

<p><b>Title:</b>  <b>Impact Assessment of Biometric Residence Permits - Tiers 1 and 5 of Points Based System</b></p> <p><b>Lead department or agency:</b>  Home Office / UK Border Agency</p> <p><b>Other departments or agencies:</b></p>	<p><b>IA No:</b> HO0019</p> <p><b>Date:</b> 8/10/2010</p> <p><b>Stage:</b> Final IA</p> <p><b>Source intervention:</b> EU</p> <p><b>Type of measure:</b>  <b>Secondary legislation</b></p> <p><b>Contact for enquiries:</b>  Eleanor West 0208 760 2244</p>
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## Summary: Intervention and Options

### What is the problem under consideration? Why is government intervention necessary?

EU regulations require member states to issue foreign nationals from outside the European Economic Area (EEA) granted residency on their territories for more than 6 months a standalone residence permit containing the biometric features (two fingerprints and a facial image) of the holder stored in a chip in the permit. This document is known as a Biometric Residence Permit (BRP) in the UK and is issued by the UK Border Agency. To date the UK has only partially complied with the EU regulation as the rollout of the permit is being undertaken incrementally by immigration application category. To enable the rollout of the BRP to continue to more categories of (non-EEA) foreign nationals granted an extension of stay in the UK further secondary legislation is required.

### What are the policy objectives and the intended effects?

To introduce a secure immigration document that provides a foreign national with evidence of their status and entitlements. This in turn provides employers and other organisations with a secure document that they are able to readily recognise and easily check. The permit makes it easier for businesses to check whether foreign nationals are entitled to work in the UK, while making it more difficult for those not entitled to be in the UK to access employment and benefits. Issuing the permit to further categories of (non-EEA) migrants extending their stay in the UK enables the UK to meet its legal obligations under EU legislation to roll out BRPs to all new applicants by 2012.

### What policy options have been considered? Please justify preferred option (further details in Evidence Base)

Option 1: Do nothing: not recommended as this would continue to leave a multitude of immigration documents which employers would have to check. It could also open up the UK to infraction proceedings from the EU as we would fail to comply with the EU regulation.

Option 2: Implement EU minimum: issue standalone Biometric Residence Permits (initially without fingerprints) only where required by EU regulations. This would leave older, less secure immigration documents in circulation and would continue to leave employers with a multitude of documents to check. These would have to be replaced by Biometric Residence Permits in May 2012.

Option 3: Implement Biometric Residence Permit before EU deadline and phase out older, less secure types of immigration document: continue to issue a high quality secure document to all third country nationals who are here legally, that is easily recognisable by employers through an incremental rollout. This option avoids having to create two types of permit in quick succession.

<b>When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?</b>	It will be reviewed Ongoing
<b>Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?</b>	Yes

**SELECT SIGNATORY Sign-off** For consultation stage Impact Assessments:

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

Signed by the responsible Minister: Damian Green.... Date: 11 October 2010..

# Summary: Analysis and Evidence

# Policy Option 3

**Description:** Option 3: Implement Biometric Residence Permit before EU deadline and phase out older, less secure types of immigration document: continue to issue a high quality secure document to all third country nationals who are here legally, that is easily recognisable by employers through an incremental rollout

Price Base Year 2007	PV Base Year 2007	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: -£6.8m

COSTS (£m)	Total Transition (Constant Price) Year	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	£4.2	£3.2	£30.4

### Description and scale of key monetised costs by 'main affected groups'

Tiers 1 and 5 constitute approximately 16% of the total projected number of BRP applicants. :

1. Social costs of £8.1m (PV) relate to the costs of travelling to enrol biometrics.
2. An increase in operational costs of £17.5m (PV)
3. Share in set-up costs of £4m (PV).

### Other key non-monetised costs by 'main affected groups'

The fee paid by applicants is not included as it is a cost to individuals. This is assumed to be £30 per applicant and amounts to £38.6m for all Tier 1 and 5 applicants at current cost.

BENEFITS (£m)	Total Transition (Constant Price) Year	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate		£3.0	£23.6

### Description and scale of key monetised benefits by 'main affected groups'

The key monetised benefits are:

Improvement in efficiency of enforcement operations (UKBA), reduction in benefits fraud (UK economy), fewer removals of illegal immigrants (UKBA), reduction in foreign national migrant prison population (UK economy).

### Other key non-monetised benefits by 'main affected groups'

If UKBA does not meet the EU regulations for issuing BRPs, there is a strong possibility financial penalties will be incurred. An estimate of £10m a year, from the Home Office Legal Advisers Branch, as appropriate for modelling cost avoidance. Income for applications from groups other than students is excluded (as that money will be earned in the UK). This amounts to £8.5m (NPV). Similarly, income to Post Offices is excluded but calculated as being £430,000 (£13.56 for 45% of Tier 1 and 5 applications in 2010/11).

### Key assumptions/sensitivities/risks

Discount rate (%) 3.5

IT costs are already included in the model (£9,000).

Biometrics capture locations will change, but not as a result of the introduction of tiers 1 and 5.

Around 85% of applications will result in a BRP being issued and around 45% of applicants will have biometrics recorded at a Post Office.

From 2011, biometrics capture will be through a concession route that is currently under commercial consideration and therefore not modelled.

Volumes of PBS Tier 1 and 5 applicants are based on internal management information.

Volumes are based on current business operations and do not reflect any potential policy changes.

