CLOSING THE DOOR
THE TRUE COST OF THE IMMIGRATION WHITE PAPER
In December 2018, Theresa May’s government published its long-delayed Immigration White Paper – crucially informed by her interpretation of the Brexit referendum first and foremost as a mandate to end free movement.

By the government’s own admission, this is a plan to make us poorer: it would take 0.9% from the country’s GDP and cost the Budget bottom line £4 billion in just its first five years.

But these proposals risk further negative consequences, going beyond those set out in the White Paper. Global Future’s analysis finds that the government’s plans would:

- Cost employers more than £1bn in new red tape – and over half a billion to the NHS if it follows its plan to recruit more overseas staff; these are conservative estimates
- Impose a £80m barrier to EU students – through new fees they wouldn’t have to pay to study at competitor universities in the EU
- Create the makings of a new Windrush scandal – through the giant settled status scheme, government are retracing the five steps towards the Windrush disaster
- Sabotage the government’s own integration strategy – through a short-term work visa which discourages migrants from learning English and putting down roots

The damage to the economy and public finances of the government’s approach are widely accepted, so this report focuses on less well-established details, in five sections.

**White Paper, red tape:** For the first time, tens of thousands of European workers will need to navigate the intense bureaucracy of the Home Office’s visa system – costing their employers £1.14bn in five years. Hundreds of billions of pounds would churn from key public services back to the Home Office. And if the NHS is allowed to recruit the migrant workers it says it needs, the health service alone could face £580m in costs.

**The £30,000 threshold:** More than two thirds of jobs in the UK workforce wouldn’t qualify as ‘skilled’ under the government’s plans. The threshold would leave over 100,000 unfilled jobs in social care and nursing, and cause the total EU workforce to shrink by 2025 – making it very difficult for businesses to survive and expand.

**Temporary workers:** The proposed 12-month visas have been designed without considering the needs of the key sectors, like construction, which are most likely to use them. Their strict rules mean migrants will be discouraged from settling into the local community and prevented from mastering their work – leading to a risk of exactly the wage-undercutting and poor integration that opponents of immigration claim they are concerned about.

**A new Windrush scandal in the making:** We show how the settled status scheme exactly mirrors the makings of last year’s Windrush scandal – but on a much larger scale. The system is already creaking and will struggle to manage more than three million applications for fresh status. Even if it works, the new system will leave EU citizens with one of six different kinds of status, creating serious risks of confusion and error.

**Student visas – a missed opportunity:** Our universities are a major British success story, and international students contribute nearly £15bn to the economy each year. But the White Paper creates vast new barriers for European students whilst doing nothing to help universities against competitors in countries like the US and Australia.

The White Paper contains many sensible measures, like the proposed abolition of the Resident Labour Market Test. But its overall effect - predicated on the abolition of free movement - would only be to hold Britain back.
Governments don’t like to miss deadlines. When they do, it tends to mean one of two things – problems with the policy or rows in Cabinet. With the Immigration White Paper, it was both.

First promised in Autumn 2017, the Government’s long-delayed plan for post-free movement immigration policy arrived in December 2018 to a soundtrack of furious briefing and counter-briefing from unhappy sources across government. That’s no surprise – by its own admission this is a plan to make us all poorer and further squeeze our embattled public services.

So how did we get here? First and foremost this White Paper is a product of Theresa May’s interpretation of the Brexit referendum as a mandate to end free movement. What’s more, she comes at the problem very possibly as the only person left in government who believes in the Conservative Party pledge to cut immigration to the tens of thousands, whatever the cost.

TABLE 1. MAC findings on EEA migration

<table>
<thead>
<tr>
<th>PUBLIC FINANCES</th>
<th>EEA migrants pay more in taxes than they receive in benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRODUCTIVITY</td>
<td>Studies we commissioned point towards ... a positive impact on productivity but the results are subject to significant uncertainty</td>
</tr>
<tr>
<td>INNOVATION</td>
<td>High-skilled immigrants make a positive contribution to the levels of innovation</td>
</tr>
<tr>
<td>TRAINING</td>
<td>No evidence that migration has had a negative impact on the training of the UK-born workforce. Moreover, there is some evidence to suggest that skilled migrants have a positive impact on the quantity of training available to the UK-born workforce</td>
</tr>
<tr>
<td>PUBLIC SERVICES</td>
<td>EEA migrants contribute much more to the health service and the provision of social care in financial resources and through work than they consume in services. EEA workers are an increasing share of the health and social care workforce and are highly valued by employers and patients. EEA migrants are more likely to have greater numbers of non-EEA migrants. There is no evidence that migration has reduced the quality of healthcare</td>
</tr>
<tr>
<td>CRIME</td>
<td>We found that migration does not impact crime and there is no evidence to suggest that migrants are linked to any increases in crime in England and Wales</td>
</tr>
<tr>
<td>WAGES</td>
<td>Migration is not a major determinant of the wages of UK-born workers ... some evidence suggesting that lower-skilled workers face a negative impact while higher-skilled workers benefit ... the magnitude of the impacts are generally small</td>
</tr>
<tr>
<td>UNEMPLOYMENT</td>
<td>No or little impact on the overall employment and unemployment outcomes of the UK-born workforce ... may vary across different UK-born groups</td>
</tr>
<tr>
<td>WELL-BEING</td>
<td>We also found no evidence that migration has reduced the average level of subjective well-being in the UK</td>
</tr>
</tbody>
</table>

This is quite a report card. As Jonathan Portes points out: “It is hard to overstate the significance of these findings. Immigration, overall, has made the UK a more productive economy and a more prosperous country – and can do so in the future.”

Even where the MAC finds distributional variation, they are careful to point out how small or poorly understood it is. For example, on wages the MAC concludes that there is “some evidence suggesting that lower-skilled workers face a negative impact while higher-skilled workers benefit, however the magnitude of the impacts are generally small.”

Portes, again, well sums up the evidence:

“All this should put to bed the argument that immigration may boost growth but hurts the poorest. The direct impact of immigration is a small reduction in wages for the low-paid – but this is outweighed many times over, both for the low-paid and the rest of us, by the boost to living standards from higher productivity and lower taxes or better public services.”

So immigration has been good for Britain. In a different environment you may well expect the MAC to conclude, as a result, that the policy response to such success should be to keep moving in the same direction – perhaps with tweaks here and there to make things even smoother. For example, the evidence must surely have left the MAC in no doubt that the ‘tens of thousands’ target is evidence-free nonsense. Sadly, the MAC chose not to offer a view.

Table 1. MAC findings on EEA migration

Instead, as well put by Kristian Niemietz:

“There is a strong disconnect between the report’s descriptive part, which summarises the empirical evidence on the impact of EEA migration in a range of areas, and the prescriptive part, which contains recommendations for a post-Brexit immigration policy. In the first part, the report finds that virtually all of the perceived downsides of EEA migration are either non-existent, or relatively small. But the second part then nonetheless goes on to recommend a much more restrictive immigration policy, in order to address those non-existent or minimal problems.”

That set the stage for the White Paper – apparently coloured by the Prime Minister’s own restrictionist instincts. A ban on low earners (labelled low-skilled), a desire for more high earners (without a plan to attract them), and reluctant changes round the edges where deemed absolutely necessary – notably, a limited temporary visa for lower earners.

The centrepiece – a £30,000 salary floor for foreign workers which would rule out two thirds of all Brits – was roundly condemned by business and the public services that rely on workers who earn less. As we shall see, many vital sectors found the ladder kicked out from under them. Indeed, both documents accept that social care – so often the forgotten child of public policy, and currently enduring twin crises of funding and staffing – will be damaged by these plans, yet made no serious attempt to mitigate that harm.

The White Paper emerged following an almighty row in Cabinet, primarily about the impact of the proposed threshold. Given the depth of political uncertainty in the UK, predicting the future is a mug’s game. But it is clear that if Theresa May remains in power then – despite the new Home Secretary’s reluctance to endorse his party’s net migration target – the UK’s immigration system will become significantly less open and welcoming.

There are some points of promise in the White Paper’s details. For example, efforts to make the immigration system work more smoothly – reducing red tape through a more efficient sponsorship system and the elimination of resident labour market testing – are most welcome.

But the undeniable impact of the government’s plans, overall, is to make the UK’s immigration system more complex and more hostile – to the detriment of the
country. The White Paper itself estimates the economic cost of government proposals at 0.9% of GDP in 2025 alone, and the damage will only accumulate over time. By the government’s own estimation, the public finances would take a hit of as much as £4 billion by 2025.

In recent months the government has defended the proposed Brexit deal as necessary to enable its plans to reform immigration. This is the prize: lower growth, depleted public finances meaning higher taxes or cuts to public services like the NHS, lower productivity, a deeper staffing crisis in social care and beyond.

This report sets out our analysis of the White Paper across a range of issues. The negative impact on overall GDP is not seriously contested. As such we focus elsewhere. We also do not discuss areas in which current policy is deeply flawed but the White Paper proposes no changes – such as the ban on asylum seekers working and salary thresholds stopping UK citizens from being united with their spouses. Instead we focus on the following areas:

- The administrative burden of the new migration system
- Skilled workers
- The temporary migration scheme
- Settled status and the hostile environment
- International students

Ultimately this White Paper flows from the self-defeating desire to end free movement whatever the cost. Even on its own terms it lacks coherent strategy, it cuts across the plans of other departments from Health to Education, MHCLG and BEIS to the Treasury, and worst of all will likely exacerbate the very problems it seeks to solve.

At a high level, this White Paper seeks to move Britain in the wrong direction: closing the country off when we most need to open up. That much is clear, but this report looks deeper – and finds serious flaws in the detail of the government’s plans.

### Table 2. White Paper Proposals

<table>
<thead>
<tr>
<th>Section</th>
<th>Details</th>
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| **A “SINGLE SKILLS-BASED SYSTEM”** | EU citizens to be brought within the same immigration system as all other nationals
| | Some different treatment where negotiated with foreign governments
| **LOW-PAYED MIGRATION**<br>(described in the white paper as low-skilled) | The White Paper notes the MAC recommendation, retaining the minimum skilled visa salary threshold at £23,000
| | As a “transitional measure”, a short-term work visa strictly limited to 12 months will be introduced
| | No sectoral labour schemes, except possibly for seasonal agricultural work following a small 2019 pilot
| **HIGH-WAGE MIGRATION** | As recommended by the MAC, no cap on the numbers of sponsored workers who meet the skill and salary thresholds
| | Employers will no longer be required to advertise locally before sponsoring a migrant (the resident labour market test)
| | The skills threshold will be lowered to RQF level 3-5 (A-level or equivalent), enabling employers to sponsor for more roles
| | The MAC to review the Shortage Occupation List, including for occupations at RQF level 3-5, reporting in spring 2019
| **STUDENTS** | Six months’ post-study leave to all master’s students, and bachelor’s students at UK universities studying at an institution with degree awarding powers
| | A lengthened period in which students can apply to switch to a skilled workers’ visa, including from outside the UK
| **FAMILY & SETTLEMENT** | No change to the extremely high salary or savings thresholds required for UK citizens to bring in spouses and children
| | Closing several alternative pathways for family migration currently available under EU rules (eg. the Surinder Singh route)
| **SETTLED STATUS** | EU citizens in the UK before the end of the transition period will be eligible for settled status after five years’ residence
| | No change regarding serious doubts about the Home Office’s ability to implement the settled status scheme effectively
| **THE “COMPLIANT ENVIRONMENT”** | No change to any hostile environment policies since the Windrush scandal, except for a temporary data-sharing pause
| | No change to the rules allowing indefinite immigration detention, despite cross-party opposition
| **REFUGEES & ASYLUM** | No change to the rules banning asylum seekers from working, despite cross-party opposition
| | No commitments on refugee resettlement beyond promises of the Cameron government ending in 2020
| **YOUTH MOBILITY** | Broad promise to “expand existing youth mobility arrangements” on a reciprocal basis
The main benefit touted in the government’s White Paper is the transition to a “single system” for migrants from within and outside the EU. The single system rhetoric carries an implied promise of greater simplicity.

