

From: THE PRIVATE SECRETARY



HOME OFFICE  
QUEEN ANNE'S GATE  
LONDON SW1H 9AT

7 March 1984

Dear David

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Jmb  
7/3

... The Home Secretary thought the Prime Minister and Cabinet colleagues would like to have the enclosed copy of the White Paper on British Nationality Fees which is to be published this afternoon.

Copies of this letter go to the Private Secretaries of Cabinet members, the Attorney General, the Chief Whip and Sir Robert Armstrong.

Yours sincerely

Karin Pappas

KARIN PAPPAS

David Barclay Esq

DB  
CONFIDENTIAL

Ref. No: HA (84) 8

Date: 10/4/84

*BNF  
11/4*

BRITISH NATIONALITY  
FEES

1. Background
2. Select Committee Report
3. BNF White Paper
4. Appendix

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## British Nationality fees

### 1. Background

The passage of the British Nationality Act (which came into force on 1st January 1983) had considerable effect upon the number of applications for citizenships submitted to the Home Secretary. The Act created a new status of British citizen; despite assurances to the contrary from the Government, many people settled in the UK who had not applied for citizenship were worried about what their status would be under the Act. In consequence, the number of applications increased considerably.

This increase resulted in a lengthening of the time taken to determine applications, and costs mounted. The Government introduced streamlined procedures, and the Nationality Division of the Home Office, the subject of a "Rayner" scrutiny, was reorganised. In order to recover costs of processing applications, the fees were increased in April 1982 to £70 for entitlement registration and to £200 for most discretionary cases. These fees were due on application, and not, as previously, on grant.

Between 1978 and 1981, the average number applying annually was 52,000. By the end of 1982-83, 96,000 applications had been received, of which 61,000 had been in the last five months of the year. Taken with the changes in fees and the timing of their payment, the result was a much altered cash flow in the Division.

### 2. The Report of the Home Affairs Select Committee

This report (Third report, Session 1982-83: British Nationality Fees, HC 248) made a number of recommendations. Principal amongst these were:-

- (i) The establishment of further working groups to handle the current upsurge of applicants
- (ii) The extension to all police forces of the Home Office/Metropolitan Police procedures cutting time and costs while maintaining Standards
- (iii) The immediate installation of a satisfactory telephone exchange for the Division
- (iv) Significant changes to the overall level of fees, and in particular to the fees paid by families and those in receipt of supplementary benefit or family income supplement

### British Nationality Fees White Paper (Cmnd. 9183)

The Government published the White Paper on 7th March 1984. It accepted the majority of the recommendations of the Select Committee. The new budgeting and accounting arrangements, allied to improved processing methods and high productivity, have required a new Fees Order, also laid before Parliament on 7th March 1984.

#### a) Fees

From 1st April 1984, the old fee structure has been simplified. New fee levels are:-

- (i) £55 for most registrations as a British citizen (previously £70)
- (ii) £160 for most naturalisations (previously £200, or £270 for a joint husband and wife application)



(iii) £55 for the registration of a minor, though second and subsequent minors, if they apply at the same time, will pay nothing (previously £35; the new fee reflects full costs)

(iv) a £10 non-returnable element to be paid by unsuccessful applicants

(See Appendix for a review of the effect of the new tariffs on Family Groups)

The Government rejected the Select Committee's conclusion that the Home Office made a profit on the fees collected in 1982-83. The White Paper stated:-

"In reaching that conclusion the Committee confused cash with profit ....  
..... at the end of 1982-83 there remained £2.64 to meet the liability to process the applications then in hand ..... it was not profit, and neither the sum of £2.64 nor any other sum received in 1982-83 is available to pay for anything other than the cost of considering the applications with which the money was received."  
(paragraph 20).

("British Nationality Fees" White Paper Cmnd. 9183)

#### b) Other Changes

The Government accepted the Committee's recommendations for simplifying and speeding up the process of nationality applications. The police are now able to conclude local enquiries in some naturalisation cases without conducting an interview and without using a full narrative report form. The financial benefit to applicants has been taken into account in the forecast budgets for 1983-84 and 1984-85. The committee recommended that where enquiries are still needed, they should be undertaken by civil servants, based at regional centres, by mid-1985. The Home Office has already established an Immigration Service.

Within the Nationality Division extra staff have been deployed on caseworking and the Committee's recommendations on improving contacts with the public have already been implemented. Following the flood of applications received late in 1982 and early 1983, the time that applicants have had to wait for the completion of their applications has increased, but an improvement is in prospect.

Mr David Waddington, Minister of State at the Home Office, summed up the benefit of the new arrangements:

"Thanks to tighter financial and management controls we shall be able to lower nearly all nationality fees while still recovering full costs. The benefits of the new fees structure will be felt most by families.

