EXPLANATORY MEMORANDUM TO

THE IMMIGRATION AND NATIONALITY (FEES) REGULATIONS 2009

2009 [DRAFT]

1. This explanatory memorandum has been prepared by the UK Border Agency of the Home Office ("UKBA") and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 These regulations set the fees for some of the applications, processes and services for which the Secretary of State has stated in the Immigration and Nationality (Fees) Order 2007 (as amended by the Immigration and Nationality (Fees) (Amendment) Order 2008), (the "Fees Order 2007")) that she intends to charge a fee.

2.2 These regulations also set out the consequences of failing to pay the specified fees.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 The fees specified in these regulations are in respect of those matters specified in the Fees Order 2007, for which:

(a) the fee will be set at an amount above the administrative cost of making the application, in reliance of section 42(1) (as amended by section 20 of the UK Borders Act 2007 ('the 2007 Act')) of the Asylum and Immigration (Treatment of Claimants, etc.) Act 2004 ('the 2004 Act'); or for which:

(b) the fee will contain an element of cross subsidisation of other applications which are to be charged below the administrative cost, in reliance of section 42(2A) (as inserted by section 20 of the 2007 Act) of the 2004 Act.

3.2 A draft of these regulations must by virtue of section 42(7) of the 2004 Act be laid before and approved by a resolution of each house of Parliament.

3.3 These regulations specify fees above the administrative cost of an application, process or service in line with the Government's charging model. By charging above the administrative costs of the service on the application types referred to in this instrument,

the Home Office is able to set fees for other application types at or below cost recovery in support of wider Government objectives, particularly where it is believed that a cost recovery fee would be so high as to damage international competitiveness in this area (e.g. for tourist visas or student visas).

3.4 Fees for the matters specified in the Fees Order 2007 which will be charged at or below the administrative cost are set separately, in regulations subject to the negative resolution procedure.

4. Legislative Context

4.1 Section 51(3) of the Immigration, Asylum and Nationality Act 2006 provides that where an Order under that section provides for a fee to be charged, regulations made by the Secretary of State shall specify the amount of the fee.

4.2 Section 42(1) of the 2004 Act enables the Secretary of State, when prescribing a fee under section 51 of the 2006 Act, to prescribe an amount which is intended to:
a) exceed the administrative costs of determining the application or undertaking the process; and;
(b) reflect benefits that the Secretary of State thinks are likely to accrue to the person who makes the application, to whom the application relates or by or for whom the process is undertaken, if the application is successful or the process is completed.

4.3 Section 42(2A) of the 2004 Act enables the Secretary of State to cross subsidise between applications made for entry clearance, leave to remain, transit visas, certificates of entitlement to the right of abode in the UK, or other claims, services, applications processes set out in an order made under section 51 of the 2006 Act.

4.4 Section 51(3) of the 2006 Act enables the Secretary of State to, amongst other things, provide for exceptions and make provision about the consequences of failure to pay a fee and section 52(3) also enables the Secretary of State, amongst other things, to make different provision for different cases or circumstances.

4.5 A draft of these Regulations must by virtue of section 42(7) of the 2004 Act be laid before and approved by resolution of each house of Parliament.

4.6 The Secretary of State has, in prescribing fees for the applications covered by these regulations, in reliance of section 41(1) of the 2004 Act, prescribed an amount intended to exceed the normal administrative costs of determining an application and reflect the benefits that she thinks are likely to accrue to the applicant or the person to whom the application relates, if the application is successful.

4.7 In prescribing the fees for leave to remain, entry clearance, sponsorship licences, and certificates of sponsorship, the Secretary of State has, in reliance of section 42(2A) of the 2004 Act (which was inserted as of 31 January 2008 by section 20 of the 2007 Act), prescribed an amount that is intended to cross subsidise:

(a) in the case of leave to remain applications, other applications for leave to remain;
(b) in the case of entry clearance applications, other applications for entry clearance;
(c) in the case of sponsorship licences, other applications for sponsorship licences;
(d) in the case of Tier 2 certificates of sponsorship, other applications for certificates of sponsorship and sponsorship licences;

that are to be set at levels below the administrative cost of such applications.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

6.1 The Minister of State for Borders and Immigration has made the following statement regarding Human Rights:

In my view the provisions of the Immigration and Nationality Fees regulations are compatible with the Convention rights.

