



HM Government

# The UK's future skills-based immigration system

December 2018

Cm 9722





# **The UK's future skills-based immigration system**

Presented to Parliament  
by the Secretary of State for the Home Department  
by Command of Her Majesty

December 2018

Cm 9722



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## FOREWORD BY THE PRIME MINISTER



When the British people voted to leave the European Union in 2016, they sent a clear message: they wanted things to change.

One of those calls was for Britain to take back control of its borders.

As we leave the European Union, free movement will end. For the first time in decades, it will be the democratically elected representatives of the British people who choose who comes into our country.

This White Paper sets out how we will use this moment to introduce a new, skills-based immigration system.

This will be a system where it is workers' skills that matter, not which country they come from.

It will be a single system that welcomes talent, hard work, and the skills we need as a country.

It will attract the brightest and best to a United Kingdom that is open for business.

Migrants have made a huge contribution to our country over our history - and they will continue to in the future.

But it will also be an immigration system that is fair to working people here at home. It will mean we can reduce the number of people coming to this country, as we promised, and it will give British business an incentive to train our own young people.

This White Paper answers the call of the British people, and begins the process of delivering an immigration system truly underpinned by public support.

A handwritten signature in blue ink, which appears to be 'T. May', written in a cursive style.

**RT HON THERESA MAY MP**

**PRIME MINISTER**

## FOREWORD BY THE HOME SECRETARY



The ability to control immigration and secure our border was an important part of why many people voted to leave the European Union.

But even amongst those who voted to remain, many would agree they want their Government to be able to determine who can, and cannot, come here, to ensure migration works in the interests of the United Kingdom.

Leaving the European Union gives us the opportunity to do just that. It allows us to end Free Movement and build a system that recognises, and maximises, all the benefits of immigration, giving us the full control we need to bring migration down to sustainable levels.

It will be a single system built around the skills that people can bring - not where they come from - that welcomes talent from every corner of globe and demonstrates the United Kingdom is open for business.

Fundamental to the design of this system has been a recognition that immigration has made huge contributions to our society, culture and economy - enriching communities, bringing new perspectives, stimulating growth and making us the outward-looking nation we are today. As the son of immigrant parents, I know full well the contribution they, like many other migrants like them, made to the community I grew up in.

We can rightly be proud of this diversity and we will continue to foster communities that work for everyone - while recognising that everyone has a part to play in upholding the United Kingdom's modern values: tolerance, democracy, freedom, mutual respect and the rule of law.

It is because we value this we have been so clear to those EU citizens who have made their home here that we want them to stay, and we have given them certainty that their, and their family members, rights will be protected.

To ensure we get the most from immigration though we must be able to control it. That's why, in future, anyone wanting to come to the UK will need to obtain permission – enhancing the security and safety of our people.

This new system will be focused on those with the skills we need, who bring the most benefit to the United Kingdom. Our new route for skilled workers will enable employers – in both the private and public sectors - to access the talent they need.

This will help support wage growth, and productivity improvements. But we understand this is the most significant changes to the immigration system in more than 40 years, and so employers will need time to adjust.

To help them make that change we will also create, as a transitional measure, a temporary short-term workers route to ensure businesses have the staff they need and to help employers move smoothly to the new immigration system. This route will not lead to permanent settlement in the UK and will not carry rights and entitlements to bring dependents or to access public funds.

We will also retain our openness to students who wish to study at our universities. There will continue to be no limits on the number of international students who we will continue to encourage to come to study here, and we will make it easier for the most talented graduates to stay and work.

The future system will be flexible as we go on to strike future trade deals with the EU and other countries. It will operate from the end of the Implementation Period we have agreed with the EU, but will be phased in to give individuals, government systems and businesses time to adapt.

This White Paper is based on the best, independent evidence from the Migration Advisory Committee and frank conversations with people and businesses across the United Kingdom. These conversations will continue as we develop the system over the next 12 months.

Our intention is clear though: a future system that supports the UK's economy and public services, one that is user and business friendly, but also delivers control over who can come to the UK and on what terms, supporting investment in the UK's skills and productivity. This White Paper sets out how we plan to do just this.

A handwritten signature in black ink, appearing to read 'S. Javid', is centered on the page.

**RT HON SAJID JAVID MP**

**SECRETARY OF STATE FOR THE HOME DEPARTMENT**



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## OVERVIEW

As the UK leaves the European Union (EU) and we bring free movement to an end, different rules to the current ones must apply to migration here by EU citizens. We will take full control of migration by bringing all of it under UK law and institute a new border and immigration system, to serve the UK public and the economy, and to enable those who come to the UK to integrate and make a positive contribution.

Everyone will be required to obtain a permission if they want to come to the UK and to work or study here.

This does not mean there will be no immigration – as we take full control, we will continue to welcome law-abiding people from around the world who help make the UK a diverse society and dynamic economy. But the end of free movement gives us an opportunity to reset the conversation on migration.

Our future system will work for the whole of the UK – for Scotland, Wales, Northern Ireland and all parts of England. The UK Government will work with the Devolved Administrations to understand their unique perspectives and challenges and to ensure that employers have the flexibility they need to deploy staff and that individuals are able to visit, live and work in all parts of the UK.

The UK's future border and immigration system will have the same core objectives as now. From an immigration perspective, it must create strong borders, protect the vulnerable, enforce the rules and control the numbers and type of people coming to live and work here, in line with the continued commitment to reduce annual net migration to sustainable levels as set out in the Conservative Party manifesto, rather than the hundreds of thousands we have consistently seen over the last two decades. From an economic perspective, it must support an open, global economy in line with the UK's Industrial Strategy which aims for a highly skilled, innovative and highly productive workforce.

However, there will be a key difference from now. There will no longer be one immigration system for non-Europeans, and another for EU citizens<sup>1</sup>. The future system will apply in the same way to all nationalities – EU and non-EU citizens alike – except where there are objective grounds to differentiate. This could, for example, be in the context of a trade agreement, or on the basis of risk.

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<sup>1</sup> In most cases, references throughout this White Paper to citizens of the European Union also relate to citizens of the European Economic Area and Switzerland.

Following the advice of the Migration Advisory Committee (MAC), we will prioritise skilled migrants. A skilled-based migration policy will ensure the UK remains a hub for international talent from the EU and the rest of the world, which attracts people to work in our vibrant and diverse communities in jobs that drive up productivity and wages, and deliver essential services.

We will also take this opportunity to transform our operational systems and processes, using the latest digital technology to streamline and improve our service to individuals and employers, and better protect against fraud and abuse.

The new system will not come into play immediately after we leave the EU. It will take time to design and implement. We will do this in a phased way, between now and the end of the Implementation Period, with further reforms to follow.

We need to put in place the necessary legislative and operational provisions and ensure stakeholders across the UK are ready.

The new system will start to operate from the end of Implementation Period. In the meantime, we will implement the EU Settlement Scheme which will give EU citizens protected by the Withdrawal Agreement security as to their future status. Irish citizens will not need to apply under the future system, to settle as their current rights to live and work in the UK, which pre-date EU free movement, will be preserved and the Common Travel Area will continue to function as now.

### ***Position of EU citizens already in the UK***

During the Implementation Period, we will implement the EU Settlement Scheme. This gives EU citizens already here, and also those who arrive in the UK during the Implementation Period, the opportunity to secure their future residence in the UK. The UK has agreed with the EU on rights for EU citizens already living in the UK and UK nationals living in the EU, to enable them to carry on with their lives broadly as now. The Government is finalising arrangements with negotiating with European Free Trade Association (EFTA) States – Norway, Iceland, Liechtenstein and Switzerland – to bring about similar arrangements for their citizens.

The UK has already begun to implement the EU Settlement Scheme through a phased approach, starting with EU employees working in the NHS, social care and higher education sectors. It will be opened to all eligible EU and EFTA citizens by the date of the UK's departure from the EU. Subject to ratification of the Withdrawal Agreement, the EU Settlement Scheme will be open until six months after the end of the Implementation Period.

The EU Settlement Scheme establishes the principle that EU citizens must obtain a specific, individual permission to stay on in the UK after the end of the Implementation Period, in contrast to the position under EU free movement whereby rights are bestowed by EU treaties.

The EU Settlement Scheme will be easy for EU citizens, and their third country family members, to access. It has been designed to be fully digital from the point of application. Dedicated links between the Home Office, HM Revenue and Customs, and the Department for Work and Pensions have been created to enable quick searches of employment records, thereby providing a customer friendly system that, generally, avoids the applicant having to provide documentary evidence of their residence footprint.

EU citizens' immigration status will be recorded digitally in a database avoiding the use of cards, as is now the case with the driving licence counterpart, ensuring the individual can have immediate access to information about their current status and enabling them to share it easily with employers and other service providers.

**Summary of our agreement on EU citizens' rights (and their family members) for those living lawfully in the UK before the end of the Implementation Period:**

- EU citizens who have been living in the UK continuously for five years will be eligible for settled status in UK law.
- EU citizens who arrived before the end of the Implementation Period, but who have not been here for five years, will be eligible for pre-settled status, enabling them to stay until they have accumulated five years, after which they may apply for settled status.
- The Withdrawal Agreement will also allow close family members who live in a different country to join an EU citizen at any time in the future under current rules, if the relationship existed before the end of the Implementation Period.
- EU citizens protected by the agreement will continue to be able to work, study and establish a business in the UK as now.
- EU citizens with settled status or pre-settled status to stay may access healthcare, pensions and other benefits and services in the UK, as they do currently.
- Frontier workers (EU citizens who reside in one state, and work in the UK) will continue to be able to enter the UK to work under current rules, if they started this work before the end of the Implementation Period.
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***Common Travel Area (CTA) and rights of Irish nationals***

The Government has made clear that the CTA and associated rights between the UK, Ireland and the Crown Dependencies will be unaffected by the UK's exit. Irish and British citizens will continue to enjoy the freedom to travel within the CTA without the need for immigration controls or residence/work permits. Irish citizens do not need to obtain settled status in the UK.



### ***What happens next?***

The UK will leave the EU on **29 March 2019**. There will be an Implementation Period, planned to run until 31 December 2020, during which current rules will continue to apply. During that time, EU citizens will be able to enter and reside under the terms of the UK Regulations which implement the current, pre-Exit rules.

EU citizens and their family members who wish to remain in the UK after the end of the Implementation Period must apply for the EU Settlement Scheme. They have until June 2021 to do so, if the Implementation Period ends on 31 December 2020.

This White Paper outlines proposals for the future border and immigration system, which will follow the Implementation Period. The Government will introduce the Immigration and Social Security Co-ordination (EU Withdrawal) Bill to end free movement, protect the status of Irish citizens once free movement ends and amend the existing arrangements around the availability of benefit support for EU citizens entering the UK. The future immigration arrangements for EU citizens and their family members will be set out in UK Immigration Rules as is the case now for non-EU nationals. The proposed visa routes will be opened in autumn 2020, to enable those who wish to come to the UK to apply in good time.

The Government has been engaging with businesses from a wide range of sectors and across the UK to hear their priorities, concerns and ideas about the future system. We are determined to ensure that the future system is efficient and able to respond to users' needs.

We will continue to engage with a wide range of stakeholders across the whole of the UK. Only following a year of extensive engagement do we intend to publish the Immigration Rules setting out the detail of the future system, providing time and certainty for businesses to adjust before the future system is introduced.

## SUMMARY OF PROPOSALS

1. After the UK's exit and following the Implementation Period, we will end the current free movement system imposed by the EU so that the **UK Immigration Rules will apply to EU and non-EU migrants alike** in a single skills-based system, as opposed to being based on where an individual comes from, where anyone who wants to come to the UK will need permission to do so, as opposed to being based on where an individual comes from.
2. The rules will nonetheless be flexible and provide for different treatment for certain migrants, in ways justified on objective grounds such as skill, immigration and security risk, and international or bilateral agreements. This principle already exists in the current non-EU system, where certain low-risk nationalities are non-visa nationals, or have different evidential requirements, and we give effect to existing bilateral agreements.

### *Mobility*

3. We have agreed in the Future Framework declaration with the EU that we will discuss with them provisions relating to mobility. For example, we have said that the UK and EU should aim not to impose a visa requirement for short-term visits; that citizens should not face routine intentions testing at the border; that we negotiate commitments in respect of the provision of services through the temporary entry and stay of natural persons (e.g. lawyers); that we will explore the arrangements applying to research, study, training and youth exchanges; that we will look at the coordination of social security arrangements; and we will explore how to facilitate the crossing of borders for legitimate travel purposes, consistent with national laws.
4. The UK has existing youth mobility arrangements with certain countries and we will be looking to **expand these**.
5. **We are also willing to expand, on a reciprocal basis, our current range of "GATS Mode 4" commitments which we have taken as part of EU trade deals<sup>2</sup>.** These commitments may cover independent professionals, contractual service suppliers, intra company transfers and business visitors.

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<sup>2</sup> The General Agreement on Trade in Services (GATS) is a treaty of the World Trade Organisation. It covers four modes of cross-border supply of services. Mode 4 relates to the supply of a service by one Member, through presence of natural persons of a Member in the territory of another Member. The GATS does not apply to measures affecting access to the employment market of a Member, nor does it apply to measures regarding citizenship, residence or employment on a permanent basis.

6. Any agreements we eventually reach with the EU relating to mobility will be fully compatible and incorporated into our future system. We would look to offer similar arrangements to other low-risk countries with which we agree deep trade agreements in future.

