



Home Office



Foreign &
Commonwealth
Office

A Consultation on a New Charging Regime for Immigration & Nationality Fees





A Consultation on a New Charging Regime for Immigration & Nationality Fees

October 2006

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Foreword

Liam Byrne MP and Lord Triesman



The Government is committed to boosting Britain's economy by bringing the right skills from around the world and ensuring that it is easy to visit legally. We want to continue to welcome the holidaymakers, visitors, investors, business people and students who come here, recognising the valuable contribution they make to economic growth and the way that they enrich our society through cultural exchange.

In order to be able to continue to welcome legitimate migrants, we need an immigration system that is trusted and secure. The integrity of the immigration system depends on robust controls, with front-line operations overseas and in the UK ensuring and enforcing compliance with our immigration laws. The Home Office has previously set out how we will admit those who come to the UK to do key jobs that cannot be filled from the domestic labour force, like engineers, finance experts and teachers, as well as those we can be sure are here to visit or study. We will significantly enhance our compliance and enforcement operations to deal with those who are here illegally. And we will introduce an effective approach to managing the identity of foreign nationals before they come to the UK and whilst they are here. These measures will transform our operations.

This consultation paper is an important part of taking forward that transformation programme. We consulted on the new Points Based System (PBS) for Managed Migration last year and published the results of this in a Command Paper in March. In that Paper we said that we would consult on the way in which we charged for the PBS – this consultation paper meets

A handwritten signature in black ink that reads "Liam Byrne".

Liam Byrne MP
Minister of State for Nationality,
Citizenship and Immigration, Home Office

that commitment. Since then, there has been a fundamental review of the Home Office, including of IND. The reports published on 17 and 25 July this year set out how the Home Office intends to change radically to meet the increasing challenges ahead. The review examined the current framework in which IND operates, and considered the laws, systems and support it needs to be able to deliver effectively in the future.

As the Home Office implements the measures outlined in the review, which included a confirmation of the Government's plans to introduce the PBS, we need to consider how immigration services are paid for. We are clear that any changes to the way in which we charge migrant workers and students who come to the UK must not adversely impact on the many benefits that legal migration brings. But it is right to consider whether our charging strategy should better reflect the end-to-end cost of the whole immigration system. We should like to hear your views on this.

In the following pages we set out some options in relation to how we charge for our immigration services. We want a genuine debate on the most appropriate way to charge for the valuable services that we provide and we hope that you engage with this consultation process and let us know your views and ideas.

We believe that whatever system is decided upon, the aim should be to deliver a more effective, efficient and robust immigration service that has the trust of the people in the UK and maintains our global position as a country that welcomes the contribution that legal migration can bring.

A handwritten signature in black ink that reads "David Triesman".

Lord Triesman
Parliamentary Under-Secretary of State,
Foreign & Commonwealth Office

How to respond

The aim of this consultation paper is to seek a wide range of views to inform the development of a new charging strategy. This will support the transformation of our immigration and nationality system into a truly world class service, both in-country and overseas, as we look to implement the new Points Based System for immigration. It is intended that the new charging strategy would start to underpin prices in UKvisas and IND from April 2007 onwards.

We plan to complement this consultation with a series of events overseas and in the UK representing the business, arts and entertainment communities and the educational sector, and we particularly welcome comments from representatives and individuals in these areas.

We are seeking through this consultation to improve our evidence base to inform pricing decisions better. We wish to identify those sectors where competition on price is a significant factor impacting the attractiveness of the UK as a destination. We will be undertaking additional market research to help support pricing decisions in the future.

The consultation period for responding to this document ends on 22 December 2006. This means that the period is shorter than the standard twelve week period set out in Cabinet Office guidance (see Annex A) because of the need to have the new charging structure in place from April 2007.

The Home Office will be responsible for receiving, processing and analysing responses to this consultation.

Partial regulatory impact and race equality impact assessments have been prepared to support this consultation, and can be found on the IND website at www.ind.homeoffice.gov.uk and the UKvisas website at www.ukvisas.gov.uk. Full impact assessments will be published to accompany the outcome of the consultation, including any safeguards or mitigating factors we believe are appropriate.

Closing date for responses: 22 December 2006. A summary of responses will be published on the IND and UKvisas websites within three months of the consultation closing.

A pro forma for responses is included at the back of this document, please feel free to provide comments on additional sheets of paper if there is not sufficient space. The pro forma is also available in electronic format on the Immigration and Nationality Directorate website, www.ind.homeoffice.gov.uk.

Responses can be sent by post to:

Charging Consultation Team
Customer Services Directorate
12th Floor, Lunar House
40 Wellesley Road
Croydon CR9 2BY

Or electronically to:

chargingconsultation@homeoffice.gsi.gov.uk

You should also contact the address above if you require a copy of this consultation paper in any other format, e.g. Braille, large font or audio.

