) - Nomis - Official Labour Market Statistics \(nomisweb.co.uk\)](#)

overall UK population who are 16 years of age or older in 2021²² (72%). This gives an estimate of around 28,000 businesses in the UK impacted by the legislative change under the central scenario (see Table 3).

Low and high scenario – number of employers impacted

38. The low scenario assumes that only 75 per cent of medium and large businesses would find it efficient to undertake RTW checks using IDVT, around 32,000 employers. This is multiplied by 89 per cent to estimate the number employing at least one British or Irish citizen. This is then multiplied by 72 per cent to estimate the number employing only those citizens with a valid passport to give 21,000 (see Table 3).
39. The high scenario assumes that businesses with 20 or more employees will use IDVT for RTW checks (117,000 businesses). This is multiplied by 89 per cent to estimate the number employing at least one British or Irish citizen, and multiplied by 72 per cent to estimate the number of businesses employing only those with a valid passport to give 75,000 (see Table 3).

Central scenario – number of employees impacted

40. There are estimated to be around 28.7 million British citizens working in the UK in 2021/22 using data from the ONS²³. The number of Irish workers is estimated at around 150,000²⁴. Overall, the number of British and Irish citizens working in the UK is estimated to be around 28.9 million in 2021/22.
41. The churn rate, which estimates around 16 per cent of people move jobs each year²⁵ is then applied to 28.9 million to get an initial estimate for the total annual number of checks across all British and Irish citizens, and scaled down to 72 per cent of its size to estimate only those citizens with a valid passport (3,348,000). This is uplifted by 10 per cent to account for the fact that people may send applications to multiple potential employers (approx. 3,682,000), consistent with the uplift applied in the previous policy change.
42. The total number of checks figure has been adjusted to include only those checks that will be carried out by medium and large businesses in the central scenario. Medium and large businesses are estimated to employ 63 per cent of all employees in the UK.²⁶ This percentage is applied to 3,682,000 to derive an estimate of 2,317,000 checks per year (see Table 3).

Low and high scenario – number of employees impacted

43. The low scenario takes the total estimated number of checks carried out by medium and large sized businesses across all affected UK employees derived above (approx. 2,317,000) and multiplies this by 75 per cent (1,738,000). The low scenario assumes there are 0.5 checks per year on each employee. This gives an overall estimate of 869,000 (see Table 3).
44. The high scenario takes the total estimated number of checks across all affected UK employees derived in the central case (approx. 3,682,000) and multiplies this by an estimate of the percentage of the total number of employees in the UK who are in businesses with 20 or more employees (73%). This gives around 2,684,000. The high scenario assumes there are 1.5 checks per year on each employee. This gives an estimate of 4,026,000 (see Table 3).

²² ONS data ([Overview of the UK population - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/peoplepopulationandcommunity/ethnicityandnationality/bulletins/overviewoftheukpopulation/2021)) states that about 81 per cent of the population are 16 years or older. This is applied to population estimates discussed in para 32 to give a population figure for 16+ year olds.

²³ [A12: Employment, unemployment and economic inactivity by nationality and country of birth - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/peoplepopulationandcommunity/employmentandunemployment/bulletins/a12employmentunemploymentandeconomicinactivitybynationalityandcountryofbirth/2021)

²⁴ [Britain's shrinking, ageing Irish population \(irishtimes.com\)](https://www.irishtimes.com/news/ireland/irish-news/britain-s-shrinking-ageing-irish-population-2021-07-14)

²⁵ [Resourcing and talent planning survey 2020 \(cipd.co.uk\)](https://www.cipd.co.uk/newsroom/insights/resourcing-and-talent-planning-survey-2020)

²⁶ [Business population estimates for the UK and regions 2020: statistical release \(HTML\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistical-data-sets/business-population-estimates-for-the-uk-and-regions-2020)

Table 3, Estimated number of employers of British and Irish citizens in the UK who will utilise IDVT for RTW checks and number of RTW checks on individuals (2022).

Scenario	Total number of employers in the UK with at least one employee	IDVT uptake by employers	Total checks (annual)
Low	1,416,000	21,000	869,000
Central		28,000	2,317,000
High		75,000	4,026,000

Source: Home Office, own estimates, December 2021.

Notes: Total number of employers in the UK with at least one employee source: [Business population estimates 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/business-population-estimates-2021)

IDVT uptake by employers = total number of businesses in question (varies by size for each case) x proportion of British and Irish citizens in the workforce (89%) x those 16+ with a passport out of the total UK population (72%). Total number of businesses by size is taken from the business population estimates in the link above.

