



Home Office

**The Home Office response to the
Independent Chief Inspector of
Borders and Immigration's report:**

**An Inspection of the Home Office
Borders, Immigration and Citizenship
System's policies and practises
relating to charging and fees**

June 2018 - January 2019

The Home Office thanks the Independent Chief Inspector of Borders and Immigration (ICIBI) for his report.

We are grateful for the ICIBI's engagement with staff in the areas inspected, for collecting and analysing evidence from a wide range of people and for setting out his recommendations.

It is the Department's aspiration to ensure the Borders, Immigration and Citizenship system is accessible to all our customers and fairly addresses their individual needs. We therefore welcome the ICIBI's proposals on how to improve the fees and charging context and in particular, the focus on ensuring the framework satisfies required standards of transparency, fairness and reliability. We recognise that there may be more we can do to support vulnerable individuals who interact with our system, by ensuring that it is accessible and understandable and that safeguards are available to protect them. The opportunity to understand our customers' experience is welcomed, and we note that the Call for Evidence associated with this Review led to a substantial response. The Department will ensure the detail provided from the Call for Evidence informs future policy development.

As we learn the lessons from Windrush, the Home Office is already taking steps to improve our customer focus. We are ensuring expert advisors provide additional assistance to those with complex needs as part of Windrush and EUSS contact centres, and considering the evidential requirements needed to prove eligibility.

However, as the Chief Inspector reports, the Home Office's Borders, Immigration and Citizenship System (BICS) is a £2+ billion, complex "operation" and "the Home Office is not entirely free to act as it might wish when looking at charging for its functions". It operates within the framework agreed with Parliament and set out in primary legislation in the Immigration Act 2014, and the financial limits and rules set by HM Treasury, and has to accommodate the wider objectives of other government departments and Ministers alongside its own. It also needs the support of Parliament for any changes requiring secondary legislation, such as the annual revision of its fees. And it needs to balance fairness to the applicant in setting fees and charges for the benefits they accrue, with fairness to the taxpayer regarding the contribution they pay for an effective Borders, Immigration and Citizenship system.

The ICIBI notes the progress that the Home Office has made towards 'self-funding' as agreed as part of the 2015 Spending Review. We will be reviewing this ambition in the context of the 2019 Comprehensive Spending Review and expect there to be greater linkage to three key principles in the setting of all our fees— providing funding stability, instilling fairness throughout the system, and promoting prosperity and UK interests.

The Department accepted or partially accepted 10 of the ICIBI's recommendations. It has not accepted 2 recommendations.

The Home Office response to the recommendations:

The Home Office should:

- 1. Run a new (wider than in 2013) public consultation on charging for Borders, Immigration and Citizenship System (BICS) functions, to be completed and published in time to inform the 2019 Comprehensive Spending Review.**

1.1 Not Accepted

- 1.2 It is not possible to run a full public consultation process in sufficient time to adequately inform the 2019 Comprehensive Spending Review. We are unable to meet the timescales specified to inform the spending review with a public consultation. We note the themes highlighted in the call for evidence conducted by the Independent Chief Inspector of Borders and Immigration (ICIBI) and will ensure they are factored into spending review considerations on fees and welcome any further detail the ICIBI wishes to provide. We are aware that there are issues of particular public and parliamentary interest, such as fees associated with individuals regularising their status, where we require them to do so, and policies associated with refunds, fee waivers and exemptions. We, therefore, accept that consultation in specific areas could be useful to inform future policy development and will undertake to do this before we take decisions which would result in fundamental changes to the way the system is funded. In addition, we have published a white paper on our Future Border and Immigration System and continue to engage stakeholders on our proposals.

- 2. Clarify the department's current position on when, or if, the Borders Immigration and Citizenship System intends to become "self-funding", including what this means in figures and what elements of the BICS "operation", and any related activities, are included and excluded from the calculations.**

2.1 Partially Accepted

- 2.2 Exactly how the BICS is funded will be part of ongoing discussion with HMT in the lead up to the 2019 Spending Review (SR). This will formally agree our ambition for our future funding structure, including the question of our aim to become 'self-funding'.
- 2.3 Once SR negotiations have concluded we expect a joint HMT and HO statement, setting out the position.

- 3. Ensure that BICS income targets do not fall disproportionately on UK Visas and Immigration to meet, requiring Border Force and Immigration Enforcement to bring their unit costs up to date for 2019-20 and to produce a cost-benefit analysis of each optional paid-for service, including a clear statement in each case of what the 'customer' is entitled to expect from the 'free' standard alternative.**

3.1 Partially Accepted

- 3.2 When setting immigration and nationality fees, (which are approved by Parliament, in line with the 2014 Immigration Act), we take into account the wider costs involved in running our Border, Immigration and Citizenship System (BICS), so that those who directly benefit from it contribute to its funding. This reduces the burden on UK taxpayers. The Department does not consider that the different commands within BICS should pay their 'equal share' as we are limited where we can or should charge for services. We regularly assess all our fees when considering appropriate charges and the contribution they make in income to support running the BICS.

