



Home Office

Immigration fees and charging Consultation 2013 - response

January 2014

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Foreword

To maintain our immigration system it currently costs approximately £1.75bn per annum, approximately half of which will be recovered through the fees from applications and the services we offer. Over the period 2011 - 2015, we will make at least £450m in savings and efficiencies by reducing support costs, boosting productivity and improving value for money from commercial suppliers. These savings and efficiencies alone will not be enough to fund the immigration system we want to see. Therefore, we will need to ensure that fee levels for the next financial year generate the income required to manage the system and invest in improving services, while reducing the contribution from general taxation.

We set application fees on the basis of a number of factors, working within strict financial limits agreed with HM Treasury and Parliament. We have made carefully considered decisions to set some fees at or below the cost of delivery, and some fees above the cost of delivery, to reflect the value of the product.

Recovering fees income in this way is increasingly important given the pressures on public finances. We will continue to set application fees flexibly to both help fund the end to end costs of running the immigration system and to maintain our global position as a country that welcomes the contribution that controlled, legal migration can bring.

On 11 November 2013 the Home Office published a consultation paper on charging for immigration and visa services. This document set out some proposals in relation to how we can continue to charge for our immigration and visa services and reduce the financial burden on the public purse. We are now pleased to publish the formal government response to the public consultation on charging.

The quality of responses has been very high, and I am grateful to all those individuals and organisations who have taken the time to respond and to those who have contributed their experience and insight to what is a complex issue. This document reports what you have told us during the consultation, what we have learned from this process, and what will happen now. Some of the suggestions are reflected in the latest fees proposals, which are due to be laid before Parliament in February 2014. Other proposals will be considered over the next few months and may form part of the following fees round. We want to make sure that the charging framework as a whole contributes sustainably towards the costs of running the immigration and border system. We will therefore keep the framework under review, especially given the current pressures on public finances.

Mark Harper MP
Minister of State for Immigration

About the consultation

On 11 November 2013, the Home Office published its consultation document '*Consultation on fees and charging – Immigration and visas*' which sought public views on the way we charge for immigration and visa services. The consultation, which ran for three weeks, closed on 3 December.

The consultation document covered the following areas:

- Simplifying our fee structure
- Fee levels
- Legislation
- Optional and premium services
- Border Force services
- Commercial partnerships
- Refunds and administration fees
- Wider impacts

The consultation document was available online to the general public on the Home Office website: <http://www.ukba.homeoffice.gov.uk/policyandlaw/consultations/>. Notification of the consultation was also emailed to more than 1,100 stakeholders registered with the Home Office as having a particular interest in immigration, including businesses, education providers and immigration advisors.

Key interest groups from professional bodies, legal practitioners, education sector representatives, aviation and hospitality trade associations and travel and retail groups were also notified of the consultation and a number of face to face meetings took place during the consultation period. Issues raised during face to face meetings are included in the analysis of individual questions. A list of the organisations consulted or who provided a written or verbal response is contained at **Annex 1**.

This report summarises the responses to the consultation and the government's proposals in the light of them. It should be noted that, in general, those responding to consultations are self-selecting and may not therefore be representative of the population as a whole. Responses were submitted via a response proforma, by email or in hard copy.

Most of the questions in the consultation document were followed by categorical response options (e.g. 'Yes', 'No', 'Don't Know'). A space was provided with each question for further comment. The results were analysed initially by response to the categorical questions.

Each consultation question has been analysed numerically as well as using comments provided by respondents. Response percentages have been calculated as the proportion of those who have answered a particular question. The percentages given for each of the consultation question responses relate only to the number of people who answered that particular question. Responses where a comment has been provided that does not match one of the options have been categorised as 'none of the above'.

Those questions not followed by categorical response options were analysed by theme and by issues raised in respondent comments.

Summary of responses

- 78 responses were received in total
- 2 of the 78 were from the same organisation so one was treated as a duplicate
- 3 of the 78 were not received in the proforma and did not contain responses to individual questions, so these have not been used to calculate numbers. The comments have instead been used for qualitative analysis
- The remaining 74 responses have been used for numerical analysis
- Only 12 respondents provided answers to all questions in the consultation. Many respondents focused on particular areas of interest

Demographic of respondents

The respondents can be split into categories as follows:

- Education sector (29) – universities, schools, sector representatives, groups and associations
- Travel and tourism (19) – air travel companies, airports, tourism associations, travel advisors and representatives
- Immigration advisors and law practitioners (11) – legal practices, immigration advisors
- Business and retail (8) – private and commercial companies, with overseas employees or customers
- Private individuals (6) – providing feedback from personal experience or work-related knowledge
- Miscellaneous (3) – organisations which do not fit in any other category

Representation

Where a response was given the respondents identified themselves as follows:

- Public sector (13)
- Private sector (24)
- Not for profit (6)
- Other (15) – including private individuals

The organisation size of respondents was as follows:

- Micro company (6)
- Small-medium enterprise (11)
- Large company (27)
- Not applicable (14)

Detailed analysis of responses

Simplifying our fee structure

Question 1: Do we have the right balance between simplicity and the need to differentiate fee levels for different products and services?

Answer	Number	% of responses
The balance is about right	15	29%
Fees should be simplified, even if this means that some customers pay higher fees	20	38%
There should be more price points to differentiate fees further	10	19%
Don't know	6	12%
None of the above (no option selected, but comment provided)	1	2%
Blank / no comment	22	-

Summary of issues

38% of respondents felt that the fee structure should be simplified, although 29% felt that the balance is about right in the current fee structure. 19% felt that the fee structure should be differentiated further.

Those who selected simplification felt that the current fee structure was too complex with no easily understandable reason for the variety. The main issue for those who felt the fees are too complex was that the large number of fee categories leads to confusion for applicants, with the potential that this leads to them paying incorrect fees, causing further administrative work. There were also issues with finding the correct fee information in guidance and on the Home Office website. This was mentioned as a particular issue for overseas applicants who do not have English as a first language. One suggestion was to simplify the terminology used in the fees table, which could help applicants to understand the fees and may reduce the need to amend a number of categories in the table.

