

Impact Assessment

Title: Extension of prohibition on employment to other working arrangements

Type of measure: Primary legislation

Department or agency: Home Office

IA number: HO IA 1008

RPC reference number: ...

Contact for enquiries: bscbillteam@homeoffice.gov.uk

Date: 7 May 2025

1. Summary of proposal

1. To strengthen right to work checks by extending the scope of employers and businesses required to carry out checks on their workers and prevent illegal working. This will include a legal requirement to conduct right to work checks where companies contract workers to provide services under their company name, such as agency workers or workers in the gig economy.
2. This will ensure those who engage individuals as casual or temporary workers under a worker's contract, individual sub-contractors, and online matching services (that provide details of service providers to potential clients or customers for remuneration), are required to carry out right to work checks. The associated civil and criminal sanctions for non-compliance will be made applicable in these circumstances.
3. The proposal will restrict the ability of rogue employers to take advantage of illegal workers and protect work opportunities for those entitled to work in the UK. It will provide parity across industries and will set a level playing field for businesses in honouring their legal responsibilities to prevent illegal working in the UK.

2. Strategic case for proposed regulation

Problem under consideration

4. Legislation setting out employer responsibilities to prevent illegal working has been in place since 1997¹. Since 2008, employers have been required to carry out prescribed right to work checks prior to employing someone (the Right to Work Scheme)². These checks are carried out on all employees regardless of a person's nationality, for example including British citizens.
5. The Right to Work Scheme applies only to individuals classified as an 'employee'. This means employers of 'workers' and 'self-employed' individuals have no responsibility to ensure work is carried out by individuals with a right to work in the UK. This long-standing, narrow scope has been brought into sharp focus by developments in the modern labour market, such as agency workers and casual contract arrangements in the gig economy.
6. There is no set definition of the gig economy, however, Home Office research has previously used "Employers that exchange money for labour (usually but not always via digital platforms that link workers with short-term tasks), paid on a per task basis" as a definition when needed. These models, although lawful when engaging those with a right to work, have brought changes to the working environment and introduced new risks to illegal working.
7. In other sectors, such as construction, the lack of oversight takes the form of sub-contracting, while in areas like care or hospitality it is linked to the use of intermediaries. The common factor is the use of self-employment. This means there are whole sectors of the labour market where businesses can engage workers without the responsibility to complete right to work checks.

Evidence

8. A rapid growth has been observed in certain sectors of the gig economy. Individuals working in the gig economy have varied employment statuses, although generally they are thought to be self-employed. Exact numbers of those working in the gig economy vary according to published research: 12 per cent of a HMRC research sample are defined as limb (b) workers (casual or temporary workers), of which around 1 in 12 (1 per cent of the full sample) are platform workers (performing work or providing a service through an online platform).³ However, the most recent HMRC estimate indicates that 5 per cent of the UK working population work in the gig economy, equating to around 1.6 million people.⁴

¹ Section 8 Asylum and Immigration Act 1996 - GOV.UK:

<https://www.legislation.gov.uk/ukpga/1996/49/section/8>

² Sections 15-25 Immigration, Asylum and Nationality Act 2006 - GOV.UK:

<https://www.legislation.gov.uk/ukpga/2006/13/section/15>

³ Different Ways of Working: Research on Employment Status in the UK:

<https://www.gov.uk/government/publications/different-ways-of-working-research-on-employment-status-in-the-uk--2>

⁴ Contract trends in the UK labour market:

<https://www.gov.uk/government/publications/contract-trends-in-the-uk-labour-market>

9. As of 2024, there was an estimated 4.4 million self-defined self-employed workers in the UK.⁵ 1.5 per cent of permanent workers and 15.6 per cent of temporary workers reported their primary job as being agency work.⁶
10. A formal consultation with businesses is planned prior to commencement of the regulatory changes. In addition to securing input to guidance and statutory codes of practice on how the measure will be enforced, the consultation will provide opportunity to further develop the evidence base, such as how many organisations in the labour market operate these types of business model and how many individuals they employ.

Need for Government intervention

11. Measures to prevent illegal working such as the Right to Work Scheme must evolve with modern labour market models. Currently, those who employ individuals in the working models described above do not have to carry out right to work checks.
12. Modern labour market models are becoming more attractive to illegal workers due to the perceived lack of consequences. Rogue employers can evade liability through these models, the changes proposed will allow for more robust actions against these types of employers and businesses.
13. Illegal working is inextricably linked to low or no pay, as well as indicators of modern slavery such as inhumane working hours or conditions. Rogue businesses often avoid recruiting people with the right to work due to low pay and the provision of insecure or exploitative labour conditions. In doing so, they also fail to pay an appropriate tax contribution to the economy. This leads to an unfair ability to undercut honest competitors who follow the law and take their responsibilities seriously.
14. These legislative amendments will restrict the ability to take advantage of those working illegally. It also encourages businesses to provide work opportunities to those permitted to work in the UK. It will provide parity across industries and will set a level playing field for businesses to uphold their responsibilities to prevent illegal working in the UK.

Harms avoided by government intervention

15. Legislative change is required to close an existing gap in the Right to Work Scheme. To ensure there is liability where businesses contract (by digital or non-digital means) for the provision of work or services in their name, or where individuals work in roles akin to being employed but are considered self-employed. Companies contract or 'match' individuals to provide services, as in the case of agency workers or food delivery riders, or they use individuals as temporary workers under casual terms, such as zero-hours contracts, rather than employing them.
16. Bringing these employment types into scope of the Right to Work Scheme will help to regulate in this space and tackle the threats posed by illegal working, such as labour exploitation, unfair and dangerous working practices and tax evasion.

⁵ EMP14: Employees and self-employed by industry, ONS:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employeesandselfemployedbyindustryemp14/current>

⁶ Labour Force Survey performance and quality monitoring report: April to June 2024, ONS:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/methodologies/labourforceperformanceandqualitymonitoringreportapriltojune2024>

Review of existing related regulation

17. Research has been conducted into employers' understanding of Right to Work checks as per current legislation in this area. The research found that while most employers understand their obligations, there are some compliance gaps among businesses. This was seen, in particular, among those who employ zero-hour workers. A large proportion of employers using agency workers said the agency would be responsible for conducting right to work checks. This points to gaps in understanding and risks in areas this policy initiative is seeking to address.⁷
18. Further research with businesses using self-employed workers, also points to risks created by the absence of checks being conducted.⁸ The research identified onboarding of workers and the absence of checks as a particular risk, along with misconceptions around responsibilities to check workers, and in some cases, businesses reported not being sure that migrant workers may always be aware of their obligations related to self-employment.

3. SMART objectives for intervention

Policy objectives

19. There are three main objectives:
 - Objective 1. To strengthen right to work checks by extending the scope of employers and businesses required to carry out checks to prevent illegal working. This will include a legal requirement for organisations to carry out right to work checks on individuals they employ under a worker's contract or as individual sub-contractors; and for online matching services that provide details of service providers to potential clients or customers for remuneration.
 - Objective 2. To create parity in the labour market in relation to the requirement to the government's response to tackle rogue employers, and those seeking to enter or remain in the UK without lawful immigration status.

Intended outcomes

20. To require employers, who use atypical labour market models, to comply with their responsibilities to prevent illegal working and further reduce the availability of legal employment opportunities for those residing unlawfully in the UK. The aim being to deter both irregular migration and individuals from remaining in the country without status.

Measurement

21. Compliance with the requirements will see increases in the number of right to work checks carried out by those businesses now required to carry them out (where they are not already doing so). Additionally, it will result in improved compliance from negligent but generally law-abiding employers, who are now incentivised to comply. The Home Office collects management data relating to the use of its online right to work checking

⁷ Employer awareness of, and self-reported compliance with, Right to Work checks - GOV.UK:
<https://www.gov.uk/government/publications/employer-awareness-of-right-to-work-checks/employer-awareness-of-and-self-reported-compliance-with-right-to-work-checks>

⁸ Employer immigration checks - GOV.UK:
<https://www.gov.uk/government/publications/employer-immigration-checks>

services. Home Office Immigration Enforcement operational activity, such as illegal working visits and issuance of civil penalties and sanctions identifying illegal working, is published externally.⁹

Alignment with other Government objectives

22. This measure aims to further restrict opportunities for illegal working. This could see a short-term reduction in labour supply in a limited number of sectors. Limb (b) and gig work can span sectors with relatively very low levels of output per worker, so GDP impacts are expected to be negligible. The labour supply and GDP impact through reduced illegal working is conditional on level of compliance with the legislation. Against this, illegal working can create an unfairness whereby some firms have access to labour below market or legislative minimum rates. This measure aims to facilitate competitive fairness which is conducive to investment and growth.

4. Description of proposed intervention options and explanation of the logical change process whereby this achieves SMART objectives

Preferred option and how it achieves its objectives

23. The preferred option is to extend the scope of employers (or ‘engagers’) required to carry out right to work checks to prevent illegal working and the associated sanctions for illegal working. This will provide parity and a level playing field in respect of business’ responsibility to prevent illegal working; to eliminate any financial gain or benefit from non-compliance; to tackle the harm caused by regulatory non-compliance, where appropriate; and to deter future non-compliance.

