Impact Assessment, The Home Office

Title: Customer Contact Fees **IA No:** HO0375 **RPC Reference No:** N/A **Other departments or agencies:**	**Date:** August 2020 **Stage:** Final **Intervention:** Domestic **Measure:** Secondary legislation **Enquiries:** Liam.Coughlan1@homeoffice.gov.uk
RPC Opinion: N/A	**Business Impact Target:** Not a regulatory provision

Cost of Preferred (or more likely) Option (in 2020/21 prices)

Net Present Social Value NPSV (£m)	-6.6	**Business Net Present Value BNPV (£m)**	0.0	**Net cost to business per year EANDCB (£m)**	0.0

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

Overseas customers are charged to contact UK Visas and Immigration (UKVI) when enquiring about their visa or citizenship application. The current fees are £1.37 per minute for a call and £5.48 per email. With the launch of FBIS routes under the new immigration system EU customers will be subject to the same contact centre charges. These fees are perceived as being too high. UKVI regularly receives criticism for the level of fees charged to customers and customers drift into more expensive channels. By reducing the fees UKVI can improve its customers experience and remove barriers to contacting UKVI. Government must intervene to legislate this change in fees which will have implications for costs and income generated.

What are the policy objectives and the intended effects?

The policy objective is for UKVI to provide a fair contribution towards the cost of the service by reducing fees customers pay to contact when enquiring about their application. The intended effect is to ensure customers can contact UKVI at a reduced cost to get the information they require on their application and provide a good customer service to all in-country and out-of-country customers. The aim is for this to take effect from October 2020 in line with the FBIS Tranche 1 commencement date.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Option 0: Do nothing and maintain the current fees for overseas customers.
Option 1: Reduce all fees by 50 per cent for overseas customers who will benefit from the reduced price. Reduced fees are likely to increase demand to the contact centre without distorting market conditions, the extent of increase is uncertain.
Other options were considered, but these did not meet the Government's objectives.

Main assumptions/sensitivities and economic/analytical risks	**Discount rate (%)**	3.5%

Volumes are based on Home Office internal planning assumptions set out in Table 1. Volumes data used in this IA may not match actual outturns in future published statistics. The impact of Covid-19 is considered in the sensitivity analysis, given the current uncertainty with volumes. In the absence of evidence on behavioural impacts of changes in demand due to a change in the customer fee, the best estimate for contact volumes has been used based on current actual contact ratios.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date: 05/10/2021**

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister: Kevin Foster Date: 9 September 2020

Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2020/21	PV Base	2020/21	Appraisal	5	Transition	1

Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)	
Low:	**-6.2**	**High:**	**-7.1**	**Best:**	**-6.6**	**Best BNPV**	**N/A**

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	0.6	20.6	21.2	4.6	0
High	0.6	24.6	25.2	5.5	0
Best Estimate	0.6	22.5	23.2	5.1	0

Description and scale of key monetised costs by 'main affected groups'

The reduction in fees impacts overseas customers who would have contacted UKVI regardless of the fee change. The lower fee results in reduced income for UKVI and is estimated to be -£9.1 million (PV over 5 years). The on-going cost to UKVI of the provision of service is estimated to be £22.5 million (PV over 5 years). There will also be transition costs for UKVI to adjust to the current contract to align with the launch of FBIS in October of £0.6 million.

Other key non-monetised costs by 'main affected groups'

None.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	0.4	16	16.4	3.6	0
High	0.5	18.1	18.6	4.1	0
Best Estimate	0.4	17	17.5	3.8	0

Description and scale of key monetised benefits by 'main affected groups'

UKVI benefit from the total income generated, valued at £17.5 million (PV over 5 years). This is made up of income from existing and new customers as a result of the policy. The increase in customer contact demand from the reduced fee is estimated generate £9.0 million in income. This additional income does not offset the reduction in income from existing customers (see cost section, as £9.1 million, PV over 5 years). Figures rounded up to the nearest one hundred thousand, meaning when rounded best estimate does not sum exactly, detail in table 10.

Other key non-monetised benefits by 'main affected groups'

Overall, the proposal means UKVI maintain a good level of customer service at a reduced cost to their customers. New customers benefit from receiving a service they would not have engaged with before at the higher price, and it increases the attractiveness of visiting, working or studying in the UK welcoming those applying for visas and supporting them with the application process.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m: N/A							
Cost, £m	**0**	**Benefit, £m**	**0**	**Net,**	**0**		
Score for Business Impact Target (qualifying provisions only) £m:					N/A		
Is this measure likely to impact on trade and investment?					N		
Are any of these organisations in scope?	**Micro** N	**Small** N	**Medium** N	**Large** N			
What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)	Traded:	N/A	Non-Traded:	N/A			

PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 2)

Are all relevant Specific Impacts included?	Y	Are there any impacts on particular groups?	Y

Evidence Base (for summary sheets)

A. Strategic Overview

A.1 Background

In 2017 UKVI established a customer contact centre which provides non-bespoke guidance and advice on immigration and nationality applications to customers.

Currently, overseas visa and citizenship customers pay to contact UKVI through this contact centre for queries relating to immigration and nationality applications. In-country customers do not pay to contact UKVI. The customer contact fees are set out in the Immigration and Nationality (Fees) Regulations at £5.48 per email query and £1.37 per minute for calls. These fees will extend to EEA customers under the new immigration system.

UKVI has a strategic ambition to offer a better customer service and improve the customer experience whilst supporting the governments prosperity agenda. Part of this strategic ambition is to reduce or remove the charges that overseas customers face when using the contact centre.

The UK is launching a new points-based immigration system, with the new arrangements taking effect from 1 January 2021. It will treat EU and non-EU citizens equally, meaning that EU citizens will be required to apply to live, work and study in the UK. Whilst the immigration system comes into effect on 1 January 2021, certain routes will be launched on the 5th October, enabling citizens to apply from that date.

UKVI has decided to reduce the fees on the 5th October 2020 to align with the date the first tranche of the Future Border and Immigration System (FBIS) opens to customers.

A.2 Groups Affected

The policy change will affect all overseas customers who wish to contact UKVI regarding immigration and nationality applications. This group will shortly include all EEA citizens when all FBIS routes go-live on the 1st December 2020 (with initial routes going live on 5th October 2020).

