

Impact Assessment, The Home Office	
Title: Child Citizenship Affordability Fee Waiver Impact Assessment 2022 IA No: HO0415 Other departments or agencies:	Date: 16 May 2022
	Stage: FINAL
	Intervention: Domestic
	Measure: Secondary Legislation
	Enquiries: feesandincomeplanning.requests@home office.gov.uk
RPC Opinion: Not applicable	Business Impact Target: Non-qualifying provision

Cost of Preferred (or more likely) Option (in 2022/23 prices)					
Net Present Social Value NPSV (£m)	-64.8	Business Net Present Value BNPV (£m)	N/A	Net cost to business per year EANDCB (£m)	N/A

What is the problem under consideration? Why is government intervention necessary? The Home Office has become increasingly aware of concerns over the fee level for applications for registration as a British citizen by those under the age of 18 years (currently set at £1,012), and the impact that it has on some children's ability to register under the provisions of the British Nationality Act 1981, where they are eligible and willing to do so. Following a review of the fee undertaken with the Secretary of State for the Home Department's duty under Section 55 of the Borders, Citizenship and Immigration Act 2009 (BCIA 2009), the Government needs to legislate to better facilitate access to citizenship to children on low incomes, including those in Local Authority (LA) care.
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What is the strategic objective? What are the main policy objectives and intended effects? The strategic objectives are to: 1. tackle illegal migration, remove those with no right to be here and protect the vulnerable, and 2. enable the legitimate movement of people and goods to support economic prosperity. The policy objective is to facilitate applications for British citizenship from those under the age of 18 years who are eligible and willing to apply, but for whom the fee level represents a practical barrier to an application, while protecting departmental income that supports the sustainable funding of the borders and migration system.
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What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base) Option 1: 'Do-nothing' Option 2: Introduction of an affordability waiver for child citizenship applications and a fee exception for children in LA care, while maintaining the fee at £1,012. Introduction of a citizenship ceremony fee exception (£80) for children benefiting from the waiver or exception, who turn 18 while waiting for their citizenship application to be granted. This option is a cost-effective and targeted means of facilitating access to citizenship in individual cases where the unaffordability of the fee can be demonstrated. This is the Government's preferred option.
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Main assumptions/sensitivities and economic/analytical risks	Discount rate (%)	3.5%
All estimates should be seen as indicative. Baseline volumes are based on Home Office internal analysis which is highly uncertain. Estimating volumes of both additional applications as a result of the policy and volumes of fee waiver applications is challenging due to uncertainty around the stock of potential applicants, the behavioural response of this cohort, and the proportion of baseline applicants who would apply for a fee waiver. A series of indicative assumptions have been made, with sensitivity analysis undertaken in section H to assess their impact on the NPSV.		

Will the policy be reviewed? It will be reviewed.	If applicable, set review date: October 2025
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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: _____ 25th May 2022

Summary: Analysis & Evidence

Policy Option 2

Description: Child Citizenship Affordability Fee Waiver Impact Assessment 2022

FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2022/23	PV Base	2022/23	Appraisal	5	Transition	0
Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)		
Low:	-29.2	High:	-103.0	Best:	-64.8	Best BNPV	N/A	

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	N/A	29.2	29.2	5.8	N/A
High	N/A	103.0	103.0	20.6	N/A
Best Estimate	N/A	64.8	64.8	13.0	N/A

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

The Home Office incurs processing costs of additional applications for child citizenship and fee waiver. There will be a transfer of waived child citizenship fees between the Home Office and children, their families and third parties. This is not included in the NPSV. Total cost lies in a range of **£29.2 to £103.0 million (PV)**, with a central estimate of **£64.8 million (PV)** over five years.

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

There may be wider indirect costs to businesses that are not monetised but considered qualitatively, including impacts on immigration advice firms and charities. There may be fiscal impacts, due to a potential increase in public service provision costs, that are not monetised but considered qualitatively.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	N/A	N/A	N/A	N/A	N/A
High	N/A	N/A	N/A	N/A	N/A
Best Estimate	N/A	N/A	N/A	N/A	N/A

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

The benefits of attaining citizenship are largely intangible and are therefore not monetised. The Home Office also do not have data on the proportions of applicants who would receive different benefits, relative to those attained from their initial immigration status.

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

There may be an increase in fiscal contributions to the Exchequer through taxation as a result of individuals potentially increased propensity to stay in the UK and a proportion of applicants potentially gaining the right to work.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m: N/A										
Cost, £m	N/A		Benefit, £m	N/A		Net, £m	N/A			
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?	N
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Evidence Base (for summary sheets)

A. Strategic Objective and Overview

A.1 Strategic Objective

1. The department's strategic objective is to tackle illegal migration, remove those with no right to be here and protect the vulnerable. These changes contribute to this objective by helping to facilitate access to citizenship by children on low incomes or who are in Local Authority care, thereby helping to address the needs of groups with particular vulnerabilities by supporting them in obtaining the benefits offered by British citizenship. These changes have also been assessed by the department to represent the most cost effective and targeted means of facilitating that access, relative to other options, and therefore also contribute to the strategic objective of enabling the legitimate movement of people and goods by supporting the continued sustainable funding of the borders and migration system.

A.2 Background

2. Fees for citizenship registration have been set with regard to both the Immigration and Nationality (Fees) Order 2016, which sets the maximum that may be charged in relation to an application (£1,500), as well Section 68(9) of the Immigration Act 2014 (IA 2014), which details the factors that the Secretary of State for the Home Department (the Home Secretary) may consider when setting fees. These include the costs of processing an application (£416 for citizenship registration), the benefits that are likely to accrue to any person in connection with the application, and the costs of exercising wider immigration and nationality functions. In keeping with the requirements of this legislative framework, the department has pursued an approach over the last decade of progressively increasing the role that fees play in funding the borders, immigration, and citizenship system. This self-funding model serves to ensure that those who benefit from the system contribute to its effective operation and maintenance, while reducing reliance on taxpayer funding. This in turn helps to ensure that the system is able to support the Home Office's priority outcomes, including enabling the legitimate movement of people and goods to support economic prosperity, and tackling illegal migration, removing those with no right to be here and protecting the vulnerable.
3. Acquiring British citizenship is a personal choice. There are many children and adults who, having completed a specified period of limited leave, settle in the UK each year without British citizenship. These are often people who contribute significantly to the UK and are valued members of society. However, they may wish to fully retain their former nationality and links to family heritage. Such individuals are not prevented from participating in everyday life in the UK, and it is not the Government's aim to create a situation whereby British citizenship is necessary to fully integrate into UK society.
4. The Home Office has, become increasingly aware of concerns regarding the fee level for the Nationality registration as a British citizen – child route, referred to in the remainder of this assessment as 'child citizenship', which is currently set at £1,012, and the impact that it has on some children's ability to register under the provisions of the British Nationality Act 1981 (BNA 1981), where they are eligible and willing to do so.

A.3 Groups Affected

5. The main group likely to be affected by this policy change consists of children who are eligible for both citizenship and the affordability fee waiver for child citizenship applications. This group can be subdivided into two cohorts: the first of which is the cohort of children who would have applied for citizenship at the current fee level, and been part of estimated baseline applications, but would now be eligible for the affordability fee waiver. Applicants in this cohort who would otherwise have paid for citizenship may now be eligible for the fee waiver for several reasons. For example, they may

have had to save for years, and a financial assessment would deem it unaffordable for them to pay themselves, or a charity may have paid the fee for them. The second is the cohort of children additional to baseline applications, who would not have applied for citizenship at the current fee level but would apply were the affordability fee waiver introduced.

6. Children can be eligible for citizenship via two means: citizenship via entitlement and citizenship via the discretion of the Home Secretary. The mechanics of both these means of eligibility, and the different sections of the BNA 1981 under which children can apply are detailed in Annex 1.

B. Rationale for intervention

7. The rationale for changes to the citizenship registration process is to make it more accessible for those children who are eligible to register, but who are currently unable to do so because of financial circumstances. This follows a review of the fee in line with the Secretary of State's duty under Section 55 of the Borders, Citizenship and Immigration Act 2009 (BCIA 2009), which the department committed to following a Court of Appeal judgment of 18 February 2021. These changes, respond directly to issues raised by migrant groups, charities, and parliamentarians, with criticism centring around the perception that some, especially children, are deprived of status within the UK which results in practical and emotional difficulties in seeking to carry out transactions that are normal given their length of residence in the UK, for example, employment in reserved jobs, and a perceived loss of identity and belonging.
8. There are no plans to exempt or waive fees for adults applying to either naturalise or register as a British citizen. As a cohort, they are distinct from children seeking to register, who in many cases will have been born here or arrived in the UK at a very young age (there may also be some adults for whom this is the case – however, they are a much smaller proportion of potential applicants). Many of the routes that children can register under are time-limited, with these routes closing when the individual reaches the age of 18 years. As such, there is a greater imperative for children to register while still a minor, in order to avoid the additional requirements and costs that they may incur when applying as an adult (for example, needing to secure a grant of indefinite leave to remain prior to naturalising). The Home Secretary also has a specific duty to consider the need to protect and safeguard the welfare of children in the UK in discharging immigration and nationality functions (as set out under Section 55 of the BCIA 2009), and considerations have been made in regard to this duty which have informed the policy changes that are the subject of this assessment.

C. Policy objective

9. The objective of this policy change is to facilitate applications for British citizenship from those under the age of 18 years who are eligible and willing to apply, but for whom the fee level represents a practical barrier to an application.
10. The Government has the wider objective of protecting income that is critical to supporting the sustainable funding of the borders and migration system, reducing reliance on the UK taxpayer. Any changes in relation to fees, including those for child citizenship, must therefore be considered in terms of their impacts on the funding of that system and this has informed development of the preferred option.

D. Options considered and implementation

Option 1: Do-nothing

11. Under the **Option 1** the fee for child citizenship applications would remain at its current level, with no affordability waiver put in place or automatic fee waiver for children in local authority care.

Option 2: Preferred option

12. The introduction of an affordability fee waiver to assist those children whose parents or primary carers are unable to afford the fee to applying for registration as a British citizen.
13. Qualification for this fee waiver will be based on evidence of past and present financial circumstances, as well as additional personal information provided by the applicant as part of the application process.
14. Also, the introduction of a specific fee exception for children in LA care in order to remove an administrative and financial burden from LAs, who would usually pay the fee on behalf of children in their care, and to enable the department to work more proactively with LAs to register children who are eligible and where it is in their best interests.
15. Additionally, the introduction of a further exception to the requirement to pay the £80 citizenship ceremony fee, where applicable, in order to support consistency in the approach to fees payable by individuals where they have been assessed as facing issues with affordability. This exception will only apply to beneficiaries of the affordability waiver or LA exception who have turned 18 before their application is granted, as only adults are required to attend a citizenship ceremony and to pay the associated fee.
16. In tandem with these changes, the existing fee of £1,012 will be maintained at the current level in order to protect existing forecast departmental income from child citizenship fee and support the sustainable funding of the borders and migration system, as well as to reflect the benefits that accrue to an individual as a result of a successful application. This is in keeping with the principles outlined at Section 68(9) of the Immigration Act 2014.
17. **Option 2 is the Government's preferred option** as it best meets the Government's strategic objectives.

E. Appraisal

E.1 Resident population

18. This impact assessment (IA) assesses the economic costs and benefits of the introduction of an affordability fee waiver for child citizenship applications to the UK economy and UK residents. In this IA, in line with previous Home Office analysis and recommendations made by the Migration Advisory Committee (MAC)¹, an individual is not considered as part of the resident population up until the point of applying for British citizenship. Applicants under the Nationality registration as a British citizen – child route for which the fee waiver is being proposed are considered as part of the resident population as they are applying for British citizenship.
19. As a result, any change in welfare attributed to applicants for this route as a result of this policy change will be considered as part of the NPSV of this policy, except where this welfare change relates to a commensurate change impacting on business or government where it will be considered as a transfer between the applicant and business or government. For example, waived fees from

¹ MAC (2012), "Analysis of the Impact of Migration", <https://www.gov.uk/government/publications/analysis-of-the-impacts-of-migration>

applicants who would otherwise have applied for this route and are now granted a fee waiver are therefore regarded as transfer payments, as the expected revenue from the fee is transferred from the Home Office to the applicant as a member of the resident population. Transfer payments may change income or wealth distribution of the resident population, but do not rise to direct economic costs and benefits, thus they are not counted in the NPSV of **Option 2**.