But an end to free movement is an unambiguous move towards a more complex and burdensome immigration system. Under the proposals in the White Paper, tens of thousands of additional workers each year would require a sponsored visa, putting them and their employers through costly and complex Home Office bureaucracy.

The government has made a non-specific promise of “significant reforms” to the visa process, to ensure that “overall the burden on businesses is no greater” than at present. This commitment is entirely unachievable within the White Paper’s policy framework.

Our modelling suggests that the proposed changes would inflict new costs of over £1 billion on British employers. And these estimates are based on the premise that the bureaucratic burden of each individual visa application does not increase – a highly generous assumption, since the new system would see UK Visas & Immigration’s visa-related caseload increase by tens of thousands of applications per year.

This section presents Global Future’s estimates of the administrative cost that the White Paper’s proposals would impose on businesses, the public sector and the NHS.

### A. Aggregate costs

In total, imposing new visa requirements on EU workers will create costs of well over £1 billion to UK employers in the first five years of the new policy framework.

Employers typically cover the application costs of workers they are seeking to sponsor, and often the costs for their partners and children. We assume that all employers pay their workers’ costs and two-thirds pay for their dependants. There are also further costs of the Home Office bureaucracy which requires employers to notify the Home Office about minor changes in the circumstances of either their business or the migrant employee. In this scenario the total additional cost to employers would be £1.14 billion over the first five years of the policy.

These estimates are based on the White Paper’s projections of the number of EU nationals who would migrate under the new skilled worker system.

They include fees charged by the Home Office to migrants and their sponsoring employers. We also estimate the ad-

#### TABLE 3.

<table>
<thead>
<tr>
<th></th>
<th>Employers</th>
<th>Workers</th>
<th>Workers’ dependants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>£169,680,127</td>
<td>£63,498,240</td>
<td>£8,254,772</td>
</tr>
<tr>
<td>2022</td>
<td>£165,894,861</td>
<td>£62,081,706</td>
<td>£8,070,622</td>
</tr>
<tr>
<td>2023</td>
<td>£161,604,893</td>
<td>£60,476,300</td>
<td>£7,861,919</td>
</tr>
<tr>
<td>2024</td>
<td>£158,603,445</td>
<td>£59,353,088</td>
<td>£7,715,902</td>
</tr>
<tr>
<td>2025</td>
<td>£156,099,051</td>
<td>£58,415,886</td>
<td>£7,594,065</td>
</tr>
<tr>
<td>Total</td>
<td>£811,882,377</td>
<td>£303,825,220</td>
<td>£39,497,279</td>
</tr>
<tr>
<td>Paid by employers</td>
<td>all</td>
<td>all</td>
<td>66%</td>
</tr>
<tr>
<td>Total cost to employers</td>
<td>£1,142,039,116</td>
<td></td>
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</tr>
</tbody>
</table>
ministerial costs of the application process, using the cost of paying an immigration agent to manage the application as a proxy.

Full details of the methodology can be found in the Appendix, but the figures include:

- The Home Office fee of £199 for an employer to assign a certificate of sponsorship to a visa applicant
- The Immigration Skills Charge of £2000 for each year on the worker's visa
- The visa application fee to the migrant of £610 or £1220 for a visa period of over three years
- The Immigration Health Surcharge of £400 for each year on the visa, also payable for each of a migrant's accompanying dependants
- Compliance costs of the visa application process of £1000 to the employer and £1000 to the migrant
- Compliance costs estimated at £450 per worker for mandatory notifications to the Home Office

Fees and compliance costs in the UK visa system are considerably higher than in other countries, and in recent years have increased at significant rates.

Our modelling likely underestimates the costs to employers of the proposed new system. Two sources of downward bias are particularly important.

First, we have not included any estimate of the additional costs for employers who will be sponsoring workers for the first time: acquiring a sponsorship licence and familiarising themselves with the system will impose significant burdens on these new employers.

Second, our estimates assume no change in either fees or the costs of complying with Home Office requirements. In fact, visa fees have seen regular above-inflation increases – often as high as 25% a year – since 2007. And in a situation of increased case load complexity, delays are almost certain to increase – as are legal fees for dealing with them.

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### TABLE 4.

<table>
<thead>
<tr>
<th>Country</th>
<th>Single applicant for 3 years</th>
<th>Family of 5 for 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>£5,009</td>
<td>£21,299</td>
</tr>
<tr>
<td>Australia</td>
<td>£4,551 ($8,185)</td>
<td>£10,491 ($18,870)</td>
</tr>
<tr>
<td>Canada</td>
<td>£224 ($385)</td>
<td>£681 ($1,170)</td>
</tr>
<tr>
<td>Germany</td>
<td>£149 (£170)</td>
<td>£768 (£875)</td>
</tr>
<tr>
<td>France</td>
<td>£2,110 (£2,403)</td>
<td>£2,812 (£3,203)</td>
</tr>
</tbody>
</table>

### B. Costs to public and private sector

Among the employers affected by the new immigration system will be various public bodies, including schools, local governments, the civil service and the National Health Service. The White Paper’s proposals would create a waste

### C. The National Health Service

The NHS has increasingly been recruiting doctors and nurses internationally in order to fulfil its staffing needs in recent years. If the current rate of recruitment continued except for those falling below the £30,000 salary threshold, around 5,000 doctors and nurses would join the NHS from EU countries each year.

According to the White Paper’s projections, that rate of recruitment is unlikely to be sustained. The White Paper projects fewer than 20,000 EU immigrants each year from 2021 to 2025, and fewer than 6,000 would be expected to work in all parts of the public sector combined. That is clearly not compatible with ongoing rates of 5,000 per year to work in the NHS alone.

This suggests that adequate NHS recruitment from Europe will be extremely difficult under the government’s new proposals. And the incompatibility runs even deeper when considering the NHS Long Term Plan, published in January this year, which calls for a “step change” increase in international recruitment.

The government has shown some willingness in the last year to create exemptions for the purposes of NHS recruitment. If salary and skills thresholds were relaxed for NHS employers to allow international recruitment of doctors, nurses and midwives to continue at the current rate, the administrative cost imposed on the NHS would be £377.6 million over five years.

This figure, again, is the cost for hiring employees who can currently be taken on at zero cost.

And it does not include the “step change” called for by the NHS Long Term Plan. The Long Term Plan does not give detailed figures, but anticipates a possible increase in nurse numbers of “several thousand each year”. If that plan is followed it could drive the cost of complying with Home Office immigration bureaucracy for the NHS up to £589 million.

None of these figures include the administrative costs to GP practices of international recruitment. Since GPs are self-employed or paid by the practice rather than employed by the NHS, it is difficult to estimate recruitment rates and any visa costs would not be directly borne by the public sector. But non-British doctors make up more than a fifth of the GP workforce and the administrative burdens of the proposed new immigration system would undoubtedly make recruitment more costly, affecting clinicians’ ability to provide high-quality service to patients.
Industries that make extensive use of the new skilled worker visa will have to deal with costly new red tape. But many sectors will face an even worse blow: being cut off from hiring the workers they need because of the strict conditions in the new system.

The government’s central proposal, as currently formulated, would impose a salary threshold of £30,000 per year and an intermediate skills threshold, set at RQF level 3 (equivalent to A-levels). If implemented, that would create serious difficulties in several industries which have employed large numbers of EU migrants in recent years. The UK economy would lose, in just the first five years of the new system, hundreds of thousands of valuable workers.

A sharp reduction in so-called low-skilled immigration has been advocated, led by the prime minister’s reading of public opinion, by misleadingly presenting evidence which does not say what the government claims it does. There is no reason to believe that the new system will benefit Britain’s workers, economy or public finances.

This section examines the impact the new system, in particular the £30,000 salary threshold, would have on vital sectors of the UK economy.

The White Paper contains non-specific commitments which might mitigate some of these impacts, notably a promise to consult on the level of the salary threshold and a possible temporary migration scheme for so-called low-skilled workers. Neither of these are, at this stage, commitments that can be relied on – neither are included in the White Paper’s own projections of the impacts of the government’s proposal. In line with the White Paper, our estimates here assume no change to the salary threshold and no new low-skilled migration route. The possible effects of the temporary workers’ scheme are considered in the next section.

A. Sector shortages

Implementing the White Paper’s proposed salary and skill thresholds would make it extremely difficult for businesses in many parts of the economy to recruit the workers they need.

Previous work by the Institute for Public Policy Research, based on recommendations from the Migration Advisory Committee (MAC) report rather than official proposals, suggested that very large proportions of the EU migrants already in the country would not have been able to come under a more restrictive visa regime.11 Our analysis examines the government’s proposed policy, using the White Paper’s own projections as a starting point, and provides a more concrete picture of the shortages the new regime would create.

The impact of the new skilled migration system would be to shrink the workforce across the board, affecting all industries and occupations. From 2021 to 2025, if free movement was retained, net migration from the EU would bring 190,000 additional workers into the country. Under the government’s policy, the EU workforce would shrink not only relative to that baseline but also in absolute terms: net migration of workers would be minus 68,000 over the period to 2025.

Shrinking workforces would be found in two-thirds of occupation groups – and all groups would see fewer workers than if free movement continued, including the highly-skilled occupations the system is meant to attract.

The limited information released with the White Paper makes it extremely difficult to give precise estimates for more specific kinds of jobs. But looking at the current distribution of the EU workforce suggests that the occupations most heavily affected would include:

- Nursing assistants
- Carers, including senior care workers and home carers
- Bricklayers, carpenters and other construction workers
- Cooks and chefs
- Truck, van and coach drivers
This shift is particularly damaging because, as the White Paper acknowledges deep in an appendix, the hardest hit occupations have in many cases been highly reliant on EU migrants to maintain growth in their workforce in recent years (see Figure 1).

In retail, wholesale and warehousing, for example, more than half of recent employment growth has come from hiring European nationals. In the food and drink sector, the increase in EEA workers is more than 100% of total employment growth because the native and non-EEA workforce is already contracting. That could mean that employment growth in these lines of work make a vital contribution to the food and drink workforce as a whole shrinks.

Slashing employment growth inhibits industry’s output on EU migrants to maintain growth in their workforce in recent years (see Figure 1).

In social care, previous Global Future analysis has underlined the importance of EU migrants to the sector’s future. Recent years have seen the number of British workers in social care rise only slowly, and the non-EEA workforce shrink as immigration restrictions increase. That has meant a growing reliance on European workers, whose numbers have risen by more than 50% while the workforce from outside the EU fell by a fifth.

Subjecting EU nationals to the same strict criteria could mean 115,000 fewer social care staff by 2026 than if free movement were retained. Such a hit would come at the same time as the UK’s elderly population starts to increase rapidly. The social care workforce needs to expand by more than 400,000 to maintain today’s staffing ratios in 2026 – a number which would, at current recruitment rates, take well over 20 years to reach with new British workers alone. The situation is particularly acute in adult residential care, where 285,000 positions could be left unfilled by 2028.

In the face of this developing crisis, there is no justification for tightening the immigration rules for social care workers. There are three main economic arguments given for limiting immigration to high-wage occupations only; that it will help drive up the wages of low-skilled workers, that it will mean employers have to invest in training British workers, and that it will encourage productivity-boosting technology and automation. All three of these arguments are dubious as applied to EU migration in general – but they are completely irrelevant to social care specifically. The sector is already experiencing acute labour shortages, with a vacancy rate almost three times the economy-wide average. These conditions have not led to rising wages or productivity. Most social care workers are funded through local authorities, which have experienced severe funding cuts in the last decade: downward pressure on wages comes from that central government-imposed squeeze, not from overseas workers being willing to work for less. Although roles in the sector are extremely demanding, formal high-level qualifications are not generally needed for social care jobs, meaning that lack of investment in British workers’ training is moot. And care work is widely...