3.3 We accept however that unit costs for Border Force and Immigration Enforcement can be brought up to date, and this has been completed since the ICIBI review on fees and charges. As a result, Border Force fee increases were introduced in the March 2019 Fee Regulations. We will continue to review our unit cost fee methodology over 2019.

3.4 There are no plans to undertake further work on cost-benefit analysis of optional paid for services; many of which are now subject to external contract considerations under the Front-End Services programme. As these are 'optional' the pricing is demand led. We accept, however, that further improvement in the communications around our services is possible. We will review information made available about service standards for standard services, including in relation to priority services and seek to continue to improve communications throughout 2019.

4. Provide a breakdown of how the unit cost (the cost to the Home Office of administration or processing) element of each fee has been calculated, ensuring that this information is readily accessible (on GOV.UK) alongside the list of current fees.

4.1 Partially Accepted

4.2 The fees and unit costs are calculated in line with Managing Public Money principles set by HMT and in line with our powers in the relevant legislation. The unit costs are already published on Gov.uk. We do not consider that it is necessary to publish a full breakdown of cost, but we acknowledge that there is interest in how these fees are calculated and have published some further background information on Gov.uk regarding the types of cost categories included in calculating unit costs, when we updated unit cost information in March 2019.

5. Provide a breakdown of how the “benefits likely to accrue” to a successful applicant have been calculated for each fee, and in the case of refused nationality or settlement applications (except on grounds of fraud) refund this element of the fee and retain only the unit cost (administration) element.

5.1 Not Accepted

5.2 As the actual benefits to any given applicant are also likely to vary depending on their personal circumstances, it is not possible to attribute specific amounts to benefits experienced by a successful applicant.

5.3 The Home Office refunds application fees in a variety of different circumstances, including where an application is rejected due to mandatory validation requirements (minus a £25 administrative charge), or where an application is void and could never be considered. A refund may also be considered in other circumstances, such as when an application is withdrawn prior to significant costs being incurred, or where there are truly exceptional circumstances, such as bereavement.

5.4 The Home Office keeps refund policies under review and will carefully consider the Chief Inspector’s recommendations in the context of the next Spending Review.

6. Ensure that for each nationality and immigration fee there is a clear statement of the level of service the ‘customer’ can expect in return for payment, including when they will receive a response and/or decision, effective communication about the application and the decision, and the means to complain and seek redress where the level of service falls short of the expected standards.

6.1 Accepted

- 6.2 We acknowledge that our service standard communications could explain in more detail and clarity the full range of the service a customer can expect, including the timeframes for considering their application. We are reviewing our general communication strategy, including information we give on Service Level Agreements for standard and priority services and making it clearer how to raise concerns. We will also consider the time taken and expectation management around the delivery of products. We will continue to improve communications throughout 2019.
- 6.3 A new central UKVI Chief Caseworker Unit was established in June 2018, led by the newly created post of Chief Caseworker, and supported by a cadre of experienced senior caseworkers recruited from across the Department. The unit ensures that decision makers across UKVI place greater emphasis on the customer rather than unduly focusing on process.

7. Either make public any Policy Equality Statements produced for ministers or publish separate statements that show clearly what has been considered when proposing fees levels/increases in terms of equality and diversity, in particular the social and welfare impacts on children, families and vulnerable persons.

7.1 Partially Accepted

- 7.2 The Department recognises that it is important to take account of any impact on equality and diversity, particularly any social and welfare impacts on children, families and vulnerable persons, when considering changes to fees levels. We also note that the Chief Inspector's argument that publishing our Policy Equality Statements would increase transparency. We will consider publication of fee-related Policy Equality Statements on a **case by case** basis going forward.

8. Either identify existing reviews, information and data that is more recent and more clearly relevant to the elasticity and other assumptions that form part of the annual Impact Assessment, including international benchmarks for charging and fees levels, or commission new research.

8.1 Partially Accepted

- 8.2 We accept that we should use the best available evidence to inform fee development. As the Chief Inspector noted, our Impact Assessments meet HMT central government guidance as set out in the "Green Book" requirements. Our assumptions on elasticities can be kept under review and will be updated as appropriate. We will continue to take international benchmarks into account when reviewing fees, although there is substantial variation between products globally, which make direct comparisons unhelpful, so we do not consider these should be published as part of the Impact Assessment.