***Strengthening border security and improving journey crossings for legitimate passengers***

7. Since 2010, we have pursued an ambitious programme of reform at the border to keep the UK safe, working with law enforcement organisations and international partners to secure our borders from a range of threats, including modern slavery and human trafficking; terrorism; and activities of organised criminal groups.
8. We have also invested in modern technology, like e-Passport gates (e-gates) and motion detection technology, to improve security and prevent illegal entry.
9. We will continue to safeguard and tighten border security to protect the public through:
  - applying stricter UK criminality thresholds on refusal of entry and removals to EU citizens entering the UK;
  - introducing an Electronic Travel Authorisation (ETA) as part of a universal 'permission to travel' requirement to strengthen our ability to prevent the arrival of those who present a threat to our borders;
  - ensuring travel documents used for entry to the UK are secure and meet our required standards;
  - ensuring that biometrics are captured from those wishing to live and work in the UK;
  - continuing to work closely with colleagues in France, Belgium and the Netherlands on border management and the operation of the juxtaposed controls, and with Ireland and the Crown Dependencies on the operation of the Common Travel Area; and
  - working with the EU, Turkey and other countries to tackle illegal migration to Europe from Africa and the Middle East.

10. Applying different processes based on risk will create opportunities to focus our efforts on those who seek to abuse or exploit the system and offer a quicker entry process for the majority of legitimate passengers, such as by **expanding access to e-gates for specified low-risk nationalities**, for example Australia, Canada, Japan, New Zealand, the United States of America, Singapore and South Korea.

### **Visitors**

11. We **do not intend to require visitors who are citizens of current EU Member States to obtain a visit visa** in advance of travel and we intend to allow them to continue to use e-gates to make entry quick and easy. We propose to make binding commitments to this effect in a future mobility partnership, if the EU reciprocates.

12. Tourists will continue to enjoy a generous entitlement to spend up to six months in the UK. Visitors coming to the UK for short-term business reasons will be able, as now, to carry out a wide range of activities, including permitted paid engagements. We will discuss with stakeholders whether these arrangements can be improved to reflect business need.

### ***An individual immigration status as the basis of control***

13. Under the future system following the Implementation Period, those coming to the UK, including EU citizens, who intend to work or study or join family will need permission to do so, normally in the form of an electronic status which must be obtained before coming to the UK. This means everyone coming the UK will have an individual immigration status which will form the basis of our immigration controls. This status will be communicated to airlines to confirm whether an individual has permission to travel, checked at the UK border (by either a Border Force officer or an e-gate), and then form the basis of in-country immigration checks.

14. Our new digital checking service – already being piloted for non-EU nationals – makes it easier for employers, landlords and public service providers to confirm an individual's rights and eligibility, based on their immigration status. This is simpler, more secure and more up-to-date than checking a variety of documentation.

15. As part of our new, end-to-end system, the individual immigration status will be compared with exit checks data monitoring departures from the UK, allowing an individual's date of exit to be recorded and, if it exceeds the duration of their permitted stay, that can be taken into account when they next apply to travel to the UK. This will help inform the appropriate enforcement action to take against those who flout immigration laws and rules and refuse to comply.

## **Workers**

16. At present, we have a dual system of admitting only highly skilled workers from outside the EU, and workers of all skill levels from the EU. We will replace this with **a single route which gives access to highly skilled and skilled workers from all countries**. Those coming to the UK on this route will need an employer to sponsor them. We propose to allow individuals who meet the requirements to bring dependants, extend their stay and switch to other routes, and in some cases, settle permanently.
17. The current system for non-EU work migration imposes controls through minimum skills and salary levels, a cap on numbers and the need to test the availability of local workers before recruiting abroad. The proposed new route will include a number of significant reforms aimed at ensuring that our immigration system supports a flexible labour market, and that overall the burden on businesses is no greater under a single system which includes EU migrants.
18. As recommended by the MAC, **we will not impose a cap on the numbers of skilled workers**, to ensure the brightest and best who wish to come to the UK may do so, and employers have access to the skills that add most value to the UK economy.
19. Employers should not be using migrant labour to put downward pressure on wages where there is a ready supply of labour. However, the MAC found that the resident labour market test does not offer such a protection, instead serving in practice as a delay in the process, while protection is provided by payment of the Immigration Skills Charge (ISC) by employers. In line with their recommendation we will therefore **no longer require employers of skilled migrants to carry out a resident labour market test as a condition of sponsoring a worker**.
20. The new system will need to be accessible to the large number of businesses, particularly smaller enterprises, that have previously been able to hire migrant labour from the EU, without needing to engage with the existing sponsorship requirements. Therefore, we will need to make the system as straightforward and light touch as possible, and low cost to employers.

21. We will review the administrative burdens on employer sponsors to ensure that they are proportionate to the objective of minimising immigration abuse. Our aim is to keep reporting requirements and upfront costs for employers to an absolute minimum. This will be facilitated in part through greater sharing of employment, benefits and immigration records between the Home Office, HM Revenue and Customs and the Department for Work and Pensions. To maintain the UK's competitive edge in attracting international talent, we are committed to minimising the time it takes to hire a skilled migrant and aim to process the great majority of work visas within two to three weeks.
22. To support labour market flexibility, we propose that nationals of the lowest risk countries will be **able to apply for a work visa in the UK**. Therefore, these individuals will not be required to leave the UK and make return journeys to make their applications. This will strike an appropriate balance between providing the flexibility that businesses need, while also protecting against abuse.
23. **The new skilled route will include workers with intermediate level skills**, at RQF 3-5 level (A level or equivalent) as well as graduate and post-graduate, as the MAC recommended. The MAC recommended retaining the minimum salary threshold at £30,000 and we will engage businesses and employers as to what salary threshold should be set. We have asked the MAC to review the Shortage Occupation List (SOL), including for occupations at RQF levels 3-5. They will report in spring 2019. Scotland already has a separate SOL and we will also invite the MAC to compile a such a list for Northern Ireland and consider whether the composition of the SOL needs to be different for Wales.
24. **The MAC did not recommend a route specifically for low skilled workers and we intend to accept that recommendation.**
25. Employers have to some extent become reliant on lower skilled workers from the EU for certain jobs. Leaving the EU provides an opportunity to drive business change and ensure that UK companies are at the forefront of innovation going forward.
26. However, we recognise the challenges faced by these employers, particularly in sectors like construction and social care, who would find it difficult immediately to adapt. **We propose, as a transitional measure, also to institute a time-limited route for temporary short-term workers**. This route will allow people to come for a maximum of 12 months, with a **cooling-off period of a further 12 months** to prevent people effectively working in the UK permanently. We will engage extensively with business and stakeholders as part of the engagement process on the duration and cooling off periods.

27. We are also committed to working with key sectors to help facilitate the change needed to reduce demand for low skilled migrant labour.
28. This route will enable workers of all skill levels to move between employers (with no specific sponsorship requirement). This will offer flexibility to employers as they implement changes, by reducing compliance costs and widening the range of skills available.
29. Crucially, the visa will be time limited to twelve months and will not carry entitlements to access public funds or rights to extend a stay, switch to other routes, bring dependants or lead to permanent settlement.
30. This route will only be open to nationals of specified countries, for example, low risk countries with which the UK negotiates migration commitments and mobility proposals. As with other routes, all applicants would pay a fee – which may, in this instance, rise over time, reflecting the transitory nature of this scheme – and be subject to criminal record checks.
31. This will be a transitional arrangement. It will be kept under review to ensure that it is meeting the needs of the UK economy and we reserve the right to tighten the criteria or impose numerical caps if necessary. We would also retain the ability to close the route if the economic conditions in the UK warrant that. There will then be a full review for 2025 in which we will work with the MAC, as well as representatives of business and local communities to consider whether there should be any continuing facility for short-term workers to come to the UK, but any future arrangements may be more limited than the transitional route.
32. In accordance with the MAC's advice, we do not intend to open sectoral labour schemes, except potentially for seasonal agricultural work. **We will be running a small-scale pilot scheme for agricultural workers in 2019.**

### **Students**

33. International students enhance our educational institutions both financially and culturally; they enrich the experience of domestic students; and they become important ambassadors for the United Kingdom in later life.
34. We will continue to welcome and encourage international students and place no limit on their numbers. **Students will generally need to obtain permission before they travel to the UK, with the exception of non-visa nationals who can be granted entry as a short-term student for a course up to six months without permission to travel – as is currently the case.** In future, once introduced, non-visa national short-term students will require an Electronic Travel Authorisation to enter the UK.



35. Following the recent MAC report on students, we intend to improve the current offer to those who have completed a degree who want to stay on in the UK to work after they have completed their studies, by **offering six months' post-study leave to all master's students, and bachelor's students studying at an institution with degree awarding powers – giving them more time to find permanent skilled work and to work temporarily during that period.** Those who have completed a PhD will have a year.
36. **We will also allow for students studying at bachelor's level or above to be able to apply to switch into the skilled workers route up to three months before the end of their course in the UK, and from outside of the UK for two years after their graduation.**
37. We do not propose to lower standards in the study route, which is working well after the reforms which stopped the unacceptably high levels of immigration abuse encountered a decade ago by non-genuine students. Individuals must demonstrate that they are genuine student, meet English language and maintenance requirements and have a proven academic track record.
38. **We will maintain rules that to undertake further study a student must demonstrate academic progress.** It must be a route to allow access to our world leading institutions, nor a back-door route to work or settlement.

### ***Family and Settlement***

39. We do not intend to change significantly the rules for family migration and permanent settlement, which are designed to promote integration by ensuring migrants are financially independent, can speak English and understand British values. As we will set out in the forthcoming Integrated Communities Action Plan, we are committed to refreshing the Life in the UK test to reflect better modern British values, as well as strengthening the language requirements for those seeking to become British citizens.

### ***Protecting the vulnerable***

40. Britain has a long history of welcoming those forced to flee persecution and we remain committed to the Refugee Convention. We subscribe to the principles of the EU Dublin Regulation to ensure those in need of protection claim asylum in the first safe country they reach and to facilitate the reunion of family groups, so their asylum claim can be considered together. We **intend to seek an agreement on this with the EU or with individual Member States.**



41. We will continue to provide support and protection to refugees under our existing resettlement schemes, including the Vulnerable Persons Resettlement Scheme and the Vulnerable Children's Resettlement Scheme, the largest resettlement effort aimed specifically at children at risk from the Middle East and North Africa region. We will continue to consider future resettlement policies and intend to set out our future position shortly.
42. We continue to recognise the importance of family unity and we intend to seek an agreement with the EU under which unaccompanied asylum-seeking children in the EU can join close family members in the UK. Any agreement will be reciprocal.
43. We are also working to ensure the immigration system, both today and in the future, is humane, in particular in its treatment of vulnerable people. Work in progress includes:
- Windrush Lessons Learned Review, with independent oversight and external challenge; and
  - Immigration detention reforms to continue to improve the protection we afford to vulnerable people.

### **Compliance**

44. Exit check data is showing high levels of compliance with immigration requirements – approximately 97 per cent – amongst the cohorts on which we have data. It is vital for the integrity of the future system, fairness to all migrants, and reassurance for the UK public that the UK laws and rules are enforced.
45. We are committed to a fair and humane immigration policy which welcomes people here legally. It is right that we, for example, require right to work and rent checks and can deny access to or opening of current accounts to tackle illegal immigration and prevent abuse of benefits and services, but it is essential that we improve our ability to differentiate between the lawful and unlawful populations.
46. This includes ensuring that those who are not legitimately in the UK and those only here as visitors aren't accessing public benefits and services or competing for jobs and housing with British citizens and migrants who have played by the rules.
47. We will support employers and other service providers to carry out their obligations to check immigration status to establish right to work, and entitlement to access benefits, medical treatment and other services, ensuring lessons are learned in the light of Windrush. When we move to the future system, we will not require employers to undertake retrospective right to work checks on existing EU employers.

48. In April this year, the Home Office launched a new online checking service, enabling UK employers to confirm whether a non-EEA national holding either a biometric residence permit or biometric residence card has a current right to work in the UK and whether they are subject to any restrictions. From the end of January 2019, employers will be able to request either the online check or the existing document-based check; online checks will be a voluntary option whilst migrants and employers develop familiarity with the new service. **The digital status checking services we are continuing to develop will provide a quick and secure verification of status.**

### ***Funding the system***

49. The Border, Immigration and Citizenship System currently costs £2.8 billion a year to run – including asylum and enforcement costs – and we raise £2.3 billion a year in visa and passport fees. Income generation through fees and charges will continue to underpin our future system, contributing significantly towards funding.

50. It is important that the border and immigration system is resourced to fulfil its wide range of duties, from security to facilitating trade and travel to compliance and enforcement to protecting the vulnerable.

51. We will continue to provide value for money for the taxpayer and citizens. It is right that the cost of administering the border and immigration system should be borne by those who use it, to avoid placing undue burden on general taxation, as Parliament has agreed. The Government will follow this principle in setting fee levels in future. However, we will continue to review the level of fees.

52. In addition to fees, certain migrants or their employers pay an Immigration Skills Charge and the Immigration Health Surcharge. Since the Health Surcharge was introduced in 2015 it has raised approximately £600 million for the National Health Service.

53. Funds generated from the Skills Charge are helping to maintain the Department for Education's existing skills budget and existing level of investment in skills in England. This ensures that we can continue to take a long-term view of investment in developing the skills the UK needs and in addressing skills gaps in the workforce.

54. Similarly, the Skills Charge, which is under review, is helping to maintain funding levels for each of the Devolved Administrations. Information on income received from the Skills Charge payments will be published in due course.