### TABLE 5

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Under free movement</th>
<th>Under proposed policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers, Directors and Senior Officials</td>
<td>12,043</td>
<td>4,042</td>
</tr>
<tr>
<td>Professional Occupations</td>
<td>28,567</td>
<td>13,806</td>
</tr>
<tr>
<td>Associate Professional and Technical Occupations</td>
<td>20,262</td>
<td>1,812</td>
</tr>
<tr>
<td>Administrative and Secretarial Occupations</td>
<td>13,116</td>
<td>-8,729</td>
</tr>
<tr>
<td>Skilled Trades Occupations</td>
<td>23,001</td>
<td>-10,306</td>
</tr>
<tr>
<td>Caring, Leisure and Other Service Occupations</td>
<td>15,366</td>
<td>-11,172</td>
</tr>
<tr>
<td>Sales and Customer Service Occupations</td>
<td>9,554</td>
<td>-6,711</td>
</tr>
<tr>
<td>Process, Plant and Machine Operatives</td>
<td>24,086</td>
<td>-18,006</td>
</tr>
<tr>
<td>Elementary Occupations</td>
<td>44,206</td>
<td>-33,228</td>
</tr>
</tbody>
</table>

### FIGURE 1: Top sectors for long-term EEA employment growth (2012-2016)

- **UK**
- **EEA**
- **NON-EEA**
- **TOTAL**
This document discusses the challenges faced by the social care sector, particularly low-skilled occupations, and the difficulties in labor market adjustment. The White Paper is analyzed for its recognition of the sector's unique needs, especially in relation to EU migration and public service provision, and the potential effects of automation and the high vacancy rate. The document highlights the growing reliance on international recruitment and the need for a comprehensive strategy to address staffing difficulties.

The discussion includes the importance of improved pay and conditions, a shift in immigration policy, and the recommendation for a 12-month temporary migration scheme. Despite these recommendations, the White Paper does not offer a comprehensive solution, and the threat of ending free movement poses a significant risk to the social care sector.

The text also addresses the £30,000 salary threshold for skilled migration, which is seen as a barrier to recruiting nurses, midwives, and doctors. The delayed implementation of the threshold and the continued reliance on international recruitment are highlighted as critical issues.

The document concludes with a critique of the White Paper's commitments and the need for a better definition of the term 'skilled.' It proposes a comprehensive strategy to address the social care crisis, emphasizing the importance of ensuring that immigrants contribute more in taxes than they use in public services.
finances at a salary of a little more than £10,000 a year; a household of two 55-year olds contribute if they earn £25,000 between them; even in a household with two parents and two children, the adults need only earn about £22,500 each.

Another crucial factor to the public finances is salary progression. Migrants who do not make a positive fiscal contribution when they arrive may start to do so later, as they gain experience and their wages rise. This is an important element to consider because immigrants’ salaries can increase significantly after their arrival (see Figure 3). Salary progression, in fact, tends to be quicker for migrant workers than natives. Significant amounts of international evidence have found that newly arrived immigrants face a wage penalty compared to natives, but that this gap closes over time – especially for migrants who arrive at younger ages. So young immigrants who work entry-level jobs, even if they do not contribute to the public finances initially, may well do so within a few years.

All of this shows decisively that income is far from the only factor determining whether a migrant (or any resident) makes a net fiscal contribution. Isolated from the makeup of the household, number of children, age and other factors, salary alone is an extremely crude way of trying to guarantee that migrants contribute to the public finances.

Trying to incorporate these other factors would make the immigration rules even more Byzantine than they currently are. And there is no reason to do so, given that the MAC also found EEA migrants are already significant net contributors under freedom of movement. The White Paper, too, projects that the new system will worsen the government’s fiscal position, not improve it.

If the government wants to ensure that European immigration is helping the Budget bottom line, it doesn’t need to do anything – least of all introduce new restrictions that would lock workers out of crucial parts of the country’s economy.

Apart from the flimsy fiscal rationale, what defence is there for the £30,000 threshold? The White Paper and the MAC report gesture towards the possibility that the threshold would lead to higher wages – both in professions like social care, where wages are far short of the threshold, and in sectors where wages approach the threshold but tend to be slightly below it. Similarly, it is suggested that restrictive salary rules will make sure migrant workers are highly skilled and encourage employers to invest in training for their employees.

These suggestions are extremely difficult to reconcile with the evidence, compiled by the MAC and the government, about the historic effects of EU migration. The MAC’s conclusions say that “salary thresholds are likely to ensure that these migrants raise the level of productivity in the UK, make a clear positive contribution to the public finances and contribute to rising wages”. That recommendation comes just a few pages after the conclusion that EU migrants under free movement have increased productivity and innovation, clearly contributed to the public finances and created no downward pressure on wages.

There is, in summary, no coherent rationale whatsoever for the £30,000 threshold. It is a welcome sign that the White Paper signals the government’s intention to consult and raises the possibility of lower thresholds in cases of skills shortage. But that kind of proposal can only be damage limitation – particularly if it relies on the Shortage Occupation List, a slow-responding instrument currently being fully reviewed for only the second time since 2011.

The £30,000 threshold is a vestige of the period when the government’s overriding policy goal was simply to slash migrant numbers. It was never designed to achieve any other goal, and expanding it to EU workers would only do further damage. Now that the “tens of thousands” target has largely disappeared from official language, the government needs to show it is serious about a workable immigration policy. That means abandoning the threshold or lowering it significantly, not just introducing limited exemptions to patch up some of the problems it creates.
Part Three The temporary worker scheme

From the moment the MAC recommended applying a £30,000 salary threshold to workers from the EU, business groups have been united in their opposition to the measure, emphasising the importance of European migrants of all skill levels to the UK economy. One of the White Paper’s few concessions to that position is a short-term visa route for less skilled work.

The government’s proposal is for a very limited temporary labour scheme. Migrants would only be able to stay for 12 months, after which they would have to leave for 12 months and could not transfer to any other kind of visa. The visa would be available only to citizens of selected ‘low-risk’ countries, and would charge an increasing fee each year. And even with these limitations the scheme would only be a transitional accommodation, due to close after 2025.

Although some kind of route for low-wage migration is better than none, the policy outlined in the White Paper would still be deeply harmful. Its restrictiveness makes it unappealing to potential migrant workers and unsuited to employers’ needs. And its design would discourage social integration in local communities and in the workplace.

The temporary labour scheme’s main saving grace is that the White Paper provides so little detail that the government has a fair amount of room to manoeuvre. It should take it: the policy as it stands needs significant change if it is to serve the interests of the British economy, local communities and migrant workers.

A. Problems for employers

Thanks to the deep cutback in numbers that a £30,000 salary threshold would create, specific sectors such as social care, construction, retail and warehousing would likely be the heaviest users of a new temporary work visa. Global Future’s discussions with industry groups in these areas have identified a number of serious concerns about the government’s proposals.21

A key shortcoming of the policy is the very short period of leave envisioned. A 12-month visa is a very poor fit for occupations which, even if unskilled, require relatively extensive on-the-job training before workers become fully capable. In social care, for example, new carers are typically not fully independent and productive employees for at least three months after beginning work. That means the scheme would in effect allow workers to be hired for a nine-month period – an unappealing prospect, particularly since most employers in this area are local authorities with severe budget constraints.

Even where training is not so extensive, the timescale makes it very hard to see how a temporary visa could provide a real solution to businesses’ labour needs. A two- to four-week period of training or probation, combined with migrants’ desire to leave the UK with time to spare in order to avoid Home Office sanctions, would mean that the maximum period of employment is closer to 10 or 11 months in practice.

With the possible exception of purely seasonal work, an employee who will need to be sacked after ten months is not a serious answer to any problem businesses are facing. At several large retailers, average staff tenure is between six and ten years. Construction projects are highly diverse in length and nature, but for large projects employers would have to integrate multiple waves of new migrant employees into their work over the course of two to three years. This kind of forced turnover is likely to disrupt businesses’ ability to effectively fulfil contracts and meet their customers’ needs. The higher recruitment costs associated with needing to hire on such a short-term basis were frequently raised as an issue with the government’s plan.

The fact that the temporary worker scheme is slated to operate only until 2025 is also problematic. The White Paper presents the short-term labour route as a transitional measure while businesses adapt to a more restrictive immigration system.

The applicability of the notion of a ‘transitional period’ varies widely. In retail, for example, it might broadly fit with the industry’s already-ongoing transformation. In other areas the importance of migrant workers is unlikely to change significantly over the course of five years: the social care sector’s
need for employees will only increase, as will the construction industry’s if the government is to deliver on major infrastructure and meet its house-building targets.

But if any transitional period is to be useful to employers, they at least need to know what they are transitioning to – and here the White Paper is vague, saying only that the government and the MAC will work out what the post-2025 arrangements, if any, should be. It’s vital that employers, in business as well as local government, are given a real say on these plans, and adequate time to prepare for what the government agrees would be a radical and disruptive change.

**B. Difficulty attracting workers**

Contrary to much discussion in the UK, the number of migrants who come to the country is not something decided unilaterally by the government. Migrants make decisions about whether a destination is appealing to them, and governments need to set their policy with that in mind.

This reality is sometimes discussed in the context of a new “global race for talent”, but it applies just as strongly to lower-wage workers – and the scheme presented in the White Paper is so restrictively designed that it may not be able to attract the workers the British economy needs.

Some key details of the new visa, which could significantly affect its appeal to migrants, are simply not specified in the White Paper. The level of the visa fee could make the scheme easily accessible or prohibitively expensive. The government has said only that it will increase each year, in order to reduce numbers, which is not a promising sign for its interest in making the visa attractive. It’s also not clear whether immigrants would have to pay the health surcharge (now £400) or skills charge (£1000, due to double) currently associated with work permits.

The government has also not been clear about which nationalities will be eligible for the scheme. Its stated intention is to limit it to “low risk countries”, potentially only after negotiations with their governments. That could mean that the scheme does not actually operate effectively in its early years because the government has not concluded any of these negotiations. Aside from that risk, the list of approved countries cannot be too restrictive or too many migrants will be cut out to effectively meet the economy’s needs. The Youth Mobility Scheme, mentioned in the White Paper as a comparable system, is open to only eight quite high-wage countries. A system along these lines would do very little to compensate, even on a transitional basis, for the disruption caused by ending free movement.

In some industries which would be heavily affected by the end of free movement, such as construction, self-employment is very common because of the project-based nature of most work. There is no mention of self-employment in the White Paper’s discussion of the temporary scheme. If, as is loosely implied, the new system operates similarly to current Youth Mobility Schemes, then self-employment likely will be permitted – but this is a vital point, and its absence in explicit terms suggests the government may not have seriously considered the way this proposal will work.

Finally, the White Paper raises the possibility of a numerical cap on the new visa. Caps are not only problematic for their overall harmful effect of limiting numbers. They also make visa systems chaotic and difficult to negotiate. The UK experienced this in 2018: the monthly cap on Tier 2 visas meant that the minimum salary requirement swung significantly but very unpredictably. The existing Youth Mobility Scheme has caps which are often hit for some participating countries. It can also be seen in the United States, where the annual cap on skilled H-1B visas is usually hit within a few days of applications opening – resulting in a brief period of frenzied applications each year, followed by a lottery to allocate visas. Issues like these led the government to exempt almost 40% of Tier 2 applications from the cap last year and then agree to abolish it. Reintroducing it to a new low-skilled visa would make that system similarly disorderly and unappealing to potential migrants.