B. Rationale for intervention.

UKVI has received criticism from customers and the media for the relatively high charges customers face when contacting UKVI. Since their introduction, the costs involved in contacting UKVI have been perceived as disproportionate and a block to having a customer-friendly visa system. With the launch of the new points-based immigration system, UKVI anticipates further criticism for charging new EEA customers who are now subject to the new immigration system.

Alongside the negative perception, high fees also result in customers contacting UKVI through other channels, such as complaints and official correspondence which are more expensive for UKVI to service or lead to incorrect applications/ information which result in case rework. UKVI expects that reducing the level of fees will encourage customers to contact UKVI through the correct channel.

By reducing the call and email charges overseas customers face, UKVI can provide a good level of customer service at a reduced cost to customers, increasing the attractiveness of visiting, working or studying in the UK. This will also show the UK is welcoming to those applying for visas and supportive throughout the application process aligning to the UK's prosperity agenda.

The launch of new immigration routes under FBIS provides an ideal timing to reduce the charges. The new immigration routes will increase the number of customers contacting UKVI, so the increase in contact volumes will partly offset the loss of revenue received due to the fees reduction (although UKVI will have to partly subsidise the reduction).

Government intervention is required to resolve this issue, as the level of fees is set out in the Immigration and Nationality (Fee's) Regulations and requires parliamentary approval to amend.

C. Policy objective

UKVI has a strategic objective of becoming a customer-centric organisation. Currently charging for customer contact is not aligned with this, does not meet customers' expectations and results in channel shift to more expensive channels or caseworker re-work as customers do not apply for the right route or provide incorrect information. The long-term objective of the UKVI Customer and Channel Strategy is to remove or reduce the fees customers face when contacting UKVI.

D. Options considered and implementation.

UKVI considered a range of cost options for reducing customer charges, including a 'Do Nothing' option.

Under the 'Do Nothing' option, the following outcomes are expected:

- There would be no impact on the volumes of customer contact that UKVI receives.
- There would be no impact on the revenue that UKVI collects.
- UKVI would receive negative media coverage at the point when the fees were introduced to EEA citizens who require visas under the new immigration system.
- The Government may encounter criticism and political pressure for introducing fees to EEA citizens who now require support from the contact centre.

Preferred option and implementation plan

Under the preferred option UKVI will reduce the charges overseas customers face when contacting the contact centre as of the 5th October 2020. The following actions will form part of the implementation of these changes:

- The contact centre's current supplier will be instructed to reduce the email and call charges they levy to UKVI customers by 50 per cent on the 5th October 2020. Any changes to the payment and collections process will be undertaken by the supplier.
- UKVI and the current supplier will reach an agreement regarding the shortfall in revenue the supplier will receive as a result of the fees reduction.
- The reduced fees will be specified in the contractual agreement with the new supplier.
- UKVI will adopt a reactive media approach in the UK, with responses being incorporated into wider existing Q&A guidance on the Future Border and Immigration System.
- UKVI will adopt a moderate proactive media approach overseas, including potential press releases for key markets which are impacted.

E. Appraisal

E.1 General assumptions and data

The UKVI customer contact centre contract is shortly up for negotiation and UKVI have taken the opportunity to negotiate a contract that includes a lower customer fee with the new supplier. The exact financial impact to UKVI from a 50 per cent reduction in contact fees is highly uncertain until the contact is negotiated. The best available evidence from a similar contract for the HMPO contact centre is used for the purpose of cost modelling analysis. Any changes to volumes that deviate from those agreed at contract negotiation or deviate beyond the margin of fluctuation outlined in the contract, and/or any changes to the fee/charging structure, will be a burden to UKVI and ultimately the tax-payer.

The fee reduction will be introduced in October 2020, with the new contract expected to start in December 2020. The IA covers the six months of 2020/21 and the following five-year period from 2021/22 to 2025/26. All future values are discounted using a rate of 3.5 per cent (the social rate of discount from the Green Book[1]). The volume forecasts used are taken from Home Office Analysis and Insight (HOAI), are forecasted up until 2025/26. A model has been developed by UKVI to forecast costs and benefits of the preferred option and presents the Net Present Social Value (NPSV) in comparison to the do-nothing option across the appraisal period.

Both in-country and out-of-country applicants can contact the contact centre but UKVI do not charge in-country applicants for contact. Income is only generated by out-of-country applicants, but the cost to provider is generated by all contacts. The income generated from out-of-country contacts partially offsets the cost UKVI incur from paying for the service for both in and out-of-country customers.

E.2 Volumes

E.2.1 Visa application volumes

Volumes for total forecast visa applications for out-of-country and in-country visa routes up until 2026 have been provided by Home Office internal planning. Volume scenarios represent forecasts in a 'business as usual' world using the Home Office Immigration Volumetric Register (IVR) and including additional FBIS volumes that are anticipated. As the figures are based on Home Office internal estimates, they should be considered as indicative, due to the uncertainty around forecasts of future visa applicants' behaviour. Volumes are more and more uncertain the further in to the future they are forecast. In particular, the FBIS volume estimates are highly uncertain, as estimates are based on survey samples or proxy routes. FBIS volumes do not include potential behavioural responses of migrants or employers to the imposition of fee or additional admin burden involved in the new immigration system, but they do capture potential responses of employers to the loosening of the Tier 2 skill and salary thresholds. Whereas IVR estimates are based on actual data observed in previous years.

To account for uncertainty within the volume forecasts a range of low, central and high scenarios are presented in Table 1 and are used for the purpose of analysis of the preferred option. The baseline is also produced for low, central and high scenarios so we consider and compare the costs and benefits in the three states of the world based on forecasts. **It should be noted that low and high scenarios represent confidence intervals for statistical uncertainty rather than planned volume scenarios, this is the case for all low and high scenarios presented in this impact assessment.** The sensitivity analysis considering the uncertainty with Covid-19 impact on visa demand (and subsequently contact centre demand) is set out in section G as the Covid-19 impact volume scenarios are considered to be a more realistic representation of the anticipated demand, despite the inherent uncertainty this situation carries.

[1] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf

Table 1: All scenarios for out-of-country and in-country visa application volumes (million), using IVR volumes, 2020/21 to 2025/26.