7. Policy background

- ***What is being done and why***

7.1 The fees contained in these regulations are set above the administrative cost of providing the application, process or service in line with the Government's flexible charging model.

By charging above the administrative cost of delivery on the application types referred to in this instrument, the Home Office is able to generate sufficient revenue to fund improvements to the immigration service, and also to set fees for other application types at or below cost recovery in support of wider Government objectives, particularly where it is believed that a cost recovery fee would be so high as to damage international competitiveness in this area (e.g. for tourist and student visa applications).

7.2 These regulations make inflationary fee increases to the fees for Immigration and Nationality applications made both in country and out of country. The increases in the fees are in line with our charging policy objective that those who benefit directly from our immigration system (migrants, employers and educational institutions) should contribute proportionately more to the costs of the system. Our overall aim is to ensure our fees make an appropriate contribution to the end-to-end costs of the immigration system, thereby reducing the burden on the UK taxpayer. Our method of fee setting will continue to help to protect some routes from significant increases and will contribute to the additional revenue needed to fund enforcement and other necessary improvements to the immigration system.

Fund to manage the transitional impacts of migration

7.3 Additionally, for certain routes the new fees incorporate a contribution to a fund to manage the transitional impacts of migration, in accordance with the Government's declared policy to create a fund to help local service providers deal with transitional pressures of migration.

7.4 Further details on the fund to manage the transitional impacts of migration are available in the Government's response to the consultation on the Green Paper 'The Path to Citizenship', published on 14th July 2008, published at: http://www.ukba.homeoffice.gov.uk/sitecontent/documents/aboutus/consultations/closedconsultations/pathtocitizenship/

A separate impact assessment will shortly be published at the same location.

7.5 We have agreement with HMT to recover a fund of tens of millions of pounds. We are raising this money through a fund contribution from each applicant, including dependants (both for visa applications and in-country extensions of leave) on all routes under PBS Tier 1, Tier 2, Tier 4, the Family Settlement Route, LTR, ILR and Nationality. We believe these routes are the routes most likely to cause the transitional impacts which the fund is

intended to cover. The additional contribution per dependant recognises the fact that those who bring dependants to the UK tend to consume more in public services than those who do not.

7.6 All fees are set on the basis of the benefits to migrants of the various entitlements which each route brings if their application is successful. For Tier 1 for example, there is the entitlement to access the UK labour market without the need for a sponsor, a route to apply for settlement, the ability to bring in dependants who can also work without restriction, access to benefits etc. Tier 5 does not bring the same entitlements to applicants (no route to settlement, can't bring dependants, sponsor required etc.) and is priced accordingly. In addition, the fund will bring direct benefits to migrants by improving the local public services that migrants use.

7.7 We have also published indicative unit costs for each application for 09/10. The unit cost is the estimated average cost to UKBA of processing each application. We have provided these costs to Parliament to ensure transparency. Although our unit costs are not fixed over the course of the financial year, publishing unit costs in this way will enable applicants to see which fees we set over cost and by how much, and which fees are set under cost and by how much. Full details, including those fees set below cost, are available in a Written Ministerial Statement, available at www.ukba.homeoffice.gov.uk

7.8 The tables below set out the current fee levels and the new proposed fees, that are set above cost, by these regulations:

Table (a) - Fees for applications made in the UK

CURRENT PRODUCTS	Current Fee 2008-09 (£)	Proposed Fee 2009/10 (£)	Unit Costs 09/10 (£)
Applications made in the UK – outside Points Based System			
Indefinite Leave to Remain in the UK - Postal Application	750	820*	318
Indefinite Leave to Remain in the UK - Application made at Public Enquiry Office (PEO)	950	1020*	278
Indefinite Leave to Remain in the UK - Postal Application (CESC Nationals) [1]	N/A	750*	318

[1] We are obliged by European law to offer a fee reduction to Nationals of countries that have ratified the Council Of Europe Social Charter 1961 (CESC), who are applying to enter the UK under work routes. See para 7.12 for further details.