The details of the new scheme which have been spelled out also suggest it will be unattractive to migrant workers. Broadly speaking, there are two major drawbacks to the proposed visa from a migrant’s perspective: its inflexibility over time limits and its bar on switching to other visas.

A 12-month time limit is, of course, inherently less appealing than the option to stay indefinitely. But the problem with the limit is also its inflexibility: a 12-month period of permission followed by a mandatory 12-month ‘cooling off’ period restricts migrants’ options for circular movement according to their needs and those of the economy.

For example, consider a trained bricklayer coming to the UK under free movement. They might work on projects for four months and then find that – because of the industry’s intensely cyclical nature – work is in short supply. They could then return to work in their home country and come back to the UK a few months later – when projects they’ve worked on have progressed and need more bricklaying work, or when construction activity in general has picked up. This would simply not be possible under the government’s proposed system, meaning migrants are less likely to want to come in the first place.

Bricklayers are one of the occupations likely to be most in shortage if free movement is abolished. This kind of circular movement is common among all types of construction workers and across many other industries, and the inflexibility of the proposed temporary scheme would make it very unattractive to workers in those sectors.

The second shortcoming of the new visa is that it does not allow switching into other routes. This means it would not appeal to migrants hoping for any kind of career progression over the course of their stay. Migrants in intermediate-skill professions might hope to work for 12 months and then, thanks to the experience and contacts they develop in that time, be able to find a job eligible for a Tier 2 visa.

Workers might also hope to transition to a student visa. The higher education sector has frequently pointed out that migrants working as laboratory technicians or language assistants rarely earn more than £30,000 despite their skilled work and valuable contributions to UK education. People in these jobs might be able to use a 12-month temporary route – but they would not then be able to transfer into a Master’s or PhD degree after becoming familiar with the university.

These kinds of career pathway could not be characterised as ‘abusing the system’, but the White Paper’s proposals would nonetheless make them impossible. That would make the temporary visa a worse offer for migrants considering this sort of option.

All of these shortcomings must be considered against the backdrop of continuing free movement across the remaining member states. That means that a migrant from any EU country has at least 26 other options, each of which would allow them much more flexibility, a pathway to any kind of career progression or long-term residence they can achieve, and the right to bring family members.

The UK has attracted large numbers of EU migrants in the past, despite the presence of these alternative options within the EU. But if the government wants that to continue – as it should, and as it says it does at least until 2025 – it must not implement a restrictive scheme that would make the UK a significantly less appealing destination.

**C. Social cohesion**

In the decades after the Second World War, a number of countries in northern Europe created “guest worker” programmes to meet their rapidly growing needs for labour. These programmes – most famously, the West German gastarbeiter system – were meant to bring workers for short spells without adding to the permanent population.

The gastarbeiter approach has come to be widely viewed as a disastrous way of making immigration policy. In Germany, it led to a population of millions of Turkish migrants becoming a fixture in the country without any ability to settle or gain permanent status. That insecurity meant they had little reason...
to integrate into German society, and the government did not encourage them to – creating deep social problems, many of which are still unresolved.

The government’s proposals for a temporary labour scheme would similarly discourage integration of migrant workers, worsening social cohesion and actually exacerbating some of the concerns that opponents of low-skilled migration most commonly express.

At the most basic level, a one-year time limit would create churn among the migrant population. At present, more than 80% of EU work migrants stay in the country for three years or more, so a one-year limit would create a significant shift towards a less settled migrant population. Local communities would experience an ongoing cycle of people living in the area for only short periods, making it more difficult for migrants to connect with locals and creating a sense of constant change and uncertainty.

This problem would be heightened by the government’s ‘hostile environment’ policies to enforce immigration rules. These measures are discussed in greater detail in the next section, but in essence they make it a requirement for many private actors such as landlords and banks to conduct immigration status checks.

As a result, migrants with short periods of permission to be in the country could face difficulty accessing accommodation and banking. Landlords might be reluctant to rent to people with this type of visa, or be willing to offer only very short-term or insecure rental contracts, because of the risk that they would commit a criminal offence by continuing to rent to someone whose visa had expired. Banks might be unwilling to open accounts for migrants, or liable to close them in advance of the end of the 12-month period.

These outcomes would do unjustifiable harm to the migrants themselves, but they also make it more likely that temporary migrant workers would live in a kind of parallel society: in temporary accommodation from landlords specialising in migrant workers, working in cash or under exploitative conditions because of their limited access to the financial system. That would be a disaster for social cohesion and directly at odds with the goals of the government’s social integration Green Paper.27

As well as making it extremely difficult for migrants to be well integrated, the temporary visa as currently proposed would give them very little reason to do so. The 12-month limit in itself means that there is no prospect of forming valuable long-term relationships or connections in the community. Further, the previous sub-section discussed how the bar on visa switching would block migrants from progressing to other work or study. That sharply reduces the potential reward from connecting with colleagues, neighbours, students and UK residents in general. Strong local social networks have been shown to boost immigrants’ chances of finding secure, higher-paid jobs – but the government would ban temporary workers from reaping those rewards, removing one incentive for local integration.

It is possible that damage to social integration could become an issue in the workplace. Employees at the same level would be divided between native UK residents and migrants who have no prospect of staying longer than a year. In that kind of situation, employers must choose between three bad options: investing in training for workers who will soon leave, not investing in training for UK residents, or differentiating their training offer depending on immigration status. All of these would be complex and impractical for employers, and run the risk of creating resentment and dividing workers by nationality.

Businesses might also find some of their other ways of working under pressure by this kind of change: the need to hire migrant workers on less-than-one-year contracts could affect what employers view as their standard contract offer, for example. And in general a lower level of integration into society would make it harder for migrant workers to get along with colleagues, increasing the risk of informal workplace segregation and divisions between employees.

D. A workable system

The temporary labour scheme is, in some ways, a welcome concession – at least relative to the MAC’s recommendation that there should be no immigration route at all for lower-wage workers.

But, as the CEO of the Federation of Master Builders Brian Berry put it: “If the 12-month work visa idea was supposed to be an olive branch to the business community, it leaves much to be desired.” The policy is meant to help businesses meet their labour needs but is designed in a way which makes it very unlikely to be workable.

The shortcomings of the White Paper proposal are, at their heart, relatively straightforward: the 12-month time limit and accompanying 12-month cooling-off period. These are lengths of time which make the scheme too inflexible to be attractive for either businesses or migrants.

And they are not supported by any serious policy considerations. Instead, the scheme appears to have been specifically designed to game the net migration statistics – which do not count people coming for less than a year as ‘migrants’ to the UK. That intention is betrayed by several facts. Early leaked versions of the policy suggested an 11-month time limit, to avoid any possibility of workers being counted as long-term migrants.28 And it is the only conceivable rationale for stopping people who meet all the criteria for another type of visa from transferring: so that their stay does not exceed a year.

That is policy led by the now-discredited target to reduce net migration into “the tens of thousands”. The target is now a source of embarrassment for the government.

The Home Secretary appeared to drop it during a recent parliamentary debate on the Immigration Bill.29 But a spokesman for the prime minister subsequently confirmed it is still government policy30 – repeating a similar display of inconsistency at the time of the White Paper’s publication last December.31

The temporary scheme provides one more reason why the target needs to be abandoned. An obsession with net migration figures has driven a policy which will worsen job security, stop career progression and so keep migrants on low wages, and worsen their integration into society – precisely the concerns that opponents of low-skill migration typically express.

If the government is determined to abandon free movement and impose a high salary threshold on skilled work visas – neither of which, Global Future maintains, it should do – then the White Paper’s temporary labour arrangements need serious reform.

Extending the duration of the visa to three years and allowing for transfers to other visas are two changes which there is no sensible reason to resist. Further changes, such as shortening or eliminating the cooling off period and allowing workers to bring dependents if they so choose, would improve the system further. They would be improvements, of course, because they bring the new scheme closer to the system of free movement which has worked well for Britain and which there is no reason to jettison.

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Since 2012, a key pillar of the government’s immigration policy has been the hostile environment: a suite of measures making it difficult for those without proof of their legal immigration status to access employment, accommodation, healthcare and other services.

Hostile environment measures have been widely condemned for cutting migrants off from essential services and outsourcing the enforcement of immigration rules to people with no training in them, such as landlords and employers. The policy was at the heart of the Windrush scandal, which ultimately led to the resignation of Home Secretary Amber Rudd last April.

The government has re-branded the policy as the “compliant environment” in the wake of the Windrush scandal, but not introduced any substantial changes to the way it operates. Neither the White Paper nor the Immigration Bill change that. Instead, the White Paper states the government’s intention “to develop these arrangements so that more enforcement can take place in the UK” – a clear intention to increase, not curtail, the scope of the hostile environment.

At the same time, millions of people would be newly affected by enforcement measures as Brexit brings an end to free movement from the EU. European nationals have largely avoided the brunt of the hostile environment, because up to this point it has been straightforward for them to prove their status. Their status would be suddenly changed, making life in the UK significantly more difficult – and raising concerns even more serious than has been recognised about the prospect of a new Windrush scandal.

A. The hostile environment

In the last year, the hostile environment has received extensive public and political attention because of the Windrush scandal: the denial of employment, healthcare and housing to Commonwealth citizens who had been living in the UK for decades but did not have any simple proof of their right to be in the UK.

But the damage inflicted by the hostile environment goes well beyond the Windrush generation. The policy has been implemented with minimal monitoring of its effectiveness or evaluation of the harms it inflicts. The government has largely ignored the concerns of landlords, employers and civil society.

In a 2016 evaluation, the Independent Chief Inspector for Borders and Immigration (ICIBI) concluded that the government’s “justification for extending the ‘hostile environment’ measures is based on the conviction that they are ‘right’ in principle ... rather than on any evidence that the measures already introduced are working”.

There is now ample evidence of serious flaws in the way that new enforcement measures have been implemented, resulting in severe hardship.

The policy of revoking driving licences and closing bank accounts for people in the country without permission was assessed by ICIBI in 2016. These measures are enforced by the Driver & Vehicle Licensing Agency and banks and building societies by checking against records supplied by the Home Office, and the inspection found these records were frequently incomplete, incorrect or slow to be updated. Regarding licence revocations, the inspector found that although the proportion of wrong decisions was small, “the Home Office did not appear to appreciate the seriousness of such errors for the individuals affected” and offered inadequate redress. The situation for bank account checks was even worse. The Home Office has no system in place to count the number of people affected, rightly or wrongly, but a sample check found that 10% of people flagged by banks as lacking permission to be in the country should not have been disqualified.
FAMILY MIGRATION FROM THE EU

Under the government’s plans in the White Paper, all immigration for spouses and children of British citizens would be governed by the same rules that currently apply to non-EU family members.

These rules impose, among other requirements, a salary rule which means that it is almost impossible for British citizens who earn less than £18,600 a year to bring their spouses into the country. The Joint Council for the Welfare of Immigrants has found that 40% of the working population in the UK do not earn enough for a foreign spouse to join them; the figure rises above 60% in some regions.1

Work by a Migration Policy Group analyst in 2012 highlighted that the UK’s income threshold is the second-highest in absolute terms among comparable countries, and comfortably the highest relative to incomes.2 Australia, New Zealand and Canada do not have any income bar to family reunion.

The policy leads to separated couples and often children being forced to live apart from one of their parents. A report for the Children’s Commissioner for England found that at least 15,000 children had been affected by the rules from 2012 to 2015.3

The government has not relaxed any part of the family migration rules and the White Paper proposes no changes.

It is difficult to estimate the precise effects of subjecting EU spouses of British citizens to these existing rules - the White Paper makes no attempt to do so - but the numbers involved are likely very substantial. In the five years to June 2018, 106,000 migrants came from the UK to accompany or join a family member. Some of these will have been joining a family member who was also an EU national, but many will have been joining British citizens. And this figure does not account for EU citizens who initially come to the UK for another reason and subsequently begin a relationship with a British citizen - a potentially much larger group of people who would also be affected by the expansion of the current restrictive rules.