Total out-of-country volumes		2020/21 (from Oct 20)	2021/22	2022/23	2023/24	2024/25	2025/26 (Apr-Sep)	Total
Central	**Out-of-country**	1.5	4.2	4.4	4.5	4.7	2.8	**22.1**
	In-country	0.3	0.8	0.8	1.0	1.2	0.7	**4.7**
Low	**Out-of-country**	1.4	4.0	4.2	4.3	4.4	2.5	**20.7**
	In-country	0.3	0.7	0.7	0.8	0.9	0.4	**3.9**
High	**Out-of-country**	1.7	4.4	4.6	4.8	5.0	3.2	**23.7**
	In-country	0.3	0.8	0.9	1.2	1.4	0.9	**5.6**

Note: figures may not sum due to rounding.

E.2.2 Volumes of customer contact

A proportion of total visa applicants contact a contact centre in order to discuss their application. Not all visa applicants will contact the service.

The contact ratio (total contacts/total visa applications) under the do-nothing option is held constant from the current actual contact ratio observed (11.0% for out of country customers: split by 3.0% for emails and 8.0% for calls, and 105.0% for in country customers: split by 2.3% for emails and 103.2% for calls). Actual data from the contact centre is used to compare number of contacts to number of applications in 2019/20. The contact ratio for in-country customers is greater than 100 per cent for two reasons: 1) it is known that customers make repeat calls to chase progress on their visa application however, the exact number of individuals and repeat customers is unknown and 2) customers may also contact to make a visa enquiry but not submit an application. In absence of further data, the contact ratios from 2019/20 are the best available proxy to forecast the potential contacts in the future.

For the preferred option, in the absence of evidence of potential behavioural change caused by a reduction in the contact centre fee to customers, the analysis for out of country compares contact ratios from:

- The current contract with the current full price, has a 11.0 per cent average contact ratio.
- A similar UKVI contact centre contract (Settlement Resolution Centre) that is a free to use service for customers, has a 31.2 per cent average contact ratio.

The price elasticity of demand from customers and their behavioural response to this change is highly uncertain. Therefore, based on the best information we have, as the preferred option will reduce the current fee by 50 per cent for out-of-country customers, the mid-point between the two contact ratios is used (midpoint between high fee and zero fee) to estimate the potential new contact ratio. This is estimated to be 21.1 per cent (split by 5.3% for emails and 15.9% for calls). Contact ratios are applied to the out-of-country volumes in Table 1 to estimate the volume of out-of-country customers who would contact UKVI under the preferred option. Behavioural response will be monitored and evaluated a year after implementation.

In-country contacts are not affected by the change in fees and therefore the analysis assumes that their current contact ratio remains the same for the baseline and option 1.

Analysis of the preferred option uses the above estimates as the central scenario. Given the uncertainty with this estimate, sensitivity analysis presented in section G considers the impact of a + and – 20 per cent difference in contact ratio to provide a range of low to high estimated contacts.

Table 2: UKVI customer contact ratios for out of country and un country customers (per cent), 2020.

Out of country	Option 0: do nothing	Option 1: out-of-country
Email	3.0	5.3
Telephone	8.0	15.9
Total	**11.0**	**21.1**

Note: figures may not sum due to rounding.

In country	Option 0: do nothing	Option 1: in-country
Email	2.3	2.3
Telephone	103.2	103.2
Total	**105.5**	**105.5**

Note: figures may not sum due to rounding.

Table 3 uses the volumes in Table 1 and applies the contact ratios in Table 2 to produce the forecasted contact volumes for out-of-country and in-country customers for the central scenario.

Table 3: UKVI customer contact volumes (000s), 2020/21 to 2025/26.

Total out-of-country		**2020/21 Oct-Mar**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26 Apr-Sep**	**Total**
Central	**Email contact volume**	80	220	230	240	250	150	**1,170**
	Telephone contact volume	240	660	690	720	750	450	**3,510**
Low	**Email contact volume**	70	210	220	230	230	130	**1,090**
	Telephone contact volume	220	630	660	680	700	390	**3,280**
High	**Email contact volume**	90	230	240	250	260	170	**1,240**
	Telephone contact volume	270	690	730	760	800	500	**3,750**
Total in-country								
Central	**Email contact volume**	10	20	20	20	30	20	**120**
	Telephone contact volume	320	790	850	1010	1190	730	**4,890**
Low	**Email contact volume**	10	20	20	20	20	10	**100**
	Telephone contact volume	300	720	750	850	940	430	**3,990**
High	**Email contact volume**	10	20	20	30	30	20	**130**
	Telephone contact volume	320	860	950	1200	1470	970	**5,770**

Source: IVR volumes with customer contact ratios applied.
Note: 2020/21 and 2025/26 are for a period of six months, from October 2020-March 2021 and April-September 2025 respectively. Figures may not sum due to rounding.

E.2.3 Volumes elasticity

The reduction in contact fee is highly unlikely to cause a rise in visa demand as customers who contact UKVI pay a very small cost in comparison to their overall visa fee. In addition, it is optional to email or call the contact centre, so those applying for a visa are able to choose not to contact and not incur the cost at all, dependent on their preference and whether they are prepared to pay a fee to enquire about their visa application. Therefore, total demand for visa volumes are likely to be unaffected from a reduction in the UKVI customer contact fee.

E.3 Fees table

Table 4 details the impact on income and cost to UKVI from a full range of scenarios of reducing fees by each percentage change shown. This is presented for the first full year of the proposal, 2021/22. The table shows that the point at which there would be zero cost to UKVI is between 30 and 40 per cent reduction. Considering only the financial implications, the preferable reduction would be 30 per cent. As there is a variation in year-on-year volumes it is not possible to calculate a percentage reduction that estimates an exact breakeven point on an annual basis.

Taking Government objectives in to account, the preferred option is to reduce fees by 50 per cent. It takes a significant step towards the UKVI customer strategy of removing fees altogether, whilst the financial impact of the reduction to UKVI is maintained at a level that is affordable. Reducing the fees by any more than 50 per cent would increase the cost to UKVI to a level which is not sustainable or affordable. This position means UKVI are not generating income over and above the costs of providing the service and incur the burden of subsidising the costs to provide the service to customers for 50 per cent of current charges.

Table 4: Fees table of options, first full year of 2021/22, (%, £, £ million, volume 000s).