The measure within the context of existing legislation

24. The measure is an extension of the application of the Right to Work Scheme provided for in existing legislation within the Immigration, Asylum and Nationality Act 2006¹⁰ to new and emerging working models in the UK. Sections 15 to 25 of the 2006 Act will be amended to require employers in these working models to carry out right to work checks.

Theory of change - how the intervention will achieve the objectives

25. The Theory of Change summarises the broad assumptions based on the policy objectives and assumes that drawing in more businesses to conduct right to work checks will improve compliance, while enforcement activity can identify non-compliance and ultimately limit opportunities to work illegally and hinder exploitation with those who are irregularly in the UK attempting to regularise or leave the UK. This is a basic theory of change and will be revised over time in line with the results of public consultation and internal engagement.

⁹ Home Office illegal working activity from 5 July 2024 to 22 March 2025 - GOV.UK:
<https://www.gov.uk/government/publications/returns-from-the-uk-and-illegal-working-activity-since-july-2024/illegal-working-activity-from-5-july-2024-to-22-march-2025>

¹⁰ Sections 15-25 Immigration, Asylum and Nationality Act 2006 - GOV.UK:
<https://www.legislation.gov.uk/ukpga/2006/13/section/15>

Table 1, Initial theory of change of the intervention

Inputs	Activities	Outputs	Outcomes	Vision
Central government resources (e.g. staff, IT)	Compliance related:	Compliance related:	Compliance related:	Access to work regulated appropriately
Legislation: Immigration, Asylum, and Nationality Act 2006	Employer Right to Work checks	Businesses understand their obligations	Employers are compliant, those attempting to work illegally cannot do so.	Exploitative working situations no longer possible
	Home Office engagement with businesses	Number of right to work checks conducted		
	Enforcement related:	Results of checks actioned appropriately	Enforcement related:	Those working illegally are barred from the labour market and, where possible are removed from the UK, leave the UK of their own accord or regularise their status where possible.
	ICE visits		Those working illegally detected and arrested	
	Home Office data sharing with HMRC	Enforcement related:		
		Visit numbers	Non-compliant businesses pay fines	
		Civil penalty numbers		
		Illegal workers arrested and demographics		

5. Summary of long-list and alternatives

26. The following options were considered:

- **Option 0: 'Do nothing'.** Retain the existing, statutory Right to Work Scheme and associated sanctions for non-compliance.
- **Option 1: Preferred option. Undertake a formal consultation prior to commencing regulatory changes extending the number of working arrangements in scope of the Right to Work Scheme.** The Home Office will consult with businesses before commencement of legislation. This is so that businesses are able to input into the development of accompanying guidance and the statutory codes of practice that will underpin how the regulatory changes are operationalised and enforced. Time will be provided for implementation to ensure businesses are able to adapt their processes in light of this legislation. **Option 1 is the government's preferred option.**
- **Option 2: Do not undertake a formal consultation prior to commencing regulatory changes extending the number of working arrangements in scope of the Right to Work Scheme.** The Home Office does not consult with businesses before commencement of legislation (or consult in a more limited way).

This would see the additional working arrangements brought in scope of the regulatory changes more promptly at the expense of benefits from more extensive engagement with businesses prior to implementation.

- **Option 3: Engage with businesses to encourage voluntary compliance with right to work checks to prevent illegal working via their platforms.** Some businesses who will be impacted by these changes are already carrying out right to work checks, abiding by the spirit of the existing regulations. Home Office guidance already makes clear the public policy reasons why organisations should carry out right to work checks on those individuals who they do not directly employ. Guidance is not legally binding.

27. Option 0 is the Right to Work Scheme continuing to operate under the existing legislative framework. There have been significant operational achievements in recent periods. The number of illegal working visits has increased by 40 per cent and arrests have gone up by 42 per cent since 5 July 2024 (to 22 March 2025), compared to the same period 12 months prior. There were 4,841 visits from 5 July 2023 to 22 March 2024 with 3,375 arrests, while 5 July 2024 to 22 March 2025 saw 6,784 visits with 4,779 arrests.
28. Since 5 July 2024 (to 22 March 2025), Home Office has issued 1,508 civil penalty notices, with employers facing fines of up to £60,000 per illegal worker¹¹. This option is however discounted as it fails to achieve the benefits gained by bringing alternative working arrangements into scope.
29. Option 1 and 2 consider implementation choices. The preferred approach is to undertake a formal consultation prior to any regulatory changes. This will provide businesses with sufficient time to adapt their processes and comply with the new legislation.
30. Option 3 considers a non-regulatory approach to encourage voluntary compliance. While many businesses currently carry out these checks without being legally obligated to, others do not. It is only by changing the law that the scale of behavioural change desired can be delivered. The legislative option will make clear that employers of 'workers' and 'self-employed' individuals can only obtain a statutory excuse against liability for a civil penalty by carrying out a check in the manner prescribed in legislation and published guidance.
31. The Right to Work Scheme was introduced as part of a suite of measures designed to tackle and deter irregular migration. It is intended to prevent individuals without lawful immigration status from taking up employment in the UK and to support efforts to tackle those who exploit vulnerable migrants. It is a criminal offence for an individual to work illegally in the UK, including through self-employment activity. For the Home Office's illegal working response to have necessary effect, the Right to Work Scheme must remain in step with modern labour market models. Regulatory changes are required to better ensure that businesses are checking that only those with a right to work in the UK are eligible to do so, and for the Home Office to be able to apply sanctions where they do not.

¹¹ Home Office illegal working activity from 5 July 2024 to 22 March 2025 - GOV.UK:
<https://www.gov.uk/government/publications/returns-from-the-uk-and-illegal-working-activity-since-july-2024/illegal-working-activity-from-5-july-2024-to-22-march-2025>

6. Description of shortlisted policy options carried forward

32. Two options are taken forward for the short list:

- **Option 0: 'Do nothing'.** Retain the existing, statutory Right to Work Scheme and associated sanctions for non-compliance.
- **Option 1:** Undertake a formal consultation prior to commencing regulatory changes extending the number of working arrangements in scope of the Scheme. **Option 1 is the government's preferred option.**

Small and Micro Businesses (SMBs) considerations

33. SMBs will not be exempt from this legislative change. All businesses are to be held to the same responsibilities in restricting the opportunity for illegal working regardless of their size or the working arrangements they should adopt. The compliance cost for an individual business in terms of time required or price to carry out a right to work check is small.

7. Regulatory scorecard for preferred option

Part A: Overall and stakeholder impacts

(1) Overall impacts on total welfare		Directional rating
Description of overall expected impact	<p>The central Net Present Social Value (NPSV) is -£103m. The expected net effect of the non-monetised impacts means the measure is expected to have an overall total positive social welfare impact, however there is large uncertainty.</p> <p>The number of additional checks to materialise is highly uncertain. It is known some businesses brought into scope of the scheme already incur cost to conduct checks without being legally obliged to.</p> <p>The number of businesses brought into scope, who will incur familiarisation cost, is also not known.</p> <p>The measure however brings parity in responsibilities to prevent illegal work between employees and those who engage workers. And, in doing so, could have high impact in the alleviation of potential harms associated with illegal working and irregular migration (discussed in the non-monetised impacts) box below.</p>	<p>Positive</p> <p>Based on all impacts (incl. non-monetised)</p>
Monetised impacts	<p>Central NPSV = -£103m</p> <p>High NSPV = -£15m</p> <p>Low NSPV = -£368m</p> <p>It has not been possible to monetise the benefits of this measure. The monetised impacts are made up of:</p>	<p>Negative</p> <p>Based on likely £NPSV</p>

	<ul style="list-style-type: none"> • additional costs to carry out additional right to work checks; and • additional costs to households to supply information to enable these checks. <p>The directional rating is negative as only cost impacts have been monetised.</p> <p>The wide NPSV range mostly reflects uncertainty on the additional number of checks due to the measure.</p>	
Non-monetised impacts	<p>It was not possible to monetise benefits, though there are many positives from reducing illegal working and irregular migration, including:</p> <ul style="list-style-type: none"> • reduction in potential exploitation faced within illegal work; • reduction in the cost of illegitimate use of public services (which has cost to the public purse); and • increased profit to legitimate businesses who responsibly carry out duties to prevent illegal working. <p>It was not possible to monetise familiarisation cost for businesses brought into scope of the Right to Work Scheme due to uncertainty on their number. Though, the time requirement per employer gaining familiarity with published guidance for instance is small.</p> <p>The directional rating is positive because the non-monetised benefits likely outweigh the non-monetised costs.</p>	Positive
Any significant or adverse distributional impacts?	Distributional impacts for businesses and households are flagged below.	Neutral