Multiple government and independent evaluations have also found issues with the “right to rent” policy, which requires landlords to check the immigration status of their tenants. Right to rent was introduced on a trial basis in selected local authorities in 2014, to enable an evaluation of its impacts, and comfortably the highest relative to incomes.3 Australia, New Zealand and Canada do not have any income bar to family reunion.

The majority of landlords” to give them information or ensure they conduct checks fairly.4 The Home Office has not attempted any further evaluation of the scheme, and the inspector concluded that it “is yet to demonstrate its worth as a tool to encourage immigration compliance … [and] is doing little to address stakeholders’ concerns”.5

The Home Office has recently launched a consultation on a new online service to make it easier for landlords to check their tenants’ permission to be in the country.6 There are as yet very few details about this system. As noted above, landlords have previously been found to be reluctant to rent to tenants whose proof of status requires proactive steps from the landlord or is more complex than a passport.

Beyond evaluations of specific parts of the hostile environment, numerous civil society groups have long raised concerns about the policy’s impacts. The Children’s Society has said that more than 100,000 children lack documentation of their status and so are at risk of destitution.7 Housing and homelessness charities Shelter and Crisis have raised concerns about the hostile environment’s impact on migrants who are renters or homeless.8 The United Nations special rapporteur on racism issued a report in 2018 stating that current policy “foreseeably results in the exclusion, discrimination, and subordination of groups and individuals on the basis of their race, ethnicity or related status”, and recommending the repeal of legislation requiring private citizens and non-immigration officials to conduct status checks.9

Several parliamentary inquiries have also concluded that the implementation of the hostile environment is deeply flawed. Even before the Windrush scandal, the Home Affairs Select Committee found “regular reports of people with a lawful right to be here ... being caught up in the system, often via errors in an application process or problems with data retained by the Home Office”.10 A subsequent inquiry focusing on the Windrush generation noted that the Home Office “has no way to assess the accuracy of the policy [or] the scale of errors being made”. It concluded that the hostile environment has been developed “without any clear evidence of its effectiveness but with numerous examples of mistakes made and significant distress caused”, and that “[s]imply re-branding it as the ‘compliant’ environment is a meaningless response”.11

Since the Windrush scandal, the Home Office has temporarily ‘paused’ some of its data-sharing activities – which does not have any impact on ongoing checks by employers and landlords – but introduced no policy changes. This lack of responsiveness and failure to monitor for adverse consequences raise serious concerns about how the government will manage the issues that will inevitably arise from the interaction of the hostile environment with post-Brexit changes in migration rules, discussed below.

Multiple government and independent evaluations have also found issues with the “right to rent” policy, which requires landlords to check the immigration status of their tenants. Right to rent was introduced on a trial basis in selected local authorities in 2014, to enable an evaluation of its impacts, but the decision to roll it out nationwide was effectively taken before that evaluation was complete.24

When the government’s report was published, it revealed that black and minority ethnic (BME) renters were more likely to be asked for additional information and that “comments from a small number of landlords reported during the mystery shopping exercise and focus groups did indicate a potential for discrimination”.25 A separate independent assessment of the trial, led by the Joint Council for the Welfare of Immigrants, found additional issues: 65% of landlords said that they would be less likely to rent to somebody who needed time to provide proof of their status, and 42% that they would be less likely to rent to anyone without a British passport.26

Further assessments have been carried out since the national rollout of right to rent. A follow-up evaluation by JCWI in 2017 found significant evidence of discrim-
B. Implementing the EU Settlement Scheme

The EU Settlement Scheme, commonly known as “settled status”, is a vast bureaucratic undertaking to give an entirely new form of immigration status to as many as four million people living in the UK. The Immigration White Paper contains no new commitments around the implementation of the settlement scheme, even though the Home Office’s ability to deliver it adequately has been repeatedly called into question. The government’s own reports on the scheme’s trial phase raise a number of serious reasons for concern.

Decisions on applications

The government’s report presents as its headline figure that none of the 27,000 applications made during the most recent trial phase were rejected: 70% of applicants were given settled status and 30% “pre-settled status” (which grants a further five years of leave to remain.)

This figure understates the likelihood of rejection, because almost 10% of applications had not been decided by the time of the report. Around a quarter of these had been held to give applicants a chance to provide further information. These applications could still be refused; currently they are receiving direct support from UKVI staff, whereas legal experts say they “probably would have been [refused] if the Home Office had been operating business as usual.”

More generous treatment reflects the government’s policy of presuming that applications are valid wherever possible. But it is much easier to hold applications open for additional evidence in a limited-scale pilot than it will be when the full system is opened to millions of applicants. So the zero-rejection figure in a limited-scale pilot than it will be when the full scheme, which will have more extensive resources. Nonetheless, there should be significant doubts about whether the pace of decision-making can be increased more than 12-fold without compromising quality or applicant satisfaction.

Reassurance on this issue from the government has largely consisted of pointing to the fact that the Home Office “already issues around seven million passports and three million visas each year and so processing applications on the scale required is feasible.” But those visas are issued through a process widely criticised – including by immigration law practitioners, migrant groups and the home affairs select committee – as overly bureaucratic and prone to severe delays.

There are further, more specific reasons to doubt the Home Office’s ability to deliver the Settlement Scheme to an acceptable standard. Statistics from the report on the trial phase show that most applications were able to be dealt with swiftly and without complications. But given the scale of the scheme, even minority issues will affect large numbers of people. Based on figures from the trial:

- 400,000 people might need to physically send their passport to the Home Office for verification – making the 24-hour check-and-return standard from the pilot extremely difficult to achieve
- 640,000 people might need to submit additional documents and have these assessed by caseworkers
- At least 760,000 might have to wait over a week for a decision – likely more, since the published decision-time statistics do not account for the applications yet to be decided
- The Settlement Resolution Centre could expect to receive over 1.5 million phone calls and more than 680,000 emails
- Based on satisfaction surveys from the pilot, 920,000 people will not find the application easy and 800,000 will speak negatively about their experience with it

Uneven timing of applications will make the burden on UKVI even more difficult to handle. Over a third of applications were submitted in the final five days of the pilot, and the last day was the single busiest in the period. Even a fairly charitable extrapolation of these figures – assuming 30% of applications come in the last 10% of the application period, rather than the last few days – raises the possibility of 1.2 million applications being made in 90 days.

A surge of applications at the beginning of the period before the Settlement Scheme has its full complement of staff and resources – is also possible. This poses a particular risk because delays, wrong decisions and poor experiences early on could undermine faith in the system, making it more likely that some EU nationals will not apply and be left without status.

The Settlement Scheme was opened, on a trial basis, on an EU citizens with a passport on 21st January 2019. Early applicants have immediately faced problems with the automated system failing to match their data, requiring them to submit large amounts of additional evidence. And the fact that the application process can currently only be completed through an app on an Android device has added further difficulties to the process.

Vulnerable cases

The figures above may well underestimate the scope of likely problems, because the full scheme will receive more applications from vulnerable people with complex cases.

Rights of Women (RoW), a London-based legal charity which worked with the Home Office on vulnerable women’s cases during the trial, has shared some information about outcomes for its clients. It reports that half of its clients waited more than three weeks for a decision, and a quarter had not received a decision a month after applications closed. This is in stark contrast to the overall processing times, which saw 81% of cases processed in a week or less. Fully 83% of RoW clients had to provide additional evidence in their cases, compared to 16% in the pilot as a whole.

Another support group involved in the settled status pilot was the Roma Support Group (RSG). Many of the EU nationals helped by RSG were unable to apply because they lacked a passport or a valid email address. Less than 3% of people were able to submit their application without help from a caseworker. The organisation reported that some of the checks and questions involved in providing additional evidence caused significant anxiety among applicants, and that finding the correct supporting documents was very challenging for many. The average time taken to complete an application was two hours. The RSG does not expect that the Home Office will be able to ensure settled status is received by all entitled to it, saying that “the task is impossible and therefore taking part in this EU settlement scheme is more a mitigation exercise”, and calling for significant additional funding for community support.

At the very least, these experiences suggest that dealing with vulnerable applicants will place serious additional burden on the Home Office, extending processing times and making it more difficult to provide high-quality service and decisions. At the worst, these kinds of vulnerabilities could lead to hundreds of thousands of people losing status – with dire consequences, discussed in the next section.

C. The next Windrush scandal

Even if the government manages to avoid systematic implementation issues, the risks associated with the settlement scheme are significant. Acquiring a new status is...
vital for European citizens in order to avoid being subject to hostile environment sanctions, which they have previously only needed a passport to avoid.

The government’s proposals would make it much less straightforward for EU migrants to prove their right to live and work in the UK. Even isolated implementation problems in the Home Office could leave large numbers of people destitute. And even if the government makes no errors, the complexity of shifting millions of people to several different new types of status means that landlords, employers and others inevitably will.

The Windrush scandal emerged from a similar set of circumstances: the hostile environment in combination with a law changing the immigration status of hundreds of thousands of people, the 1971 Immigration Act. This high-level comparison has been drawn repeatedly by politicians, including mayor of London Sadiq Khan, campaigners and other affected groups such as the Residential Landlords Association.

But the analogy is more significant than this broad comparison suggests. For every stage in the development of the Windrush scandal, there is a direct and highly plausible parallel with the situation EU citizens will face under the government’s new system. The figure below illustrates in detail how proposed immigration law changes for Europeans would lead to the next Windrush disaster.

When might this disruption begin? As a matter of law, assuming the UK agrees a transition period, EU nationals should not need any new form of status until 2021. But since many hostile environment measures are not implemented by the government, problems may arise much earlier because employers and landlords wrongly think free movement rules have already changed.

A survey by the Residential Landlords Association has found that landlords are already less likely to rent to EU citizens than before Brexit negotiations began. It is highly probable that this will become more common among employers, landlords and others after Brexit – particularly because the government has repeatedly issued misleading statements that free movement will end after March 2019.41

Issue 1. Migrants are unaware of the need to act

Migrants who came to the UK without needing to apply for a visa or otherwise gain permission from the Home Office often simply won’t think about their immigration status or follow developments in the law. Those who are not highly politically engaged may not be aware of the need to apply for new documents.

The first two steps are the background to the scandal. Large numbers of people arrive in the UK under a permissive immigration regime – the situation for most Commonwealth citizens from 1948 to 1973, and for European nationals since at least 1992.48 New immigration law then changes the status of current residents.49

Not all migrants will be aware of the shift in their situation and their need to apply for a new legal status. Of those who are, many will successfully acquire their new documentation. Others will see their applications denied, for one of a variety of reasons.

For all three groups there is a possibility, ranging from moderate to almost certain, of serious disruption. The analysis below details the situations in which Windrush migrants did, and EU citizens might expect to, experience serious problems related to their immigration status. At any of these junctures migrants can find themselves without status, or treated as if they lack status, and so rapidly lose access to employment, accommodation, healthcare and benefits.

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Almost all the people affected by the Windrush scandal initially fell into this category, because the need to
FIGURE 5.