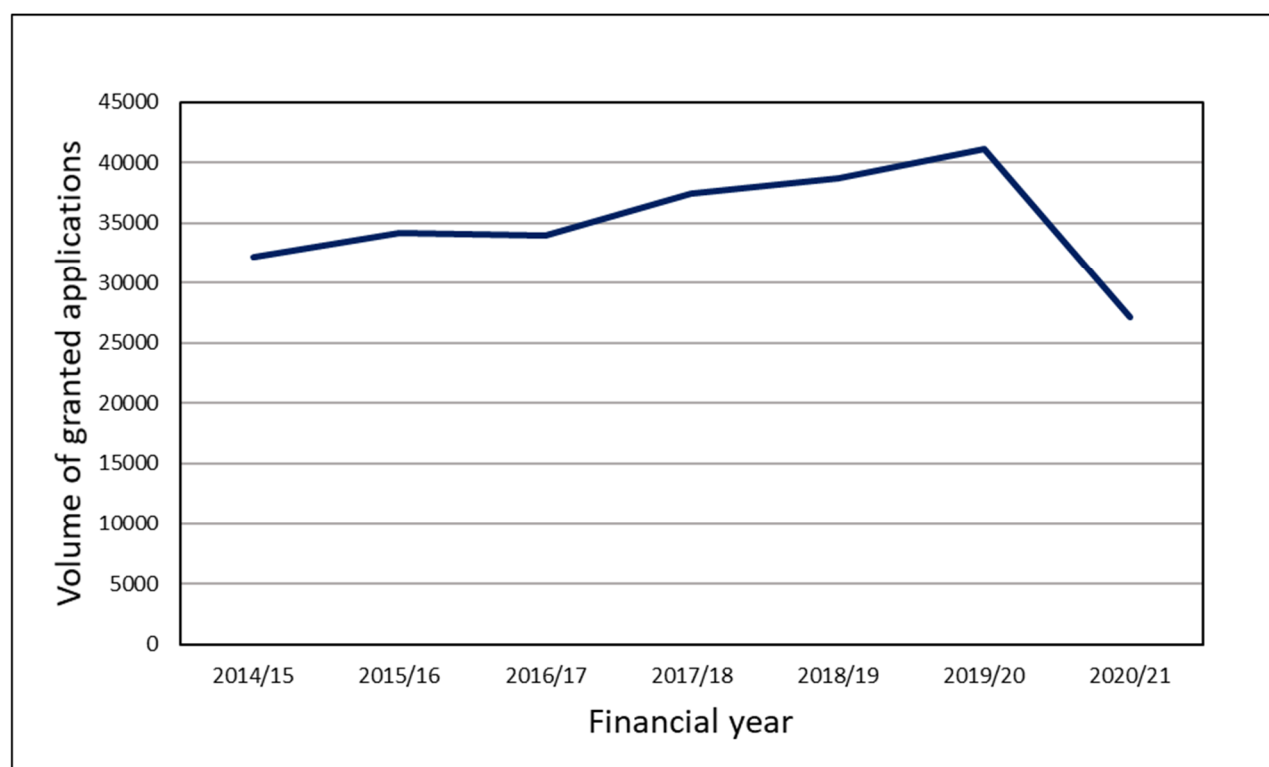
20. Due to the significant uncertainty over those that may be eligible for, and take up this waiver, not all potential impacts have been quantified and included in the Net Present Social Value (NPSV) of this policy. Sensitivity analysis has been carried out to assess the impact of assumptions on the quantified impacts (NPSV), detailed in section H.

E.2 General assumptions and data

E.2.1 Historic volumes

21. Historically, the Home Office has received a substantial number of applications for child citizenship at the current fee level each year. 38,000 applications were granted for individuals under the age of 18 in 2018/19 and 41,000 in 2019/20.

Figure 1. Volumes of granted child citizenship applications 2014/15 to 2020/21, 2022



Source: Home Office internal analysis, 2022.

22. In the five years prior to the impact of COVID-19 there was a trend of steadily increasing volumes of granted child citizenship applications to the peak of 41,000 in 2019/20. In 2020/21 there was an end to this trend with a dip to 27,000 granted applications primarily attributed to the impact of Covid-19. However, application volumes are expected to return to pre-pandemic levels over time. The latest data shows that this expected increase is happening slowly with the first two quarters of 2021/22 showing a 22 per cent increase in applications over the first two quarters of 2020/21 as the UK continues to recover from the impact of COVID-19.

E.2.2 Baseline volumes

23. The baseline volumes used in this IA are based on Home Office internal estimates of future child citizenship applications based on historical application volumes, taking into account the effects of

COVID-19. Home Office internal estimates cover until the end of the 2024/25 financial year, with estimated applications of around 47,000 per year. It is assumed that volumes will remain at this level for the following years of the appraisal period through to 2027/28. Sensitivity analysis has been carried out to assess the impact of these volume assumptions on results, detailed in paragraphs 134 to 138.

24. A January 2020 Mayor of London study² into undocumented children living in the UK estimated that as of March 2017 there were between 190,000 and 241,000 undocumented children living in the UK, with a central estimate of 215,000. Around half were estimated to have been born in the UK to undocumented parents and are therefore likely at some point to become eligible to register for British citizenship. Internal unpublished Home Office analysis suggests that only 10% of these 215,000 undocumented children have applied for child citizenship since 2012; a rate of 2% per year. This accounts for around 4,000 annual applications. Sensitivity analysis has been carried out to assess the impact of the volume of applications from undocumented children on results, detailed in paragraphs 144 to 147.
25. The remaining 43,000 child citizenship applications are assumed to be made from applicants who have the appropriate documentation to reside in the UK.

Table 1, Estimated baseline child citizenship application volumes 2022/23 to 2027/28.

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Baseline child citizenship application volumes	35,000	47,000	47,000	47,000	47,000	12,000	236,000
<i>of which: from documented applicants</i>	32,000	43,000	43,000	43,000	43,000	11,000	215,000
<i>of which: from undocumented applicants</i>	3,000	4,000	4,000	4,000	4,000	1,000	22,000

Source: Home Office internal analysis, 2021. Rounded to nearest 1,000. Figures may not sum due to rounding.

E.2.3 Stock of potential applicants

26. The stock of potential applicants who may apply as a result of this policy is uncertain. There are those eligible for both child citizenship and an affordability fee waiver for child citizenship who represent the total stock of eligible applicants. However, there is a proportion of those who are eligible who will choose not to apply. Data on total volumes of eligible applicants is not available and therefore volume estimates have been calculated in section E.4. A subset of this wider cohort of potential applicants comes from the stock of undocumented children in the UK, a proportion of which would be eligible to apply.
27. It is not clear how many children from the estimate of 215,000 undocumented children would be eligible to apply at any one time or how many would choose to apply were the proposed affordability fee waiver introduced. The estimate from March 2017 is the most up to date figure available, however it is expected that this figure will have remained largely unchanged between 2017 and the start of the appraisal period. Sensitivity analysis has been carried out to assess the impact of this stock of undocumented children assumption on results, detailed in paragraphs 144 to 147.

² Mayor of London (2020), "London's children and young people who are not British citizens: A profile", https://www.london.gov.uk/sites/default/files/final_londons_children_and_young_people_who_are_not_british_citizens.pdf

E.2.4 Baseline fees and unit costs

28. As of the time of writing, the fee to register as a British citizen is £1,012 for a child and £1,126 for an adult. Adults are also required to pay an £80 ceremony fee which is not levied on children. As discussed in paragraph 15, the policy will exempt children who turn 18 years old while their application for a fee waiver is being processed from the £80 ceremony fee.
29. The fee level increased a number of times between 2015 and 2018. In April 2015 the fee was increased from £669 to £749, in March 2016 to £936, in April 2017 to £973 and in April 2018 to £1,012, which is the current fee level.³ As can be seen from Figure 1 these fee increases do not appear to have induced a large behavioural response with volumes of granted applications increasing steadily despite significant increases to the fee level.

Table 2, Historic child citizenship fee level 2015 to 2018, 2022.

Date of fee change	Fee level (£)
Prior to April 2015	669
April 2015	749
March 2016	936
April 2017	973
April 2018	1,012

Source: Home Office, 2022. Visa fees transparency data.⁴

30. The published unit cost⁴ of £416 is the calculated estimate of the full financial cost for administering child citizenship registration applications, including direct costs and relevant local and central overheads, for example: Operational staff costs, HR, Finance, and IT; plus, depreciation, cost of capital employed, and other wider system costs that are incurred in connection with immigration and nationality activity. This unit cost is assumed to remain constant over the appraisal period.
31. Home Office internal analysis has estimated the additional unit cost of processing a fee waiver application on top of a regular child citizenship application to be £177. This is the calculated estimate of the full financial cost for administering child citizenship affordability fee waiver applications, including direct costs and relevant local and central estimates, for example, operational staff costs, HR, finance, and IT. This unit cost is assumed to remain constant over the appraisal period. This figure has not been previously published, is highly uncertain and its use here does not constitute an official publication of the cost of processing an affordability fee waiver. Sensitivity analysis has been carried out to assess the impact of this fee waiver unit cost assumption on results, detailed in paragraphs 152 to 155.

E.3 Appraisal

E.3.1 Appraisal period

32. The estimates presented in this IA model the impact of the introduction of a fee waiver for the Nationality registration as a British citizen – child route in Q2 2022/23 over five years. The IA covers the period from financial year 2022/23 to financial year 2027/28. This appraisal period length is consistent with previous Home Offices IAs regarding visa and nationality fee changes. However, this should not be interpreted as an indication of future policy, including the level of citizenship fees beyond 2022, as these will be set year on year in future Fee Regulations.

³ Home Office (2022), "Home Office immigration and nationality fees: 26 February 2022", <https://www.gov.uk/government/publications/visa-regulations-revised-table/home-office-immigration-and-nationality-fees-26-february-2022>

⁴ Home Office (2022), "Visa fees transparency data - Table with details of fees and unit costs - 6 April 2022", <https://www.gov.uk/government/publications/visa-fees-transparency-data>

33. Given the Q2 2022/23 implementation date, all volumes, costs, benefits, and transfers quantified have been modelled from Q2 2022/23 to Q1 2027/28. Therefore, volumes, cost benefits, and transfers detailed below may be lower in years 2022/23 and 2027/28 than other years due to the appraisal period lying between financial years.

E.3.2 Grant rate for fee waiver applications

34. The grant rate for fee waiver applications is uncertain. As an assumption, in this IA the grant rate has been assumed to be the same as the internal, previously unpublished, average grant rate for applications under family and human rights (FHR) grounds for the “Leave to Remain – Other” route, with the proportion applying under these grounds henceforth referred to as FHR, from April 2021 to September 2021 of 63 per cent. This has been used because FHR has, since April 2021, had an affordability fee waiver in place which functions in a similar way to the proposed child citizenship affordability fee waiver, with the same mechanics of determining affordability, except for some additional considerations for the child citizenship cohort, which will be detailed in upcoming Home Office guidance. This grant rate will be applied to all baseline and additional fee waiver applications. As this is based on part year data, it is not yet known how representative this early outcome data will be of longer-term grants, or how representative FHR will be of outcomes for child citizenship. Sensitivity analysis has been carried out to assess the impact of this grant rate assumption on results, detailed in paragraphs 139 to 143.