Fee Reduction %	Email fee £	Telephone fee £	Email fee change £	Telephone fee change £	Email contact volume (000s)	Telephone contact volume (000s)	Income £m	Cost to UKVI (cost-income) £m
0	5.48	9.06	0.00	0.00	140	1,120	3.7	-0.4
10	4.93	8.16	-0.55	-0.91	170	1,190	3.9	0.6
20	4.38	7.25	-1.10	-1.81	190	1,250	4.0	0.5
30	3.84	6.35	-1.64	-2.72	210	1,310	4.0	0.5
40	3.29	5.44	-2.19	-3.63	230	1,370	3.8	0.7
50	**2.74**	**4.53**	**-2.74**	**-4.53**	**260**	**1,430**	**3.5**	**1.0**
60	2.19	3.63	-3.29	-5.44	280	1,490	3.1	1.4
70	1.64	2.72	-3.84	-6.35	300	1,550	2.5	2.0
80	1.10	1.81	-4.38	-7.25	320	1,620	1.8	2.7
90	0.55	0.91	-4.93	-8.16	350	1,680	1.0	3.5
100	0.00	0.00	-5.48	-9.06	330	1,780	0.0	4.5

Note: figures may not sum due to rounding. Last row: 100 per cent is equivalent to ‘remove all of the fee’.

E.4 Customer Fees

Customer fees currently accrue to overseas customers who make an enquiry about their visa or citizenship application. The current fees are presented in Table 5 alongside the proposed 50 per cent reduced fees.

The current customer fee for a telephone call is £1.37 per minute and the average length of a telephone enquiry is 6.6 minutes. The proposed customer fee for a telephone call is £0.69 per minute with the same average length of enquiry.

The current customer fee per email is £5.48, the proposed change will mean a fee of £2.74 per email contact.

Table 5: UKVI Customer Contact Fees

Contact Method	Option 0 – do nothing	Option 1 – reduce fees (50% reduction)
Email	£5.48	£2.74
Telephone	£9.06	£4.53

E.5 Preferred option

The preferred option (Option 1) is to reduce all customer fees by 50 per cent. The cost and benefit assessment is based on the volume and contact ratio estimates and assumptions above. The proposed changes will mean overseas customers pay 50 per cent less to call or email a contact centre than in the do-nothing scenario. However, the contact is non-compulsory in both options and depends on whether the customer is prepared to pay a fee to enquire about their visa application. Therefore, the analysis considers the reduced fee as a transfer of burden to UKVI through reduction in income. Some of this reduction in income will be offset by an increase in demand induced by the reduced fees, this is considered in section E.6 and E.7.

For the purposes of the IA, the baseline (which is equivalent to Option 0 – do nothing) is used. The baseline is therefore not equal to zero as under the current charges, the income would be greater than the costs in the future state. This baseline does not represent the current contract income and costs, instead it is an estimate of the future state with the new supplier. The estimates for the baseline for central, low and high in Table 6 are used to compare the impact of Option 1 for the NPSV. Positive values indicate 'surplus income' in the baseline case. Where cost is greater than income, this is a cost to UKVI (shown as a negative value in Table 6).

Table 6: Costs of option 0 baseline scenarios using IVR volumes, £ million, 2020/21 to 2025/26.

Baseline Cost and Income		2020/21 from Oct 2020	2021/22	2022/23	2023/24	2024/25	2025/26 Apr-Sep	Total
Central baseline	**Cost**	1.4	3.3	3.3	3.5	3.7	2.1	**17.2**
	Income	1.4	3.6	3.6	3.7	3.7	2.1	**18.1**
	Surplus income	0.0	0.3	0.3	0.2	0.0	0.1	**0.9**
Low baseline	**Cost**	1.3	3.1	3.1	3.2	3.2	1.6	**15.5**
	Income	1.3	3.5	3.5	3.4	3.4	1.9	**16.9**
	Surplus income	-0.1	0.3	0.4	0.3	0.2	0.3	**1.4**
High baseline	**Cost**	1.5	3.5	3.5	3.8	4.1	2.5	**18.8**
	Income	1.5	3.8	3.8	3.9	3.9	2.4	**19.3**
	Surplus income	0.1	0.4	0.4	0.1	-0.1	-0.1	**0.8**

Note: figures may not sum due to rounding.

E.6 COSTS

E.6.1 One-off costs

This proposal does carry a small direct set up cost in the short-term, given the opportunity to include this in the new contract, which is required to be negotiated regardless of making the change to fees.

There is a one-off transition cost to UKVI given the timings of bringing in the 50 per cent reduction in fees in October. The current supplier will continue to provide the contact centre until December 2020, therefore for two months UKVI will need to subsidise the change in income for the supplier in comparison to what was agreed in the original contract. Without knowing the expected income for the current provider, the estimated **cost of providing the service for two months is about £0.6 million**. In the summary section E.8, this is compared to the anticipated income for the future provider to derive overall anticipated impact cost to UKVI. The current supplier may also charge an additional fee due to the change in the existing contract that was not expected. This one-off transition cost should therefore be treated as a low estimate of potential cost to UKVI.

E.6.2 Ongoing costs

E.6.2.1 Loss of current customer income

The 50 per cent reduction in contact fee to customers is a reduction in income for UKVI. The extent to which the cost is borne by UKVI and Home Office is dependent on the commercial agreement reached with the new supplier. The costs to UKVI is the difference between the income UKVI would have received minus the income UKVI will now receive. This reduction is partially offset by the increased demand from new customers as detailed in E.7.1

Reducing the fee by 50 per cent, despite customers being prepared to pay for the service at the higher price, means this benefit to customers is transferred to UKVI as an impact of reduced income. It is assumed customers prepared to pay at the higher price will continue to contact the contact centre at the lower price, therefore income to UKVI from baseline customers is halved.

Table 7 shows on the difference from the baseline in terms of reduced income generation over the 5 years. **The total loss of current customer income ranges from -£8.5 to -£9.7 million, with a central estimate of -£9.1 million (PV), over five years.**

Table 7: Loss of current customer income, £ million, 2020/21 to 2025/26.

Loss scenario	2020/21 from Dec 2020	2021/22	2022/23	2023/24	2024/25	2025/26 (Apr-Sep)	Total
Central	-0.5	-1.9	-1.9	-1.9	-1.9	-1.1	-9.1
Low	-0.4	-1.8	-1.8	-1.8	-1.8	-1.0	-8.5
High	-0.5	-2.0	-2.0	-2.0	-2.0	-1.2	-9.7

Note: figures may not sum due to rounding.

E.6.2.2 Costs of providing the service for Option 1 (contract costs)

Management and productive agent fee charged by the supplier in a similar contact centre contract is used to estimate the impact on cost of providing the service and associated income. The exact cost of the contract as charged by the supplier are yet to be fully negotiated, but this analysis provides an indication and best estimate based on the knowledge held of the potential costs associated with providing the service.