The simplified and speedier processing of applications and the more efficient use of police inquiry time, will, I feel sure, convince all those seeking British nationality, including the ethnic minority communities, that they are paying a fair and sensible rate for a fair and sensible service."

(Press release, 7th March 1984)



APPENDIX

Examples of Fee Tariffs on Family Groups

	Previously (£)	Proposes (£)
Adult registration	70	55
Husband and wife (two registrations)	140	110
Adult naturalisation	200	160
Husband and wife (joint naturalisation)	270	160
One parent (regn.) and one child	105	110
One parent (regn.) and three children	105	110
Two parents (natn.) and one child	305	215
Two parents (natn.) and three children	305	215
Two parents (natn.) and one adult child	470	320
Two parents (natn.) and three adult children	870	640



~~CCNO~~

PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

5 March 1984

Dear Sir

DMB  
6/3

HOME OFFICE RESPONSE TO THE HOME AFFAIRS COMMITTEE:  
NATIONALITY FEES

Thank you for your letter of 29 February enclosing the text of your White Paper. I agree that the outcome of the Nationality Department's review is very welcome and am content that you should go ahead with publication on 7 March.

I am sending copies of this letter to the Prime Minister, to the Foreign and Commonwealth Secretary, to members of H Committee and to Sir Robert Armstrong.

The Rt Hon Leon Brittan QC MP



Immigration: Nationality Bill pt 2.

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HOME OFFICE  
QUEEN ANNE'S GATE  
LONDON SW1H 9AT



- 1) Mr Fletcher
- 2) Prime Minister (4)

To note that the White Paper on Nationality Fees will be published on 7 March.

29<sup>th</sup> February 1984

There may be some controversy over the "profit" which the Home Office is alleged to have made out of these fees in the past - see paragraphs 20 and 21 of the draft.

HOME OFFICE RESPONSE TO THE HOME AFFAIRS COMMITTEE:  
NATIONALITY FEES

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I am circulating with this letter, and for information, the text of a White Paper which is the Home Office response to the Third Report from the Home Affairs Committee (Session 1982-83) on British Nationality Fees.

The White Paper is wide-ranging in the strategy it sets out and, I think you will readily agree, very satisfactory in its immediate results. Using a new accounting and fee setting arrangement, and with improved procedures and productivity, we are able to introduce from 1 April reductions in fees for the vast majority of applicants while holding generally to our policy of full cost recovery.

The Treasury has the major Departmental interest in our conclusions, and the Chief Secretary is content, subject to the level of the non-returnable element being re-examined in due course.

We aim to publish the White Paper on 7 March and lay a new Fees Order as soon as possible thereafter.

I am sending a copy of this letter, and its enclosure, to the Prime Minister, the Foreign & Commonwealth Secretary, members of H Committee, and Sir Robert Armstrong.

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The Rt Hon Viscount Whitelaw, CH., MC.



THE GOVERNMENT REPLY TO THE THIRD REPORT FROM THE HOME AFFAIRS  
COMMITTEE (SESSION 1982-83, HC 248)

BRITISH NATIONALITY FEES

1. The British Nationality Act came into force on 1 January 1983. It superseded earlier nationality statutes and created a new British citizenship. It stated the categories of people eligible for citizenship, set out the statutory routes - including preserved entitlements - by which they might acquire it, and outlined the processes by which eligibility might be verified. During the years of public discussion leading to the passage of the Nationality Bill through Parliament an increasing number of applications for citizenship were submitted to the Secretary of State. The length of time taken to determine these applications and the costs involved caused concern to the Government and to applicants and intending applicants alike. Streamlined procedures were introduced; the Nationality Division was the subject of a Rayner scrutiny; and reorganisation on the basis of all-purpose caseworking groups, in place of a number of specialised groups, was carried forward. By the second half of 1982, the delays in completing cases had been much reduced, and with the new legislative framework in place further review of the nationality operation could proceed.

2. In order to recover the costs of processing applications fees were increased in April 1982 to £70 for entitlement registration and to £200 for most discretionary cases. The new fees were due on application and not as previously on grant. Subsequently the Home Affairs Committee conducted an enquiry to examine the processing of applications, how fees were calculated, what costs were built into fees, and whether fees could be reduced: and a report was ordered to be printed on 4 May 1983, based on evidence taken during the previous four months (Third Report from the Home Affairs Committee, Session 1983: British Nationality Fees (HC 248)).



3. In developing its strategy for the future administration of nationality matters the Government has taken careful account of the recommendations of the Committee. For convenience, the recommendations are listed and numbered in Annex A, and subsequent references are to those numbers. Most of the proposals made in the report have been accepted in full or in part and many have already been implemented.

