



Home Office

Fees and charging Immigration and visas Consultation Document

November 2013

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Foreword

Immigration has brought benefits to the United Kingdom. Our migrant communities are a fundamental part of who we are and Britain is a richer and stronger society because of them. We are rightly proud of our history as a diverse and welcoming society. However, whilst we have always believed in the benefits of controlled immigration, we want to see an immigration system that is stronger and more sustainable. We want to strike a good balance between the economic interests of the UK and the need to maintain a sound immigration system. There is widespread acceptance that migration is a factor in our economic growth but also concern about the possible impact on public services and communities.

The Government has already made changes to our immigration policies with the aim of reducing net migration levels from the hundreds of thousands to the tens of thousands. The former UK Border Agency has been replaced with new organisations within the Home Office which will get an effective grip on the volume of casework, improve service standards and provide an effective enforcement response to those who break our immigration laws. IT systems will be overhauled and replaced. We are supporting businesses and the growth agenda by improving the range, speed and accessibility of our service provision to business and individuals. A new Immigration Bill will make a number of improvements to the immigration system, including how the system is funded in future.

Income from fees has been used to cover the costs of deciding applications and has contributed to operating wider immigration controls. We believe it is right that those who use and benefit most from the immigration system (migrants and the organisations that sponsor them for work or study) should make an appropriate contribution towards its operation. Similarly, those who receive an enhanced service at the border should help meet the cost of providing that service.

We will continue to welcome the brightest and the best, and to value the economic, cultural and social contribution made by legal migrants to the UK, so we will ensure that fees for visa, immigration and nationality applications maintain the UK's attractiveness as a destination to work, study or visit. Part of this is providing a world class level of service to customers, and the income from fees will allow investment so that improvements can be made. We want to make Britain open for business and ensure that high value visitors who can make a contribution to the UK economy receive the kind service at the border which makes their entry to the UK as seamless and comfortable as possible. However, we must also ensure that fees make an appropriate contribution to the end-to-end costs of the immigration system and must not rely on the public purse to meet all of these costs.

In the following pages we set out some questions in relation to how we charge for our immigration and visa and Border Force services. We want to invite views on the most appropriate way to charge for the valuable services that we provide. We want immigration and nationality fees to balance the interests of those who benefit directly from our services, in terms of the price they pay, with the interests of the general UK taxpayer, who will continue to fund the immigration system that brings wider benefits to this country. We encourage you to engage with this consultation process and let us know your views and ideas.

Mark Harper MP

Minister of State for Immigration

Context

In 2013-14 the Home Office plans to spend around £1.75bn on managing the immigration system, approximately half of which will be recovered through the fees from applications and the services we offer. Most of the remaining costs are met by general taxation. It is a significant operation, for example in the last 3 years the Home Office processed around 7.5m visa applications and over 2m applications to remain in the UK.

We are committed to improving service standards while reducing overall spending on the immigration system and the costs of border control. 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. But 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 based on a number of factors, working within strict financial limits agreed with HM Treasury and Parliament. We currently set some fees at or below the cost of providing the service and some fees above that cost¹, to reflect the value of the product. Charging fees above administrative cost helps to raise the revenue required to fund the overall immigration system. It also allows us flexibility to set other fees below the cost of providing the service, to balance international competitiveness and support wider government aims. For example, we set a visit visa fee that is below cost to support tourism in the UK, and lower fees for small businesses and charities to support these sectors.

We believe our fees continue to represent good value for money. Indeed, the visa fee is usually a small portion of the overall amount someone will pay if they decide to come to the UK (other costs include flights, hotels, living expenses and so on). We also believe our fees compare favourably with competitor countries. We carefully monitor different visa prices in a range of countries, although direct comparisons are not always possible. For example, in New Zealand individual visa fees may exceed £2,500 (the highest individual fee in the UK is under £2,000) and a USA tourist visa costs around £100 (compared with £80 in the UK).

Income generated from fees contributes directly to managing the immigration system and helps raise the revenue required to make necessary investments and improvements. We recognise the need to increase the choices available to customers by introducing new services. We are making it easier for individuals and businesses to work with the Home Office so that visa requirements can more easily be met. We are also providing more value-added services at the border. We continue

¹ As set out in Managing Public Money, charges for government services normally pass on the full cost of providing them. Fees for many visa and immigration services are set above application processing costs. This is to ensure that those visiting and working in the UK pay a contribution to managing immigration and the UK's borders. Managing Public Money is available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/212123/Managing_Public_Money_AA_v2_-_chapters_annex_web.pdf

to seek the best value from our operations both overseas and in the UK, and promote efficiency savings wherever possible, through the better use of technology and increased productivity. We will continue to keep fees under regular review and will act to change fees if it becomes apparent that this is necessary.