55. Alongside this, to ensure excellent service at the border whilst continuing to both deal with the growth in passenger numbers and increasing passenger expectations, as well as maintaining security, the Government will consider whether there are additional or alternative funding mechanisms. As part of this we will be looking to build a new relationship between government and industry, creating the environment for encouraging greater innovation and technological solutions that benefit the passenger and the UK.

### ***Customer focused***

56. We will put the customer at the heart of our design to ensure user-friendly, simple and transparent processes.

57. We are determined to ensure that the future system is efficient, flexible and responds to users' needs and are clear that the Government cannot design and deliver this new system in isolation.

58. As recommended by the MAC, we will ensure that users of the immigration system are given regular opportunities to express their opinions on the system and how it works. We are committed to building a system which evolves and adapts to meet the needs of those using it.

### ***Balancing the impact on the UK economy***

59. The economic impact of these proposals is explored in the Economic Appraisal (Annex B), which sets out the potential impacts of the proposed future system changes and quantifies these, where possible. It estimates these changes for skilled workers could result in an 80 per cent reduction in inflows of long-term workers from the EU and the European Economic Area.

## CHAPTER 1 - THE UK'S CURRENT IMMIGRATION SYSTEM

- 1.1 We currently have two parallel systems in place which govern the immigration of EU citizens (and their family members) and non-EU nationals respectively.
- 1.2 While the UK is a member of the EU, EU citizens and their family members enjoy an EU Treaty-based right to enter and reside in the UK without the need to obtain individual immigration status, provided certain conditions are met.
- 1.3 Currently, the movement of people between EU countries is governed primarily by the Free Movement Directive<sup>3</sup>. This sets out the rights of EU citizens and their family members to move, and reside freely, within the EU. This Directive consolidates various rights in the EU Treaties, and the Court of Justice of the European Union has the final say on how these rights are interpreted and enforced.
- 1.4 Non-EU nationals (other than family members of EU citizens) are generally subject to UK immigration law and therefore need permission to enter and remain in the UK, under the Immigration Act 1971<sup>4</sup>. This is given, or refused, on a case-by-case basis by the Home Office according to the Immigration Rules in place at the time.
- 1.5 After we leave the EU and from the end of the Implementation Period, we will bring the migration of EU citizens within a UK legal framework, overseen by UK courts. This will ensure the Government can control EU migration in the national interest, economic and social need, and continue to attract those migrants who make a positive contribution to the UK.

### **The Free Movement Directive (the 'Directive') – overview**

The Directive states that EU citizens (including their EU and non-EU family members) must be admitted to the UK and can reside for up to three months from the date of entry, provided they meet basic criteria, such as not becoming a burden on the social assistance system of the UK.

EU citizens wishing to stay beyond three months can generally only do so where they are exercising 'Treaty rights' — until they become entitled to permanent residence in the UK (usually after exercising Treaty rights in the UK for five years). Exercising Treaty rights in this context means they must be working, self-employed, a student, a self-sufficient person or the family member of an EU citizen who is exercising Treaty rights. The Directive is primarily implemented in UK law through the Immigration (European Economic Area) Regulations 2016.

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<sup>3</sup> Directive 2004/38/EC

<sup>4</sup> This is also defined as 'leave to enter' or 'leave to remain' under the Immigration Act 1971. For a detailed description, please see the glossary.

- 1.6 In the UK, the European Union (Withdrawal Act) 2018 will preserve, on the UK statute book, the regulations that implement the EU Free Movement Directive, until the regulations are repealed and replaced by new rules. We intend to do that through an Immigration and Social Security Co-ordination (EU Withdrawal) Bill, as detailed in Chapter 14.
- 1.7 Within the current non-EU system, we differentiate between visitors who are coming to the UK for short periods as tourists or to do specified business activities and who intend to leave at the end of their visit; and migrants coming to work, study or to join family. Some in the second category have the right to settle permanently.
- 1.8 All non-EU nationals entering the UK need to be given specific leave to enter for a given period and generally with conditions. Sometimes this requires permission to be obtained before arrival, while others can be granted leave to enter on arrival at the border. “Visa nationals” (e.g. Nigerians, Ukrainians or Pakistanis) always require a visa to cross the UK border, even as visitors. “Non-visa nationals”, (e.g. Canadians or Japanese), do not need a visa to come to the UK as visitors. However, they must obtain permission in advance of travel to work or study in the UK. We intend to build on these arrangements in the future system, as explored in more detail in Chapters 5, 6 and 7.

## CHAPTER 2 - AN IMMIGRATION SYSTEM FOR THE WHOLE OF THE UK

### Summary

As we leave the European Union and free movement ends, unifying the United Kingdom and preserving relationships between Northern Ireland, Scotland, Wales and all parts of England will only become more important.

Immigration is a reserved matter in the UK, but the future border and immigration system must be flexible enough to service a range of interests and to reflect the diverse needs of all parts of the UK and our existing devolution agreements.

We are taking a united approach in negotiations with the EU to secure a deal that works for Scotland, Wales, Northern Ireland and all parts of England.

- 2.1 As we work to build a future immigration system, we will engage with stakeholders across Northern Ireland, Scotland and Wales as well as the Devolved Administrations. We are clear that our future system must work for every nation, region and community in the UK. We will make every effort to understand the individual positions of Scotland, Wales and Northern Ireland, including special challenges that need to be recognised, for example, concerns in Northern Ireland due to the unique nature of the border with the Republic of Ireland.
- 2.2 We will also build on existing ties with our Overseas Territories and ensure their interests are reflected.
- 2.3 This is an opportunity to build an immigration system that works for all, and we will continue to engage with the Devolved Administrations of Scotland, Northern Ireland and Wales, in the EU Exit process and on wider immigration issues, including the introduction of the Immigration and Social Security Co-ordination (EU Withdrawal) Bill.
- 2.4 The UK is a global centre for business, tourism and migration. Its immigration policy and the protection of its external border, balances the need to facilitate and promote trade, tourism and legitimate migration with the imperative to protect the economy, businesses and the public from the harms caused by terrorism, serious organised crime, illegal immigration and the abuse of the excise regime.
- 2.5 Given the complexity and scale of the effort and the risk of distortions or unintended consequences that could result from divergent approaches between the nations of the UK, immigration policy is a reserved matter and the Immigration and Social Security Co-ordination (EU Withdrawal) Bill we intend to introduce will extend to the whole of the UK.

- 2.6 The UK Government and the Devolved Administrations share many common objectives relating to immigration. We are united on the UK remaining a strong, open, successful trading nation; we all recognise the benefits that migration can bring to the UK; and we want to ensure we manage immigration from the EU and the rest of the world, in the national interest – with flexibility to adapt to changing economic and social circumstances.
- 2.7 We are also all committed to protecting the status of EU citizens already living in the UK and ensuring reciprocal protection for UK nationals living in the EU. Key public sector workforces across the UK have been involved in the second pilot of the EU Settlement Scheme.
- 2.8 The single UK external border supports the implementation of a single UK policy of migration for employment. This ensures that employers, wherever they are in the UK, can mitigate local skill shortages by recruiting from outside and within the UK.
- 2.9 In recent years, immigration has contributed significantly to a growth in the population of the UK. This growth however has been uneven and there are some parts of the UK facing a significant demographic challenge. We recognise the demographic and economic challenges faced, in particular, by some rural communities across the UK. However, as the MAC note, “...immigration may not be an effective strategy for sustaining remote communities unless the reasons for locals leaving are addressed”.
- 2.10 It is important to recognise that immigration alone cannot sustainably address regional or local depopulation. The ‘offer’ in terms of employment, infrastructure, education, lifestyle, public services etc. all play a major role. While we will examine the specific needs of every part of the UK, we are clear that the Government is committed to a single, skills-based future border and immigration system.
- 2.11 Nonetheless, the Scottish Government and businesses in Scotland can, and have, influenced the determination of the UK-wide list of shortage occupations and have assisted the introduction of a Scotland specific shortage occupation list to cater for its particular labour market needs. This will continue after EU Exit. We will invite the MAC to consider whether the composition of the UK wide Shortage Occupation List (SOL) needs to be different for Northern Ireland and we will examine the case for a similar approach in Wales, and also recognise the unique position of Northern Ireland as the only UK nation with a land border with the EU.
- 2.12 As now, future immigration policy will be reserved across the UK. The MAC considered the case for regional immigration policies but did not recommend introducing more regional variation. We agree with this approach. However, we remain committed to delivering for every nation in the UK.

2.13 We will deliver the visible change that the UK public want to see, but we will not rush the design and implementation of the future system. We will continue to ensure there are plenty of opportunities to influence this process, and as outlined in Chapter 15, final policy decisions will only be taken after extensive discussion and engagement, across Government, the Devolved Administrations and a wide range of stakeholders. Engagement is a vital avenue through which to explore and consider the social and economic needs of all parts of the UK.

### ***British Overseas Territories***

2.14 There are 14 British Overseas Territories, of which 11 have permanent resident populations. These 11 are responsible for their own immigration policies. Their relationships with the EU vary widely; from Gibraltar which is currently part of the EU, to Anguilla which has a close relationship with outermost territories of EU Member States, to Tristan da Cunha, the world's most remote settlement but dependent on access to EU markets for its rock lobster exports. We will continue to engage, both with the Overseas Territories and with the EU with a view to protecting their interests in the future relationship with the EU.

2.15 We are keen also, to make clear that the Overseas Territories are valued members of the British family. We will consider examining the case for continuing with a separate category of 'British Overseas Territory Citizen'.



## **Gibraltar**

Gibraltar is a British Overseas Territory, and the only one of the 14 British Overseas Territories to which EU law largely applies. The UK has committed to involving Gibraltar fully as we leave the EU, to ensure its priorities are taken account of.

Gibraltar is responsible for its own immigration policy. The Free Movement Directive currently applies to Gibraltar. Following our exit from the EU, Gibraltar will introduce its own rules to replace the Free Movement Directive; it will also apply any relevant agreements with the EU such as the Mobility Framework we have proposed.

## **British Overseas Territories**

The UK's Overseas Territories are highly diverse, and each has its own relationship with the UK.

Excluding Gibraltar, as detailed above, the Overseas Territories have legislative independence over immigration. However, the British Overseas Territories Act 2002 conferred British Citizenship upon citizens of the Overseas Territories, which provides for a right of abode in the UK. This conferral is not reciprocal and British citizens did not receive any rights to reside in the Overseas Territories without permission.

The 2002 Act conferred British citizenship on those citizens of the British Overseas Territories alive at the time. This allows them to apply for and travel on a British citizens passport, without being subject to UK immigration control. Thereafter, the ability to hold British citizenship is in line with requirements in the UK.

## CHAPTER 3 - GOVERNMENT RESPONSE TO THE REPORTS OF THE MIGRATION ADVISORY COMMITTEE ON EU MIGRATION AND INTERNATIONAL STUDENTS

### Summary

Leaving the EU will allow us to cement our position as a leader on the global stage and provides an opportunity to design a world-class border and immigration system. The future system will apply to EU citizens, and the associated implications for non-EU citizens represent a very significant change. It will affect millions of people and the effects will be felt for years. It is very important that decisions are taken on robust evidence.

It was for this reason that in July 2017 the Government commissioned the Migration Advisory Committee (MAC) to undertake a study on the current patterns of EEA migration into the UK and to assess the impact of EEA migrants on the economy and society of the UK, as well as how the immigration system should be aligned with a modern industrial strategy. In August 2017, the Government also commissioned the MAC to report on the impact of international students in the UK.

The MAC's recommendations have been crucial in the design of the future border and immigration system, and the Government has accepted, in full or in part, all the recommendations made by the MAC. Full details of the MAC's findings and recommendations are contained at Annex A.

### The Migration Advisory Committee

The MAC is an independent non-departmental public body established in 2007 that advises the Government on migration issues. The MAC is made up of a Chair, Professor Alan Manning, and other migration experts and independent economists, who have been appointed under rules relating to public appointments laid down by the Office of the Commissioner for Public Appointments and who are leading experts in their field.

The MAC is responsible for providing transparent, independent and evidence-based advice. Previous MAC reports have looked at issues such as the impacts of immigration, the limits on immigration under the points-based system and skills shortages within occupations.

The Government has previously commissioned independent evidence from the MAC on the non-EU immigration system. This is the first time they have considered EEA migration and international students specifically.

### ***EEA Migration in the UK report – published 18 September 2018***

3.1 The Government accepts the MAC's analysis and will seek to give effect to it in the design of the future immigration system. The MAC notes that a "shift from quantity to quality in migration aligns with the Government's industrial strategy published last year"<sup>5</sup>.

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<sup>5</sup> MAC EEA Final report – Chair's Foreword

3.2 Since 2010, the Government's non-EU economic migration policy has been an increasingly selective one, ensuring that migrants who come here are sought by employers or colleges, and that they will take responsibility for the migrants they sponsor. This policy has stabilised numbers, reduced immigration abuse and raised the quality of migrants. Our non-economic migration policy, for example for those coming to join family, has ensured that those coming are able to support themselves financially and to integrate, e.g. they must be able to speak basic English. **We propose to apply a similarly selective policy to EU migrants, driving up skills and controlling numbers.**

3.3 In line with this, the Government proposes to move to a single, skills-based immigration system, which for economic migration prioritises higher skilled workers. That is not to say that every citizen of every country will be treated identically. Within our existing non-EU immigration system, we already operate a differentiated approach, based on risk, and we will look to expand and enhance that approach.