Several respondents representing the education sector provided feedback that some of the fees for students and education providers were too high for student visas and for Tier 4 sponsor licensing, and that more price points should be included to allow differentiation between large and small education providers, and between universities and independent organisations.

Those against simplification expressed concern that reducing the number of price points would lead to increases in fees already considered too high. In particular, responses from the tourism industry indicated that any increases to short-term visit visa fees would be unwelcome.

Question 2: What changes, if any, would you introduce to ensure the immigration fee system is both simple for applicants to understand, and flexible enough to cater for different circumstances?

Answer	Number
Comment	50
Blank / no comment	24

Summary of issues

The key issues raised by respondents related to international competition, Tier 4 fees for students and sponsors, and balancing fees against service standards.

On the subject of international competition, respondents were particularly concerned with the price of student visa fees and visit visa fees in comparison with competitor countries, and the fact that raising fees would decrease the UK's attractiveness as a place to work, study and visit. This issue was raised by representatives from the education sector as well as from business and travel sector representatives.

Some respondents representing the education sector provided suggestions to introduce a 5-year study visa that would allow students to study both A-levels and a degree course without applying for further leave. Another frequent suggestion from education sector representatives was to amend the way Tier 4 sponsorship fees are structured, notably premium sponsorship fees, so that fees are charged according to the number of students sponsored by an education provider, thereby making the charging system fairer for smaller providers.

Suggestions included setting a limited number of "flat fees" for categories that are defined by leave length and application type, rather than setting individual fees for different applications within a category. Another suggestion was to consolidate the fees for additional applications - such as the biometric enrolment fee, or the two-part nature of the Tier 1 Exceptional Talent route. Several respondents suggested aligning fees for in-country and out-of-country applications.

Some respondents provided comments on other aspects of immigration applications related to fees, in particular there was a high proportion of opinion suggesting that service standards need to be improved in line with any fee increases in future. Other suggestions included ways to make the application process itself easier, or using IT to make applying and paying more straightforward.

There was also a suggestion for a fee exemption to be introduced for applicants supported by a local authority.

Simplifying fee structure – government response

Questions 1 and 2 are considered together in this report as they both address the question of simplifying our fee structure for immigration and nationality charging.

As proposed in our consultation, we will be taking steps to simplify elements of the current fees structure in the coming fees round. For example, we will be simplifying the concession available

to Council of Europe Social Charter (CESC) migrants so that a single discounted rate is applied to all qualifying fees, instead of setting a different discounted CESC fee for each application type.

We announced in 2012 our intention to simplify the fee structure by eventually aligning fees for main applicants and dependants, so that it is easier for applicants to understand the correct fee, and so that the fee paid by migrants is in line with the benefits available to them. For example, a dependant family member of a Tier 2 (General) migrant gains very similar benefits, including access to education and to the labour market, therefore it is right that a dependent family member pays the same as a main applicant.

We have considered the case for simplifying the layout and language used in the fees tables, and so we therefore intend to use plainer wording and ensure that the fees table is clearly laid out so that applicants can more easily determine the correct fee they need to pay. Changes will be made over the next two fees rounds.

Mindful of the need to avoid placing significant additional administrative or financial burdens on applicants, we will not be making large changes to the fee structure during this fees round. As part of the proposed Immigration Bill we intend to use our new powers to set fees against an extended set of criteria and to consolidate the existing legislation, which will allow us to review the way we charge for different products. We will continue to review the fee structure after the current fees round and will consider further ways to simplify the way we charge for immigration and nationality products.

Fee levels

Question 3: Do you feel that fees should, in part, be determined by where or when an applicant applies?

Answer	Number	% of responses
Migrants should pay a single fee for a particular product, wherever they apply	29	55%
Migrants should pay different fees for products depending on where they apply	14	26%
Another approach should be used	3	6%
Don't know	6	11%
None of the above (no option selected, but comment provided)	1	2%
Blank / no comment	21	-

Summary of issues

The majority (55%) of respondents felt that a single fee should be applied for a particular product, regardless of whether the migrant applies inside or outside the UK. 26% felt that fees should be banded according to where a migrant applies. A small number of respondents (6%) suggested other approaches and 11% stated that they did not know which approach should be used.

Those who opted for single fee levels explained that this would be consistent with the Home Office aim of simplification, and would make it easier for applicants to understand the correct fee level. There were also several responses stating that having different fees in different overseas regions or countries may be seen as unfair or potentially discriminatory.

Respondents who chose the option for different fees explained that fees should be linked to processing costs, and that fees should be lower in countries where operating costs are lower. There were also suggestions for introducing fee bands according to national average salary levels, to encourage more applications in less affluent countries, where applicants might currently be discouraged by high fees.

Suggestions for other approaches included linking the application fee to processing times, similar to the way premium services are charged, linking application fees strictly to processing costs, introducing fee bands similar to the earnings bands for Tier 1 applications and introducing discounts to encourage targeted inbound tourism. Another suggestion was to introduce a system of deferral, so that applicants who are applying for skilled work in the UK would pay an instalment upon application, followed by the remainder of the fee once they have started earning a salary in the UK. This would be intended to balance the difference in earnings between the UK and some low-earning countries.

Question 4: Are there any immigration products where you feel that fees should be reduced, or where an increase would provide a more balanced range of fees?

Answer	Number	% of responses
Some fees should be reduced	32	60%
Some fees should be increased to allow for reductions elsewhere	9	17%
Don't know	9	17%
None of the above (no option selected, but comment provided)	3	6%
Blank / no comment	21	-

Summary of issues

A large majority (60%) of respondents felt that some fees should be reduced, although 9% felt that some fees could be increased to allow for reductions elsewhere. 9% of respondents were unsure of what changes should be made.