(2) Expected impacts on businesses

Description of overall business impact	<p>There are expected costs to those additional businesses now required to:</p> <ul style="list-style-type: none"> • familiarise themselves with the Right to Work Scheme; and • carry out right to work checks. <p>There is the potential benefit of increased profits for current legitimate businesses. In addition, creating parity in responsibility to prevent illegal working between employers and engagers is socially fair.</p> <p>The size of these costs to business is highly uncertain. For example, the number of additional working arrangements brought into scope and the overall existing level of pre-employment check activity taking place for them is not known with certainty.</p>	Uncertain
---	--	------------------

	It is uncertain whether the benefits to business outweigh the costs, so the directional rating is scored uncertain.	
Monetised impacts	<p>Central NPV = -£90m</p> <p>High NPV = -£12m</p> <p>Low NPV = -£337m</p> <p>The only monetised impact to business is the cost incurred by the additional businesses who are now required to carry out right to work checks.</p> <p>The directional rating is negative as only this cost impact has been monetised.</p>	<p>Negative</p> <p>Based on likely business £NPV</p>
Non-monetised impacts	<p>Non-monetised benefits to business include:</p> <ul style="list-style-type: none"> • potential increased profit for legitimate firms who do not employ illegal workers <p>Non-monetised costs to business are:</p> <ul style="list-style-type: none"> • familiarisation cost to businesses brought into scope of the Scheme. <p>The directional rating is positive as the main cost to business will be on-going checks which has been monetised and benefits will accrue to compliant businesses.</p>	Positive
Any significant or adverse distributional impacts?	<p>The measure is expected to have a disproportionate impact in areas where 'workers' as opposed to 'employees' are more prevalent. The latter are already subject to these checks. Employers are already required to carry out prescribed right to work checks prior to employing someone.</p> <p>The directional rating is scored neutral. There will be existing businesses already in scope of the Right to Work scheme who will benefit from the parity in legal responsibilities. Sectors with higher prevalences of 'worker contracts' will face additional compliance costs.</p>	Neutral

(3) Expected impacts on households

Description of overall household impact	<p>The measure will increase the number of right to work checks taking place. Individuals are required to supply information to enable these. This could be handing documents in person, in the case of a manual check, or completing a check remotely in the case of an Identification Document Validation Technology (IDVT) check.</p> <p>This activity requires some additional time from prospective workers so is a cost.</p> <p>In the case the measure leads to a reduction in irregular migration there will be benefits from reducing illegitimate public service use.</p> <p>A reduction in the illegal work population also has welfare benefits because illegal working can be susceptible to exploitation and abuse.</p> <p>The directional rating is scored positive as the cost of providing information is likely to be small relative to wider societal benefits.</p>	Positive
Monetised impacts	<p>Central NPV = -£14m</p> <p>High NPV = -£2m</p> <p>Low NPV = -£31m</p> <p>The only monetised impact to household is time required to supply information to facilitate a check.</p> <p>The directional rating is negative as only a cost impact has been monetised</p>	Negative Based on likely household £NPV
Non-monetised impacts	There are no non-monetised impacts to households.	Neutral
Any significant or adverse distributional impacts?	<p>In areas where illegal working is reduced or eliminated by additional checks, this opens up more job opportunity for those with right to work in the UK.</p> <p>The directional rating is scored positive as those with right to work, including UK citizens, are a group positively impacted from compliance with the new legislation.</p>	Positive

Part B: Impacts on wider government priorities

Category	Description of impact	Directional rating
Business environment: Does the measure impact on the ease of doing business in the UK?	<p>The legislation could increase the cost of entry for new businesses now required to gain familiarity with the Right to Work Scheme and carry out ongoing right to work checks.</p> <p>However, the familiarisation cost per business in terms of familiarisation with the guidance or in the process of applying a right to work check is expected to be low. Existing guidance for the Right to Work Scheme exists.</p> <p>Only engagers of 'workers' and 'self-employed' individuals currently have no legal responsibility to ensure work is carried out by individuals with a right to work in the UK.</p> <p>Against this, further restricting opportunity for illegal working positively impacts on the attractiveness of the business environment among legitimate business.</p> <p>The directional rating is scored uncertain due to the two competing impacts on ease of operation of doing business in the UK.</p>	Uncertain
International Considerations: Does the measure support international trade and investment?	There is no expected impact on international trade and investment.	Neutral
Natural capital and Decarbonisation: Does the measure support commitments to improve the environment and decarbonise?	There are no expected environmental impacts	Neutral

8. Monitoring and evaluation of preferred option

Monitoring and evaluation arrangements

34. The Home Office has an ongoing programme of monitoring and evaluation on Compliant Environment measures as part of enacting Recommendation 7 of the Windrush Lessons Learned Review.¹²
35. Evaluation of the legislative changes to the Right to Work measure will be incorporated into ongoing monitoring and evaluation work to assess the impact of the change in policy through assessment of enforcement action related to casual and temporary work. Key metrics which will be monitored include the number of illegal working visits to businesses that contract or match casual and temporary workers to employers, the

¹² Evaluation of the compliant environment: interim report - GOV.UK:
<https://www.gov.uk/government/publications/evaluation-of-the-compliant-environment-interim-report>

number of related detentions and returns, and number and value of civil penalties related to these visits. Before and after analysis will be used to assess implementation of the changes.

36. Additionally, the demographics of arrested workers in this sector will also be reviewed. The evaluation will also explore how compliance with the measure can best be assessed, including employer usage of digital checking services and the Home Office Employer Checking Service. Noting a recent survey with employers provides the department with a baseline around existing understanding among employers around Right to Work checks.¹³
37. Evidence on broader impacts will also be sought, for example via existing Home Office stakeholder groups, including advisory groups and the Employer Consultative (ECHO) group, in addition to ongoing qualitative illegal working research. Findings will be reported through established internal governance to inform policy, and operational officials to aid their decision making on implementing the changes.

Assessment of whether objectives have been met

38. There already is a theory of change established for enforcement of illegal working (included within this document) which establishes the overall outcomes, activities, inputs and outputs of illegal working enforcement. Data collection and analysis is aligned to this theory of change to support evaluation of changes.

Assessment of unintended consequences

39. Engagement has taken place with a range of businesses and their representative bodies to understand whether there are any unintended consequences for businesses. Home Office will conduct a consultation with businesses to ensure the department engages with key stakeholders before the legislation is enforced. This will also inform any further refinement of the evaluation plans and regular reviews of the Right to Work Scheme equality impact assessment.

9. Minimising administrative and compliance costs for preferred option

40. Extensive communications strategies are in place to help ensure employers understand their obligations, including comprehensive guidance and statutory codes of practice, webinars and engagement events. The Home Office provides a suite of digital checking services to support the system of checks, an Employer Checking Service and an employer enquiry helpline. All of which are available to businesses to provide further information on how to carry out checks. The Home Office can also arrange online training. A range of channels are used to reach audiences, with almost 10,000 stakeholders signed up to receive updates about Right to Work in the UK.
41. This will support a formal consultation with industry to enable businesses to prepare ahead of implementation of the measures.

¹³ Employer awareness of, and self-reported compliance with, Right to Work checks - GOV.UK: <https://www.gov.uk/government/publications/employer-awareness-of-right-to-work-checks/employer-awareness-of-and-self-reported-compliance-with-right-to-work-checks>

42. The Home Office online checking service provides a digital system that allows an employer to conduct checks on the status of migrants. This service is free, and the checks through this route take a small amount of time to complete. There is also a system of support in place for employers with enquiries about the process. Businesses now also have the choice of conducting digital checks via identity service providers (also referred to as digital verification services) for some British and Irish citizens, as well as the option to manually check physical documents.

10. Main assumptions / sensitivities and economic / analytical risks

43. The measure will increase the number of right to work checks by businesses. There is risk the number of additional checks which materialise is outside of the scenario range presented in the assessment. There is uncertainty on the volume of working arrangements coming into scope of the Right to Work Scheme and the frequency of job turnover in these arrangements. The upper and low scenarios of the assessment aim to capture a wide range to mitigate this risk. There is uncertainty on the existing level of pre-employment check activity on the working arrangements brought into scope of the Right to Work Scheme which also impacts confidence in this number. The appraisal assumes all checks on the working arrangements brought into scope are additional.
44. The familiarisation cost to businesses is non-monetised due to uncertainty on the number who will be brought into scope of the Right to Work Scheme. Many businesses will engage workers in more flexible arrangements and will also have employees. These businesses are already in scope of the Right to Work Scheme. The cost per business, in terms of reviewing online guidance or gaining familiarity with the process of applying checks in practice, is small.
45. The cost to a business to carry out a right to work check is small. However, there is uncertainty on the exact time it may take on an individual case basis and, in the case of using an Identity Service Provider (IDSP), uncertainty on the price charged.
46. There is limited evidence on the total number of checks currently carried out through each available check route – manual, IDSP, and Home Office online check. The assumed relative use across each for the additional arrangements brought into scope is therefore illustrative. The cost to a prospective worker to facilitate a right to work check through supplying identify documents is typically small. However, there may be instances where additional travel is required by a prospective worker to facilitate a manual check if they do not typically travel to a place of work. The cost of this additional potential travel time has not been monetised.