3.4 However, the core basis of the system will be the same for all non-British citizens seeking to come to the UK<sup>6</sup>.

3.5 The MAC has recommended some specific changes to migration policy to liberalise and streamline the system. For highly skilled migrants, this includes removing the cap on numbers in the existing Tier 2 route; abolishing the resident labour market test; making the sponsorship system less bureaucratic for employers; and lowering the skills threshold in Tier 2 to include occupations at the intermediate skills levels (NQF 3-5). **The Government intends to accept these recommendations.**

3.6 For intermediate skills, the MAC recommends keeping the current minimum salary threshold of £30,000. The Government believes that in some circumstances – for example where skills are in shortage – there should be some flexibility to allow migration at lower salary levels.

3.7 The MAC also recommended there should be no dedicated migration route for skills below the NQF3 level (low skilled and unskilled), other than through the Youth Mobility scheme and possibly through a seasonal agricultural workers scheme. The Government accepts the thrust of the MAC's analysis and recommendations, though there will, on a transitional basis, be a short-term workers route. This is explored in more detail in Chapter 6.

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<sup>6</sup> This does not apply to citizens of the Republic of Ireland, who will be covered by arrangements made before the UK entered the EU

**Summary of MAC recommendations for work migration post-EU Exit and the Government's response**

1. General principle behind migration policy changes should be to make it easier for higher skilled workers to migrate to the UK than lower skilled workers. **Accepted.**
2. No preference for EU citizens, on the assumption that UK immigration policy is not included in an agreement with the EU. **Accepted.**
3. Abolish the cap on the number of migrants under Tier 2 (General). **Accepted.**
4. Tier 2 (General) to be open to all jobs at RQF3 and above. Shortage Occupation List will be fully reviewed in the next MAC report. **Accepted.**
5. Maintain existing salary thresholds for all migrants in Tier 2. **Partially Accepted.**
6. Retain, but review the Immigration Skills Charge. **Accepted.**
7. Consider abolition of the resident labour market test. If not abolished, extend the numbers of migrants who are exempt through lowering the salary required for exemption. **Accepted.**
8. Review how the current sponsor licensing system works for small and medium-sized businesses. **Accepted.**
9. Consult more systematically with users of the visa system to ensure it works as smoothly as possible. **Accepted.**
10. For lower skilled workers avoid Sectoral-Based Schemes (with the potential exception of a Seasonal Agricultural Workers (SAWs) scheme). **Accepted.**
11. If a SAW scheme is reintroduced, ensure upward pressure on wages via an agricultural minimum wage to encourage increase in productivity. **Accepted.**
12. If a 'backstop' is considered necessary to fill low skilled roles, extend the Tier 5 Youth Mobility Scheme. **Accepted.**
13. Monitor and evaluate the impact of migration policies. **Accepted.**
14. Pay more attention to managing the consequences of migration at a local level. **Accepted.**

### ***International students in the UK report – published 11 September 2018***

3.8 The MAC set out the benefits, both economic and cultural, that international students bring to the UK. The Government wants the education sector to thrive and has reaffirmed that **there will continue to be no limit on the number of international students who can study in the UK.**

The MAC also made a number of recommendations relating to the rules that apply to international students, particularly in respect of how long they can remain in the UK after completing their studies. The Government has accepted these recommendations. **The Government will also go further to ensure that all students who have completed an undergraduate degree at an institution with degree awarding powers will be able to stay in the UK for six months after completing their studies.**

#### **Summary of MAC recommendations on the impact of international students in the UK:**

1. To retain no cap on the numbers of international students. **Accepted.**
2. Government and the sector should continue to work together to grow the number of international students. **Accepted.**
3. International students should not be removed from the net migration statistics. **Accepted.**
4. Rules of work while studying and dependent rights should remain unchanged. **Accepted.**
5. Widening of the window in which applications for switches from Tier 4 to Tier 2 can be made. **Accepted.**
6. Post-study leave period extended to six months for Master's students, though with a more thorough review of whether this is appropriate. **Accepted.**
7. The 12 months leave to remain after PhD completion to be incorporated into the original visa duration, subject to meeting progress requirements and course completion, for eligibility to remain in the UK after course end date. This would replace the existing Doctoral Extension scheme that allows the same rights, but has to be applied for with associated visa costs. **Accepted.**
8. Previous Tier 4 students, who passed their Level 6 (or above) qualification in the UK, should be entitled to a two-year period during which they can apply out-of-country for a Tier 2 visa, under the same rules as current in country Tier 4 to Tier 2 switches. **Accepted.**

### ***An enhanced role for the Migration Advisory Committee***

- 3.9 One of the things noted by the MAC is that it is important that the consequences of migration policy are properly monitored, both nationally and at a local level.
- 3.10 As well as commissioning the MAC for further specific advice in respect of the future system, we will commission the MAC to provide an annual report on key aspects of the UK's immigration system, including to advise on whether detailed arrangements such as the levels of salary thresholds, and the Shortage Occupation List (SOL) need to be revised in light of economic and social circumstances, and any emerging or longer-term trends that may impact the labour market. We will want to ensure that the SOL is kept under regular review so that it reflects the latest position in the UK labour market, takes a forward-looking approach where possible and ensures that the immigration system supports the Government's industrial strategy.
- 3.11 The precise form and content of such a report will need to be agreed with the MAC, but we envisage that it would enable the MAC to comment on the effect of current immigration policies, including their impact on the UK economy and the resident population and whether they were achieving the goals set for them. This would cover local and regional impacts, as well as the national impact, in line with the MAC's final recommendation in its latest report.
- 3.12 The House of Commons Home Affairs Select Committee (HASC) has called for a greater consensus in immigration policy<sup>7</sup>. The Government believes that an authoritative statement from an independent source, providing both a clear factual statement as to the extent of different sorts of migration to the UK and the impact that the migrants are having, including in respect of integration, would help to achieve this.
- 3.13 Any enhanced role for the MAC could also include a change in its composition, status and remit. The Government will consider options, to ensure we can respond to the economy's needs, while noting the extremely valuable contribution made by the MAC in its current role since its inception in 2007. We will consider additional resourcing for the MAC, including the possibility of expanding the Chair post. We want the MAC to be able to make proactive recommendations to government if a change could ensure that the immigration system operates more effectively.
- 3.14 We will also consider how best to facilitate the sharing of relevant data held by the Government on the operation of immigration policies and wider economic data, which will help to inform the MAC's deliberations.

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<sup>7</sup> Immigration Policy: Basis for building consensus, cm 500

## CHAPTER 4 - SECURE AND SMOOTH UK BORDER CONTROL

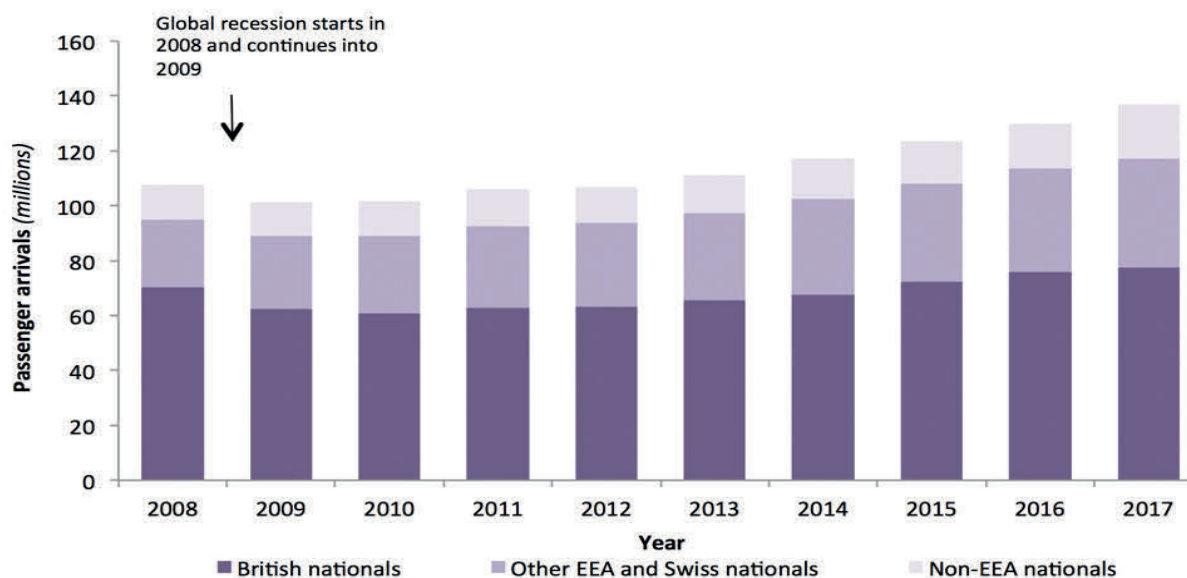
### Summary

After the UK leaves the EU, Free Movement under EU law will end and the migration of all non-UK nationals, including EU citizens, will be subject to UK law and the rules we set for entry and staying in the UK.

In taking back control of our border following the UK's departure from the EU and the end of free movement, the Government will seek to improve the smooth flow of legitimate travellers and increase security to protect the UK against threats.

Under the future system, everyone (apart from British and Irish nationals) will need permission to travel to the UK and so we will know who wants to come to the UK and for what purpose, which will strengthen our ability to prevent criminals and those we consider a threat from travelling to or entering the UK.

4.1 In 2017, there were 137 million arrivals at the UK border, of whom 77 million were British nationals, 40 million were 'other EEA and Swiss' nationals and 20 million were non-EEA nationals. There has been a positive trend in the numbers since 2008. The following chart<sup>8</sup> details passenger arrivals to the UK, by nationality group, between 2008 and 2017.



<sup>8</sup> Table ad 01, (Admissions tables, Home Office Immigration Statistics)

4.2 The majority of EU and non-EU citizens come as short-term visitors: as tourists, on business trips, or to see friends and family. We want to ensure these movements of legitimate travellers, which support our dynamic and inter-connected economies and enrich our societies and cultures, can continue smoothly in the future. At the same time, we will take the opportunity of EU exit to regain control over, and strengthen the security of, our borders.

### ***Future border system***

4.3 Our future border will be based on three complementary strategic principles:

- **Anyone wishing to come to the UK will need permission to do so before they travel.** For British and Irish citizens, who do not require leave to enter the UK, their permission to travel will be linked to their national status and will be demonstrated by their passport. For those returning to the UK after having been granted previous leave to remain, their permission to travel will be in the form of a visa or a biometric residence permit.

We intend to introduce an Electronic Travel Authorisation (ETA) scheme which will require visitors and transit passengers who do not normally need a visa to obtain permission prior to travel. This will be a simple online system which is more light-touch than a visa requirement. Further detail is set out below.

- **A more sophisticated approach to risk analysis**, based on an individual's travel history and compliance data, will inform the type of permission required for travel to the UK and determine the level of intervention required on arrival in the UK. Making better use of existing data, and that provided by an individual will also enhance our ability to identify and crack down on abuse of the future system and help to tackle exploitation of individuals.
- **Greater use of automation** will enable us to focus staff where they add most value and facilitate the passage of legitimate travellers. For example, extending the use of e-gates for low-risk individuals and nationalities will streamline border procedures and allow Border Force officers to be deployed in higher-risk areas.

### ***Crossing the border***

4.4 At present, non-EU citizens entering the UK as a visitor will have a visa or are questioned at the border as to the purpose of their visit, and have their passport stamped with the date of entry and length of permitted stay. Non-EU citizens coming to the UK as migrants (e.g. to work or study) are required to have a visa.



4.5 British and EU citizens do not require leave to enter (although EU citizens may be refused entry or removed on public policy grounds).

4.6 After the UK's exit, and following the Implementation Period during which the same rules as now will apply, EU citizens will no longer have free movement rights and will become subject to the same rules as non-EU nationals. The same is true for British citizens entering an EU Member State as a non-EU national.

#### ***No visit visas for citizens of current EU Member States***

4.7 For EU citizens of the current EU Member States, travelling to the UK as visitors (as tourists, on business trips, or to see friends and family), we do not intend to impose a visit visa regime. This reflects the considerable benefits visitors bring to the UK, for example through our tourism industries.

4.8 We will expect to agree reciprocal arrangements with the EU as part of our Mobility Framework, to ensure UK nationals are able to travel on holiday or on business to the EU with the minimum of bureaucracy. A reciprocal agreement could result in binding commitments.

#### ***Travel documents***

4.9 At present, EU citizens may travel on national identity cards rather than passports. These identity cards can be insecure and open to fraud and abuse. All other nationals, including British citizens, must present a national passport to enter the UK – unless specific exemptions apply, for example, those seeking asylum or being resettled in the UK.

4.10 For EU citizens with settled or pre-settled status, the arrangement agreed with the EU under the Withdrawal Agreement will apply. This means that they will be able to continue to travel on national identity cards until 2025 and thereafter if the cards meet the relevant International Civil Aviation Organisation (ICAO) biometric standards.

4.11 For other EU citizens, we intend to phase out the use of insecure national identity cards as soon as practicable and will give fair notice of moving to a different arrangement.

### ***Refusal of entry and deportation***

4.12 After the Implementation Period, the UK Immigration Rules on the refusal of entry, permission to remain in the UK, and exclusion and deportation will apply to all those entering the UK. This will enhance our ability to refuse entry or remove EU citizens on the basis of their conduct or previous criminality or whom we consider a threat to the UK. This will ensure we apply a consistent threshold in preventing those who present a risk to our communities from crossing the border.