The key categories where respondents felt that reductions should be applied were to Tier 4, both for sponsors and migrants, and to visit visas. In particular, representatives of the education sector pointed out that whilst a reduction was in place for small businesses applying for a Tier 2 premium sponsor licence, no such reduction was in place for small education providers. This therefore means that small and independent education providers find it harder to cover costs and compete for students than larger education providers who would have more income from students.

Both large and small education provider representatives commented that Tier 4 visa fees should be frozen or reduced to encourage more applications from overseas students and allow the UK to compete with other countries.

Other categories where a small number of respondents suggested reductions were to the visit visa category and to the fees for dependants. Representatives of travel and tourism organisations commented on the impact of visit visa fees on the perception of the UK held by overseas visitors, and compared the UK visit visa to the equivalent offered elsewhere, such as the Schengen visa. Stakeholders suggested ways of making the long-term visit visa more attractive by reducing fees as well as simplifying application forms. Comments from some private individuals raised concerns about the affordability of fees for family members and dependants, and the impact of these fees in combination with other schemes such as the proposed health surcharge. Proposals offered for alternatives included introducing a discount for family groups.

Respondents who felt that some fees should be increased stated that increases could be made to premium services, or by increasing the range of applications that could use the one-day processing service. Comments suggested that increases could be made to the higher value products such as permanent settlement or employment categories.

Fee levels – government response

Questions 3 and 4 are considered together in this report as they both address the basic question of how fee levels should be set.

The Home Office is given strict income targets, set by Her Majesty's Treasury. While we are making efficiency savings in response to the government's Spending Review, these savings are not enough to offset the reduction in public funding. We have considered all responses to these questions carefully but remain convinced that in order to raise the funding required to maintain our immigration system, we are unable to make large reductions to fee levels. We are delivering significant savings and believe it is fair that those who use and benefit from our services should contribute to the cost of running the immigration system.

We have noted the views of some respondents who feel that the fees for dependants are currently too high. We believe that it is right for family members to pay the same as main applicants when the benefits of a successful application are the same. This brings clarity to the fees structure and also helps to limit the fee increases otherwise required across other products.

We remain committed to maintaining the UK as an attractive destination for work, study and for business, tourism and cultural visits. We recognise that migrants make a valuable contribution to the wider British economy, and we continually monitor our fees to ensure that they remain competitive with similar endorsement types offered in other countries.

We have considered other ways we can ensure that the UK is still seen as open for business and an ideal destination for visitors, workers and students. As such we intend to introduce some new fee categories and concessions. For workers, we will be introducing a fee concession for Tier 2 migrants who are filling a job on the shortage occupation list. There will also be new fees

in line with proposed changes to immigration rules that will allow Tier 2 (General) and (ICT) migrants to apply for leave for up to 5 years in a single application. This will reduce the administrative burden on some applicants who will no longer have to submit two separate applications a few years apart.

Some of the suggestions made by respondents, such as payment in instalments, would be very difficult to implement, however we will consider the options available to us when we next review our charging strategy.

We are also taking steps to protect the visitor route from significant fee increases. While we will be making a small increase to the fee for short-term visitors (£3), this is a marginal change in real terms, and the visit visa continues to be charged at significantly lower than the current cost of processing. We intend to protect the long-term visitor route by freezing the fee for the 10-year visit visa, with limited increases on the 2- and 5-year routes. Long-term visit visas still represent good value for money and allow regular visitors to the UK to avoid the impact of future fee changes as well as the inconvenience of making repeat applications. We are also reducing the fee for the direct airside transit visa, which will help to enhance the UK's position as a hub for transiting passengers.

Legislation

Question 5: How should the Home Office use the new framework to make the legislative process for fees and charges more responsive to change?

Answer	Number
Comment	44
Blank / no comment	30

Summary of issues

A significant proportion of respondents did not provide an answer to this question because they felt that they did not fully understand the proposed amendments, or that the current system is satisfactory.

Of those who did provide comments, the key concern was that the new legislative structure should not be used to change fees more frequently than once annually, since this would create difficulties for businesses and education providers when planning budgets and work.

Another issue raised by several respondents was that they felt the Home Office should be more willing to reduce fees as well as to increase them. The categories used as examples were visit visas, Tier 4 student applications and Tier 2 shortage occupation applications. There was also some concern from a few respondents that the new framework may decrease the level of scrutiny involved in fee changes, both through Parliamentary agreement and through public consultation.

Some other suggestions involved using the increased flexibility to allow the UK to become more competitive with other countries, and to be more responsive to fluctuations in international

markets, for example introducing a discounted visa period in quieter months. Some respondents also agreed that the new structure could be used positively to introduce new premium services.

Legislation – government response

The Immigration Bill that is currently under consideration by Parliament is intended to consolidate and update legislation for fees and charging for immigration and nationality functions. The provisions will amend the criteria that may be considered when setting fees to ensure that they can be adjusted in line with government priorities and to ensure that fees continue to support the growth agenda. The criteria will include:

- Cost: The full cost to the Home Office of processing applications.
- Benefits: The benefits that may accrue to the person making the application or buying an optional/premium service.
- Economic growth: Ensuring that fees may be set at a level that supports economic growth.
- International comparisons: The fees charged by other countries for similar products.
- Reciprocal arrangements: Arrangements with other countries, to put in place mutually beneficial arrangements. For example, bilateral agreements to reduce UK visa fees in exchange for a discount for British citizens travelling abroad.

The Bill will also simplify the process for amending fees ensuring that new fees can be introduced in a matter of weeks rather than just once a year and redundant or unnecessary fees can be easily removed when needed.

We acknowledge the concern expressed by several respondents, that frequent changes to fee levels will cause difficulties for businesses and education providers when planning resources and costs for the coming financial year. It is not our intention to change fees multiple times within each year, however the new legislation will give us the flexibility to respond to market changes and to remove or reduce particular fees if necessary. Having agreed maximum and minimum fee levels will also help businesses and individuals to plan ahead.