**THE WINDRUSH SCANDAL**

**THE PLAN FOR EU CITIZENS IN THE UK**

**PHASE ONE: STATUS CHANGE LEAVING MANY UNINFORMED OF NEW REQUIREMENTS AND RESPONSIBILITIES**

**STEP ONE: ARRIVAL**
- Arrive under free movement of Commonwealth citizens up until 1973 – beginning with the Windrush generation

**STEP TWO: CHANGES IN STATUS**
- Arrive under free movement of EU nationals, 1992-2019
- Immigration Bill 2019 changes status, creating the need for documents

**PHASE TWO: HOSTILE ENVIRONMENT HITS PEOPLE WHO HAVE TRIED TO PLAY BY THE RULES**

**STEP THREE: FAILURE TO GET THE NECESSARY DOCUMENTS**
- Many Windrush migrants are unaware of their changed status, and do not seek documents until affected by the hostile environment
- Some applications are denied due to Home Office error or excessive evidence requirements
- Some applications are denied because of technicalities such as time spent abroad or minor criminal offences

**STEP FOUR: OFFICIAL AND UNOFFICIAL HOSTILE ENVIRONMENT KICKS IN**
- Undocumented, long-standing UK residents lose jobs, homes and benefits, and receive orders to leave the country
- Up to a million migrants are said to be unaware of requirements, and will not seek documents until affected by the hostile environment
- Some applications are denied due to Home Office error, under-resourcing and shortcomings of the settled status app
- Some applications are denied because of technicalities such as past encounters with Home Office or because parents applied too late

- Even those with documents face confusion and discrimination from landlords and employers

- Undocumented, long-standing UK residents lose jobs, homes and benefits, and receive orders to leave the country
- Even those with documents face confusion and discrimination from landlords and employers
document their status did not become urgent until decades after the 1973 Act. Glenda Caesar and Hubert Howard are two examples of Windrush migrants who only discovered the need to get proof of their right to remain much later, when family circumstances led them to apply for a passport.52

The government is engaging in outreach efforts to make EU nationals aware of the need to apply for settled status. But many may remain unaware. Some may have heard second-hand reports of the Prime Minister’s “guarantee” that EU residents could remain in the country and not realised they would have to apply for a passport.53

A British Future report suggests that up to a million EU citizens could be unaware or have wrong information about settled status and their need to apply for it.

### Issue 2. Migrants with correct status encounter confusion

Even people who do have a documented right to remain in the country are liable to problems in the hostile environment. As noted above, employers, landlords and others required to conduct immigration checks are generally not experts in the law. The scope for confusion is very large, particularly because large civil and criminal penalties encourage risk-aversion when dealing with non-UK citizens.

Even before the Windrush scandal came to public attention, a UK & Colonies passport was one of the acceptable proofs of status. In many cases this should have been enough to shield Windrush migrants from hostile environment measures – but knowing this required a detailed knowledge of historical immigration law.54

Winston Jones,55 Michael Braithwaite56 and Briggs Levi Maynard57 were respectively denied housing, employment and the right to enter the country because of this kind of confusion.

The settlement scheme creates an entirely new form of status, with which officials, employers and landlords will have no experience. And there are no plans to give EU nationals any hard-copy documentation of their status.

### Issue 3. Migrants are erroneously denied status

Processing applications for immigration status from large numbers of long-resident migrants creates significant room for error. Applications can be turned down because of confusion about what documents need to be submitted, technical problems or mistakes by decision-makers. The Home Office has a reputation among immigration advisers and immigrant communities for its high level of bureaucracy and poor quality of decision-making.58

In many Windrush cases, residents who clearly did have leave to remain were unable to gain documents evidencing this for reasons like these. Hubert Howard, for example, struggled to acquire proof of his status even after the Home Office had verbally acknowledged his right to be in the country.59

In most of the reported cases, Windrush migrants were denied proof of status they were entitled to because the Home Office imposed extremely high evidential requirements.

### Issue 4. Migrants are denied status because of their personal circumstances

Migrants can also have their applications turned down because they genuinely do not meet the eligibility criteria. Although these decisions are not erroneous, they can often reveal that the technical criteria do not match politicians’ or the public’s beliefs about who should be permitted to live in the country.

Windrush migrants were granted indefinite leave to remain (ILR) in 1973, but ILR can be lost if a migrant leaves the country for two years. The National Audit Office reported 74 individuals who had lost their right to be in the
country and then been detained or removed by the Home Office. The number affected by broader hostile environment sanctions could be much higher. Whitfield Francis was left unemployed because he was unable to naturalise due to being fined for a late MOT renewal.  

The criteria for settled status are intended to be generous, but there is still scope for problems of this kind. Children, for example, may not realise until several years down the track that their parents did not apply for settled status on their behalf – at which point they may lack any status and have missed the grace period to apply to the scheme.

Some individuals may not meet the residence requirement and so be granted pre-settled status, but this risks leaving them in limbo if they still do not meet the residence requirement when their pre-settled status expires. In the worst case, this could mean someone who had lived in the UK for four years before applying to the settlement scheme, then remained for another five years but with two six-month spells out of the country, would not be able to gain full settled status.

Other migrants may be barred from settled status because the Home Office has previously ordered them to leave the UK – even if the underlying reason for that order would not, in itself, disqualify them. These are the kinds of cases where the technical reasons for denying someone status do not amount to a publicly compelling rationale for making them leave the country – potentially creating the kind of scandal that forces the government into a costly ad hoc response.
There are more than 400,000 students from other countries studying at universities in the UK. They come because of Britain’s world-leading academic institutions, and they bring enormous benefits to other students, their universities and the communities they live in.

Almost all politicians speak positively about international students and the government has said that it wants to continue to ‘welcome promising students from all around the globe.’ But that has not been matched by positive policymaking. For many years, the government has largely dismissed the wishes of the sector, with often flimsy evidence in support of its choices, in favour of pursuing its overarching net migration target.

The White Paper does not mark any change on this front, despite the MAC report containing overwhelmingly positive findings about the contributions international students make to the UK. The government’s central commitment to end free movement will make the UK far less appealing to the one-third of international students who come from the EU. And the minimal reforms it has proposed to attract more international students fall far short of what the sector needs to remain competitive.

A. The value of international students

There is very little dispute about the benefits that overseas students bring to the UK and a large amount of work has already highlighted them. Here we summarise some of the key points, with a focus on the higher education sector because of the much greater amount of data available.

The number of international students in UK universities in 2016-17 was 442,375, or 19.1% of all students. Both the number and the proportion have risen since 2008 but remained relatively steady since 2013. Slightly more than two thirds of overseas students are from non-EU countries. International students are more likely to be studying at postgraduate level, and in London and the South East – but there are significant numbers in all parts of the country, including 31,000 in the Yorkshire & Humber region and more than 50,000 in Scotland.

Education is one of the UK’s most important export sectors, with an export value of £17.6 billion in 2015, according to the Department for Education. International students spend money in the British economy, helping support local businesses. The overall economic impact is extremely high. Oxford Economics found that international students contributed £13.8 billion to GDP in 2014-15, supporting 206,000 full-time jobs and producing £3.3 billion in tax revenue. A more recent report by London Economics for the Higher Education Policy Institute found that overseas students who started study in 2015-16 brought a gross benefit of £22.6 billion, nearly ten times higher than the cost they impose on public services. These significant contributions are spread across all regions of the UK and all sectors of the economy.

Foreign students are also of course, extremely important to the universities where they study. In pure financial terms the impacts are huge: 13% of university income comes from the fees paid by non-EU students alone. At many universities the figure is higher, and in a handful it is well above 25%. This income is particularly important in the context of overall deficits at many universities, meaning that international students are key to sustaining the financial health of the institution. Vital research and necessary capital expenditure to repair and improve facilities are, to a large extent, only possible because of cross-subsidy from international fee income.

British students get significant benefits from this kind of research and investment. But international students benefit their classmates in other ways as well. According to Universities UK, large numbers of courses would simply not be viable without international students – the number of British students interested in them is not enough to make them sustainable. These courses are only available to UK residents thanks to international students’ presence.

The contribution of international students also extends to enriching the diversity of perspectives in universities and the culture of the local areas where they live. A Higher Education Policy Institute survey found that 76% of UK students think studying alongside international students helps prepare them for a global work environment. Similar results have been found in separate surveys for the National Union of Students.

Outside the university, overseas students are much more likely than the UK-born to participate in volunteering activities to promote diversity and help widen access to higher education. This kind of outreach and social contribution helps explain why a large majority of the public would like the number of international students to rise or stay the same.

Finally, it is widely accepted that international students help boost the UK’s diplomacy and soft power abroad, by establishing connections with the UK among a diverse global population. The House of Lords Select Committee on Soft Power has called international education a “major contributor” to Britain’s global influence. Numerous academic publications have found that overseas study helps create intercultural trust, spread values like respect for human rights, and even promote trade and investment between the UK and other countries.

International students impose little or no strain on public resources. Precise estimates are very difficult to produce because of the way data on public spending is broken down, but what research has been done suggests a negligible impact. Only a tiny fraction of road and public transport use could plausibly be attributed to overseas students; NHS use is very low because of students’ age profile; most international students do not have access to benefits and are unlikely to claim them anyway. The net impact of overseas students on the UK is overwhelmingly and unambiguously positive.

Given all these benefits, it is worrying that the UK’s share of a rapidly growing international education market is in decline. While the overall number of international students in the UK has been steady for the last few years, it has rapidly increased in major competitor countries such as the USA, Canada and Australia. At the same time, surveys suggest a decline in the number of students and education agents who view the UK as an appealing study destination.

This decline is not surprising given the government’s largely hostile stance to international education in recent years. Severe crackdowns on ‘ bogus’ student visas have reduced fraud but also led to thousands of people wrongly losing their status. Data from the International Student Barometer shows increasing dissatisfaction with the UK’s student visa system. Competitor countries, in contrast, have launched ambitious strategies to significantly increase the number of international students their universities attract.

B. New barriers for EU students

By far the White Paper’s most significant change on international student policy, of course, is the end of free movement. The government intends to bring EU students within the scope of the existing student visa system, which would create significant new barriers discouraging them from study in the UK.

Students would need to apply for a Tier 4 visa, at a cost of £348. They would also be newly liable to the immigration surcharge of £300 per year of their visa, payable upfront. Assuming an average of three years for every EU student, that implies a new £1,300 bill for each student, payable on arrival. No competitor universities in EU countries will be imposing this charge. And taking across all EU students it amounts to a £79.8 million annual barrier to entry, discouraging EU students from choosing UK universities.

Processing times for Tier 4 visas can be several weeks and applications typically require extensive documen-
tary evidence and sometimes in-person interviews. The White Paper says that EEA nationals “could” be added to a low-risk list which eases these requirements, but makes no commitment. Tier 4 compliance also imposes significant costs on universities, estimated at £67 million in 2012–13, and these would naturally expand further if the number of students in the visa system expanded by 40–50%.

EU students would also be subjected to a much more strenuous test of their financial resources. Students from outside the EU in the current system have to demonstrate, at the time of applying for a visa, that they are capable of covering tuition and living costs without needing to work or acquire additional funds. The Home Office ordinarily limits this requirement to the first year of a course, but many universities impose stricter rules for non-EU students.

Under the Tier 4 regime, students from EU countries would also have considerably reduced access to the UK labour market. Currently these students have unrestricted work rights thanks to free movement, which gives them significant flexibility – for example, to fund part-time study by working. In the non-EU system that would not be possible, because Tier 4 visa holders are limited to 20 hours of work per week and banned from work altogether if they are studying part-time. Their ability to transition into work after study would also be reduced, an issue explored below in the discussion of post-study work visas. There are also a number of policy settings outside the immigration domain which will affect EU students’ interest in studying in the UK, notably policy on fee status and access to student loans.

These factors combined would make studying in the UK much less attractive, particularly relative to the offer from other countries inside and beyond the EU. Students would face more bureaucracy, higher costs and less prospect of turning connections made during study into career opportunities. The UK’s universities are among the best in the world – but while competitor countries are using policy to make their academic institutions more attractive, Britain has continued to move in the opposite direction.

C. Inadequate reforms

Since 2010, the government has introduced a series of immigration policy changes which have almost without exception been harmful to the higher education sector. The post-study work visa, which enabled students to stay in the UK for a period after completing their degrees, was closed in 2011. Interviews for Tier 4 applicants were introduced, making the visa process more cumbersome, and applications became subject to heavy-handed and often inaccurate scrutiny.

