

IMMIGRATION WHITE PAPER

ANALYSIS OF KEY POLICY ISSUES – DECEMBER 2018

<u>Government proposal</u>	<u>Evaluation compared to CBI member views</u>		
	Positive	Neutral	Negative
Further consultation with business on the level of salary threshold			
Access to intermediate level skills by lowering skills threshold			
12-month temporary visa for lower-skilled labour			
“Ambitious changes” to remove bureaucracy, speed up and digitise employer sponsorship			
Removal of visa cap and resident labour market test			
Retention of immigration skills and health charges			
Enhanced post-study work offer to international students			
Mobility and migration in trade deals as well as business visitor activities			
In-country switching from visitor to work visa routes			
Bespoke Shortage Occupation Lists for devolved nations			
Reformed role for Migration Advisory Committee			
No specific proposals on addressing local impact of migration			
Retention of net migration target			

Summary of key policy issues

Level of salary threshold

- It is welcome that Government has not followed the Migration Advisory Committee’s (MAC) recommendation to retain the £30,000 salary threshold, however a salary threshold at some level seems inevitable. The White Paper states, “*before confirming the level of a future salary threshold we will want to engage extensively with businesses and employers, consider wider evidence of the impact on the economy and take into account current pay levels*” [6.25 p.48]
- This is a CBI ‘win’ as we understand previous drafts of the White Paper retained the £30k threshold.

- The White Paper commits to maintaining a Shortage Occupation List (SOL), however several benefits of being on this list will no longer be applicable under the proposed new system. Therefore, it remains unclear precisely what being on this means. But Government has indicated intention for greater flexibility on salary thresholds linked to skills shortages [3.6 p.29].

Lowering skills threshold

- Government has followed the MAC’s recommendation to lower the skills threshold from RQF Level 6 (graduate level) to RQF Level 3 (A level or equivalent).
- However, the impact of this will largely be dependent on the level of the new salary threshold. The MAC found 60% of RQF Level 3-5 roles would not meet the current £30,000 threshold.
- The skills threshold for intra-company transfers (ICT), which allow staff within a company to move from an international office to the UK, will not be lowered and will remain at RQF Level 6.

12-month temporary visa for lower-skilled labour

- For overseas workers earning below the new salary and skills thresholds Government proposes a temporary visa. This will allow migrant workers to carry out any role, with no salary or skill-requirements, but it will be strictly limited to 12-months with a further year cooling off period before workers can return to the UK.
- There will be no ability to switch to other visa routes (even if the criteria are met), access public funds, bring dependants or have a route to permanent settlement. But it will not be linked to an employer sponsor, so workers under this route will be free to move between jobs.
- This route is intended only as a transitional measure. There will be a full review in 2025 to consider if this route should remain open.
- Workers will have to pay a visa fee, which the Government intends to raise incrementally each year *“to incentives business to reduce their reliance on migrant labour”* [6.48 p.52].
- In addition to this route, the Government proposes a UK-EU Youth Mobility Scheme. This will allow employers to hire people aged 18-30, for up to two years, with no restrictions on the type of work.
- CBI members have expressed concern that only having a time-limited route will lead to an increase in ‘churn’ of lower-skilled workers, having a negative impact on productivity and local integration.

Reform of employer sponsorship and making the visa system digital

- Government propose *“ambitious changes”* for a *“reformed lighter-touch, risked-based approach... reducing the administrative burdens on employers”*. [6.34 p.50]
- The White Paper includes a welcome time pledge to *“process the vast majority of work visas within two to three weeks”* [6.40 p.51]
- However, it also makes clear that delivery of this new system will be *“phased in over time”* from 2021 [9.22, p.74]. Therefore, there is a risk that the system introduced the day after Free Movement ends remains similar to the current non-EU immigration system, thus failing to meet business needs.