We would also like to respond to concerns that the proposed changes may reduce the level of parliamentary scrutiny involved. Any proposed amendments to the type and range of products we charge for will still need to be approved by Parliament. Maximum and minimum fee levels, will require approval from Treasury, Cabinet Committee and Parliament (by the affirmative resolution procedure), while specific fee levels will still be set out in regulations.

Premium and optional services

Question 6: Do you think customers should only be able to subscribe to a complete package of end-to-end premium services at a single fee, or should customers continue to have the option of paying for individual products and services (with separate fees, which would have a higher total cost)?

Answer	Number	% of responses
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Premium services should be packaged together as a single product	1	2%
Customers should be able to choose from a menu of different premium services	9	18%
Both- customers should have the choice of either option	40	80%
Blank / no comment	24	-

Summary of issues

Responses indicate that premium services are very popular, and that most respondents want to see more of them. A large majority (80%) of respondents felt that customers should be able to choose either individual premium services or a complete premium package. Only 2% of respondents felt that premium services should be packaged as a single product, and 18% felt that a menu of different services should be offered.

It was clear from the comments provided that the availability of choice and flexibility was the most important aspect of premium services, and that customers should be able to choose the best option based upon their own individual circumstances. Respondents also suggested that offering more choice in premium services would allow the UK to compete with the immigration systems of other countries.

Those who advocated more choice for customers also provided suggestions for how premium services could be packaged. Suggestions included having a range of packages at different price bands, (i.e. 'silver', 'gold', 'platinum' packages with different services included), providing discounts for customers opting for more of the premium services, and taking a layered approach to the sponsor premium services, so that sponsors only requiring one or two of the premium services would pay a lower fee (i.e. if a sponsor only needs the account management service they would not pay the full sponsor premium fee). Other suggestions included the provision of training by Home Office staff to sponsoring organisations, as well as an end-to-end package for premium visa applicants that covers the application, travel and processing upon arrival at a UK port.

There were a small number of negative comments from those who felt that premium service was not good value for money but was seen as the only option for customers unsatisfied with service standards for non-premium applications.

Question 7: Are there any premium services or business support services that you would like to see, or that you would use if available (for example, bespoke or mobile services, or one-to-one business support services)? Please set out any differences, if any, between the services you would like to see for small and medium enterprises, and larger.

Answer	Number
Comment	43

Summary of issues

Many of the suggestions focused on expanding or amending existing services rather than introducing new ones – for example, there were several comments pointing out that the one-day processing was not available for all application types, but that applicants may be willing to pay the additional fee for faster processing, particularly for nationality and EEA applications. Another suggestion of this type was to introduce an option for early return of a passport to an applicant whilst their leave to remain application is being considered, or to allow customers to collect documents in person rather than wait for posting. Some Tier 4 representatives suggested that it would be useful for mobile biometric enrolment to be provided to premium Tier 4 sponsors at their own premises.

Some respondents made suggestions for services to be added to existing premium packages, for example an employer checking service for premium sponsors through their account manager.

Further suggestions were that we should offer a midpoint between the standard service needed by smaller sponsors (particularly under Tier 4) and what was considered by some respondents to be the overly high cost of the premium service. For example, the Tier 4 premium service costs £8,000 for all education providers, even though the smaller sponsors may not need as many of the premium services included. This included the option of access to individual service elements, on an ad-hoc basis, charged appropriately. Another suggestion was to combine the premium service for sponsors who hold both Tier 2 and Tier 4 licences, so that the premium service covers the organisation in full.

There were some critical comments from a small number of respondents who felt that further premium services should not be introduced until service standards for non-premium products are improved. Some respondents felt that some of the premium services paid for as optional extras should be part of standard processing and not attract an additional fee, particularly the provision of account management for sponsors.

Premium and optional services – government response

Questions 6 and 7 are considered together in this report as they both address the question of how we should offer and charge for premium and optional services.

Having taken into account the responses received, we are pleased that our premium services are appreciated, and we consider that it is important for customers to be offered a wide range of premium services so that they are able to choose the level of service that is most suitable for their requirements. We have introduced several new premium services overseas, with the intention of expanding the availability of these services in the future. One of the new services available will be the Registered Traveller scheme. This scheme provides pre-approved regular travellers from selected countries access to expedited border processing normally reserved for EEA/EU citizens (including UK citizens). We also intend to regularise charging arrangements for premium services overseas, so that fees are charged at a single rate worldwide rather than a locally set rate.

As well as taking forward existing proposals, we will ensure that suggestions for new and improved premium services are considered carefully for cost and feasibility. As part of the review of our fee structure mentioned previously in this document, we will consider the options available to us for the packaging of premium service products in the next fees round.

We note the concern expressed by several respondents that focusing on premium services may have detrimental effects on service standards in non-premium areas of work. However, we maintain the view that the additional income raised through the provision of premium services is necessary and will allow us to invest in improving processes and standards across the business. For example, since the introduction of the appointment booking fee for in-person applications, the number of no-show appointments has dropped from 30% to 4%, increasing the availability of appointments for customers who wish to use the premium service. Service levels for non-premium applications are improving, and new, clear service standards have recently been published. Additional income from premium services also helps to reduce the scale of fee increases otherwise required for standard services.

While we recognise that international students make a valuable contribution to the UK economy, we are not persuaded that the introduction of a reduced sponsor premium service fee for small Tier 4 sponsors is feasible at the present time; however we will look at the issue in more detail for later fees rounds. The sponsor licence and confirmation of acceptance of studies (CAS) fees are already set with smaller users in mind. Tier 4 licence fees are set below the cost of processing, and the fact that an additional fee is paid for each CAS issued, mean that larger providers who issue more CAS already pay more for standard services. The Tier 4 Sponsor Premium Service is currently targeted at providers with large numbers of sponsored students, who are most likely to benefit from the enhanced service.