Total checks = frequency of checks per year x (((16% churn rate x 72% passport rate x number of British and Irish citizens) x proportion of all employment attributable to qualifying businesses based on size) x 10% uplift).

British and Irish citizens

45. This analysis includes estimates of costs and benefits for British and Irish citizens with a valid passport relating to the use of IDVT for RTW and RTR checks. The number of British and Irish citizens who will be subject to any costs or benefits while undertaking the check itself mirrors the number of checks carried out by employers and landlords on British and Irish citizens, as presented in Tables 2 and 3.
46. The number of British and Irish citizens who may no longer need to travel as a result of being able to prove their eligibility via digital technology has been assumed to include only those who usually do not travel to their place of work and typically work from home (WFH). For simplicity, it is assumed that people who generally commute, as well as all tenants, would be required to go into their workplace or to their property to discharge their duties and could carry out the relevant manual check whilst there, and therefore wouldn't save any time on travel as a result of the introduction of remote digital checking.
47. Under the central scenario, the proportion of British and Irish employees who typically WFH is assumed to be 26 per cent, the midpoint between the pre-COVID-19 level²⁷ (5% - the low case) and the number of people who did some WFH at the beginning of lockdown²⁸ (47% - the high case). This rate is then used to scale down the number of IDVT checks carried out to determine the volume of citizens with a valid passport who are both in scope of IDVT and would save an extra journey as a result of being able to carry out a check digitally.

Table 4, Estimated number British and Irish citizens who save on travel, central case (2022).

Scenario	Checks on British and Irish citizens (per year)	Proportion of British and Irish citizens who typically WFH (%)	Volume of journeys saved by British and Irish citizens (per year)
Low	869,000	5	43,000
Central	2,317,000	26	598,000
High	4,026,000	47	1,876,000

Source: Home Office, own estimates, December 2021.

Uptake and profiling assumptions

48. It has been assumed that there will be some time lag in uptake, even if IDVT is eventually utilised at a steady state. Not all employers and landlords who will use IDVT will do so immediately, as it will not be a formal requirement to do so, given the voluntary nature of the legislation.
49. In the first year of scheme rollout, it is assumed 50 per cent of employers and landlords who will find it efficient to do so will take up IDVT. Following this, another 25 per cent in the second

²⁷ [Which jobs can be done from home? - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/which-jobs-can-be-done-from-home)

²⁸ [Coronavirus and homeworking in the UK - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/coronavirus-and-homeworking-in-the-uk)

year given the initial surge and the rollout of government frameworks, and positive feedback in favour of the digital checks from the consultation. In the following appraisal years, uptake is split equally, reaching steady state (100% of the total volume of employers and landlords who will use IDVT for RTW and RTR in each scenario) by the final appraisal year.

Table 5, Uptake of IDVT by landlords, letting agents and employers, (2022)

Appraisal year	0	1	2	3	4	5	6	7	8	9
Uptake (%)	50	25	3	3	3	3	3	3	3	3
Cumulative (%)	50	75	78	81	84	88	91	94	97	100

Source: Home Office, December 2021

Costs and benefits

50. This analysis has focused on assessing the costs and benefits associated with employers, landlords and British and Irish citizens relating to this proposed policy change. This includes:
 - An estimate of the potential time-saving for employers and landlords of British and Irish citizens with a valid passport as a result of conducting checks using IDVT as opposed to the physical documents.
 - The estimated cost of familiarisation for employers and landlords of British and Irish citizens with a valid passport in reviewing any updated guidance as well as familiarising themselves with the IDVT process.
 - The estimated total cost to employers and landlords of paying a fee to an IDSP to carry out a RTW or RTR check.
 - The estimated time cost to British and Irish citizens with a valid passport to undertake an IDVT check as opposed to simply handing over their documents under the manual checking arrangements.
 - The estimated time saving benefits and travel cost savings to British and Irish citizens with a valid passport by carrying out checks digitally as opposed to manually.
51. Other potential impacts of this policy, which have not been possible to quantify have been included in the non-monetised additional costs and benefits section.

Monetised Costs

Set-up costs: familiarisation costs

Time assumptions

52. Familiarisation costs are transition costs so will be realised in the year in which employers and landlords review the guidance, which is assumed to be the same year in which they take up the use of IDVT to carry out RTW or RTR checks. Therefore, the profiling for familiarisation costs is derived from Table 5.
53. One form of familiarisation cost will be related to the new guidance. This will be the cost of the time taken to read the guidance for the IDVT process for RTW and RTR. It is expected that all employers and landlords who will use IDVT take the time to review the new guidance. Whilst employees and tenants may also familiarise themselves with this, the responsibility is on the employer or landlord to verify eligibility and so the cost for all employers and landlords who will utilise IDVT to review the additional guidance is estimated.
54. The central case assumes that it takes employers and landlords on average 10 minutes to review the new guidance, based on the length of time to read the guidance for the initial RTW/RTR legislation. The time taken depends on the exact length of the guidance and reading speed of the individual, thus, it could take less than, or more than, 10 minutes. The low and

high estimates of the time taken to read the guidance assume it takes on average 5 and 15 minutes respectively.

