

OPEN AND CONTROLLED

A NEW APPROACH TO IMMIGRATION AFTER BREXIT

AUGUST 2018



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EXECUTIVE SUMMARY

Maintaining access to people and skills is a high priority for business as the UK prepares to leave the European Union. This will be a momentous change. For nearly half a century, free movement has enabled businesses to draw on the talent, skills and labour of over 500 million people.

Immigration has delivered significant economic benefit to the UK in that time.¹ But it has also given rise to legitimate public concern about the pressure it creates on public services and in society. Business is clear that free movement of people will not continue on the same terms as it has before. Instead firms want to see reform to the UK's immigration system, ensuring it remains sufficiently open to support our economy but with enough control to build public trust and confidence. The stakes are high. Get it wrong, and the UK risks having too few people to run the health service, pick food crops or deliver products to stores around the country. We also risk harming our future as a global innovation hub, rooted in our longstanding ability to attract talented people the world over.

To inform this debate, the CBI is putting forward evidence based on extensive consultation with businesses of all sizes, in every sector and all parts of the UK. We held roundtables and surveyed hundreds of business leaders to inform our submission to the Migration Advisory Committee. Building on this evidence, we have also consulted with the UK's leading trade associations to understand the labour and skills requirements of different sectors that together make up the UK economy, themselves representing over 129,000 firms.

The findings from our research have enabled us to develop a set of recommendations for a reformed immigration system post-Brexit and are set out below. The CBI looks forward to working with Government to design the best immigration system possible – one that is both open and controlled – in the vital months ahead.

Main findings

- **Immigration is valuable to all sectors of the UK economy and delivers significant economic benefit.** Almost every credible economic study demonstrates that immigration delivers net benefits for the country. This CBI study suggests that EU workers currently make up between 4% and 30% of the total workforce in different sectors. The contribution of EU workers is profoundly important and will be needed in the future as we build new homes, infrastructure and seize the opportunities presented by the fourth industrial revolution. Putting migration on the table in future trade negotiations will also increase the chance of getting the best deal for the UK.
- **Most business sectors require a combination of skill levels and are inter-linked through supply chains, so a whole economy approach is required.** The needs are much more complex than only ensuring that the UK can attract the “brightest and best”. In just about every part of the economy a range of skills are required. Take housebuilding, which requires architects for the initial design, labourers to dig the foundations and electricians to help finish the job. Or the food and drink sector, where the variety comes through the supply chain starting with agriculture through to logistics and culminating in retail.

¹ *The Fiscal Impact of Immigration in the UK*, Dr Carlos Vargas-Silva, The Migration Observatory at The University of Oxford, May 2018. [Link](#).

- **Mobility is as important as migration, particularly for the UK economy where services play such a vital role.** Being able to move staff easily across Europe, often at short notice, has become an integral part of many firms' business models. These needs range from the provision of cross-border services, attending short-term meetings and trade shows through to longer-term training requirements. This movement can be both within a company and through posting to external firms, for example within supply chains.
- **The current non-EU immigration system is inaccessible for most firms and is not the solution for EU nationals.** For those businesses that need access to international labour, many have a strong reliance on EU workers. In part, this is because of geographic proximity. But largely it is because the immigration system for the rest of the world is highly complex, time consuming and expensive, particularly for small businesses. Even as things stand, the current constraints of the non-EU immigration system are harming our economy. So simply applying this, or a similar system to EU citizens would be entirely unworkable.
- **Businesses recognise that free movement is coming to an end and want to restore public trust in immigration.** Businesses want the UK's future immigration system to be predictable and uncontentious. A new system needs to feature sufficient controls and mitigate the impacts of immigration in society to build public trust and confidence. This is important to deliver a stable system that gives business the ability to plan with certainty.

Summary of recommendations

Build public trust in the UK's immigration system by shifting away from controlling numbers to assessing contribution and by investing in local public services where demand has been increased by migration:

1. Drop the net migration target and replace it with a system that increases control by ensuring that people coming to the UK make a positive contribution to the economy
2. Reform the Controlling Migration Fund so that local schools and hospitals receive extra funding where demand is increased by immigration

Reform the UK's non-EU immigration system so that firms can better access people and skills from around the world, not just the EU:

3. Simplify the process for obtaining a visa so that it is manageable for small companies, by making it easier to become a licensed sponsor or by removing the requirement altogether
4. Reform the Tier 2 visa route so that employers can access the range of skills that they need, not only graduates earning £30,000 or more
5. Scrap the Tier 2 visa cap to give businesses the certainty that workers will get a visa if they meet the Points Based criteria

Recognise the strong links between people and trade as the UK forges new economic relationships on the world stage:

6. Negotiate the simplest possible travel arrangements for all British and European citizens to avoid lengthy border delays at sea and air ports after Brexit
7. Preserve easy mobility of staff in our new relationship with the EU, including intra-company transfers, temporary postings and temporary business visits

8. Ensure that both mobility and migration are an integral part of all future trade deals that the UK negotiates with other parts of the world, starting with the EU

Replace free movement with a new open and controlled immigration system for EU citizens:

9. Establish a new system for EU immigration because extending the current non-EU immigration system would be entirely unworkable for business
10. Introduce compulsory registration for EU citizens soon after arrival in the UK
11. Restrict EU citizens' ability to stay to three months unless they can prove that they are working, studying or are self-sufficient
12. Secure through negotiation with the EU a new test linked to local labour market conditions, such as unemployment rates for specified professions, which would trigger prioritisation of local recruitment
13. Reinstate controls on access to in-work benefits agreed between the UK and the EU prior to the referendum
14. Continue to exempt EU workers from the Immigration Health Surcharge and the Immigration Skills Charge

Ensure that the transition to any new migration system is done with respect for people and in an orderly manner:

15. Legally guarantee the rights of EU citizens already in the UK, as set out in the draft Withdrawal Agreement, even in the event of a 'no deal' scenario
16. Shift the tone of the debate around immigration to focus on the positive benefits and send a signal that the UK is open for business and an attractive place to study, work and build a career
17. Ensure businesses have at least two years to adapt to any new immigration system, from the point at which new rules are known and formally agreed

SECTORS IN SUMMARY

The CBI has consulted extensively with hundreds of businesses of all sizes and from all parts of the UK on their need for access to people and skills from overseas. The CBI has also consulted with the UK's leading trade associations – from agriculture to tech – to understand the labour and skills requirements of different sectors that together make up the UK economy, themselves representing over 129,000 firms.

From these conversations and evidence, this paper presents snapshots of 18 sectors of the economy – outlining the key job roles that are currently filled by international workers and how any future immigration system must meet their specific needs. These are summarised in the table below and then set out in more detail sector-by-sector.

Sector	Access to overseas workers
Agriculture and Horticulture	<ul style="list-style-type: none"> • Key stat: 60,000 seasonal workers a year are needed to plant, pick, grade and pack over 9 million tonnes and 300 types of fruit, vegetable and flower crops in Britain • Why it matters: Migrant workers are essential for ensuring a safe and affordable domestic supply of food, and to sustain the economy in rural communities across Britain • What is required: Continued ability to hire the broad range of skills required, from vets to seasonal workers, including via the introduction of a new Seasonal Agricultural Labour Scheme outside the EU
Construction	<ul style="list-style-type: none"> • Key stat: Half of London's construction workforce are not from the UK, according to industry surveys • Why it matters: Without international labour, the UK can't build enough new homes and deliver on critical infrastructure projects • What is required: Access to overseas workers to fill roles ranging from manual labourers, to tradespeople with vocational skills, through to graduate engineers and architects
Creative Industries and Entertainment	<ul style="list-style-type: none"> • Key stat: 131,000 EU nationals work in the UK's creative industries, making up nearly 7% of the total workforce • Why it matters: International skills are key for continued production of world renowned music, shooting films and TV in the UK, and creating the next generation of video games • What is required: Access to overseas artists, producers, technicians as well as digital skills like programmers and software developers. Ability to hire international talent on a self-employed basis and continued mobility of staff to and from Europe
Education	<ul style="list-style-type: none"> • Key stat: Over half of economics and econometrics academic staff in higher education institutions are non-British – 36% EU and 29% non-EU • Why it matters: Diversity on campus is vital if the UK is to continue to have world-leading academic institutions and be an attractive place for all nationalities, including British nationals to work and study • What is required: Access to international academic and technical staff, along with a more positive tone and use of language within the UK immigration debate
Energy, Mining and Utilities	<ul style="list-style-type: none"> • Key stat: The energy industry employs over 700,000 people in the UK, directly and through its supply chain. Up to 5% of this workforce is from the EU, which is up to 35,000 people • Why it matters: People and skills from overseas are critical for reliable delivery of affordable electricity, gas and water to UK homes and businesses • What is required: An ability to hire overseas workers to fill roles ranging from HGV drivers, to specialist electrical engineers, to energy traders

Financial Services	<ul style="list-style-type: none"> • Key stat: Over 1 in 4 employees in banking and finance in London are non-UK citizens – 17% from the EU and 11% from the rest of the world • Why it matters: Access to international skills is key for the UK to remain a globally-competitive financial services hub • What is required: Continued easy mobility of staff to and from Europe, as well as for the UK to remain an attractive destination for European and international talent to work and live
Food and Drink	<ul style="list-style-type: none"> • Key stat: More than 85% of official veterinarians used to audit abattoirs in the UK are EU nationals according to the Food Standards Agency • Why it matters: Shortages in labour will result in higher food and drink prices – from the cost of the family supermarket shop going up to paying more for eating and drinking out • What is required: The ability to hire overseas workers to fill roles ranging from packing and sanitising, to technical skills like artisan butchery, to graduate level vets and flavourists
Healthcare	<ul style="list-style-type: none"> • Key stat: Between April 2017 and March 2018 there was a dramatic drop in nurses from the EU joining the Nursing and Midwifery Council register – 805 EU nurses and midwives joined the register compared with 6,382 the year before – a drop of 87% • Why it matters: Workers from abroad are critical to delivering safe and affordable patient care, from the point of diagnosis right through to recovery at home • What is required: The UK being an attractive destination where international nurses and doctors want to come work. An immigration system that grants access to all levels of skill, from brain surgeons to home care assistants.
Hospitality and Tourism	<ul style="list-style-type: none"> • Key stat: 96% of EU workers currently working within UK hospitality industry would not gain entry under the non-EU immigration system • Why it matters: If businesses in hospitality and tourism can't get the staff they need, investment will be curtailed, quality compromised and prices for business and leisure customers likely to increase • What is required: An option in the post-Brexit migration system for occupations that cannot be filled by the current non-EU system including chefs, baristas, bar and waiting staff, housekeepers, kitchen porters
Logistics, Haulage and Warehousing	<ul style="list-style-type: none"> • Key stat: 25% of staff, some 113,000 people, working in warehouses in the UK are EU nationals • Why it matters: Overseas workers are essential for the smooth delivery of goods within business supply-chains and efficient home delivery to consumers • What is required: Continued access to lorry drivers and warehouse staff from the EU, as well as temporary workers who are EU nationals to meet peaks in demand
Life Sciences	<ul style="list-style-type: none"> • Key stat: The proportion of non-UK employees working in biopharmaceutical companies in the UK ranges from 17% to 41%, with SMEs employing significantly higher proportions • Why it matters: International people and skills are integral to research collaboration and underpin scientific development across drugs, genomics and synthetic biology • What is required: An ability for overseas workers to fill a wide variety of roles from scientists and lab technicians, to entrepreneurs, marketing and regulatory experts. Easy mobility of staff between the UK and EU is equally vital
Manufacturing	<ul style="list-style-type: none"> • Key stat: Three-quarters of manufacturers employ at least one EU national in their business • Why it matters: Workers from overseas are required to keep production lines moving, exports growing and continued foreign direct investment in UK manufacturing