Removal of visa cap and resident labour market test

- Government has followed the MAC’s recommendation to scrap both the cap on skilled visas (currently limited to 20,700 per year) and the resident labour market test (employers are currently required to advertise a job for 28 days before hiring from overseas).
- This is welcome and should significantly speed up the time it takes to obtain a work visa in comparison to the existing non-EU immigration system.

Retention of immigration skills and health charges

- Government has accepted the MAC’s recommendation to retain the Immigration Skills Charge for skilled visas, currently £1,000 per migrant, per year, paid by the employer. Government will also retain the Immigration Health Surcharge, currently £400 per year paid by the individual migrant.
- This represents a significant increase in the direct cost of hiring workers from the EU and therefore runs the risk of making the immigration system inaccessible to a large number of firms.

- The MAC also recommended reviewing the Immigration Skills Charge, including the level it is set. The Government is currently conducting this review internally.

International students

- Following the MAC report on international students and Tier 4 pilot scheme, the Government has increased the post-study leave period to 6 months for both postgraduate and undergraduate students. PhD students will have a 'built-in' post-study leave period of 12-months.
- International students will also be able to apply to switch into the skilled worker route up to 3 months before the end of their course, and for 2 years after graduation from outside the UK.
- Whilst many other countries still have a more generous post-study work offer, these proposed changes are a welcome step in the right direction for Higher Education institutions and employers.

Trade deals and business visitors

- The White Paper reconfirms the Government's intention to negotiate a Mobility Framework with the EU covering movement of people for the provision of services, intra-company transfers and business visitors. Similar arrangements could then be included in future trade deals with other third countries.
- However, the White Paper does not include migration rules and labour market access being on the table in trade talks. This will be key for securing good deals with many countries, for example India.
- Government want to discuss further with employers, and simplify the broader visitor rules, on precisely what short-term business activities visitors can carry out when in the UK.

In-country switching

- In a significant shift from the current non-EU immigration system, visitors from specified low risk countries (including Australia, Canada, Japan, USA, Singapore, South Korea and likely the EU) will be able apply for a work visa from within the UK.
- This is positive step increasing labour market flexibility by preventing people from having to leave the UK to make their applications and return at a later date.

Regional flexibility

- The White Paper makes a clear commitment that *"the future border and immigration system must be flexible enough... to reflect the diverse needs of all parts of the UK"* [2 summary, p.24].
- Scotland already has its own Shortage Occupation List (SOL) and the Government has asked the MAC to compile a separate list for Northern Ireland and consider one for Wales.
- This is welcome as it could lead to salary thresholds which better reflect the needs of devolved nations; *"the Government believes that in some circumstances – for example where skills are in shortage – there should be some flexibility to allow migration at lower salary levels."* [3.6, p.29]

Role of Migration Advisory Committee

- CBI has been calling for reform of the MAC in line with a model similar to that of the Low Pay Commission, so employers have formal role in the decision-making process of the body.
- The White Paper outlines an enhanced role for the MAC but is not specific. This *"could also include a change in its composition, status and remit. The Government will consider options..."* [3.13, p.32]

Local impact of immigration

- The White Paper states the Government accepts the MAC's recommendation to *"pay more attention to managing the consequences of migration at a local level"* [point 14 p.30].
- However, no specific proposals or further reference is made in the rest of the White Paper. This is concerning as addressing concerns about local impacts is essential for restoring public confidence.

Net migration target

- Whilst not directly referencing "tens of thousands", the White Paper states *"continued commitment to reduce annual net migration to sustainable levels as set out in the Conservative Party manifesto"* [p.8]. This is disappointing as a net target fails to account for the different contribution migrants make.

Questions the CBI is seeking member views on:

- **What salary threshold could the CBI accept which is politically achievable whilst still meeting your business's needs?**
- **Would a 12-month temporary visa for lower-skilled labour earning below the salary threshold meet your needs? If not, specifically why?**
- **What would be the impact of a £1,000 charge per year, per overseas worker on your business?**