Responses: Confidentiality & Disclaimer

The information you send us may be passed to colleagues within the Home Office, the Government or related agencies.

Furthermore, information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

Please ensure that your response is marked clearly if you wish your response and name to be kept confidential.

Confidential responses will be included in any statistical summary of numbers of comments received and views expressed.

The Department will process your personal data in accordance with the DPA – in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Context

1.1 The UK welcomes people from all over the world who come here for pleasure, to visit their families, and to do business. We also need workers to fill skills gaps and because migrant workers make an important contribution to the economy of this country. We want students from all over the world to study in our world-class educational institutions. Visiting artists, entertainers and sportsmen and women enrich our cultural life.

1.2 In March the Home Office published proposals for a new Points Based System (PBS) for immigration¹. Applicants will find the system simpler to understand and the rules for entry clearer and more consistently applied. It will be quicker and simpler for employers and educational institutions to bring in the migrants they need, and there will be more certainty about whether prospective migrants will be able to come to the UK. The public will better be able to understand who we are allowing into the UK and why. It will also be more straightforward for entry clearance officers and caseworkers to administer.

1.3 Any immigration system also needs to have strong and effective controls that support the country's interests and in which the public can have full confidence. We need to demonstrate that our immigration laws are applied correctly and enforced where necessary. We need to look at our activities as part of a coherent process that includes a robust visa system overseas, a strong and visible presence at our borders, and a significant in-country enforcement capability.

1.4 We need to verify that people are who they say they are and track people in and out of the country. We must ensure that people are complying with any conditions imposed on their leave. Where we find abuse we must take measures to deal with the offenders and where appropriate return them to their country of origin.

1.5 We have already invested substantially in new controls and improved services. Risk assessment units are now operational in over 25 of our visa-issuing posts overseas. The Airline Liaison Officer Network, where immigration officers work with airlines to prevent those with forged documents from boarding aircraft,

has been an unqualified success. In the last financial year the network worked with airlines to deny boarding to over 33,000 passengers.

1.6 We have also significantly improved the service received by applicants both overseas and in-country. In the UK we have made our premium services easier to access. We have introduced an appointment booking system giving those wishing to use our services an opportunity to call at a convenient time. We have introduced an application checking service for citizenship applications in partnership with local authorities for all those wishing to ensure their forms are complete, and we will consider extending this service. The student batch scheme has enabled educational institutions to simplify the application process for students wishing to extend their stay.

1.7 Overseas, in major visa issuing posts, we have improved the quality of service provision through using commercial partners to deliver the customer facing part of the visa operation, in more comfortable offices closer to where applicants live. Customer feedback has been very positive and to improve further the efficiency of the overseas operation and the quality of service our visa customers receive, we will enter into strategic partnership with two or three commercial organisations later this year. These partners will replace and build on the strong customer service focus our existing outsourcers have achieved and extend the service across the world. In addition, at their visa application centres, our partners will collect on behalf of UKvisas the biometric information we will require of all those wishing to come to the UK. Currently, people applying for their visas via an outsourced visa application centre have to pay a separate handling fee to the company. Under the new partnership arrangements, and to streamline the visa application process for our customers, we intend to include the cost of the outsourcing within a single visa fee.

1.8 Ahead of the introduction of the new PBS we are setting out our likely direction of travel, as we move towards a better, joined-up immigration service from end to end. We are implementing new legislation which introduces

¹ A points based system: Making migration work for Britain. Available at www.homeoffice.gov.uk/documents/command-points-based-migration

civil penalties for those employing illegal migrant workers, which will allow us to deal more swiftly with routine cases of non-compliance, and to concentrate prosecution resources on the more serious cases. We are leading the Joint Workplace Enforcement Pilot which is exploring the scope for closer co-ordinated working between Government workplace enforcement agencies to tackle the use and exploitation of illegal migrant workers.

1.9 We need to do more. To ensure the proper identity management of foreign nationals in the UK, we need to continue the roll-out of visas supported by biometric capture and introduce biometric residence permits for those already here. We also need to expand significantly the amount of compliance and enforcement activity that takes place once people are in the UK. The IND review commits us to a doubling of our enforcement resources by 2009-10.

1.10 We will continue to look to get best value from our operations overseas and in-country, and drive out efficiency savings wherever possible through the better use of technology and increased productivity. The IND review also said that we should charge a fair and economic rate for our services but one that reflects the true operational costs of the immigration system. We are therefore proposing to raise additional revenue from migration fees and in doing so to take into account factors such as the value to the UK in attracting a particular applicant and/or the value to the applicant in terms of the entitlements that are likely to accrue as a result of a successful application. The Government's charging strategy, including consideration of relevant factors, will be based on the best available evidence – on the competitive environment for our services; the effect on applicants; and the impact on the economy.