The purpose of this consultation is to look at various options for ensuring those who benefit directly from the immigration system and enhanced border control contribute appropriately to its costs in the future. We welcome your views. The consultation document does not contain proposed fee levels. These will be determined as part of our annual review of immigration and nationality fees. For further information on existing products and services and corresponding fee levels, please see our website [**www.ukba.homeoffice.gov.uk**](http://www.ukba.homeoffice.gov.uk)

Scope

Topic of this consultation:	<p>This consultation is intended to focus on charging principles, including how the Home Office charges for its services. The charging principles covered include the level of flexibility of fees, fee variance between in-country and overseas applications, responsiveness to changing fee levels, premium services, compliance and administration fees.</p> <p>Efficient processing of immigration and visa applications from tourists, students and skilled workers helps to support economic growth. As well as processing applications and determining policy, our staff - including customs and immigration officers - work in local communities, at the border and overseas – our services are available in about 130 countries around the world. Approximately half of this spending is recovered through fees charged for our applications and services.</p>
Scope of this consultation:	<p>The purpose of the consultation exercise is to gather views on how we charge for our services in a way that funds the immigration system while supporting wider government aims.</p> <p>We are keen to hear from stakeholders on this topic to help shape our approach to charging for immigration and nationality products and services.</p>
How	<p>Through targeted stakeholder engagement (including workshops) and sending the consultation document to specific stakeholders.</p>
Geographical scope:	<p>The guidance covers applications made within the United Kingdom and at posts overseas.</p>
To:	<p>The consultation exercise is aimed at stakeholder organisations operating locally, nationally and internationally, who have an interest in how we charge for our services .</p>
Duration:	<p>It will run for 3 weeks between 12/11/13 and 03/12/13.</p>
Enquiries and responses:	<p>Enquiries about the content or scope of the consultation should be made to: Charging.Consultation@homeoffice.gsi.gov.uk</p>
After the consultation:	<p>A summary of responses will be published on the UKBA website and the GOV.UK website. Where possible, participants will be informed of the publication.</p>

<p>Previous engagement:</p>	<p>Previous consultations about charging for Immigration & Visa services:</p> <ol style="list-style-type: none"> 1. New Charging Regime for Immigration and Nationality Fees – October 2006. 2. A targeted consultation exercise on fees and charges to support the Points Based System and Biometric Identity Documents – October 2007. 3. Consultation on charging for immigration & visa fees – September 2009 <p>Previous consultations may be found at: http://webarchive.nationalarchives.gov.uk/20100422120657/http://www.ukba.homeoffice.gov.uk/aboutus/consultations/closed/</p>
<p>Impact assessment(IA):</p>	<p>An Impact Assessment is not required for this consultation.</p>

How to respond

Selected organisations will be invited by email to take part.

The consultation period for responding to this document ends on 3 December. This duration meets the current Cabinet Office guidance. The Home Office will be responsible for receiving, processing and analysing responses.

Closing date for responses: 03 December 2013

For further information please contact:

Charging.Consultation@homeoffice.gsi.gov.uk

The consultation document will be made available in Welsh, Braille, Large Font and Audio. Organisations invited to comment/ respond should contact the Charging Consultation Team by email on **Charging.Consultation@homeoffice.gsi.gov.uk** or by phone on 0208 196 0823.

A summary of responses will be published on the UKBA and GOV.uk websites shortly after the consultation closes.

If you have any questions about participation in this consultation, please contact the team at the email address above.

The proposals and questions

Background

We currently set application fees flexibly, balancing a number of different factors, for example administration costs and the value of the benefits a successful application may provide. We also cross-subsidise between different application types, by setting some fees at or below the full administration cost and some fees above the full cost. This flexibility helps us to raise the income required to fund the overall immigration system and service improvements, while promoting economic growth. The income generated from fees is also used to improve services for customers and the operation of the immigration system as a whole. Around 90% of respondents to our last consultation agreed that we should set fees flexibly

Following the latest government Spending Review², Home Office funding from general taxation will decrease over the next two years. To maintain the immigration system that customers and the public want to see, an increased contribution must be made by migrants who benefit directly from Home Office services, particularly as policy changes to reduce net migration come into effect.