	<ul style="list-style-type: none"> • What is required: International workers are needed to fill a wide range of roles – from junior plant operatives, to experienced technicians, to mechanical engineers. Easy mobility of staff across Europe is also vital
Professional Services	<ul style="list-style-type: none"> • Key stat: 17,000 trips were taken by UK based employees to Europe and 10,000 by staff in European offices to the UK at a large accountancy firm over a recent 12-month period • Why it matters: Frictionless access to people and skills from Europe gives professional service firms based in the UK a competitive advantage over global rivals, creating more jobs here for British nationals and boosting UK service exports • What is required: Access to an international workforce to reflect the diversity of global clients and the ability to easily move staff both to and from the EU
Public Transport	<ul style="list-style-type: none"> • Key stat: Up to 20% of the railway industry’s workforce are EU nationals according to recent industry surveys • Why it matters: Workers from overseas keep trains, busses, ferries and planes moving; they are also vital for the delivery critical upgrades to the UK’s transport infrastructure • What is required: Access to EU workers to fill shortages of drivers, technicians and engineers. Simplest possible UK-EU border arrangements and sufficient resources to avoid queues at the border
Recruitment and Self-employed	<ul style="list-style-type: none"> • Key stat: Four out of five employers who employed seasonal or temporary staff in the last 12 months used EU workers • Why it matters: Overseas workers underpin the UK’s flexible labour market which is vital for job creation, business investment and competitiveness • What is required: EU workers must continue to be able to fill permanent, temporary and short-term roles via employment agencies. EU nationals must be able to come and take up work as self-employed freelancers. Migrant workers need the ability to move quickly between different jobs in different sectors
Retail	<ul style="list-style-type: none"> • Key stat: 170,000 EU nationals work across the retail industry, accounting for 6% of the direct retail workforce • Why it matters: Workers from abroad help ensure goods and services are provided to consumers on time, at an affordable price and via the delivery method that is most convenient • What is required: Full-time labour to staff distribution centres, through to data scientists to fill core skills gaps. An ability for EU workers to fill temporary roles to meet peaks in consumer demand. Easy mobility of staff across the Channel
Technology	<ul style="list-style-type: none"> • Key stat: EU nationals made up 17% of the technology sector’s employment growth from 2009 to 2015 • Why it matters: International skills help the UK to stay at the forefront of rapidly evolving technological change, which is critical for increasing productivity and prosperity across all regions • What is required: An immigration system dynamic enough to keep up with the ever changing nature of the industry and fill core digital skills across the economy
Telecommunications and Media	<ul style="list-style-type: none"> • Top statistic: Of the 1,100 broadcasting licences granted by Ofcom, an estimated 650 are for non-domestic services • Why it matters: International skills are needed for the successful delivery and roll out of 5G and the ‘internet of things’, as well as enabling European broadcasters to keep operating from the UK • What is required: Access to labour to dig up roads and lay cables, through to highly-specialist electrical engineers

Agriculture and Horticulture

Key stat: 60,000 seasonal workers a year are needed to plant, pick, grade and pack over 9 million tonnes and 300 types of fruit, vegetable and flower crops in Britain²

Why it matters: Migrant workers are essential for ensuring a safe and affordable domestic supply of food, and sustaining the economy in rural communities across Britain

What is required: Continued ability to hire the broad range of skills required, from vets to seasonal workers, including via the introduction of a new Seasonal Agricultural Labour Scheme outside the EU

UK farming relies heavily on a large number of workers from overseas – both seasonal and permanent. 11% of total employment in the agriculture, forestry and fishing sector came from outside the UK in 2016, with 7% specifically coming from Eastern European countries that joined the EU in 2004.² The industry is extremely diverse, with some sub-sectors having a much higher dependency on overseas workers. For example, 56% of dairy farmers surveyed in 2016 said they had employed labour from overseas in the last five years. Also 35% to 40% of staff on farms in the egg industry are from the EU.³ The range of permanent agricultural jobs that are filled by non-UK workers is wide and varied – from highly-skilled vets, to semi-skilled dairy assistants, to lower skilled workers in the pig sector.

The seasonal nature of the agricultural industry is particularly acute. The horticulture sector alone requires 60,000 seasonal workers to plant, pick, grade and pack crops – meeting the industry's peak demand for labour at certain times of year, 75% of which currently come from Bulgaria and Romania.⁴ Migrant workers also move within the UK as the season progresses for different crops to address labour requirements in different regions, for example starting off picking daffodils in Cornwall in February through to Scottish raspberries in September. More labour is also needed to meet the spike in consumer demand for turkeys and other birds in the run up to Christmas. 58% of seasonal workers in poultry sector production are from outside the UK.⁵ Despite no change in EU immigration policy, there was a shortage in seasonal workers coming to work on farms of 12.5% in 2017.⁶ This trend has continued in 2018, prompting accurate newspaper headlines of 'food being left to rot in the fields'.⁷ The need for seasonal labour extends beyond food production. Ornamental horticultural production of plants, shrubs and trees is equally labour intensive and seasonal by nature. A new Seasonal Agricultural Labour Scheme is urgently needed to help fill labour shortages with seasonal workers from outside the EU.

Automation is not the answer despite being widely cited as a solution to farming's labour needs. One horticultural provider to national supermarkets in the East of England said that whilst they have been able to automate more of the process for harvesting iceberg lettuces and celery, it is not possible for other crops like spring onions. This is due to the delicate nature of the specific crop and the required technology not being available yet. This

² *Vision for the future of farming: access to a competent and flexible workforce*, NFU, July 2017. [Link](#).

³ *Ibid*

⁴ *Ibid*

⁵ *Ibid*

⁶ *NFU Labour Force Surveys*, NFU, 2017.

⁷ *Lack of migrant workers left food rotting in UK fields last year, data reveals*, Guardian, February 2018. [Link](#).

horticultural business has already trialled importing African spring onions over the summer, in case they aren't able to source the seasonal labour they require in the UK.

Agriculture is the bedrock of the wider UK food and drink supply chain, providing raw materials for this key manufacturing sector. Access to labour is an issue that extends well beyond the farm gate, with a reduction in the supply of labour in either sector having a major knock on impact for the other.

Construction

Key stat: Half of London's construction workforce are not from the UK, according to industry surveys¹⁰

Why it matters: Without international labour, we can't build enough new homes and deliver on critical infrastructure projects

What is required: Access to overseas workers to fill roles ranging from manual labourers, to tradespeople with vocational skills, through to graduate engineers and architects

Workers from outside the UK make an important contribution to the construction sector, accounting for 15% of the total workforce.⁸ Over half (51%) of these are born in new member state EU countries.⁹ London has a particularly high dependence, with 50% the construction workforce in the capital being born overseas.¹⁰ Whilst firms in other regions are less directly dependent on overseas labour, they are concerned about knock-on skills shortages in future if the capital and South East draw in workers from around the UK to fill roles currently occupied by migrants.

Overseas workers fill roles across the full range of skill levels within the construction industry – from general labourers (40%), to technical and vocational skilled tradespeople like carpenters (11%), plant and machine operatives (7%) and bricklayers (8%), through to graduate level roles including architects (16%) and civil engineers.¹¹ All of these roles are needed for the delivery of a construction project. As migrants progress within the industry many move into management positions, with almost 5% now being directors, managers or supervisors.¹²

Workers within the construction industry at all skill levels are often independent contractors or self-employed. The new migration system must enable European workers to move swiftly and easily between working on different projects, often for different clients. Replicating a sponsorship model linked to an individual employer, or having to carry out a new resident labour market test each time a worker from the EU moves to work on a new project, will not meet the needs of the construction industry. To deliver the materials needed the construction industry also relies on HGV drivers within its wider supply-chain.

If the UK is to build half a million more new homes by the end of 2022 and deliver critical infrastructure projects – including High Speed 2, Northern Powerhouse Rail and the expansion of Heathrow – then the construction industry will require continued access to EU workers to plug core skills gaps and fill labour shortages.

⁸ *EEA-workers in the UK labour market: Annexes*, Migration Advisory Committee, March 2018. [Link](#).

⁹ *Migration in the UK construction industry and built environment sector – Full report*, CITB, July 2018. [Link](#).

¹⁰ *Ibid*

¹¹ *Ibid*

¹² *Ibid*

Creative Industries and Entertainment

Key stat: 131,000 EU nationals work in the UK's creative industries, making up nearly 7% of the total workforce¹³

Why it matters: International skills are vital for continued production of world renowned music, shooting films and TV in the UK, and creating the next generation of video games

What is required: Access to overseas artists, producers, technicians; as well as digital skills like programmers and software developers. Ability to hire international talent on a self-employed basis and continued mobility of staff to and from Europe

The UK is a world leader in producing creative content and exporting this around the world – from music to film to video games. This success is highly-dependent on the ability to attract international talent, both from the EU and beyond. Workers from overseas reflect the global nature of the industry and help to fill core skill shortages. A wide range of skills and roles are required within the industry. EU nationals make vital contributions at all levels, from creating the initial idea through to delivering how the content is heard, seen or played by the consumer. 57% of firms in the games industry employ EU workers and they make up a third of these companies' overall headcount.¹⁴ In the music industry, 10% of workers in the UK hold an EU passport.¹⁵ European artists, songwriters and composers come to record in UK based studios and collaborate with British artists. Talented classical European musicians make an important contribution to British orchestras. On the commercial side, many European music managers base themselves in the UK to manage international artists. International record companies that operate in the UK require the knowledge of overseas markets and language skills that foreign workers bring. Putting on live music events, from the Glastonbury Festival to the SSE Hydro in Glasgow, requires access to lower-skilled workers for stewarding and security. EU nationals play an important role in meeting this demand for labour.

Digital skills are vital for the success of the creative industries. The UK is already facing a shortage of digital skills across visual effects and 2D/3D computer animation for the film, television and video games sectors. The Migration Advisory Committee have graphic design, programming and software developer roles on the Shortage of Occupation List. These roles receive priority within the non-EU immigration system as a result. Making it harder to recruit EU nationals to fill these roles after Brexit would exacerbate these shortages. The importance of digital skills is set to rise with creative content increasingly being accessed online. High profile examples include the rapid rise of Spotify for music streaming and Netflix for TV and film.

Self-employed and freelance workers play a massive role in the Creative Industries. They make up 35% of the overall creative sector and 33% of its EU workers specifically.¹⁶ Self-employed workers account for up to 70% in music and performing arts; 61% in design and designer fashion; and 38% in film, TV, video, radio and photography.¹⁷ Any new post-Brexit immigration system must enable the sector to continue to hire self-employed and freelance workers from the EU.

¹³ *Department for Culture Media and Sport (DCMS) response to Migration Advisory Committee*, October 2017. [Link](#).

¹⁴ *State of play: The UK games industry's priorities for the EU negotiations*, UKIE, March 2017. [Link](#).

¹⁵ *2016 UK Music Diversity Survey in Measuring Music: 2017 Report*, UK Music. [Link](#).

¹⁶ *DCMS Economic Estimates: Employment and Trade, 2017*. [Link](#).

¹⁷ *Ibid*

Mobility of workers to and from Europe is also critical for the sector. UK musicians and production crews can tour Europe to give live performances, and vice-versa. This is a key part of promoting their work and raising revenue. Actors and film crews must be able to easily move between Europe and the UK to shoot on sets in multiple locations. If this mobility was restricted, it would negatively impact UK based film studios. The advertising industry needs to be able to send photographers to shoot specific photos in European locations at short notice. Current levels of mobility must be preserved in negotiations with the EU.