4. Towards the end of 1982 the number of applications for citizenship greatly increased. In spite of clear assurances given by the Government during the passage of the Nationality Bill people who were settled here but who had not yet applied for citizenship were apparently in some fear that if they did not apply before 1 January 1983 they stood to risk losing any entitlement to citizenship they might possess and could even face removal from the Country. Groundless though these fears were, they stimulated a flood of enquiries and applications. By the end of the financial year 1982-83, when it was possible to take stock, it was found that some 96,000 applications had been received, 61,000 of them in the last five months of the year (the average annual intake between 1978 and 1981 was 52,000). These applications brought with them fees at the rate set in April 1982.

5. During the remainder of 1983, the intake of applications subsided but the effect of the surge was to increase significantly the number of uncompleted cases held by the Nationality Division. Good progress has been made in dealing with them and the number of uncompleted cases now stands again at the level of late 1982 although in contrast there are more at the earlier stages of the process than there were then.

6. The Government's strategy for the nationality operation is to make it efficient and to make it fair, and seen to be fair, as between applicants and the taxpayer, in the recovery of costs. The Government is open to proposals to change traditional methods of work provided that the necessary standards are preserved.



There are four main areas where action has been taken or is planned:

- 1) the meeting by the Nationality Division of requests for information and application forms;
- 2) the time taken to process applications, particularly those involving enquiries outside the Nationality Division, and the desirability of reducing enquiry costs while at the same time maintaining adequate standards;
- 3) the level of fees to be paid by applicants, including the methods by which costs are assessed and fees calculated on a basis which recovers full cost; and
- 4) improvements in the nationality operation including a reduction in the present use of police resources.

Response to requests for information

7. In 1982 the number of requests for assistance with individual nationality problems sharply increased as did the demand for application forms and for information leaflets, many of which were called for in large quantities. At times all these requests could not be met.

8. An intending applicant may contact the Nationality Division by post, in person or by telephone. Letters seeking information about nationality matters are dealt with by the General Enquiries Section. New working methods now enable a more rapid response to enquiries with fewer staff and on average an answer is now sent within five working days.

9. Personal callers are dealt with at the Public Enquiry Office which came under unprecedented pressure towards the end of 1982. This highlighted a number of opportunities for improvement, but may also have given a misleading impression of the level of provision that is generally required.



The office systems in use have been overhauled on the basis of an organisation and methods report which has improved security and cut out unnecessary paperwork, thus allowing the staff to devote more time to their customers: the present staffing level provides over a quarter of an hour per enquiry, and something like 2,250 people are now seen every month. Complaints have dropped sharply, but will continue to be closely monitored. The Public Enquiry Office will be moved to new accommodation later this year, in order to enlarge the facilities available to customers and staff (recommendation 4).

10. In 1982 and the earlier part of 1983 ~~old~~ equipment and too few lines all too often meant the engaged tone for telephone callers. During the course of last year the number of lines was increased from four to six which was the maximum improvement possible with the equipment then available: and in mid-December a completely new system with up to 15 incoming lines was installed. A recent survey has shown that virtually all calls are now answered as they are made. It has also been possible to identify peak periods and staffing levels are adjusted to take account of demand, which will be regularly monitored (recommendation 5). The staff themselves have been given special training both in the use of the telephone equipment and in dealing with individual members of the public over the telephone.

11. The improvements in the Nationality Division's ability to respond to requests from outside for information has been supported by the reorganisation of the three Enquiry Sections referred to above (General, Public and Telephone) under one line manager, giving greater flexibility in the deployment of staff.

12. A wide range of information leaflets and application forms is available. Since the end of the surge of interest associated with the coming into force of the Act all orders for the wide range of information leaflets and application forms which are available, including those for bulk supplies, have been met in full and without delay (recommendation 1). In addition steps have been taken to bring citizenship by application to the notice of a wider public. The Government had concluded that the complexity of nationality matters



ruled out making the several different application forms available unless expert guidance could be offered at the same time. The Committee agreed (recommendation 2) but suggested that a general form, which an intending applicant could fill in to give relevant background details to his case, should be available in Post Offices. This proposal (recommendation 3) has been considered and it has been decided that at a cost of some £45,000 the 1600 Crown Post Offices should display a poster to advertise the Home Office services for people wishing to apply for citizenship or with other enquiries about nationality matters. Thus the emphasis remains on the ability of the Home Office enquiry staff to provide advice directly to those concerned. The posters were first put on display on 1 March and the progress of the campaign will be monitored during the following twelve months. The cost will not be passed on to applicants but will be met - as a general information service - by government.

13. The various improvements mentioned in paragraph 7 - 12 above have made the Nationality Division increasingly approachable by those who would like to acquire British citizenship or who simply wish to sort out a problem in this complex area of law.