Impact on admin burden (AB) (£m):		Impact on policy cost savings		In Yes/No
New AB:	AB savings:	Net:	Policy cost savings:	

## Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	United Kingdom				
From what date will the policy be implemented?	14/12/2010				
Which organisation(s) will enforce the policy?	The UK Border Agency				
What is the annual change in enforcement cost (£m)?	£0				
Does enforcement comply with Hampton principles?	Yes				
Does implementation go beyond minimum EU requirements?	Yes				
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)	Traded: n/a		Non-traded: n/a		
Does the proposal have an impact on competition?	No				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	Costs: n/a		Benefits: n/a		
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	Micro	< 20	Small	Medium	Large
Are any of these organisations exempt?	n/a	n/a	n/a	n/a	n/a

## Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
<b>Statutory equality duties<sup>1</sup></b> <a href="#">Statutory Equality Duties Impact Test guidance</a>	No	19-20
<b>Economic impacts</b>		
Competition <a href="#">Competition Assessment Impact Test guidance</a>	No	19
Small firms <a href="#">Small Firms Impact Test guidance</a>	No	19
<b>Environmental impacts</b>		
Greenhouse gas assessment <a href="#">Greenhouse Gas Assessment Impact Test guidance</a>	No	21
Wider environmental issues <a href="#">Wider Environmental Issues Impact Test guidance</a>	No	21
<b>Social impacts</b>		
Health and well-being <a href="#">Health and Well-being Impact Test guidance</a>	No	21
Human rights <a href="#">Human Rights Impact Test guidance</a>	No	21
Justice <a href="#">Justice Impact Test guidance</a>	No	21
Rural proofing <a href="#">Rural Proofing Impact Test guidance</a>	No	21
<b>Sustainability</b> <a href="#">Sustainable Development Impact Test guidance</a>	No	21

<sup>1</sup> Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. The statutory equality duties part of the Equality Bill applies to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

# Evidence Base (for summary sheets) – Notes

## References

No.	Legislation or publication
1	EC Regulation 1030/2002
2	EC Regulation 380/2008
3	Immigration (Biometric Registration) Regulations 2008
4	Immigration (Biometric Registration) (Amendment) Regulations 2009
5	Immigration (Biometric Registration) (Amendment) (No.2) Regulations 2009
6	UK Borders Act 2007
7	Impact Assessment of Identity Cards for Foreign Nationals - Tier 2 of Points Based System v4.8
8	Impact Assessment of Identity Cards for Foreign Nationals - PBS Tier 4 (Student), Marriage Categories and Others v2.1
9	Impact Assessment of Identity Cards for Foreign Nationals - Student and Marriage Categories v1.6

## Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

### Annual profile of monetised costs and benefits\* - (£m) constant prices

	Y <sub>0</sub>	Y <sub>1</sub>	Y <sub>2</sub>	Y <sub>3</sub>	Y <sub>4</sub>	Y <sub>5</sub>	Y <sub>6</sub>	Y <sub>7</sub>	Y <sub>8</sub>	Y <sub>9</sub>
<b>Transition costs</b>	0.972	1.525	1.440	0.252	0.011					
<b>Annual recurring cost</b>	0	0.961	2.363	3.229	4.659	4.267	4.143	4.082	4.060	4.042
<b>Total annual costs</b>	0.972	2.486	3.803	3.481	4.670	4.267	4.143	4.082	4.060	4.042
<b>Transition benefits</b>	0	0	0	0	0	0	0	0	0	0
<b>Annual recurring</b>	0	0.117	0.579	1.572	2.886	3.544	4.347	4.667	5.191	6.721
<b>Total annual benefits</b>	0	0.117	0.579	1.572	2.886	3.544	4.347	4.667	5.191	6.721

\* For non-monetised benefits please see summary pages and main evidence base section

# Summary: Analysis and Evidence

# Policy Option 2

**Description:** Option 2: Implement Biometric Residence Permit without collecting fingerprints until the EU requires this. This option has not been adopted.

Price Base Year 2007	PV Base Year 2007	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: -£8.1m

COSTS (£m)	Total Transition (Constant Price) Year	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	£5.2	£3.2	£31.3

### Description and scale of key monetised costs by 'main affected groups'

Tiers 1 and 5 constitute approximately 16% of the total projected number of BRP applicants. :

1. Social costs of £8.1m (PV) relate to the costs of travelling to enrol biometrics.
2. An increase in operational costs of £17.5m (PV)
3. Share in set-up costs of £4m (PV), plus £1m one-off costs.

### Other key non-monetised costs by 'main affected groups'

The fee paid by applicants is not included as it is a cost to individuals. This is assumed to be £30 per applicant and amounts to £38.6m for all Tier 1 and 5 applicants at current cost.

BENEFITS (£m)	Total Transition (Constant Price) Year	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate		£3.0	£23.2

### Description and scale of key monetised benefits by 'main affected groups'

The key monetised benefits are:

Improvement in efficiency of enforcement operations (UKBA), reduction in benefits fraud (UK economy), fewer removals of illegal immigrants (UKBA), reduction in crime by migrants (UK economy), reduction in foreign national migrant prison population (UK economy)

### Other key non-monetised benefits by 'main affected groups'

If UKBA does not meet the EU regulations for issuing BRPs, there is a strong possibility that financial penalties will be incurred. An estimate of £10m a year has been provided (by LAB) as appropriate for modelling cost avoidance. Income for applications from groups other than students is excluded (as money will be earned in the UK). This amounts to £8.5m (NPV). Similarly, income to Post Offices is excluded but calculated as being £430,000 (£13.56 for 45% of all Tier 1 and 5 applications in 2010/11).

### Key assumptions/sensitivities/risks

Discount rate (%) 3.5

Costs of enabling validation without fingerprint capture are at least £1m. Some benefits are reduced. Biometrics capture locations may need to change to enable facial-only capture this would increase social costs. This has not been modelled. Around 85% of applications will result in a BRP being issued and around 45% of applicants will have biometrics recorded at a Post Office. From 2011, biometrics capture will be through a concession route that is currently under commercial consideration and therefore not modelled. Volumes of PBS Tier 1 and 5 applicants are based on internal management information. Volumes are based on current business operations and do not reflect any potential policy changes.

Impact on admin burden (AB) (£m):			Impact on policy cost savings		In
New AB:	AB savings:	Net:	Policy cost savings:		Yes/No

**Note:** Only the Summary: Analysis and Evidence page is provided here because **Option 2** is not the 'preferred option' and is not recommended for implementation. The purpose of this sheet is simply to present details of the EU minimum policy as the recommendation is to go beyond this.