Education

Key stat: Over half of economics and econometrics academic staff in higher education institutions are non-British – 36% EEA and 29% non-EU¹⁸

Why it matters: Diversity on campus is vital if the UK is to continue to have world-leading academic institutions and be an attractive place for all nationalities, including British nationals to work and study

What is required: Access to international academic and technical staff, along with a more positive tone and use of language within the UK immigration debate

EU nationals make a vital contribution to the education sector, making up 17% of all academic staff in UK higher education institutions,¹⁸ and 4% of teachers in Further Education.¹⁹ Education institutions seek to recruit the best staff regardless of nationality. Highly-specialised roles mean there are only a handful of world leading experts, ranging from theoretical astrophysicists to scholars of ancient Greek. The international nature of research and collaboration means the education sector relies on ‘brain circulation’ of academic staff from all over the world. This has increased the UK’s global research standing and the impact of this research.²⁰ The diversity of ideas, knowledge and culture which international staff bring enhances the education and training of the next generation of British workers. Both staff and students now expect a global feel to education. This includes the ability to travel easily to academic institutions abroad. If immigration rules make this harder to create in the UK, then leading academics are likely to look to work abroad. EU researchers work with regional businesses by helping them to develop practical applications for the latest technology, in turn boosting UK productivity. At Aston University, a high-proportion of EU academics and research fellows work with local SMEs to develop practical applications of photons (particles of light). These range from data storage and broadband communications, to medical diagnostics.²¹

But it is not only academic staff that matter to the sector. EU nationals in roles like lab technicians and language assistants underpin the delivery of teaching and make a significant contribution to research. The majority of EU technicians would not be eligible to work in the UK under the Tier 2 system, on the basis of both salary and skill level. These roles are not unskilled and often highly specialist. EU technical staff must continue to be able to come and contribute to UK education under a post-Brexit immigration system.

¹⁸ *Universities and Colleges Employers Association (UCEA) response to Migration Advisory Committee, October 2017. [Link](#).*

¹⁹ *Department for Education response to the Migration Advisory Committee, December 2017. [Link](#).*

²⁰ *International comparative performance of the UK research base 2016, BEIS and Elsevier, 2017. [Link](#).*

²¹ *Universities and Colleges Employers Association (UCEA) response to Migration Advisory Committee, October 2017. [Link](#).*

The sector also requires a post-study work route for international students that is fit for purpose. The UK is second only to the US as a destination for overseas students – reflecting the strength and reputation of our world-class higher education sector. Yet research by Universities UK International shows that there is a strong positive correlation between post-study work options and the growth of international student enrolments.²² To support *Global Britain* and ensure that the UK retains a leading share of international students, reform is required to give students from the likes of India and China more time to find work in the UK after they graduate. Similar restrictions on post-study work for EU students must be avoided post-Brexit.

The UK must be an attractive destination where international students and staff want to come. Leading academics are one of the most globally mobile professions, with multiple education institutions around the world competing for their services. Since the referendum result, multiple higher education institutions have told the CBI that they've found it harder to attract top international staff to the UK. A more positive tone and language in the debate surrounding immigration in the UK is needed to ensure education institutions can attract world leading academics and valuable international students.

Energy, Mining and Utilities

Key stat: The energy industry employs over 700,000 people in the UK, directly and through its supply chain. Up to 5% of this workforce is from the EU/EEA, which is around 35,000 people.²³

Why it matters: People and skills from overseas are critical for reliable delivery of affordable electricity, gas and water to UK homes and businesses

What is required: An ability to hire overseas workers to fill roles ranging from HGV drivers, to specialist electrical engineers, to energy traders

From extraction of raw materials to the delivery of electricity to homes and businesses, overseas workers play a key role across all skill levels in supporting the UK's energy industry. Common examples include:

- Non-graduate roles like crewing emergency vessels in the North Sea, without which offshore oil and gas platforms can't operate;
- Specialised power system and commissioning electrical engineers, required to keep power flowing across the UK's network; and
- Wholesale energy traders and analysts, whose work requires experience of interconnected European markets.

Firms are struggling to find these skills among UK workers so turn to EU nationals to plug the gap. Energy companies operating in the UK are often international. Their success is dependent on having access to diverse workforce that stems from a wide pool of European and global talent. The ability to easily move staff across borders between sites, plants and offices is equally important for the energy industry. For example, specialist engineers to fix rigs or pipelines in upstream and sales executives in downstream.

As the sector invests in new infrastructure to support the UK's transition to a low carbon society, it is competing with the construction sector for a core set of engineering skills, tradespeople and manual labour. These are often contracted through third parties. A prime example is the construction of Hinkley Point C, a new nuclear build project in Somerset. At

²² *Universities UK International: Five Little-Known Facts About International Student Mobility to the UK*, July 2018. [Link](#).

its peak, this will require a workforce on-site of 5,600 and will incorporate at least 25,000 individual roles over the course of the project.²³ Key roles that overseas workers will be required to fill include electricians, welders, steel fixers, and ground workers. These skills are transferable across infrastructure projects and the sector is competing with the likes of Crossrail, Heathrow Expansion and High Speed 2. Constructing a new nuclear power plant also relies on specialist expertise. The UK has not built a new plant in over 20 years, therefore a range of niche skills are needed that will require some overseas labour support. These include fabrication, installation and commissioning of nuclear power station components. Another area where a high number of skilled workers is needed is the rollout of smart meters to every home and business by 2020. The sector has already increased investment in specific relevant training for domestic workers, but even so, the British workforce alone will not be enough to deliver the programme within its allocated timeframe.

Looking beyond energy and utilities, EU workers are equally important for the quarrying and distribution of mineral products. They help to fill vacancies in non-graduate technical skills – for example operating quarrying machinery or manning a weighbridge. Over half of all EU workers within the sector are specifically in logistics and haulage,²⁴ largely as HGV drivers which are in shortage, particularly in London and the South East. Over a million tons of mineral products are transported via road every day, placing a significant demand on HGV drivers.²⁵ Materials from aggregates and asphalt, to cement and concrete, form a key part of the construction industry's supply chain. If the construction industry can't access the people and skills it needs from overseas, this will have an impact down through the supply chain. The end result will be to reduce the UK's ability to build new homes and deliver major infrastructure projects, with a knock on fall in demand for mineral products.

Financial Services

Key stat: Over 1 in 4 employees in banking and finance in London are non-UK citizens – 17% from the EU and 11% from the rest of the world²⁶

Why it matters: Access to international skills is key for the UK to remain a globally-competitive financial services hub

What is required: Continued easy mobility of staff to and from Europe, as well as for the UK to remain an attractive destination for European and international talent to work and live

The UK is world-leading centre for financial services. The ability to be a global hub is built on the foundation of access to a wide pool of international talent, both from the EU and around the world. EU nationals add value to financial services in the UK at every level – from a junior analyst at the beginning their career right up to CEO. Financial services are the single largest UK service export, making up almost 13% of total exports.²⁷ Exporting these services from the UK requires access to international workers with innate knowledge of overseas markets and fluent foreign language skills. To continue being a global leader in financial services – whether it is trading equities or debt instruments, or serving international clients – the UK must have continued easy access to people and skills from the EU. From banking and insurance, to asset management and payments, all types of

²³ *Energy UK submission to Migration Advisory Committee*, Energy UK, October 2017. [Link](#).

²⁴ *Mineral Products Association submission to Migration Advisory Committee*, Mineral Products Association, March 2017. [Link](#).

²⁵ *Ibid*

²⁶ *The UK's future immigration system and access to talent*, TheCityUK and EY, May 2018. [Link](#).

²⁷ *International trade in services, UK: 2016*, ONS, January 2018. [Link](#).

financial services firms benefit from the added diversity that EU nationals bring to their workforce. But it is not just about access to well-paid traders or executives. The sector also relies on EU nationals to fill critical non-graduate roles across the UK – from customer service roles in bank branches on the high street, to call centre staff at credit card and insurance companies. The digitisation of the sector is also increasing demand for digital skills, from the rapid development of online retail banking to the fast growing FinTech sector and emergence of AI and blockchain technology. The sector is therefore increasingly competing with other sectors for core technology skills like programming, data analytics, machine learning and cybersecurity.

Just like other professional services, the continued ability for firms to easily move staff to and from Europe is critical for the UK's financial sector to continue to grow. Whether to fill skills shortages, short-term trips to meet European clients, secondments to learn best practice from European colleagues, or graduates rotating between European offices – continued mobility across the Channel on a frictionless basis after Brexit is vital. The UK is competing with the likes of Singapore, New York and Hong Kong to attract top European and international talent. The financial services sector needs the UK to be an attractive destination for global talent to want to come live and work to remain globally competitive.

Food and Drink

Key stat: More than 85% of official veterinarians used to audit abattoirs in the UK are EU nationals according to the Food Standards Agency²⁹

Why it matters: Shortages in labour will result in higher food and drink prices – from the cost of the family supermarket shop going up to paying more for eating and drinking out

What is required: The ability to hire overseas workers to fill roles ranging from packing and sanitising, to technical skills like artisan butchery, to graduate level vets and flavourists

The food and drink industry is the largest manufacturing sector in the UK. It is also one of the most reliant on EU migrant workers, which make up 30% of the sector's workforce.²⁸ Food and drink manufacturing sites are spread widely across the UK, with migrant workers filling regional labour and skills gaps. The sector is extremely diverse, requiring access to migrant workers across the full range of skills levels. In the red and white meat processing industry for example, 63% of staff on the plant floor are EU nationals, although this can rise to as 70% or even 80% in specific production sites.²⁹ The needs of the sector include lower-skilled roles such as packaging and sanitising. Meat filleting and removing bones from a delicate piece of fish are technical skills that would fail to meet the current definition of skilled. But they cannot yet be easily automated, as machines are not dextrous enough to adapt to different shapes and sizes of animals. Most roles in the sector are permanent, however access to seasonal workers is required at peak times to meet consumer demand, for example turkey and salmon processing over the Christmas period.

Graduate level skills are also critical for the industry. Slaughterhouses are subject to regular controls and mandatory supervision by vets from the Food Standard Agency, of which more than 85% are currently EU nationals.³⁰ The education system is not providing

²⁸ FDF analysis of ONS, Annual Population Survey, ad hoc report, FDF, June 2017.

²⁹ Vision for the future of farming: access to a competent and flexible workforce, NFU, July 2017.

[Link.](#)

³⁰ Ibid

enough domestic workers with key skills, including food flavourists and analytical chemists. Demand for these highly-skilled roles are increasing as the sector increases investment in R&D to develop healthier food for the future. As production lines become more automated and move to larger scale production sites, the industry is increasingly competing with other sectors to fill engineering and STEM roles. This demand will only increase as the sector harnesses technology to develop the factories of the future which can automatically speak to agriculture suppliers at one of the supply chain, and food retailers at the other. Sitting in the middle of the agri-food supply chain means all sectors within it require access to people and skills from overseas to succeed. This includes logistics and haulage to transport freshly produced food, with a time-limited shelf life, to retailers on time. Margins within this supply chain are extremely tight, meaning any increased cost because of reduced access to migrant workers is likely to be passed onto the consumer in the form of higher food and drink prices. This will impact everyone, from the cost of the family supermarket shop increasing through to paying more for eating and drinking out.