55. As well as familiarising themselves with the additional guidance, employers and landlords will need to dedicate time to familiarise themselves with the process for carrying out the identity verification aspect of RTW and RTR checks using IDVT, which includes choosing a provider, downloading and navigating the app and understanding the general process. It is assumed this will take on average 30 minutes under the central case. However, it could take more or less than 30 minutes, so the low case assumes this would take 15 minutes, with the high case taking 45 minutes.

Wage assumptions

56. For individual landlords, the 2018 Private Landlord Survey estimate of the median annual non-rental income of £25,000 is used to monetise the familiarisation time cost. This has been updated to obtain a 2022/23 estimate using ONS GDP deflators at market prices and money GDP²⁹, from December 2021. The wage for company landlords and letting agents has been taken from the Annual Survey of Hours and Earnings (ASHE) 2021³⁰. It estimates the median (gross hourly wage excluding overtime) hourly earnings for overall administrative occupations and letting agents and auctioneers to be £11.50. This is uplifted by 22 per cent³¹ to account for non-wage costs (assumed to make up 18 per cent of the total labour cost) so the gross wage is estimated as £14.02.
57. The median (gross hourly wage excluding overtime) hourly earnings for administrative and secretarial occupations of £12.30 has been taken from ASHE 2021³² and used to monetise the familiarisation costs for employers. In the same way as for business landlords and letting agents, the wage for employers is uplifted by 22 per cent to account for non-wage costs, so the gross wage is estimated as £15.00.

Right to Rent Scheme familiarisation costs

58. Familiarisation costs are estimated by multiplying the volume of landlords in Table 1 with their associated wage rate and the time it takes to read the new guidance or familiarise themselves with the IDVT process.
59. The familiarisation cost for landlords to review the new guidance is estimated at between **£0.1 million and £1.2 million (PV)** with a central estimate of **£0.5 million (PV)** over 10 years. Table 6 presents a breakdown of the central estimate by landlord type.

Table 6, Familiarisation costs for landlords from changes to the RTR guidance (£, %, number and £ million (PV)), 2021.

Type of Landlord	Value of Time (hourly rate, £)	Non-wage costs ³³ (%)	Volume	Total cost (£m)		
				L	C	H
Individual Landlord	7.98	0	273,000	0.05	0.34	0.97
Business Landlord	11.50	18	49,000	0.03	0.11	0.18
Letting Agent	11.50	18	19,000	0.02	0.04	0.06
Total			341,000	0.1	0.5	1.21

Source: Home Office, own estimates, December 2021.

²⁹ [GDP deflators at market prices, and money GDP December 2021 \(Quarterly National Accounts\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-december-2021)

³⁰ [Employee earnings in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/employment-and-labour/most-popular-statistics/earnings)

³¹ [Labour cost levels by NACE Rev. 2 activity \(lc_lci_lev\) \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

³² [Employee earnings in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/employment-and-labour/most-popular-statistics/earnings)

³³ The percentage estimate of non-wage costs is the share of total hourly labour costs that consists of non-wage costs such as national insurance contributions Calculation = (non-wage share / wage share) = 0.18 / 0.82 = 0.22 x 100 = 22%

60. The costs to landlords to familiarise themselves with the IDVT process is estimated to cost between **£0.3 million and £3.6 million (PV)**, with a central estimate of **£1.5 million (PV)** over 10 years. Table 7 presents a breakdown of the central estimate by landlord type under the central case.

Table 7, Familiarisation costs for landlords from IDVT process in the central case, (£ million (PV)), 2021.

Type of landlord	Costs (£ million)
Individual	1.0
Business	0.3
Letting agent	0.1
Total	1.5

Source: Home Office, December 2021.

Total might not be the exact sum of parts due to rounding.

61. The total familiarisation costs to landlords is estimated to cost between **£0.4 and £4.9 million (PV)**, with a central estimate of **£2.0 million (PV)** over 10 years.