Declaration

Department:

Home Office

Contact details for enquiries:

bscbillteam@homeoffice.gov.uk

Minister responsible:

Dame Angela Eagle DBE MP

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

Signed:

A handwritten signature in blue ink that reads "Angela Eagle".

Date:

7 May 2025

Summary: Analysis and evidence

For Final Stage Impact Assessment, please finalise these sections including the full evidence base.

Price base year:

2026/27

PV base year:

2026/27

	Business as usual (baseline)	Preferred way forward
Net present social value (with brief description, including ranges, of individual costs and benefits)	£0m – impacts of preferred way forward valued relative to the baseline	<ul style="list-style-type: none"> NPSV: -£15 million high, -£103 million central, -£368 million low. Monetised costs are on-going cost to business to carry out right to work checks (£12 million low, £90 million central, £337 million high) and ongoing costs to households for their time to facilitate checks (£2 million low, £14 million central, £31 million high).
Public sector financial costs (with brief description, including ranges)	£0m – impacts of preferred way forward valued relative to the baseline	<ul style="list-style-type: none"> £0m
Significant un-quantified benefits and costs (description, with scale where possible)		<ul style="list-style-type: none"> Reduction in the cost of illegitimate use of public services via a reduction in the irregular migration population. Potential increased profit for legitimate firms who do not utilise illegal workers. Familiarisation cost for additional businesses brought into scope of the Right to Work Scheme.

Key risks (and risk costs, and optimism bias, where relevant)	The risk of business as usual is disparity in responsibilities for carrying out right to work checks continues. Rogue employers can evade liability and the reductions in illegal working generated by the preferred option are not realised.	<ul style="list-style-type: none"> • There is significant uncertainty on the additional number of additional working arrangements brought into scope and uncertainty and the level of churn (e.g. movement between jobs) within these types of arrangements. This primarily accounts for the wide range in cost. • It is known that some engagers of workers already conduct check activity on these individuals without being legally obliged. However, the total proportion of all these arrangements who are already subject to some form of checking activity is not known.
Results of sensitivity analysis		<ul style="list-style-type: none"> • Sensitivity range of estimates reported above.

Evidence base

Problem under consideration, with business as usual, and rationale for intervention

Background

1. Under UK legislation, access to work is reserved for those who are eligible and have lawful immigration status in the UK. All employers have a responsibility to prevent illegal working by those individuals who are not entitled. They can do this by conducting prescribed right to work checks before engaging someone under a contract of employment, including British and Irish citizens.
2. These checks ensure the individual is not disqualified from carrying out the work in question by reason of their immigration status (the Right to Work Scheme). The undertaking of such checks ensures the employer can obtain a statutory excuse against liability for a civil penalty.
3. The preferred option extends the responsibility of employers to carry out right to work checks to those who employ individuals under a worker's contract, those who use individual sub-contractors, and online matching services that provide details of service providers to potential clients or customers for remuneration.

Rationale for intervention

4. The opportunity to work illegally is an economic incentive for irregular migration.¹⁴ Illegal working creates unfair competition, negatively impacts legitimate businesses, and puts additional pressure on public services. A rapid growth has been observed in the UK in modern labour market models where businesses can currently engage workers without the requirement to complete right to work checks.
5. The legislative amendments intend to prevent illegal working and provide a level playing field in respect of businesses' responsibilities. Reducing the number of irregular migrants who are able to access these work opportunities by extending right to work checking requirements to those who employ individuals under a worker's contract, those who use individual sub-contractors, and online matching services that provide details of service providers to potential clients or customers for remuneration.

Additional arrangements in scope

6. Two studies give insight into overall Limb (b) worker prevalence in the UK (HMRC and Kantar, 2019; and IFF Research and HMRC, 2022).¹⁵ IFF Research and HMRC (2022) estimate 5.2 million people in the UK have some choice over their working pattern and tax and NI is deducted from their pay in at least one of their jobs. They estimated 1.6 million people with total choice over their work pattern in at least one job with the same tax and NI condition applied. As working pattern choice is a factor in determining Limb (b) as it relates to employer control, this study gives some insight to overall limb (b) prevalence.

¹⁴ Why people move: understanding the drivers and trends of migration to Europe, ODI (2015):

<https://assets.publishing.service.gov.uk/media/5a803fe440f0b6230269266c/understanding-drivers-migration-Europe.pdf>

¹⁵ HMRC and Kantar (2019). Different Ways of Working: Research on Employment Status in the UK - GOV.UK:

<https://www.gov.uk/government/publications/different-ways-of-working-research-on-employment-status-in-the-uk--2>

IFF Research and HMRC (2022). Contract trends in the UK labour market - GOV.UK:

<https://www.gov.uk/government/publications/contract-trends-in-the-uk-labour-market>

7. HMRC and Kantar (2019) estimate the number of individuals with Limb (b) worker status as between 0.9 million and 3.7 million. This was based on participants reports of whether their work could be characterised by any of the four key determinants of employment status established in case law (control, enterprise, integration and personal service). HMRC and Kantar (2019) failed to determine the status of an estimated 2.4 million individuals, noting the complexity of the body of case law underpinning employment status.
8. Other studies have looked specifically at participation in the gig economy. Brione and Zaidi (2024) note while recent case law has tended to find gig workers qualify for Limb (b) status these individuals could be either Limb (b) or self-employed as employment status depends on the business model of the provider in question.¹⁶
9. The Chartered Institute of Personnel and Development estimated 460,000 gig participants within the last three months based on the January–March 2022 Labour Force Survey to around 79,500 individuals ¹⁷ Huws and Spencer (2021) estimated 4.4 million people performing work they had found via an online platform at least once a week in England and Wales based on smaller survey to around 2,200 people.¹⁸
10. Because Limb (b) workers are more likely to have more casual and flexible working relationships estimates of agency work and zero-hours contract prevalence is also informative.¹⁹ 1.03 million people were estimated to be on zero-hour contracts as their main job from April to June in 2024 (based on the ONS Labour Force Survey).²⁰
11. The Department for Business and Trade estimated approximately 900,000 agency workers, of whom approximately 140,000 also stated that they were employed on a zero-hours contract, as of March 2024 based on ONS Labour Force Survey data.²¹

Policy objectives

12. The objectives were set out in the main text of the Impact Assessment:
 - Objective 1. To strengthen right to work checks by extending the scope of employers and businesses required to carry out checks to prevent illegal working. This will include a legal requirement for organisations to carry out right to work checks on individuals they employ under a worker's contract or as individual sub-

¹⁶ Brione and Zaidi (2024). Employment status, House of Commons library
<https://researchbriefings.files.parliament.uk/documents/CBP-8045/CBP-8045.pdf>

¹⁷ CIPD (2023). The gig economy: What does it really look like:
<https://www.cipd.org/uk/knowledge/reports/gig-economy/>

¹⁸ Huws and Spencer (2021). Platformisation and the pandemic: changes in workers' experiences of platform work in England and Wales, 2016-2021:
<https://www.tuc.org.uk/sites/default/files/2021-11/Platform%20essays%20with%20polling%20data.pdf>

¹⁹ Employment status and employment rights: guidance for HR professionals, legal professionals and other groups - GOV.UK:
<https://www.gov.uk/government/publications/employment-status-and-employment-rights/employment-status-and-employment-rights-guidance-for-hr-professionals-legal-professionals-and-other-groups>

²⁰ House of Commons Library (2024). Zero-hours contracts:
<https://researchbriefings.files.parliament.uk/documents/SN06553/SN06553.pdf#:~:text=People%20working%20on%20zero%2Dhours%20contracts%20This%20also,all%20people%20in%20employment%20in%20the%20UK.>

²¹ Consultation on the application of zero-hours contracts measures to agency workers (web accessible version) - GOV.UK:
<https://www.gov.uk/government/consultations/making-work-pay-the-application-of-zero-hours-contracts-measures-to-agency-workers/consultation-on-the-application-of-zero-hours-contracts-measures-to-agency-workers-web-accessible-version#fnref:2>

contractors; and for online matching services that provide details of service providers to potential clients or customers for remuneration.

- Objective 2. To create parity in the labour market in relation to the requirement to carry out right to work checks. Encouraging businesses to provide work opportunities to those who are eligible and with permission to work in the UK.
- Objective 3. To further encourage compliance with the Right to Work Scheme, thereby strengthening the government's response to tackle rogue employers and those seeking to enter or remain in the UK without lawful immigration status.