Healthcare

Key stat: Between April 2017 and March 2018 there was a dramatic drop in nurses from the EU joining the Nursing and Midwifery Council register – 805 EU nurses and midwives joined the register compared with 6,382 the year before – a drop of 87%³²

Why it matters: Workers from abroad are critical to delivering safe and affordable patient care, from the point of diagnosis right through to recovery at home

What is required: The UK being an attractive destination where international nurses and doctors want to come work. An immigration system that grants access to all levels of skill, from brain surgeons to home care assistants

The UK's healthcare sector is extremely diverse. EU nationals fill a wide range of roles across NHS trusts, social care and independent healthcare providers. These are at all skill levels. EU nationals make up 17% of dentists; 10% of doctors; and 7% of social care workers, physiotherapists, care workers and nurses.³¹ Health services are already under strain and an ageing population is likely to see patient demand for services rise further. The sector is struggling to fill vacancies and address skills gaps now. This has been compounded since the EU referendum result. There is clear evidence that since June 2016, fewer EU nationals are joining and more current EU staff are leaving the NHS. This has not been offset by a necessary increase in the number of UK or non-EU nationals joining the sector. For example, between April 2017 and March 2018 there was a dramatic drop in nurses joining the Nursing and Midwifery Council register from the EU – 805 EU nurses and midwives joined the register compared with 6,382 the year before – a drop of 87%.³² A similar trend can be seen across the whole of healthcare sector, across a variety of roles.

The health sector is a highly interconnected and complex system. Delivering effective patient care requires a variety of different services to work in harmony together. From when a patient is first diagnosed to returning home to recover, a variety of roles are required. Workers from both the EU and rest of the world play an invaluable role in supporting this at all skills levels, from a leading brain surgeon from India through to home

³¹ Cavendish Coalition submission to the Migration Advisory Committee, 2017.

³² The NMC register, Nursing & Midwifery Council, March 2018. [Link](#).

care assistants from Portugal. Access to all skill levels under any post-Brexit migration system is vital for delivering safe and affordable patient care.

With vacancies unfilled, the sector is keen to attract and train more workers from the domestic labour market. But this is difficult when training places for healthcare professionals are controlled and capped. A more dynamic system is needed so employers and universities can work better together to provide the training to match workforce needs. This would reduce employers need to hire international workers to fill vacancies over time.

Hospitality and Tourism

Key stat: 96% of EU workers currently working within UK hospitality industry would not gain entry under the non-EU immigration system³⁶

Why it matters: If businesses in hospitality and tourism can't get the staff they need, investment will be curtailed, quality compromised and prices for business and leisure customers likely to increase

What is required: An option in the post-Brexit migration system for occupations that cannot be filled by the current non-EEA system including chefs, baristas, bar/waiting staff, housekeepers, and kitchen porters

The hospitality sector is one of the most reliant on EU nationals. EU nationals make up 12% of the total workforce, whilst recent industry surveys put the figure as high as 25%.³³ This compares with EU nationals making up 7% of the UK's total workforce. With low unemployment, EU nationals play a crucial role in filling regional labour shortages where there simply aren't enough new entrants, returners or those currently economically inactive within the domestic labour market to fill vacancies.

Hospitality firms are spread throughout every region and nation of the UK. Yet the workforce needs vary substantially. Nearly a third of the workforce is concentrated in London and the South East, whilst another third is spread across the entire North and Midlands. Driving tourism spend in all parts of the UK and encouraging international visitors to travel beyond London was a key feature in the sector's application for a Sector Deal as part of the Government's Industrial Strategy.

The UK attracts nearly 39 million international visitors annually. The quality of the UK's hospitality sector is an important part of the appeal to international travellers. Hospitality is a people intensive service sector. Roles with a particularly high-proportion of EU nationals include waiters/waitresses (75%), housekeepers (37%) as well as kitchen and catering assistants (21%). But EU nationals also fill and progress into mid-skilled roles such as chefs (24%), housekeeping managers/supervisors (23%) and hotel managers/proprietors (13%).³⁴ The sector also relies on overseas workers within its supply chain. For example, in textile services – the cleaning and ironing of linen used in hotels – 38% of employees are from non-UK EU countries.³⁵ It has been estimated that 96% of EU workers currently working within UK hospitality industry would not gain entry under the non-EU immigration system.³⁶ Resulting staff shortages would lead to reduced levels of service, damaging the sector and wider economy in many towns and cities across the UK.

³³ *Labour migration in the hospitality sector*, KPMG for British Hospitality Association, 2017. [Link](#).

³⁴ *Ibid*

³⁵ *The Economic Value of the Textile Services Sector to the UK Economy*, TSA 2017 [Link](#).

³⁶ *British Hospitality Association submission to the Migration Advisory Committee citing Oxford University's Migration Observatory*, 2017. [Link](#).

Logistics, Haulage and Warehousing

Key stat: 25% (113,000) of staff working in warehouses in the UK are EU nationals³⁷

Why it matters: Overseas workers are essential for the smooth delivery of goods within business supply-chains and efficient home delivery to consumers

What is required: Continued access to lorry drivers and warehouse staff from the EU, as well as temporary workers who are EU nationals to meet peaks in demand

Most sectors across the economy rely on smooth logistics, whether directly or through their supply-chains. Industries from manufacturing to construction are dependent on the prompt delivery of materials to maintain production. The rise of online shopping means consumers are increasingly getting retail goods delivered straight to their door. EU nationals play a key role in staffing logistics roles, making up 14% (43,000) of Large Goods Vehicle (LGV) drivers, 22% (19,000) of forklift truck drivers, and 25% (113,000) of warehouse workers.³⁷ The sector already faces a shortage of 52,000 LGV drivers, combined with an emerging demographic challenge. 63% of all Heavy Goods Vehicle (HGV) drivers are 45 or over and 14% of LGV drivers are due to retire over the next 5 years.³⁸ These roles are clearly not unskilled, but are unable to be filled via the current non-EU immigration system. Continued access to EU workers is needed to avoid serious disruptions to supply chains and the cost of home deliveries rising.

The logistics sector relies heavily on the UK's flexible labour market to fill roles during times of peak demand. Workers from the EU play a significant role in helping the industry to address these fluctuations. There is a clear seasonal element as well. From September to December, the industry requires a large uplift in personnel across driving and warehouse roles to meet increase consumer demand around Black Friday, Christmas and the January sales. Yet EU workers form a critical part of the UK's flexible labour market all year round. When there is a wet Easter weekend, for example, online shopping skyrockets. This results in a sudden jump in demand for warehouse staff and couriers needed to deliver goods to consumers on time, without an increase in cost. 6 in 10 respondents to a recent survey of employment agencies that provide staff to the warehousing sector said 50% or more of their temporary assignments were filled by EU workers – with 3 in 10 revealing that 75% or more of their temporary assignments were filled by EU nationals.³⁹ EU nationals must continue to be able to fill temporary positions easily under a post-Brexit immigration system to meet the needs of the logistics and warehousing sector.

³⁷ Freight Transport Association (FTA) submission to the Migration Advisory Committee, 2017. [Link](#).

³⁸ *Ibid*

³⁹ Short-term labour for long-term growth: EU agency workers post-Brexit, REC, July 2018. [Link](#).

Life Sciences

Key stat: The proportion of non-UK employees working in biopharmaceutical companies in the UK ranges from 17% to 41%, with SMEs employing significantly higher proportions⁴⁰

Why it matters: International people and skills are integral to research collaboration and underpin scientific development across drugs, genomics and synthetic biology

What is required: An ability for overseas workers to fill a wide variety of roles from scientists and lab technicians, to entrepreneurs, marketing and regulatory experts. Easy mobility of staff between the UK and EU is equally vital

Science is borderless and the UK's life sciences sector relies on access to international skills to be at the forefront of innovation, research and development.⁴⁰ There is a limited number of highly-skilled roles requiring specialist expertise which life sciences firms must be able to recruit from abroad to retain global functions in the UK. Pharmaceutical companies and manufacturers based in the UK are often global companies looking to sell their medicines around the world. Many have built European HQs across the UK leading to local jobs. These functions are staffed by international marketing experts often with global language skills. Developing the next generation of cutting edge drugs – such as personalised medicines, AI, genomics and engineered biology – means the life sciences industry is increasingly competing for data analysts and software engineers that are in high demand across the economy. For the UK to continue to develop and grow world-leading biotech companies, entrepreneurial and management skills are key to establishing, gaining investment and growing companies. The ability to recruit key scientific experts quickly, in a globally competitive market, will also have an impact on the UK's future biotech industry. Many biotech firms are currently struggling to recruit into highly skilled new roles in the UK. The sector has also over many years built an integrated workforce with EU workers in non-graduate roles such as laboratory technicians and the manufacturing process of new drugs.

Brain circulation is vital for the UK life sciences ecosystem. Science is driven by people and collaboration – without the ability for workers to come to the UK, or UK workers to move to the EU, there will be an impact on the UK's ecosystem. Mobility of staff across borders is important for biopharmaceutical companies to facilitate collaboration and innovation through international secondments. It also allows firms to fill highly skilled vacancies at short notice via transfers from international offices. As well as scientists and researchers, this often includes regulatory experts and intellectual property lawyers. This ability to easily move staff between the UK and EU at short notice is a critical factor for many international life sciences firms deciding to base their European headquarters in the UK. Life sciences companies – from medical device and pharmaceutical manufacturers, through to the biotechnology industry – play a key role in supporting the wider healthcare supply chain.

⁴⁰ Association of the British Pharmaceutical Industry (ABPI) and UK BioIndustry Association (BIA) submission to the MAC, ABPI and BIA, 2017.

Manufacturing

Key stat: Three-quarters of manufacturers employ at least one EU national in their business⁴¹

Why it matters: Workers from overseas are required to keep production lines moving, exports growing and continued foreign direct investment in UK manufacturing

What is required: International workers are needed to fill a wide range of roles – from junior plant operatives, to experienced technicians, to mechanical engineers. Easy mobility of staff across Europe is also vital

Manufacturers rely heavily on EU nationals, who make up 11% of the sector's total workforce.⁴¹ The top reason given by manufacturers (64%) as to why they employ EU nationals is an insufficient number of UK applicants.⁴² European workers fill skill gaps across the full range of skill levels – from plant, process and machines operatives, to skilled tradespeople, to graduate level mechanical engineers. Non-graduate vocational skills, such as a technician working on the production line, are equally vital to the sector as graduate level engineers, but would be denied access under the existing non-EU immigration system. Manufacturers' are increasingly in demand for higher-level skills beyond engineering, for example graphic designers as well as for IT and software skills. As manufacturing adopts new technologies and more automated processes as part of the fourth industrial revolution, the sector will be increasingly contesting with other sectors for these core digital and wider STEM skills. This wide range of skills is required across multiple sub-sectors, from aerospace and automotive, through to chemicals and textiles. Manufacturing is committed to increasing the pipeline of domestically skilled workers, with more than two-thirds of firms currently offering apprenticeships and two-thirds of firms having recently recruited an engineering graduate. Yet with projections for fewer young people to enter into the labour market and the manufacturing sector already facing a serious demographic challenge – over 40% of manufacturers say over 40% of their workforce is aged 50 and above⁴³ – migrant workers will continue to play a key role in meeting the sector's demand for all levels of skills.

Mobility of staff and teams across Europe is equally important for manufacturers as inward migration. Three quarters of manufacturers currently post UK employees to other EU member states.⁴⁴ Their primary focus is on selling goods and services into other EU member states, for example by attending trade fairs/exhibitions (57%) and travelling for sales and marketing purposes (52%). In the automotive sector for example, both UK and European based teams will visit each other's sites to help with the launch a new car model and then take valuable insights back. Mobility of staff across the Channel also forms part of the wider manufacturing services that firms offer, including installing and commissioning (29%), service and repair (24%), as well as specific project work (29%).⁴⁵ Specialist staff, which are not required in country full-time, can currently move between European sites within hours to carry out urgent repair work required to keep production lines moving. Sending employees to Europe is also done to receive or carry out training, boosting productivity when learnings are shared with colleagues on return to the UK. Securing a

⁴¹ *EEF response to Migration Advisory Committee commission*, EEF, 2017. [Link](#).