Border Force

Question 8: Should Border Force provide or facilitate enhanced services at the border?

Answer	Number	% of responses
Yes	39	74%
No	13	24%
None of the above (no option selected, but comment provided)	1	2%
Blank / no comment	21	-

Summary of issues

74% of respondents felt that Border Force should provide enhanced services at the border, and 25% did not.

Although the majority of respondents agreed that the Border Force should provide or facilitate enhanced services, a significant issue, for both those who selected 'yes' and 'no', was that of resources. Respondents were concerned that the provision of enhanced services by Border Force officers may impact on the level of standard service offered to other customers. A small number of respondents specifically commented that Border Force staff should focus on the basic duty of protecting the border, rather than diverting resources to providing enhanced services.

Respondents also commented that the additional income raised by charging for enhanced services should be used to offset the costs involved in improving standard services, but that the enhanced services should be charged to customers rather than airlines to avoid general price increases by airlines.

Those who advocated the provision of enhanced services at the border suggested that a fast track service and the Registered Traveller scheme would be the most useful services to customers and businesses.

Some airlines and airport operators specifically responded to these questions and expressed concerns about the charging structure for border services. In particular these respondents were concerned about how being required to pay for these services themselves would negatively impact their ability to compete with larger airports and commercial airlines. Several respondents asked for more detailed information about proposed services.

Question 9: Should the charges for these enhanced services reflect their value to ports, airlines and passengers, depending on the nature of the service provided, or should we apply a single national rate?

Answer	Number	% of responses
Charges should reflect the value of the product to the passenger	22	50%
Enhanced services should be charged at a single national rate	13	30%
Other	9	20%
Blank / no comment	30	-

Summary of issues

Half of all respondents felt that charges should reflect the value of the product to the passenger, although 30% felt that there should be a single national rate. 20% felt that a different system should be used.

Those that felt that charges should reflect the value to the passenger also felt that charges should be passed directly to customers, and that enhanced services should be offered, priced and selected in advance so that passengers know what level of service to expect. Many respondents emphasised that since the enhanced services would be used at the convenience of individual customers then the fee should reflect the value to those customers. Respondents did make it clear that customers paying an additional fee for enhanced service should receive a consistent level of service.

Some respondents felt that the fee should be set at a national rate in the interest of fairness, clarity and consistency. There was also feedback from smaller airlines and airport services that a single national rate would allow smaller businesses to compete with larger ports,

Comments were also provided that any enhanced service should not be to the detriment of standard service.

Question 10: What do you consider to be an enhanced service and under what circumstances do you think it is appropriate for Border Force to charge?

Answer	Number
Comment	39
Blank / no comment	35

Summary of issues

Not all respondents provided comments for this question.

The most popular suggestion was for a fast track service, and within this area there were several suggestions of how this may be accomplished. Some respondents suggested the opening of additional lanes or immigration desks at ports, and some suggested a form of pre-clearance so that documents could be checked in advance.

Some respondents suggested expanding the Registered Traveller scheme to other nationalities, including EEA nationals and migrants with indefinite leave to remain in the UK. Another suggestion was to provide a separate lane or process for tour groups and families, so that other customers can continue to be processed efficiently.

Another proposal offered by several respondents was the introduction of automated services at the border, including biometric scanning, in line with the online check-in service provided by airlines.

As in previous questions, respondents commented that any enhanced service should be an addition to normal processing, and should not cause delays to normal service due to the transfer of resources to premium services.

Those respondents who commented on how enhanced services were charged suggested that customers should be charged directly, either by the Home Office as part of their visa application or by the airline as part of their travel purchase.

Border Force – government response

Questions 8, 9 and 10 are considered together in this report as they address the question of how and when Border Force should charge for enhanced service at the border.

Having taken into the account the responses received, we will continue to work with port operators and airlines to scope opportunities to expand the provision of Fast Track services at ports nationally. We note the concern expressed in a number of the consultation responses about resourcing and will work to ensure that, where premium services are delivered, they do not impact negatively on the performance of standard queues. This is already a well established principle at Heathrow where additional officers are deployed to the Fast track queues in order to ensure that delivery is not detrimental to the standard queues.

We also recognise the importance of offering a consistent service nationally and will look to develop the Fast Track service according to a set of core operational and commercial principles, however it will be important to retain some flexibility in our approach given the infrastructure challenges and the different nature of demand at individual ports. We plan to look carefully over the coming months at the options for how passengers might access Fast Track in the future, including the potential to offer the service to passengers directly. We held a Premium Services Industry event in October 2013 and are now beginning to engage in more detailed conversations with a number of individual ports and airlines; we will be looking for further opportunities to share details as our plans develop.

We have worked to review the definition of standard and premium service. There will be six weeks of further consultation during which time we intend to fully engage with the General Aviation trade.

Commercial partnerships

Question 11: Should we charge third party organisations that we contract with for the advice and support we provide, to ensure they comply with our standards?

Answer	Number	% of responses
Yes	18	44%
No	9	22%
Don't know	14	34%
Blank / no comment	33	-

Summary of issues

44% of respondents felt that third party organisations should pay a fee for the provision of advice and support, whilst 22% felt that third party organisations should not be charged. 34% of respondents were unsure.

Of the respondents who felt that third parties should be charged, many commented that this was because recognition and advice from the Home Office would give those organisations a significant commercial advantage over other service providers, and therefore organisations should be expected to pay for advice and support. Some comments pointed out that charging third party organisations in this way would be in line with the sponsor licensing arrangements of the points based system, or other commercial equivalents such as FSA or OISC registration.

Those who disagreed with charging third party organisations mainly felt that the Home Office should be providing services directly to the public rather than contracting work to third party organisations. It is possible that respondents either misunderstood the nature of the work being done by the third party organisations, or may have been reflecting negative experience they had during past interactions with the Home Office or third parties. Some respondents suggested that the organisations who are contracted by the Home Office should automatically comply with regulations as part of the contract award process, not as an additional requirement.