1.11 This consultation is about looking at various options for doing this. It is also an opportunity to consider further the recommendations of the Home Affairs Committee published on 24 July 2006, which included that the Government should provide a clear and valid justification for its fee levels.

1.12 We welcome your views.

Proposals and questions

2.1 There are a number of different options, and combinations of options, that we have identified that would generate the level of revenue needed to deliver the step change in enforcement and compliance activity and to introduce the programme of new control measures. Below we have set out some of them.

Simple apportionment and flexible pricing, including taking account of the value of the service

- 2.2
- i) One approach would be to recover the costs of administering visa and in-country applications by type. This would have the advantage of simplicity, but would limit our flexibility in determining fee levels, and would not allow us to take factors such as the prices of key international competitor countries into consideration for certain routes.
 - ii) Alternatively we could price in a flexible manner taking a number of factors into consideration. These could include the value of the entitlements to the migrant, the degree to which attracting them here is in the interests of the UK; demand; or the fees charged by other countries for similar applications.
 - iii) Or we could look at the value of an application based only on the benefit to the applicant of the entitlements associated with a particular route. These could include whether a successful applicant would be able to work in the UK; whether they could bring dependants with them; and whether there was a route to settlement in due course.

Q1 Do you think that we should set prices flexibly to take into account wider policy objectives such as attracting international students and people on business?

Q2 Should prices reflect a range of factors, or only those that are of value to the migrant?

Q3 Do you think that applications for citizenship should be priced according to value or the costs of processing the application?

A common price structure for IND and UKvisas?

2.3 The Home Affairs Committee recently recommended that the calculation of in-country and visa fees should be reviewed and greater alignment considered in terms of the costs that are taken into account.²

2.4 At present, IND and UKvisas both use pricing models which essentially reflect the administrative costs of processing applications. In addition, a contribution is made towards general overheads. Since April 2005, in-country leave to remain fees also include some of the costs of running an associated appeals system. Because of the differing costs involved in processing applications in the UK and overseas and because of different ways of calculating overheads, the fees for processing applications for similar types of application are significantly different depending on whether the application is made at one of our visa issuing posts or in the UK. For example the cost of applying for a visa to study at university is £85 but the cost of applying by post to extend that leave in the UK is £250.

² Recommendation 117 of the 5th report from the Home Affairs Committee's session 2005-6 (Immigration Control).

2.5 There are varying degrees of alignment which might be considered between UKvisas and IND's pricing structures. These range from ensuring that both organisations use the same transparent formulae for calculating their costs, to amalgamating their costs and obtaining a common cost basis, or simply charging the same prices for their services whether obtained in the UK or overseas.

2.6 One of the objectives of the PBS is to produce an immigration system for work and study in the UK that acts as a coherent whole and that is joined up from end to end from the perspective of its users. Greater alignment between IND and UKvisas would support this objective. But it would need to be considered in the light of research on the effect on demand and the competitive environment for our services.

Q4 With which of the following statements do you agree:

- a) Fees should be set to help promote the UK as a competitive destination
- b) Fees should be set according to the same principles, but might vary between the UK and overseas
- c) Fees for the same service should be the same in the UK and overseas

(You may choose more than one option)

Work permits, students and sponsorship

2.7 At present most fees are paid by migrants themselves. The exception to this is the work permit system, where work permits are generally paid for by the employer of the migrant, and employers may or may not also pay for the applicant's immigration decision. This system will end with the introduction of the PBS and will be replaced with a single decision supported by a certificate of sponsorship provided by a UK-based and registered sponsor. We expect that the new system will make it faster and less bureaucratic for trusted employers to bring migrants to the UK.

2.8 Students coming to the UK under the new PBS will also need a certificate of sponsorship, and educational institutions may choose to pass the costs of this onto students, for example through tuition fees, or to absorb this cost themselves.

2.9 We are still considering how best the system might work, to streamline the process as much as possible. We are clear that these changes need to go hand in hand with improvements to the services offered by IND and UKvisas to help ensure that sponsors understand their responsibilities and are able to check easily that they are acting legally. We also need to consider how to recover the costs of running the sponsorship process and the administration of certification. We think that one way to do this may be to charge sponsors an annual registration fee plus a small charge for every certificate of sponsorship they issue. This would mean that those who benefit from the immigration system, by being able to bring in those migrants they need for work or study, would meet the costs. We particularly want to understand the implications of this proposed approach for small and medium businesses and for groups, and welcome responses on this issue in particular.

Q5 Should employers and educational institutions be able to include payment of visa fees within sponsorship and certificate fees for international employees and students?