In the absence of information on the UKVI contact centre management fee for the new contract, the management fee is taken from the HMPO Financial Pricing Model (FPM) and treated as a fixed cost. This is considered a similar contract and service provision and therefore, reasonable to assume a similar fixed cost. Until the contract is negotiated, there remains significant uncertainty around the financial risk and exact balance of fixed and variable elements for management fee. Further information for the UKVI specific contract and FPM will allow for a more realistic estimate of management fee cost. For this reason, sensitivity analysis presented in Section G applies ±50 per cent for the low and high scenarios to account for uncertainty and risk around costs.

Productive agent hours are treated as variable dependent on volumes and the average time it takes an agent to handle calls and emails. Average times for calls and emails have been provided by the current provider and are combined with the volumes scenarios for Option 1 to estimate the total cost.

Passthrough costs relate to costs the supplier incurs from related purchases that are expensed back to UKVI. Passthrough costs apply to both management fee and productive agent hours fees. Passthrough costs for management fee uses the figures from the HMPO FPM and scales the fee to the UKVI volumes. Passthrough costs for productive agent hours uses the same methodology outlined above for productive agent hours fees.

This method assumes that contract costs are fixed for the management fee and variable for the productive agent fee, therefore an increase in volumes creates an increase in both cost and income. **The cost of providing the service lies in a range of £21.2 to £25.2 million (PV) with a central estimate of £23.2 million (PV) over the five-year appraisal period.**

Table 8 shows the costs estimated for the fees change, based on the central, high and low scenarios.

Table 8: Costs of option 1 using IVR volumes, all scenarios, £ million, 2020/21 to 2025/26.

Central Scenario	2020/21 from Oct 2020	2021/22	2022/23	2023/24	2024/25	2025/26 Apr-Sep	Total
Management fee	0.4	0.8	0.8	0.7	0.7	0.3	**3.7**
Productive agent fee	1.1	2.9	2.9	3.1	3.2	1.9	**15.1**
Passthrough cost	0.3	0.8	0.8	0.9	0.9	0.5	**4.3**
Supplier total cost	1.9	4.5	4.5	4.7	4.9	2.8	**23.2**

Low Scenario	2020/21 from Oct 2020	2021/22	2022/23	2023/24	2024/25	2025/26 Apr-Sep	Total
Management fee	0.4	0.8	0.8	0.7	0.7	0.3	**3.7**
Productive agent fee	1.0	2.7	2.7	2.8	2.8	1.5	**13.5**
Passthrough cost	0.3	0.8	0.8	0.8	0.8	0.4	**3.9**
Supplier total cost	1.7	4.3	4.3	4.3	4.4	2.2	**21.2**

Table 8: Costs of option 1 using IVR volumes, all scenarios, £ million, 2020/21 to 2025/26.

High Scenario	2020/21 from Oct 2020	2021/22	2022/23	2023/24	2024/25	2025/26 Apr-Sep	Total
Management fee	0.4	0.8	0.8	0.7	0.7	0.3	**3.7**
Productive agent fee	1.2	3.1	3.1	3.4	3.7	2.3	**16.7**
Passthrough cost	0.3	0.9	0.9	1.0	1.1	0.7	**4.8**
Supplier total cost	2.0	4.7	4.8	5.1	5.4	3.3	**25.2**

Note: figures may not sum due to rounding.

No non-monetised costs are thought to occur as a result of the change in customer fee.

E.7 BENEFITS

E.7.1 Monetised benefit

Overseas customers who currently would contact a contact centre see a benefit from the reduction in fees with Option 1. However, they are still prepared to pay a higher price and these benefits would also accrue to overseas residents, therefore this benefit is not included in the overall benefit calculations or the NPSV. Instead the impact has been included in the loss of income to UKVI. This also avoids double counting of the impact.

Additional customers income

The benefit to UKVI is seen from the increase in demand to the contact centre from out-of-country customers, in comparison to the baseline contacts.

An increase in demand for customer contact centre from the reduction in fees is anticipated, for out-of-country contacts only. In-country contacts are currently free and therefore, not impacted by the change to fees.

The increase in demand is captured by the difference between the current contact ratio and the estimated future contract ratio under Option 1. The customers that are generated as a result of increase in demand will incur a fee that they would not incur under the current circumstance, as they only take up the service due to the reduced price which they are now prepared to pay for the service. As it is the customer's choice to contact, their payment is considered as an income to UKVI, rather than a cost to the customer.

The additional customer income will help to partially offset the reduction in existing customer income outlined in E.6.2.1.

Table 9 sets out total additional income generation from Option 1. **The estimated total additional income to UKVI for the scenarios across the appraisal period is in a range of £8.3 to £9.1 million (PV), with a central estimate of £9.0 million (PV), over five years.**

Table 9: Income generation, £ million, 2020/21 to 2025/26.

Income from increased demand	2020/21 from Dec 2020	2021/22	2022/23	2023/24	2024/25	2025/26 Apr-Sep	Total
Central	0.4	1.7	1.8	1.9	2.0	1.2	**9.0**
Low	0.5	1.5	1.6	1.9	2.1	0.8	**8.3**
High	0.5	1.8	1.9	1.9	1.9	1.2	**9.1**

Note: figures may not sum due to rounding.

The analysis considers the impacts on income from new customers with additional income above and to baseline customers with the reduction in income in section E.6.2.1. The increase in income does not offset the reduction in income.

For the **total income calculation** the analysis takes the customer volume (baseline customers + additional customers) multiplied by the new charge. **Based on this the total estimated total income generation under the proposal is in a range of £16.4 to £18.6 million (PV), with a central estimate of £17.5 million (PV) over five years.**

E.7.2 Non-monetised benefit

UKVI has a strategic objective of becoming a customer-centric organisation. Currently charging for customer contact is not aligned with this, does not meet customers' expectations and results in channel shift to more expensive channels or caseworker rework as customers do not apply for the right route or provide incorrect information. The long-term objective of the UKVI Customer and Channel Strategy is to remove or reduce the fees customers face when contacting UKVI. This reduction in fees moves UKVI closer to achieving that objective.

By reducing the call and email fees overseas customers face, UKVI can provide a good level of customer service at a reduced cost to their customers, increasing the attractiveness of visiting, working or studying in the UK. This contributes to welcoming those applying for visas to the UK and provides support throughout the application process aligning to the UK's prosperity agenda.