# Evidence Base (for summary sheets)

## A. Strategic Overview

### A.1 Background

Foreign nationals come to the United Kingdom for a wide range of reasons such as to study or work. The Biometric Residence Permit (BRP) uses technology that enables UKBA to comply with European Union legislation, reinforce its business processes, cut illegal working, protect legal migrants and identify those trying to evade our rules and laws. In addition, it provides employers and other organisations with a simple means of checking whether a foreign national is entitled to work in the UK or access certain services and/or benefits.

EU regulations (EC regulation 380/2008), require member states to issue foreign nationals subject to immigration control and granted residency on their territories for more than 6 months a standalone residence permit of a uniform format and containing fingerprints and a digital photograph. This document is known as a Biometric Residence Permit (BRP) in the UK and is referred to as a Biometric Immigration Document within the UK Borders Act 2007. As BRPs are governed by European legislation, the UK Border Agency is still required by European law to provide and issue BRPs if it is to avoid infraction proceedings by the EU.

### A.2 Groups Affected

This impact assessment supports regulations that widen the categories of applicant required to apply for a BRP as part of an immigration application. These regulations incorporate those applying for an extension of stay in the UK under Tiers 1 and 5 of the Points Based System (PBS) for migration and their dependants within the scheme, applying on or after 14 December 2010. PBS Tier 1 covers highly skilled workers, investors, entrepreneurs and post-study work. PBS Tier 5 is for certain types of sponsored temporary worker whose entry helps to satisfy cultural, charitable, religious or international objectives.

Since the initial rollout of BRPs on 25 November 2008, the UK Border Agency (UKBA) has issued BRPs to over 265,000 non-EEA migrants including those granted an extension of stay in the UK, mainly to students and marriage/partnership applicants and skilled workers applying under PBS Tier 2.

## B. Rationale

In May 2008, the EU approved the regulations that require member states, including the UK, to issue uniform format BRPs to (non-EEA) foreign nationals granted leave for more than 6 months. Full implementation is required by May 2012. The EU Commission is seeking to raise the minimum standards of immigration documents issued by member states to improve the security of documentation. In addition, having a standalone permit makes it easier for migrants resident in member state countries to move around the EU.

These regulations act as another milestone towards complying with the regulation. Rolling out BRPs to migrants granted further leave in the UK under PBS Tiers 1 and 5 will complete the rollout of permits to all of the operational PBS categories. PBS Tier 3 (low skilled migrants) is currently suspended indefinitely.

BRPs support the Government's commitments to securing our borders and controlling migration. They help strengthen immigration controls, reduce the burden on businesses and enable migrants lawfully in the UK to access employment and other benefits to which they are entitled. As more BRPs are rolled out to foreign nationals granted an extension of their stay in the UK, it will become even easier for employers to establish whether their foreign national employees are entitled to work in the UK.

We are already using biometrics both overseas during the visa application process and in-country. Using biometric technology has helped the UK Border Agency to take action against those submitting fraudulent or multiple applications.

## C. Objectives

### I) Complying with EU Regulations

In June 2002, Council Regulation (EC) 1030/2002 laid down a uniform format for vignettes issued to foreign nationals subject to immigration control. This set out the format and security features of the vignette (sticker) in a passport or as a standalone permit. These regulations were amended on 18 April 2008, by Council Regulation (EC) No 380/2008, which introduced a time-frame of 2–3 years from the agreement of technical standards to implement the later regulation requiring that member states only issue as standalone Biometric Residence Permits containing fingerprints and digital facial image. The EU Commission signed the technical specifications on 20 May 2009.

This Impact Assessment is concerned with amending the Biometric Registration Regulations made under the 2007 Act to deliver the rollout of Biometric Residence Permits in accordance with the UK Border Agency's business plans based on existing and new category types which match up to the Agency's biometric enrolment capability. This is to enable the Government to meet its obligations under EU legislation.

The EU is updating the residence permit to improve its security and usage for migrants with permission to stay on a member state's territory.

### II) Expanding Coverage

Biometric regulations rolled out incrementally to date enable the UK Border Agency to require those applying to extend their stay in the UK under certain immigration categories to enrol their biometric features (ten fingerprints and facial image) as part of that application. Already covered by the scheme are applications made under the immigration rules to extend for more than 6 months in the following categories:

- Tier 2 of the Points Based System - skilled worker (general), minister of religion, sportsperson and intra-company transfer;
- Tier 4 of the Points Based System - student (general, including postgraduate doctors and dentists) or student (child);
- Spouses and civil, unmarried or same-sex partners;
- Academic visitor;
- Visitor for private medical treatment;
- Domestic worker in a private household;
- United Kingdom ancestry;
- Retired persons of independent means;
- Representative of an overseas business;
- Dependant of a main applicant in a category that requires a BRP; and
- Transfer of conditions (from a passport or other such document).

The new regulation will introduce the requirement to enrol biometrics to foreign nationals applying for further leave under Tiers 1 and 5 of the Points Based System (PBS), who will receive a Biometric Residence Permit if successful. PBS Tier 1 covers highly skilled workers, investors, entrepreneurs and post-study work. PBS Tier 5 is for certain types of sponsored temporary worker whose entry helps to satisfy cultural, charitable, religious or international objectives.

The addition of these categories in the regulations will enable the majority of temporary migrant categories from outside the EEA to be required to apply for a BRP when applying to extend their stay in the UK. This approach will enable the continued roll out to expand in a manageable means and continues to support the Government objective of meeting its obligations under EU legislation.

## D. Options

**Option 1: Do nothing** – This option is not possible, as the UK must comply with EU regulations on the format of biometric residence permits. There are no additional costs and benefits associated with Option 1 – do nothing. However, option 1 is not recommended for two reasons: firstly, it would continue to leave a multitude of immigration documents which employers would have to check; secondly, it could also open up the UK to infraction proceedings from the EU as we would fail to comply with the EU regulation.