Respondents also felt that if third party organisations are required to pay fees to the Home Office then they may either pass on costs to their customers or cease providing the service, in which case applicants may seek unregulated advice elsewhere.

The relatively high proportion of respondents who selected ‘don’t know’, along with the comments provided by other respondents, may suggest that the respondents did not fully understand the information provided in the consultation document about the nature of the work done by third party organisations and what the Home Office would be charging for.

Commercial partnership – government response

It is important that any third party providing services on behalf of the Home Office, or benefitting from an agreement that they have with the Home Office, is fully compliant with the immigration rules and is able to ensure that their own systems are secure. The Points Based System (PBS) and Sponsor Licensing were introduced with the aim of reducing illegal work and study at fraudulent education providers, and ensuring that sponsoring organisations work in line with immigration law. Fees already exist for regulatory requirements such as sponsor licensing under the points based system or OISC registration, but there are areas which are not currently subject to fees such as Secure English Language Test Providers.

As proposed in our consultation, we are considering introducing a charging system for the provision of advice, support, consideration of applications and visits to monitor compliance for third party organisations that have a contractual arrangement with the Home Office to provide services in connection with immigration applications (separate from the PBS Sponsorship system). The example provided in the consultation document was that of Secure English Language Test (SELT) providers.

At the moment there are contractual agreements in place for SELT providers, which mean that those specified providers must meet a certain level of security and compliance in order to allow their tests to be recognised as part of an immigration application. The process of reviewing an application and ensuring compliance involves financial and personnel costs for the Home Office. No immediate changes are proposed following this consultation but we will continue to keep this area under review for the most effective way to ensure costs for these services are covered.

Refunds and administration fees

Question 12: Do you agree that an administration charge should apply where a refund is made in respect of withdrawn or rejected applications in certain circumstances?

Answer	Number	% of responses
Yes	35	70%

No	15	30%
Blank / no comment	24	-

Summary of issues

70% of respondents felt that an administration charge should apply, and 30% felt that an administration charge would be unreasonable.

Those who agreed that an administration charge would be reasonable qualified that it would be fair for the Home Office to be able to cover the cost of handling an application up to the point of rejection or withdrawal. Respondents commented that it would also be necessary for the guidance to be made clearer so that applicants are less likely to make mistakes in their application, and that applicants should be given an opportunity to correct any mistakes. Respondents who agreed with the principle of retaining an administration fee agreed that it would be unfair or unreasonable to penalise applicants in cases where advice or guidance is unclear. Respondents also felt that provision should be made for exceptional circumstances, as with refunds for premium service appointment booking fees.

Some respondents felt that any administration fee would be unreasonable or impractical. Others felt that the additional work involved in handling an administration fee would negate the cost recovery aspect or that an administration charge would be seen as a punitive measure by applicants, and would discourage applications. Some responses suggested it would be unfair not to refund a full application fee in cases where an application was withdrawn at a very early stage in the process.

Comments also showed that there was some confusion between the terms 'rejection' and 'refusal', and under which circumstances a refund would be issued.

Question 13: If so, at what level should this charge be set?

Answer	Number	% of responses
At cost (the average cost of administration to the point the refund is made)	28	70%
Below cost	1	2%
Above cost	2	5%
Another amount	7	18%
None of the above (no response selected, comment provided)	2	5%
Blank / no comment	34	-

Summary of issues

70% of respondents felt that any administration charge should be at a cost-recovery level, with only 2% suggesting that the charge should be below cost level and 5% above cost. 18% of respondents felt that the charge should be set at another amount (explained below).

Those who felt that the charge should be at cost commented that this would be a fair and reasonable approach, and would allow the Home Office to cover costs whilst discouraging inappropriate applications.

A small number of respondents felt that the fee should be as low as possible, and should therefore help to offset the costs of handling rejections rather than completely cover the cost.

Other amounts suggested by respondents included setting the charge at a percentage of the application fee, or having a range of charges linked to how much work had been completed on the application.

Of those who did not answer this question, many did not feel that an administration charge should be introduced (see question 12).

Refunds and administration fees – government response

Questions 12 and 13 are considered together in this report as they both address the question of administration fees for withdrawn and rejected applications.

As proposed in our consultation, we are considering introducing an administration charge to cover the cost of processing applications that are withdrawn or rejected before a decision has been made by a caseworker. It is right that in cases where an application fee is refunded because an application is incomplete or withdrawn, the Home Office should be allowed to recover the costs of handling and processing the application up to that point. Recovering these costs will allow us to invest in improving processes and service standards across the business.

In the light of the responses received, we will ensure that any fee introduced is set at a level that is fair and reasonable. We will consider the requirement to allow applicants a reasonable length of time to correct mistakes when developing a full policy proposal. In addition, action is already being taken to update and clarify guidance on refunds and on application validity so that applicants are fully informed about how to ensure their application is complete and less likely to be rejected or refused. The amended guidance will also help customers to understand the difference between these two outcomes.

Wider impacts

Question 14: Do you think that any of the proposals outlined above could have an impact upon community relations?

Answer	Number
Comment	32
Blank / no comment	42

Summary of issues

Most respondents, from the business, education and aviation sectors, did not feel that community relations would be affected by the proposals in the consultation. Some of these clarified that if any changes are fair and reasonable, and affected all community members equally then community relations should not be affected.

Those who did feel that community relations would be affected commented on several different issues and potential risks. The greatest perceived risk was that any further increase in fees would give overseas nationals the view that the UK was actively trying to discourage applications from students and workers from outside the UK. Some respondents, however, suggested that targeted discounts would help to improve relations with applicants in the targeted categories, such as the study routes or some skilled jobs.

It was felt that if a tiered approach was taken to charging (as mentioned in question 3) that increases or decreases to fees that were not applied universally would be seen as favouritism, discriminating against nationals from other countries. Some respondents disagreed, suggesting that fees should be tiered according to an assessment of risk. This would mean that fee levels would differ between different groups, and would not be universal.