Right to Work Scheme familiarisation costs

62. Familiarisation costs are estimated by multiplying the volume of employers of British and Irish citizens who will use IDVT for RTW in Table 3 with their wage rate and the time to read the updated guidance or familiarise themselves with the IDVT process.
63. The familiarisation cost for employers associated with reading the guidance is estimated to be between **£0.02 million and £0.3 million (PV)**, with a central estimate of **£0.07 million (PV)** over 10 years. Table 8 presents the estimate of guidance familiarisation costs for employers.

Table 8, Familiarisation costs for employers from changes to the RTW guidance (L,C and H), £ million (PV), 2021.

Value of Time (hourly rate, £)	Non-wage costs (%)	Volume	Low (£m)	Central (£m)	High (£m)
12.30	18	28,000	0.02	0.07	0.3

Source: Home Office, December 2021.

64. The costs to employers to familiarise themselves with the IDVT process is estimated to be between **£0.07 million and £0.8 million (PV)**, with a central estimate of **£0.2 million (PV)** over 10 years.
65. The total familiarisation costs to employers is estimated to cost between **£0.1 million and £1.1 million (PV)**, with a central estimate of **£0.3 million (PV)** over the appraisal period.

Total familiarisation costs

66. Total familiarisation costs to employers and landlords are estimated in a range of **£0.5 million and £5.9 million (PV)**, with a central estimate of **£2.3 million (PV)** over 10 years.

Ongoing costs

Costs of fees to carry out an IDVT check

Per-check-fees

67. As well as familiarisation costs, employers, landlords and letting agents will have to pay a fee to an IDSP to carry out a RTW or RTR check. The price per check fee rates have been derived from a number of providers at current market rates.

Right to Rent Scheme check fees

68. Under the central case, it is assumed landlords will be required to pay a £2.50 per-check rate, with letting agents benefiting from a bulk discount at £1.50 per check. The low case assumes landlords and letting agents all benefit from a £1.50 rate to adequately carry out RTR checks. The high case assumes all landlords and letting agents will all pay £2.50 per check. All scenarios are also driven by the total volume of checks from Table 2 and profiled in line with the cumulative uptake in Table 5.

Table 9, per-check costs for landlords using IDVT to carry out RTR, (L, C and H), 2021 (£, volume and £ million (PV)).

Type of landlord	Cost per check (£)	Annual volume of checks	Total costs over appraisal period (£m PV)
Individual (L)	1.50	303,000	3.2
(C)	2.50	1,118,000	19.7
(H)	2.50	2,218,000	39.2
Business (L)	1.50	43,000	0.5
(C)	2.50	100,000	1.8
(H)	2.50	154,000	2.7
Letting agent (L)	1.50	661,000	7.0
(C)	1.50	1,323,000	14.0
(H)	2.50	1,984,000	35.0
Total (L)		1,007,000	10.7
(C)		2,541,000	35.5
(H)		4,356,000	76.9

Source: Home Office, own estimates, December 2021.

69. This is estimated to cost in total between **£10.7 million and £76.9 million (PV)**, with a central estimate of **£35.5 million (PV)** over 10 years. Table 9 presents a breakdown of the estimated cost by landlord type.

Right to Work Scheme check fees

70. The central case assumes businesses with more than 100 employees, based on their contribution to the overall number of employees in the UK, will benefit from a bulk discount rate at £1.50 per check. Those with fewer than 100 employees, based on their contribution to the overall number of employees, pay £2.50 per check. The low case assumes all businesses, regardless of the number of employees, benefit from a £1.50 rate to adequately carry out RTW checks. The high case assumes all employers will pay £2.50 per check. All scenarios are also driven by the relevant volumes from Table 3 and profiling in line with the cumulative uptake in Table 5.

Table 10, per-check costs for employers using IDVT to carry out RTW, (L, C and H), 2021 (£, volume and £ million (PV)).

Size of business (contribution to employment pool)	Cost per check (£)	Annual volume of checks	Total costs over appraisal period (£m PV)
<100 (L) (12%)	1.50	100,000	1.1
<100 (C) (12%)	2.50	267,000	4.7
<100 (H) (24%)	2.50	951,000	16.8
>100 (L) (88%)	1.50	769,000	8.1
>100 (C) (88%)	1.50	2,050,000	21.7
>100 (H) (76%)	2.50	3,075,000	54.3
Total (L)		869,000	9.2
(C)		2,317,000	26.4
(H)		4,026,000	71.1

Source: Home Office, own estimates, December 2021.

Total might not be the exact sum of parts due to rounding.

71. This is estimated to cost between **£9.2 million and £71.1 million (PV)**, with a central estimate of **£26.4 million (PV)** over 10 years. Table 10 presents a breakdown of the estimated cost by employer size.