### ***Criminality***

4.13 We intend to use the opportunity of leaving the EU to create a single, consistent approach to criminality across the immigration system. Currently, EU citizens are subject to different thresholds for criminality than those for non-EU nationals.

4.14 Existing EU rules require that a person's conduct must represent a genuine, present and sufficiently serious threat before he or she can be deported. These rules do not specify the length of imprisonment or the behaviour which may result in the refusal of entry, exclusion or deportation of an EU citizen from the UK. Current UK rules for non-EU citizens are both stricter and more specific.

4.15 The application of the current EU public policy test is less certain and predictable in practice than we would like. After the Implementation Period, we intend to replace the EU test with current UK rules, which already apply to non-EU nationals, to improve the safety and security of the UK.

4.16 Immediately after the Implementation Period, EU citizens and their non-EU family members who commit a crime in the UK will be considered for deportation under the same criteria currently applying to non-EU nationals.

4.17 We will also extend the application of non-EU criminality criteria to EU citizens, both crossing the UK border and applying for permission to remain in the UK, to ensure equal treatment of EU and non-EU citizens.

### **Current UK Immigration Rules in relation to criminality for non-EU nationals**

These are set out in UK immigration law under the Immigration Rules and include a number of specific requirements which may lead to a non-EU national being refused permission to come to the UK or entry at the border or being subject to deportation. These rules include:

- length of custodial sentence;
- committing an offence which caused serious harm;
- minor offences committed within the last 12 months;
- being a persistent offender who shows a particular disregard for the law;
- character, conduct or associations which are not conducive to the public good; and
- deception (where this involves failing to declare convictions).

Non-EU nationals sentenced to 12 months or more in prison must also be considered for automatic deportation under a power in the UK Borders Act 2007. Where the automatic deportation criteria are not met, a non-EU national can be considered for deportation under the Immigration Act 1971, where it is conducive to the public good.

Currently, these criteria do not apply to non-EU national family members of EU citizens exercising free movement rights in the UK.

### ***Electronic Travel Authorisation scheme***

4.18 As set out above, the Government intends to introduce a requirement for visitors and transit passengers who do not currently need a visa to come to the UK to obtain an Electronic Travel Authorisation (ETA), as an additional security measure. This is similar to systems in place in other countries; the US, for example, requires travellers to obtain an ESTA before travel. An ETA will be valid for multiple entries over an extended period. The ETA scheme is under development and requires primary legislation. However, this requirement will not apply to British or Irish citizens or to those individuals who are exempt from immigration control (e.g. diplomats posted to the UK, who travel on diplomatic passports).

4.19 The ETA scheme will require applicants to complete a light-touch online application form, which will enable the Government to conduct security checks on passengers and make more informed decisions on information obtained at an earlier stage, as to whether individuals should be allowed to travel to the UK. It will also provide individuals with more assurance at an earlier point in time about their ability to travel.

4.20 Carriers will be expected to confirm that an individual has an appropriate permission to travel, in document or digital form, before they bring them to the UK. Otherwise, they may be liable to a penalty charge. The ETA will enable us to conduct more security checks in advance of arrival, protect the border better and smooth the passage for legitimate travellers.

4.21 The ETA scheme will be complemented by our continued use of passenger information. To protect the UK against terrorist attacks, serious cross-border crime and abuses of the immigration system, we will continue to check passengers arriving in the UK against our systems before they travel, through the collection of Advance Passenger Information (API) and the use of Passenger Name Records (PNR) – that is, passenger data collected by air carriers as part of the operation of their business.

4.22 ETAs are a key element of our future border and immigration system and deliver a range of security benefits, as well as enabling smooth border crossing. The EU has proposals for a similar system, called ETIAS, for third country nationals who do not need a visa to travel to the EU. There is every indication that the EU intend to apply their ETIAS system to UK nationals (as third country nationals by default). It is our intention to require EU citizens to obtain an ETA, but we intend to discuss this further with the EU in the next phase of negotiations.

### ***Automation at the border***

4.23 As part of the future border system, the Government's strategy is to make greater use of automation at the border by allowing low-risk individuals and nationalities to enter the UK through e-gates. E-gates are currently restricted to UK and EEA citizens. Queuing times and the border experience are better for those using e-gates. As people using e-gates will not be questioned routinely, this approach is not suitable for all people or nationalities, especially those considered to pose a higher immigration risk. However, the e-gates carry out identity and security checks on all passengers.

4.24 The Government is preparing to allow entry through e-gates to a wider range of nationalities. Subject to approval by Parliament, from next summer, specified low-risk nationalities, including nationals of Australia, Canada, Japan, New Zealand, the United States of America, Singapore and South Korea will be allowed to use e-gates to pass through the border on arrival.

- 4.25 EU adults (and some children aged 12 years and over) who possess biometric passports may also continue to use e-gates. This will enable the vast majority of EU citizens to continue to enter the UK smoothly and without the need to have their passport stamped. We will seek to agree reciprocal treatment for UK nationals travelling to EU Member States to ensure that they can also benefit from smooth passage at the border.
- 4.26 If the EU is willing to offer reciprocal treatment to British citizens entering the EU, we would be prepared to enter into a binding agreement to create certainty. If a reciprocal agreement is not achieved, the UK will keep the arrangements under review, taking account of all relevant factors as to their continuation, including any abuse by nationals of individual Member States.
- 4.27 This does not mean that those entitled to enter through the e-gates, will be able to bypass new rules on rights to work or study or access a range of benefits and services. Our ability to encourage compliance with restrictions on rights to work, study etc. and to take appropriate enforcement action, will be enabled through in-country compliance mechanisms, carried out by employers, education institutions, the Home Office and other delivery partners, and departures will be monitored through exit checks.
- 4.28 Nor does it mean any diminution in border security. As now, security and identity checks will be applied at the border for all those passing through. And whilst those using the e-gates will not be questioned routinely at the border about the purpose of their journey, they may be subject to additional examination on arrival where necessary or appropriate for border security reasons.
- 4.29 As we move towards the introduction of the future border and immigration system, we will continue to keep our border arrangements under review, taking account of all relevant factors as to their continuation, including any abuse by nationals of individual Member States.

### **Case Study – Visitor**

Antonia is a Spanish national who wants to visit Manchester for four days to attend meetings with a UK company and negotiate a contract.

*Pre-arrival* – Antonia books her flight and accommodation and provides her Advance Passenger Information (API) to the airline as part of her booking, as is currently the case. She may have to apply online prior to her trip for an Electronic Travel Authorisation if the scheme has been introduced.

*At the UK border* – Antonia will continue to have the option of either using the e-gates or queuing to show her passport to a Border Force officer, as is currently the case. She will be subject to the standard security checks but would not normally be questioned. However, if the Border Force officer had concerns that Antonia would present a threat to the UK, she could be denied admission.

In practice, Antonia's experience at the border will remain as it is under the current system.

## CHAPTER 5 - COMING TO THE UK TO VISIT

### Summary

Migration benefits the UK economically, culturally and socially. We want to ensure the UK continues to attract people from across the world to visit our vibrant and diverse communities.

Building on our strong offer to non-EU nationals, we also want to facilitate the short-term business activities that our key sectors rely on.

We will simplify the rules on what short term business activities visitors can do.

- 5.1 The Government welcomes genuine visitors to the UK, whether they are coming as tourists, on business or to see family and friends. As noted in the previous chapter, visitors from the EU will be able to continue to use e-gates and we plan to extend their use to other low-risk countries.
- 5.2 Most visitors can stay in the UK for up to six months, which is longer than in most other countries, where 90 days is often the maximum period allowed. A visitor may enter the UK multiple times, but they may not live in the UK by means of repeat visits. They may not study for more than 30 days, work or access public funds.
- 5.3 The Government intends to maintain the current already generous arrangements as described above. However, we would welcome a dialogue with business about the scope of permitted business activities that could be carried out as a visitor to the UK.
- 5.4 Short-term business activity is crucial for the UK economy, including business people coming for meetings and to negotiate and sign business contracts; leading academics presenting their latest research; or scientists, for example, sharing their knowledge with colleagues on international projects being led from the UK.
- 5.5 The UK's [existing visitor rules](#) already permit a wide range of business activities that visitors can undertake. In addition to the above activities, these include collaborating with UK colleagues on specific projects and working with companies who have bought goods from a foreign manufacturer or where a UK company is supplying a company overseas.
- 5.6 An entrepreneur can also come to the UK to investigate or secure funding. Generally, paid activity is not permitted, but in some cases, it is possible under the Permitted Paid Engagement (PPE) scheme (part of the Immigration Rules for visitors) for up to one month.

5.7 The UK supports legitimate “fly-in fly-out” business activity. However, it is not always easy to draw the line between that and employment in the UK, which would require a work visa. We would welcome input from stakeholders on whether the current arrangements should be clarified or revised.

5.8 As part of our Mobility Framework, we will seek to negotiate with the EU reciprocal provisions for short-term business visitors arriving after the end of the Implementation Period. In due course, similar arrangements could be made available to other countries with whom the UK concludes trade deals, which may go beyond what is currently allowed in the visitor rules.

#### **Visitor case studies**

In all the following case studies the individuals may have to apply online prior to their trips for an Electronic Travel Authorisation if the scheme has been commenced.

- Martine is French and works for BNP Paribas and is based in France. She will be working with UK colleagues on a project due to her particular expertise. A lot of the work is done over the phone, but she also needs to come to London for meetings with colleagues. Part of the project involves her being based in the UK temporarily for four weeks. She can advise colleagues and help them to prepare for the client presentation.
- Sven works for a Norwegian manufacturer of generators in Norway. A UK company has bought one of these units. He can come to the UK to help with the installation of the generator, and he is also able to help train the UK staff about how the generator works and, if the contract allows, to help service and repair the unit.
- Marcin, a Polish man, works for a German based car manufacturer and a UK company is supplying goods to his firm. He may come to the UK to oversee production of these goods and brief the UK company about changes of requirements or issues which may affect future production.
- Aleksandra, a Bulgarian woman, is considering setting up or taking over a business in the UK. As a visitor, she can travel to the UK to have meetings with potential backers and investigate the UK market. On concluding this research and having secured funding, she can then apply for a visa to stay or come back to the UK to set up the business or conclude the takeover.



## CHAPTER 6 - COMING TO THE UK TO WORK

### Summary

Our businesses, industries, public services and voluntary organisations rely (to a greater or lesser extent) on migration for labour, skills and ideas.

We recognise the importance of attracting and retaining skilled migrants in the UK, as they make an important contribution to our economic wellbeing, and of supporting UK employers in accessing the international talent they need to compete on the world stage. However, there is no consent for uncontrolled migration and the future system will ensure the UK can attract the people that we need, as opposed to the unregulated flow we have seen under free movement.

Our future border and immigration system will ensure the UK continues to attract and retain people who come to work and bring significant benefits to the UK and it will cater for a range of skills. It will be built around the skills and talent people have – not their nationality. However, immigration will be considered alongside investment to improve productivity and the skills of the UK workforce.

There will be a route for skilled workers to come to the UK providing they are sponsored by an employer. We will accept the MAC's recommendations not to impose a numerical cap or a resident labour market test. The future system will be business friendly. We will also reform the sponsorship system to minimise burdens on employers, particularly small and medium-sized enterprises (SMEs). Our existing specialist work immigration routes will continue.

We have listened to the concerns of businesses of all sizes and across many sectors, and so there will also be a route allowing temporary short-term workers to come for a year. This will be tightly constrained, with no rights to settle, to bring dependents or to access non-contributory public funds. It will operate on a transitional basis, giving the economy time to adjust, and it will be fully reviewed by 2025. We will retain the ability to close the route if economic conditions warrant that.

Attributes and requirements of the current non-EU immigration system and proposals for the future – EU and non-EU – immigration system are summarised below.

### 6.1 The UK will have two new work routes:

- one for **skilled workers** entitled to stay longer periods, to bring dependants and in some cases to settle permanently, who will mainly be sponsored by an employer – this will be open to migrants from all countries; and
- another for **temporary short-term workers** at all skills levels, not sponsored, but subject to tightly defined conditions. This will be a transitional route and will only be open to migrants from specified low-risk countries.

6.2 In both cases, the people concerned will need to have secured permission before they can begin work and employers who employ the migrants concerned prior to that permission having been obtained will be liable to fines, as is currently the case.

6.3 We will also be operating routes adapted from the current system for:

- **Innovators.** For experienced business people who want to set up a business in the UK that is innovative, scalable and viable. We intend to launch a new Start-Up visa route in Spring 2019, for those at an early stage of their career with an innovative business idea, who can then move into the Innovator route.
- **Exceptional Talent.** A flexible route for highly skilled individuals in the creative, arts and humanities, science, research and engineering, and digital technology sectors, who wish to work in the UK.
- **Investors.** For those who make a substantial financial contribution to the UK.
- **Other temporary workers.** Alongside the new temporary short-term worker route, we will continue to operate other temporary routes such as our Youth Mobility Schemes, routes for sportspeople, those in the creative sector and charity workers. We are piloting a scheme to assist the agricultural sector.

### **Skilled workers**

6.4 There is currently a route for workers from outside the EU to come to work in the UK in highly skilled jobs. We want to create a new route in the future immigration system. We want the system to be as smooth and seamless as possible, enabling UK businesses to compete for global talent, to complement, not substitute for, the talent available in the UK labour force. Net migration must be kept to sustainable levels and so we must grow the pool of local talent, at all skills levels.