E.4 Volumes

E.4.1 Baseline fee waiver applications

35. The proportion of baseline applicants who would apply for a fee waiver is inherently considerably uncertain. However, it is expected that the overall volume of baseline applicants who apply for a fee waiver will be low, as these applicants are assumed to be able to, and choose to pay for child citizenship. There are several reasons an applicant from the baseline could be eligible for a fee waiver despite otherwise being assumed to have paid. For example, their family may have had to save up an unreasonable amount relative to their financial circumstances, they may have got external help from extended family, or they may have had their fee paid by a third party such as a charity or LA.
36. Despite the considerable uncertainty surrounding the proportion of baseline applicants who would apply for a fee waiver, it is reasonable to attribute certain sections of the British Nationality Act 1981, as set out in Annex 1, to have a higher or lower likelihood of applying. For example, child citizenship applicants applying under the stateless provision are expected to have a higher likelihood of applying for a fee waiver than child citizenship applicants applying under section 1(3A) whose parent(s) is(are) member(s) of the UK armed forces, as children’s families who have parent(s) as members of the armed forces have guaranteed income and are therefore assumed to be less likely to qualify for an affordability fee waiver than stateless children, whose parents do not necessarily have guaranteed employment or income, in part due to the potential nature of their immigration status in the UK.
37. As an illustrative means of quantifying this likelihood of eligibility for a fee waiver, this IA considers each section of the British Nationality Act that children may have applied under, and, where possible, assigns each a higher or lower than average likelihood of individuals applying. A set of illustrative assumptions have then been made for these groups, based upon discussions with internal experts, setting out a series of indicative proportions that are assumed to apply for a fee waiver set out in Table 3. Recognising the uncertainty around these assumptions, this range of estimates forms part of the central NPSV range presented in this IA.
38. Internal, unpublished, Home Office data has been used to consider the proportion of total applications for child citizenship that had historically been made through each section on average between 2019/20 and 2021/22, as set out in Table 3.

Table 3, Sections of the British Nationality Act 1981, historic proportions and assumptions, central case, 2022.

Section of British Nationality Act 1981	Historic total child citizenship applications (%)	Assumed relative likelihood of applying for a fee waiver	Illustrative proportion applying for a fee waiver, central (%)
Section 1(3) – Children born in the UK whose parent(s) have gained settled status or citizenship	48	Standard	5
Section 1(3A) – Children born in the UK whose parent(s) become a member of the UK armed forces	<1	Lower	1
Section 1(4) – Children born in the UK who have spent the first 10 years of their life in the UK	10	Higher	20
Section 3(1) – Children applying under the discretion of the Home Secretary	35	Higher	20
Section 3(2) – Children born outside of the UK to a British citizen by descent parent who has spent 3 consecutive years living in the UK prior to the child's birth	2	Standard	5
Section 3(5) – Children born outside of the UK, to a British citizen by descent parent, who have spent the past 3 consecutive years living in the UK	1	Lower	1
Section 4D – Children born outside of the UK who have a parent(s) who was a member of the UK armed forces at the time of their birth	<1	Lower	1
Stateless provision – Stateless children born inside or outside of the UK	3	Higher	20

Source (proportion of historic total child citizenship applications): Home Office internal analysis, 2022. Rounded to nearest 1%. Figures may not sum due to rounding.

39. The illustrative assumptions, set out in the final column of Table 3, set out the proportion of each section that are assumed to apply for a fee waiver in the baseline in the central case. These are varied using the values as set out in Table 4 to calculate the NPSV range in the main body of this IA. For the low scenario, proportions are assumed to be 50 per cent lower than those in the central case, and for the high scenario proportions are assumed to be 50 per cent higher than those in the central case. For example, 5 per cent of baseline applicants under Section 1(3) are assumed to apply for a fee waiver in the central case. The corresponding value in Table 4 for this section in the low scenario would be 2.5 per cent and 7.5 per cent in the high scenario.

Table 4, Proportions assumed to apply for a fee waiver under each section, 2022.

Scenario	Assumed relative likelihood of applying for a fee waiver	Illustrative proportion applying for a fee waiver (%)
Low	Lower	0.5
Low	Standard	2.5
Low	Higher	10.0
Central	Lower	1.0
Central	Standard	5.0
Central	Higher	20.0
High	Lower	1.5
High	Standard	7.5
High	Higher	30.0

Source: Home Office, internal analysis, 2022.

40. The historic proportions of total child citizenship applications under each section, detailed in Table 3, were applied to the projected baseline volumes, detailed in Table 1, to calculate the estimated baseline volumes who could theoretically apply for a fee waiver under each section per year.
41. The assumed fee waiver application rate for each of the sections, detailed in Table 3, were then applied to each respective section to calculate the estimated number of fee waiver applications from each section per year, which were summed to get the estimated total number of fee waiver applications from baseline applications per year.
42. These assumptions, applied as described above gives the estimate for the proportion of fee waiver applications from baseline applicants to be between 6 per cent and 18 per cent, with a central estimate of 12 per cent. These proportions, applied to baseline applications gives estimated volumes of fee waiver applications from baseline applicants to be between 3,000 and 9,000, with a central estimate of 6,000 detailed in Table 5. Analysis is also presented to apportion the volume of fee waiver applications between documented and undocumented children. Sensitivity analysis has been carried out to assess the impact of these assumptions of proportions of baseline applicants who would apply for a fee waiver on results, detailed in paragraphs 124 to 128.

Table 5: Estimated fee waiver application volumes from baseline applicants, 2022/23 to 2027/28, central case, 2022.

		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
(1)	Baseline child citizenship application volumes	35,000	47,000	47,000	47,000	47,000	12,000	236,000
(2)	Fee waiver application volumes from existing applicants = (1) x 12%	4,000	6,000	6,000	6,000	6,000	1,000	29,000
(1.a)	Baseline child citizenship application volumes from documented applicants	32,000	43,000	43,000	43,000	43,000	11,000	215,000
(2. a)	Fee waiver application volumes from existing documented applicants = (1.a) * 12%	4,000	5,000	5,000	5,000	5,000	1,000	26,000
(1.b)	Baseline child citizenship application volumes from undocumented applicants	3,000	4,000	4,000	4,000	4,000	1,000	22,000
(2. b)	Fee waiver application volumes from existing undocumented applicants = (1.b) * 12%	0	1,000	1,000	1,000	1,000	0	3,000

Source: Home Office internal analysis, 2022. Rounded to nearest 1,000. Figures may not sum due to rounding.

E.4.2 Behavioural response to the introduction of a fee waiver

43. The introduction of an affordability fee waiver would likely cause an increase in demand for child citizenship from the stock of children who are eligible to apply and have historically not been able to afford the fee but would apply were they able to afford it. The size of this cohort and the corresponding behavioural response to the fee waiver is very uncertain as a fee waiver has never existed for this route.
44. Applications under FHR will be used as a proxy for the behavioural response of this cohort, as FHR has an affordability fee waiver in place with similar mechanics as that of the proposed child

citizenship fee waiver. In this IA, an initial assumption has been made that once a fee waiver for child citizenship applications has been introduced, the proportion of fee waiver applications relative to total applications will match that of FHR at between 20 and 40 per cent, with a central assumption of 30 per cent. This range represents the average proportion of fee waiver applications between January 2019 and October 2020, chosen because the FHR fee level of £1,033 was similar to the current child citizenship fee level of £1,012 at the time of writing.

45. As set out in Table 5, without a behavioural response, the proportion of fee waiver applications is estimated at 12 per cent in the central case. The calculations necessary to estimate the additional child citizenship and fee waiver volumes, driven by the behavioural response, are set out below.
46. The total number of fee waiver applications divided by the total number of child citizenship applications is required to give a proportion of 30 per cent in the central case to match the behavioural response of FHR, detailed in equation (A).

$$(A) \frac{\text{Fee waiver applications}}{\text{Child citizenship applications}} = 0.3$$

47. Both fee waiver and child citizenship application volumes can be split into baseline and additional volumes, detailed in equation (B).

$$(B) \frac{\text{Fee waiver applications from baseline} + \text{Additional fee waiver applications from behavioural response}}{\text{Child citizenship baseline applications} + \text{Child citizenship additional applications from behavioral response}} = 0.3$$

48. Given that all additional volumes as a result of the introduction of a fee waiver are assumed to apply for both child citizenship and a fee waiver, as otherwise they would form part of baseline volumes, the additional fee waiver application volumes as a result of the behavioural response equals the additional child citizenship application volumes as a result of the behavioural response, detailed in equation (C).

$$(C) X = \text{Additional fee waiver applications from behavioral response} \\ = \text{Additional child citizenship applications from behavioural response}$$

Substituting X for both additional fee waiver application volumes from the behavioural response and additional child citizenship application volumes from the behavioural response gives equation (D) and solving for X gives equation (E). This equation is then used to calculate the additional fee waiver application volumes as a result of the behavioural response, detailed in Table 6.

$$(D) \frac{\text{Fee waiver applications from baseline} + X}{\text{Child citizenship baseline applications} + X} = 0.3$$

$$(E) X = \frac{(-0.3 * \text{Child citizenship baseline applications}) + \text{Fee waiver applications from baseline}}{0.3 - 1}$$

49. The estimated behavioural response of 30 per cent increase in demand for child citizenship is applied only to the stock of children who are documented. The FHR rate reflects a behavioural response smoothed over a long period of time; the rate is not appropriate to evaluate the behavioural response of undocumented applicants at the point of introduction of this policy as this group is unlikely to be impacted in the same manner (discussed below). Sensitivity analysis has been carried out to assess the impact of these behavioural response assumptions on results, detailed in paragraphs 119 to 123.

Table 6, Estimated additional fee waiver and child citizenship application volumes from documented applicants due to the behavioural response 2022/23 to 2027/28, central case, 2022.

		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
(1.a)	Baseline child citizenship application volumes from documented applicants	32,000	43,000	43,000	43,000	43,000	11,000	215,000
(2.a)	Fee waiver application volumes from existing documented applicants	4,000	5,000	5,000	5,000	5,000	1,000	26,000
(3)	Additional fee waiver (and child citizenship) application volumes due to the behavioural response = ((-30%) x (1.a) + (2.a)) / (30% - 1)	8,000	11,000	11,000	11,000	11,000	3,000	54,000

Source: Home Office internal analysis, 2022. Rounded to nearest 1,000. Figures may not sum due to rounding.

E.4.3 Additional applications from undocumented children

50. As set out in paragraph 24, the number of undocumented children living in the UK was estimated at between 190,000 and 241,000, with a central estimate of 215,000. The estimates contained in Table 6 include a behavioural response to the introduction of the waiver such that the proportion of fee waiver applications relative to total applications will match that observed in FHR over a long period of time. Any additional volumes of applications from undocumented children are expected to be in addition to this, reflecting the impact of introducing the policy in the short term.
51. The proportion of the estimated 215,000 undocumented children which would apply each year as a result of the introduction of a fee waiver is highly uncertain. There is currently no evidence regarding what proportion of the 215,000 would be eligible to apply at any one time or how many of those would choose to apply were the fee waiver introduced. Illustrative scenarios have been created as part of the central volume range in the main body of the IA, with the proportion of the 215,000 assumed to apply per year ranging between 5 and 15 per cent of the remaining stock each year, with a central estimate of 10 per cent. The additional applications from the stock of undocumented children each year is subtracted from the existing stock of undocumented children going into that year, with the total stock and additional application volumes reducing year on year. Sensitivity analysis has been carried out to assess the impact of the proportion of the 215,000 who would apply each year assumption on results, detailed in paragraphs 129 to 133.
52. The assumption that between 5 and 15 per cent of the remaining stock of undocumented children would apply each year, with a central estimate of 10 per cent, results in between 23 and 56 per cent of the initial stock of undocumented children applying within the five-year appraisal period, with a central estimate of 41 per cent. Given the uncertain nature of this cohort and the variety of factors contributing to each individual's decision as to whether to apply, it would be unreasonable to assume that, even in the higher scenario, substantially over half of this cohort would apply over the appraisal period.
53. The estimated additional application volumes from this cohort are detailed in Table 7. Sensitivity analysis has been carried out to assess the impact of the total stock of undocumented children assumption on results, detailed in paragraphs 144 to 147.