9. Review the routes to settlement, including assessing negative effects on individuals and families of requiring repeated applications for leave prior to considering settlement, the option of tapering the fee for second and subsequent applications for leave where the applicant's circumstances have not changed, and setting shorter timescales for decisions to grant or refuse applications.

9.1 Partially Accepted

- 9.2 We will reflect on the Chief Inspector's comments about the different routes to settlement. Generally, there is a clear rationale for the different timeframes, based on the route to settlement, how long the applicant has been in the UK on that route and whether they meet all, or only some, of the requirements of the Rules. To provide a standardised route to settlement may be perceived as unfair to those who meet all of the requirements of the Rules and could reduce the incentive to do so.
- 9.3 We accept that we could look at fee tapering for repeat applications in the context of the Spending Review, although recognise the complexities in this approach for setting and administering fees.
- 9.4 We accept that we can do more to shorten timescales for decisions. That is why we have continued to recruit staff and improve processes to increase our decision-making capability. Transparency data shows that in Q3 of 2018 the amount of HR/Complex (10-yr route) work in progress (WiP) had fallen to 39,000 from 49,950 in Q3 2017; whilst the Spouse/Partner (5-yr route) WiP had fallen to 5,563 compared to 6,297 the previous year. Transparency data also shows 99.2% of 5-yr Spouse/Partner route applications completed within our 8-week service standard. The application process has now been mandated online and we hope to be digitising documents, which should lead to further improvements in the future.

10. Carry out a full review of the fee waiver process, including consideration of:
a) extending eligibility for fee waivers, including (but not limited to) all child Leave to Remain and nationality applications b) lowering the burden of proof for destitution and inability to pay, making a presumption in favour of individuals and families in receipt of public funds, means tested benefits or asylum support c) the time taken to make a decision (setting and sticking to a Service Level), ensuring that this function is adequately resourced d) quality assurance

10.1 Partially Accepted

- 10.2 To ensure that the most vulnerable are able to access these applications, it is possible to request a fee waiver. Previously this policy took into account the ability to pay the fee only, but we have recently reviewed the policy and now take into account the whole amount that an individual needs to pay, the Immigration Health Surcharge (IHS) and the fee; either the IHS or both fee and IHS may be waived.
- 10.3 Waivers are granted if the applicant evidences that they are destitute or would be rendered destitute if required to pay the fees, or that there are exceptional financial circumstances that for example require expenditure on the needs of a child or children involved. Whilst it is important that those who apply for a fee waiver are able to evidence their financial situation, we are aware that there are some groups who may find this challenging and have been in discussions with stakeholder groups on this issue, particularly with reference to young people who may not have access to the type of information required.
- 10.4 Through further recruitment and continued process improvement we are reducing the time taken to conclude fee waiver applications and, in most cases, where the necessary information is provided or can be obtained, we aim to make a decision within 28 days.
- 10.5 We have recently changed processes to give those customers making their application in time but failing to provide all information a further opportunity to do so. We have also engaged with Local Authorities on how we may identify and, where required, prioritise fee waiver applications from those who are most vulnerable. In addition, we are updating our Quality Assurance infrastructure, to incorporate additional assurance in specific areas and expect it to be rolled out by the end of May 2019.

11. Complete a full Post Implementation Review of the Front End Services Programme to report no later than the end of 2019, to include consideration of the impact on vulnerable applicants.

11.1 Accepted

11.2 We will undertake the full post implementation review recommended; but that intends to take a broader view of how we are impacting vulnerable applicants across all our front-end service arrangements in the UK. For example, we plan to open UKVI-staffed 'Service and Support Centres' which will offer a human touch, guiding these individuals; who may have higher needs, be in a position of vulnerability or whose circumstances may be complex through our application process. The post implementation reviews for our Front End Service arrangements will be completed before the end of 2019.

12. Identify a mechanism by which GRO can revise the fees set in 2010 at "cost recovery" so that they catch up and keep pace with GRO's unit costs.

12.1 Accepted

12.2 Since meeting with ICIBI colleagues, General Register Office have concluded a comprehensive fees review, with proposed fee levels agreed with Ministers and HM Treasury. Revised certificate and associated fees were introduced on 16 February 2019. The fees included an overhauled unit cost and overhead absorption methodology and are anticipated to deliver an additional income stream of c£6m per annum to GRO. Should forecast demand levels be achieved, the additional income will address shortfalls in relevant unit costs and also ensure that GRO delivers on spending review objectives to meet an £8m annual target to remove reliance on Home Office funding to deliver core services.