#### Processing applications

14. Since the end of 1982 the problem for management has been to deal with the additional influx of applications while keeping the administrative machine in good order and maintaining, and wherever possible, increasing productivity. The Committee put the emphasis on the creation of additional caseworking groups to handle the upsurge (recommendation 6). The Government, however, is concerned to seek by the deliberate imposition of tight controls on resources to stimulate better and more productive management.

15. The emphasis within the Nationality Division has been to make more productive use of a slightly increased staff complement (283 as against 269 when the Committee conducted its enquiry). The eleven case-working groups have been enlarged from 13 to 16 staff. Thus the equivalent of two new groups has been formed partly from General Enquiries Section, partly from the Certificates and Oaths Section (which was wound up in



March 1983) and partly from outside recruitment. There are difficulties in expanding manpower in a very complex area of administration in order to meet a short-term peak of demand. To have tried to create new case-working groups in the circumstances of the first six months of 1983 would have posed serious training and management problems. It takes between eight months and a year for staff to become fully proficient nationality case-workers and the investment in formal and informal training is considerable. It was concluded that the increase in the number of case-workers described above was manageable, and imposed no insuperable training problems, particularly as it allowed untrained staff to work alongside and under the guidance of trained staff. As expected, average waiting times have increased and will continue to do so for a little time yet; but a downturn is now in prospect. The productivity of the case-working groups (not simply in terms of output of certificates but also in terms of advancing work in progress) has grown since July 1983. The Committee's aim of putting more manpower on to more productive caseworking has been met within the constraints imposed by the need to assimilate new staff in an orderly fashion.

16. For some years measures have been taken to simplify the outside enquiries conducted by the local police and, in the London area, by the Metropolitan Police and the Immigration Service. The Metropolitan Police contributed to the Rayner review of nationality work and the waiving of some personal interviews was subsequently introduced in London in February 1981. The Committee proposed (recommendation 9) that this procedure should be extended to all forces forthwith. During 1982 the Nationality Division began to develop a pro forma type report and an example of the form was circulated to police representatives in March 1983 shortly before the Committee reported in favour of its general use (recommendations 10 & 11). Since 1 February 1984 the system has been in operation in all police forces and the Immigration Service, the budgets for 1983/84 and 1984/85 take account of the consequent reduction in Police costs.



## A New Regime for Nationality Fees

17. The effect of requiring payment on application was to bring forward into 1982-83 fees which for the most part would have been received in later years on the completion of the applications to which they related. This together with the large number of fees submitted with applications as part of the surge in intake already referred to led to a large cash surplus in the year. The in-year cash budgeting and accounting systems then in use had as their primary objective the balance of cash receipts against expenses. They should not have caused material unfairness to applicants but they did fail to demonstrate the extent to which costs had been recovered. Achieving, or failing to achieve, a balance between cash received and costs incurred in any one year is not an adequate measure of cost recovery.

18. In an interim response in July 1983 the Minister of State said that the Home Office was looking again at these budgeting and accounting systems. But at the same time he indicated that he did not draw the conclusion from the existence of a cash surplus on the year that the Home Office had received money which was excessive having regard to the work which had been done or remained to be done. Of the cash taken during 1982-83 some £2.64M remained to cover the liability to complete applications received in 1982-83.

19. The Government has now completed its consideration of the systems to be used in budgeting, fixing fees and accounting for the nationality operation. These systems are described in Annex B. The budget forecasts costs and apportions them between the various kinds of applications, largely according to the average amount of work that each kind requires. Because fees are taken in advance full credit is given for notional interest. Police costs have been calculated at actual rates rather than at the "commuted rate" charged to private employers (recommendation 12). Only part of the cost of Nationality Division staff who do not work full time on applications has been counted towards the calculation of fees (recommendations 7 and 8). The Government has given careful consideration to the Committee's report and to other representations but remains of the view that the cost of considering nationality applications should not be met by the taxpayer. The fees policy that the Government has decided to follow is that wherever possible the full costs of the service provided by the nationality operation should be recovered from those who use it.

20. The Government cannot accept the suggestion in paragraph 25 of the Committee's report that a "profit" of about £6M was made on the nationality operation in 1982-83. In reaching that conclusion the Committee confused cash with profit. Of that £6M, £3.79M related to applications when a fee was payable once the application had been granted. When that was changed to payment in advance each nationality application carried with it not only the fee but also the liability on the Division to undertake the work needed to process the application. At the end of 1982-83 there remained £2.64M which was not a profit, but a sum to meet a



liability - the liability to process the applications in hand at the end of 1982-83. It had to be used to pay for the work that the Home Office in accepting the applications had yet to do. If, after this work had been paid for, some cash remained, there would have been a profit; there would have been money with no claim on it which the Home Office could have used freely. But in fact fees had been set to recover full cost, not to make a profit.