⁴² *Ibid*

⁴³ *Ibid*

⁴⁴ *Navigating Brexit: The Migration Minefield*, EEF, May 2018. [Link](#).

⁴⁵ *Ibid*

deal on intra-company transfers (ICTs) and posting of workers with the EU that maintains currently levels of mobility is therefore critical for UK manufacturing.

Like many other sectors, manufacturing is heavily reliant on smooth logistics and warehousing as part of its supply chain. In addition to anxieties over future customs arrangements, not having access to the European workforce needed to drive car transporters, or staff warehouses containing car parts, is a serious concern. This is likely to have equally significant and costly delays to 'just in time production' right across the manufacturing sector as additional customs procedures.

Professional Services

Key stat: 17,000 trips were taken by UK based employees to Europe and 10,000 by staff in European offices to the UK at a large accountancy firm over a recent 12-month period⁴⁶

Why it matters: Frictionless access to people and skills from Europe gives professional service firms based in the UK a competitive advantage over global rivals, creating more jobs here for British nationals and boosting UK service exports

What is required: Access to an international workforce to reflect the diversity of global clients and the ability to easily move staff both to and from the EU

The UK is a world leading hub for professional services. From legal, accounting and consulting services, through to advertising and public relations, a fundamental reason why the UK is an attractive place to do business is frictionless access to a European workforce. Roles filled by EU nationals are largely at graduate level, from trainee solicitors and actuaries, to graphic designers and management consultants. Having access to EU graduates significantly widens the talent pool for professional services firms based in the UK. This gives them a competitive advantage over global rivals.

EU nationals bring unique cultural understanding, knowledge of overseas markets and native language skills. These skills enable the professional and business services industry to thrive in the UK. This is a global industry with firms based in the UK providing services to clients worldwide. Professional services firms rely on an international workforce to achieve this. The added diversity of EU nationals brings a wider variety of skills and different approaches to problems. Professional services' demand for digital skills is growing rapidly as new and emerging technologies are increasingly disrupting professional services firms and the business they support. In advertising for example, the need for core skills including data scientists and software engineers is particularly stark, with content being increasingly delivered via online ads, digital billboards, and social media.

The continued ability to easily move staff to and from the EU after Brexit is as important for professional services as long-term access to international talent. Cross-Channel travel, not only for short business trips but often longer secondments is vital to trade in services. Professional services are regularly provided between the UK and the EU on a "fly in fly out" basis, allowing workers to travel overseas to service European clients on a temporary basis. For example, 17,000 trips were taken by UK based employees to Europe and 10,000 by staff in European offices to the UK at a large accountancy firm over a recent 12-month period. This short-term provision could last a day, a week or even months. If this ability to travel was restricted or became more difficult after Brexit, it could significantly damage the attractiveness of the UK as a hub for international professional services firms.

⁴⁶ CBI member that wishes to remain anonymous

Public transport

Key stat: Up to 20% of the railway industry's workforce are EU nationals according to recent industry surveys⁴⁷

Why it matters: Workers from overseas keep trains, busses, ferries and planes moving; they are also vital for the delivery of critical upgrades to the UK's transport infrastructure

What is required: Access to EU workers to fill shortages of drivers, technicians and engineers. Simplest possible UK-EU border arrangements and sufficient resources to avoid queues at the border

EU nationals play a critical role in supporting the UK's public transport network. They help to plug labour and skills gaps in a variety of roles, across all skill levels. In rail, these include train drivers, particularly in London. EU nationals also fulfil core engineering roles required to maintain rolling stock, signalling and rail tracks across the UK. For air travel, EU nationals bring vital fluent language skills. These are important for both cabin crew staff and a variety of head office roles. Airports also rely on overseas workers across a wide variety of roles, from mechanical engineers keeping planes flying, to baggage handlers, to retail and customer service staff. In the bus sector, EU workers help to overcome a shortage of drivers, again especially in London. Bus depots across the north of England currently face a shortage of engineers and technicians required to keep busses on the roads. Whilst EU nationals are not currently prevalent here, shrinking the overall pool of these skills will exacerbate shortages. This is due to increased demand and competition for engineering and technical skills, both from other regions and sectors. Most of these roles are not unskilled, but would fail to meet the current non-EU immigration threshold of being degree level role or earning £30,000. Continued access to EU workers with non-graduate skills, including technical vocations and languages, is critical for public transport. Beyond direct employment, EU workers play an integral role within public transport's supply chain. Construction workers, for example are critical for the successful delivery of upgrades to the UK's public transport infrastructure across rail, air and bus travel.

Easy mobility of staff across Europe is also important, especially for air travel. Air operators frequently send commercial staff to cities right across the EU to explore the potential of setting up new routes. Rapid movement of specialist engineers at short notice to fix grounded aircraft is vital. Public transport has an integral role in facilitating cross-border travel to and from Europe, whether it be a ferry from Portsmouth to Cherbourg, a train under the Channel, a coach from Victoria to Amsterdam. Additional migration controls at the UK-EU border must be avoided after Brexit to keep up passenger numbers across all these routes. The UK being perceived as a welcoming destination and open for business is a key foundation to building a thriving *Global Britain*. First impressions count, whether at the arrivals hall at Heathrow after a long-haul international flight or pulling up to border controls in your car at Calais. Longer queues because of new checks on EU nationals would be damaging and must be avoided. The Home Office also needs to be given sufficient resources to ensure migration checks at the UK border are as quick and seamless as possible. Border Force staff are the first face international travellers and workers coming to the UK see. In addition to their primary purpose of protecting the UK, Border Force staff must be welcoming. This is vital for creating a positive impression of Britain to people from both Europe and around the world.

⁴⁷ National Skills Academy for Rail (NSAR)

Recruitment and self-employed

Key stat: Four out of five employers who employed seasonal or temporary staff in the last 12 months used EU workers⁴⁸

Why it matters: Overseas workers underpin the UK's flexible labour market which is vital for job creation, business investment and competitiveness

What is required: EU workers must continue to be able to fill permanent, temporary and short-term roles via employment agencies. EU nationals must be able to come and take up work as self-employed freelancers. Migrant workers need the ability to move quickly between different jobs in different sectors

Despite no change yet to immigration policy, recruiters are already struggling to recruit EU candidates to fill vacancies in the UK. Four in ten employers that recruit temporary or seasonal labour have not been able to meet their demand for labour over the last 12 months. This represents nearly a quarter of all UK businesses.⁴⁸ Full-time, permanent contracts are not the only important roles within the UK labour market. The post-Brexit immigration system should reflect this by allowing for EU nationals to continue to be able to work through employment agencies and be contracted out to employers.

With current record high employment rates, the recruitment industry plays a critical role in helping businesses across all sectors find the people they need to grow. Access to temporary workers from the EU has helped employers to address critical labour shortages and navigate a tight labour market without negatively impacting consumers. Temporary workers hired via recruitment agencies help businesses across a variety of sectors meet peaks in demand, for example the sudden need to increase production of ice cream during an unexpected heatwave. A significant portion of temporary assignments over the last 12 months have been filled by workers from the EU in sectors including food and drink, hospitality and warehousing.⁴⁹ Contrary to some perceptions, not all temporary agency workers from the EU work in low-skilled roles. For example, native European language speakers are used to address short-term skills gaps in UK based international call centres and can command premium salaries when doing so.

Self-employed EU nationals also help to underpin the UK's flexible labour market. Businesses choose to contract freelancers to help overcome peaks and troughs in demand, and EU nationals form a key part of this workforce. These are often highly-skilled roles, for example EU nationals working as self-employed I.T. contractors. Any post-Brexit immigration system must continue to allow EU nationals to support the UK's flexible labour market by filling temporary roles and working as self-employed. This deal must also be reciprocal. UK-based self-employed freelancers benefit from being able to take up contracts in the EU and it is vital this can continue after Brexit.

⁴⁸ *Short-term labour for long-term growth: EU agency workers post-Brexit*, REC, July 2018. [Link](#).

⁴⁹ *Ibid*

Retail

Key stat: 170,000 EU nationals work across the retail industry, accounting for 6% of the direct retail workforce⁵⁰

Why it matters: Workers from abroad ensure goods and services are provided to consumers on time, at an affordable price and via the delivery method that is most convenient

What is required: Full-time labour to staff distribution centres, through to data scientists to fill core skills gaps. An ability for EU workers to fill temporary roles to meet peaks in consumer demand. Easy mobility of staff across the Channel

EU nationals make a vital contribution right across the retail sector – from large out of town chain stores, to independent shops on the high street, to exclusively online retailers. They help to fill roles at all skills levels – from distribution centres, to shop floors, to head office roles. 170,000 EU nationals work directly for the retail industry, accounting for 6% of the total workforce.⁵⁰ Retailers are especially dependent on EU workers within their supply chains, particularly the wider food and drink supply chain as well as logistics and warehousing. A flexible labour market is essential to retailing. The industry relies on flexibility to meet peaks in consumer demand, with EU workers filling agency roles. This helps to meet both seasonal and unexpected demand. For example, around Valentine’s Day and Mother’s Day a national supermarket has said they require 1,000 additional workers to produce over double the number of flower bouquets than normal.⁵¹ As online retailing continues to grow, the sector is competing to attract highly sought after digital skills that are in shortage, like data scientists and software engineers. EU workers help retailers to plug this core skills gap.

Many retailers are also global companies, operating across multiple countries. There are also a substantial number of retailers operating in the UK which are owned by an international parent company. Mobility of staff across borders quickly and efficiently is therefore important. Retailers move a small number of key individuals to different countries around the world when looking to expand into potential new markets. They also currently move specialist teams around Europe to help with the opening of new stores or launch of new products. Continued ease of travel to and from Europe after Brexit is therefore critical for the UK’s retail industry.

⁵⁰ *The People Roadmap*, British Retail Consortium (BRC), Autumn 2017. [Link](#)

⁵¹ *EEA-workers in the UK labour market: Annexes*, Migration Advisory Committee, March 2018. [Link](#)

Technology

Key stat: EU nationals made up 17% of the technology sector's employment growth from 2009 to 2015⁵²

Why it matters: To stay at the forefront of rapidly evolving technological change, which is critical for increasing productivity and prosperity across the UK

What is required: An immigration system dynamic enough to keep up with the ever changing nature of the industry and fill core digital skill gaps across the economy

As technology forms an ever-greater part of our daily lives, more and more sectors are increasingly demanding digital skills – from data analytics in creative industries to software designers inputting digital content into a new model of car. This means demand for digital skills is rapidly outstripping the supply of domestic workers with the required skills. The technology sector is committed to bridging the domestic digital skills gap, with skills at the heart of the Government's recent *UK Digital Strategy*. By 2030 it is estimated there will be a further 1.5 million new technology jobs that will need to be filled.⁵² However, there are currently only 1.42 million unemployed people in total in the UK.⁵³ Therefore continued access to digital skills from both the EU and around the world is required for the foreseeable future to address these key shortages.

Technology is a high-value, rapidly growing sector of the economy that is constantly evolving. Staying at the forefront of this industry requires access to niche digital skill sets from a global pool of talent. There may only be a handful of experts around the world with knowledge of a specific new piece of software or emerging field of artificial intelligence. Being able to easily bring these highly skilled individuals to the UK can in turn create multiple new jobs in entire teams based here. Free movement has enabled the industry to quickly access this top European talent, unlike navigating the non-EU immigration system when accessing skills from the rest of the world. By its very nature, technology processes are constantly evolving and therefore employers' needs for the most up to date skills are rapidly changing. A centralised shortage list will never be dynamic enough to meet the needs of the technology sector.