Indefinite Leave to Remain in the UK - Application made at Public Enquiry Office (PEO) (CESC Nationals)	N/A	920*	278
Leave to Remain Non-Student – Postal	395	465*	392
Leave to Remain Non-Student – PEO	595	665*	286
FLR-IED – Postal	350	400*	230
FLR-IED – PEO	550	600*	250
FLR-BUS – Postal	750	800*	247
Transfer of Conditions - PEO	500	515	302
Nationality 6(1) Single	575	640*	175
Nationality 6(1) Joint	575	690**	221
Nationality 6(2) Others	575	640*	175
Nationality Registration Adult	400	460*	175
Nationality Registration Single Minors	400	460*	175
Nationality Registration Multiple Minors	400	510***	252
Renunciation of Nationality	385	395	177
Applications made in the UK – under Points Based System			
Tier 1 (Transition) - Postal	350	400*	247
Tier 1 (General) – Postal	750	820*	247

Tier 1 (General/Entrepreneur) CESC Nationals - Postal	N/A	750*	247
Tier 1 (Investors or Entrepreneur) - Postal	750	820*	247
Tier 1 (Post Study) - Postal	400	500*	247
Tier 1 (Post Study) - PEO	600	700*	260
Tier 2 – Postal	400	465*	230
Tier 2 CESC Nationals – Postal	N/A	425*	230

* These fees include a fund contribution. An additional £50 for each dependent applied for at the same time is also payable.

** The Nationality 6 (1) Joint fee includes a fund contribution.

***The Nationality Registration Multiple Minors fee includes a fund contribution. An additional £50 per extra child included on the application form is also payable.

Table (b) - Fees for applications made outside the UK

CURRENT PRODUCTS	Current Fee 2008-09 (£)	Proposed Fee 2009/10 (£)	Unit Costs 09/10 (£)
Non-PBS Visas			
Settlement visa	515	585*	379
Other visa	205	215	126
Certificate of Entitlement	205	215	126
PBS Visas			
T1 (General)	600	675*	412
T1 (General/Entrepreneur) CESC Nationals	540	615*	412
T1 (Investor)	600	675*	412
T1 (Entrepreneur)	600	675*	412
T2	205	265*	176
T2 CESC Nationals	185	245*	176

* These fees include a fund contribution. Dependants applying separately for a visa pay the same fee as the main applicant.

New fees for variations of existing services

Long Term Visit Visas

7.9 These Regulations also set new fees for variations of existing services. Long term visit visas are currently issued to frequent travellers for periods of either 1, 2, 5 or 10 years. These visas entitle the applicant to visit the UK as often as they like over the period granted, staying for a maximum of 6 months on any single visit. These visas are currently charged for at a single rate, no matter how long the visa.

7.10 We have proposed an increase in the fees for long term visit visas which have a duration of more than 2 years, to reflect the additional benefits of the longer periods during which visits to the UK are permitted. Long term visit visas are unique products in the global market and offer very good value for money for frequent travellers. A 5 year visit visa (£400) is less than cost of 6 separate short term visit visas, and a 10 year visit visa (£500), less than cost of 8 short term visit visas. In addition, these products offer the additional time benefit to the applicant of not having to re-submit biometric data and applications for multiple visits to the UK.