21. Accordingly, as the Minister of State said, there is no evidence to indicate the existence of any profit, and neither the sum of £2.64M nor any other sum received in 1982-83 is available to pay for anything other than the cost of considering applications with which the money was received. The Committee proposed that the so-called profit should be put towards the cost of processing applications for entitlement registrations, for which no fees should be charged (recommendation 18). For the reasons given above the Government cannot accept this recommendation. It would involve a new and continuing subsidy from the taxpayer.

22. In developing the financial systems to be used in 1983-84 and subsequently, the Government has considered the method of fee setting proposed by the Committee (recommendation 15). On that footing the charges to applicants in any year would be based on the forecast costs of that year divided by the number of applications received in the previous year. Such a system would not meet the objective: categories of applicant for naturalisation and registration should only be asked to pay a fee to cover the costs they incur. That fee should be linked to the amount of work that needs to be done in processing their applications. Were the Committee's proposal to be adopted the level of fees would depend largely on the number of applications received in the previous year. If by chance relatively few applications were received one year, then applicants in the succeeding year would be charged much more than if a flood of applications had been received. And yet the work needed to process the applications would be no different. This would be inequitable. Furthermore as such a system would depend critically on the numbers of applications in each year, uneven flows would lead to large and undesirable fluctuations in fee levels and possibly also to short term over or under-recovery of costs.

#### Fees in 1983-84

23. The budget for 1983-84 took fees at the level set in April 1982. On that footing a loss of £0.2M is forecast for the year. This takes account of material under-recovery from the fees charged to minors, whose applications for registration are each of them virtually as costly to process as those of adults, so that the fee of £35 for only the first minor (and nothing for subsequent minors) was doubly concessionary. The Government will not seek to recover this loss. A summary forecast profit and loss account is at Annex C.

#### Fees in 1984-85

The Government will be able to build on the good levels of productivity referred to earlier in this paper. Their effect will be to permit a simplification of the fee structure and a decrease in the overall level of fees. The Government will bring forward a new fees Order to govern applications made on or after 1 April 1984.



25. The summary forecast profit and loss account for 1984-85 is at Annex D; the fee tariff for 1984-85 is summarised in Table 1. It is proposed that applicants for registration will in general be charged £55, a reduction of £15 on the existing fee. In the case of minors this sum will be payable by the first minor, in recognition of the fact that the present tariff for minors has led, and would continue to lead, to material under-recovery. But it will be sufficient to recover full costs while preserving the existing pattern whereby no further fee is payable for second and subsequent minors (children of the same parents). Single applicants for naturalisation will be charged £160, a reduction of £40. There will be no additional charge for the joint naturalisation of a husband and wife applying together; this represents a reduction of £110.

TABLE 1

	<u>1.4.82 to 31.3.84.</u>	<u>1.4.84 onwards</u>
Registrations		
adult	£ 70	£ 55
minor	£ 35	£ 55
Naturalisations		
single	£200	£160
joint	£270	£160

Registration of a minor within twelve months of birth by reason of the father's citizenship (Sections 9, 21 and 27(2) of the Act) at present attracts a fee of £10 and this will remain the same. Fees for registration of a declaration of renunciation and supplying a certified copy of a certificate will both be set at £10, at a reduction of £25 and £5 respectively.

26. The effect of this simplified tariff will be to direct the benefit of the reductions in fee levels towards families and the greatest reductions will be felt where the burden on families is at present heaviest (recommendation 17). The size of the cash advantage in cases where several members of a family are all seeking naturalisation may amount to as much as £200 or more (illustrative examples are at Annex E). In total the proposed tariff represents a saving of 17% for the body of applicants as a whole on the sum they would pay were the present rates to remain in force.



27. The proposed tariff also assumes a change in the existing policy under which the cost of unsuccessful applicants has been paid for by the successful. In 1984-85 the bulk of the cost of the unsuccessful will be borne by the taxpayer (recommendation 14) at some £0.3 million; were this change not to have been made the level of fees would have been £60 for registration and £170 for the main naturalisation categories. It remains the case, however, that the unsuccessful have incurred costs which have to be paid for. From 1 April 1984 the sum of £10 will not be refunded if an application is refused or withdrawn, although the balance of the total fee will be refunded.

28. The Government have had regard to the general approach to the recovery of costs set out in paragraph 19 above, and to the assistance to be given to family applications (paragraph 26 above). In the light of these considerations the Government do not propose to accept the Committee's proposal (recommendation 16) that there should be no charge to those in receipt of supplementary benefit or family income supplement.