**Option 2: Implement EU Minimum** - This option assumes we issue a standalone permit where EU regulations require it, e.g. where a migrant makes an application for leave to stay for more than 6 months, but do not issue it where not required by the EU regulations e.g. where a migrant already has leave and does not make a further application. Additionally under this option, the UK Border Agency would only issue permits with facial biometrics (photo) and widen the scope to include fingerprints in line with the EU deadline (thus missing out on at 1 to 2 years worth of enrolling and checking fingerprints, and therefore reducing some benefits for that period). It would also create a two-tier system as many migrants already in the UK already have a BRP that includes their fingerprints.

**Option 3: Implement EU minimum plus (phase out older, less secure types of immigration document by extending scope of roll out)** – This means we issue a high quality secure document to those legally here, easily recognisable by employers and others which includes fingerprints before the deadline set by the EU, in May 2012. Unlike other EU member states the UK has not previously issued a standalone residence permit. This option avoids the intermediate stage of issuing a permit which only contains a photograph. This option to enrol and check migrants' fingerprints is necessary to reduce abuse of the system as it allows the UK Border Agency to verify the customer journey.

### The Preferred Option

The preferred option, as per previous impact assessments, is to fully implement the policy (option 3). In proceeding, UKBA has considered the impact of the policy and the costs and benefits of implementing the scheme above the EU minimum, and considers the additional benefits to justify the additional costs.

## E. Appraisal (Costs and Benefits)

### General Assumptions and Data

#### Overall approach to costs

In this impact assessment, we have included the proportion of costs and benefits of the full Biometrics Residences Permits Programme that are relevant for the Tier 1 and 5 groups. This approach has been used in previous impact assessments and will be repeated as and when new groups are introduced into the scheme. The costs set out in this IA are part of the wider costs of introducing Biometric Residence Permits. The latest estimate of costs for the whole scheme are shown below (costs have been scrutinised by Parliaments EU scrutiny committee as part of the introduction of biometric residences permits). The volumes assumed for the ten year period covered in this impact assessment for these regulations are a subset of the whole BRP implementation which covers several other categories. Benefits are proportionately reduced in line with expected volumes for Tiers 1 and 5, or removed where not relevant for this group.

## **Full costs**

For clarity, the full cost estimates of rolling out BRPs over 10 years are as follows. As with any estimates, these are reviewed against actual costs, and will be changed as new and revised information becomes available.

	Full Implementation
Total one-off costs over 5 years (PV)	£24.8m
Total running costs over 10 years (PV)	£130.3m
Average Annual cost (excluding one-off PV)	£13m
Total Cost (PV) over 10 years	£155.1m
Average annual benefit	£17.1m
Total benefit (PV) over 10 years	£171.3m
Net Cost (NPC) over 10 years	£16.2m

The total cost over a 10-year period (on a present value basis) is £155.1 million and includes:

- **Set-up costs** £ 24.8m  
(to design, build and roll out the BRP system)
- **Operational costs** £109.4m  
(costs of making appointments, processing applications, enrolling applicants' biometrics, validating identity, production and despatch of permits, continuing IT and application support)
- **Social costs** £ 50.7m  
(cost of applicant travel and enrolment time)

The case for Biometric Residence Permits has been developed over a number of years. Assumptions that supported the modelling of impacts are documented within the model. Key assumptions include:

- Discount rate of 3.5%;
- The modelling is based on a 10-year time horizon from 2007/08 to 2016/17;
- Only student application fees are treated as income (and therefore a financial benefit), as other application fees are from income earned in the UK (a transfer of resources with no net impact on the UK economy);
- We assume no migrants are deterred by the cost of the application and BRP fee;
- It is assumed that any administrative costs of capturing photographs for the two options would be cost neutral as provision of a photograph by the applicant could have a higher error rate than current arrangements and
- Enrolment of biometrics at different locations follows the profile provided in the table below, with enrolment from 2011/12 onwards being 100% through Front Office Services (FOS).

	2007/08	2008/09	2009/10	2010/11	2011/12
PEO (standard)	100%	100%	50%	25%	0%
Post offices (standard)	0%	0%	19%	45%	0%
IPS (standard)	0%	0%	31%	30%	0%
FOS (standard)	0%	0%	0%	0%	100%
Other 2 (standard)	0%	0%	0%	0%	0%
Mobile enrolment (standard)	0%	0%	0%	0%	0%

Source: BRP Scenario Model v 1.1 – the financial model that identifies costs and benefits associated with BRP. This profile is based on analysis of BRP applicants travel and operational modelling. It was last updated in 2009.

## **Option 2 – EU Minimum**

This option assumes UKBA issues a standalone permit where EU regulations require it, e.g. where a migrant makes an application for leave to stay for more than 6 months, but do not issue it where not required by the EU regulations e.g. where a migrant already has leave and does not make a

further application. Additionally under this option, the UK Border Agency would only issue permits with facial biometrics (photo) and widen the scope to include fingerprints in line with the EU deadline (thus missing out on at 1 to 2 years worth of enrolling and checking fingerprints, and therefore reducing some benefits for that period). It would also create a two-tier system as many migrants already in the UK already have a BRP that includes their fingerprints.

Now that UKBA is already issuing BRPs containing fingerprints, it would increase costs and reduce benefits if we introduced permits without fingerprints. This option would also reduce the significant additional non-monetised benefits in the area of reduction of fraud, crime and illegal working through the introduction of a non-biometric permit.

### **Policy Costs**

All costs are borne by the public sector.

### **Administrative Burdens**

All costs are borne by the public sector so there will be no impact on private sector administrative burdens.