Skilled technology workers are in high-demand around the world, from Silicon Valley to Hong Kong to Amsterdam. So as well as getting design of the immigration system right, the UK must be an attractive destination where tech workers want to come. Mobility of technology workers is equally key. Currently engineers based in London at the European HQ of a technology company can easily hop on a plane to urgently fix servers based elsewhere in Europe. Preserving this easy mobility within Europe is critical for the technology sector.

⁵² *techUK submission to the Migration Advisory Committee*, October 2017. [Link](#).

⁵³ *UK labour market statistics: May 2018*, ONS, May 2018. [Link](#).

Telecommunications and media

Key stat: Of the 1,100 broadcasting licences granted by Ofcom, an estimated 650 are for non-domestic services⁵⁴

Why it matters: International skills are needed for the successful delivery and roll out of 5G and the 'internet of things', as well as enabling European broadcasters to keep operating from the UK

What is required: Access to labour to dig up roads and lay cables, through to highly-specialist electrical engineers

EU nationals make a vital contribution to the UK's telecommunications industry at all levels – from helping staff phone shops on the high street, to managers in head office with vital language skills, to directors of international companies based in UK.⁵⁴ The industry faces rapidly evolving new technologies, from 5G mobile services to the 'internet of things'. Access to the best technical and commercial talent, regardless of nationality, is required for the UK to remain at the forefront of these. Making a mobile call or accessing high-speed internet also requires maintaining and expanding vital physical network infrastructure across the UK. EU nationals play a key role in this at all skill levels, from highly skilled engineers to manual labourers digging up roads. BT's Openreach utilises already honed skills and experience from across Europe. This includes copper wire skills from Portugal to assist with fault volume reduction, fibre skills from Latvia and Romania, as well as civil and general construction skills from Poland.⁵⁵

The UK is Europe's leading broadcasting hub and home to more television channels than any other EU country, many of which are international and broadcasting to overseas markets. Yet the presence of these channels in the UK is dependent on access to international staff with a deep knowledge of local markets and culture that cannot be readily acquired through training. Along with foreign languages, the skills they bring range from understanding local compliance, legal and regulatory regimes, to knowledge of the local advertising sector and broadcasting platforms. If access to European workers is restricted, it will be extremely difficult for such European channels to continue to be based in the UK. In turn this will lead to fewer jobs for British workers.

⁵⁴ *Commercial Broadcasters Association (COBA) response to Migration Advisory Committee, March 2017. [Link](#).*

⁵⁵ *BT's response to Migration Advisory Committee, October 2017. [Link](#).*

MAIN FINDINGS

Immigration is valuable to all sectors of the UK economy and delivers significant economic benefit

Just about every credible economic study demonstrates that immigration delivers net economic benefits to the UK. Independent analysis has found that foreign nationals pay more in income taxes and national insurance contributions than they receive in tax credits and child benefit.⁵⁶ The same study on fiscal impacts of immigration found that because migrants are more likely to be of working age, higher net migration reduces pressure on national debt over time.⁵⁷ Rather than give up these macro-economic benefits because of the impact of immigration on local public services, Government should make smarter, targeted interventions to alleviate concerns while retaining the wider benefits.

Migrant workers support businesses and local communities across every region and nation of the UK. From seasonal labour picking daffodils in Cornwall, to welders in Aberdeen's oil and gas industry. They help to fill vacancies in areas of acutely high-employment like London and the South East. But even regions where there are fewer EU workers will feel the pinch of reduced access. If the overall pool of labour and skills shrinks, regions will see a 'brain drain' of talent to parts of the UK that can pay the most. Preserving the integrity of the UK's labour market is also vital for business. Migrant workers must be able to easily move between regions and nations under any new system. Therefore, businesses favour a single holistic system operating throughout the UK rather than separate visa regimes for each region.

Businesses across every sector recognise there is more to do to upskill the domestic workforce and do not regard migration as a substitute. Firms do not choose either to invest in training or to recruit from overseas – they do both. But there are growing shortages across all skill levels now. Delivering the skills that business need is a long-term agenda, to compete and grow today, businesses must have access to people from overseas.

Access to workers from overseas has benefits and is not simply about filling domestic shortages. For example, they provide unique knowledge of overseas markets and native language skills for example. This enables global facing roles to be based in the UK and helps British firms to expand overseas. International workers add diversity of thought to workplaces. They drive up productivity by sharing best practice and facilitate cross-border collaboration.

Putting migration on the table in future trade negotiations will also increase the chance of getting the best deal for the UK. As well as making it easier to conclude agreements with countries like Australia, the EU and India, negotiating both migration and mobility arrangements will support exports and investment.

Most business sectors require a combination of skill levels and are inter-linked through supply chains, so a whole economy approach is required

With record high-employment, every sector currently relies on EU workers to fill vacancies. And this is across all levels of skill. Take building new homes for example. Labourers who

⁵⁶*The Fiscal Impact of Immigration in the UK*, Dr Carlos Vargas-Silva, The Migration Observatory at The University of Oxford, May 2018. [Link](#).

⁵⁷ *Ibid*

dig foundations and electricians with vocational qualifications are equally as important as architects and engineers. For many, the breadth of labour and skills required is revealed by looking through supply chains. The food and drink supply chain is a clear example of this – spanning agriculture, food and drink manufacturing, retail and logistics.

EU workers help to fill shortages in core skills that multiple sectors rely on and are competing for. Our domestic skills system is struggling to keep pace with the ever-evolving needs of the fourth industrial revolution. From the rapid growth in online shopping and banking, through to how we consume music and TV, digital skills like data scientists and software engineers are now required across the economy not only by tech companies. Most sectors also rely on smooth logistics. EU workers help to address shortages of HGV drivers and warehouse staff at peak periods, which would have serious cross-cutting economic impact if not filled.

Mobility is as important as migration, particularly for the UK economy where services play such a vital role

The ability for staff to easily travel to and from Europe, often at short notice, has become an integral part of many firms' business models. Not only for the provision of cross-border professional services, but engineers flying at short notice to provide urgent repairs, through to bands with production crews going on tour. Staff also go on longer term secondments for training and to learn from European counterparts. For international companies that have chosen to base their European HQ in the UK, this mobility is even more vital.

The current non-EU immigration system is inaccessible for most firms and is not the solution for EU nationals

Applying the existing non-EU immigration system to EU workers would damage the UK economy and must be avoided. It is a system that is already harming UK competitiveness because it is too complicated for a small firm to navigate. Most businesses will not consider job applicants who would require a Tier 2 visa to work in the UK because of the prohibitively expensive and time-consuming processes of becoming a licensed sponsor, applying for a visa and paying relevant fees and charges. It is a system that would need to be radically reformed before it could be described as one that meets business needs.

Businesses recognise that free movement is coming to an end and want to restore public trust in immigration

Immigration was undoubtedly one of the defining issues of the 2016 referendum campaign. The Prime Minister says that respecting the referendum result means delivering on the “vote to take control of our borders”.⁵⁸ Employers respect this. They understand free movement of people will not continue as it has before. After Brexit, the UK will set the terms on which EU citizens will be able to work or settle here. These terms must be negotiated as a part of the UK-EU future economic relationship.

Certainty is important to businesses. They want a system that will be stable rather than changed every year. No system will be stable unless the public has confidence in it. Building a system that is trusted is a priority for businesses too

⁵⁸ PM speech on our future economic partnership with the European Union, Theresa May, March 2018. [Link](#).

POLICY RECOMMENDATIONS

The debate surrounding immigration must change to build a system the public can trust – including a new approach to control

Since the referendum, immigration has fallen dramatically as a top issue on the public's mind.⁵⁹ Immediately before the referendum, 56% of people said that immigration was one of the most important issues facing the country. Two years on, a recent YouGov poll found that the proportion of people with this view has almost halved to 29%.⁶⁰ Immigration remains an important issue, but it is not the urgent priority that it was.

Much of the political debate oversimplifies the public's views about immigration. Rather than supporting highly-skilled immigration and opposing everything else, the British public has much more nuanced views. British Future and HOPE Not Hate's 'National Conversation' on immigration has shown public support for higher levels of immigration to fill jobs that are not highly-skilled. While a significant minority (44%) wanted to see low-skilled immigration reduced, only one-in-four (26%) wanted to see fewer seasonal workers in farms, factories and hotels.⁶¹ Polling by Open Europe also suggests that the public is significantly less concerned about immigrants who come to work in a specific job than they are about the generic description of 'unskilled work'.⁶² It is essential that Government does not base its post-Brexit immigration policy on an oversimplified misunderstanding of public opinion.

Restoring public confidence requires a system that measures contribution rather than net migration...

There is a public consensus emerging for a system that ensures migrants are contributing to society and the economy. More people support this sort of system than one built on a simple reduction in numbers. An ICM poll of 4,000 people conducted last year found that 56% of the public supported "*allowing immigrants to come to the UK as long as there are controls to make sure they will contribute to our society, economy and way of life*". Fewer (36%) preferred "*reducing the numbers of people coming into the UK*".⁶³

Since its introduction in 2010, the net migration target has driven a narrow debate about the number of immigrants. It is a barrier to restoring public confidence. An open and honest debate about the costs and benefits of different forms of immigration is needed instead. If Government acts soon, it will be possible to design a system which commands public confidence and meets employers' needs. Business, the public, and immigrants themselves deserve a system that puts people before numbers.

⁵⁹ *How have attitudes to immigration changed since Brexit?* Professor Rob Ford, January 2018. [Link](#).

⁶⁰ *How public attitudes to migration softened at a critical time in Brexit*, The Times/YouGov, May 2018. [Link](#).

⁶¹ *National Conversation on Immigration: An interim report to the Home Affairs Committee*, p.12, Fig 3.1, British Future and HOPE Not Hate, January 2018. [Link](#).

⁶² *Beyond the Westminster Bubble: What people really think about immigration*, Open Europe and ICM, December 2017. [Link](#).

⁶³ *Beyond the Westminster Bubble: What people really think about immigration*, Open Europe and ICM, December 2017. [Link](#).

... and must address concern about pressure on local public services

Government must identify and address the public's concerns about immigration to build a system that lasts. A key component of doing so is building a stronger link between the tax receipts created by immigration and local communities. Public polling shows that more than four-in-ten (43%) say that *"increasing the pressure on and demand for public services"* is a main negative effect of immigration.⁶⁴ It is difficult to perfectly measure the dynamic fiscal impact of migration, but every credible attempt to do so finds that immigration has a positive impact for the UK economy.⁶⁵ While official data suggests migrants pay more in tax than they receive in benefits,⁶⁶ these sorts of arguments do not resonate with the public. This might be because it doesn't always feel that way if the proceeds of migration are collected centrally, but demand for school places and GP appointments are felt locally.

The Controlling Migration Fund (**Box 1**) exists to address this issue, but it needs to be seriously improved to have a meaningful impact on public confidence:

- **Funding needs to support the local services that people really care about.** The existing fund is limited to services under local authority control, but this excludes primary healthcare, such as GP appointments. It also increasingly excludes school places, as more schools become academies. The controlling migration fund should be able to increase funding for these critical local public services.
- **It needs to reach affected public services promptly.** If there is a significant increase in migrants moving to a local area, which could be measured with compulsory registration, then local public services should automatically receive an increase in funding to offset a likely increase in demand.
- **Existing visa charges should be redirected to increase the impact of the fund.** In recent years the Government has introduced new visa charges on businesses and migrants. The Immigration Health Surcharge was introduced because of the cost to the NHS of meeting migrants' need for healthcare. The Immigration Skills Charge was introduced as a penalty to discourage businesses from hiring migrants. But neither charge is yet addressing the causes of public concern. They could better do so by being merged into a reformed Controlling Immigration Fund.
- **To better publicise the Fund, the Ministry of Housing, Communities & Local Government (MHCLG) should report periodically on its impact.** If the goal of this funding is to build public confidence that the impacts of immigration are being addressed, then it is important that positive stories about the impact it is having are reported.