Description of options considered

13. The long list and short list options were set in the main text of the Impact Assessment. The two short list options are:
 - **Option 0: 'Do nothing'**. Retain the existing, statutory Right to Work Scheme and associated sanctions for non-compliance.
 - **Option 1:** Undertake a formal consultation prior to commencing regulatory changes extending the number of working arrangements in scope of the Scheme. **Option 1 is the government's preferred option.**
14. The preferred option extends the Right to Work Scheme to increasingly utilised alternative working models. Many of those working in such arrangements are contracted as 'Limb (b) workers' or self-employed contractors, rather than 'employees', and are currently out of scope of eligibility checks. This includes:
 - companies contracting (in whatever form, including via digital means) for the provision of services under their company identity, such as freelancers or contractors;
 - contracted or 'matched' for client facing services, such as agency workers and food delivery riders in the gig economy; and
 - individuals engaged in a more constant role (on casual terms), but as workers rather than employees (perhaps on a zero-hour contract) such as in warehousing or kitchen services.

Summary and preferred option with description of implementation plan

15. Option 1 is the government's preferred option as it will facilitate formal consultation with businesses prior to commencing regulatory changes that will extend the number of working arrangements in scope of the Right to Work Scheme.
16. There is a commitment to consult, amend any secondary legislation, and update internal and external guidance products as well as statutory codes of practice following Royal Assent. In addition, there is an intention to set a period from the publication of guidance before enforcement to ensure businesses can adapt and prepare.

NPSV: monetised and non-monetised costs and benefits of each shortlist option (including administrative burden)

17. The appraisal assumes the legislation is enforced from at the latest 2026/27. The exact date of enforcement is conditional on the date of Royal Assent and completion of the implementation activities described immediately above.

Wider social benefits (non-monetised)

18. The preferred option aims to further deter illegal working and the associated potential societal harms, including exploitation and unfair competitive practices through wage or remuneration undercutting causing harm to legitimate business. By increasing difficulty in accessing illegal work, the option intends also to reduce numbers entering or remaining in the UK without lawful immigration status. This will reduce further social harms associated with irregular migration such as illegitimate use of public services.
19. Due to the difficulty in estimating the exact size of the irregular population, the government has not produced any official estimates since 2005. Likewise, there are no official or reliable estimates of the proportion who may be working illegally.
20. Recently published research does however give insight into employers' views of illegal working prevalence.²² The findings are based on a representative selection of UK employers across sectors and size. 21 per cent of businesses said that they thought illegal working was common in their sector, rising to around half of businesses in construction, food, and accommodation. These sectors have relatively high numbers of self-employed or zero hours workers.
21. The research gives insight into the reasons employers have for conducting checks. Mostly employers conducted checks to prevent illegal working (93 per cent) and to comply with regulations (92 per cent).
22. Non-monetised wider social benefits from reducing illegal working (and the associated impact on illegal migration levels) include reducing exploitation, cost to firms, and social harms from irregular migration.

Exploitation (non-monetised)

23. Illegal working can be susceptible to exploitation and abuse. Suspected victims of exploitation or modern slavery found during Home Office Immigration Enforcement illegal working visits can be referred to the National Referral Mechanism (NRM).²³ 24 referrals to the NRM were made between August 2022 and July 2023.²⁴ Individuals must consent to be referred to NRM, so this referral figure only captures those who did so. Reviews of inspection case records have found some illegal workers underpaid, and some paid in food and board rather than money.²⁵

²² Employer awareness of Right to Work checks - GOV.UK:

<https://www.gov.uk/government/publications/employer-awareness-of-right-to-work-checks>

²³ Modern slavery victims: referral - GOV.UK:

<https://www.gov.uk/government/publications/human-trafficking-victims-referral-and-assessment-forms>

²⁴ Independent Chief Inspector of Borders and Immigration (2024). An inspection of illegal working enforcement, August – October 2023:

https://assets.publishing.service.gov.uk/media/65e06f5ff1cab36b60fc47af/An_inspection_of_illegal_working_enforcement_August_to_October_2023.pdf

²⁵ Independent Chief Inspector of Borders and Immigration (2019). An Inspection of the Home Office's Approach to Illegal Working, August – December 2018:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/800641/An_inspection_of_the_Home_Office_s_approach_to_Illegal_Working_Published_May_2018.PDF

Benefits to Firms (non-monetised)

24. There are three types of in-scope firms: those who currently do not employ illegal workers, those who do employ illegal workers but without knowing, and those who employ illegal workers knowingly. The preferred option will formalise rules in limb(b) concentrated sectors and as a result firms who do unknowingly employ illegal workers will cease to do so. There is a lack of empirical data on this, and so economic theory is used to inform on this effect.
25. Illegal workers are assumed to accept lower wages than domestic workers and so provide a cost-lowering opportunity to firms willing to hire them. This provides an incentive to hiring illegal workers as firms can reduce prices whilst maintaining profit margins. Lower prices translate to higher market share, greater profits and greater market opportunities all at the expense of compliant firms. In a perfectly competitive market, it would be expected that competitive firms would be forced to exit the market as they lose all demand for their products. This is not the case in reality due to imperfect market conditions.

Reduced Social Harms of Irregular Migration (non-monetised)

26. By limiting illegal working opportunities this measure could reduce both the illegal working and irregular migration population. This in turn may alleviate social harms associated with irregular migration such as illegitimate use of public services.

Familiarisation cost to business (non-monetised)

Uncertainty on number of businesses impacted

27. Many businesses will engage some individuals on flexible arrangements. Those arrangements could land in scope of the new legislation. The Resolution Foundation (2024) found 75 per cent of businesses employ at least one worker on a flexible contract.²⁶ This increased to 93 per cent for medium size employers and 94 per cent for large employers. These findings are based on an online survey asking firms what type of employment contracts they use. The Resolution Foundation defined flexible work as zero-hour contracts, variable hour contracts, and fixed contracts under 6 months.
28. However, existing businesses who engage workers in more flexible arrangements and who also have employees might not be expected to incur familiarisation costs as they are already in scope of the Right to Work Scheme.
29. The number of businesses exclusively engaging workers is uncertain. CIPD (2022) provide some insight among those employers using zero-hours contracts.²⁷ They report findings from the spring 2021 CIPD Labour Market Outlook survey which found 18 per cent of employers (with two or more employees) made some use of zero-hours contracts (n = 1,045 survey respondents). However, only a small proportion of those who do so make use of zero-hours contracts for most of their workforce. 23 per cent of employers with two or more employees who made use of zero-hours contracts said 50 per cent or more of their workforce are on zero-hour contacts (n = 132 survey

²⁶ Resolution Foundation (2024). Firm Foundations: Understanding why employers use flexible contracts: <https://www.resolutionfoundation.org/app/uploads/2024/04/Firm-foundations.pdf>

²⁷ CIPD (2022). Zero-hours contracts- Evolution and current status: <https://www.cipd.org/uk/about/press-releases/110822-cipd-zero-hours-contracts-research/>

respondents). The reported findings were banded and did not give an estimate for the proportion using only zero-hour contracts.

30. Due to the uncertainty on the additional number of businesses who may incur familiarisation cost this impact is unmonetised. However, for information, assumptions on plausible familiarisation cost per business is below.

Types of check

31. There are three ways a business can complete a right to work check:
- A manual check of original documents from a prescribed list of acceptable documentation (all citizens).
 - A check using Identification Document Validation Technology (IDVT) via the services of an Identity Service Provider (IDSP) (UK and Irish citizens only).
 - A Home Office online check (non-UK and non-Irish citizens only).
32. A manual check involves obtaining physical documents proving a worker's right to work, checking their validity by ensuring they match the worker, and copying and keeping documents.²⁸
33. A business can alternatively pay a fee to an IDSP provider to carry out RTW checks on their behalf. This route has been available since April 2022. The Home Office online check is free of charge. It can be used for non-citizens only and prospective employees share a code which employers verify on gov.uk. This was introduced in April 2018.

Familiarisation cost per business

34. The guidance on right to work checks for employers is published online.²⁹
35. One form of familiarisation will be reviewing this guidance. It is estimated it could take a business an additional 35 to 171 minutes to review the guidance. This document is 24,350 words long (including annexes), whilst it is assumed that not all annexes are relevant to a given employer, an employer would still have to take time to assess an annex's relevance. This word count is converted into the cited minutes using the Reading Soft Calculator. This is an internal Home Office appraisal tool. This calculator uses high, central, and low assumptions on reading speed, re-readings required and allowance for dyslexia and/or non-first language status. This range covers for a wide variety of comprehension levels. It is also assumed that guidance will be read on a screen which is noted to take 25 per cent more time than reading on paper.
36. Administrative occupations have an estimated cost per labour hour of £19.48 (2026/27 prices) (see 'Risks and Assumptions' section). Therefore, the one-off guidance familiarisation cost for an administrator could range from £11.37 to £55.53 (for example (35 minutes / 60 minutes) * £19.48 for the lower end estimate).

²⁸ Right to work checks: an employer's guide - GOV.UK:

<https://www.gov.uk/government/publications/right-to-work-checks-employers-guide>

²⁹ Employer's guide to right to work checks: 12 February 2025 - GOV.UK:

<https://www.gov.uk/government/publications/right-to-work-checks-employers-guide>

Table 2, Familiarisation time and cost to review employer's guide to right to work checks

Assumed time required for activity	Time for employers to read guidance (minutes)	Estimated cost (for administrative occupations, £)
Low	35	11.37
Central	98	31.82
High	171	55.53

Source: Home Office, own estimates, 2025.