### **TOTAL COSTS**

The majority of costs fall to the public sector, including;

- **Set-up costs** - including additional IT costs to change the IT systems to enable BRPs to be produced without biometrics - **£5.2m**;
- **Operating costs** - including capturing and verifying migrant identities and providing applicants with BRPs - **£17.5m**;
- **Enforcement costs** - covered in business as usual; and
- Loss of income and added costs to businesses providing existing enrolment capability (non-monetised)

In addition, there are additional **wider social costs** associated with the requirement to make individuals spend time travelling to locations where they can enrol their biometrics. These wider impacts are estimated at **£8.1m** over 10 years.

The total costs of option 2 are estimated at **£31.3m** over 10 years.

### **Administrative Savings**

Increased use of BRPs will make it easier for employers to check eligibility to work in the UK. However, this is not quantified, as benefits in this area will be realised more fully once there is a larger critical mass of foreign nationals with BRPs. Rollout to tiers 1 and 5 will contribute to this. Other initiatives (such as an on-line checking service) will help to realise additional benefits in the longer-run but are not attributable to this policy change and hence not included in this impact assessment.

### **TOTAL BENEFITS**

The total value of benefits for Option 2 is estimated at around **£23.2m** over 10 years.

Benefits that can be modelled by volume and therefore quantified proportionately for tiers 1 and 5 are listed below, with the financial value of the benefit for Tiers 1 and 5 provided for Option 2. Because this option delays capture of fingerprints until 2012, benefits associated with enforcement, removals and deterrence from entering the UK or committing benefit fraud have been reduced by 50% for the first financial year.

### **Policy Benefits**

Benefits are experienced by the UK economy and include:

- Easier right to work checks for employers;
- Confirmation of status for foreign national residents with little biographic footprint (for example, when entering into a commercial agreement) and

- Income to organisations capturing biometrics.

The list of monetised benefits is included below:

- **Improvement in efficiency of Enforcement Operations** - the number of illegal working operations that enforcement teams could mount would increase with the growing availability of the BRP and the use of readers to authenticate permits, allowing officers to check the status of foreign nationals, their entitlements to work and benefits and the authenticity of the BRP. The BRP will mean that officers can clear legitimate workers and identify illegal migrants faster. This benefit is estimated at around £5.7m over the 10 year period.
- **BRPs will deter some illegal immigrants from entering the UK and will therefore reduce crime** – The introduction of BRPs will make life in the UK for an illegal migrant increasingly difficult without a BRP. Some of those seeking to abuse the system will therefore decide not to come and this will help to reduce crime figures currently associated with this group. This benefit has been estimated at around £4.2m over 10 years.
- **Less migrants intending to abuse UK immigration laws and rules coming to UK** – Publicity surrounding the introduction of BRPs will make it clear that life in the UK for an illegal migrant will be increasingly difficult without a BRP. As a result, fewer illegal immigrants will come to the UK and therefore there will be a reduction in the costs as these people will not need to be detained and removed by UK Border Agency. Over 10 years this is expected to be close to £2.3m.
- **Reduction in immigration related benefit fraud** - Publicity surrounding the introduction of BRPs will make it clear that life in the UK for an illegal migrant will be increasingly difficult without a BRP. This deterrent effect will reduce the amount of benefit fraud. This will be a benefit to the wider UK economy and other government departments who are able to crack down on abuse as a result of checking more secure documents. This could total £0.4m over 10 years.
- **Extended share of operational efficiency savings**, specifically from the initiative to provide more secure delivery of BRPs. This is relatively insignificant in terms of value at £0.003m.
- **Other Benefits** – there are a number of other benefits that have been monetised including benefits reducing the foreign national prisoner population, not having to replace BRPs lost in the post through the use of a secure delivery system, the ability to capture, store and match biometric information and cost savings from not having to produce vignettes. These are estimated at around £10.6m over 10 years.

### **Non-Monetised Benefits**

There are a significant number of non-monetised benefits associated with option 2. These are described below:

- **UK Reputation** - if the UK does not comply with EU regulations in issuing BRPs, there will be a reputational impact.
- **Reduced illegal working** - by extending the number of foreign nationals who have valid documents that confirm employment status, it will be easier for potential employers to check work status.
- **Align with EU partners** - Using a common standard for design of the BRP will allow the UK to introduce systems which are interoperable with those in place across the EU. The BRP will also be interoperable with other international standards and systems. There is benefit to the UK and the EU by using standards aligned with the EU whereby all migrants can establish their status, right to work and entitlements using secure biometric residence permits (BRPs). Aligned standards enable all BRPs to be checked for authenticity with the

same BRP readers loaded with the appropriate certificates. However, this would not be realised until 2012.

- **Increase confidence in immigration system** - The UK's immigration system has been the focus of much media scrutiny in recent years. The introduction of BRPs is a key part of this and will build public confidence as BRPs will reduce the harm that accrues from illegal migration. Checking against police fingerprint records plays an important part in increasing confidence.
- **Attract migrants by ensuring a secure immigration document** – research evidence suggests that those living here legally and playing by the rules can sometimes have concerns regarding the security of their information and their ability to prove their status, right to work and entitlements. BRPs provide this security and an easier method of evidencing a migrant's rights and entitlements. These BRPs will continue to be made of polycarbonate which contains a highly secure embedded chip and incorporates sophisticated security safeguards to combat tampering. This means that BRPs will be more resistant to attack than the existing vignettes and other UK immigration status documents. As the BRPs will confirm both a person's immigration status and entitlement to work and/or public funds in the UK, we will be able to link a person securely to their biographic and photograph.
- **Detect other immigration offences** – if a BRP holder who has overstayed their leave presents a BRP at the border or an immigration office, it will trigger an enforcement action. Several cases have already been successfully prosecuted. This will be a benefit to the wider UK economy.
- **Make life easier for the BRP holder** – migrants here legally who are issued with a BRP will, over time, find it easier to deal with government and to travel as they have a secure document showing their entitlements. This will be achieved by phasing out the wide range of old style documents it makes it easier for those checking the BRP to deal with migrants quickly and confidently, thereby benefiting migrants and those checking the BRP.
- **Easier employer or education sponsor checks** – phasing out the whole range of old style insecure documents will make it easier for employers and educational establishments to check entitlements and so reduce the administrative burden of these checks. This will be a benefit to the wider UK economy. Employers already have an obligation to check right to work documents, the introduction of BRPs will standardise the documentation and as verification services develop it will become quicker and easier. Over time, we would expect to be able to quantify this benefit.
- **BRPs will deter illegal immigrants from entering the UK and will reduce illegal working and increase tax revenues** - businesses will be more likely to use legal workers and this could lead to increased tax revenue. Where it is not replaced there will still be benefits from reducing illegal working in the UK. This will be a benefit to the wider UK economy.