Build public trust in the UK's immigration system:

1. Drop the net migration target and replace it with a system that increases control by ensuring that people coming to the UK make a positive contribution to the economy
2. Reform the Controlling Migration Fund so that local schools and hospitals receive extra funding where demand is increased by immigration

⁶⁴ *Where the public stands on immigration*, YouGov, April 2018. [Link](#)

⁶⁵ *The Fiscal Impact of Immigration in the UK*, The Migration Observatory, May 2018. [Link](#).

⁶⁶ *Tax contribution of recently arrived EEA nationals for 2013 to 2014*, HMRC, May 2016. [Link](#).

Box 1: Controlling Migration Fund

In November 2016 the Government launched a new 'Controlling Migration Fund' (CMF) for local authorities in England. A total of £140 million is available over four financial years from 2016-17 to 2019-20. This replaces the 'Migration Impacts Fund' (MIF) which was launched under Labour in 2009, but scrapped in 2010 by the Coalition Government.

The Fund is split into two parts:

- *Local service impacts*: £100m over four years, "to help English local authorities and their communities experiencing high and unexpected volumes of immigration to ease pressures on local services". This part is funded and administered by the MHCLG and applies only to English local authorities. Funding for other parts of the UK has been devolved. Local authorities must apply to MHCLG for this funding. Successful bids must demonstrate a benefit to the "established resident community". The bids can include measures to support wider community cohesion and the integration of recent legal migrants.
- *Immigration compliance and enforcement*: £40m over four years, "to direct enforcement action against people in the UK illegally to reduce the pressure on local areas". This part of the Fund is managed by the Home Office and is available across the UK.

Most of the funding allocated to date has been spent on rogue landlords, community cohesion and integration, the use of English, and data collection.

Source: *The new Controlling Migration Fund for England*, Briefing Paper No. 7673, House of Commons Library, December 2017. [Link](#).

The UK must be open to the world if 'Global Britain' is to succeed

Businesses currently access people and skills from overseas through the combination of a highly restrictive non-EU immigration system, via the Tier 2 visa route, and EU free movement. As free movement comes to end, any new system will need to support trade and ensure that companies can continue to meet their needs for people and skills. For businesses to harness the opportunities on offer in a new *Global Britain*, they require easier access to international workers from around the world, from Austria to Argentina to Australia. Reform of the existing non-EU immigration system is needed to boost exports and investment with every country around the globe, not only those we have a trade deal with in future.

Access to skills and experience from around the world boosts trade, foreign direct investment, and creates jobs in the UK

The UK needs a migration system that reflects its ambition to both maintain extensive trade with Europe and expand trading relationships with the rest of the world after Brexit. Exporters consistently cite the exporting benefit from hiring international staff. They bring a wide range of innate skills which British workers cannot acquire through training – from unique market awareness, to cultural understanding and fluency in a native language. These are all key skills that help British firms expand overseas and break into new markets.

Increasingly, a company's ability to access the right people and skills is the deciding factor when a company considers where to invest. Being open to people from around the globe has a long-term positive impact on the level of investment into the UK. Whether it is time spent as part of an intra-company transfer, as a student, or as a worker – time spent in the

UK is correlated with a higher likelihood of choosing to invest here rather than elsewhere in the future.⁶⁷

Technology has globalised business, meaning that geographic proximity to customers – while still important to business location decisions – has declined relative to other factors such as a firm's ability to assemble the best team. It means that more jobs, often highly skilled and well-paid ones, can serve global markets from the UK. Attracting these international jobs to the UK increases the proportion that are filled by British workers. But the ability to locate global facing teams in the UK is dependent on access to a wide range of skills from around the world.

Companies of all sizes must be able to access workers from overseas to ensure a level playing field

The current Tier 2 visa system is a prohibitively complex, time consuming and expensive process to navigate (**Box 2**). This makes it inaccessible to most companies. Small and medium-sized companies are particularly badly affected. To cope, firms either employ a new team specifically to manage global mobility, hire specialist legal advice, or both. The largest barrier for most firms is the requirement to obtain a sponsorship license. To hire their first worker from abroad, businesses face the high cost of Home Office licence fees and the professional advice required to navigate the process. Businesses understand the Government needs to be able to confirm that a migrant is working for a real company, but the process for doing so needs to be much simpler. The system needs to be radically reformed so that all companies can use it.

Businesses need access to a range of labour and skills from around the world, not only graduates

Vocational and technical skills are incredibly valuable for businesses, and many sectors and parts of the UK are affected by labour shortages. Many of the most acute skills pressures in the UK are for roles that would not meet a graduate level skills test. It would for example, exclude the welders and electricians that the construction industry needs, and the large goods vehicle (LGV) drivers that the whole economy relies on. There are also graduate jobs which pay less than £30,000, like lab technicians working in our schools, colleges and universities. These restrictions on non-EU immigration only exist because it has been possible for businesses to meet their needs with EU workers under free movement. As free movement ends, current thresholds should be reviewed to consider allowing these roles to be filled by non-EU workers.

Businesses need the certainty that they can get the right person, in the right place, at the right time

The cap of 20,700 Tier 2 (general) work visas needs to be removed as part of the new immigration system. The uncertainty of knowing that although a worker meets all the criteria for a visa, but still might not be given one due to the cap, damages the UK's competitiveness as a place to invest and create jobs. This cap has meant that thousands of highly-skilled and well-paid workers have been refused a visa since December 2017. This has hurt many businesses along with the NHS. The CBI welcomed the recent removal of doctors and nurses from the Tier 2 visa cap. This should go some way towards removing the pressure for visas that had built-up over nine months. But longer-term the system needs to generate public confidence, through tests that ensure migrants are contributing, as well as giving businesses the certainty that a worker will obtain a visa if these tests are met.

⁶⁷ *The Wider Benefits of International Higher Education in the UK*, BIS, 2013. [Link](#).

Box 2: Key facts about the current immigration system (Tier 2 General)

- Applications from employers to the Home Office to get a licence to be able to hire non-EU workers usually take 6–12 weeks and cost a non-refundable fee of £1,476 (or £536 for SMEs)
- The [guidance document](#) for employers is 202-pages long.
- The Home Office can turn up at an employer's offices at any time to check they are holding accurate records, as well as tracking migrant employees' attendance and monitoring their immigration status.
- If a business has made a mistake and fallen foul of these strict rules they can face criminal charges and be prevented from hiring workers from outside the EU for up to six months.
- After receiving a licence, employers can only recruit non-EU workers if the role is degree level, earning at least £30,000 and has been advertised to domestic workers for 28 days.
- There are exceptions to having to wait 28 days if the person is: filling an officially recognised skills shortage, an international student switching to a work visa, going to be earning £160,000, or related to a significant new investment project.
- There is a fixed cap of 20,700 visas per year for skilled non-EU workers, excluding those moving between countries within the same company and those earning £160,000 or linked to a high-value inward investment project. Once the cap is hit, shortage and PhD levels are given priority. After this the remaining visas are allocated by whoever receives the highest salary.
- Employers face a £1,000 per year skills charge for every worker they employ from outside the EU (or £364 for SMEs). It is currently unclear where this money goes and how it is spent. Individuals themselves face a £200 a year health charge, doubling to £400 later this year, which must also be paid by every family member as well.
- Overseas workers on a Tier 2 visa can apply to stay permanently after five years of working and living in the UK. Otherwise the length of the work visa is usually capped at six years after which they must leave.

Source: *Immigration and Brexit - legal guide to managing a migrant workforce*, CIPD and Fragomen, March 2018. [Link](#).

Reform the UK's non-EU immigration system so that firms can better access people and skills from around the world, not just the EU:

3. Simplify the process for obtaining a visa so that it is manageable for small companies, by making it easier to become a licensed sponsor or removing the requirement altogether
4. Reform the Tier 2 visa route so that employers can access the range of skills that they need, not only graduates earning £30,000 or more
5. Scrap the Tier 2 visa cap to give businesses the certainty that workers will get a visa if they meet the Points Based criteria

Including migration and mobility in negotiations is an important step towards unlocking the best trade deals

Putting migration and mobility on the table in trade negotiations is in the UK's interests. As well as making it easier to conclude agreements with countries like Australia, the EU and India, negotiating migration rules will support exports and investment.

The ability to move staff overseas on a temporary assignment is essential to trade in services. Making it easier for UK companies to move staff into other countries will help all British exporters and particularly services companies. Reciprocal agreements that support intra-company transfers will also support higher levels of foreign direct investment. In this regard, recognition in the recent White Paper on the future relationship between the UK and EU of the importance of concluding a mobility framework is very welcome.

The Government now needs to go further, however, and put immigration rules on the table too. The UK remaining open to maintaining close links on mobility and migration is likely to enhance the prospect of negotiating a deep relationship with the Single Market. Continued simple access to EU workers remains essential because the current non-EU system alone doesn't come close to meeting business needs.

In the future, the UK can choose the extent to which migration and mobility also features in other trade deals. Negotiating migration rules with the EU is about supporting a strong economy, not about giving exclusive preference to EU workers above all others.

Smooth entry at the UK's border matters to both business and all citizens

The UK being perceived as a welcoming destination and open for business, both by EU and non-EU travellers alike, is a key foundation to building a thriving *Global Britain*. First impressions count, whether at the arrivals hall at Heathrow after a long-haul international flight or pulling up to border controls in your car at Calais. When committing to maintaining the Common Travel Area between the UK and Ireland, the Government noted that "immigration controls are not, and never have been solely about the ability to prevent and control entry at the UK's physical border".⁶⁸ Business supports an approach that combines keeping border crossing as simple as possible with a greater focus on ensuring that those who stay are contributing by working or studying.

Many countries benefit from access to the Registered Traveller scheme and this could continue to be expanded as the UK concludes trade deals around the world. When negotiating a new relationship between the UK and the EU, both sides should seek to keep restrictions at the border to a minimum. Avoiding long queues at the border has supported business travel, and being able to easily go on holiday is popular with UK and EU citizens.

Mobility provisions are an integral part of any meaningful trade deal...

Businesses welcomed the Government's ambition to include a mobility framework as part of the UK's new relationship with the EU. Including mobility in trade deals reflects the fact that the most important aspect of global mobility for international companies is being able to manage their workforce by moving them easily across borders on a temporary basis. This mobility takes two main forms: posting of workers and intra-company transfers. To deliver services in another country, UK exporters need to be able to move the people who will provide the service. If businesses can't move the people providing services then they can't export.

⁶⁸ *Northern Ireland and Ireland - position paper*, UK Government, August 2017. [Link](#).

Intra-company transfers (ICTs) allow companies to temporarily move staff to another business location and offer a range of benefits. The most frequently cited benefit of ICTs is their importance to foreign direct investment. The UK remains one of the most attractive places to invest, but the share of investment going to the UK has fallen.⁶⁹ Successfully delivering investment projects often relies on being able to bring in key staff temporarily. Those key people could be the business leaders who help set up a new business location, or the engineering design team that allows manufacturing to be located in the UK.

ICTs help international companies improve productivity by spreading best practices and adoption of new techniques across their operations. They allow international teams and training schemes to be based in the UK, which increases the chances of domestic workers participating in them. And CBI members – particularly American-owned multinationals – report that being the location where global business leaders choose to come on their secondment creates goodwill towards the UK. This in turn increases the chance of further future investment.