37. Another familiarisation cost is the process of applying checks in practice. A previous appraisal assumed choosing an IDVT provider, downloading and navigating an app, and understanding the general process could take 30 minutes (with low and high scenarios of 15 and 45 minutes). Similarly, a business yet to engage with the online checking service would require time to familiarise themselves with it. This has been assumed to take around 5 minutes. There is assumed to be no (or negligible) additional familiarisation time in learning how to apply a manual check.

Table 3, Familiarisation time for process of applying checks

Assumed time required for activity	Time for IDVT application familiarity (minutes)	Estimated cost for IDVT application familiarity (for administrative occupations, £)	Time for Home office online check application familiarity (minutes)	Estimated cost for Home office online check application familiarity (for administrative occupations, £)
Low	15	4.87	5	1.62
Central	30	9.74	5	1.62
High	45	14.61	5	1.62

Source: Home Office, own estimates, 2025.

38. Only some additional businesses brought into scope will choose to gain familiarity with applying the IDVT or Home Office online check. Some businesses may choose to only apply manual checks.

Costs and benefits to business calculations

39. This section sets illustrative low, central, and high scenario on-going cost estimates to business to carry out right to work checks. These checks are required to verify an individual's right to work in the UK before they start work. In addition, under current legalisation, if an employee has a time-limited permission to work employers must also conduct a follow-up check before that permission to work expires during the duration of the employment.
40. The calculations for check volumes are below. See the "Risks and Assumptions" section for further discussion and sources.
- **Population Volume.** The low scenario assumes 2.5 million additional working arrangements in scope. The high scenario assumes 5 million. The central scenario assumes 3.75 million (the midpoint). This illustrative range is informed

by studies mentioned in the "Problem under consideration, with business as usual, and rationale for intervention" section above. These scenarios aim to capture a plausible lower and upper bound population range to inform the understanding of impacts. There is significant uncertainty regarding the population volume who will fall in scope.

- **Growth.** The low scenario assumes a 1.14 per cent annual increase in arrangements in scope. This is based on the historic average annual growth rate of the overall payrolled employee workforce. The central scenario assumes a 2.28 per cent annual increase. This reflects a relatively higher estimate of growth in 'insecure' work. The high scenario assumes a 3.00 per cent annual increase. This is to account for potentially even higher growth in certain segments of the alternative working arrangement population brought into scope.
- **Churn.** Labour churn refers to the movement between jobs within a year. Higher churn rates necessitate more checks as they are required before new jobs start. The high scenario assumes a churn rate of 172 per cent. This is based on two surveys of gig economy participants which suggest, on average, 86 per cent of participants might exit gig participation each year. This is doubled to account for gig workers often working on multiple platforms (i.e., 86 per cent x 2). The low scenario assumes a churn rate of 29 per cent. This based on an estimated average tenure for those on zero-hour contracts. The central scenario is 101 per cent. This is the midpoint between the high and low (172 per cent and 29 per cent). See the "Risks and Assumptions" for references to sources.

Summary of right to work check calculations

41. A summary of the calculated number of right to work checks is below.

Low scenario:

- 2.5 million workers x 29 per cent churn = ~700,000 checks in 2026/27.
- Checks increase by 1.14 per cent per year.

Central scenario:

- 3.75 million workers x 101 per cent churn = ~3,800,000 checks in 2026/27.
- Checks increase by 2.28 per cent per year.

High scenario:

- 5 million workers x 172 per cent churn = ~8,600,000 checks in 2026/27.
- Checks increase by 3.00 per cent per year.

Right to work check calculation caveats

42. The following caveats should be noted:

- **Existing pre-employment check activity on the alternative working arrangements brought into scope of the Right to Work Scheme.** This has not been considered in the calculations above due to uncertainty on the total number of additional working arrangements who will come into scope but who may already be subject to legislatively compliant right to work checks. As such, the above calculations could be viewed as upper bounds within each scenario. Research with businesses has found some gig economy employers were aware they are not

legally required to conduct any checks but, despite this, most did some level of pre-employment checks.³⁰ Employment intermediaries were found to be the most stringent in conducting checks on potential workers. Employers of self-employed contractors were found to do different pre-employment checks depending on the length of the contract and the sector. If work was ad-hoc or short-term, they often considered checks as less important.

- **Multiple job applications.** The calculations do not consider that some individuals will be successful in multiple job applications and withdraw from offered positions after completing a right to work check. .
- **Follow up checks.** This is not included in the calculations above. A follow up check is required by an employer for individuals who have time-limited right to work, as shown by an expiry date. They are required to check documents again before they are due to expire. Those with time-limited right to work are a portion of the population volumes totals discussed above. And, of those with time-limited right to work who start a new job in a year, only a portion will remain in that given job towards the end of financial year or the expiry date of their right to work.
- **Current compliance.** The calculations assume full compliance. A representative survey with UK employers gives insight into existing compliance among employers. This found 89 per cent understood checking requirements.³¹ However, when explored in more detail, some knowledge was more superficial. Those who hired zero-hours workers or smaller businesses were less likely to conduct checks correctly and/or accept incorrect documentation such as driving licences as proof of right to work.
- **Behavioural impact on those without right to work.** Those without right to work status could withdraw when information to complete a right to work check is requested which they are unable to supply, therefore reducing the future number of working arrangements which materialise. This impact has not been quantified.

Cost per check to business

43. The fee per IDSP check is assumed to range from £1.75 to £8.00 with a central figure of £2.50. The time it will take an employer to review and store a right to work check using IDVT is assumed to be one minute. The Home Office online check is free of charge but requires time for a business to carry it out. This is assumed to be 5.5 minutes. The time required for a manual check is assumed to be between 5.5 and 9.5 minute with a central assumption of 7.5 minutes per check. It is assumed these checks are carried out by administrative occupations with an estimated cost per labour hour of £19.48 (2026/27 prices).

44. The estimated cost per check is:

Low scenario:

- Manual check = 5.5 minutes * (£19.48 / 60) = £1.79
- IDSP check = £1.75 + 1 minutes * (£19.48 / 60) = £2.07

³⁰ Employer immigration checks - GOV.UK:

<https://www.gov.uk/government/publications/employer-immigration-checks>

³¹ Employer awareness of Right to Work checks - GOV.UK:

<https://www.gov.uk/government/publications/employer-awareness-of-right-to-work-checks>

- Home Office online check = 5.5 minutes * (£19.48 / 60) = £1.79

Central scenario:

- Manual check = 7.5 minutes * (£19.48 / 60) = £2.44
- IDSP check = £2.50 + 1 minutes * (£19.48 / 60) = £2.82
- Home Office online check = 5.5 minutes * (£19.48 / 60) = £1.79

High scenario:

- Manual check = 9.5 minutes * (£19.48 / 60) = £3.09
- IDSP check = £8.00 + 1 minutes * (£19.48 / 60) = £8.32
- Home Office online check = 5.5 minutes * (£19.48 / 60) = £1.79

Relative use of different types of check

45. It is assumed that 70 per cent of checks for the additional arrangements brought into scope will be carried out manually, 20 per cent through IDSP, and 10 per cent through the Home Office online check. This assumed breakdown is illustrative. There is a lack of evidence on the current total number of checks currently carried out through each route.

Cost to business scenario estimates

46. The cost calculation for the central scenario (and for 2026/27 only) is given below. The derivation is based on the other calculations and assumptions for this scenario documented above. The other scenarios are calculated analogously. All three scenarios also assume growth in the number of checks in appraisal years following 2026/27.

Table 4, Calculation summary - cost to businesses carrying out right to work checks

Scenario	Calculation	Figures
Central scenario 2026/27 cost =	(number of manual checks) * (cost per manual check) +	= ~ 3.8 million additional checks * 70 per cent manual * £2.44 cost per manual check
	(number of IDSP checks) * (cost per IDSP check) +	= ~ 3.8 million additional checks * 20 per cent IDSP * £2.82 cost per IDSP check
	(number of Home Office online checks) * (cost per Home Office online check)	= ~ 3.8 million additional checks * 10 per cent Home Office online checks * £1.79 cost per Home Office online check
	Total cost for 2026/27	= £9.2 million

Source: Home Office, own estimates, 2025.

47. The table below shows the discounted total costs to business over the 10-year appraisal period under each scenario. The total on-going cost to business is estimated to be between £12 and £337 million (PV), with a central estimate of £90 million (PV) over 10 years.

Table 5, Ongoing costs for businesses carrying out RTW checks, £ million (PV), 2026/27 prices

Scenario	Total costs over appraisal period (£million PV)
Low	12
Central	90
High	337

Source: Home Office, own estimates, 2025

Impact on small and micro businesses

48. SMBs will not be exempt from this legislative change. All businesses are to be held to the same responsibilities in restricting the opportunity for illegal working regardless of their size or the working arrangements they should adopt. The compliance cost for an individual business in terms of time required or price to carry out a right to work check is small.