6.5 International comparisons of worldwide immigration systems assess the UK's high skilled route favourably<sup>9</sup>. The future system will be based on principles that help to define high skilled – salary levels, qualifications, skill levels – and not nationality. Our aim is to maximise the economic benefits that migrants bring to the UK.

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<sup>9</sup> UK visa applications are processed quickly and our service compares very well with other countries. UK Visas and Immigration commit to specific service standards for the processing of applications and in the year ending June 2018, 96% of non-settlement visa applications were decided within our standard 15 working days processing time. In 2016 Deloitte completed a Global Immigration Study which ranked the UK third in the world in terms of speed of processing times for visas for skilled workers.

## **Supporting our innovative industries**

6.6 Science, research and innovation are at the heart of our modern industrial strategy. We are committed to supporting our innovative industries, ensuring that the UK can continue to prosper after we leave the EU.

6.7 The UK will always welcome global research and innovation talent – the diversity of ideas and perspectives helps us to achieve more in scientific and technological endeavours than we could ever achieve alone. The future immigration system will continue to recognise these contributions.

### **Supporting our innovative industries – including scientists and researchers**

Under the current system, we offer routes for high skilled scientists and researchers looking to come to the UK on either a temporary or permanent basis and we have recently made a number of changes to the existing system to recognise their contribution. These include:

- Introduction of a new UK Research and Innovation-led scheme to support the temporary movement of scientists and researchers under our Government Authorised Exchange Scheme, for those looking to come to the UK for two years;
- Doubling the number of Tier 1 Exceptional Talent visas, including for top global scientists, to 2,000 a year. This helps to underpin the UK's position as a hub for international collaboration and research excellence;
- Changes to the UK Immigration Rules to waive the Resident Labour Market Test for employers recruiting supernumerary researchers supported by Awards and Fellowships, and members of established research teams who are sponsored by UK Higher Education Institutions and the Research Councils under our main skilled work route;
- Providing an exemption from the usual rules for absences from the UK for scientists and researchers called to assist with humanitarian and environmental crises; and
- Enabling faster switching between our existing Tier 4 student route and highly skilled tier 2 visas, demonstrating our commitment to support those at the early stages of their careers.

6.8 We intend to explore additional options to support start-up companies, including in our new, expanding digital technology sector, under the future immigration system and beyond. We propose to launch a new Start Up visa route in 2019 and we will explore further ways to supplement our existing flexible offer to leading digital technology experts endorsed under the Tech Nation Visa under the Exceptional Talent route and digital technology occupations in shortage.

- 6.9 We recognise that some start-ups need to employ talented staff to help their businesses grow, but may not be able to pay their employees high wages at the outset, instead offering equity stakes in their businesses. We intend to explore options to support such start-ups.
- 6.10 As with the current system, skilled workers will have a range of entitlements and obligations placed on them and their employers. We will continue also to allow skilled workers, other than intra-company transferees, to settle in the UK after a defined period (five years), and to bring dependants. We also propose to continue to provide opportunities for skilled workers to switch into other routes such as study.
- 6.11 We plan to continue to require an assessment of language skills to support integration and protect our key public services by ensuring that workers have sufficient finances of their own to support themselves and their families without access to public funds.
- 6.12 We recognise that reforms are required to provide an improved service, offering better business access to international talent, and one which can cater for significantly increased volumes. We also recognise, and will take into consideration, the challenges facing small businesses who haven't had to previously engage with the current high skilled route.
- 6.13 Currently, the main high skilled route (Tier 2 - General) is capped at 20,700 places a year. The MAC has advised that skilled migration should not be capped, and the Government accepts this recommendation. This is a very significant change which will aid our economy and our public services by ensuring that there are no limits on the volumes of skilled migrants to meet the needs of businesses and the UK economy, the brightest and best can always come to work here, and EU migrants are accommodated in the future system.
- 6.14 The MAC also recommended that we should consider abolishing the resident labour market test (RLMT), which they found did not provide the protection to British workers it was intended to. This currently requires an employer to advertise a job for four weeks and to consider applications from resident workers before offering it to a migrant. This adds to the length of time the process takes and we accept that at the higher end of the skills range different recruitment processes often apply. The Government accepts the MAC's advice and analysis that the RLMT is unlikely to be effective in ensuring that settled workers have the first opportunity to fill any vacancy.
- 6.15 Abolishing the RLMT will significantly speed up the process for UK employers of recruiting migrant workers, as vacancies will no longer have to be advertised for four weeks before being offered to a migrant. UK employers will be able to be nimble when competing on the international stage for the very best global talent.

- 6.16 It is already the case that overseas skilled workers can switch in-country between employers when they find an alternative job. We will look at how we can make this process as smooth as possible in future system, ensuring that the system is flexible and responds to the needs of the market and workers.
- 6.17 We will seek to maintain a route for intra-company transfers for skilled workers to allow companies easily to transfer existing employees from an overseas branch to their UK office. We do not intend to extend this to intermediate skilled workers (RQF 3-5).
- 6.18 Workers from outside the EU with intermediate skills (RQF 3-5, or A level) are unable to come to the UK on the current high skilled Tier 2 route, because that is limited to occupations at RQF 6 and above (essentially graduate level jobs). These jobs, insofar as migrant workers occupy them, have been open to EU citizens only.
- 6.19 The MAC has recommended lowering the skills threshold for the new skilled workers route to RQF 3 while maintaining the minimum salary threshold of £30,000. This would enable incorporation of medium level skills once Free Movement ends.

**Regulated Qualification Framework (RQF) in England and Northern Ireland.**

Wales and Scotland operate their own Credits and Qualifications Frameworks.

**Level 3** qualifications include A-Level / advanced apprenticeship/ Level 3 NVQs. Examples include: Laboratory technicians; Senior care workers; Electrical and electronics technicians; Managers and directors in retail and wholesale; Managers and directors in storage and warehousing; Legal associate professionals; Travel agency managers and proprietors; and Construction and building trades not elsewhere classified.

**Level 4** qualifications include Certificates of Higher Education, higher apprenticeships and Level 4 NVQs. **Level 5** qualifications include Diplomas of Higher Education, foundation degrees and higher national diplomas. We do not differentiate between levels 4 and 5. Examples include: Managers and proprietors in agriculture and horticulture; Managers and proprietors in forestry, fishing and related services; Conference and exhibition managers and organisers; Public service associate professionals Civil Servants; Marketing associate professionals; Financial and accounting technicians; Estimators, valuers and assessors; Ship and hovercraft officers; Medical and dental technicians; and Architectural and town planning technicians.

- 6.20 We have noted, and agree with the MAC's recommendation that workers with intermediate skills make a positive economic contribution. We accept that they should be given entry to the UK labour market if employers require them. In future it will be open to workers from all countries, not just the EU.

- 6.21 We agree with the MAC that the best way to do this is to have a new single immigration route for skilled workers, from RQF 3 to RQF 7 (post-graduate).
- 6.22 Workers in this route, from RQF 3 upwards, will need to be sponsored by their employer; employers will pay an immigration skills charge and individual migrants must pay a health charge, subject to any discussions with the EU about reciprocal health care. These charges ensure that those who are employing migrants are contributing to the skills budget, which helps to train resident workers, and that migrants are making a fair contribution to the National Health Service. In return, individuals will have entitlements to bring dependants (who may also work), extend their stay, remain permanently and access the National Health Service. They may only access non-contributory public funds if they become settled, after meeting relevant residence requirements.
- 6.23 We have noted that the MAC said that if in the skilled route the permitted skills level is expanded to include intermediate skills (RQF 3-5), the current minimum salary threshold of £30,000 should be maintained, to maximise economic contribution. The MAC noted that 40% of existing jobs in the intermediate skills level meet the current salary thresholds and that £30,000 is the level of household income at which an average family of EEA migrants starts making a positive contribution to public finances.
- 6.24 We agree with the MAC's view that the salary thresholds should ensure that migrants are raising the level of productivity in the UK, making a positive contribution to public finances and are not putting downward pressure on earnings. This salary threshold is an important control to ensure that we can manage migration at sustainable levels. However, before confirming the level of a future salary threshold we will want to engage extensively with businesses and employers, consider wider evidence of the impact on the economy, and take into account current pay levels in the UK economy. We will ask the MAC to keep this under review, given that we would expect the threshold to change over time in response to economic conditions.
- 6.25 Graduate entrant jobs are already subject to a lower salary threshold and we intend to continue with that approach to ensure that those at the start of their careers are able to access the job market. We will consider, engaging employers and businesses, whether a light touch form of the resident labour market test would be appropriate for these intermediate skilled jobs.
- 6.26 We currently maintain a shortage occupation list (SOL) which is used to give priority to individuals within the current highly-skilled route cap, and to exempt migrants from minimum salary thresholds required for settlement if they are in a shortage occupation. The MAC will continue to maintain, and keep under regular review, a list of occupations that we are short of as a nation, from RQF3 upwards.



6.27 We intend that nationals from specified low risk countries, including those with whom we have reached a specific agreement as part of bilateral negotiations, should be allowed to look for work having entered as a visitor and apply to switch into the skilled worker programme.

6.28 A migrant in this group who finds work will not be able to start employment without having first provided their biometrics and obtained permission to work, which will be enforced by in-country, right to work checks conducted by employers. Employers are under a legal obligation not to employ illegal workers. This is a considerable change compared with the current rules.

### ***Assurance / Sponsorship***

6.29 It is a key aspect of any immigration system that its integrity is preserved. This means operating a system which guards against abuse, while reducing unnecessary or bureaucratic barriers for genuine businesses and migrants.

6.30 In the current non-EU high skilled route, this is achieved through the process of sponsorship, which requires all organisations seeking to employ persons from outside the EU, first to apply and obtain a sponsor licence from the Home Office.

6.31 Currently, around 30,000 UK-based firms hold such a licence and perform the essential compliance duties of a sponsor by assuring government that an individually identifiable migrant is coming to the UK to fill the specific genuine vacancy for which they have been given permission.

#### **The UK's Sponsorship system**

The existing sponsorship system requires all organisations seeking to employ persons from outside of the EEA to apply for and obtain a license from the Home Office. An individual sponsor licence is valid for up to four years.

Currently, every sponsor is given an allocation of sponsorship certificates – each of which provides a unique reference number that a worker can use to apply for a visa. This approach maintains the integrity of the immigration system, ensuring that the current limit on migration through the Tier 2 (General) route is not breached. It also enables the Government to track where the migrant is employed.

There are a number of duties which sponsoring organisations have to perform. These include, for example, informing the Home Office if the migrant worker stops turning up for work. Sponsor duties are carried out through an online system, which employers can easily access. The sponsor also has financial obligations, such as the Immigration Skills Charge, which they have to pay for each migrant worker that they sponsor.

6.32 These obligations ensure a sponsor is directly responsible for any migrant they sponsor, and therefore requires a direct link between employer and employee.

- 6.33 Broadly, the system works well for its current size. However, the Government recognises feedback from users of the system that there are improvements that we can make to provide a more efficient and streamlined service, and that many more businesses will need to engage with the sponsorship system once free movement ends. We are clear that the principles of sponsorship will remain.
- 6.34 In the future, we propose a reformed lighter-touch, risk-based approach, such as seeking to share and utilise data already held across government, reducing the administrative burden on employers.
- 6.35 We plan to continue to test most, if not all, of the current requirements which demonstrate a sponsor's direct relationship with a worker, but we intend to explore making more ambitious changes to provide for greater scope for retrospective checking of compliance, utilising digital information processed automatically – removing bureaucracy and speeding up the recruitment process.
- 6.36 We will review the existing sponsorship requirements to ensure that businesses are not being asked to provide information that is of little value in ensuring compliance. The Government will also consider the impact on small and medium-sized businesses, the vast majority of which have never engaged with the current system.
- 6.37 We will explore different risk-based models, e.g. the use of umbrella organisations to act as sponsors, where it may be appropriate for specific sectors of the economy, and how we can introduce a lighter-touch regime for trusted employers.
- 6.38 We understand that many organisations have little to no experience of the existing sponsorship system and the prospect of using it may be daunting. As part of this, we may look to introduce a 'tiered' system of sponsorship, offering a sponsor licence to those organisations who seek one to meet their recruitment needs, while introducing a transactional system for those who do not need a licence or have a small number of vacancies to fill. Through offering this choice, organisations are free to choose the option which is right for them.
- 6.39 We want our future system to support a flexible labour market. We are mindful of the need for workers to change jobs and with our ambitious approach to sponsorship, we intend to remove unnecessary barriers to this process, while continuing to take steps to prevent abuse of immigration laws and rules. Wherever in person interaction by either a sponsor or applicant is required, appropriate physical facilities will be in place throughout the UK, including in Northern Ireland, Wales and Scotland.



6.40 There are a number of practical steps we can introduce in the short-term which will reduce the time organisations spend interacting with the system. We will review sponsor duties and what it is we ask employers to do. We will seek to remove those duties where information is held elsewhere, has already been provided to government or adds little to the integrity of the immigration system. Our aim is to ensure that overall, when the new single system is in place, the burden on businesses is no greater than it is at present. To maintain the UK's competitive edge in attracting international talent, we are committed to minimising the time it takes to hire a skilled migrant and aim to process the vast majority of work visas within two to three weeks.

#### **Reforming the UK's sponsorship system**

We recognise that reform to the current system is required to provide a more streamlined system, which is easier and less burdensome to businesses and organisations who use it.

Any changes made to the sponsorship system will need to be phased in. We understand businesses desire for certainty and time to adapt their own internal processes. By taking a phased approach, we can minimise disruption, which will in turn ease organisations through the system of sponsorship.