Costs for British and Irish citizens

72. Once an employee or tenant has arrived at the location at which they will undertake their RTW or RTR check, they would simply hand over their documents under the manual checking arrangement. This is assumed to take around two minutes. Using IDVT however, they are required to complete a form online or via an app, which takes longer. This is assumed to take between 5 to 10 minutes, with a central estimate of 7.5 minutes. Therefore, under the central case, use of IDVT costs an employee or tenant on average an additional 5.5 minutes per check when compared with the manual setup.
73. To monetise this cost to an individual, the average UK salary for all employees of £14.10 per hour has been used (taken from ASHE 2021) and multiplied by the volume of checks on British and Irish employees and tenants from Tables 9 and 10. Costs are profiled using the cumulative uptake in Table 5. This time burden is estimated to cost employees and tenants that are British or Irish citizens between **£9.3 million and £111.3 million (PV)**, with a central estimate of **£44.3 million (PV)** over 10 years.

Table 11, Time costs for British and Irish citizens to use IDVT for RTW/RTR checks, (L, C and H), 2021 (£, volume and £ million (PV)).

	Value of Time (hourly rate, £)	Volume	Total cost (£m PV)
Employees (L)		869,000	4.3
(C)	14.10	2,317,000	21.2
(H)		4,026,000	53.5
Tenants (L)		1,007,000	5.0
(C)	14.10	2,541,000	23.2
(H)		4,356,000	57.8
Total (L)		1,876,000	9.3
(C)		4,858,000	44.3
(H)		8,382,000	111.3

Source: Home Office, December 2021.

Monetised Benefits

Time saving to employers and landlords in processing checks

74. The use of IDVT to carry out digital checks has significant potential to make the prescribed RTW and RTR checks on British and Irish citizens with a valid passport much easier and quicker to conduct. Since the check can be done more quickly and remotely, there is the potential for time savings for businesses, landlords and letting agents.
75. The time it will take an employer or landlord to review and store a RTW or RTR check using IDVT is set to one minute, based on the fact that there is little for an employer or landlord to do beyond store the check after being notified as to whether an individual has an ID match and has passed the check.
76. To calculate the time saving per check, the IDVT check time is compared with the time it takes an employer or landlord to carry out a manual check. The manual time burdens for employers and landlords are taken from internal Home Office data from the previous policy change, taking between 5.5 and 9.5 minutes for an employer and between 3.75 minutes and 11.25 minutes for a landlord, both with central estimates of 7.5 minutes per check. Overall, this translates to employers and landlords saving 6.5 minutes per check under the central case.
77. These time savings are realised in the year in which an employer or landlord begins using IDVT. Therefore, the time savings are cumulatively profiled in line with Table 5.

Right to Rent Scheme time savings

78. The monetised annual time saving estimate is calculated by multiplying the total number of RTR checks outlined in Table 2, the landlord's wages from Table 6 and their time saving estimate of 6.5 minutes per check. The total time saving to landlords is estimated to be worth between **£4.0 million and £57.5 million (PV)**, with a **central estimate of £22.1 million (PV)** over 10 years.

Right to Work Scheme time savings

79. The monetised annual time saving estimate is calculated by multiplying the total number of RTW checks outlined in Table 3, the employer's wages from Table 8 and their time saving estimate of 6.5 minutes per check. The total time saving to employers is estimated to be between **£6.9 million and £60.4 million (PV)**, with a **central estimate of £26.6 million (PV)** over 10 years.

Time savings for British and Irish citizens

80. British and Irish citizens who typically WFH (this assumption varies in each scenario) will likely benefit from being able to undertake digital checks as opposed to manual checks, as it saves them time and travel expenses such as fuel or a train or bus fare. ONS data on commute times from work statistics³⁴ estimates it takes individuals on average 29 minutes to travel to their workplace. This is multiplied by two to calculate the total round-trip time that an individual would save by doing their checks digitally rather than having to attend the workplace.
81. This time saving is monetised using the November 2021 Department for Transport (DfT) Transport Analysis Guidance (TAG)³⁵ market value of time for non-working commuting for 2022 (£11.07). The volume of checks from Table 3 and the cumulative profiles from Table 5 are then applied to give a total benefit estimate. This saving is estimated to be worth between **£3.3 million and £141.8 million (PV)**, with a **central estimate of £45.2 million (PV)** to British and Irish citizens over 10 years.
82. The travel cost savings are calculated by multiplying the average cost of a commute³⁶, uprated to 2022/23 (£8.25) by the volumes in Table 3 and profiled cumulatively in line with Table 5.

³⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/944123/tsgb0111.ods

³⁵ [Transport analysis guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/944123/tsgb0111.ods)

³⁶ [Survey reveals full-time Brits spend one week a year commuting at a cost of £1,738 - HR News](https://www.bbc.com/news/health-56888888)

This saving is estimated to be worth between **£2.5 million and £109.4 million (PV)**, with a **central estimate of £34.8 million (PV)** to British and Irish citizens over 10 years.

Table 12, Time and cost savings for British and Irish citizens, (L,C and H), 2021 (£ per hour, £, volume and £ million, (PV)).

	Value of Travel time (hourly rate, £)	Travel cost (£)	Volume	Total cost (£m PV)
Total (L)	11.07	8.25	43,000	5.8
(C)			598,000	80.0
(H)			1,876,000	251.1

Source: Home Office, own estimates, December 2021.

Breakeven analysis for employers and landlords

83. Given the voluntary nature of the proposal, it stands to reason that only employers and landlords who benefit from IDVT will adopt it for RTW and RTR checks. Although the NPSV includes benefits to British and Irish citizens, any benefits to the resident population will not have a direct impact on businesses and landlords financially. For employers and landlords to find IDVT efficient, the monetised time saving of using IDVT compared to a manual check must outweigh the cost-per-check as well as the familiarisation cost (when not accounting for the non-monetised benefits). As a result, there is scope to carry out breakeven analysis, specifically on the time savings related to using IDVT as well as the cost-per-check that would be required for an employer or landlord to break even and make the use of IDVT feasible to carry out RTW and RTR checks.
84. Those who stand to benefit are likely to be large employers or landlords/letting agents who will carry out significant numbers of checks. The analysis in Table 13 is predicated on the volumetric assumptions from Tables 1 to 3, the cost per check assumptions from Table 9 and 10, the value of time from Table 6 and 8, the familiarisation time assumptions, the time savings for employers and landlords in paragraph 77, and the uptake assumptions from Table 5 and represents the central case. Breakeven points are calculated using present values.
85. The cost per checks for employers and landlords/letting agents cause a relatively small change in magnitude (cannot by themselves lead to firms and landlords breaking even) and so have been manipulated together simultaneously to determine how each value would need to change to break even.

Table 13, Breakeven analysis of cost-per-check and time savings for employers and landlords under the central case.

Variable	Subset of variable	Current assumption	Required value to breakeven
Cost-per-check (£)	Business with >100 employees	1.50	All cost-per-checks must fall by ~£0.45 simultaneously for all parties to break even.
	Business with <100 employees	2.50	
	Estate agent	1.50	
	Individual/Business landlord	2.50	
Manual check time (mins)	RTR	7.50	~ 12
	RTW	7.50	~ 11.5

Source: Home Office, own estimates, December 2021.

86. Table 13 shows that all else held equal, for a landlord to break even, the current estimate of time it takes to conduct a RTR manual time check would have to increase to 12 minutes (representing a total time saving of 11 minutes as a result of digital checks). Alternatively, the current estimate of time it takes to conduct a manual RTW time check would have to increase

to 11.5 minutes (representing a total time saving of 10.5 minutes as a result of digital checks) to make the monetised IDVT time saving for employers break even.

87. Beyond adjusting the manual check times, if the cost-per-check for all businesses and all landlords and letting agents fell simultaneously by ~45p (from £1.50 to ~£1.05 and from £2.50 to ~£2.05) then employers and landlords would simultaneously break even, all else equal. As mentioned, these estimates could be manipulated separately but would not by themselves have the magnitude of impact to lead to an employer or landlord breaking even.
88. Reducing the time it takes to carry out the IDVT digital check down from one minute for employers and landlords would also improve the cost benefit position. However, these are small in magnitude and so have been excluded from the breakeven analysis.

Total costs and benefits, NPSV

89. The monetised **NPSV** of this policy is estimated at between **-£13.02 million and £103.88 million** over 10 years, with a central estimate of **£20.17 million**.
90. These estimates do not cover all the impacts of the proposed changes. One of the most significant benefits of the use of this technology, for which this legislative change will enable, is a reduction in fraud or error. It has not been possible to monetise this.
91. Table 14 summarises the costs and benefits that have been monetised in the analysis. Table 14 outlines low, central and high net impact estimates based on the assumptions about uptake volumes, the cost of a check, duration of a check as well as the proportion of those British and Irish citizens who benefit from not having to travel as a result of digital checks.

Table 14, Summary of the monetised costs and benefits of the policy, 2021, (£ million PV, 2022/23 prices) over 10 years, 2022.