Table (c) – New Fees for Long Term Visit Visas

CURRENT PRODUCTS	Current Fee 2008-09 (£)	Proposed Fee 2009/10 (£)	Unit Costs 09/10 (£)
Visitor visa long term (1 to 2 yr)	205	215	127
Visitor visa long term (2Yr - 5 yr)		400	127
Visitor visa long term (5 Yr - 10 yr)		500	127

New Applications under the Points Based System made in person at a public enquiry office of the UKBA

7.11 These regulations also set new fees for applications made under the Points Based System at a Public Enquiry Office of the UKBA. We aim to offer a premium service wherever possible to ensure that as many of our customers have the choice of using our postal or premium service. In line with our approach prior to the Points Based System, the new fees for making an application in person are set at a higher level that reflects the additional speed and convenience of this service, and allows the cross-subsidisation of other routes.

7.12 A fee is set for Tier 4 applications, as this new route will be implemented from 31 March 2009. Tier 4 is for migrants aged 16 or over who wish to study in the UK, and for children at least 4 years old and under the age of 18 who wish to be educated in the UK. The

Immigration Rules will be updated to define and make provisions for Tier 4 migrants by 31 March 2009.

Table (d) – Fees for new applications for leave to remain under the Points Based System made in person at a Public Enquiry Office

APPLICATIONS MADE AT PUBLIC ENQUIRY OFFICE (PEO)	Current Fee 2008-09 (£)	Proposed Fee 2009/10 (£)	Unit Costs 09/10 (£)
Tier 1 (Transition) - PEO	N/A	600*	249
Tier 1 (General) - PEO	N/A	1020*	249
Tier 1 (General) CESC Nationals – PEO	N/A	920*	249
Tier 2 – PEO	N/A	665*	250
Tier 2 CESC Nationals - PEO	N/A	605*	250
Tier 4 – PEO	N/A	565*	373
Tier 5 – PEO	N/A	515	250
Tier 5 (Temporary Worker) CESC Nationals – PEO	N/A	460	250

* These fees include a fund contribution. An additional £50 for each dependent applied for at the same time is also payable.

Council of Europe Social Charter Fee Reductions

7.13 We have set new reduced fees for nationals of countries that have ratified the Council of Europe Social Charter 1961 (the CESC), for applications for leave to remain in the UK under work routes. The new fees are stated above on tables (a) and (d).

7.14 These reduced fees will apply to nationals of Croatia, the Former Yugoslav Republic of Macedonia, and Turkey.

7.15 These fees replace the full fee exemptions which we operated previously for both nationals of countries that have ratified the CESC, and the Council of Europe Revised Social Charter 1996 (the CERSC). Nationals of countries that have ratified the CERSC (Albania, Andorra, Armenia, Azerbaijan, Georgia, Moldova and Ukraine) will now be charged the normal rate application fee payable by all other applicants.

7.16 This change is made to align with the arrangements already in place for visa applications. We believe the change strikes a balance between our legal obligation to reduce fees for

countries that have ratified the 1961 Social Charter, our policy that those who benefit from our services should pay for those services, and our desire to reduce the burden on the UK taxpayer.

Any extra revenue generated form this change will help fund the necessary improvements to the immigration system.

Fees for Sponsorship under the Points Based System

7.17 We have proposed holding fees for Sponsorship registration and Certificates of sponsorship at their previous levels. These fees are paid by business, public and voluntary sector employers, and educational institutions under the Points Based System. This is in line with our approach to set fee levels flexibly to take account of the UK's international competitiveness. This is a challenging time for the global economy; and particular pressure is being felt by UK industry at this time.

Table (e) – Fees for sponsorship applications under the Points Based System

CURRENT PRODUCTS	Current Fee 2008-09 (£)	Proposed Fee 2009/10 (£)	Unit Costs 09/10 (£)
T2 Sponsor licence - medium/large business	1000	1000	857
T2&4 Sponsor licence - medium/large business	1000	1000	857
T2&5 Sponsor licence - medium/large business	1000	1000	857
T2, 4 & 5 Sponsor licence - medium/large business	1000	1000	857
T2 & T4, T5 Licence – Medium/Large Sponsor, where they currently hold T4 &/or T5 Licence	600	600	857
T2 Certificate of Sponsorship	170	170	29

- ***Consolidation***

7.18 There have been three amendments to the Immigration and Nationality (Fees) Regulations 2007.

These Regulations consolidate, revoke and replace the Immigration and Nationality (Fees) Regulations 2007 (S.I. 2007/1158), (as amended by S.I. 2008/544, S.I. 2008/1695 and S.I.