Table 7, Estimated additional fee waiver and child citizenship application volumes from the stock of undocumented children, 2022/23 to 2027/28, central case, 2022.

		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
(1.b)	Baseline child citizenship application volumes from undocumented applicants	3,000	4,000	4,000	4,000	4,000	1,000	22,000
(2)	Fee waiver application volumes from baseline applicants	4,000	6,000	6,000	6,000	6,000	1,000	29,000
(3)	Additional fee waiver (and child citizenship) application volumes due to the start of year * 10%	9,000	19,000	17,000	15,000	13,000	3,000	82,000
(4)	Additional undocumented children fee waiver (and child citizenship) application volumes = Stock of undocumented children at the start of year * 10%	16,000	20,000	18,000	16,000	14,000	3,000	88,000

Source: Home Office internal analysis, 2022. Rounded to nearest 1,000. Figures may not sum due to rounding.

E.4.4 Initial surge of applications

54. The behavioural response above represents a proportion of the stock of children who are eligible for citizenship and are not able to afford the fee as set out in paragraph 26. However, if a fee waiver were to be introduced it is likely there would be an initial surge in applications above the average annual applications estimated above. The magnitude of this surge is uncertain and there is no historic data to base it on. Therefore, as an illustrative assumption the surge is assumed to be double the regular behavioural response in the first year following implementation from Q2 2022/23 to Q1 2023/24, with no impact across subsequent years. Estimated additional application volumes as a result of this potential surge are detailed in Table 8. Sensitivity analysis has been carried out to assess the impact of this surge assumption on results, detailed in paragraphs 148 to 151.

Table 8, Estimated additional fee waiver and child citizenship application volumes due to the initial surge, 2022/23 to 2027/28, central case, 2022.

		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
(1)	Baseline child citizenship application volumes	35,000	47,000	47,000	47,000	47,000	12,000	236,000
(2)	Fee waiver application volumes from baseline applicants	4,000	6,000	6,000	6,000	6,000	1,000	29,000
(3)	Additional fee waiver (and child citizenship) application volumes from documented applicants due to the behavioural response	8,000	11,000	11,000	11,000	11,000	3,000	54,000
(4)	Additional undocumented children fee waiver (and child citizenship) application volumes	16,000	19,000	17,000	15,000	13,000	3,000	82,000
(5)	Additional surge fee waiver (and child citizenship) application volumes = (3) x 100% for 2022/23 and (3.) x 100% x (3/12) for 2023/24	8,000	3,000	0	0	0	0	11,000

Source: Home Office internal analysis, 2022. Rounded to nearest 1,000. Figures may not sum due to rounding.

E.4.5 Granted applications

55. The assumed fee waiver grant rate of 63 per cent, as set out in paragraph 34, is then applied to the estimated volume of fee waiver applications from baseline applicants set out in Table 5 above to calculate the estimated number of granted fee waiver applications per year from applicants who would otherwise have applied for child citizenship, detailed in Table 9. The assumed fee waiver grant rate is also applied to the estimated volume of additional fee waiver applications associated with the increased number of child citizenship applications additional to baseline, to calculate the estimated number of granted fee waiver applications per year from applicants who would otherwise not have applied for child citizenship, detailed in Table 9.

Table 9, Estimated granted fee waiver application volumes 2022/23 to 2027/28, central case, 2022.

		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
(1)	Baseline child citizenship application volumes	35,000	47,000	47,000	47,000	47,000	12,000	236,000
(2)	Fee waiver application volumes from baseline applicants	4,000	6,000	6,000	6,000	6,000	1,000	29,000
(6)	Granted fee waiver application volumes from baseline applicants = (2) x 63%	3,000	4,000	4,000	4,000	4,000	1,000	18,000
(3)	Additional fee waiver (and child citizenship) application volumes from documented applicants due to the behavioural response	9,000	12,000	12,000	12,000	12,000	3,000	60,000
(7)	Granted additional fee waiver application volumes from documented applicants due to the behavioural response = (3) x 63%	5,000	7,000	7,000	7,000	7,000	2,000	34,000
(4)	Additional undocumented children fee waiver (and child citizenship) application volumes	16,000	19,000	17,000	15,000	13,000	3,000	82,000
(8)	Granted additional undocumented children fee waiver application volumes = (4) x 63%	10,000	12,000	11,000	9,000	8,000	2,000	51,000
(5)	Additional surge fee waiver (and child citizenship) application volumes	8,000	3,000	0	0	0	0	11,000
(9)	Granted additional surge fee waiver application volumes = (5) x 63%	5,000	2,000	0	0	0	0	7,000
(10)	Total number of granted fee waiver applications (6) + (7) + (8) + (9)	23,000	24,000	21,000	20,000	19,000	4,000	111,000

Source: Home Office internal analysis, 2022. Rounded to nearest 1,000. Figures may not sum due to rounding.

E.4.6 Final volumes – Central case

56. Total fee waiver application volumes have been calculated by summing the fee waiver application volumes from baseline applicants, the additional fee waiver application volumes from the behavioural response, the additional fee waiver application volumes from the proportion of the stock of undocumented children applying, and the additional fee waiver application volumes from the initial surge, detailed in Table 10.

Table 10, Estimated total fee waiver application volumes, 2022/23 to 2027/28, central case, 2022.

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Totals
Total fee waiver application volumes = (2) + (3) + (4) + (5)	36,000	38,000	33,000	31,000	29,000	7,000	176,000

Source: Home Office internal analysis, 2022. Rounded to nearest 1,000. Figures may not sum due to rounding.

57. Total child citizenship application volumes have been calculated by summing the baseline child citizenship application volumes, the additional child citizenship application volumes from the behavioural response, the additional child citizenship application volumes from the proportion of the stock of undocumented children applying, and the additional child citizenship application volumes from the initial surge, detailed in Table 11.

Table 11, Estimated total child citizenship application volumes, 2022/23 to 2027/28, central case, 2022.

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Totals
Total child citizenship application volumes = (1) + (3) + (4) + (5)	68,000	80,000	75,000	73,000	71,000	17,000	383,000

Source: Home Office internal analysis, 2022. Rounded to nearest 1,000. Figures may not sum due to rounding.

58. Additional applicants as a result of the introduction of a fee waiver are assumed to apply for both a fee waiver and child citizenship as otherwise, they would have been part of baseline child citizenship applications. The Home Office processes the fee waiver applications of these applicants first and upon granting a fee waiver then processes their child citizenship application. Therefore, the Home Office does not incur the unit cost of processing a child citizenship application for additional applicants when their fee waiver is not granted, and the total number of child citizenship applications processed is required to calculate costs to the Home Office. Total child citizenship application volumes, which are processed, have been calculated by summing the baseline child citizenship application volumes, the granted additional fee waiver application volumes from the behavioural response, the granted additional fee waiver application volumes from the proportion of the stock of undocumented children applying, and the granted additional fee waiver application volumes from the initial surge, detailed in Table 12.

Table 12, Estimated total child citizenship applications processed, 2022/23 to 2027/28, central case, 2022.

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Totals
Total child citizenship applications processed = (1) + (7) + (8) + (9)	56,000	68,000	65,000	63,000	62,000	15,000	329,000

Source: Home Office internal analysis, 2022. Rounded to nearest 1,000. Figures may not sum due to rounding.

E.4.7 Final volumes, upper and lower scenarios

59. The same process for calculating total volumes as that carried out for the central case, detailed in paragraphs 35 to 58 for the central case, was carried out for both the low and high scenarios, with the ranges for total fee waiver application volumes, total child citizenship application volumes and total child citizenship applications processed detailed in Tables 13, 14 and 15 respectively mirroring the values in Tables 10, 11 and 12 for the central case.
60. The low and high scenarios for each of these volume totals represent the lowest and highest total volumes that could occur from any combination of the low, central, and high assumptions varied in the main body of the IA.
61. As set out above, the specific assumptions used to calculate the central scenario were:
- An overall behavioural response of 30 per cent.
 - The central proportion baseline applicants applying for a fee waiver, detailed in Table 4.
 - The central proportion of the estimated 215,000 undocumented children that would apply annually of 10 per cent.
62. The specific assumptions used to calculate the low volume scenarios in Tables 13, 14 and 15, are:
- A low overall behavioural response of 20 per cent.
 - A high proportion of baseline applicants applying for a fee waiver, detailed in Table 4.
 - A low proportion of the estimated 215,000 undocumented children that would apply annually of 5 per cent.
63. The specific assumptions used to calculate the high-volume scenarios in Tables 13, 14 and 15, are:
- A high overall behavioural response of 40 per cent.
 - A low proportion of baseline applicants applying for a fee waiver, detailed in Table 4.
 - A high proportion of the estimated 215,000 undocumented children that would apply annually of 15 per cent.

Table 13, Estimated total fee waiver application volumes, 2022/23 to 2027/28.

Scenario	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Totals
Lowest	20,000	21,000	19,000	18,000	18,000	4,000	100,000
Central	36,000	38,000	33,000	31,000	29,000	7,000	176,000
Highest	56,000	58,000	49,000	45,000	41,000	10,000	257,000

Source: Home Office internal analysis, 2022. Rounded to nearest 1,000. Figures may not sum due to rounding.

Table 14, Estimated total child citizenship application volumes, 2022/23 to 2027/28.

Scenario	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Totals
Lowest	51,000	63,000	60,000	60,000	59,000	15,000	308,000
Central	68,000	80,000	75,000	73,000	71,000	17,000	383,000
Highest	87,000	99,000	90,000	86,000	82,000	20,000	464,000

Source: Home Office internal analysis, 2022. Rounded to nearest 1,000. Figures may not sum due to rounding.

Table 15, Estimated total child citizenship applications processed, 2022/23 to 2027/28

Scenario	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Totals
Lowest	45,000	56,000	54,000	54,000	54,000	13,000	276,000
Central	56,000	68,000	65,000	63,000	62,000	15,000	329,000
Highest	69,000	81,000	75,000	73,000	71,000	17,000	385,000

Source: Home Office internal analysis, 2022. Rounded to nearest 1,000. Figures may not sum due to rounding.

E.5 Costs and Benefits

64. As with the volumes above, each of the low and high estimates for the specific costs, benefits and transfers detailed below represent the lowest and highest estimates that could occur from any combination of assumptions varied in the main body of the IA. Because some individual impacts may be larger in magnitude in the low scenario and some smaller in magnitude in the high scenario, the low values for the quantified costs and benefits below will not necessarily sum to the low NPSV, and the high values will not necessarily sum to the high NPSV.

E.5.1 Costs

Direct costs

Set-up costs

Home Office, implementation costs

65. The introduction of an affordability fee waiver for child citizenship registration and the implementation of the systems required to assess who is eligible for this waiver would likely incur additional resource and capital implementation costs to the Home Office to set up. Due to the functionality for processing affordability fee waivers already being in place for other routes and the capability for this resource to work flexibly, these costs are expected to be negligible and therefore have not been quantified in this IA.

Immigration law and immigration advice firms, familiarisation costs

66. With the introduction of an affordability fee waiver for child citizenship registration, there will be new immigration rules and guidance available for immigration solicitors and advisors working at immigration law and advice firms. These immigration solicitors and advisors will incur familiarisation costs on becoming acquainted with the new rules and guidance. Given that the introduction of a fee waiver is a small change to the legislation and does not change the technicalities of the child citizenship route, the associated costs of familiarisation are expected to be minimal. Also, given that the new guidance for fee waiver eligibility is similar to that of FHR, except for some additional considerations for the child citizenship cohort, the associated costs of familiarisation are expected to be minimal. Given that the familiarisation costs are expected to be minimal they will not be quantified in this IA, as it would not be proportionate to do so.