29. In recovering the costs of the nationality operation, except those arising from unsuccessful applications, the Government has sought to ensure that the financial burden is borne by those who use the service. The new methods introduced to measure the burden are intended to demonstrate to the taxpayer and applicants alike that no unjustified costs are involved and that the amount of work undertaken in processing applications has been satisfactorily measured. Tighter financial discipline (and increased emphasis on the financial aspects of the management of the nationality operation promise a level of productivity that would lead to over recovery of costs if the existing level of fees were maintained. Accordingly it is right that this year fees overall should be cut. For the reasons given in paragraphs 19-22 above the Committee over-estimated the extent to which fees could be reduced. But the reductions in the new 1984-85 tariff are significant and will, as the Committee hoped, benefit those families which have hitherto faced the heaviest burden; in addition, successful applicants will no longer carry the cost of unsuccessful applicants. The



Government believe that, taken together with the proposals for improving the methods used by the Nationality Division, the police and the Immigration Services, the new budgeting and accountancy systems fully meet the Committee's objective that costing should be based upon an efficient while still effective operation (recommendation 13).

Looking to the future

30. In managing the nationality operation the Government will continue to look for opportunities to introduce modern methods. In its report the Committee stated (paragraph 9):

"We consider the procedures within B4 (that is, the Nationality Division) are satisfactory and are not themselves a cause of delay."

The technical improvements achieved in the Nationality Division's Telephone Enquiry Bureau are set out in paragraph 10 above and further improvement is in prospect with the introduction of a PABX system for the whole of the Immigration and Nationality Department (IND). The emphasis in case-working groups on speed of service to the applicant needs to be balanced against the need to carry out efficiently what is essentially a regulatory operation. Divisional instructions will however be reviewed to ensure that streamlining is extended wherever possible.

31. It is the Government's intention to investigate further the scope for transferring the conduct of outside enquiries from the police to the staff of IND. The use of the police for this work has a long history and, considerations of cost and local knowledge may well point in the direction of their continued involvement. But the Immigration Service's Harmondsworth centre will continue to undertake interviews and will be expanded if the number of cases requires it. In addition a pilot scheme in Birmingham was begun on 1 March. Members of the Immigration Service will conduct some of the enquiries in applications for citizenship which would otherwise have been



dealt with by the West Midlands police. This scheme will be closely monitored. If it is successful it will bring clear and immediate benefits to the police, and also to applicants who will experience reduced waiting times. It could be a pattern for setting up similar enquiry centres in some of the major conurbations. It will be necessary to proceed by stages as there will also be implications for civil service manpower and for other aspects of the work of the Immigration and Nationality Department. But the ultimate prospect is of a significant transfer of work from the police to the Home Office. Although the Government is not able at this stage to accept the Committee's proposal (recommendation 19), that from mid-1985 B4 staff of executive officer grade should undertake outside enquiries at a number of regional centres, the recommendation is being held open for further consideration. The regional experiment is being begun well in advance of mid 1985 so that the practical experience gained can support any further changes that appear desirable.

#### Conclusion

32. The Committee's report has greatly assisted the Government in formulating its strategy for the nationality operation. It is indicative of the similarity between their objectives that the Government has been able to accept so many of the Committee's proposals in this White Paper.



## HOME AFFAIRS COMMITTEE

Summary of recommendations in report of inquiry  
into British Nationality Fees

<u>Paragraph No of report</u>	<u>Recommendation</u>	<u>Paragraph No of this Paper</u>
6.	1. We recommend that they* be supplied with as many application forms as they require. *(Citizens' Advice Bureaux, law centres, Solicitors, Members of Parliament).	12
6.	2. We recommend that application forms should not be available in Post Offices.	12
6.	3. We recommend that the Home Office consider making only this form* available in Post Offices. *(A general form, on the basis of which B4 send the appropriate form to an applicant).	12
6.	4. We recommend that B4 Enquiry Office in Croydon be expanded in size.	9
6.	5. We recommend the <u>immediate</u> installation of a satisfactory telephone exchange.	10
10.	6. We recommend the establishment of further case-working groups to handle the present upsurge of applicants, either through the temporary relocation of other Home Office staff or through the recruitment of extra staff.	14-15
12.	7. We recommend that the cost of staff in B4 who do not work on applications should not count towards the calculation of fees.	19



Paragraph No  
of report

Recommendation

Paragraph No  
of this Paper

- |     |     |  |     |
|-----|-----|--|-----|
| 12. | 8.  | We recommend that only half of the cost of those senior staff who do some work unrelated to applications should count towards the calculation of fees.   | 19  |
| 17. | 9.  | The Home Office, in consultation with the Metropolitan Police, have developed a procedure which reduces delays, cuts police time and costs, yet maintains adequate standards. We recommend that it be extended to all forces forthwith.        | 16. |
| 18. | 10. | We recommend that the use of "pro-formas" be extended to all police forces forthwith.  | 16  |
| 19. | 11. | We emphasise that our recommendations on outside inquiries must be implemented immediately. We welcome the commitment of Mr Waddington to deal with these problems.  | 16. |
| 21. | 12. | We recommend that the [police] hourly rate and the charge for travel should be based upon actual costs and salaries.   | 19  |
| 22. | 13. | We recommend that costing should be based upon an efficient whilst still effective operation.  | 29  |
| 26. | 14. | We recommend that the cost of unsuccessful applicants should <u>not</u> be passed on to successful ones and should instead be borne on the Home Office Vote.   | 27  |
| 27. | 15. | We recommend that, using the reduced costs we have recommended for B4 and outside inquiries, the Home Office should fix charges every year upon the costs of the coming year divided by the number of applications received the previous year. | 22  |