2008/3017) to improve their legibility for all stakeholders, customers, practitioners and officials.

8. Consultation outcome

8.1 During the course of 2003/04, following full public consultation, the Home Office introduced charges for a range of immigration applications to ensure that those who use and benefit from the UK system met the cost of delivering the administrative service provided.

8.2 A further public consultation exercise on charging for immigration and nationality applications was undertaken from 30 October to 22 December 2006, supported by the publication of *A consultation on a new charging regime for immigration & nationality fees*. The consultation document was made available on the Home Office website and was also sent to 3000 people. The formal Government response to the public consultation was published on 7 March 2007, and is published at:

http://www.ukba.homeoffice.gov.uk/sitecontent/documents/aboutus/consultations/closedconsultations/newchargingregime/

8.3 The consultation established the principle that from April 2007 onwards, UKBA will operate a flexible pricing approach to setting fees for immigration services. This allows fees to be set in order to maintain competitiveness where needed, but also to ensure that the immigration system overall generates the revenue needed, rather than seeking to fund necessary improvements via general taxation. 87% of respondents to the consultation agreed we should set fees flexibly to take into account wider policy objectives and 79% agreed that new fees should reflect a range of factors, not only those of value to the migrant.

8.4 A further, targeted consultation exercise on fees and charges to support the Points Based System and for biometric identity documents was held from 24 October to 9 November 2007. We consulted key stakeholders, based around – but not limited to – the membership of the UK Border Agency's existing stakeholder taskforces which include representative bodies and umbrella organisations. We set out a number of proposals in a letter sent to 493 bodies and individuals which received 132 written responses. We met with 119 individuals at consultation meetings. Further details are available on request. Feedback

from this exercise was used to set fees for the new services provided to migrants and sponsors under the Points Based System in 2008.

9. Guidance

9.1 We will publish full details of the new fee levels and their commencement dates in a Written Ministerial Statement. Full details of each fee and guidance to customers on how to apply under each route will be published on the UKBA website.

10. Impact

10.1 A full Impact Assessment in respect of the impact of the fund to manage the transitional impacts of migration is attached at Annex A to this Explanatory Memorandum and will also be published at www.ukba.homeoffice.gov.uk.

11 Regulating small business

11.1 The legislation does not apply to small business.

12 Monitoring & review

12.1 We will closely monitor the impact of fees for the application and services contained in these Regulations. We review fees and charges for Immigration and Nationality applications annually, and application trends are monitored by UKBA on a monthly basis. Analysis of application trends is monitored by the cross-Whitehall fees committee to ensure that fee levels generate sufficient revenue to cover UKBA delivery costs but do not adversely impact on the UK economy. We would seek to amend these fee levels were there evidence of such adverse impact.

13. Contact

13.1 Chris Nickson at the Charging Programme of the UK Border Agency, [Tel: 0114 2072446 or email: chris.nickson2@homeoffice.gsi.gov.uk] can answer any queries regarding the instrument.

Summary: Intervention & Options

Department /Agency:	Title:	
UK Borders Agency	Migration Impacts Fund	
Stage: Final	**Version:** 0.1	**Date: 11 February 2009**
Related Publications: Green Paper: The Path to Citizenship (Feb 2008); Response to Green Paper (Jul 2008); Earned Citizenship Impact Assessments		

Available to view or download at:

http://www.ukba.homeoffice.gov.uk/managingborders/borderscitizenshipbill

Contact for enquiries: **Charging Policy Team** **email:** **charging.consultation@homeoffice.gsi.gov.uk**

What is the problem under consideration? Why is government intervention necessary?