Ongoing costs

Home Office processing costs, fee waiver

67. On top of the cost of processing base child citizenship applications, the Home Office will incur the additional cost of processing fee waiver applications for this route. The Home Office have estimated the unit cost of processing a child citizenship fee waiver application at £177, as detailed in paragraph 31. This estimate is highly uncertain, and sensitivity analysis has been carried out to assess the impact of this unit cost of processing a fee waiver assumption on results, detailed in paragraphs 152 to 155.
68. This cost to the Home Office is calculated by summing the estimated number of additional child citizenship applications, detailed in Table 8, and the estimated number of baseline applicants who would apply for a fee waiver, detailed in Table 5, and multiplying the total by the unit cost of processing a fee waiver application. It is assumed that all additional applications as a result of the policy change would apply for a fee waiver. Otherwise, they would form part of the baseline volumes.
69. On this basis, the cost to the Home Office is estimated to be between **£16.0 million and £42.9 million**, with a central estimate of **£29.0 million (PV 2022/23 prices)** over the five-year appraisal period. The low scenario presented represents the lowest fee waiver application processing costs

resulting from any combination of the low, central, and high assumptions varied in the main body of the IA, detailed in paragraph 44, Tables 3 and 4, and paragraph 52. The high scenario presented represents the highest fee waiver application processing costs resulting from any combination of the low, central, and high assumptions varied in the main body of the IA, detailed in paragraph 44, Tables 3 and 4, and paragraph 52.

Home Office processing costs, additional child citizenship applications.

70. The estimated increase in volumes of child citizenship applications, detailed in Table 8 would lead to an ongoing increase in Home Office processing costs. The Home Office have estimated the unit cost of processing each individual base child citizenship application at £416, detailed in paragraph 30.
71. This cost to the Home Office is calculated by multiplying the estimated number of additional child citizenship applications, detailed in Table 8, for each year of the appraisal period by the assumed grant rate for fee waiver applications and by the unit cost of processing a child citizenship application. The expected additional volumes are multiplied by the assumed grant rate, detailed in paragraph 32, as additional child citizenship applications would not be processed if the fee waiver application was declined and therefore would not incur the processing costs associated with a child citizenship application.
72. On this basis, the cost to the Home Office is estimated to be between **£13.2 million and £60.1 million (PV)**, with a central estimate of **£35.9 million (PV)** (2022/23 prices) over the five-year appraisal period. The low scenario presented represents the lowest child citizenship application processing costs resulting from any combination of the low, central, and high assumptions varied in the main body of the IA, detailed in paragraph 44, Tables 3 and 4, and paragraph 52. The high scenario presented represents the highest child citizenship application processing costs resulting from any combination of the low, central, and high assumptions varied in the main body of the IA, detailed in paragraph 44, Tables 3 and 4, and paragraph 52.

Additional applicants, time taken to apply

73. Children, and their parents, who spend time applying for child citizenship and believe they are eligible for a fee waiver and eligible for child citizenship face a cost of the time spent applying. There are four potential cohorts who could accrue these additional costs due to the implementation of a fee waiver:
 - Baseline applicants who face the additional cost of spending time applying for a fee waiver they are eligible for, and their fee waiver is granted.
 - Baseline applicants who face the additional cost of spending time applying for a fee waiver they are not eligible for, and their fee waiver is not granted, and therefore they still have to pay for their child citizenship application.
 - Additional applicants who face the cost of spending time applying for child citizenship and a fee waiver who are eligible for both and are granted a fee waiver and child citizenship.
 - Additional applicants who face the cost of spending time applying for child citizenship and a fee waiver who are not eligible for a fee waiver or child citizenship and are therefore not granted child citizenship.
74. All four of these cohorts are at the point of applying for citizenship, and are considered part of the resident population, with costs accrued by them as a result of the introduction of a fee waiver in scope for this IA. Details of what makes an individual part of the resident population can be found in paragraph 18.

75. The costs of the additional time taken to apply for a fee waiver and the additional time taken to apply for child citizenship are expected to be minimal and will not be quantified in this IA, as it would not be proportionate to do so. These costs can net off against the quantified transfer benefit of having a fee waived for baseline applicants and the unquantified benefits of attaining citizenship for additional applicants. Individuals who apply for an affordability fee waiver or for child citizenship can make the choice to apply or not based upon the cost of time spent applying versus the benefits they would receive and would therefore not apply if they believed the former outweighed the latter.

Indirect costs

Increase in public service provision costs

76. The introduction of an affordability fee waiver for child citizenship could potentially lead to an increase in public service provision costs, as applicants can gain access to public services, which they may not have had prior access to depending on their immigration status once they attain citizenship. The benefits a child can receive from attaining citizenship including immediate benefits and those accessible later in their life, detailed in paragraph 79, including access to public services such as free healthcare on the NHS, access to government job search services and unemployment allowances, and access to a range of social security benefits such as Universal Credit, Job Seekers Allowance, child benefits, Employment and Support Allowances. It is possible that granting child citizenship could increase the propensity of individuals to stay within the UK which could result in further public service provision costs relative to **Option 1**.
77. The potential increase in public service provision costs associated with applicants gaining access to the above benefits and the potential costs due to individuals increased propensity to stay in the UK have not been quantified as the Home Office does not have data on the proportion of applicants who would receive different benefits or the potential increased propensity of individuals to stay were they granted citizenship. Furthermore, given that applicants must be under the age of 18 years to apply for child citizenship, a large proportion of the potential costs would likely accrue outside of the five-year appraisal period.

E.5.2 Benefits

Direct benefits

Benefits of attaining citizenship

78. The estimated additional volumes of applicants, detailed in Table 8, will gain all the associated benefits of British citizenship. However, how much benefit each individual receives from attaining citizenship differs depending on their personal circumstances and their immigration status prior to attaining citizenship, as they may already be receiving some of these benefits. The different starting positions an individual can apply for citizenship from range from having no immigration status to Indefinite Leave to Remain (ILR), including children with no status, stateless children, refugee children, children with Leave to Remain (LTR) and children with Indefinite Leave to Remain (ILR). The benefits a child receives from attaining citizenship range from no immigration status children who receive the most benefits to ILR children who receive the least benefits.
79. The benefits a child can receive from attaining citizenship include both immediate benefits and those accessible later in their life. As stated above, which of the specific benefits below a child receives from attaining citizenship differs depending on their immigration status prior to attaining citizenship, with children with ILR already having access to many of the below benefits, for example, the right to work in the UK. The possible benefits a child could receive include:
- The right to live permanently in the UK with no restrictions on time spent outside of the country ('Right of Abode').
 - The right to work in the UK.

- The right to purchase property in the UK.
 - The right to open a bank account.
 - The right to marry in the UK.
 - Access to free healthcare on the NHS.
 - Access to government job search services and unemployment allowances.
 - Access to a range of social security benefits such as Universal Credit, Job Seekers Allowance, Child benefits, Employment and Support Allowances.
 - The ability to apply for a British passport and access British consular services abroad.
 - The right to vote in parliamentary or local elections and the ability to stand for office.
 - The ability to transmit citizenship to their children born overseas if they are the first generation born abroad.
 - The ability to apply for reserved jobs (i.e. certain occupations which are traditionally restricted to British citizens because of the nature of the work involved).
 - The advantage of knowing that the country in which they have grown up and been educated, and whose culture and language (and possibly to the exclusion of any other) is their own.
 - Supporting and validating a sense of national identity that is likely to have developed in children who were either born, or have spent a significant period of their lives, in the UK.
80. These benefits are largely intangible and not able to be monetised, and the Home Office do not have data on the proportions of applicants who would receive different benefits. The benefits accrued by the estimated additional volumes of applicants who apply as a result of the introduction of an affordability fee waiver will not be quantified in this IA.

Indirect benefits

Revenue for the Exchequer

81. The introduction of an affordability fee waiver for child citizenship could potentially lead to an increase in fiscal contributions to the Exchequer through direct and indirect taxes, such as income tax, National Insurance, council tax and VAT. This is as a result of a proportion of applicants gaining the right to work in the UK and the potential increase in propensity of individuals to stay within the UK, were they granted citizenship.
82. The potential increase in fiscal revenue for the Exchequer has not been quantified as the Home Office does not have data on the proportion of applicants who would receive the right to work or the potential increased propensity of individuals to stay, were they granted citizenship. Given that applicants must be under the age of 18 years to apply for child citizenship, a large proportion of the potential benefits would likely accrue outside of the 5-year appraisal period.

E.5.3 Transfers

Waived child citizenship fees

83. The estimated volumes of baseline applicants who would apply for and be granted a fee waiver, detailed in Table 9, would lead to an ongoing transfer cost to the Home Office due to waived fees. The foregone revenue of an individual waived fee is £1,012, the fee charged for an individual child citizenship application.

84. This cost to the Home Office is calculated by multiplying the estimated volumes of baseline applicants who would apply for and be granted a fee waiver, detailed in Table 9, for each year of the appraisal period by the fee charged for an individual child citizenship application.
85. There is a commensurate benefit to applicants who would apply for and be granted a fee waiver. There is uncertainty in who would receive these benefits as child citizenship applications are not always funded by a child or their family themselves. In some cases, children's citizenship fees will be covered by third parties such as charities or LAs and therefore the transfer benefits in these cases would fall to these third parties instead. The Home Office does not have data on the proportion of child citizenship applications paid for by third parties and the total benefit to children, their families and third parties is set out below, with transfer benefits not separated into those received by children and their families versus those received by third parties including charities and local authorities. However, the potential business impact is expected to be minimal, it is not possible to quantify, and it would not be proportionate to do so in this IA.
86. On this basis, the transfer between the Home Office and children, their families and third parties is estimated to be between **£8.5 million and £25.6 million**, with a central estimate of **£17.1 million ((PV) 2022/23 prices)** over the five-year appraisal period. The low scenario presented represents the lowest transfer between the Home Office and children, their families and third parties, resulting from any combination of the low, central, and high assumptions varied in the main body of the IA, detailed in paragraph 44, Tables 3 and 4, and paragraph 52. The high scenario presented represents the highest transfer between the Home Office and children, their families and third parties, resulting from any combination of the low, central, and high assumptions varied in the main body of the IA, detailed in paragraph 44, Tables 3 and 4, and paragraph 52.

Waived citizenship ceremony fees

87. Some applicants who are granted a fee waiver, detailed in Table 9, may turn 18 years old while their application is processed; they will therefore be subject to an adult citizenship ceremony fee of £80. An exemption for these individuals would lead to an ongoing transfer cost to the Home Office due to the waived citizenship ceremony fee. The foregone revenue of an individual waived citizenship ceremony fee is £80, equal to the fee itself.
88. This cost to the Home Office is calculated by multiplying the estimated number of applications granted a child citizenship fee waiver, detailed in Table 9, for each year of the appraisal period by the estimated proportion of children aged over 17 years at the time of applying (5%) by the adult citizenship ceremony fee (£80).
89. The benefit for applicants who would turn 18 years of age while their fee waiver application is being processed is estimated to be the same as the benefits outlined in paragraph 85.
90. The transfer between the Home Office and children who may turn 18 years of age before they are granted a child citizenship fee waiver, their families, and third parties is estimated to be between **£0.2 million and £0.6 million**, with a central estimate of **£0.4 million (PV, 2022/23 prices)** over the five-year appraisal period.

E.5.4 Summary tables, NPSV

91. The low and high scenarios for the Net Present Social Value (NPSV) presented in this IA, detailed in Table 17, are not necessarily the result of summing the low and high values for each of the quantified costs and benefits, as detailed in paragraph 64. The low and high NPSV scenarios constitute the lowest and highest NPSV which occurs from any combination of the assumptions set out in the main body of the IA.
92. The assumptions varied in the main body of the IA include, the behavioural response, detailed in paragraph 44, the proportion of sections of baseline applicants that would apply for a fee waiver,

detailed in Tables 3 and 4, and the proportion of the estimated 215,000 undocumented children that would apply annually, detailed in paragraph 52.