Another issue raised by a small number of respondents, although not directly linked to fees, was the proposed surcharge for health costs. Respondents commented that this surcharge would not apply universally and would add a further financial burden to applicants who already perceive visa costs as prohibitive.

Question 15: Do you think that any proposals outlined would adversely affect small and/ or medium sized businesses?

Answer	Number	% of responses
Yes	20	69%
No	9	31%
Blank / no comment	45	-

Summary of issues

Most of the respondents who provided comments for this question felt that the proposed changes would adversely impact small to medium sized businesses. Some of the comments pointed out that this was due to the relative impact that any increase in fees would have on small businesses and education providers in comparison with large organisations.

There was some concern from several respondents that the focus on introducing and expanding premium services would negatively impact standard service levels. It was pointed out that as smaller organisations are less able to afford the premium services then they would be disadvantaged by any resulting delays in service. It was suggested that a fairer approach would be to charge for premium services in relation to the number of migrants sponsored by the organisation.

Those who felt that there would be no adverse effect on small to medium businesses felt that any changes to fees would affect all applicants, and that changes to legislation and premium services would allow small to medium sized businesses to benefit.

Question 16: Do you think any proposals outlined above would have a disproportionate effect upon any particular group?

Answer	Number*
Race	7
Gender	2
Age	3
Disability	3
Religion/Belief	1
Sexual orientation	1
Other	2
Blank / no comment	65

* Some respondents selected more than 1 category

Summary of issues

Most respondents either did not reply or felt that there would be no impact on any particular group. Those who explained their reasoning felt that if fee changes are applied universally then no single group would be disproportionately affected.

Those who responded that the changes would have a disproportionate effect according to race explained that this would be the case if visa fees were set for different nationalities. Some respondents felt that those with disabilities would have less access to some of the premium services, particularly those that required significant travel, or that charged a very high fee for mobile service.

Some respondents commented that the changes would affect every group, since there is no single, reliable indicator of an applicant's income, and therefore their ability to afford the fees may be determined by age, nationality, gender, disability or sexual orientation, depending on their cultural and economic background..

Some respondents commented that family groups would be negatively affected by changes to fees since it would be more difficult for family groups to afford increases to individual application fees.

Wider issues – government response

While we recognise that fee increases will often have a greater financial impact on smaller businesses, there are already concessions in place to support small businesses and charities. We believe that immigration fees should not present an excessive barrier to small businesses recruiting migrants. A Tier 2 licence for small sponsors and charities is currently £515 for a four year license (or £128 per year). In addition, certificates of sponsorship are issued and paid for per employee, so licensing costs more for larger employers. The introduction of further

concessions for Tier 2 workers filling a shortage occupation post is intended to help employers fill much-needed roles in these areas. Premium services are an optional extra and businesses are not obliged to take these up.

We recognise that international students make a valuable contribution to the UK economy, and we endeavour to ensure that the UK continues to be an attractive place to study, with world-class education providers and what we believe is a fair system of charging for study visas.

Apart from a small number of limited exceptions, our fees apply to all applicants. We believe that it is fairer to charge a consistent fee based on the benefits conferred by a route, rather than a differential fee determined by the characteristics of the individual making an application. Whilst there are external factors that may affect the affordability of fees for individuals in different circumstances, we do not feel it is practicable to introduce further concessions at this time.

There are a number of concessions and fee exemptions already in place, for example children in the care of a Local Authority, and for victims of domestic violence.

Proposals to change immigration and visa fees must be reviewed and approved by all affected government departments, who therefore consider carefully the impact of other policies, for example the proposed health surcharge. All departments must be satisfied that fees proposals strike the right balance between the need to generate income, and the need to ensure that the UK remains attractive to those who want to study, visit or work here.

We will continue to review our charging strategy, and with the introduction of the proposed amendments in the Immigration Bill, we believe that the increased flexibility will allow us to consider other options for charging in different circumstances.

Conclusions

Charging and fee proposals – an overview of responses

- Responses to the consultation were almost universally constructive
- Stakeholders expressed appreciation for the opportunity to provide feedback
- Positive feedback was provided where respondents felt the current charging strategy is successful, such as the availability and charging strategy for premium services
- Some respondents were critical of certain aspects of immigration charging, but provided examples that will help in future fees reviews

Key concerns of all respondents were the importance of maintaining or improving service standards across immigration and visa services, and the perception that changes to fees and immigration rules were detrimental to the Government's aim of attracting the 'brightest and best' to work and study in the UK. This is an issue the Home Office is already aware of and is taking forward.

Simplifying our fee structure

The majority of respondents were in favour of simplifying the fee structure, although there were some concerns that the simplification would have the effect of disproportionately raising some fees. The key concern was to maintain clarity and consistency when setting fees. Small amendments will be made to the published fees table as part of the 2014 fees proposals as well as simplifying the way some categories are presented.

Fee levels

Respondents were in general in favour of reducing fee levels for areas they were involved in, i.e. educational representatives want to reduce student and Tier 4 sponsorship fees, which is not an unexpected result in times of economic uncertainty. The key areas of concern were ensuring affordability for Tier 4 migrants and sponsors, promoting travel and tourism by maintaining a low fee for visit visas, and ensuring that any fee increases are fair and consistent. Some fee reductions have been put forward as part of the proposals for the 2014 fees round, including for the transit visa which was raised by a number of respondents. We have kept increases in sensitive routes – visit, work and study – to a minimum. We will continue to consider further reductions over the next 5 years, particularly where this can support economic growth. We will also consider the proposition to offer a premium service for small T4 institutions.