Current users of the system will see substantial changes, much of which reflects their feedback. As proposed above, we do not intend to have a cap on our new skilled worker route; this will remove the current requirement as part of Tier 2 for a monthly 'panel' at which visas are issued. This will enable these visas to be issued continuously throughout the year, rather than in monthly cycles – removing delays in the recruitment process.

We will also explore the best way to harness technology and utilise data which is both in the public domain and held across government. In doing so, we will no longer require organisations to hold duplicate information or records or provide the same information to government on more than one occasion.

#### ***Transitional short-term work***

6.41 The MAC has said that there should be no dedicated route for unskilled labour and we do not intend to open one. This is consistent with the public's view that we should be attracting the brightest and best to come to the UK, and that lower skilled migrant labour may have depressed wages or stifled innovation in our economy. The end of free movement presents a unique opportunity for us to re-design our immigration system with this in mind – prioritising those who will contribute the most to our economy and society and incentivising UK companies to lead the way in improving productivity in their workforces.

- 6.42 However, we acknowledge that there are particular difficulties in recruiting staff in certain parts of the UK, particularly more rural and remote areas and regions. We also recognise that some sectors have built up a reliance on lower skilled workers from the EU, often for relatively short periods, such as those which require additional workers in the run up to Christmas. We recognise that employers in these areas require a period of time to change their ways of working once they have certainty about the shape of our future immigration system.
- 6.43 Equally, while in general skilled workers come to the UK come for longer periods, some will come to work for short periods – for example to fulfil a temporary contract or participate in a research project.
- 6.44 Accordingly, the Government proposes that, for a transitional period after the UK's exit from the EU, there should be a new route for temporary short-term workers at any skill level to come to work in the UK.
- 6.45 These workers will need a visa from the UK Government, and we will set restrictions on nationalities, duration and possibly numbers. The route will be tightly defined – allowing workers to come for a maximum of twelve months, to be followed by a cooling off period of a further twelve months to prevent long-term working – and it will not entitle anyone to access public funds or rights to extend a stay, switch to other routes, bring dependants or lead to permanent settlement. This reflects the typical requirements of these individuals – those coming for shorter periods do not generally require such entitlements.
- 6.46 This new route will only be available to nationals of specified countries, for example those low risk countries with whom the UK negotiates an agreement concerning the supply of labour, including returns arrangements. This is in keeping with our existing approach, where the youth mobility route (see below) is only offered to nationalities of such countries. As with other routes, applicants will be subject to a criminal records check.
- 6.47 Employers will be responsible for checking that prospective employees have the right to work in the UK. We will ensure that work and conditions of employment are monitored to avoid exploitation of workers and abuse of the system, working closely with the Director of Labour Market Enforcement, using exit check data to monitor departure and through use of sanctions, penalties and data matching, for example with HM Revenue and Customs. We will take any evidence that employers are abusing the system extremely seriously.
- 6.48 Workers will need to pay a visa fee. We will carefully consider what the overall cost of this visa should be and intend to increase the amount charged incrementally each year that the route operates to incentivise businesses to reduce their reliance on migrant labour.

6.49 We will ask the MAC to engage with business and stakeholders and to consider in an annual report how the route is operating and whether it is working as intended for employers, including its duration and cooling off periods. We will also engage extensively with business and stakeholders as part of the engagement process on the duration and cooling off periods. We will take action if economic requirements change or it becomes apparent that it is working to the detriment of domestic workers or that it is giving rise to immigration abuse. We will also take action if the evidence suggests a limit on the total number of people able to come under this route should be imposed.

6.50 We are clear that this is a transitory measure and will be kept under review. We will work with the MAC, as well as representatives of business and local communities, by 2025 to consider whether there should be any continuing facility for temporary workers to come to the UK. This will give employers sufficient time following the Implementation Period to make the necessary changes in their ways of working. Government will work with employers in key sectors to help drive this level of business change.

#### **Case Studies – Short-term temporary work**

Ragnar works in the hospitality industry in Sweden. He wants to come to the UK to work at music festivals throughout the summer, serving food and drinks. He is anticipating earning about £6,000. Under the future immigration system, he will apply online for a temporary work visa to come to the UK and his application will be assessed to see whether he poses a security or immigration risk to the UK.

Rebekka is a lawyer from Denmark who has been visiting the UK to provide advice to a British business, but now wants to come on secondment to that business so that she can advise them full time. Rebekka is currently in the UK as a visitor and applies online for a temporary work visa so that she can be employed by her client. Rebekka will be paid a monthly salary of £5,000.

If Ragnar and Rebekka's applications are accepted, they will both be granted a temporary work visa that will allow them to stay and work in the UK for up to 12 months. During that time, they will be able to switch employers and they won't be restricted to working in the hospitality and legal sectors if they can find employment elsewhere.

Anyone wishing to employ Ragnar or Rebekka will need to check that they hold a valid temporary work visa and are eligible to work in the UK. Neither Ragnar nor Rebekka will be able to bring any family members or those financially dependent with them, nor will they be eligible to benefits or healthcare (beyond emergency care). At the end of the duration of their visas, they will have to depart, and this will be monitored by the exit checks system. Following departure, they must then wait a certain amount of time before they are able to apply for another temporary work visa. In the meantime, they will be able to come to the UK as a visitor or, if they qualified for one, a different visa.

### ***Other work routes***

6.51 The MAC did not recommend an explicit work migration route for low-skilled workers with the possible exception of seasonal agricultural workers. The Government agrees with the MAC's view that there should be no dedicated route for unskilled labour from any source, except (as described above) we will allow some flexibility for short-term workers. There will be no general use of schemes tailored to particular industries.

6.52 This is not to say that there will be no migrants in the UK undertaking low skilled work. Dependants of skilled workers; students; refugees; those coming on a family visa; or a youth mobility visa; are all allowed to work in the UK. The MAC notes there are currently 170,000 non-EEA workers employed in occupations below the current minimum for Tier 2<sup>10</sup>.

### ***Seasonal Agricultural Work***

6.53 The Government announced<sup>11</sup> in September that we will be running a small-scale pilot scheme for agricultural workers in 2019, to test the feasibility of such a scheme and in recognition of the challenges facing that industry, which the MAC has acknowledged. The Government will consider the outcome of the pilot before taking any decision as to whether to roll out the scheme more widely.

6.54 The Government shares the MAC's view<sup>12</sup> that such a scheme should not be an easy option for the agricultural sector and that there needs to be proper monitoring of conditions of employment to avoid exploitation of workers. The Government notes the MAC's advice that to drive up productivity, employers should be required to pay an upwardly revised national minimum wage/national living wage and will consider this if a scheme is rolled out.

6.55 The introduction of any seasonal scheme for agricultural workers will be temporary. In contrast to the proposal for expanded youth mobility arrangements, it would be open to a wider range of nationalities.

### ***Youth Mobility***

6.56 The UK currently has youth mobility arrangements with Australia, Canada, Hong Kong, Japan, Monaco, New Zealand, South Korea and Taiwan. These schemes allow people aged 18-30 to come to the UK for two years, during which period they can work or study.

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<sup>10</sup> MAC EEA Final Report – paragraph 7.47

<sup>11</sup> [Seasonal Agricultural Work Scheme pilot announcement](#)

<sup>12</sup> MAC EEA Final Report – paragraph 7.63

6.57 While there is no obligation to work under youth mobility arrangements and the people concerned are permitted to undertake high skilled work if they can obtain it, it is believed most people who come to the UK under a Youth Mobility Scheme (YMS) engage in lower skilled work. These schemes are reciprocal, enabling young British people to spend time in the countries concerned.

6.58 We have proposed a UK-EU YMS as part of our Mobility Framework to ensure that young people can continue to enjoy the social, cultural and educational benefits of living in the EU and the UK.

6.59 Such a scheme will be designed in broadly the same way as existing YMS schemes, taking account of EU specificities, and will be reciprocal. It will provide an additional source of labour for the UK labour market and provide continuing opportunities for British people to gain experience of living and working in the EU.

### ***Specialist routes***

6.60 The UK will also have other more specialist routes for highly valuable migrants and workers. Tier 1 of the existing system provides flexible, unsponsored routes for the most talented individuals such as those coming under the Exceptional Talent programme. We will increase the number of places available under this route once EU citizens come within its ambit.

6.61 We will look to ensure that the very highly skilled, such as scientific researchers, those who have a proven track record of success in their industry and those with post doctorate qualifications, are appropriately accommodated by the system.

6.62 In the meantime, we plan to launch a new and reformed Start-Up visa route in 2019. We will continue to consider how these routes could evolve further to accommodate workers who invest in a newly created business.

### **Tier 1 (Exceptional Talent)**

A flexible route for highly skilled individuals in the creative, arts and humanities, science, research and engineering, and digital technology sectors, who wish to work in the UK. It is designed for those who are internationally recognised at the highest level as world leaders in their particular field, or who have demonstrated exceptional promise and are likely to become future world leaders. There are 2,000 places each year and applicants must be endorsed by one of five Designated Competent Bodies (DCB) before they apply for a visa:

- Arts Council England – for the arts and culture;
- British Academy – for humanities and social sciences;
- Royal Academy of Engineering – for engineering;
- Royal Society – for natural sciences and medical science research; and
- Tech Nation – for applicants in digital technology.

Successful applicants are granted leave for up to five years and are free to work without the need for a sponsor. Those recognised as existing world leaders may apply for early settlement after three years, instead of five.

### **Tier 1 (Start-Up)**

Demonstrating our commitment to making the UK the best place for developing innovative ideas, in June 2018, we announced a **new Start-Up visa** route launching Spring 2019, replacing our existing Graduate Entrepreneur route. This will enable all business people, not just recent graduates, to apply for a visa following endorsement by a university or an approved business sponsor. We are working to ensure that there will be a range of accelerators, incubators and angel investment groups and strong representation across the UK.

### ***Other temporary workers***

6.63 The UK recognises the benefits that professionals working in a range of sectors bring to the UK economy and culture. We want to continue to attract talented individuals from EU and non-EU countries, including professional sports persons, entertainers and artists.

6.64 We remain open to talented scientists and researchers who make a significant contribution to international collaborations. We will ensure that our immigration system continues to cater for such people and we will offer opportunities for people to share skills and knowledge through approved work experience and professional training schemes.

6.65 We will continue to offer these opportunities through the existing routes, which cater for a wide group of temporary professional workers. There are currently five main sub-categories for temporary professional workers. We will make improvements to existing routes where necessary, taking account of feedback from specific sectors, particularly around sponsorship arrangements.

6.66 We will also look to consolidate Government Authorised Exchange schemes and rebrand where necessary to promote the wide-ranging opportunities available. The new skilled workers route will be the sole route for individuals seeking permanent skilled employment in the UK.

### ***Creative and Sporting Industry***

6.67 Artists, musicians, entertainers and sportspeople make the UK a more interesting, vibrant and rich society in which to live. They contribute to both our culture and our economy and the Government recognises that international collaboration is a vital part of this.

6.68 The UK already attracts world class performers in these fields and we will continue to do so in the future. The UK's existing rules permit artists, entertainers and musicians to perform at events and take part in competitions and auditions for up to six months. They can receive payment for appearances at certain festivals or for up to a month for a specific engagement, without the need for formal sponsorship or a work visa.

6.69 The current Tier 5 (Creative and Sporting) route caters for creative workers, such as musicians, actors or artists, who are working and touring in the UK. Some nationals can benefit from visa-free travel to the UK for stays of up to three months, if they first obtain a certificate of sponsorship (their visa application is considered at the UK border). A 12-month working visa is also available.

6.70 We will ensure that our future immigration system continues to support the thriving cultural and sporting life of the UK.

### **Temporary professional workers**

- i. Government Authorised Exchange – for people coming to the UK through approved schemes to share knowledge, experience and best practice or to undertake work-based training or research in specific fields for up to two years.
- ii. Charity workers – for people coming to the UK to undertake voluntary, unpaid work for a charity for up to 12 months. The work must relate to the direct purpose of the charity.
- iii. Religious workers – for people coming to the UK to work as religious workers for up to two years to undertake pastoral and non-pastoral work.
- iv. Creative and sporting – for those coming to the UK to work or perform as sports people, entertainers or creative artists for up to 12 months, including international quality sportspeople, such as Premier League footballers.
- v. International agreement – for people coming to the UK under a contract to provide a service that is covered under an international agreement for up to five years. This sub-category also makes provision for employees of foreign governments working in the UK.