93. The specific assumptions used to calculate the low NPSV scenario in Table 17, are a low behavioural response of 20 per cent, a high proportion of sections of baseline applicants that would apply for a fee waiver, detailed in Table 4, and a low proportion of the estimated 215,000 undocumented children that would apply annually of 5 per cent.
94. The specific assumptions used to calculate the high NPSV scenario in Table 17, are a high behavioural response of 40 per cent, a low proportion of sections of baseline applicants that would apply for a fee waiver, detailed in Table 4, and a high proportion of the estimated 215,000 undocumented children that would apply annually of 15 per cent.
95. Under the illustrative assumptions laid out in this IA, the estimated NPSV ranges between **-£29.2 million and -£103.0 million**, with a central estimate of **-£64.8 million** (present values, 2022/23 prices) over the five-year appraisal period. The low scenario presented represents the lowest NPSV resulting from any combination of the low, central, and high assumptions varied in the main body of the IA, detailed in paragraph 44, Tables 3 and 4, and paragraph 52. The high scenario presented represents the highest NPSV resulting from any combination of the low, central, and high assumptions varied in the main body of the IA, detailed in paragraph 44, Tables 3 and 4, and paragraph 52.

Table 16, Option 2 NPSV, £ million 2022/23 prices, 2022/23 to 2027/28, central case, 2022.

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	NPSV
Costs							
Home Office processing costs – Additional child citizenship applications	-8.4	-8.3	-6.7	-6.0	-5.3	-1.2	-35.9
Home Office processing costs – Fee waiver processing costs	-6.5	-6.6	-5.5	-5.0	-4.5	-1.0	-29.0
Total costs	-14.9	-14.8	-12.2	-11.0	-9.8	-2.2	-64.8
Net benefit	-14.9	-14.8	-12.2	-11.0	-9.8	-2.2	-64.8

Source: Home Office internal analysis, 2022. Rounded to nearest £ million. Figures may not sum due to rounding.

Table 17: Option 2 NPSV for L, C and H, £ million 2022/23 prices, 2022/23 to 2027/28, 2022.

	Low	Central	High
Costs			
Home Office processing costs – Additional child citizenship applications	-13.2	-35.9	-60.1
Home Office processing costs – Fee waiver processing costs	-16.0	-29.0	-42.9
Total costs (PV)	-29.2	-64.8	-103.0
Net Present Social Value (NPSV)	-29.2	-64.8	-103.0

Source: Home Office internal analysis, 2022. Rounded to nearest £ million. Figures may not sum due to rounding.

E.5.5 BNPV, EANDCB

96. The impact on business of the introduction of an affordability fee waiver for child citizenship applications is expected to be minimal. Potential familiarisation costs for businesses are expected to be minimal and it would not be proportionate to quantify them in this IA, as detailed in paragraph 66. Potential ongoing business impacts are expected to be minimal, are not possible to quantify, and it would not be proportionate to do so in this IA, as detailed in paragraph 85. Other potential business impacts are detailed as risks in paragraphs 102 to 105, which are also expected to be minimal and would not be proportionate to quantify in this IA. As a result, the Business NPV (BNPV) and net direct cost to business (EANDCB)⁵ have not been calculated.

E.5.6 Value for money (VfM)

97. Given that the benefits of the proposed policy have not been quantified, the benefit-cost ratio (BCR) of **Option 2** has not been able to be quantified. However, an assessment of the objectives indicates that the policy will meet the objectives and would be value-for-money for the taxpayer as the unquantified benefits are expected to balance out or even outweigh the quantified and unquantified costs.

E.5.7 Place-based analysis

98. Individuals within the UK who apply for child citizenship are already free to travel wherever they wish within the country. However, the main quantified impacts of this policy are accrued to central government, rather than being distributed across the country. Individuals eligible to apply for citizenship are unlikely to be evenly distributed across the country. They could be concentrated in certain areas with higher initial immigration inflows, such as London, which could result in regional differences in the impact of the proposed policy.

E.5.8 Impact on small and micro-businesses

99. The introduction of an affordability fee waiver for child citizenship applications is not expected to impact small and micro-businesses disproportionately. The exception to this could be the potential effects on small immigration advice firms and charities, a risk detailed in paragraphs 102 to 105.

F. Proportionality

100. The approach taken in this IA is considered proportionate given the considerable uncertainty around estimates, which is discussed throughout.
101. The best available data has been used along with sensible and proportionate assumptions. However, projected child citizenship and fee waiver applications are highly uncertain, and so even though reasonable ranges have been included, these should still only be treated as indicative. A NPSV range has been included. However, as discussed in the body of the IA benefits have not been quantified and therefore the NPSV only represents the costs associated with the policy and not the significant benefits which are expected to accrue to the children who qualify for the waiver. Analysis has been subject to proportionate analytical quality assurance and sensitivity analysis has been carried out to assess the impact of uncertainty regarding model assumptions on results.

⁵ The net direct cost to business is referred to as the Equivalent Annual Direct Cost to Business (EANDCB) and is used by the Regulatory Policy Committee (RPC) to assess the administrative costs of regulatory burden on business.

G. Risks

G.1 Work for immigration advisors and charities

102. The impact on both immigration advice firms and charities of the introduction of an affordability fee waiver has not been quantified in this IA.
103. The zero quantified business cost of the proposed change presented in this IA could be an under-estimate as the introduction of an affordability fee waiver could cause an indirect business cost, with more work, and subsequent costs for immigration advisors and charities in helping applicants evidencing fee waiver applications. This potential business impact is expected to be minimal, and it would not be proportionate to quantify within this IA.
104. However, the zero quantified business cost of the proposed change presented in this IA could be an over-estimate as the introduction of an affordability fee waiver could result in a reduction of direct business costs, reducing charities costs in cases where charities are paying the child citizenship fee for applicants. This potential business impact is expected to be minimal, it is not possible to quantify, and it would not be proportionate to do so within this IA, as detailed in paragraph 85.

G.2 Waived child citizenship fees – Business impact

105. In this IA waived fees from granted fee waiver applications from baseline volumes have been treated as transfers from the Home Office to children, their families and third parties. As detailed in paragraph 85, in practice there may be situations in which a child or their family are not the ones paying the application fee where fees are paid by third parties, such as charities or LAs. This means that some of the quantified transfer benefits in this IA would instead reflect transfers from the Home Office to charities and local authorities instead of to children and their families. The BNPV for this IA has been calculated on the assumption that all transfer benefits would go to children and their families. There may be a degree of impact to business which is not possible to quantify. This potential business impact is expected to be minimal, it is not possible to quantify, and it would not be proportionate to do so within this IA, as detailed in paragraph 85.

G.3 Children in local authority care

106. The affordability fee waiver analysed in this IA applies to both children who can provide evidence that both they and their family are unable to afford the fee and to children who are in LA care, as they are assumed to be unable to afford the fee. No analysis has been done on the number of children in LA care specifically and only broader analysis of estimated applications has been carried out, due to uncertainty around the number of children who would be eligible. The impact of the LA care cohort is uncertain and has not been looked at separately from those who are estimated to apply and be eligible for the fee waiver. This adds to the uncertainty surrounding both volumes of fee waiver applications and additional child citizenship applications. This also adds to the uncertainty around those who would be granted fee waivers and would also likely mean a lower processing cost to the Home Office than that estimated in this IA as there would be no cost of processing fee waiver applications for the volumes of children applying from local authority care. The benefit of a reduction in administrative burden as a result of LAs not having to apply on the part of children is also not quantified in this IA, as it is expected to be minimal, is not possible to quantify, and it would not be proportionate to do so in this IA.

G.4 Non application fee related barriers to applying

107. This IA does not consider factors outside of the child citizenship fee level preventing eligible children from applying. These factors include: a distrust of the Home Office especially if their parents do not have regular immigration status, the costs and time taken associated with visiting a biometric enrolment centre and a potential lack of information reaching them to let them know the fee waiver exists and that they are eligible to apply. The latter (availability of information) is likely to impact the surge particularly with a potentially delayed response to the policy meaning the surge could be smaller in magnitude in the first year and be spread across multiple years. Therefore, this IA could

be underestimating the NPSV of the policy change as more costs may be accrued in later years and less in the first year, leading to an increase in the NPSV, as higher discount factors apply to costs in later appraisal years.

G.5 Spurious applications

108. There is a possibility that the introduction of an affordability fee waiver and the surrounding information campaign could lead to an increase in spurious applications. The potential additional processing costs to the Home Office as a result of this are not quantified within the IA. However, the number of spurious applications and costs to the Home Office are expected to be negligible given the time and effort required to evidence both a child citizenship and fee waiver application.

G.6 IHS and other lost visa route revenue

109. Given the numerous ways in which an individual can be eligible for citizenship and the numerous starting positions an individual can find themselves prior to applying for citizenship, there may be certain cases where an individual is granted a fee waiver and is no longer charged for their current visa route or for their Immigration Health Surcharge (IHS). In this case these individuals will no longer face the disbenefit of paying these fees and the Home Office and wider government will no longer receive this revenue. These effects are likely to be minimal and therefore are not quantified in this IA.

G.7 Baseline volumes

110. Baseline volumes are based on Home Office internal estimates and should be considered purely indicative. There is a risk that these estimates fail to represent actual volumes, particularly due to the uncertain impact of COVID-19. Sensitivity analysis has been carried out to assess the impact on the NPSV of baseline volumes being higher or lower than they are in the central case, detailed in paragraphs 134 to 138.

H. Sensitivity Analysis

111. Two types of sensitivity analysis were carried out.
112. Each variable assumption that forms part of the central NPSV range detailed in Table 18, has been altered independently of the other variable assumptions, which are held constant at their central values, to assess the impact of each individual variable assumption on the results.
113. Each fixed assumption which was kept constant in the central range in the main body of the IA, detailed in Table 18, was altered, while all variable assumptions from the central range were held constant at their central values, to assess what the impact on results would have been if we altered each of the fixed assumptions.
114. Each assumption detailed in Table 18 has been given an assumption number corresponding to the paragraph in which sensitivity analysis on that assumption has been carried out.

Summary

115. Sensitivity analysis on each of the assumptions in Table 18 was carried out, with assumptions regarding the behavioural response (1.1), the proportion of the estimated 215,000 undocumented children who would apply annually (1.3), and the baseline volumes (2.1) having the largest impact on NPSV results. The full impact of each of these assumptions on the NPSV is detailed in the paragraph below corresponding to the relevant assumption number. The percentage impact of each of these assumptions on NPSV results are listed below:

- **1.1 Behavioural response** – The low central range assumption results in an increase in the NPSV of 23 per cent. The high central range assumption results in a decrease in the NPSV of 30 per cent.
 - **1.3 Proportion of the estimated 215,000 undocumented children who would apply annually** – The low central range assumption results in an increase in the NPSV of 23 per cent. The high central range assumption results in a decrease in the NPSV of 19 per cent.
 - **2.1 Baseline volumes** – The low sensitivity analysis assumption results in an increase in the NPSV of 19 per cent. The high sensitivity analysis assumption results in a decrease in the NPSV of 19 per cent.
116. Other assumptions including the proportion of sections of baseline applications that would apply for a fee waiver (1.2), the fee waiver grant rate (2.2), the stock of undocumented children (2.3), the surge proportions (2.4) and the unit cost of processing a fee waiver application (2.5) were found to have a smaller impact on NPSV results. The full impact of each of these assumptions on the NPSV is detailed in the paragraph below corresponding to the relevant assumption number. The percentage impact of each of these assumptions on NPSV results are listed below:
- **1.2 Proportion of sections of baseline applications that would apply for a fee waiver** – The low central range assumptions result in a decrease in the NPSV of 5 per cent. The high central range assumptions result in an increase in the NPSV of 5 per cent.
 - **2.2 Fee waiver grant rate** – The low sensitivity analysis assumption results in an increase in the NPSV of 9 per cent. The high sensitivity analysis assumption results in a decrease in the NPSV of 9 per cent.
 - **2.3 Stock of undocumented children** – The low sensitivity analysis assumption results in an increase in the NPSV of 6 per cent. The high sensitivity analysis assumption results in a decrease in the NPSV of 6 per cent.
 - **2.4 Surge proportions** – The low sensitivity analysis assumption results in an increase in the NPSV of 4 per cent. The high sensitivity analysis assumption results in a decrease in the NPSV of 4 per cent.
 - **2.5 Unit cost of processing a fee waiver application** – The low sensitivity analysis assumption results in an increase in the NPSV of 2 per cent. The high sensitivity analysis assumption results in a decrease in the NPSV of 5 per cent.