Costs and benefits to households' calculations

49. Prospective workers will typically be required to give up some time to facilitate right to work checks. The time for a prospective worker to complete a manual check is assumed 2 minutes. They would simply handover their documents in person at their prospective place of work. To use an IDVT requires an individual to complete a form online or via an app which takes longer. This is assumed to take 7.5 minutes. There are no assumed costs for individuals to provide a share code and their date of birth to enable a check via the Home Office online service.

50. An estimate for the value of leisure time foregone (£7.73 per hour, 2026 prices) is applied to the assumed time requirements above. This is then combined with assumptions on the relative use of different checks and the estimated total number of checks.
51. For each scenario, the total cost to households has been calculated for each year in the 10-year appraisal period. An example for the central scenario cost in 2026/27 is below. The other scenarios are calculated analogously with each assuming growth in the number of checks in appraisal years following 2026/27. Home Office online checks are not included in these calculations as there is assumed to be no costs to households for this type of check.
52. Prospective workers will typically be required to give up some time to facilitate right to work checks. The time for a prospective worker to complete a manual check is assumed 2 minutes. They would simply handover their documents in person at their prospective place of work. To use an IDVT requires an individual to complete a form online or via an app which takes longer. This is assumed to take 7.5 minutes. There are no assumed costs for individuals to provide a share code and their date of birth to enable a check via the Home Office online service.

Table 6, Calculation summary - cost to households facilitating right to work checks

Scenario	Calculation	Figures
Central scenario 2026/27 cost	(number of manual checks) * (cost per manual check) +	= ~ 3.8 million additional checks * 70 per cent manual * £0.26 cost per manual check time
	(number of IDVT checks) * (cost per IDVT check)	= ~ 3.8 million additional checks * 20% IDVT * £0.97 cost per IDVT check time
	Total cost for 2026/27	= £1.4 million

Source: Home Office, own estimates, 2025.

53. Discounted total costs to households over the appraisal period are in the table below. The estimated range has a PV between £2 million and £31 million. The central cost has a PV of £14 million.

Table 7, Ongoing costs for households carrying out RTW checks, £ million (PV), 2026/27 prices

Scenario	Total costs over appraisal period (£million PV)
Low	2
Central	14
High	31

Source: Home Office, own estimates, 2025

- 54. The cost calculation does not account for potential additional travel required for a manual check for those prospective workers who do not typically travel to their place of work.
- 55. Assumptions are explained in detail in the risks and assumptions section.

Business environment

- 56. The legislation could increase the cost of entry for those new businesses now required to gain familiarity with the Right to Work Scheme and carry out right to work checks. Only engagers of 'workers' and 'self-employed' individuals currently have no legal responsibility to ensure work is carried out by individuals with a right to work in the UK. Against this, further restricting opportunity for illegal working positively impacts the attractiveness of the business environment among legitimate business which is conducive to investment and growth.

Trade implications

- 57. There are no trade implications.

Environment: Natural capital impact and decarbonisation

- 58. There are no environmental impacts.

Other wider impacts (consider the impacts of your proposals)

- 59. There are no wider impacts.

Risks and assumptions

Policy risk

- 60. There is some risk that irregular migrants could be driven into exploitative underground work environments or left in destitution due to the increased restriction in gaining access to work in the way they do at present due to the measure. This could materialise through the restriction to access income through (illegal) work.
- 61. Appraisal assumptions and the risks and uncertainty around each are detailed below.

Wage for administrative occupations

- 62. The median (gross hourly wage excluding overtime) hourly earnings for administrative occupations of £14.78 has been taken from ASHE 2024 (provisional) to monetise the familiarisation costs.³² This is uplifted by 22 per cent to account for non-wage costs, so

³² ONS Earnings Data, ASHE table 14:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitso c2010ashtable14>

the total hourly labour cost is estimated as £18.02.³³ This is then uplifted to £19.48 to 2026/27 prices using OBR estimates for wage and salary inflation.³⁴

63. The simplifying assumption that checks are carried out by administrative occupations is more likely to be misrepresentative for smaller businesses. Research found 93 per cent of medium or large employers (50 or more employees) reported at least some checks being carried out by a 'Human resources team, or other specific internal team'.³⁵ Only 34 per cent of micro or small employers (1 to 49 employees) reported at least some checks being undertaken by such teams. 84 per cent of the micro or small employers reported at least some checks being undertaken by the business owner, director, or other partner.

Additional number of working arrangements in scope

64. The low scenario assumes 2.5 million additional working arrangements come in scope. The high scenario assumes 5 million. The central scenario assumes the midpoint, 3.75 million.
65. This illustrative range is informed by studies reviewed in the "Problem under consideration, with business as usual, and rationale for intervention" section of the evidence base. There is considerable uncertainty on the number of arrangements to come into scope and the wide scenario range intends to account for this. The studies reviewed are informative, but all differ in survey methodology, sample size, and sampling period which contributes to the variability in figures. There are also overlaps across sub-populations of workers. For example, agency workers can also be on a zero-hour contract.
66. Additional studies were identified estimating gig participation. This includes BEIS (2018) and CIPD (2017).³⁶ Both asked survey participants for any gig participation over a previous 12-month period. Both vary in their estimates. BEIS (2018) estimated 2.8 million people had worked in the gig economy in the last 12 months based on interviews carried out in July and August 2017. CIPD (2017) estimated 1.3 million individuals engaged in any sort of paid employment in the gig economy in the last 12 months based on survey fieldwork undertaken in December 2016.

Growth in additional number of working arrangements in scope

67. The low scenario assumes a 1.14 per cent annual increase. The central assumes 2.28 per cent and the high 3.00 per cent. 1.14 per cent is the estimated average annual percentage increase in the overall payrolled employee workforce estimated on data over the period March 2015 to February 2025.³⁷ Those in 'insecure work' was estimated by

³³ Eurostat, Labour cost levels by NACE:

https://webgate.ec.europa.eu/eurostat/cache/metadata/en/lc_lci_lev_esms.htm

³⁴ Economic and fiscal outlook – March 2025 - Office for Budget Responsibility:

[Economic and Fiscal Outlook, OBR \(2025\): https://obr.uk/efo/economic-and-fiscal-outlook-march-2025/](https://obr.uk/efo/economic-and-fiscal-outlook-march-2025/) (see Table A.1: Economy forecast)

³⁵ Employer awareness of, and self-reported compliance with, Right to Work checks Research (2025):

<https://www.gov.uk/government/publications/employer-awareness-of-right-to-work-checks/employer-awareness-of-and-self-reported-compliance-with-right-to-work-checks#s6>

³⁶ BEIS (2018). The characteristics of those in the gig economy – final report:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/687553/The_characteristics_of_those_in_the_gig_economy.pdf

CIPD (2017). To gig or not to gig? Stories from the modern economy – survey report:

https://www.cipd.co.uk/Images/to-gig-or-not-to-gig_2017-stories-from-the-modern-economy_tcm18-18955.pdf

³⁷ [Earnings and employment from PAYE real time information, ONS \(2025\):](https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/realtimeinformationstatisticsreferencetablenonseasonallyadjusted)

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/realtimeinformationstatisticsreferencetablenonseasonallyadjusted>

TUC (2023) to have increased by 23 per cent from 2011 to 2022 based on the Labour Force Survey and Family Resources Survey.³⁸ In contrast, TUC (2023) estimate all those in work increased by 12 per cent over the same period. The increase in insecure work is roughly double so the central scenario is 2.28 per cent (for example, double 1.14). TUC (2023) defined 'insecure work' as agency, casual, seasonal and other workers, but not those on fixed – term contracts, workers whose primary job is a zero-hours contract, and self-employed workers who are paid below 66 per cent of median earnings. This definition does not fully align with the additional arrangements brought into scope with the measure, and so there is uncertainty on whether the growth rate is representative.

68. The high scenario assumes a 3.00 per cent annual increase. This is based on a subjective arbitrary uplift on the central scenario value to account for potential higher growth in participation in the gig economy. Gig economy participant is a portion of the additional arrangements brought into scope. Huws and Spencer (2021) report substantial growth in the platform working population between 2016, 2019, and 2021 based on similar surveys across three years.³⁹ Their estimates grew from 5.8 per cent of the working population in 2016 to 11.8 per cent in 2019 rising to 14.7 per cent in 2021.