Greater flexibility in setting fees will help to minimise the contribution required from general taxation to run the immigration system. Proposed new legislation will allow us to take into account other factors when setting fee levels, for example the need to promote economic growth, ensure our visas remain competitive with other countries and the potential for reciprocal arrangements with other governments. Proposed changes to the legislation will also allow the Home Office to respond more quickly to new developments in the international and UK economy, for example to introduce new premium services.

The alternatives to a flexible charging approach will not support either the Home Office's objectives for the immigration system, or the government's economic growth objectives. For example, one way of increasing the contribution from applicants would be to ensure all fees meet or exceed our administration costs (a tourist visa would increase from £80 to at least £136, which would be more expensive than all of our competitors). Lower fee levels would reduce the funding available to manage the immigration system, potentially harming customer service and immigration and border security.

Simplifying our fee structure

The immigration rules provide for many different types of leave to enter or remain in the UK, and for sponsorship and immigration products. We also offer several premium services for individuals and sponsors. Where possible, we group these together when setting fee levels to reduce the number of individual fees and reduce complexity. There are still around 120 different fee levels, reflecting the fact that different application routes have different processing costs and provide benefits, and that we are required to offer certain concessions.

² The Chancellor's Budget Statement can be found at <http://www.parliament.uk/business/news/2013/march/budget-2013-statement>

We could simplify the fee structure, to make it easier for customers to understand what they are required to pay, but in order to generate the same amount of income this could mean that many people have to pay more, thereby cross-subsidising others that pay less. For example, if we move from having 120 different fee levels to having just 20 fee levels, some people will pay more as the fee for their application will move up to the next price point and some will pay less as theirs moves down. The fee structure would be simpler, but may be considered unfair by those paying for an application that is cheaper to administer and which provides fewer benefits.

1. Do we have the right balance between simplicity and the need to differentiate fee levels for different products and services?
 - (a) The balance is about right
 - (b) Fees should be simplified, even if this means that some customers pay higher fees
 - (c) There should be more price points to differentiate fees further
 - (d) Don't know

Please provide comments to explain your answer above:

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?

Fee Levels

In some categories, migrants apply under varying criteria and pay different fees, but are given products with similar or the same entitlements. For example, somebody applying for leave under Tier 2 of the Points Based System currently pays £494 if applying overseas, but pays £578 if applying for the same type of leave within the UK. Some countries have set fees for different products, and charge the same fees regardless of where an individual makes their application. Other countries, such as New Zealand, have a tiered charging structure, so that fees vary for applications processed in different parts of the world.

3. Do you feel that fees should, in part, be determined by where or when an applicant applies? Please explain why.
- (a) Migrants should pay a single fee for a particular product, wherever they apply
 - (b) Migrants should pay different fees for products depending on where they apply
 - (c) Another approach should be used (please give details)
 - (d) Don't know

Please provide comments to explain your answer above:

Current application fee levels cover a wide range, from lower fees for travel documents and short-term visit visas to higher fees for settlement products. This range reflects the different benefits and entitlements of the various products, as well as the different processing costs; so that an application for permanent residence in the UK is charged much higher (at £1,426) than a short visit to the UK by a tourist, at £80.

There have also been several amendments to legislation and policy over the last decade, so that fees for different products have increased at different rates. In some cases, fees have been reduced or kept at a lower level to help balance the interests of economic growth against the costs of administering a particular immigration route, for example short-term visit visa fees are set below the processing cost to help encourage tourism. Tier 1 Graduate Entrepreneur and Tier 4 Student visa fees were held at cost recovery levels for many years, and are now only slightly above that.

The variance is also partly historical, from when fees for applications made overseas were set by a separate government department.

In addition, we have certain statutory obligations to offer reduced fees or exemptions; for example, fees must not present a barrier to migrants exercising their Human Rights. In order to maintain the required level of funding for our immigration system, any reduction in income as a result of lowering the fee for one route, must be offset by increases elsewhere.

This has led to a situation where the fee paid for some routes may not clearly reflect the benefits of a successful application. For example, the fee for Indefinite Leave to Remain (ILR) is the same as, or lower than, the fee for some Tier 1 applications, even though ILR allows the successful applicant to settle permanently in the UK, with access to a wider range of public funds and services.

4. Are there any immigration products where you feel that reductions should be applied, or where an increase would provide a more balanced range of fees?
- (a) Some fees should be reduced (please give details below)
 - (b) Some fees should be increased to allow for reductions elsewhere (please give details below)
 - (c) Don't know

Please provide comments to explain your answer above:

Please see Appendix A for current fees.