Migration has many benefits to the UK economy, as set out in the government response to the House Of Lords Select Committee. Migrants use public services. With increasingly mobile migrant populations communities in some regions are experiencing rapidly-changing transitional pressures on some public services. To address this, the Government response to the consultation on the Green Paper 'The Path to Citizenship', published on 14th July, announced the intention, from April 2009, to create a fund to help local service providers deal with transitional pressures of migration.

What are the policy objectives and the intended effects?

1. To create a mechanism by which financial help can be quickly and responsively provided to public service providers in locations where there have been short-term transitional impacts associated with migration, in order to alleviate these pressures;

2. To create a mechanism by which migrants contribute directly to the public services which they use, thus improving community cohesion: public antipathy to migration can be driven by a perception of unfairness, in that some migrants are perceived to receive more from the state than they contribute.

What policy options have been considered? Please justify any preferred option.

Option 1 - Do nothing.

Option 2 - Create a fund of tens of millions of pounds to pay for transitional impacts of migration, charging the same contribution to all migrants (not including EEA nationals or Refugees).

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? The policy will be reviewed 1 year after implementation.

Ministerial Sign-off For Final Proposal/ Implementation Stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and b) the benefits justify the costs.

Signed by the responsible Minister:

Phil Woolas.....Date: 11.02.09

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

Rationale for Government Intervention

1. Migration has many benefits to the UK economy, as set out in the government response to the House Of Lords Select Committee. And we recognise that migrants overall make a positive economic contribution, but they also use public services; and with increasingly mobile migrant populations, communities in some regions experience high and rapidly-changing transitional pressures on some public services such as education and healthcare. Some migrants make claims on public services as soon as they arrive and before they have contributed significantly to the cost of these services.

2. At the same time public antipathy to migration can be driven by a perception of unfairness, in that some migrants are perceived to receive more from the state than they contribute – and this can adversely affect community cohesion. With a relatively small amount of additional money we could alleviate some of the short-term pressures.

3. As such we do consider that it would be appropriate to require migrants to contribute to a fund which will allow us to release limited amounts to local service providers quickly and flexibly.

4. The size of the problem is difficult to estimate accurately given the nature of transitional pressures, for example on congestion or on quality of service provision. There is a rationale for government to intervene in order to:
   - Prevent the problem – through changes to migration policy, statistics or local government funding; and
   - Respond to the problem – through creating a fund, paid for by migrants, to contribute towards the transitional impacts of migration.

Policy Objectives

5. To create a mechanism by which financial help can be quickly and responsively provided to public service providers in locations where there have been short-term transitional impacts associated with migration, in order to alleviate these pressures;

6. To create a mechanism by which migrants contribute directly to the public services which they use, thus improving community cohesion: public antipathy to migration can be driven by a perception of unfairness, in that some migrants are perceived to receive more from the state than they contribute.

Policy Proposal – Fund

7. We propose to create a fund which would allow us to release limited amounts of money quickly and responsively and help local service providers deal with the short-term pressures resulting from migration. We proposed that the money would be raised through increases to certain immigration application fees and will not apply to EEA nationals or refugees.

8. We will require migrants to make a contribution each time they make an immigration application. This will spread the contribution out over several payments over a period of

years, and at the same time ensure all contributing migrants, whether they progress on the path to citizenship or not, contribute to the fund.

9. Migrants who bring dependents will pay an additional fee per dependent. This recognises the fact that those who bring dependents to the UK tend to consume more in public services than those who do not.

10. The fund will be spent on building the capacity of local service providers to manage the impacts of migration. The fund applies across the UK. It will be allocated by the Department for Communities and Local Government (less Barnett consequentials) to the Government Offices for the Regions.

11. The Devolved Administrations will determine how to allocate their share of the fund, however for England the proposal is as follows. We envisage that each region would receive a share of the fund with those experiencing higher levels of inward international migration receiving proportionately more. All local service providers, including the police, local authorities and Primary Care Trusts, will be eligible to benefit from the fund.