Movement between jobs and in and out of market participation (churn)

69. The low scenario assumes a churn rate of 29 per cent. The high scenario assumes 172 per cent and the central is the midpoint (101 per cent).
70. The low scenario is based on evidence of tenure with current employer for those on zero-hour contracts. CIPD (2022) report time with current employer by zero-hour contract status based on Labour Force Survey (LFS) data from October to December 2021.⁴⁰ The tenure durations are reported in bands. For example, they report 12.2 per cent of those on zero-hour contracts have been with their current employer for less than 3 months. The average tenure estimate derived for this appraisal is based on the mid-point of each band. For example, the calculation assumes 12.2 per cent have been with their current employer for 1.5 months. Following the same approach across the other bands leads to an estimate for the average tenure of around 3.4 years. The churn rate implied by this tenure duration is (1 per cent 3.4 years) which equals 29 per cent.
71. The high scenario is based on survey results in CIPD (2017) and BEIS (2018).⁴¹ These surveys asked gig economy participants how long they been involved in the gig economy. The findings should be interpreted with caution as findings were banded in intervals (for example 'up to 3 months', '3 to 6 months'...). Moreover, a large proportion were unable to answer the length of involvement question. The calculation approach was to derive an indicative tenure estimate based on the mid-points of each band (for

³⁸ Insecure work in 2023, TUC (2023):

<https://www.tuc.org.uk/research-analysis/reports/insecure-work-2023>

<https://www.tuc.org.uk/research-analysis/reports/insecure-work-2023>

³⁹ Huws and Spencer (2021). Platformisation and the pandemic: changes in workers' experiences of platform work in England and Wales, 2016-2021:

<https://www.tuc.org.uk/sites/default/files/2021-11/Platform%20essays%20with%20polling%20data.pdf>

⁴⁰ CIPD (2022). Zero-hours contracts - evolution and current status:

<https://www.cipd.org.uk/about/press-releases/110822-cipd-zero-hours-contracts-research/>

⁴¹ CIPD (2017). To gig or not to gig? Stories from the modern economy – survey report:

https://www.cipd.co.uk/Images/to-gig-or-not-to-gig_2017-stories-from-the-modern-economy_tcm18-18955.pdf

BEIS (2018). The characteristics of those in the gig economy – final report:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/687553/The_characteristics_of_those_in_the_gig_economy.pdf

example, per cent of gig participants estimated to have participated “up to 3 months’ x 1.5 months + ‘3 to 6 months’ x 4.5 months...). The resulting estimates imply the average tenure in the gig economy could be around 1.16 years. This estimate has considerable uncertainty. It is based on only two surveys. In addition, the calculation approach assumed a participant response of ‘don’t know/can’t remember’ or ‘don’t know/can’t recall’ is independent of reported time of gig economy participation.

72. The average tenure of 1.16 years would imply a churn of 86 per cent (for example, 1 per cent 1.16 years) if those in the gig economy were tied to only one platform. However, gig workers often hold multiple jobs. A movement out of the gig economy could be associated with more than one job termination. A study by the European Commission found 76.3 per cent of gig workers in Europe (who use platforms more often than sporadically) work for more than one platform.⁴² The median number of platforms for workers in all types of platform work use was 2. Doubling 86 per cent results in a churn of 172 per cent.
73. Limited published research was identified to inform churn assumptions, so there is large uncertainty on the level of churn that might be expected for the additional arrangements in scope.

Cost per check to business

74. Based on market rates reported at the time by a small number of providers, an IDSP check was previously assumed to range from £1.50 to £2.50.⁴³ More recent limited engagement with the sector for the purposes of this assessment reveals a wider price range. Prices reported start from less than £1, and rise to a maximum of just over £10, showing a wide range of commercial options for businesses to select.
75. For the purpose of this appraisal, the low scenario assumes a fee of £1.75, the central, £2.50, and high £8.00. There is risk this overestimates costs - if it is assumed that lower end price offers are more likely to be chosen by an employer then the total cost is likely to be lower. However, there may be benefits to businesses engaging the services of a provider at a higher cost. A competitive market allows businesses to make informed commercial decisions and to select the most suitable provider.
76. The Home Office online check is assumed to take 5.5 minutes. The time required for a manual check is assumed to be between 5.5 and 9.5 minutes on average, with a central estimate of 7.5 minutes per check. These values were assumed in a previous appraisal and have not been reassessed for this appraisal.⁴⁴

Relative use of different types of check

77. It is assumed 20 per cent additional right to work checks for arrangements brought into scope will be the IDSP, 70 per cent manual, and 10 per cent through Home Office online check.

⁴² European Commission (2021). On improving working conditions in platform work – impact assessment report: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021SC0396%2801%29>

⁴³ Verifying identity digitally to demonstrate eligibility for the Right to Work (RTW) and Right to Rent (RTR) Schemes (2022): https://www.legislation.gov.uk/ukxi/2022/242/pdfs/ukxi0d_20220242_en.pdf

⁴⁴ Right to Work and Right to Rent checks for EEA Citizens Using Home Office Right to Work and Right to Rent Online Services (2021): https://www.legislation.gov.uk/ukxi/2021/689/pdfs/ukxi0d_20210689_en.pdf

78. Research with employers asked about the check methods they adopt.⁴⁵ Employers were to report usage of any type of check they use. 23 per cent said they used an IDSP to conduct checks. 79 per cent said they conducted manual checks. 37 per cent reported use of the Home Office online service. The research found employers who engage agency workers or workers on a zero-hour contract more often said they conducted manual checks relative to those who employed full-time employees.
79. The assumed breakdown is informed by the above evidence. It is uncertain whether the assumed breakdown across check types is representative. The research mentioned above does not give insight into the relative frequency of different check type usage. For example, while an employer may report usage of the Home Office online check service this could be for a small number of foreign nationals they happen to employ.

Cost of an hour of leisure

80. This is estimated as £7.73 (2026 prices) and is assumed to capture the opportunity cost for households supplying information to enable checks. This is “Value of Non-Working Time by Trip Purpose: Other” from section A.1.3.1 of the TAG data book spreadsheet.⁴⁶ The value is also described in Department for Transport WebTAG guidance.⁴⁷

Household time for a RTW check

81. A manual check is assumed to take 2 minutes and an IDVT check 7.5 minutes. Similar assumptions were applied in a previous appraisal and have not been reassessed.⁴⁸ The previous appraisal adopted a range for the IDVT time requirement from 5 minutes (low), 7.5 minutes (central) to 10 minutes (high). 7.5 minutes is assumed for all scenarios here for simplicity. It is further assumed that the Home Office check requires zero time. A Home Office online check carries a negligible time requirement for prospective workers as they only provide a share code and their date of birth to enable the check.
82. The total costs to prospective workers going through a manual check are likely underestimated. The 2-minute assumption above refers to small amount of time it may take the individual to hand over identity documents once they arrive at their prospective workplace. Research with business found most said they carried out RTW checks before signing a contract.⁴⁹ However, some (39 per cent) reported they carried out checks before they interview a prospective employee.
83. There could be instances when material is requested for a right to work check and where the individual typically does not travel to an office residence (or residence where a manual check is to take place) to carry out their duties. This could for example be jobs

⁴⁵ Employer awareness of, and self-reported compliance with, Right to Work checks (2025):

<https://www.gov.uk/government/publications/employer-awareness-of-right-to-work-checks/employer-awareness-of-and-self-reported-compliance-with-right-to-work-checks#overview-of-the-sample-population-and-how-they-carry-out-checks>

⁴⁶ TAG data book - GOV.UK:

<https://www.gov.uk/government/publications/tag-data-book>

⁴⁷ TAG Unit A 1.3, DfT (2025), See paragraph 4.3.1)

<https://assets.publishing.service.gov.uk/media/673e04efad6a5d7d2b1b08cd/tag-unit-a1-3-user-and-provider-impacts-may-2025.pdf>

⁴⁸ Verifying identity digitally to demonstrate eligibility for the Right to Work (RTW) and Right to Rent (RTR) Schemes (2022):

https://www.legislation.gov.uk/ukxi/2022/242/pdfs/ukxi0d_20220242_en.pdf

⁴⁹ Employer awareness of, and self-reported compliance with, Right to Work checks - GOV.UK

<https://www.gov.uk/government/publications/employer-awareness-of-right-to-work-checks/employer-awareness-of-and-self-reported-compliance-with-right-to-work-checks#overview-of-the-sample-population-and-how-they-carry-out-checks>

which entail full remote working. This scenario would require an additional trip for the prospective worker, which otherwise would not have happened, for the manual check to be completed.

Annex A

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.</p> <p>Equalities considerations have been made in respect of the measure included in this impact assessment.</p> <p>The proposal in question does not subject any person to less favourable treatment because of any protected characteristic. Therefore, no direct discrimination arises. However, if there are instances identified where individuals of a certain protected characteristic are likely to be more impacted by the proposed changes, the EIA will be updated accordingly and mitigate against disproportionate impacts.</p> <p>Some indirect impacts on the basis of protected characteristics have been identified which are applicable to a wide working population something to which this measure will impact. The measure is applicable to the wider UK working population, the composition of this population will result in people that share specific protected characteristics potentially being more indirectly affected than others who do not. These impacts, and any available mitigations, are however set out in the EIA. The potential impacts identified are considered to be justified as proportionate for the legitimate aims of the measure, including border security, disruption and prevention of crime, and maintaining a functioning immigration system.</p> <p>The Equality Impact Assessment considers the Bill as introduced in Parliament and any further updates will be made as necessary if the provisions that ultimately become law, subject to Parliament's approval, are substantively different.</p> <p>The SRO has agreed these summary findings.</p>	<p>Yes</p>