Legislation

The Home Office considers that it is necessary to have sufficient flexibility in setting visa fees to ensure a balanced budget and provide high quality services to migrants. As part of the Immigration Bill currently before Parliament, we intend to introduce a revised charging framework that provides an expanded opportunity to ensure migration is controlled in a way that achieves value for money for the taxpayer, and that resources are provided to run high quality services capable of attracting the brightest and best migrants to the UK.

The proposed new framework will have the advantage of making our legal powers more comprehensive and transparent, consolidating numerous pieces of legislation which are currently used to set fees for immigration products and services.

At present, fee levels are set on an annual basis, with fee proposals agreed, cleared and debated in Parliament before being put into place. This means that it is a relatively slow process to make

changes to fees and respond to emerging market opportunities and government priorities, such as lowering a fee to support growth in a key market or introducing a new premium service.

As well as expanding the criteria used to set fees, the new measures will allow for maximum fee amounts to be set for a number of fee categories, under which specific fee levels may then be set out in Regulations through a faster approval process. It is not our intention to increase specific fees several times a year. Rather, the proposed new framework is intended to allow new or amended fees to be introduced more quickly (for example, to respond to government policy to support growth in specific areas or to meet customer demand) to introduce new optional premium services, and to ensure that unnecessary or redundant fees may be removed to improve clarity.

The changes are not intended to reduce the level of parliamentary scrutiny of any new fees or policies.

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

Premium and optional services

We know some of our customers want a faster or more personal service, so we are expanding and improving our premium services to give migrants and sponsors greater choice and flexibility in their interaction with UK Visas and Immigration.

Overseas we:

- are expanding our priority service to offer customers the convenience of a decision in 5 days or less; and
- are expanding our VIP and super priority services offering a visa decision in 24 hours.

In the UK we:

- are expanding our sponsor premium service, giving the organisations on the scheme a higher level of access to account management services and in-person appointments for the migrants they sponsor; and
- have launched a priority postal service which allows applications to receive consideration more quickly than standard postal applications.

The provision of premium services is central to the strategic aim of the Home Office to improve quality and customer service. The expansion of these optional premium services will take place alongside improved performance in our standard services, and will be managed so that our standard services are not adversely affected. In addition, by setting higher fees for premium services, we generate extra income that allows us to limit fee increases for applications processed through a standard service.

We are introducing packages which bundle together many of our premium services and products, to provide a single seamless product for businesses and individuals. However we are aware that some customers may still want the option of stand-alone premium products. For example, a customer might choose to have their passport returned early in the application process (where this service is available), but may not want to also pay for a premium service at the visa application centre or a “VIP” service at the border.

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?
- (a) Premium services should be packaged together as a single product
 - (b) Customers should be able to choose from a range of premium services
 - (c) Both- customers should have the choice of either option

Please provide comments to explain your answer above:

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 businesses.

Border Force

In addition to improving services in the immigration system, we also recognise an opportunity to expand and enhance the range of premium services available at the border to better meet the needs of certain visitors. Border Force will develop and/or facilitate a range of optional services at the border which will be available to passengers over and above the standard services and aimed at providing expedited clearance, exclusivity and mobile services.

Border Force is currently providing a premium service at some General Aviation sites (sites where non – scheduled flights arrive). This enables General Aviation operators to deliver a high quality, seamless experience of border control to their passengers, including expedited immigration clearance. Border Force intend to apply consistent charges for these services.

We intend to expand the provision of dedicated VIP suites and premium fast-track processing through the border at certain ports, both of which are currently charged at a cost-recovery level. As well as expanding the availability of these services, we also want to increase the charges above cost-recovery levels.

We will set fees at a level that reflects the value of the product. The income will be used to help fund the immigration system, secure the border and invest in improving processes. Fees for some premium services will be charged to the airline or port rather than directly to the travellers, although the airline or port may decide to pass on some, or all, of the cost of those services to travellers. Other proposals are being developed that may involve Border Force charging the customer directly, for example a “Registered Traveller” scheme that would permit approved members to pass through border controls more quickly.

8. Should Border Force provide or facilitate enhanced services at the border?
- (a) Yes
 - (b) No

Please provide comments to explain your answer:

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?

- (a) Charges should reflect the value of the product to the passenger
- (b) Enhanced services should be charged at a single national rate
- (c) Other

Please provide comments to explain your answer:

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?

Commercial Partnerships

Under the Points Based System (PBS) there are already fees for registered sponsors, to cover the costs of ensuring organisations who wish to sponsor workers or students to come to the UK comply with Home Office requirements. As part of the sponsor licensing system we also provide advice and account management support to existing and prospective sponsors on how to meet our requirements.