### **Policy Benefits**

Benefits are experienced by the UK economy and include:

- Easier right to work checks for employers;
- Confirmation of status for foreign national residents with little biographic footprint (for example, when entering onto a commercial agreement) and
- Future income to organisations capturing biometrics

### **Option 3 – EU minimum plus**

Option 3 will mean UKBA issue a high quality secure document to those legally here, easily recognisable by employers and others which include fingerprints before the deadline set by the EU,

in May 2012. Unlike other EU member states the UK has not previously issued a standalone residence permit. This option avoids the intermediate stage of issuing a permit which only contains a photograph. This option to enrol and check migrants' fingerprints is necessary to reduce abuse of the system as it allows the UK Border Agency to verify the customer journey.

### **Policy Costs**

All costs are borne by the public sector.

### **Administrative Burdens**

All costs are borne by the public sector so there will be no impact on private sector administrative burdens.

### **TOTAL COSTS**

The key operating difference between options 2 and 3 is the capture of fingerprints. The majority of costs again fall to the public sector, including:

- **Set-up costs - £4.2m**
- **Operating costs** (capturing and verifying migrant biometrics identities and providing applicants with BRPs) - **£17.5m**;
- **Enforcement costs** - covered in business as usual

In addition, there are additional **wider social costs** associated with the requirement to make individuals spend time travelling to locations where they can enrol their biometrics. These wider impacts are estimated at **£8.1m**.

The total costs of option 3 are estimated at **£30.4m** over 10 years.

### **Administrative Savings**

Increased use of BRPs will make it easier for employers to check employment eligibility. However, this is not quantified as benefits and this will largely be realised once there is a critical mass of foreign nationals with BRPs. Rollout to tiers 1 and 5 will contribute to this. Other initiatives (such as an on-line checking service) will help to realise additional benefits in the longer-run but are not attributable to this policy impact assessment.

### **TOTAL BENEFITS**

The total value of benefits for option 3 is estimated at around **£23.6m** over 10 years.

In addition to all of the benefits identified for Option 2, the earlier adoption of BRPs and fingerprint capture will result in the following benefits being realised:

- **Improvement in efficiency of Enforcement Operations** This is similar to option 2, but increases to ability to check for imposters as this option will enable fingerprints to be checked. The estimated value of this benefit is £6.0m - £0.3m more than for option 2.
- **BRPs will deter some illegal immigrants from entering the UK and will therefore reduce crime** – similar to option 2, but the added benefit of fingerprint checks prior to 2012 improves capability of checking for imposters. Assessing this gives a value of £4.3m - an increase of £0.1m over Option 2.
- **Less migrants intending to abuse UK immigration laws and rules coming to the UK** – In addition to the benefits identified for option 2, the ability to check fingerprints against the permit will add as a further deterrent factor particularly against imposters. This may be worth £2.4m - an increase of £0.1m over Option 2.

- **Reduction in immigration related benefit fraud** – As with option 2, but with the additional benefit of being able to check fingerprints to prevent abuse by imposters. The estimate of this benefit is £0.4m, which is an increase of £9,000 over option 2.

## Non-Monetised Benefits

There are a significant number of additional non-monetised benefits associated with option 3, over and above those identified for option 2. These are described below:

- **Advanced alignment with EU partners** - Using a common standard for design of the BRP will allow the UK to introduce systems which are interoperable with those in place across the EU. The BRP will also be interoperable with other international standards and systems. There is benefit to UK and the EU by using standards aligned with the EU whereby all migrants can establish their status and entitlements through the use of secure BRPs. Aligned standards enable all BRPs to be checked for authenticity with the same readers loaded with the appropriate certificates. This would be realised immediately.
- **Increased volume of biometric records** - It is intended that the additional information that will be provided by recording of biometric data for foreign nationals could be made available to other bodies, such as the police within the limits of legislation. The information will contribute to the strengthening of border controls and help reduce crime.
- **Greater increase in confidence in immigration system** - Including fingerprint enrolment enables checks against police fingerprint records, which plays an important part in increasing confidence.
- **Identify multiple and fraudulent applications** - biometric data is tied to an individual applicant so checks undertaken when a person applies for a residence permit will automatically identify individuals who have previously had their biometrics recorded (either in-country or out-of-country) and who are now claiming as someone else. This will benefit the wider UK economy. This also links with initiatives such as 'Five Countries Conference' approach.
- **Detect other immigration offences** - if a BRP-holder who has overstayed their leave presents a BRP at the border or an immigration office, it will trigger an enforcement action. Several cases have already been successfully prosecuted. This will be a benefit to the wider UK economy.
- **Easier employer or education sponsor checks** - this will also offer the ability for improved checks against impostors.
- **Secure documents** - The BRP is designed in such a way that it is inherently more secure than the old style paper based immigration documents. The secure BRP design is supported by more secure issuing processes and the verification of biometric data, as well as the ability to 'lock' an individual to their biometric data. This will be a benefit to the wider UK economy.
- **Additional criminal and counter terrorism record checks** - The additional steps introduced to enable all applicants' biometrics to be checked against criminal and counter terrorism records. In addition, the biometrics registered from foreign nationals can be checked against scene of crime fingerprint records.