Cost, benefits and net impacts	Low	Central	High
Benefits			
Time saving for landlords	£3.98	£22.09	£57.53
Time saving for employers	£6.90	£26.59	£60.41
Travel and cost saving for citizens	£5.81	£80.01	£251.12
Total benefits (PV)	£16.70	£128.69	£369.06
Costs			
Cost of familiarisation for landlords with updated code of practice	£0.10	£0.50	£1.21
Cost of familiarisation for landlords with new IDVT process	£0.30	£1.49	£3.64
Cost of checks for landlords	£10.67	£35.51	£76.90
Cost of familiarisation for employers with updated code of practice	£0.02	£0.07	£0.27
Cost of familiarisation for employers with new IDVT process	£0.07	£0.20	£0.80
Cost of checks for employers	£9.2	£26.42	£71.07
Time cost to complete IDVT process – employees and tenants	£9.34	£44.33	£111.28
Total costs (PV)	£29.72	£108.52	£265.18
Net present social value (NPSV)	-£13.02	£20.17	£103.88

Source: Home Office, own estimates, December 2021.

92. As there is no direct cost to business, the Business Net Present Value (BNPV) has not been assessed. The total indirect impact to business, which excludes any costs and benefits to

British or Irish citizens, is estimated at between **-£9.5 million and -£35.97 million over 10 years, with a central estimate of -£15.51 million.** These indirect costs should be considered alongside the significant non-monetised benefits, which when accounted for, makes IDVT a viable option for some businesses and landlords. The department has been lobbied from employer groups asking for this legislative amendment in the knowledge that it will cost them a fee to use an IDSP, which demonstrates that the overall benefits of the use of IDVT outweigh the cost for a portion of employers and landlords.

Table 15, Summary of the indirect monetised business costs and benefits of the policy, 2021, (£ million PV, 2022/23 prices) over 10 years.

Cost, benefits and net impacts	Low	Central	High
Benefits			
Time saving for landlords	£3.98	£22.09	£57.53
Time saving for employers	£6.90	£26.59	£60.41
Total benefits (PV)	£10.88	£48.67	£117.94
Costs			
Cost of familiarisation for landlords with updated code of practice	£0.10	£0.50	£1.21
Cost of familiarisation for landlords with new IDVT process	£0.30	£1.49	£3.64
Cost of checks for landlords	£10.67	£35.51	£76.90
Cost of familiarisation for employers with updated code of practice	£0.02	£0.07	£0.27
Cost of familiarisation for employers with new IDVT process	£0.07	£0.20	£0.80
Cost of checks for employers	£9.20	£26.42	£71.07
Total costs (PV)	£20.38	£64.18	£153.90
Net present social value (NPSV)	-£9.50	-£15.51	-£35.97

Source: Home Office, own estimates, December 2021.

Non-Monetised additional costs and benefits

Non-monetised costs

Familiarisation costs for British and Irish citizens

93. Some employees and tenants who are British or Irish citizens may also choose to familiarise themselves with the updated guidance. Although they are in scope of this analysis as they are part of the resident population, the impact is likely to be small as many are unlikely to read the updated guidance and will simply be made aware by their employer or landlord, which would also make it difficult to estimate these costs accurately.

Lower income from civil penalties

94. There could be lower income for the public sector from civil penalties issued to non-compliant employers and landlords since verifying the status of employees and tenants becomes easier. It is not possible to estimate how many fewer penalties will be issued since this would require understanding the reasons for non-compliance. It should be noted that only 29³⁷ civil penalties were issued to landlords in Q2 2019 under the RTR Scheme. However, non-compliant activity is not included in costs/benefits or the NPSV. The approach is to assume that all individuals

³⁷ <https://www.gov.uk/government/collections/migration-transparency-data>

and organisations are legally compliant. The cost of enforcement/legal proceedings against non-compliance would be assessed in a cost-benefit framework.

Smaller businesses/landlords familiarisation costs to access a greater number of employees or tenants

95. Some businesses for whom it may not be efficient to use digital technology to undertake RTW checks may decide to familiarise themselves with IDVT in order to access a greater variety of employees as digital technology facilitates better accessibility to those who live further away or in remote areas. However, prospective tenants who are looking to relocate to a different area could benefit – thus increasing the pool of tenants for landlords.