Assumptions

117. The assumptions detailed in Table 18 are categorised as either variable or fixed. Variable assumptions are assumptions which are varied in the central range, with the lowest and highest NPSV which occurs from any combination of the low, central, and high values for these variable assumptions, resulting in the low and high NPSV scenarios, detailed in Table 17. To understand the degree to which each of these variable assumptions individually affects NPSV results, sensitivity analysis has been carried out on each variable assumption in section H.1.
118. Fixed assumptions are assumptions which are kept fixed in the central range, which remain constant in the low, high and central NPSV scenarios. To understand the degree to which each of these fixed assumptions individually affects NPSV results, sensitivity analysis has been carried out on each fixed assumption in section H.2.

Table 18: Model assumptions – Central range, 2022

Assumption Number	Description	Type	Value(s) used in central range
1.1	Behavioural response	Variable	Low 20%, Central 30%, High 40%
1.2	Proportion of sections of baseline applications that would apply for a fee waiver	Variable	Low – central values minus 50%, Central – values detailed in Table 3, High – central values plus 50%
1.3	Proportion of the estimated 215,000 undocumented children who would apply annually	Variable	Low 5%, Central 10%, High 15%
2.1	Baseline volumes	Fixed	47,000
2.2	Fee waiver grant rate	Fixed	63%
2.3	Stock of undocumented children	Fixed	215,000
2.4	Surge proportions	Fixed	Year 1 – 100%, Years 2-5 – 0%
2.5	Unit cost of processing a fee waiver application	Fixed	£177

Source: Home Office, own analysis, 2022.

H.1 Altering variable assumptions

1.1 Behavioural response

119. To understand the degree to which the assumption around the behavioural response to the introduction of a fee waiver, detailed in paragraph 44, affects results, sensitivity analysis has been carried out to estimate how the NPSV of the policy would change if the behavioural response is varied within the range used for the central scenarios (20 to 40%), while holding other variable assumptions used within the central scenarios constant at their central values, detailed in Table 18.
120. Assuming the behavioural response leads to 20 per cent of applications for citizenship also applying for a fee waiver, the central estimate for **the NPSV rises by £14.8 million from -£64.8 million to -£50.0 million** (PV, 2022/23 prices).
121. Transfers (foregone revenue transferred from the Home Office to children, their families, and third parties) would fall by £0.1 million from £17.5 million to £17.4 million (PV, 2022/23 prices). This is not included in the NPSV as it is a direct transfer from the Home Office to children, their families and third parties.
122. Assuming the behavioural response leads to 40 per cent of applications for citizenship also applying for a fee waiver, causes the central estimate for the **NPSV to fall by £19.7 million from -£64.8 million to -£84.5 million** (PV, 2022/23 prices).
123. Transfers (foregone revenue transferred from the Home Office to children, their families, and third parties) would increase by £0.1 million from £17.5 million to £17.6 million (PV, 2022/23 prices). This is not included in the NPSV as it is a direct transfer from the Home Office to children, their families and third parties.

1.2 Proportion of sections of baseline applications that would apply for a fee waiver

124. To understand the degree to which the assumptions around the proportions of each section of baseline applications who would apply for a fee waiver, detailed in Tables 3 and 4, affects results,

sensitivity analysis has been carried out to estimate how the NPSV of the policy would change if the proportions are varied within the range used for the central scenarios, while holding other variable assumptions used within the central scenarios constant at their central values, detailed in Table 18.

125. Assuming the proportions of each section of baseline applications are 50 per cent lower, causes the central estimate for the NPSV to fall by **£3.4 million from -£64.8 million to -£68.3 million** (PV, 2022/23 prices).
126. Transfers (foregone revenue transferred from the Home Office to children, their families and third parties) would fall by **£8.5 million from £17.5 million to £8.9 million** (PV, 2022/23 prices). This is not included in the NPSV as it is a direct transfer from the Home Office to children, their families and third parties.
127. Assuming the proportions of each section of baseline applications are 50 per cent higher, causes the central estimate for the NPSV to rise by **£3.4 million from -£64.8 million to -£61.4 million** (PV, 2022/23 prices).
128. Transfers (foregone revenue transferred from the Home Office to children, their families and third parties) would rise by **£8.5 million from £17.5 million to £26.0 million** (PV, 2022/23 prices). This is not included in the NPSV as it is a direct transfer from the Home Office to children, their families and third parties.

1.3 Proportion of the estimated 215,000 undocumented children who would apply annually

129. To understand the degree to which the assumption around the proportion of the estimated 215,000 undocumented children in the UK, who would apply for child citizenship as a result of the introduction of a fee waiver annually, detailed in paragraph 52, affects results, sensitivity analysis has been carried out to estimate how the NPSV of the policy would change if the proportions are varied within the range used for the central scenarios (5 to 15%), while holding other variable assumptions used within the central scenarios constant at their central values, detailed in Table 18.
130. Assuming the proportion of the estimated 215,000 undocumented children in the UK that would apply for child citizenship as a result of the introduction of a fee waiver annually to be 5 per cent, causes the central estimate for the NPSV to rise by **£15.0 million from -£64.8 million to -£49.9 million** (PV, 2022/23 prices).
131. Transfers (foregone revenue transferred from the Home Office to children, their families, and third parties) would fall by £0.1 million from £17.5 million to £17.4 million (PV, 2022/23 prices). This is not included in the NPSV as it is a direct transfer from the Home Office to children, their families and third parties.
132. Assuming the proportion of the estimated 215,000 undocumented children in the UK that would apply for child citizenship as a result of the introduction of a fee waiver annually to be 15 per cent, causes the central estimate for the NPSV to fall by **£12.0 million from -£64.8 million to -£76.8 million** (PV, 2022/23 prices).
133. Transfers (foregone revenue transferred from the Home Office to children, their families, and third parties) would rise by £0.1 million from £17.5 million to £17.6 million (PV, 2022/23 prices).. This is not included in the NPSV as it is a direct transfer from the Home Office to children, their families and third parties.

H.2 Altering fixed assumptions

2.1 Baseline volumes

134. Given the degree of uncertainty over the estimated baseline volumes, sensitivity analysis has been carried out to estimate how the NPSV of the policy would change if the baseline volumes were higher

or lower than that used in the central scenarios, while holding all variable assumptions used within the central scenarios constant at their central values, detailed in Table 18.

135. Assuming baseline volumes are 40 per cent lower causes the central estimate for the NPSV to rise by **£12.4 million from -£64.8 million to -£52.4 million** (PV, 2022/23 prices).
136. Transfers (forgone revenue transferred from the Home Office to children, their families and third parties) would fall by **£6.9 million from £17.5 million to £10.6 million** (PV, 2022/23 prices). This is not included in the NPSV as it is a direct transfer from the Home Office to children, their families and third parties.
137. Assuming the baseline volumes are 40 per cent higher causes the central estimate for the NPSV to fall by **£12.4 million from -£64.8 million to -£77.2 million** (PV, 2022/23 prices).
138. Transfers (forgone revenue transferred from the Home Office to children, their families and third parties) would rise by **£6.9 million from £17.5 million to £24.4 million** (PV, 2022/23 prices). This is not included in the NPSV as it is a direct transfer from the Home Office to children, their families and third parties.

2.2 Fee waiver grant rate

139. Given the degree of uncertainty over the assumed fee waiver grant rate, sensitivity analysis has been carried out to estimate how the NPSV of the policy would change if the grant rate was higher (73%) or lower (53%) than that used in the central scenarios (63%), while holding all variable assumptions used within the central scenarios constant at their central values, detailed in Table 18.
140. Assuming the fee waiver grant rate is 10 percentage points lower (53%) causes the central estimate for the NPSV to rise by **£5.7 million from -£64.8 million to -£59.1 million** (PV, 2022/23 prices).
141. Transfers (forgone revenue transferred from the Home Office to children, their families and third parties) would fall by **£2.8 million from £17.5 million to £14.7 million** (PV, 2022/23 prices). This is not included in the NPSV as it is a direct transfer from the Home Office to children, their families and third parties.
142. Assuming the fee waiver grant rate is 10 percentage points higher (73%) causes the central estimate for the NPSV to fall by **£5.7 million from -£64.8 million to -£70.5 million** (PV, 2022/23 prices).
143. Transfers (forgone revenue transferred from the Home Office to children, their families and third parties) would rise by **£2.8 million from £17.5 million to £20.3 million** (PV, 2022/23 prices). This is not included in the NPSV as it is a direct transfer from the Home Office to children, their families and third parties.

2.3 Stock of undocumented children

144. Given the degree of uncertainty over the stock of undocumented children in the country, with the January 2020 Mayor of London study estimating a range of between 190,000 and 241,000, sensitivity analysis has been carried out to estimate how the NPSV of the policy would change if the stock of undocumented children was higher (241,000) or lower (190,000) than that used in the central scenarios (215,000), while holding all variable assumptions used within the central scenarios constant at their central values, detailed in Table 18.
145. Assuming the stock of undocumented children in the UK to be 190,000 causes the central estimate for the NPSV to rise by **£3.6 million from -£64.8 million to -£61.2 million** (PV, 2022/23 prices).
146. Assuming the stock of undocumented children in the UK to be 241,000 causes the central estimate for the NPSV to fall by **£3.7 million from -£64.8 million to -£68.6 million** (PV, 2022/23 prices).
147. In both these cases, transfers (forgone revenue transferred from the Home Office to children, their families and third parties) would remain constant at **£17.5 million** (PV, 2022/23 prices). This is not

included in the NPSV as it is a direct transfer from the Home Office to children, their families and third parties.

2.4 Surge proportions

148. Given the degree of uncertainty over the assumed surge proportions, sensitivity analysis has been carried out to estimate how the NPSV of the policy would change if the surge proportions were higher or lower than those used in the central scenarios, while holding all variable assumptions used within the central scenarios constant at their central values, detailed in Table 18.
149. Assuming the surge proportion is 50 per cent lower causes the central estimate for the NPSV to rise by **£2.4 million from -£64.8 million to -£62.5 million** (PV, 2022/23 prices).
150. Assuming the surge proportion is 50 per cent higher causes the central estimate for the NPSV to fall by **£2.4 million from -£64.8 million to -£67.2 million** (PV, 2022/23 prices).
151. In both these cases, transfers (forgone revenue transferred from the Home Office to children, their families and third parties) would remain constant at **£17.5 million** (PV, 2022/23 prices). This is not included in the NPSV as it is a direct transfer from the Home Office to children, their families and third parties.