## Policy Benefits

Benefits are experienced by the UK economy and these include.

- Easier right to work checks for employers;
- Confirmation of status for foreign national residents with little biographic footprint (for example, when entering into a commercial agreement) and
- Income to organisations capturing biometrics.

Overall we expect the monetised and non-monetised benefits associated with option 3 to significantly exceed those associated with option 2.

## F. Risks

### Option 1 – Do Nothing

Whilst option 1 (do nothing) has no additional costs associated with it, there is the risk of a potential punitive fine from the EU for non-compliance. UKBA legal advice is that £10m a year is a reasonable assumption for this fine as it is likely to be set at a rate that at least matches the cost of progressing the roll-out of BRPs. **There is hence a significant risk of increased costs to UKBA associated with doing nothing and not complying with EU legislation.**

### Option 2 – Implement EU minimum

The current system capability is based on fingerprint capture. If the option of not capturing fingerprints were to be considered, further analysis of system impact would need to be carried out. This in itself would incur a cost, and would result in additional IT costs.

In addition, there is a risk associated with option 2 that it would not enable the full non-monetised benefits associated with capturing migrants' fingerprints. These are necessary to reduce abuse of the system as it allows the UK Border Agency to verify the legality of the migrant.

### Option 3 – Implement EU minimum plus

This option is based upon issuing BRPs containing fingerprints before the deadline required by the EU regulation. This option enables earlier enrolment of fingerprints than required by the EU regulations.

If the rollout of BRPs were delayed, it would risk the operational delivery of the programme in ensuring there is sufficient capacity to enrol the biometric features of migrants seeking to extend their stay in the UK.

## G. Enforcement

The UK Border Agency already manages Biometric Residence Permits on behalf of the Government. It interacts with business, migrants and employers in a proportionate, fair and transparent method. It also carries out enforcement activity as well as policy guidance, operations and the provision of advice and assistance. The policy change does not alter any of the UK Border Agency's enforcement and management activities therefore it will continue to conduct its business in line with Hampton principles.

The number of illegal working operations that enforcement teams could mount would increase with the growing availability of BRPs and the use of handheld fingerprint and BRP readers allowing officers to quickly establish the status of foreign nationals, their entitlements to work and benefits and the authenticity of the BRP. The production of the BRP by the holder will mean that officers can clear legitimate workers and identify illegal migrants faster.

## H. Summary and Recommendations

The table below outlines the summary monetised costs and benefits of the options.

Table H.1 Costs and Benefits (at constant prices), millions		
Option	Costs (m)	Benefits (m)
2		

	Transition Costs	£5.2	Improvement in efficiency of enforcement operations	£5.7
	Operational costs	£18	Deterrence of illegal immigrants	£4.2
	Total Social costs	£8.1	Fewer removals of illegal immigrants	£2.3
			Reduction in benefit fraud	£0.4
			Identified benefits	£12.6
			Other benefits	£10.6
	<b>Total Costs</b>	<b>£31.3</b>	<b>Total Benefits</b>	<b>£23.2</b>
<b>3</b>				
	Transition Costs	£4.2	Improvement in efficiency of enforcement operations	£6.0
	Operational Costs	£18	Deterrence of illegal immigrants	£4.3
	Total Social costs	£8.1	Fewer removals of illegal immigrants	£2.4
			Reduction in benefit fraud	£0.4
			Identified benefits	£13.1
			Other benefits	£10.6
	<b>Total Costs</b>	<b>£30.4</b>	<b>Total Benefits</b>	<b>£23.6</b>
Source: Scenario Model for BRP v 1.01 – the financial model that identifies costs and benefits associated with BRP. Note – numbers may not add due to rounding				

The preferred option, as per previous impact assessments, is to fully implement the policy (option 3). In proceeding, UKBA has considered the impact of the policy and the costs and benefits of implementing the scheme above the EU minimum, and considers the additional benefits to justify the additional costs.

Option 3 allows the early capture of fingerprints and hence will increase the non-monetised benefits associated with establishing status and entitlements through enforcement activity. Changes in technology and process (to remove the need for fingerprint capture) are avoided, saving £1m. There is also no limit on where BRP applicants visit to have their identity validated (if Option 2 is chosen, the contract with POL would need to be re-negotiated or this route removed for Tiers 1 and 5. It also enables the UK to comply with the EU regulations in a phased approach.

This option reduces project implementation risks (and costs) by rolling out on a less steep curve and enables the UK Border Agency, the customer, employers and other government departments to adapt the enabling technology, biometric records being collected and documents being issued. It avoids the need to incur costs of having an interim solution, and given we are already issuing biometric residence permits, we would incur additional costs having to change the design of the permit and IT systems. Furthermore, there is a risk that we would be required to recall previously issued biometric residence permits, if having two systems is deemed discriminatory.

This option also enables the UK Border Agency to enhance security through checks against criminal and counter terrorism records. Without including all groups extending their stay there would be a gap in the system that could be exploited by those seeking to avoid having their identities checked and fixed and those attempting to abuse less secure documents to access employment or benefits illegally.

## I. Implementation

The Government plans to implement these changes on 14 December 2010. The Biometric Residence Permit Central Operations Unit will oversee the implementation.

Applicants will be able to make premium applications including having their biometric details taken as from 14 December 2010. Postal applications will also be able to be made on 14 December 2010 but will not be able to have their biometric details taken until they are notified. Telephone and online booking facilities for making appointments for biometric details to be taken will be available from 9 November 2010.

## J. Monitoring and Evaluation

The effectiveness of the new requirement will be monitored by UKBA through the collection and analysis of Management Information. Similar data for previous rollouts is already used to monitor demand, identify trends, and analyse and evaluate the effectiveness of the policy. It will also be used to monitor the effectiveness in identifying illegal activity.

## **K. Feedback**

Feedback of the impact of the policy to rollout BRPs will be undertaken after the BRP is rolled out to all the categories required by the EU regulations after May 2012.

