
Immigration Act 2016: immigration status check on alcohol and late night refreshment licence applications

Home Office

RPC rating: validated

Description of proposal

The measures are intended to prevent people who do not have the necessary permissions to live or to work in the UK from obtaining premises or personal licences to sell alcohol or late night refreshments. Previously, licensing authorities were not required to check the immigration status of licence applicants, with the result that illegal immigrants could obtain such licences. The measures:

- require licensing authorities to check the immigration status of all licence applicants, and not to issue licences to applicants who lack the necessary permissions to work or carry on licensable activity in the UK.
- require applicants to provide information and specified documentation to allow the authorities to complete immigration status checks; and
- permit immigration officers to enter licensed premises in order to investigate breaches of immigration acts in connection with licensable activity.

These measures are also intended to strengthen sanctions enforcing employers' duty to conduct existing 'right to work' checks on all employees seeking work in the sectors, which will continue.

Impacts of proposal

The impact assessment (IA) states that assessment of the impact of the measures has been informed by a targeted consultation about the operation of the licensing regime. Consultation meetings were held with interested private sector parties, including the British Beer and Pub Association, the Association of Licensed Multiple Retailers, the Wines and Spirits Trade Association, the Association of Convenience Stores, and the Retail of Alcohol Standards Group representing supermarkets. The IA states that nearly all participants in the consultation meetings supported the proposals to amend the scheme.

Based on this consultation, the IA identifies and assesses a number of small costs to business (including familiarisation costs for individual applicants) and solicitors and agents specialising in licensing work. The department does not know how many applications are handled by individual solicitors or agents so assumes that familiarisation takes place whenever a new application is required; the IA explicitly recognises that this probably over-estimates their familiarisation costs.

The IA also identifies ongoing costs for new licence applicants, who must provide a small amount of additional information and documentation. In addition, although about 60 per cent of licence applications are made electronically, those who choose to apply by post might incur administration costs for photocopying and postage. The IA assumes that the number of applications is divided evenly between individuals and solicitors/handling agents.

Based on data averaged over the last five years, the IA estimates that the measure will affect 10,400 applications for new premises and 50,100 personal applications per year across the UK.

Familiarisation costs

Using a reading speed of 200 words per minute as a central assumption, the IA estimates that familiarisation will take applicants only two minutes. This estimate includes an allowance for applicants whose first language might not be English. The department estimates the resulting cost to business by applying the wage rates of solicitors/agents (£26.96 per hour) and single applicants (£11.90 per hour – licence trade employees) taken from the Annual Survey of Hours and Earnings for 2016 and adjusted for non-wage labour costs and scaling this by the estimated volume of licences (figures obtained from sources including Alcohol and Late Night Refreshment Statistics – March 2016). The IA estimates that private sector familiarisation costs would total £0.3 million over 10 years in present value terms.

Processing costs

The IA explains that there will be an ongoing cost to business of providing additional information and documentary evidence demonstrating a right to work in the UK to enable immigration status checks. The cost to business has been estimated using the central assumption that a single applicant would need eight minutes to provide this, while a solicitor/agent, being more experienced and familiar with the process, would require only four minutes. Applying the relevant wage rates and licence applications volume as above, this yields a total processing cost for business of £0.9 million over 10 years in present value terms.

Other costs

The IA explains that, in addition to the ongoing cost to business (as above) of providing additional information for the immigration status checks, the assumed 40 per cent of licence applications who choose to apply by post might incur administration costs for photocopying and postage.

This administrative cost to business was estimated using a central assumption of £1.65 for photocopy and postage costs per application. Multiplying this by the estimated volume (40 per cent of all licence applications) provides a total processing cost to business (for both single applicants and solicitors/agents) of £0.07 million over 10 years in present value terms.

The IA explains that there are no costs associated with provisions to strengthen the sanctions for non-compliance, as employers are already required to carry out right-to-work checks and retain copies of the relevant documentation.

Aggregating these three costs, the IA estimates the total cost to business of the measure to be £1.3 million in the central scenario (with a range of £0.6 to £2.0 million) over 10 years in present value terms, which yields an equivalent annual net direct cost to business (EANDCB) of £0.1 million.

Quality of submission

The department has used evidence gained through consultation about the time taken to provide additional information and documentation, the structure of the licensed trade and how licence applications are made to the licensing authority to inform the assumptions used in estimating costs to applicants, solicitors and agents as a result of the measure. The department has presented a proportionate level of analysis to enable validation of an EANDCB of £0.1 million. After rounding, this remains the same for the low scenario for each cost to business, and increases to £0.2 million when using the high scenario for each cost. There are, however, some areas where the IA could be improved.

Assumptions. The IA could be improved through further explanation to support some of the assumptions used in its calculations, for example, the assumed percentages of applications dealt with online (page 10) and by solicitors or handling agents (page 11) and the postage cost (page 15). The IA would benefit from including reference to the source of evidence used for these or further justification of how these assumptions were arrived at.

Median gross wage for solicitors. The IA uses (page 12) an hourly rate of £26.96 for calculating estimates of familiarisation costs but an hourly rate of £25.88 for processing costs (page 14). This does not have a material impact on the EANDCB figure but the IA should be amended for consistency.

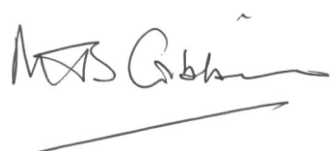
Immigration officers' power to enter licensed premises. The IA states (pages 5, 8 and 12) that this power will usually (as it is now) be exercised by accompanying licensing enforcement officers on visits to inspect wider compliance with licence conditions, but notes that there may be occasions when immigration officers visit licensed premises alone. The IA states that this should not result in extra or longer inspections and concludes that compliant businesses will not bear additional costs. The IA could be improved by discussing the impact of visits to compliant businesses, based on the number and costs of such visits in the past.

Departmental assessment

Classification	Qualifying regulatory provision
Equivalent annual net direct cost to business (EANDCB)	£0.1 million
Business net present value	-£1.3 million
Societal net present value	-£1.9 million

RPC assessment¹

Classification	Qualifying regulatory provision (IN)
EANDCB – RPC validated	£0.1 million
Business impact target score	£0.5 million
Small and micro business assessment	Not required - low cost regulation



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANDCB and BIT figures to the nearest £100,000