2.5 Unit cost of processing a fee waiver application

152. Given the degree of uncertainty over the estimated unit cost of processing a fee waiver application, which the Home Office has estimated to be between £170 and £195, sensitivity analysis has been carried out to estimate how the NPSV of the policy would change if the unit cost of processing a fee waiver was higher (£195) or lower (£170) than that used in the central scenarios (£177), while holding all variable assumptions used within the central scenarios constant at their central values, detailed in Table 18.
153. Assuming the unit cost of processing a fee waiver application to be £170 causes the central estimate for the NPSV to rise by **£1.1 million from -£64.8 million to -£63.7 million** (PV, 2022/23 prices).
154. Assuming the unit cost of processing a fee waiver application to be £195 causes the central estimate for the NPSV to fall by **£2.9 million from -£64.8 million to -£67.8 million** (PV, 2022/23 prices).
155. In both these cases, transfers (forgone revenue transferred from the Home Office to children, their families and third parties) would remain constant at **£17.5 million** (PV, 2022/23 prices). This is not included in the NPSV as it is a direct transfer from the Home Office to children, their families and third parties.

I. Direct costs and benefits to business calculations

156. The business net present value (BNPV) for this policy has not been calculated as the proposed policy is not expected to have an impact on business. The exception to this could be the potential effects on immigration advice firms and charities, a risk detailed in paragraphs 102 to 104.

J. Wider impacts

157. There may be a number of wider impacts associated with changes in migration to and settlement in the UK. A report by the Migration Advisory Committee (MAC) from 2012 on the 'Analysis on the

Impact of Migration'⁶ recommends that, among others, key factors to consider when appraising migration and settlement policies are:

- 'Dynamic effects' on the UK labour market and economy.
- Impact on employment and employability of UK workers.
- The net public finance and public service impacts of migrants.
- Congestion impacts of migration, including impacts on transport networks and the housing market.

158. This policy affects individuals under the age of 18 years, and it is likely that initial labour market impacts would be low, however in the future, given that a proportion of children who receive citizenship gain the right to work as a result, there could be some dynamic effects on the UK labour market. This is because the MAC highlighted, when researching the impact of EEA migration⁷, that overall there is no evidence that EEA migration has reduced employment opportunities/wages for residents, no evidence that migration has reduced training opportunities for UK born, and some evidence that higher skilled migrants can have positive innovation/productivity impacts. Given that applicants must be under the age of 18 years to apply for child citizenship, a large proportion of the potential impacts would likely accrue outside of the five-year appraisal period.
159. Children granted citizenship gain access to the full range of UK public services, which they may not have had prior access to depending on their initial immigration status, and therefore there could be some impact on public service provision, with the majority potentially outside of the 5-year appraisal period. The vast majority of child citizenship applications are from individuals already within the country, and therefore the impact on congestion is likely minimal and would only result in a change if the granting of citizenship leads more individuals to stay within the country i.e. gaining citizenship increases their propensity to stay. The MAC acknowledges that the wider dynamic effects and congestion impacts are not possible to quantify, and also the potential increased propensity to stay within the UK if granted citizenship is not known, so this IA does not attempt to measure these wider impacts.

K. Trade impact

160. The introduction of an affordability fee waiver for child citizenship applications is not expected to impact trade or investment.

L. Monitoring and evaluation

161. The policy is expected to be implemented from Q2 2022/23, following a change to the Immigration Rules.
162. The impact will be monitored by the Home Office to ensure that the fee waiver is being used and whether this is done by the individuals most in need of it, measured by fee waiver take up.
163. Monitoring will be undertaken with support, as appropriate, from other government departments. The Home Office will maintain open lines of communication with applicants via email and may also receive feedback as part of its normal visa issuing processes, through its public enquiry lines, and through formal correspondence with interested parties.
164. After five years there will be an evaluation of this policy, in October 2025. Due to the inherent uncertainty set out above, evaluation could be justified before the end of the five-year period.

⁶ Migration Advisory Committee (2012) "Analysis on the Impact of Migration"
<https://www.gov.uk/government/publications/analysis-of-the-impacts-of-migration>

⁷ Migration Advisory Committee (2018) "EEA migration in the UK: Final report"
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/741926/Final_EEA_report.PDF

Annexes

Annex 1. – Citizenship Eligibility and British Nationality Act 1981 Sections

There are two main routes through which children can apply for British citizenship: citizenship via entitlement and citizenship via discretion of the Home Secretary, some subgroups of these are charged and some are non-charged, where relevant non-charged routes are denoted by a * and flagged in the descriptive text.

Citizenship via entitlement: If a child has an entitlement to citizenship this means they have a right under British Nationality law to apply and be registered as a British citizen. When applying they must state which section of the British Nationality Act 1981 they are applying under and provide supporting evidence.

Citizenship via discretion of the Home Secretary: If a child is applying under the discretion of the Home Secretary, they must show that they meet existing criteria that the Home Secretary has agreed should allow a child to be registered as a British citizen. In the case a child does not fully meet these existing criteria, they can demonstrate that it would be right for the Home Secretary to exceptionally allow them to be registered as a British citizen due to the compelling nature of their circumstances.

1. Subgroups with a legal entitlement to registration as a British citizen

The following section details the different subgroups of children with a legal entitlement to registration as a British citizen, differentiating them into cohorts via the section of the British Nationality Act 1981 under which they are eligible to apply. Other requirements outside of the requirements detailed here apply to applications under the following sections and these simplified explanations for the purposes of this IA should not be interpreted as application guidance.

Children born in the UK:

Section 1(3) – Children born in the UK whose parents are not British citizens and were not settled in the UK have an entitlement to register for citizenship once one of their parents become settled in the UK or becomes a British citizen.

Section 1(3A) – Children born in the UK on or after 13 January 2010 whose parents are not born British citizens and were not settled in the UK have an entitlement to register for citizenship if either parent becomes a member of the UK armed forces.

Section 1(4) – Children born in the UK whose parents are not British citizens and were not settled in the UK, who are 10 years of age or over and have spent the first 10 years of their life in the UK (without having spent more than 90 days outside the UK in each of the first 10 years of their life) have an entitlement to register for citizenship.

Schedule 2, paragraph 3 – Stateless children born in the UK – Children born in the UK who were stateless when they were born, who have always been stateless, who have been in the UK for the previous 5 years (without having spent more than 450 days outside the UK in the last 5-year period) have an entitlement to register for citizenship.

Children born abroad to British parents:

Section 3(2) – Children born outside the UK, who had at least one parent who was a British citizen by descent at the time of their birth, with the mother or father of that parent (the child's grandparent) having been a British citizen otherwise than by descent at the time of the parent's birth. If these children's British citizen by descent parent has lived in the UK for a continuous period of 3 years at any time before the child's birth (without having spent more than 270 days outside the UK in this 3-year period) they have an entitlement to register for citizenship. If the child is stateless then the 3-year residence requirement for the parent does not need to be met.

Section 3(5) – Children born outside the UK, who had at least one parent who was a British citizen by descent at the time of their birth, who have lived in the UK with their mother and father for the

prior 3-year period (without having spent more than 270 days outside the UK in this 3-year period) have an entitlement to register for citizenship.

Schedule 2, paragraph 4 – Stateless children born outside the UK – Children born outside the UK who were stateless when they were born who have always been stateless, who have been in the UK for the previous 3 years (without having spent more than 270 days outside the UK in the last 3 year period) and who had a British citizen parent at the time of their birth have an entitlement to register for citizenship.

Children born abroad to a parent serving as a member of the UK armed forces:

Section 4D – Children born outside of the UK on or after 13 January 2010, who had at least one parent serving as a member of the UK armed forces at the time of their birth have an entitlement to register for citizenship.

Children whose parents were not married:

***Section 4G** – Children born before 1 July 2006 who would have become British automatically had their parents been married have an entitlement to register for citizenship. Applications under this section are not charged and therefore the introduction of an affordability fee waiver would not impact this section.

***Section 4F** – Children born before 1 July 2006 who could now meet the requirements for Section 1(3), 3(2) or Section 3(5) had their parents been married have an entitlement to register for citizenship. Applications under this section are not charged and therefore the introduction of an affordability fee waiver would not impact this section.

2. Subgroups eligible to apply for registration as a British citizen under the Home Secretary's discretion

The following section details the different subgroups of children who are eligible to apply for registration as a British citizen under the Home Secretary's discretion, differentiating them into cohorts via which of the Home Secretary's agreed criteria they are eligible to apply under. Note all subgroups eligible to apply under the Home Secretary's discretion apply under the same section of the British Nationality Act 1981, Section 3(1), regardless of the agreed criteria under which they are eligible.

Children whose parents were not married:

Section 3(1) – Unmarried parents – Children born before 1 July 2006 to unmarried parents who would have had an automatic claim to citizenship, or an entitlement to registration under any of the other sections specified above, had their parents been married, can register for citizenship at the discretion of the Home Secretary.

Children born abroad to parents who are applying for British citizenship:

Section 3(1) – Family application – Children born outside the UK to parents who are applying for British citizenship can register for citizenship at the discretion of the Home Secretary.

Children whose parent or grandfather is/was in Designated or Community institution service:

Section 3(1) – Community institution or Designated service – Children whose parent or grandfather is or was in service which became Community institution or Designated service after their birth can register for citizenship at the discretion of the Home Secretary.

Children adopted abroad by British citizen parents:

Section 3(1) – Adoption – Children born and legally adopted abroad by British citizen otherwise than by descent parent(s) can register for citizenship at the discretion of the Home Secretary.

Children born to a parent who had renounced and has subsequently resumed British citizenship:

Section 3(1) – Parent temporarily renounced citizenship – Children whose parent(s) had renounced and subsequently resumed British citizenship, with the parent(s) becoming British citizens otherwise than by descent on resumption and the child having been born before the date of resumption can register for citizenship at the discretion of the Home Secretary.

Any other children born to British or non-British parents:

Section 3(1) – Any children born to British or non-British parents – Any children who do not have a legal entitlement to registration as a British citizen and who do not fully meet the Home Secretary's agreed criteria for discretion can still register for British citizenship at the discretion of the Home Secretary, providing they can demonstrate that it would be right for the Home Secretary to exceptionally allow them to be registered as a British citizen due to the compelling nature of their circumstances. In these cases, consideration will be given to a series of factors including: the child's connections to the UK, the parents Nationality and immigration status, the length of time the child has lived in the UK and any other compelling circumstances.

Impact Assessment Checklist

Mandatory specific impact test - Statutory Equalities Duties	Complete
<p>Statutory Equalities Duties</p> <p>The Secretary of State for the Home Department's (the Home Secretary) public sector equality duty has been considered in the course of developing the proposals that are the focus of this impact assessment. In summary, the main conclusions of these considerations are as follows:</p> <ul style="list-style-type: none"> Given that the proposed affordability waiver and local authority fee exception will only be available for those under the age of 18 years, these proposals represent differential treatment on the basis of age (relative to adults applying for registration or naturalisation). The department considers that this is justified on the basis that the characteristics and circumstances of the two groups are distinct, with many child applicants having either been born in the UK or spent the majority of their life in their country, and with several of the nationality routes that are open to children closing once they turn 18 years, creating a particular imperative to apply while still a minor. The difference in treatment is also justified with reference to the Home Secretary's Section 55 duty, which requires the Home Secretary to pay due regard to the need to safeguard and promote the welfare of children in the UK in exercising immigration and nationality functions, and which has specifically informed the review of the fee that has led to these changes. Possible indirect discrimination may arise as a result of varying levels of take-up of the proposed affordability waiver from different ethnic and religious groups. This is due to the differing financial circumstances of these groups, with for example Indians having much greater representation in upper income quintiles than Pakistani nationals, and with Pakistanis conversely having much greater representation in lower income quintiles (as evidenced by Department for Work and Pensions analysis of the financial circumstances of households by ethnicity between 2016 and 2019). It may be the case that Pakistani nationals (and other ethnic and corresponding religious groups with greater representation in lower income quintiles) apply and are successfully granted a fee waiver in greater numbers than other groups, and therefore derive greater benefit from introduction of the waiver. However, given that the policy intent of introducing the waiver is to facilitate access to citizenship for eligible applicants across different financial circumstances, any indirect discrimination arising as a result of this policy represents a proportionate means of achieving a legitimate aim and is therefore justified. <p>The SRO has agreed these summary findings of the Equality Impact Assessment.</p>	<p>Yes</p>