With significantly lower fees customers will be more likely to use the contact centre. This will likely result in a decrease in customers contacting us through other channels, such as complaints and official correspondence. These other channels are more expensive for UKVI to service and lead to incorrect applications/ information which result in case rework. A reduction in contact through these channels will enable UKVI to provide a more effective customer service and reduce failure demand.

As the UK launches the new routes of the immigration system UKVI expects the type of queries received from customers to change. EU nationals who have previously been covered by freedom of movement will now need to apply to work, live or study in the UK. These new customers will be unlikely to have required the contact centre services previously, so will be unfamiliar with the system and process. It is reasonable to expect some of these new customers may face challenges navigating the contact centre system initially. UKVI intends to identify, monitor and correct issues. By reducing the customer contact fees prior to the launch of the new immigration routes UKVI will be able to quickly identify and track the issues which are raised by customers using the new routes and take steps to correct any issues.

Currently in-country customers are not charged to contact UKVI via the contact centre. Reducing contact charges for overseas customers to bring them closer to the service we offer in-county customers reduces the risk of any less favourable treatment identified previously and therefore further mitigates the risk of indirect discrimination.

Reduction of fees is expected to receive moderate to positive media coverage both domestically and overseas. The fees have previously received negative media coverage, with their cost being viewed as disproportionate and a barrier to having a customer-friendly visa system. A significant reduction of fees will demonstrate that UKVI is taking steps towards becoming a more customer-friendly organisation, and that the UK is open and encouraging to visa and citizenship applicants.

E.8 Summary of results

The results for the low, central and high volume scenarios for Option 1 are summarised in Table 10. Table 10 shows the costs and benefits with respect to UKVI, that is, UKVI benefit from the total income generated from providing the service, UKVI incur a cost through the cost of providing the service with the supplier.

Under the central assumptions, UKVI will incur a cost of **£23.2 million (PV) for the five-year appraisal period including the one-off costs,** to pay the supplier for the cost of the contract minus the income generated. In the baseline state, charging the current fees generates income that covers the cost of the contract with surplus revenue, shown in Table 6 as a positive figure. However, the **estimated total income for UKVI for Option 1 is £17.5 million (PV).**

In Table 10, the net position (benefits minus costs) is given but then the income that is foregone (the surplus income from Table 6) is subtracted to compare with the baseline. Therefore, when comparing the net position (-£5.7m) of **Option 1** to the baseline income (£1.2m to be subtracted), **gives the NPSV for the appraisal period of the proposed measure as -£6.6 million.** This represents the contract cost and foregone income to UKVI in comparison to the baseline scenario.

Changes to contact centre fees are not expected to have direct costs to businesses. The Business NPV (BNPV) and the Equivalent Annual Net Direct Cost to Business (EANDCB) is zero.

Table 10: results summary – all present values for 20/21 prices

Central Scenario	**2020/21 from Oct 2020**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26 Apr-Sep**	**Total**
Benefits							
Total income generation	1.3	3.5	3.5	3.5	3.6	2.1	17.5
Costs							
Total cost of the contract (one-off and ongoing)	1.9	4.5	4.5	4.7	4.9	2.8	23.2
Net (Benefits – Costs)							**-5.7**
Baseline							
Foregone income	0.0	0.3	0.3	0.2	0.0	0.1	0.9
NPSV compared to baseline	-0.5	-1.3	-1.3	-1.3	-1.4	-0.8	**-6.6**

Low Scenario	**2020/21 from Oct 2020**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26 Apr-Sep**	**Total**
Benefits							
Total income generation	1.2	3.3	3.4	3.3	3.3	1.8	16.4
Costs							
Total cost of the contract (one-off and ongoing)	1.7	4.3	4.3	4.3	4.4	2.2	21.2
Net (Benefits – Costs)							**-4.8**
Baseline							
Foregone income	-0.1	0.3	0.4	0.3	0.2	0.3	1.4
NPSV compared to baseline	-0.5	-1.3	-1.3	-1.3	-1.3	-0.7	**-6.2**

Table 10: results summary – all present values for 20/21 prices (continued)

High Scenario	2020/21 from Oct 2020	2021/22	2022/23	2023/24	2024/25	2025/26 Apr-Sep	Total
Benefits							
Total income generation	1.5	3.7	3.7	3.8	3.8	2.3	18.6
Costs							
Total cost of the contract (one-off and ongoing)	2.0	4.7	4.8	5.1	5.4	3.3	25.2
Net (Benefits – Costs)							**-6.6**
Baseline							
Foregone income	0.1	0.3	0.3	0.1	-0.2	-0.1	0.4
NPSV compared to baseline	-0.6	-1.4	-1.4	-1.4	-1.4	-0.9	**-7.1**

Note: figures may not sum due to rounding.

F. Proportionality.

The level of analysis used in this IA is reasonable and proportionate considering the low risk associated with the change in fees. The fee is very unlikely to have an influence over the volumes of visa applications given the small actual cash change for the customer in comparison to the overall visa fee they would pay. UKVI will have to bear the cost burden if there is a change to the contract terms resulting in an additional cost.

The proposal does not have a direct impact on businesses.

The data used within this IA is uses sources consistent with Home Office internal modelling and is the best available data. As the figures are based on Home Office internal estimates, these should be considered as indicative, due to the uncertainty around estimates of future visa applicants' behaviour particularly considering the uncertainty with Covid-19 impact on demand.

The analysis follows sensible methodology, outlining the ranges of estimates where there is a considerable level of uncertainty on the assumption. Section G details the sensitivity analysis conducted.

G. Risks.

The main assumptions in the analysis include:

- The estimates outlined in section E do not currently account for the impact of COVID-19, which could have a sizeable impact on volumes, at least in the short-term. It is difficult to quantify the impact on the demand for visas for the UK as there are several factors that could affect this. These factors can include but not limited to: 1) the number of cases in a particular country and 2) the easing of lockdown restrictions globally.
- This analysis considers the impact of a change in customer fees, irrespective of the contract provider. The cost of the new contract is assumed to reflect the economic resources needed to provide the service. The new contract will include a new charging structure and any deviation from the volumes expectation will be included in the contract, with an agreement between UKVI/Home Office and the provider to who will bear the cost risk the volumes do not allow for the cost of the provision to be covered. UKVI anticipate a cost to them from the reduction in fees and are prepared to accept this cost risk to provide the reduction in fees for customers. The forecast cost associated with a 50 per cent

reduction is deemed as acceptable to UKVI due to the benefits delivered as a result of the reduction.