12. We do not want to be overly prescriptive in terms of what the fund will be used for – it is essential that local services have an opportunity to shape the use of the fund in their local area. However the fund could be used in the following ways:

- Police services and hospitals could use the fund to reduce the burden of interpreting. This could include the recruitment of Police Community Support Officers from migrant communities, or providing a pool of interpreters across local services;
- The fund could be used by local authorities to prevent overcrowding in housing used by migrants, a source of possible tension with the settled community;
- The fund could be used to provide extra support teachers and children's services in areas where there migration has led to a high turnover of pupils in schools;
- In addition, the fund could help with projects to improve community safety, ensuring migrants are aware of the rules and combating myths.

13. We are continuing to discuss the practicalities of the fund with the police, local authorities and other local service providers prior to commencement of the fund in April 2009.

Options

14. Two policy options have been considered:
    - Option 1 – Do nothing;
    - Option 2 – Create a fund to manage transitional impacts of migration, charging the same fee to all migrants.

- To generate the fund we have considered a contribution from migrants, and their dependants (both for visa applications and in-country extensions of leave) on all routes under PBS Tier 1, Tier 2, Tier 4, the Family Settlement Route, Leave To Remain in the UK, Indefinite Leave to Remain in the UK and applications for UK Nationality.

- We believe it is right to apply this fund contribution to these routes as they are the routes most likely to bring the transitional costs which the MIF is intended to cover. The general principle behind the decision to charge the migrants on the routes above is that the fund is designed to alleviate the transitional pressures caused by migrants who go on to spend a significant amount of time in the UK. The migrants on these routes typically attract leave of in excess of one year. As such we consider it appropriate that they should all contribute to the Fund.

Other Options considered

- Improving statistical counting of migrants so we know exactly where they are settling and can allocate funding more accurately to local areas;
- Increase the flexibility of local government funding so it is more responsive to migration and the pressures it may cause.

15. However, these options have been ruled out at this stage as they are long-term solutions. Both options are being taken forward separately by ONS and CLG respectively. The analysis in this Impact Assessment therefore concentrates on options for raising a fund from migrant application fees that will provide a more immediate solution.

Costs and Benefits

16. At this stage we expect the key costs and benefits associated with option 2 to be:

Costs

- Reduction in fee income from deterred out of country immigration applications as income to UK economy (UKBA) from overseas may be deterred as a result of fee increases;
- Reduction in output from deterred migrants: costs of lost productive output where migrants are deterred from coming to or remaining in the UK for work or study;
- Administration costs of administering the collection and allocation of the Fund; which is assumed negligible as using current charging administration.

Benefits

- Increased fee income to the UK creating a fund to pay for transitional impacts of migration; higher immigration fees will increase fee income to the UK from those that still apply to come to the UK;
- Reduction in the costs associated with transitional impacts of migration;
- Public confidence that migrants are contributing towards the transitional impacts of migration, and that they are paying their way in line with the Earned Citizenship principles;
- Applying the contribution across all migrants means the charging system for the fund is easier to explain, understand and administer.

Summary and Preferred Option

17. Whilst there are no additional costs and benefits of option 1, there will continue to be some transitional impacts associated with migration on local areas and public services. The preferred option is therefore option 2.

18. We believe creating a fund to respond to and help alleviate transitional impacts of migration will bring significant non-monetised benefits to local areas and public services to which resources from the fund are allocated. Because we do not want to be overly prescriptive in terms of what the fund will be used for – so that local services can have an opportunity to shape the use of the fund in their local area – we will conduct a thorough review of the fund and its benefits for local services after it has operated for one year.

Other Specific Impacts

19. Having carefully considered the potential impacts, we believe that these proposals will have no significant discernable impact on these areas. The fees are not payable by UK businesses; they apply to migrants applying to come to the UK (not including EEA nationals or refugees).

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	*Results in Evidence Base?*	*Results annexed?*
Competition Assessment	No	No
Small Firms Impact Test	No	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	No	No
Disability Equality	No	No
Gender Equality	No	No
Human Rights	No	No
Rural Proofing	No	No