Q6 What help would sponsors need to ensure that they are acting legally in bringing in particular migrants?

Q7 How might any impact on small and medium-sized businesses be minimised?

Q8 What special measures might be needed for cultural and specialist groups?

Q9 Do you think that any of the proposals outlined would impact adversely upon community relations?

Pricing

3.1 During the course of 2003/04 the Home Office introduced charges for a range of immigration applications to ensure that those who use and benefit from the UK's immigration system met the costs of delivering the administrative service provided. Fees were calculated to recover the full administrative costs (including staffing and overhead costs) of processing applications to the point of conveying a decision. As part of the top to bottom analysis of the immigration system in 2004, the Home Office undertook a further review of its fees, and developed proposals to add to the full cost recovery charging model. Following a formal consultation, changes to the basic administrative fees were made in April 2005 to also include some of the costs of providing the appeals system for applicants who seek leave to remain in the UK.

3.2 In 2004 UKvisas also undertook a comprehensive review of their charging structure, rationalising the different possible fee levels from 11 to four. The new fees were introduced in July 2005 to recover the administrative costs of processing visa applications overseas. This incorporates the costs of new visa regimes and the operational costs associated with the enhanced outsourcing programme. In line with the National Audit Office recommendations, the fees also include the costs of setting up a number of Risk Assessment Units with the remit to drive better informed decision making overseas.

3.3 IND and UKvisas have recently announced that principal fees will remain fixed for this current financial year (April 06 to April 07). This means that despite inflationary pressures no fee changes will have taken place since April 2005 and July 2005 respectively. We would expect fees to increase from April 2007 to take into account additional service enhancements and immigration controls and will announce the actual fee levels early next year, taking into consideration the responses to this consultation.

3.4 There are too many variables for us to give indicative prices at this stage. Among these, the PBS will be rolled out on a tier by tier basis over more than one financial year and no final decisions have yet been reached on the timetable for implementation. Costs and projected volumes for the PBS and biometric capture are still being finalised.

3.5 We are seeking to improve our services and to understand what is needed to ensure that the improvements we make continue to support our objective to boost Britain's economy. By April 2008 the introduction of new biometric controls at our ports and airports will enable 200,000 foreign nationals to enter and leave the UK on a trusted traveller scheme making their journeys easier and quicker through our border controls.

3.6 We will be making our services easier to access and use. We will establish an employer's helpline to make it easier for businesses to confirm the immigration status of foreign nationals making it easier to establish their entitlement to work.

3.7 Concurrently with this exercise to consult on the principles, we are undertaking market research to ensure that our fee levels protect UK competitiveness, understand the value new services will add, and do not impact adversely on any particular community or sector of the economy.

3.8 We are clear that our fees should not be significantly out of line from those charged by key competitor countries.

Summary of questions

- Q1 Do you think that we should set prices flexibly to take into account wider policy objectives such as attracting international students and people on business?
- Q2 Should prices reflect a range of factors, or only those that are of value to the migrant?
- Q3 Do you think that applications for citizenship should be priced according to value or the costs of processing the application?
- Q4 With which of the following statements do you agree:
- a) Fees should be set to help promote the UK as a competitive destination
 - b) Fees should be set according to the same principles, but might vary between the UK and overseas
 - c) Fees for the same service should be the same in the UK and overseas
- (You may choose more than one option)**
- Q5 Should employers and educational institutions be able to include payment of visa fees within sponsorship and certificate fees for international employees and students?
- Q6 What help would sponsors need to ensure that they are acting legally in bringing in particular migrants?
- Q7 How might any impact on small and medium-sized businesses be minimised?
- Q8 What special measures might be needed for cultural and specialist groups?
- Q9 Do you think that any of the proposals outlined would impact adversely upon community relations?

Annex A

Consultation Criteria

- 1 Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
- 2 Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses.
- 3 Ensure that your consultation is clear, concise and widely accessible.
- 4 Give feedback regarding the responses received and how the consultation process influenced the policy.
- 5 Monitor your department's effectiveness at consultation, including through the use of a designated consultation co-ordinator.
- 6 Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.

These Consultation Criteria are taken from The Code of Practice on Consultation that can be found on the Cabinet Office website at: www.cabinetoffice.gov.uk/regulation/consultation

Contact for comments and complaints

Consultation Co-ordinator

If you have any complaints or comments specifically about the consultation process only, you should contact the Home Office consultation co-ordinator Christopher Brain by email at: christopher.brain2@homeoffice.gsi.gov.uk

Alternatively, you may wish to write to:

Christopher Brain
Consultation Co-ordinator
Performance and Delivery Unit
Home Office
3rd Floor Seacole
2 Marsham Street
London SW1P 4DF