- Any changes to the fees structure in future will be the burden on the taxpayer, rather than a burden on the customer. This remains true unless a proposal to change the regulations in Parliament is agreed at a future date. The fixed and variable elements in the future contract are unknown, therefore a similar contract is used to estimate the costs. Until the contract is negotiated, there remains significant uncertainty around the financial risk and exact balance of fixed and variable elements for management fee. Further information for the UKVI specific contract and FPM will allow for a more realistic estimate of management fee cost.

The analysis below sets out the necessary sensitivity analysis due to uncertainties with three key estimates; **visa application volumes impacted by Covid-19, estimated contact ratios and the management fee.**

G.1 Visa applications

- Volumes for visa applications are estimated by HOAI and a range of low, central and high is available for the business as usual demand estimates in the IVR presented in section E. These forecasts cover all out-of-country and in-country routes that are eligible to contact the contact centre. Estimates for FBIS Tranche 1 are included in the analysis in Section E. FBIS volumes are highly uncertain, as they are based on survey samples or proxy routes and do not include potential behavioural responses of migrants or employers to the imposition of fee or additional admin burden involved in the new immigration system, but they do capture potential responses of employers to the loosening of the Tier 2 skill and salary thresholds.
- There is a considerable level of uncertainty around the volumes of applications in normal times, however, considering the impact of Covid-19 on applications increases this uncertainty. Therefore, in addition to the three scenarios in section E, sensitivity analysis is presented for a range of plausible scenarios due to the Covid-19 pandemic. A likelihood of occurrence of these scenarios is not assigned. Covid-19 impacts have only been considered up to March 2023. Beyond that the IVR forecasts are the best information held by the HO, therefore, sensitivity analysis does not go beyond March 2023 as there is no difference in figures from section E. These scenarios should not be seen as projections of what may happen and no assessment of the probability of either scenario has been produced – these are purely illustrative based on the best information available. The further in to the future forecasts are considered, the greater the level of uncertainty.
- These forecasts are not published and are used for internal modelling necessary for Home Office, therefore volumes data used in this IA may not match actual outturns of future published statistics. Figures are presented at the aggregate level across all routes for the purposes of this analysis.

Table 11: All scenarios for COVID visa volumes (000s), all lower volumes than anticipated in the BAU state, 2020/21 to 2022/23.

Total volumes		2020/21 from Oct 2020	2021/22	2022/23
Central	Out-of-country	480	1,730	2,200
	In-country	260	570	540
Low	Out-of-country	200	910	1,170
	In-country	180	410	460
High	Out-of-country	990	2,640	3,250
	In-country	320	690	610

Table 12 sets out the central cost and income to UKVI based on IVR volumes, as detailed in section E, compared to cost and income from the above Covid volumes. For the baseline figures, positive values indicate ‘surplus income’ in the baseline case. Where cost is greater than income, this is a cost to UKVI, shown as a negative value in Table 12 (consistent with Table 6).

In the Covid volumes scenario both the baseline and Option 1 have a cost to UKVI, the Option 1 cost is greater than the baseline cost, meaning the NPSV compared to the baseline cost is -0.3 million, -0.8 million and -0.7million (PV) in the respective years.

Overall, the NPSV under the Covid volumes is less than the NPSV under the IVR volumes.

Table 12: Central Scenario Cost and Income to UKVI (£m), Covid and IVR volumes scenarios, 2020/21 to 2022/23.

Central Cost and Income		2020/21 from Oct 2020	2021/22	2022/23
IVR volumes	Cost	1.9	4.5	4.5
	Income	1.3	3.5	3.5
	Baseline (surplus income)	0.5	1.0	1.0
	NPSV compared to baseline	-0.5	-1.3	-1.3
Covid volumes	Cost	1.1	2.7	2.9
	Income	0.4	1.4	1.8
	Baseline (surplus income)	0.7	1.3	1.1
	NPSV compared to Covid scenario baseline	-0.2	-0.6	-0.7
Difference in NPSV		-0.3	-0.8	-0.7

G.2 Contact ratios

The current contact ratio provided by actual data from the current contract provider is used to understand the lowest level of contact that you could expect. However, given the change in fees we anticipate that the contact ratio will not remain at current levels for overseas customers.

As set out in E.2.2;

- Assume the contact ratio for in-country contacts remains the same as the average (105.0%) as the customer fees are only for out-of-country applications, therefore a change in the fees will only impact out-of-country demand levels.
- The future contact ratio for out-of-country is estimated by considering the average contact ratio (31.2%) of a similar contact centre, that charges zero to its customers, which is a more optimistic scenario than the current proposal.
- A mid-point between current contact ratio for both situations as the estimated contact ratio with a 50 per cent fee reduction (21.1%).
- There remains uncertainty around this assumption and there is a gap in the evidence base around the potential behavioural impact of a change in fee for customer demand. However, the change in fee does not have a direct impact on groups other than the customer. This direct impact cost saving impact is small (for calls a saving of £4.57 on average and for emails a saving of £2.74 on average) in comparison to the overarching reason they are contacting the contact centre, the fee for their visa. Therefore, as the impact is a benefit to

customers only, with no wider implications, behavioural analysis does not seem proportionate to conduct in this case.

- A range of ±20 per cent difference from the estimated mid-point is used to ascertain a range for potential out of country contacts for this sensitivity analysis.

Table 13: Low, central and high contact ratios, (per cent).

Out of country	Option 0 do nothing	Option 1 Central	Option 1 Low	Option 1 High
Email	3.0	5.3	4.2	6.3
Telephone	8.0	15.9	12.7	19.0
Total	**11.0**	**21.1**	**16.9**	**25.4**

Note: figures may not sum due to rounding.

Table 14 presents the difference in cost and income, total to pay supplier and the NPSV compared to the baseline when holding the central IVR volumes scenario constant and adjusting the contact ratios.

This shows that the high contact ratio has a positive impact on the NPSV, reducing the total to pay the supplier significantly. However, NPSV still remains negative compared to the baseline option 0.

Table 14: Central scenario with sensitivity applied to contact ratios, £ million.

