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24<sup>th</sup> January 2022

Dear Minister,

RE: Identification Document Validation Technology (IDVT) Introduction

Further to our correspondence with you last year our members were relieved by the announcement made late December that from 6<sup>th</sup> April 2022 the Right to Work (RTW) statutory defence check will include the option to obtain digital confirmation from a certified service provider of Identification Document Validation Technology (IDVT). In particular, we consider the decision to align with the DBS and the DCMS certification process to be a sensible, pragmatic one.

However, several potential issues have been raised by our members which we consider should be brought to your attention:

- We understand there will be a cost attached to the digital check, and it will be set by the market. Although our larger members are likely to be in the commercial position to arrange volume discounting (and many will already have arrangements in place) for RTW checks on their agency workers we are concerned that our SME members will be exposed to high fees, given their lack of negotiating power. We have already received feedback from SMEs that often they have no choice on which certified provider to use as the decision is driven by the end-user or the end-user's outsourcing partner. We are concerned that IDVT certification will be limited to a relatively small number of providers, meaning there is little incentive to offer low, commercial fee rates for what is effectively a compulsory check. This is an additional cost of supply, leading to higher costs for end-users or lower rates for workers, disincentivising the best talent to apply. We ask that you introduce low standard rates or caps on fees and other suitable limitations on the IDVT certified providers.
- End-users are continuing to face significant increases in the costs of their permanent hires and temporary workforce. In addition to the RTW digital check, there is the 2.5% increase in NICs (across employer and employee deductions) pursuant to the Health and Social Care Levy Act 2021, the salary and benefits increases driven by skills shortages across all professional sectors and the additional cost of hiring temporary resource due to the Off Payroll legislation. There is a significant risk that this will dampen demand at a time when the UK economy must continue to grow and recover from the Covid-19 downturn.
- Given that applications for certification only opened on 17<sup>th</sup> January we anticipate time will be short to run an appropriate preferred supplier selection process to establish new relationships with IDVT certified providers ahead of the new rules coming into force. There may be a problematic period when our members can no longer use the Covid checking processes but won't be ready to use a digital solution, leading to an increase in time to hire and exclusion from the marketplace for candidates who aren't able to complete a face-to-face RTW check. We urge you to consider a short extension of the Covid-19 RTW checks, providing an overlap with the digitalised process, to allow time for businesses to set up their arrangements with certified providers.

- Lastly, we want to bring to your attention the risk of multiple digital checks occurring in a chain of supply, adding to complexity and cost. This is because end-users, outsourcing providers and public sector frameworks generally require the digital RTW to be carried out by the party holding the contract with them, rather than the worker. The recruiter is usually permitted to subcontract to an umbrella company employer in the chain of supply, and umbrella companies are widely used in the industry, more so since the introduction of HMRC's Off Payroll tax provisions in April 2021. It would be simpler and cost effective for private and public sector clients to recognise in their contracts that the party with the contract with the worker is the correct entity to conduct the RTW digital check.

We would welcome the opportunity to discuss these issues in more detail and do not hesitate to get in touch.

Yours sincerely



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