All of these changes came within the broader context of the government’s determination to reduce overall net migration below 100,000 people per year. Though there has never been a cap on Tier 4 visas specifically, the target meant that there has been almost no willingness in the Home Office to introduce any reform that could increase numbers. And the target itself has been harmful: as the MAC concluded, its centrality in government language “may give the impression that the government seeks to reduce the net migration of all types of migrants including students.”

Advocacy from the higher education sector, beyond resisting this series of damaging changes, has focused on two points: the continuing inclusion of students in the net migration target, and the need for a new post-study work route for graduating students. The place of students in the net migration target has been the subject of a long-running and increasingly technical debate. The university sector and a large number of sympathetic politicians have called for students to be excluded so that the “tens of thousands” target for net migration would not impinge on the recruitment of more international students, given the benefits they bring to the UK.

The government resisted on numerous grounds: primarily that this would amount to “fiddling the figures”, since students do fall within the UN’s definition of a long-term migrant and do have impacts on public services whilst in the country. Separately, the government also maintained that students should be included since ONS statistics indicated that a large number stay in the UK after the end of their course, and so are not meaningfully ‘temporary migrants’.

More recently this debate has been complicated by a number of cross-cutting developments surrounding the net migration statistics themselves. It has become apparent that the ONS net migration statistics are subject to significant uncertainty because of the way they are compiled (through interviews with a sample of passengers in airports and ports.) There is some doubt about the headline national migration figures and major reasons to doubt the reliability of numbers for sub-groups, particularly students.

In particular, the statistics likely underestimate student emigration. Analysis of a different data source – “exit checks” conducted by the Home Office on visa-holders departing the country – has confirmed this, finding that 97% of student visa holders leave the country before their visa expires. This strikes directly at the stated justification that large numbers of students stay in the country. That, in combination with the suspicion that the Home Office had already been aware of these figures, led to a renewed clamour for students to be excluded from the net migration target.

However, as the MAC has pointed out, the uncertainty around the statistics actually makes removing students from the target more difficult. If there is no reliable figure for net student migration, it is not possible to subtract that figure from the target.

This is an important point. But if it is not possible to insulate student migration from the cutbacks necessitated by the net migration target, that only makes it more important to pay direct attention to whether policy settings are making the UK an attractive place to study.

That leads to the second major point of sector advocacy: the post-study work offer. Since the abolition of the previous Tier 1 visa in 2012, there has been no dedicated route for non-EU students to stay in the UK and work after graduating. They must instead find a job with a sponsoring employee through the Tier 2 route for all migrants. This makes the UK unique among major destination countries for international students. The US, Australia, Canada and New Zealand all have post-study work programmes lasting between one and four years, which do not require students to find an employer in advance.

As a result, UK higher education is relatively less appealing to students choosing among a number of possible destinations. In a 2015 survey of 45,000 prospective international students, the poor post-study work option was the single most cited reason for choosing not to study in the UK. A more attractive offer for students who want to stay in the UK temporarily and work after graduating is vital to increase the number of international students who choose British universities – a goal which the MAC said the government should pursue. But the White Paper proposes almost nothing of substance: a one-year period of post-study leave for PhD students which is only a cosmetic change from current arrangements, and two additional months’ leave to find a job with a sponsoring employer for other graduates.

The principal reason for the absence of a serious post-study work route from the White Paper is the fact that the MAC did not recommend one. But the MAC does not give any convincing analysis against the advantages of a new visa. The primary point raised is the purist view that the British higher education sector should thrive on the basis of its academic quality alone:
“Demand for UK education should not be based on work rights ... A post-study work regime could become a pre-work study regime.”

This approach puts UK higher education at a significant disadvantage to universities in competitor countries, which have recognised the reality that post-study work is an important factor in the decision-making of prospective international students.

It is also based on a misunderstanding of the relationship between quality of education and employment opportunities. In the course of studying at a UK university, students will meet employers and make connections within the UK. Their qualifications will be more readily understandable for, and appreciated by, UK employers. These are benefits of a UK education which are only accessible within the UK. The lack of a post-study work visa means that prospective students cannot access all the advantages of their degree. Preferring to study in a country with post-study work options is not seeking a back door to the labour market – it simply reflects a desire to get the full benefit of the degree.

That is especially true because in many industries, such entry-level jobs may be short-term contracts or internships, needed to build work experience and professional networks. These are likely to pay lower salaries; even if they do not, employers are less likely to be willing to go through the complex Tier 2 process for temporary roles. A post-study work visa would enable students to get this foothold in the labour market, which might subsequently lead to a Tier 2-eligible job offer. This reinforces the point raised in Section 2: that immigration policy should more seriously take into account migrants’ career pathways.

The principle of this kind of flexibility for new entrants to the labour market is already recognised in the lower salary threshold for students transferring into Tier 2 directly from their student visa. It should be applied more broadly: a new, dedicated post-study work visa would allow international students to get the most out of their education, encouraging more to come and even further increasing their significant contribution to the UK.
Recommendations

Global Future’s analysis of the White Paper provides strong support for our view that free movement should be retained. Administrative costs, labour shortages, the flaws in the temporary scheme, the risk of disaster in the settled status scheme and significant new barriers to international students would all be avoided by simply retaining the current system for European migration. Free movement brought significant benefits to the UK, as the MAC and the White Paper both find.

If the government remains committed to ending free movement and pursuing policies broadly in line with its White Paper proposals, a number of vital changes are needed to avoid the policy-inflicting great harm on Britain’s economy and society.

1. Mitigate the effect of fees & charges

The level of visa fees has risen at very high rates in recent years. Fees need to fall to reduce the new burden being imposed on employers. The NHS should be exempted from visa fees: there is no justification for siphoning money from the NHS budget to the Home Office.

2. Do not impose a £30,000 threshold for skilled visas

Dividing workers into skilled and unskilled categories on the basis of a crude salary threshold ignores the diverse and vital work that migrants do in the UK. It is an approach that Global Future disagrees with in principle.

If it is pursued, the salary threshold needs major change. The government plans to consult with business on the appropriate salary rules but it is clear that the overall threshold must be significantly below £30,000 to avoid dramatic labour shortages.

Whatever the level of the threshold, there should also be targeted exemptions for occupations which employers are struggling to fill. If the cap on Tier 2 visas is removed as the government intends, the Shortage Occupation List’s main current function will be redundant - so in future jobs on the Shortage Occupation List should be automatically exempted from any salary threshold.

3. Protect social care and nursing jobs from the new system

Further steps will be needed for some vital sectors. Social care workers should be immediately added to the shortage list and exempted from salary rules. The government should commission the Migration Advisory Committee to report on how to ensure social care is not adversely affected by immigration changes.

The current lower salary thresholds for nurses are set to expire in July this year. Nurses should be exempted from salary rules and added to the shortage list.

4. Design the temporary work scheme to fit employers’ needs and promote social cohesion

A one-year visa creates needless churn in workplaces, reducing productivity, and discourages integration. The temporary work scheme should grant visas for three years to allow job progression and ensure cohesion.

There is no sensible rationale for barring temporary workers from transferring to other routes. Workers on the temporary scheme should be permitted to switch to other visas where eligible.

5. Manage the temporary work scheme to avoid disruption

Several elements of the proposed temporary scheme raise the risk of a chaotic system which migrants and employers find difficult to use. To ensure a smoothly operating scheme, the government should not impose any numerical caps and guarantee that all EU member states will be eligible countries.

The temporary scheme is intended to be transitional but the White Paper gives no details of what the transition should be towards. The government should commission MAC advice and consult with employers on lower-wage migration needs immediately, well in advance of any temporary scheme coming to an end.

6. Eliminate hostile environment measures proven to have failed

Most policies implemented as part of the hostile environment are disruptive and discriminatory, imposing additional burdens on migrants and minorities. Several of its policies have now accumulated significant evidence of their failure. The ‘right to rent’ policy should be abolished as it is a well-documented source of discrimination in housing. Driving licence and bank account checks should be ended given their proven reliance on an inaccurate database and the Home Office’s poor track record in correcting errors.

These measures are particularly important given the millions of EU citizens who will soon be at significantly higher risk of being wrongfully caught up in the hostile environment.

7. Ensure the EU Settlement Scheme is adequately resourced

There are serious doubts about the ability of the Home Office to manage the Settlement Scheme at the scale necessary. The government should significantly expand the funding and caseworkers available to the Scheme overall. It should also dedicate specific additional funds and staff to work with charities to reach vulnerable migrants who are eligible for settled status.

The likelihood of confusion about the scheme and the different immigration statuses of EU citizens is very high. The government must ensure that awareness campaigns targeting EU nationals are properly resourced and that employers, local authorities and NHS managers have correct information about post-Brexit residence and work rights.

It is also vital that all EU citizens granted settled status are given hard-copy documentation of their status.

8. Improve the attractiveness of the UK to international students

The end of free movement brings significant new barriers to international students considering studying in the UK. The government should counteract these to help maintain the competitiveness of the university sector.

International students should be exempted from the Immigration Health Surcharge given their low level of NHS use and the significant net fiscal contribution they make without it.

A two-year post-study work visa should be introduced for international graduates of UK universities, in line with competitor countries.
Appendix: Methodology and Technical Details

This appendix lays out details of the methodological approach and data used to produce estimates of EU migration and costs of the new visa system, presented in sections 1 and 2 of the report.

At all points, our estimates either directly take inputs from the government’s White Paper modelling or follow its methodology. Where possible, we have also compared our figures to those published with the White Paper to confirm their accuracy, finding minimal variation. As a result, all our estimates are closely related to the government’s own projections of EU migration levels.

Estimating EU work migration

The White Paper’s accompanying technical paper contains, at Figure 3, a projection of long-term work-related migration inflows from EEA countries if free movement were retained. We take the figures for the central scenario from these projections using Automeris data extraction software – these are the ‘baseline’ figures.

To produce an estimate of migration under the government’s new policy, the White Paper applied skill and salary thresholds using data on the occupational distribution of EEA nationals currently in the UK. For the purposes of our aggregate estimates, we do not need to reproduce this step because the White Paper reports that the overall effect is an 80% reduction in total inflows. We therefore calculate inflows under the proposed policy as 20% of baseline inflows.

Outflows are estimated by replicating the Home Office methodology in the White Paper. This involves applying an outflow profile based on historic data to inflows from each year; for example, of the migrants who arrive in a given year, 9.6% are assumed to leave after one year. The outflow profile is specified in the technical paper and we have applied it unchanged. The same approach is used for baseline outflows and outflows under the new policy; the difference is only in the inflow with which the profile is applied to.

We conducted two checks on our methodology. First, our modelled inflow and outflow numbers were combined to produce a net migration figure for each year from 2019 to 2025, both for the baseline and under the new policy. These figures were then compared to those shown in the White Paper. For the baseline, the two figures never differed by more than a few hundred people. For the policy estimates, the differences were similarly small by 2024; for earlier years the rapid decline and formatting of the White Paper’s figures made data extraction difficult and so discrepancies were larger. (These extracted data were not used as inputs to any modelling, only for this verification step.)

Second, we produced an estimate of how many fewer EEA workers would be in the UK by 2025, by comparing our modelled inflows and outflows for each year. The White Paper specifies only a large range of 200,000 to 400,000 for this figure; our result of around 305,000 falls at the centre of the range, confirming that our estimates conform closely to the government’s.

Estimates by occupation and sector

To apportion our aggregate estimates between occupation groups and between public and private sectors, we started with the baseline inflow estimates and used data on the distribution of the current stock of EU citizens in the UK between the nine major groups in the Standard Occupational Classification. This requires the assumption that future flows of EU migrants would (absent any change to the rules) have a similar occupational profile to the current stock of all EU nationals. This assumption may not hold, as the occupations which attract European migrants can vary with time, but it is the same assumption used by the government in the White Paper’s modelling.