Legislation

Respondents were in favour of making fee legislation more responsive to change, although the key concerns were that fee levels should not be changed too frequently as this would create planning difficulties for sponsors and migrants, and that there should still be an appropriate level of parliamentary scrutiny. These are concerns the Home Office is aware of and at present there is no intention to raise all fees more than once a year. Our proposals ensure there will be effective parliamentary scrutiny over fee levels built into the legislative process.

Optional and premium services

Respondents were in favour of expanding the availability and range of premium services, particularly where these offer more choice and personalisation for customers. The key concern was that the provision of premium services should not be to the detriment of standard service, and that income raised by premium services should be used to improve standards across the immigration system. We have always offered premium services and charged for them in a way that ensures no detrimental impact on standard services. In fact, service standards for non-premium applications have been improving over the past year. We will consider the possibility of providing both a menu of premium services and end to end premium services as part of future

fees rounds. We are also intending to extend the range of premium services offered as part of the 2014 fees round.

Border Force

Views were mixed over whether respondents were in favour of enhanced services at the border. Business representatives felt that increased availability of fast track service at the border would be beneficial, although respondents again felt that general service standards should be maintained or improved at the same time. We intend to conduct further, more targeted, consultation and to engage with stakeholders directly regarding some of the proposals discussed in this document. We intend to circulate a revised definition of standard service with a request for further comment before the end of Jan 2014. There will be six weeks for consultation during which time we intend to fully engage with the General Aviation trade.

Commercial partnerships

Views were mixed over whether we should charge for providing advice and support to our commercial partners. Respondents were generally in favour of charging third parties for ensuring that they are complying with our requirements, particularly when a commercial partnership with the Home Office allows a third party to make a profit. Key concerns were that some of the services provided by third parties were not of an acceptable standard. This is an area that we will look into in more detail over the next 12 months.

Refunds and administration fees

Respondents were in favour of a reasonable administration charge being implemented for rejected or withdrawn applications, with the understanding that applicants should be given the opportunity to correct any mistakes before the charge is retained. A key concern was that the fee should only be of a level to cover costs and should not be an attempt by the Home Office to profit from mistakes made by applicants. We will explore the use of an administration fee in more detail over the next 12 months.

Wider impacts

Key concerns about the proposals set out in the consultation were around the disproportionate effect of fee increases on applicants with lower income, and the disproportionate effect of fee increases and the introduction of high-costing premium services on small businesses and education providers. We maintain our view that fee levels are justified by the valuable benefits and entitlements of a successful application. We will continue to offer specific concessions for certain applicants where possible and appropriate.

Consultation Methodology

The main issues arising from the consultation process were in relation to the consultation time period. The period of three weeks was seen by a small number of respondents to be too short a time to be able to fully consider the proposals, and did not allow representatives to obtain responses from all of their member or client organisations. In some cases where respondents raised an issue about the length of the consultation we have offered to continue to engage regularly with these organisations and discuss any future issues they may have.

The numerical analysis will not be fully representative of public views since it was targeted at stakeholders rather than members of the public. Although a wide range of organisations from across the private and public sector were targeted, responses were not received from a broad range of stakeholders. This may have had the effect of skewing the responses towards particular viewpoints.

Summary and next steps

We have taken stock of the many important points raised by consultees and are grateful to all who responded to the consultation.

The charging consultation was held to inform and support decisions about fee levels for immigration and visa applications in coming years. Measures to take forward some of the proposals within the consultation are being included in the fees proposals being developed and due to be laid before Parliament in January/February 2014. We want to make sure that the charging system as a whole contributes towards the costs of running that system, and are committed to keeping the system under review. The new fees will be implemented from March and April 2014.

Where we develop new charged services following this consultation, we will continue to work with key interested stakeholders and representative bodies to ensure these services meet requirements at costs which are appropriate to the service being offered. Some of the work will be carried into the next year's fees round, and may be considered under the new Bill currently before Parliament, subject to it receiving Royal Assent. This includes looking at detailed options for introducing enhanced services at the border, considering options for implementing an administrative fee for rejected applications, and aligning in-country and overseas fees.

Annex 1: list of organisations involved in the consultation

1 to 1 Travel	Royal Academy of Engineering
1st 4Immigration Advisors	Saghir Advisory Service
ABTA - The Travel Association	Smith Stone Walters
Airport Operators Association	Sheffield Hallam University
Alpha Plus Group Ltd	Study Group
Arts Council England	Study UK
Association of American Study Abroad Programmes in the United Kingdom (AASAP/UK)	T & S Immigration Services Ltd
Bradford Metropolitan Council	TAG Farnborough Airport Ltd
British Academy	Teesside University
British Air Transport Association (BATA)	The BIMM Group
British Airways	The Royal Society
British Business & General Aviation Association	The Russell Group
British Hospitality Association	Thornton College
Commonwealth Scholarship Commission in the UK	Tourism Alliance
Confederation Of British Industry (CBI)	Tourvest Travel Services
de Prey Consulting	UK China Visa Alliance
Deb Group	UK Shared Business Services Ltd (Working on behalf of Research Councils UK)
Diamond Hangar Limited	UK Travel Retail Forum
DWF LLP	Universal Aviation
Employment Lawyers Association	Universities UK
English UK	University College London
ExecuJet (via BBGA)	University of Cambridge
ExEdUK	University of Edinburgh
Groupe Eurotunnel UK	University of Hertfordshire
GSM London	University of Huddersfield
GuildHE	University of Hull
Harrods Aviation	University of Liverpool
Immigration Law Practitioners' Association	University of Maryland
Independent Schools Council	University of Oxford
Inflite the Jet Centre Ltd	University of Southampton
Joint Education Taskforce	University of Surrey
Johnson & Johnson	Value Retail plc
Kingsley Napley LLP	Virgin Atlantic Airways
Leeds Metropolitan University	Wellcome Trust Sanger Institute
London School of Economics and Political Science	
Manchester Airports Group (M.A.G)	
Mishcon de Reyan - Law Firm	
Morrisons plc	
NARIC	
Oxygen 8 Ltd	
Robert Gordon University	