Securing reciprocal agreements on ICTs and posting in all trade deals will boost investment into the UK and boost exports. The first new economic relationship that the UK is negotiating is with the EU and both sides must recognise the importance of retaining this highly valued mobility. Defaulting to mobility provisions under WTO rules (GATS Mode 4) would not be an adequate replacement for existing rules, hurting both UK and EU businesses. That is why both business and trade union leaders from the UK and EU have jointly called for well governed mobility to be a part of Brexit negotiations.⁷⁰

...but putting immigration rules on the table is equally vital too

One area where the UK Government White Paper on the future relationship between the UK and the EU did not go far enough is on immigration rules. Immigration rules should be on the table in trade negotiations both because it will help to unlock better trade terms – particularly on services – and because the current non-EU immigration system doesn't come close to meeting business needs for people and skills. Initiatives like the *Registered Traveller* scheme⁷¹ and the streamlined process for international students from select countries, are good examples of different rules created to promote the UK.

Countries around the world will want to discuss immigration rules when discussing trade deals. The Prime Minister's trip to India in November 2016 is evidence of this. The UK will not want to offer equal terms to every country. But being open to negotiating on visa rules will help to secure preferential trade terms. The first trade deal the UK will strike after Brexit is with the EU. Free movement will not continue as it has before, but putting immigration rules on the table in negotiations could unlock a better trade deal for Britain. A new route for EU workers, negotiated as a part of the new UK-EU relationship, would replace free movement. It should focus on ensuring that EU workers are contributing to the UK's economy and society.

⁶⁹ *In Transition: EY's attractiveness survey*, EY, June 2018

⁷⁰ *Joint statement by CBI, TUC, BusinessEurope and ETUC*, June 2018. [Link](#)

⁷¹ *Registered Traveller: faster entry through the UK border*, Gov.uk, 2018. [Link](#).

Recognise the strong links between people and trade as the UK forges new economic relationships on the world stage:

6. Negotiate the simplest possible travel arrangements for all British and European citizens to avoid lengthy border delays at sea and air ports after Brexit
7. Preserve easy mobility of staff in our new relationship with the EU, including intra-company transfers, temporary postings and temporary business visits
8. Ensure that both mobility and migration are an integral part of all future trade deals that the UK negotiates with other parts of the world, starting with the EU

A new EU immigration system is required to meet business needs and deliver greater control in ways that improve public trust

A more open route for EU workers, than the current non-EU system, is needed unless and until radical reform means that these needs can be met by a new global immigration system. As is set out in this sector-by-sector analysis, almost all businesses rely on a range of skills to succeed. EU workers are present at every level of UK businesses, often because of shortages in the UK labour market. The strongest and most consistent message heard by the CBI when consulting with businesses and Trade Associations was that no system based on the current rules for non-EU workers could ever meet these needs of businesses.

This is not a call for free movement to continue. The CBI's members understand that the system after Brexit will not be the same as it has been previously. It must include new controls that are designed to give the public the confidence to trust the immigration system.

Openness and control are sometimes presented as opposites, but this is a false choice. Business believes that the post-Brexit system for EU migration can be both open to those who come to contribute and controlled in ways that give the public confidence. There are some steps that the UK could take unilaterally without impacting negotiations with the EU on the future economic relationship. Steps like compulsory registration and deportation if an individual isn't self-sufficient are already permitted under free movement rules. But the UK should go further and negotiate new controls on EU migration as part of the UK-EU future economic relationship.

Compulsory registration of EU nationals is an important step towards delivering control...

Improving public confidence that immigration is controlled requires trust in official statistics. Uncertainty about the number of people entering or leaving the UK fatally undermines this confidence. In recognition of this, exit checks were reintroduced in 2015 to give a clearer picture of whether those who enter the UK leave when they are supposed to. But the UK has not previously required EU citizens to register themselves after they have entered the country.

Most EEA countries – 26 out of the 31 – already require compulsory registration, so it would be a relatively uncontentious first step towards strengthening control.⁷² Belgium has stringent registration requirements (**Box 3**) and these are compatible with EU law.

⁷² *Living and working conditions - registration procedures and residence permits*, EURES, European Commission. [Link](#).

Box 3: Registration requirements for EEA nationals in Belgium

Regardless of length of stay, on arrival in Belgium EEA nationals must report their presence to the local municipal administration within 10 days, unless staying in a hotel or other certified accommodation. Visitors are required to show their passport or identity card and are then given a certificate known as a 'Déclaration de présence' (Presence of Notification).

If an EEA national wishes to stay in Belgium for more than 3 months, they must register in person at the local municipality within 3 months of arrival in Belgium. This requires a valid EEA passport or ID card, the 'presence notification' certificate, and to specify the reason of stay in Belgium. Valid reasons include salaried employment, self-employment, jobseeker, student, financially self-sufficient, and being a family member of an EEA citizen.

Following this EEA nationals have a further 3 months to present documents evidencing their reason for stay, for example a contract of employment or proof of financial self-sufficiency. Only after this evidence has been verified do EEA nationals receive a formal Registration Certificate or *Annex 8*. In the months following this, a local official, usually a police officer, will pay a visit to the residential address given to physically confirm the person in question is living there.

If an EEA national fails to present all the required evidence documents within 3 months, the municipality will issue a formal warning giving them one more month to do so. Failure to comply leads to an order to leave Belgium within 30 days.

EEA nationals must carry their registration certificate at all times. This is available as a plastic ID card which is valid for 5 years. Failure to do so can lead to a fine of up to €200.

Source: Living and working in Belgium, p.6. EURES, European Commission. [Link](#).

... and enabling the UK to require that EU citizens are contributing if they want to stay

Registering EU nationals allows the UK to ensure that they are contributing to the economy and society if they want to stay for a longer period of time. The UK will need a way to ensure that only EU nationals that are contributing stay in the longer-term. This is theoretically possible under EU law already, but in reality, is very difficult.⁷³ This process will need to be designed with sensitivity, learning lessons from the Windrush scandal to ensure that EU citizens are treated as people rather than numbers. But ensuring that everyone who comes to the UK is contributing is an important part of ending free movement as it has operated to date.

The UK must negotiate additional controls on access to benefits that at least match those agreed before the Brexit referendum...

How to control migration has a long history within the development of EU free movement. Finding the best way in which a country could respond to a significant influx of workers was a concern for many delegations when the EU Common Market was first negotiated. But the lower level of migration in the decades that followed meant this concern dissipated. The steady increase in movement of workers across Europe's borders in recent years now means that the question is being asked more frequently again.

⁷³ *Citizens Rights Directive 2004/38/EC*, Article 27(1), Official Journal of the European Union. [Link](#).

Polling suggests that the public's main concern about immigration is “*people coming here to claim benefits*”. This was raised by nearly half (47%) of respondents as a main concern.⁷⁴ This has consistently been a cause for concern. Migrants' access to benefits also came top of the same poll in March 2017. Negotiations between the UK and the EU will need to deliver new controls on access to benefits. In 2016 the EU offered concessions to the UK on access to in-work benefits. The EU will need to at least reinstate this offer.

... and linked to local labour market conditions to restore confidence that EU workers are not preventing UK workers from getting jobs

The now redundant conclusions on a new settlement for the UK in the EU, agreed at the European Council in February 2016, arguably opened the door to the UK having controls linked to local labour market conditions while remaining a member of the EU. More certainly, EEA countries and others with close market access to the EU have been able to introduce additional controls on EU immigration. Both Liechtenstein and Switzerland have negotiated new restrictions, proving that this is an issue that is negotiable as part of a future economic relationship that ends free movement.

It is important that these sorts of mechanisms for greater control are negotiated rather than created unilaterally. When Switzerland unilaterally created restrictions that breached its agreements with the EU, the EU responded by suspending Switzerland from EU research programmes. With UK business greatly benefitting from working with EU counterparts on science and innovation projects,⁷⁵ negotiated controls that avoid damaging other aspects of the UK's future economic relationship with the EU are needed.

The most recent case of the EU negotiating new controls on immigration whilst maintaining close market access with the EU is Switzerland (**Box 4**). Following a referendum in 2014 and then extensive discussions with the EU, Switzerland introduced new controls linked to local labour market conditions. These are designed to ensure that migration from the EU does not limit opportunities to work for locally registered job seekers. The new rules require employers to complete a simpler and faster version of the UK's Resident Labour Market Test that applies when hiring non-EU workers. In the Swiss model, this requirement is triggered if unemployment for certain professions is above 8%, dropping to 5% in January 2020. This shows that migration is negotiable with the EU and that there is not only one model. The UK should seek its own new controls designed to give confidence that EU nationals are not taking jobs from UK workers.

To remain open, the cost of hiring EU workers must not become prohibitively expensive

As well as the red tape and licensing burdens discussed earlier in this paper, businesses are also concerned about the impact on their ability to remain competitive if large extra charges are levied when hiring EU workers. The £1,000 per person per year Immigration Skills Charge and the £200 per person per year Immigration Health Surcharge are very significant additional costs, particularly when the shortages being filled include labour-intensive sectors that are already struggling to adapt to the cumulative burden of the National Living Wage, the Apprenticeship Levy and pensions Automatic Enrolment. These charges should continue to not apply to EU workers.

⁷⁴ *Where the public stands on immigration*, YouGov, 24/25 April 2018. [Link](#).

⁷⁵ *Collaborate to innovate*, CBI, March 2018 - [Link](#)

Box 4: The Swiss Model

Switzerland's close relations with the EU are governed by a range of bilateral agreements which have evolved over many years. Switzerland and the EU signed the Agreement on the Free Movement of Persons (AFMP) in 1999. This grants Swiss and EU citizens the right to freely choose their place of employment and residence in each others territory.

The agreement includes transitional "safeguard clauses" which allow Switzerland to introduce quotas for a specified period if immigration exceeds a certain threshold. The Swiss Government recently invoked the clause for Bulgarian and Romanian nationals. For 12 months from 1 June 2017, only 996 residence permits were available to them.

In 2014 the Swiss people voted to end "mass immigration" in a referendum. Switzerland has since had extensive discussions with the European Commission about how it could implement this in domestic law without contravening the AFMP. As this would then breach all its other bilateral agreements with the EU. Nearly four years on, a compromise has been found.

Swiss employers will be required to notify their local public authority, at canton level, of job vacancies in certain professions where unemployment is high. As of 1st July 2018 the unemployment threshold will be 8% and from 1st January 2020 it will be reduced to 5%. For these roles Swiss employers face a similar, but shortened, version of the Resident Labour Market Test that UK employers already face for non-EU workers. For the first five days following notification of the job vacancy, applications for the role will be exclusively reserved for locally registered jobseekers. Only after this initial five day period can employers open up the role to other applicants, including workers in EU countries or EU citizens that have recently arrived in Switzerland.

There are a variety of job roles and broad range of skill levels currently above 8% unemployment and subject to these new recruitment requirements. For example the list of professions includes agricultural workers and warehouse staff in logistics, vocational skills in the construction sector including plasters, and roles in PR and marketing. There are several exemptions covering internal candidates, apprentices and temporary hires where employers are not required to wait five days to fill the vacancy.

Source: Job registration requirement – Work.Swiss, [Link](#).

Replace free movement with a new open and controlled immigration system for EU citizens:

9. Establish a new system for EU immigration because extending the current non-EU immigration system would be entirely unworkable for business
10. Introduce compulsory registration for EU citizens soon after arrival in the UK
11. Restrict EU citizens' ability to stay to three months unless they can prove that they are working, studying or are self-sufficient
12. Secure through negotiation with the EU a new test linked to local labour market conditions, such as unemployment rates for specified professions, which would trigger prioritisation of local recruitment
13. Reinstate controls on access to in-work benefits agreed between the UK and the EU prior to the referendum
14. Continue to exempt EU workers from the Immigration Health Surcharge and the Immigration Skills Charge

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