Estimates by occupation for flows under the government’s new policy require a calculation of how different occupational groups would be affected by the skill and salary thresholds. The White Paper includes data on this issue and so we have applied the government estimates – for example, that 55.1% of inflows in SOC group 3 would not pass the skilled visa criteria – to our baseline estimates.

Aggregate outflows are calculated as described above. These are then distributed between the occupational groups. For the baseline figures we use the same occupational profile as for inflows. For the estimates under the proposed policy, one adjustment is required: starting in 2022, some of the migrants leaving will have arrived under the new rules and so be distributed across occupations differently. The new distribution is calculated based on the modelled inflows and applied to the relevant share of outflows.

To calculate the distribution of EU migrants between the public and private sectors, we use two pieces of data. The first is the distribution of migrants under the policy between the nine major SOC groups, as just described. The second is a headcount of workers in each major SOC group in the public, private and not-for-profit sectors from the Annual Survey of Hours and Earnings, which gives a proportional distribution of each occupational group across the sectors. We combine these figures to calculate the share of future EU migrants who would work in the public sector in each occupation and in total.

Administrative costs

The costs of the visa regime are calculated by multiplying estimated migration flows by the unit costs associated with each visa. These fall into two categories: Home Office visa fees and ‘red tape’ costs of compliance.

Home Office fees vary according to the length of the visa and whether the migrant is a worker or dependant. We use the outflow profile described above to estimate the number of visas of different lengths; all migrants staying longer than five years are assumed to require a single 5-year visa. The number of dependants is calculated using the White Paper’s stated dependant ratio of 0.13.

The fees calculated are:

- Visa application fee, to the migrant and each dependant: £199
- Immigration Health Surcharge, to the migrant and each dependant: £400 per year of the visa
- Sponsorship certificate assignment, to the employer: £199
- Immigration Skills Charge, to the employer: £2000 per year of the visa

The costs of navigating and complying with the visa rules is estimated using the fees charged by lawyers and immigration agents to handle the process on an employer’s behalf. We obtained several quotes for assistance with Tier 2 sponsorship and visa application, and discussed these figures and the overall process with an expert lawyer.

1. WP, p128.
2. Described in the technical paper at pp9-10.
3. Fig. 5, WP, p128
4. The ONS has produced user-requested data drawing on the Annual Population Survey:
5. We merge private and not-for-profit into a single, non-public category.
Apart from the application itself, we have also included costs for the requirement on employers to notify the Home Office about any changes in circumstance – for example, a change in address – affecting either the business or the sponsored worker.

Our calculations use estimates of the cost of complying as follows:
- **£2000** for the overall sponsorship process and visa application
  - We attribute **£1000** of this cost to the employer and **£1000** to the migrant
- **£450** for subsequent notifications and updates to the Home Office
  - Typically there may be 3 to 4 notifications associated with each sponsored migrant, charged by lawyers at a cost of between **£100** and **£300** per instance

In order to come up with a final cost to employers, we have assumed that employers pay the full cost (Home Office fees and legal charges) for all workers and for two thirds of all dependants. This reflects typical business practice.

The total cost to the public sector is calculated using the distribution of EU migrants between public and private sectors, described above, to apportion our overall figure.

We also estimate the cost the new immigration system would impose on the NHS if the Long Term Plan’s commitment to a “step change” in international nurse recruitment is followed. Our calculated current recruitment rate, after adjustment down due to the salary threshold, is 3,830 EEA nurses per year. The NHS Long Term Plan calls for an increase of “several thousand each year”. We therefore assume a recruitment rate of 6,830 nurses per year from the EU, starting in 2021. The same outflow profile and visa costs are then applied.

**End Notes**

4. The Immigration Skills Charge is currently £1000. The £2000 rate was promised in the 2017 Conservative manifesto. We assume that this commitment will have been implemented by 2021.
5. Figures in the table are courtesy of Fragomen. Currency conversions as at February 1st 2019.
6. This cost is inflated by the fact that the main temporary work visa in Australia lasts for four years, so the figure given includes a second temporary visa application. In fact, after four years, many employees would be able to move to a permanent visa instead, for around the same cost.
8. Based on the average numbers joining the medical and nursing registers in the three years to 2016, adjusted for the share who work in the NHS and who would clear the £30,000 threshold. Full details are given in the Appendix.
10. Based on an assumed 3,000 additional nurses each year, hired on five-year visas. See the Appendix for details.
12. White Paper, Figure 9, p135
14. White Paper, Figure 12, p142
16. [https://www.ft.com/content/6ac4e0ec-1fdf-11e9-b2f7-97e4dbd3580d](https://www.ft.com/content/6ac4e0ec-1fdf-11e9-b2f7-97e4dbd3580d)
18. [http://www.brown.edu/Departments/Economics/Faculty/Rachel_Friedberg/Links/Friedberg%20Age%20at%20Arrival.pdf](http://www.brown.edu/Departments/Economics/Faculty/Rachel_Friedberg/Links/Friedberg%20Age%20at%20Arrival.pdf)
20. MAC EEA report, p113.

Recruitment of EU and EEA nationals into the NHS was very high in the years leading up to the Brexit referendum, meaning that aggregate estimates based on the occupational profile of all EU migrants in the UK (rather than recent arrivals) misrepresent the likely predominance of NHS hiring in future migration flows.

For our separate NHS figure, we calculate the recruitment rate using data from the General Medical Council Register and the Nursing & Midwifery Council Register.

The three-year average to 2016 of new register joiners from EEA countries is taken as the baseline rate. This figure is adjusted down for two factors. First, the proportion of those on the register who work in the NHS: this is assessed using register data and NHS workforce statistics, and calculated at 58.9% for doctors and 72.9% for nurses and midwives. Second, since some nursing and midwifery roles do not pay more than £30,000, we adjust the nursing figure down. Data from the Annual Survey of Hours and Earnings suggests that 39.3% of nurses and midwives earn less than £30,000 and so we decrease our estimate by this amount.

We also estimate the cost the new immigration system would impose on the NHS if the Long Term Plan’s commitment to a “step change” in international nurse recruitment is followed. Our calculated current recruitment rate, after adjustment down due to the salary threshold, is 3,830 EEA nurses per year. The NHS Long Term Plan calls for an increase of “several thousand each year”. We therefore assume a recruitment rate of 6,830 nurses per year from the EU, starting in 2021. The same outflow profile and visa costs are then applied.

**NHS recruitment estimates**


22. Global Future has convened a round table with representatives of the social care sector and spoken with representatives of various affected industries, including the Federation of Master Builders, the Recruitment & Employment Confederation and the British Retail Consortium. All analysis remains our own.


24. “we will set restrictions on nationalities, duration and possibly numbers” – White Paper, p52.


29. https://twitter.com/ChukaUmunna/status/1089998934374096896

30. https://twitter.com/jillyrutter/status/1066998934374096896

31. https://www.ft.com/content/46aaeb16-038d-11e9-99df-6183d3002ee1


34. Ibid, p6

35. Ibid, p42


40. Ibid, p7


44. https://blog.shelter.org.uk/2017/02/right-to-rent-causing-discrimination-the-government-ought-to-do-some-investigat-


47. https://publications.parliament.uk/pa/cm201719/cmselect/cmhaff/990/990.pdf


53. Ibid, p42

54. https://www.jcwi.org.uk/Handlers/Download.ashx?IDMF=ffcde3b5-e590-4b8e-931c-5ecf280e1bc8


59. The system of free movement within Europe was originally restricted to qualified workers, and has evolved significantly over time. The 1992 Maastricht Treaty established EU citizenship and a broad conception of free movement to accompany it.

60. One point of difference is that the 1971 Act automatically gave leave to remain to Commonwealth citizens living in the UK, whereas Europeans will have to apply for their new status. As the Windrush scandal shows, however, in the modern context of the hostile environment what matters is not just having the right to remain but also documentation to prove it. So the two situations are analogous in the key respect that a legal change means current residents have no documents to prove their newly-changed status.
See, for example, https://www.bbc.co.uk/news/uk-politics-40734504 and https://hansard.parliament.uk/Com-
mons/2018-11-05/debates/B740C145-93A4-4F22-8B2E-9EA9A35F6A00/LeavingTheEURightsOfEUCitizens#contribution-9
6EA3824-F53F-44BE-9261-744870282377

https://www.theguardian.com/uk-news/2018/feb/21/ive-been-here-for-50-years-the-scandal-of-the-former-com-
monwealth-citizens-threatened-with-deportation

_guide_to_right_to_work_checks.pdf

64. https://www.theguardian.com/uk-news/2018/apr/20/i-thought-i-would-die-windrush-man-left-homeless-after-brain-surgery

65. https://www.theguardian.com/uk-news/2018/feb/21/ive-been-here-for-50-years-the-scandal-of-the-former-com-
monwealth-citizens-threatened-with-deportation


67. For an illustrative example, see http://badreason99.blogspot.com/2019/01/windrush-20.html


69. See the report from the National Audit Office for discussion: https://www.nao.org.uk/report/handling-of-the-windrush-situation/

70. https://www.theguardian.com/uk-news/2018/feb/21/ive-been-here-for-50-years-the-scandal-of-the-former-com-
monwealth-citizens-threatened-with-deportation


73. Applicants for settled status are only required to prove that they have lived in the UK, not that they have done so in order
 to exercise specific free movement “treaty rights”. But the Home Office has historically issued removal orders against some
 EU citizens for failing to exercise treaty rights – for example, if they are not working or seriously seeking employment. These
 migrants will be denied settled status, but someone with exactly the same history of work and unemployment will be accepted
 if the Home Office hasn’t encountered them previously.

74. White Paper, p62

dents_CfE_1of3.pdf, p538

dents_report_published_v1.1.pdf, p58


79. Figure for 2015-16; https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/
file/739092/Impact_intl_students_CfE_1of3.pdf, p538

80. Ibid, p545


82. https://www.nusconnect.org.uk/resources/Student-perspectives-on-international-students

universitiesuk.ac.uk/news/Pages/New-poll-%22%20%22-cutting-international-student-numbers-will-not-address-public-imm-
igration-concerns.aspx; https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2014/international-stu-
dents-immigration-debate.pdf

84. https://publications.parliament.uk/pa/id201314/ldselect/ldsoftpower/150/15002.htm

85. Olberding, J.C. & Olberding, D.J. (2010), "Ripple Effects" in Youth Peacebuilding and Exchanges: Measuring Impacts
Matter? A Comparative Analysis of Student Exchange Programs 1980-2006', Foreign Policy Analysis 6, pp1-22. 612 Murat,
M. (2014), 'Soft, hard or smart power? International students and investments abroad', RECenT Working Paper 107, 613 Rose,

dents_CfE_1of3.pdf, pp560-570.


88. For a deep report on one ongoing scandal, see https://www.ft.com/content/11663990-1924-11e9-b93e-
hf351a539f1c


ny-surpasses-international-student-target-three-years-early/

91. Average number of new EU students in higher education over last three years = £1,248,000 (See https://www.hesa.ac.uk/da-
ta-and-analysis/sb252/figure-8). We assume three-year degrees (although some undergraduate degrees, eg in Scotland,
are four years and some postgraduate degrees can be longer, others are single-year Masters degrees). The costs for EU students
in higher education under the White Paper proposals are therefore £900 (3 years of health surcharge) + £398 (Tier 4 visa) =
£1,298, multiplied by 61,468 = £79,785,897 per year.


94. https://www.ft.com/content/1c61c180-0a43-11e7-ac5a-903b21361b43


96. Tier 2 does have some allowances, notably a lower salary threshold, for those applying to transfer from a student visa.


100. Ibid, Chair’s Foreword