Paragraph No  
of report

Recommendation

Paragraph No  
of this Paper

- |     |     |   |    |
|-----|-----|---|----|
| 28. | 16. | We recommend that the Home Office should not charge any applicant for naturalisation or discretionary registration who at the time of application is in receipt of supplementary benefit or family income supplement. | 28 |
| 28. | 17. | We recommend that where there is more than one application by a family there should be one fee for the whole family unit.   | 26 |
| 32. | 18. | We recommend that there should in future be no charge for entitlement registrations.  | 21 |
| 34. | 19. | We recommend that from mid-1985 B4 staff of executive officer grade should undertake outside inquiries.   | 31 |



F.R.

The new budgeting and accounting systems

1. The new budgeting and accounting systems have been developed within the Home Office and with assistance from the Treasury's Accountancy, Finance and Audit Division.
2. The budgeting system enables the Division to calculate the level of fees necessary to meet the current fees policy which is the recovery wherever possible of full costs. The accounting mechanism provides a record of performance in respect of work on nationality applications.

(a) The budgeting system involves three stages:

- (i) the identification and estimation of all costs, direct and indirect, involved in the Nationality operation. This is achieved by tracing an application through the system, from entry at the Post Room to exit after registration or naturalisation or refusal. Once the relevant costs have been identified forecasts of costs can then be made for the forthcoming year;
- (ii) the establishment of a base productivity measure. Considerable practical difficulties have been encountered in carrying out this stage because the processing of applications requires varying amounts of work by differing grades of staff. However, on the basis of past management experience, a scale has been devised which weights different categories of application on a composite cost and time basis. The work required to process each category of application is then expressed in terms of base units of productivity.
- (iii) the apportionment of costs over the various categories of application, principally on the basis of the number of productivity units to process the application. It is then possible to calculate the fee required to cover the average cost of handling each category of application. Credit is given for interest on the advance fee payment.



(b) The accounting system adopts the accruals basis of accounting. This recognises explicitly that money may be received in one period in respect of work which will take place in a different period. Income is taken as the fees earned on certificates issued; and an adjustment is then made for the change in work in progress. Credit is also taken for interest on fees paid in advance. Against these are offset total costs for the period and a profit/loss thereby calculated. Full cost recovery would mean no profit and no loss, but given that some forecasting error, eg on costs or productivity, is probably unavoidable, it is unlikely that a nil profit/nil loss outcome will be obtained for any particular accounting period.

3. The new accounting system will no longer simply throw up cash surpluses or shortfalls as the previous system did. It should provide a more realistic basis on which to assess performance on nationality fee work. Rather than comparing cash receipts, which do not necessarily relate to the work done in the period and the associated expenses, it takes into account fees received in respect of work completed together with the monies earned pro rata by partially completed applications. The expenses of the period are then deducted from the aggregate of these amounts and the interest earned on cash balances. Any significant surplus or loss will mean that forecasts of productivity and/or costs were not achieved and fees charged did not therefore completely reflect the costs incurred. The system should provide a fair measure of cost recovery, but it should be noted that at present it is still relatively primitive - it cannot yet cope with certain lags in the system - and as more practical experience is gained, it will be subject to further improvement and refinements. Small profits or losses will not necessarily be indicative of over or under cost recovery.



Nationality Fees: Income and Expenditure Account  
for the year ended 31 March 1984

	<u>Note</u>	<u>£000</u>	<u>£000</u>
Income	2		5354
Change in work in progress	3		(948)
			<u>4406</u>
Interest	4		408
			<u>4814</u>
Raw materials and consumables	5	267	
External charges	6	1686	
Staff costs	7	2834	
Other operating charges	8	<u>363</u>	
			<u>(5085)</u>
Profit/(Loss) for the financial year			<u><u>(271)</u></u>

The notes below form part of this account

1. Principal Accounting Policies

- (a) The accounts are prepared under the historical cost convention, modified to include a cost adjustment on opening work-in-progress.
- (b) Work in progress is valued on a 'first in, first out basis', at the lower cost and net realisable value. Cost is taken as the cost of labour plus all attributable overheads. Net realisable value is taken as cost less attributable interest.
2. Income represents fees credited at the prevailing rates in respect of certificates issued during the period.