Non-monetised benefits

Lower use of fraudulent documents

96. The use of digital eligibility checks is expected to increase confidence in the Schemes by simplifying checks for employers and landlords and removing any uncertainty from the perspective of the employer or landlord as to whether they have been presented a genuine or fraudulent document. They will be able to rely on clear and current information from the IDSP about the person's identity, as opposed to relying on an examination of complex physical documents presented to them. IDSP's can also check whether a passport presented has been reported as lost or stolen, again increasing security and integrity of the check. The incentive to increase security generally is considerable. It is in employers and landlords interest to ensure that their employees and tenants have lawful immigration status in the UK and are who they say they are, not only for a RTW and RTR purpose, but for wider security reasons, including access to valuable assets. The digital verification of identity of employees / tenants has broader advantages than just in regard to the Schemes.

Easier and greater access to employees and tenants for employers and landlords

97. Businesses and landlords could benefit from a larger pool of labour or tenants who are now not restricted by having to physically travel to a workplace or property to carry out a RTW or RTR check. This could allow firms to have a better chance at hiring someone who is more highly skilled or more suitable for a job.

Allowing people in remote locations to take up new employment

98. The use of digital checks could benefit employees or tenants, especially in remote areas, who now have easier access to specific jobs or properties which could have financial and wellbeing benefits.

Savings in admin costs

99. As a result of COVID-19, some offices have been permanently or temporarily closed. There is a cost associated with having to keep offices open, or temporarily open, to facilitate face-to-face (manual checks). Employers have to cover the cost of their premises and staffing costs for carrying out the RTW checks. Employers have reported that their cost savings in this regard would be significant. While difficult to quantify, this cost is likely to be reduced by allowing a check to be done via an IDSP. Other admin costs, such as saving on secure postage when sending physical documents to offices, may be lower due to digital checks. A further admin saving would be in regard to those who require a Disclosure & Barring Service (DBS) check as part of their pre-employment checks. The new process allows for the IDSP output to be used for both DBS and RTW and RTR identity verification purposes, thereby allowing for further efficiency and further savings.

Travel time savings for tenants

100. In the monetised benefits, it was assumed that all tenants would not save in time or travel costs because they would have to visit the property anyway and could carry out their RTR check there or in a nearby location. However, not all property viewings are in person and some

checks would have to be done on a different day or in a different location to the property, which could mean that some tenants may benefit from not having to make this journey by doing it digitally.

Improved control for individuals over sharing of personal data

101. The IDVT allows individuals to only reveal personal information they choose to complete the check and so have more control over what personal information is shared. For example, if an individual does not need to disclose their date of birth, they do not reveal that part of their identity with IDVT (they choose what they share).

7. Risks

102. There is a risk that the number of Irish citizens included in the analysis is over-stated, as not all Irish citizens will necessarily be part of the resident population and so the costs and benefits may be lower than those used in this analysis if this is the case. It is difficult to determine those who are not included in the resident population. Therefore, it has been assumed that all Irish citizens are. The impact of Irish citizens on the overall analysis is small.
103. There is uncertainty about the effect of COVID-19 on the employment and rental market and how the recovery and any pent-up demand affects the use of the digital services.
104. There is a risk that the uptake profiling will not reflect the true uptake of IDVT by employees and landlords. There could be a greater than expected surge in the beginning years, or a slower uptake, both of which would have an impact on the cost benefit position.

8. Monitoring and evaluation

105. The approach to monitoring this legislation is that an internal review will be carried out after six months and the legislation may be amended accordingly. The regulation does not include a statutory review clause. The measures in question are not mandatory and it is optional for any employer or landlord to begin using IDVT. The measures have small costs to business and there are no other reasons to consider a statutory review clause to be appropriate.

Specific Impact Test Checklist

Mandatory specific impact test - Statutory Equalities Duties	Complete
<p>The Equality Impact Assessment (EIA) has determined that there may be an indirect negative impact in respect of the characteristic of age, as those who are aged 16 years or over who do not possess ‘formal’ documentation might not be able to use IDVT if the service cannot recognise documents normally relied upon in a physical check. The use of online services may have a positive impact in respect of the characteristic of disability, in that digital checks could benefit individuals who have difficulty travelling. There may also be a positive impact regarding the characteristic of race, because the policy will specifically benefit those British and Irish citizens who have been unable to benefit from the use of the Home Office online service and therefore will be less disadvantaged as a result. Overall, it is considered there are primarily positive impacts that the online (digital) checks will provide to British and Irish citizens, employers and landlords. Any negative impact is mitigated given the voluntary nature of the proposal, meaning anyone disadvantaged has the ability to continue using the manual system if they wish.</p> <p>The SRO has agreed these findings.</p>	<p>Yes</p>

Any test not applied can be deleted except **the Equality Statement**, where the policy lead must provide a paragraph of summary information on this.

The Home Office requires the **Specific Impact Test on the Equality Statement** to have a summary paragraph, stating the main points. **You cannot delete this and it MUST be completed.**