Total Cost and Income		2020/21 from Oct 2020	2021/22	2022/23	2023/24	2024/25	2025/26 Apr-Sep	Total
Central contact ratio (21.7%)	Cost	1.9	4.5	4.5	4.7	4.9	2.8	**23.2**
	Income	1.3	3.5	3.5	3.5	3.6	2.1	**17.5**
	Total to pay supplier	0.5	1.0	1.0	1.2	1.3	0.7	**5.7**
	NPV compared to baseline	-0.5	-1.3	-1.3	-1.3	-1.4	-0.8	**-6.6**
Low contact ratio (17.4%)	Cost	1.9	4.5	4.5	4.7	4.9	2.8	**23.1**
	Income	1.1	2.8	2.8	2.8	2.8	1.7	**14.0**
	Total to pay supplier	0.8	1.7	1.7	1.9	2.0	1.1	**9.2**
	NPV compared to baseline	-0.8	-2.0	-2.0	-2.0	-2.1	-1.2	**-10.1**
High contact ratio (26.1%)	Cost	1.9	4.5	4.5	4.7	4.9	2.8	**23.2**
	Income	1.6	4.2	4.2	4.3	4.3	2.5	**21.0**
	Total to pay supplier	0.3	0.3	0.3	0.5	0.6	0.3	**2.2**
	NPV compared to baseline	-0.2	-0.6	-0.6	-0.6	-0.6	-0.4	**-3.1**

Note: figures may not sum due to rounding.

G.3 Management fee

In the absence of information on the UKVI contact centre management fee for the new contract, the management fee is taken from the HMPO Financial Pricing Model (FPM) and treated as a fixed cost. This is considered a similar contract and service provision and therefore, reasonable to assume a similar fixed cost.

There is uncertainty around the fixed and variable elements in the contract and the charging structure that the future supplier may use. Given the uncertainty and risk around this in terms of cost, a range of ±50 per cent has been applied to the central management fee to expose the impact on NPSV of the central scenario. **The management fee ranges from £1.9 to £5.6 million (PV), with a central estimate of £3.7 million (PV), over five years**. The sensitivity applied to the management fee has an impact on the NPSV; the NPSV ranges from **-£4.8 to -£8.5 million, with a central estimate of -£6.6 million.** All scenarios for the management fee and NPSV are presented in Table 15.

Table 15: Management fee sensitivity scenarios with impact on NPSV (£m), 2020/21 to 2025/26.

	2020/21 from Oct 2020	2021/22	2022/23	2023/24	2024/25	2025/26 Apr-Sep	Total
Central management fee	0.4	0.8	0.8	0.7	0.7	0.3	**3.7**
NPSV (central)	-0.5	-1.3	-1.3	-1.3	-1.4	-0.8	**-6.6**
Low management fee (-50%)	0.2	0.4	0.4	0.4	0.4	0.2	**1.9**
NPSV (low with -50% management fee)	-0.3	-0.9	-1.0	-1.0	-1.0	-0.6	**-4.8**
High management fee (+50%)	0.6	1.2	1.1	1.1	1.1	0.5	**5.6**
NPSV (high with +50% management fee)	-0.7	-1.7	-1.7	-1.7	-1.7	-1.0	**-8.5**

H. Direct costs and benefits to business calculations

There is no direct cost to business from this fee change, as the fee change is highly unlikely to impact the overall volumes of visa applicants due to the small individual saving per customer. Cost, benefits and NPVs for central, high and low scenarios are presented in the analysis in section E.

I. Wider impacts

This change impacts all out-of-country visa applicants that contact the contact centre for advice on their application. There will be some visa applicants that still do not want to incur the fee of contacting the contact centre given the cost being higher than what they are prepared to pay, however, the reduction in fee does not discriminate against any customers.

Wider impacts from this change are highly unlikely given it is not expected to encourage a rise in visa demand as customers who contact UKVI pay a very small cost in comparison to their overall visa fee. In addition, it is optional to email or call the contact centre, so those applying for a visa are able to choose not to contact and not incur the cost at all, dependent on their preference and whether they are prepared to pay. Therefore, total visa volumes are likely to be inelastic to a change in the UKVI customer contact fee and in turn wider impacts from the change are not expected.

J. Trade Impact.

It is highly unlikely that these changes will have any impact on UK trade.

K. Monitoring and evaluation (PIR if necessary), enforcement principles.

There will be an informal review after one year to monitor the impact of the proposal due to the variability and uncertainty in relation to the key assumptions and data sources. The main areas to monitor are:

1. Total visa volumes.
2. Contact ratios.
3. Contact types.

This will also ensure that any future proposals will be fully informed by actual experience. Monitoring of the type of contacts will also be useful to understand the appetite for email or telephone contact. The timings of the calls will also be useful to monitor to improve insight for contracts in future years.

Monitoring the costs of the contract and income received from customers should be conducted to ensure that UKVI are providing a value for money service to their customers. Customer engagement and feedback will ensure that future changes in the long-term customer strategy will align with the needs.

Impact Assessment Checklist

Mandatory specific impact test - Statutory Equalities Duties	Complete
Statutory Equalities Duties The proposal solely focuses on reducing the contact charges overseas customers currently pay and does not introduce any other changes to the UKVI customer contact or support model that has been in operation for just over three years. Reducing contact charges for overseas customers to bring them closer to the service UKVI offers in-county customers, reduces the risk of any less favourable treatment identified previously and mitigates the risk of indirect discrimination. On testing the Public Sector Equality Duty, the assessment concluded there was virtually no risk of harassment or victimisation arising from the proposal. The reassessment also indicates the cost reduction for overseas customers should improve equality of opportunity and the fostering of good relations with overseas customers. Reducing the contact costs for overseas customer should have a positive effect. Because, the overseas customer will benefit from paying less to access UKVI services from early October.	**Yes**

The impact assessment checklist provides a comprehensive list of specific impact tests and policy considerations (as of February 2019). Where an element of the checklist is relevant to the policy, the appropriate advice or guidance should be followed. Where an element of the checklist is not applied, consider whether the reasons for this decision should be recorded as part of the Impact Assessment and reference the relevant page number or annex in the checklist below. Any test not applied can be deleted except **the Equality Statement**, <u>where the policy lead must provide a paragraph of summary information</u> on this.

The checklist should be used in addition to HM Treasury's Green Book guidance on appraisal and evaluation in central government (Green Book, 2018).

The Home Office requires the **Specific Impact Test on the Equality Statement** to have a summary paragraph, stating the main points. **You cannot delete this and it MUST be completed.**