3. Change in work-in-progress is as follows

	<u>£000</u>
Closing work-in-progress	2190
Opening work-in-progress	(3138)
	<u>(948)</u>



4. Interest on cash balances has been computed at 10%.

5. Raw materials and consumables include

	<u>£000</u>
Fuel and utilities	25
Stationery and printing	67
Telephone, telex and postage	175
	<u>267</u>

6. External charges include

	<u>£000</u>
Accounts charges	87
Computer charges	84
Security, legal, training and miscellaneous charges	64
Police and immigration service charges	1451
	<u>1686</u>

7. Attributable staff salaries, Social Security and pension costs during the year were as follows

	<u>£000</u>
Caseworking staff	1455
Management	218
Training, Administration, Policy and other staff	257
Enquiry offices	215
Registry and post room	483
Other common service staff	206
	<u>2834</u>

8. Other operating charges include

	<u>£000</u>
Rent and rates	287
Minor works and fixtures and fittings	11
	<u>298</u>



Nationality Fees : Income and Expenditure Account  
for the year ended 31 March 1985

	<u>Note</u>	<u>£000</u>	<u>£000</u>
Income	2		4865
Change in work in progress	3		(392)
			<hr style="width: 100%;"/>
			4473
Interest	4		397
			<hr style="width: 100%;"/>
			4870
Raw materials and consumables	5	311	
External charges	6	1480	
Staff costs	7	3040	
Other operating charges	8	363	
			<hr style="width: 100%;"/>
			(5194)
			<hr style="width: 100%;"/>
Profit/(Loss) for the financial year			(324)
			<hr style="width: 100%;"/>

The notes below form part of this account

1. Principal Accounting Policies

- a) The accounts are prepared under the historical cost convention, modified to include a cost adjustment on opening work-in-progress.
  - b) Work in progress is valued on a 'first in, first out basis' at the lower of cost and net realisable value. Cost is taken as the cost of labour plus all attributable overheads. Net realisable value is taken as cost less attributable interest.
2. Income represents fees credited at the prevailing rates in respect of certificates issued during the period and non returnable deposits on unsuccessful applications .
  3. Change in work-in-progress is as follows

	<u>£000</u>
Closing work-in-progress	1308
Opening work-in-progress	(1700)
	<hr style="width: 100%;"/>
	(392)
	<hr style="width: 100%;"/>



4. Interest on cash balances has been computed at 10%.

5. Raw materials and consumables include

	<u>£000</u>
Fuel and utilities	47
Stationery and printing	70
Telephone, telex and postage	194
	<u>311</u>

6. External charges include

	<u>£000</u>
Accounts charges	94
Computer charges	86
Security, legal, training and miscellaneous charges	80
Police and immigration service charges	1220
	<u>1480</u>

7. Attributable staff salaries, Social Security and pension costs during the year were as follows

	<u>£000</u>
Caseworking staff	1597
Management	172
Training, Administration, Policy and other staff	309
Enquiry offices	226
Registry and post room	518
Other common service staff	218
	<u>3040</u>

8. Other operating charges include

	<u>£000</u>
Rent and rates	343
Minor works and fixtures and fittings	20
	<u>363</u>



1	Adult registration	70	55	- 21%
2	Husband and wife - two registrations	140	110	- 21%
3	One minor child	35	55	+ 57%
4	Two minor children	35	55	+ 57%
5	Three minor children (or more)	35	55	+ 57%
6	Adult naturalisation	200	160	- 20%
7	Husband and wife - joint naturalisation	270	160	- 41%
8	S.6(2) spouse - naturalisation	70	55	- 21%
9	One parent (regn) and one minor child	105	110	+ 5%
10	One parent (regn) and two minor children	105	110	+ 5%
11	One parent (regn) and three minor children (or more)	105	110	+ 5%
12	One parent (natn) and one minor child	235	215	- 8%
13	One parent (natn) and two minor children	235	215	- 8%
14	One parent (natn) and three minor children (or more)	235	215	- 8%
15	One parent (natn) and one adult child	400	320	- 20%
16	One parent (natn) and two adult children	600	480	- 20%
17	One parent (natn) and three adult children	800	640	- 20%
18	Two parents (regn) and one minor child	175	165	- 6%
19	Two parents (regn) and two minor children	175	165	- 6%
20	Two parents (regn) and three minor children (or more)	175	165	- 6%
21	Two parents (joint natn) and one minor child	305	215	- 29%
22	Two parents (joint natn) and two minor children	305	215	- 29%
23	Two parents (joint natn) and three minor children (or more)	305	215	- 29%
24	Two parents (joint natn) and one adult child	470	320	- 32%
25	Two parents (joint natn) and two adult children	670	480	- 28%
26	Two parents (joint natn) and three adult children	870	640	- 26%