## **L. Specific Impact Tests**

The results of these are presented in Annex 2.

## Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added to provide further information about non-monetary costs and benefits from Specific Impact Tests, if relevant to an overall understanding of policy options.

### Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their actual costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

<p><b>Basis of the review:</b> [The basis of the review could be statutory (forming part of the legislation), it could be to review existing policy or there could be a political commitment to review];</p>
<p><b>Review objective:</b> [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]</p>
<p><b>Review approach and rationale:</b> [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]</p>
<p><b>Baseline:</b> [The current (baseline) position against which the change introduced by the legislation can be measured]</p>
<p><b>Success criteria:</b> [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]</p>
<p><b>Monitoring information arrangements:</b> [Provide further details of the planned/existing arrangements in place that will allow a systematic collection of monitoring information for future policy review]</p>
<p><b>Reasons for not planning a PIR:</b> [If there is no plan to do a PIR please provide reasons here]</p> <p>A PIR has not been completed at this stage, as the policy has not been implemented for at least three years. A PIR should be undertaken after May 2012, when UKBA has completed the rollout of BRPs to the categories of migrants required to have a BRP under the EU regulations.</p>

## **Annex 2. Specific Impact Tests**

### **Small Firms Assessment**

The policy on BRPs will be applied to all non-EU nationals in the same way across all nationalities by the published criteria. Overall, the impacts of these proposals on non-EU nationals should not be any greater than the normal adverse impacts they would encounter from the implementation of regulations when they are first introduced.

This policy is focussed on the public sector and should not have any significant impact on the private sector (even though non-EU BRP applicants use someone from the private sector as an agent then the impact will be negligible). Therefore it could not be argued that the effect of these changes is to place an unfair additional burden on smaller firms. There will be very little impact on the private sector at all. This means there is no discrimination against smaller firms or institutions and that the impacts will not be any greater than any previous legislative changes. In this way the Government and the UK Border Agency are minimising the impact of the burden on small businesses.

### **Competition Assessment**

The proposals for BRPs will have virtually no effect on competition at all as the policy is focussed on the public sector. This has been tested using the guidance on competition assessment from the Department for Business, Innovation and Skills.

The conclusion is that there are no serious or significant adverse competition effects with reference to the 'competition guidance' framework set out by the Office of Fair Trading (see the Department for Business, Innovation and Skills website).

There are four main questions that are used to assess the impact of the policy change on competition:

- Will the policy proposal directly limit the number or range of suppliers?
- Will it indirectly limit the number or range of suppliers?
- Does it limit the ability of the suppliers to compete? and
- Does the policy change reduce the suppliers' incentives to compete vigorously?

#### **Directly limit the number or range of suppliers**

The supplier in this case is the UK Border Agency so there is no impact here.

#### **Indirectly limit the number or range of suppliers**

Similarly there will be no indirect restrictions or adverse impacts as the policy will affect how UKBA operates and what documentation non-EU applicants will require.

#### **Limit the ability of the suppliers to compete**

There will be no controls, limits or restrictions that will impede suppliers competing geographically or in specific channels.

#### **Reduce the supplier's incentives to compete vigorously**

The UK Border Agency is the sole supplier of the BRP so there will be no reduction in incentives for suppliers to compete vigorously.

### **Statutory Equality Duties**

#### **Equality Impact Assessment**

A full Equality Impact Assessment has been completed and is published alongside this Impact Assessment. It has been prepared and approved by Jeremy Oppenheim, Regional Director, North East, Yorkshire & the Humber, National Lead: Temporary Migration. This was based on responses to a questionnaire of 1,400 BRP applicants in autumn/winter of 2009. The issues of age, race, nationality, gender, disability, sexual orientation and minorities were considered. A summary of the main points is included below:

Initially it could be perceived that this policy will impact on foreign nationals and therefore could have negative equality impacts however, the rollout of the policy has not been on a nationality basis but on

immigration category type. There is no indication that any particular community would be disproportionately affected.

The EIA has provided valuable input to the formulation of policy regarding the rollout of BRPs. Following the EIA and analysis of the concerns raised by the stakeholders the following recommendations are made:

- The UK Border Agency should continue with its work to introduce the Biometric Residence Permit, which provides convenient and secure evidence of right to work and other entitlements to the many here legally who contribute to the prosperity of the UK.
- Engagement with groups representing disability and age on the subject of access to enrolment facilities will continue as the plans for expansion are developed. The UK Border Agency will monitor the uptake and operation of the non-chargeable mobile biometric enrolment service to ensure it continues to fulfil the needs of our customer base.
- The UK Border Agency will continue its involvement with gender, to ensure that up to date operational guidance is available to staff to remove the potential for having adverse affects on the transgender community, but will continue to maintain its wider objectives.
- The UK Border Agency should ensure continued public access to information about the introduction of the BRP, and should continue to monitor and review arrangements. Guidance and information about the BRP should be updated on a regular basis, and communications should continue to clarify that the BRP is not an identity card in the light of the scrapping of the National Identity Service.
- The UK Border Agency should continue to ensure that foreign nationals issued with the BRP are fully aware of the rights and obligations it carries. Sources of information, such as internet pages, should be kept updated and references to the identity card for foreign nationals should be removed.
- The UK Border Agency should continue to actively engage with the established stakeholder groups and identify additional groups where appropriate.
- The UK Border Agency should undertake or commission a customer survey to establish empirical evidence from foreign nationals around the impact of having a BRP and whether they have been either beneficial or adverse documents to hold to demonstrate the right to live, work and receive other benefits to which they are entitled in the UK. This will aim to identify any trends which suggest negative or positive impacts on both the immigrant and wider community. It should also consider any equality impacts raised.

## **Environmental Impacts**

Negligible

## **Social Impacts**

Health and Well-being

None

Human Rights

None

Justice

None

Rural Proofing

None

## **Sustainability**

Sustainable Development

None