Outside of the PBS sponsorship system, we provide advice on compliance matters to other third party organisations who wish to be recognised by the Home Office as meeting our standards, for example test providers for Secure English Language Tests, providers of premium services

overseas, and those who provide additional support and assistance to migrants applying from within the UK. Currently we provide account management and advice free of charge to third parties, and this service is funded from other fee income. These services can enable third party organisations, once recognised as compliant, to generate income from applicants for immigration and nationality products.

We believe it is fairer to be able to recover the costs of ensuring compliance and offering other services related to immigration and nationality advice, through the establishment of commercial agreements with those that directly benefit, rather than passing on these costs to other customers. This would help to keep down fee increases required across other products, and enable us to improve the service that we are able to give to all of our customers. It is possible, however, that charging for these services may reduce the number of third party organisations able to offer these services on a sustainable basis.

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?

- (a) Yes
- (b) No
- (c) Don't know

Please provide comments to explain your answer:

Refunds and administration fees

In line with our strategic objectives to improve customer service and reduce costs, we are reviewing Home Office policy on refunds for immigration service fees to ensure that customers and staff have clear, comprehensive guidelines on when the fee for an application or service should be refunded.

We refund the fee for applications where there is no legal basis to retain the fee (if the application cannot be processed because it is invalid or void) or where there is a legal obligation to return the fee (if the application is exempt from the requirement to pay a fee). We do not refund the fee for applications that are considered and refused under immigration law.

Before an application is considered by a caseworker, a certain amount of work will already have been carried out, such as payment processing, data input, security checks and requesting further information from applicants by letter and email. There are time and resource costs involved in

all of these processes. Currently we issue a full refund for cases that cannot be considered due to an omission or error by an applicant, even though work has already been carried out on the application. The costs have to be covered by general fee income and so are passed on in the form of increases to other fee levels.

We are considering introducing an administration charge for these cases, where we would retain a part of the fee instead of refunding the full amount. This policy, already used in the insurance and travel service industries, is intended to help us to recover our costs, ensuring they are not passed on to other fee paying customers.

12. Do you agree that an administration charge should apply to withdrawn or rejected applications in certain circumstances? Please provide comments to explain your answer

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

- (a) At cost (the average cost of administration to the point the refund is made)
- (b) Below cost
- (c) Above cost
- (d) Another amount

Please comment:

Wider impacts & additional information

14. Do you think that any proposal outlined above could have an impact upon community relations? Please provide comments on why you think this is the case and how this impact might be minimised

15. Do you think that any proposals outlined would adversely affect small and/ or medium sized businesses? Please provide comments on why you think this is the case and how this impact might be minimised

16. Do you think any proposals outlined above would have a disproportionate effect upon any particular group according to:

- Race
- Gender
- Age
- Disability
- Religion
- Belief
- Sexual orientation

Comments:

About you

17. Do you represent one of the following?

- (a) Public sector body
- (b) Private sector body
- (c) Voluntary/not for profit organisation
- (d) Other (please specify)

18. Which best describes your organisation/company?

- (a) Micro company (1-9 employees)
- (b) Small-medium enterprise (10-249 employees)
- (c) Large company (over 250 employees)
- (d) Not applicable

19. Approximately what percentage of your total workforce or student body is from outside the UK?

- (a) Not applicable
- (b) None
- (c) Less than 10%
- (d) Between 10% and 50%
- (e) More than 50%
- (f) Don't know

Further contact

Home Office consultation confidentiality information link:

www.gov.uk/government/publications/consultation-confidentiality-information

Consultation Criteria

The governing principle behind targeted public consultation is proportionality; of the type and scale of consultation to the potential impacts of the proposal or decision being taken, and thought should be given to achieving real engagement rather than following bureaucratic process. Consultation is part of wider engagement and whether and how to consult will, in part, depend on the wider scheme of engagement.

The full guidance on Consultation Principles is available at: <https://www.gov.uk/government/publications/consultation-principles-guidance>

Contact for comments and complaints

If you have a complaint or comment about the Home Office's approach to consultation, you should contact the Home Office Better Regulation Team. Please DO NOT send your response to the consultation to that team. The Consultation Co-ordinator works to encourage use of the best practice standards set by the Cabinet Office, advises policy teams on how to conduct consultations and investigates complaints made against the Home Office. They do not process responses to this consultation.

The interim Co-ordinator can be emailed at:

Barima.Asante@homeoffice.gsi.gov.uk or alternatively write to:

Barima Asante, Consultation Co-ordinator
Home Office Performance and Delivery Unit
Better Regulation Team
3rd Floor Seacole
2 Marsham Street
London SW1P 4DF