Attributes/Requirements	Current/Non-EU system	Future Immigration System – EU and Non-EU
<b>Specialist routes; Investor; Entrepreneur; Graduate Entrepreneur</b>		
No maximum stay	✓ (except graduate entrepreneur)	✓ (except graduate entrepreneur)
Any work allowed	✓ (with exceptions)	✓ (with exceptions)
Dependants	✓	✓
Settlement	✓ (except Graduate Entrepreneur)	✓ (except Graduate Entrepreneur)
Capped	✓ (only Exceptional Talent and Graduate Entrepreneur)	✓ (We will increase the number of places once EU citizens come within its ambit)
Public funds	x	x
Sponsorship	x	x
<b>Skilled workers General; Intra-Company Transfer (ICT); Minister of Religion; Sportsperson</b>		
Skills threshold	✓ (RQF6) (General and ICT)	✓ (RQF3 plus)
Salary threshold	✓ (General and ICT)	✓
RLMT	✓	x
Maximum stay	✓	✓
Dependants	✓	✓
Settlement	✓ (except for ICT and threshold applies)	✓ (except for ICT)
Capped	✓ (only for general route)	x
Sponsorship	✓	✓ (new, streamlined system)
Public funds	x	x
Skills charge	✓	✓
Health surcharge	✓	✓
Right to Work Checks	✓	✓
In-country Switching	x	✓
Shortage Occupation List	✓	✓
<b>Youth Mobility Scheme</b>		
Age restrictions	✓ (18-30)	TBC – dependent on negotiations of any new, reciprocal, UK-EU Youth Mobility Scheme.
Nationality restrictions	✓ (From participating country)	
Maximum stay	✓ (two years)	
Any work allowed	✓ (with exceptions)	
Country-specific quotas	✓	
Sponsorship	✓	
Public funds	x	
Dependants	x	
Settlement	x	
Capped	x	
<b>Temporary Workers</b>		
Maximum stay	n/a	✓ (required cooling-off period)
Dependants	n/a	x
Sponsorship	n/a	x
Settlement	n/a	x
Capped	n/a	x
Public funds	n/a	x
All skill levels	n/a	✓
Fee for temporary work visa	n/a	✓
Right to work checks	n/a	✓
Nationality Restrictions	n/a	✓ Transitional new temporary short-term worker route, open only to certain low-risk nationalities.
<b>Visitors</b>		
Study	✓ (no more than 30 days)	✓ (no more than 30 days)
Maximum stay	✓	✓
Multiple entry	✓	✓
Short-term business activities	✓	✓
Work	x (in most cases)	x (in most cases)
Settlement	x	x
Capped	x	x
Public funds	x	x
Mobility Framework negotiations for short-term business visitors	x	✓

## ***Self-employment***

6.71 For those wishing to base themselves in the UK to work on a self-employed or freelance basis, the most talented will continue to be able to do so where they are able to qualify under the Tier 1 (Exceptional Talent) route, and those coming to establish their own business may be able to do so where they meet the requirements of the Tier 1 (Entrepreneur) route.

6.72 Skilled professionals who are technically self-employed, but effectively filling a position with a UK-based business (for example, barristers) will continue to be able to be sponsored under the new route for skilled and highly skilled workers.

## ***Mobility***

6.73 The UK has existing “Mode 4” commitments under bilateral free trade agreements concluded between the EU and third countries (for example, the EU-Canada CETA), which provide for the admission of self-employed professionals where they are coming to supply a service to a UK client under a contract. These commitments, which we expect the UK to continue to be bound by following the UK’s exit from the EU, are currently catered for in the UK immigration system. Entry is limited to six months and these commitments are limited to specific sectors. The Government expects to negotiate similar arrangements with the EU as part of a deal on a future economic relationship.

6.74 In addition, those admitted temporarily under any future Youth Mobility Scheme agreed with the EU or other key partners would be permitted to work on self-employed terms.

6.75 As part of ensuring that the UK remains an open economy, it will be a continuing objective of immigration policy to ensure that it supports trade and inward investment by facilitating business mobility. By agreeing ‘Mode 4’ commitments in future free trade agreements, trading partners can provide service industries with greater certainty as to their ability to move key personnel across borders to supply services and fulfil contracts.

6.76 The UK, as a member of the EU, is currently bound by the EU’s existing commitments under the World Trade Organisation’s General Agreement on Trade in Services (GATS) to admit business personnel where they are coming in the context of supplying a service (known as ‘Mode 4’ commitments).

6.77 'Mode 4' commitments are concerned with temporary entry for business purposes, and not with access to the labour market or long-term migration for the purpose of work. They cover:

- temporary entry as a business visitor for the purpose of selling services (for example, undertaking short-term paid engagements that relate to a profession such as law or music) and establishing a branch of an overseas business in the UK;
- transferring key personnel (managers and specialists) from an overseas company to a branch or subsidiary of that business in the UK (i.e. intra-company transfers); and
- temporary entry of skilled workers in connection with the supply of service to a UK client by a business with no existing presence in the UK (i.e. contractual service suppliers). These latter commitments are restricted to specified sectors.

6.78 The UK currently implements these commitments (and similar commitments which the EU has taken in bilateral free trade agreements with third countries, such as the EU-Canada Comprehensive Economic and Trade Agreement).

6.79 The UK Government will approach the question of what 'Mode 4' commitments it takes in future trade agreements with a view to securing an ambitious and successful outcome to future negotiations; ensuring that the outward mobility needs of UK businesses are supported; and ensuring that any such commitments do not undermine the UK's ability to adjust its immigration policies to meet economic needs and wider migration objectives.

## CHAPTER 7 – COMING TO THE UK TO STUDY

### Summary

As we leave the EU, the UK will remain open to the talent we need from Europe and the rest of the world. We have maintained a highly competitive offer for international students who would like to study in the UK at our world-class institutions, boosting growth and supporting our dynamic economy, and the visa process remains straightforward.

We have a strong post-study offer with plenty of opportunities for university students who wish to stay to work in graduate level work, and we are looking to enhance that for all graduates under the future system.

As at present, there will continue to be no limit on the number of international students who can come to study in the UK can recruit to study here under the future border and immigration system. EU students will be subject to the same arrangements as students from the rest of the world and we will consider ways in which we can streamline sponsorship and make it more “light-touch”.

7.1 The UK has a world-leading education system, and the Government will continue to welcome promising students from all around the globe. As the MAC noted, international students are economically beneficial to the UK<sup>13</sup>, and culturally enrich the UK’s education sector. There will continue to be no limit on the number of genuine international students who can come to study in the UK.

7.2 There are currently over 440,000 international students studying in Higher Education in the UK, of whom around 135,000 are ordinarily domiciled within the EU (excluding the UK). Since 2010, there has been a significant increase (around 25 per cent) in the number of non-EU students applying for visas to study at UK universities – numbers of university-sponsored student visa applications are at the highest on record<sup>14</sup>, alongside changes to the sponsorship system designed to tackle abuse.

7.3 There are also substantial numbers of international students who come to the UK to study at independent schools, in Further Education or on a short-term basis<sup>15</sup>.

7.4 In developing a fair but robust future border and immigration system for students, we will build on the existing system in place for non-EEA students.

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<sup>13</sup> MAC students report – Chapter 4 Key Messages

<sup>14</sup> In the year ending September 2018, the number of student visa applications for the Higher Education sector increased by 9% to 194,152 - <https://www.gov.uk/government/publications/immigration-statistics-year-ending-september-2018/why-do-people-come-to-the-uk-3-to-study>

<sup>15</sup> In the year ending September 2018, there were 14,506 visa applications sponsored by Further Education institutions, 13,305 sponsored by independent schools, and 4,487 sponsored by English language schools. There were also 229,000 admissions short term student admissions for non-EEA nationals in 2017 – [www.gov.uk/government/publications/immigration-statistics-year-ending-june-2018/why-do-people-come-to-the-uk-3-to-study](http://www.gov.uk/government/publications/immigration-statistics-year-ending-june-2018/why-do-people-come-to-the-uk-3-to-study)

- 7.5 Prospective non-EEA students are required to demonstrate their academic ability, English language ability and their ability to fund their course fees and living costs to show that they are a genuine student.
- 7.6 Prospective students must also have a confirmed offer from an education institution in the UK. It is the Government's intention that the same checks will apply to students from the EEA.
- 7.7 All students coming to the UK under the future system will be sponsored by the institution at which they are studying, as is currently the case for non-EEA students. We recognise that this will increase the volume of students whom institutions will need to sponsor.
- 7.8 Whilst we will continue to monitor carefully the compliance of all sponsors and take robust action where sponsors fail to meet the minimum standard, we will also consider ways in which the sponsorship system can be streamlined and made more 'light-touch'. This will include the development of a new digital system, and engagement with the sector.
- 7.9 As we move to a single system, we will continue to consider the increased use of differentiation to benefit students from countries with a strong track record of immigration compliance. Such differentiation could include the addition of EEA countries to Appendix H of the Immigration Rules, enabling EEA students to benefit from reduced documentary requirements when applying for a visa.
- 7.10 Conditions of a student's leave to remain in the UK will vary according to the level at which they are studying and the length of their course. Generally, those studying full time at degree level (RQF level 6 and equivalents) or above will be afforded generous work rights, subject to right to work checks by employers. Those studying a postgraduate course of more than nine months will be able to bring dependants.

7.11 We accept the MAC's recommendation not to introduce a specific post-study work visa<sup>16</sup>, though we welcome and accept further MAC recommendations on providing all PhD students with a 'built-in' 12-month post-study leave period at the end of their studies and increasing the period in which students can apply for a highly-skilled work visa, both in country before completing their course, and out of country having completed their studies<sup>17</sup>.

#### **International Students – the current position**

There is no limit on the number of international students who can come to study in the UK. Currently, non-EEA students must apply for a Tier 4 visa. They must be sponsored by an education institution and must demonstrate their academic ability, English language ability and meet maintenance requirements to study in the UK.

Those studying at undergraduate level or above are eligible to work for up to 20 hours a week during term-time, and full time during vacation periods. Most students can stay for four months following completion of their course (Master's students on the Tier 4 pilot can stay for six months, and PhD students can apply for an additional year in the UK post-study under the Doctorate Extension Scheme), and are able to switch into existing work routes (Tier 1 or Tier 2) in-country, if they meet requirements. Students switching into Tier 2 are not counted within the current Tier 2 cap on numbers or subject to the existing Resident Labour Market Test. Those studying a course longer than nine months at Master's level or above can bring their dependents to the UK.

EEA nationals currently have an unrestricted ability to study in the UK and are free to work without restrictions both during and after study.

7.12 Accordingly, building on the successful Tier 4 visa pilot, and its evaluation<sup>18</sup>, which began at four institutions in 2016 and was extended to a further 23 institutions in 2017, and noting the MAC's recommendation<sup>19</sup>, we will increase the post-study leave period following completion of studies to six months for all full-time postgraduate students. This will benefit tens of thousands of postgraduate students by providing them with more time to gain valuable experience or find employment in the UK in accordance with the skilled work migration routes.

7.13 We will also go further than the MAC recommendation by extending to six months the period undergraduates who have studied at institutions with degree awarding powers can stay in the UK after completing their studies. This will benefit many thousands of international students in the UK.

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<sup>16</sup> MAC Students Report – paragraph 8.34

<sup>17</sup> MAC Students Report – recommendations 5, 7 and 8

<sup>18</sup> Home Office, *Evaluation of the Tier 4 Visa Pilot*, December 2018

<sup>19</sup> MAC students Report – Recommendation 6

- 7.14 We intend to ensure that international graduates of UK education institutions can switch easily, and in-country, into highly-skilled work. The Government recognises the need to retain international talent to meet the needs of the UK economy, and will work with the education and business sectors to develop proposals to support students to move into work-based visa routes.
- 7.15 Many students come to the UK to study short-term courses under the short-term study route. The UK also welcomes 555,000 international students to learn English every year, of which 58 per cent come from the EU<sup>20</sup>.
- 7.16 It is our intention that EEA citizens coming to study in the UK for short periods of time, generally up to six months, will be able to come to the UK on the same basis as other non-visa nationals. In the future, we intend to require an ETA.
- 7.17 The Mobility Framework proposes that the UK and EU should continue to give young people and students the chance to benefit from each other's world leading universities, including cultural exchanges. We will consider conditions for entry and stay for purposes such as study and youth exchanges. For example, the UK currently welcomes around 70,000 students from the EU under the Erasmus+ cultural exchange<sup>21</sup>. If we continue to participate in this or a similar programme, we intend to ensure that EU citizens can study in the UK without needing to go through the full student visa process.
- 7.18 We will continue to welcome international students who want to study at independent schools in the UK, building on the existing route for international students under the age of 18 to include EU citizens.

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<sup>20</sup> [English UK statistics](#)

<sup>21</sup> 2015 figures (combining student and staff mobility) - [https://ec.europa.eu/programmes/erasmus-plus/resources/documents/erasmus-annual-report-2016-statistical-annex\\_en](https://ec.europa.eu/programmes/erasmus-plus/resources/documents/erasmus-annual-report-2016-statistical-annex_en)

## CHAPTER 8 – FAMILY MIGRATION

### Summary

We will continue to value the positive contribution immigration has made to our society – enriching our communities and culture. Those who wish to establish their family life in the UK, should do so on a basis that prevents burdens on the taxpayer and promotes integration. That is fair to migrants and to the wider community. That is why we have established clear rules for British citizens looking to bring their non-EEA family members to the UK.

These rules already apply to non-EEA citizens who are settled in the UK and will apply to settled EU citizens in the future. Different arrangements will apply to resident EU citizens who are eligible under the EU Settlement Scheme and dependants of temporary workers and students. To encourage integration, those coming to the UK on a family visa with only basic English are required to become more fluent over time.

8.1 EU exit will enable the UK to put in place fair and consistent rules for family migration for everyone. The UK's current family Immigration Rules are designed to minimise burdens on the taxpayer, tackle immigration abuse and promote integration in our communities – reflecting the view of UK Government and Parliament of the public interest in controlling immigration in the national interest.

8.2 Under our future system, EU citizens will be subject to UK immigration laws. All individuals, including EU citizens<sup>22</sup>, who are settled in the UK and want to bring family members to live with them, will need to meet the UK's family Immigration Rules, or come here under another immigration category to work or study.

8.3 We will ensure that the future system is able to respond to individual circumstances, recognising that British citizens and those settled in the UK may travel and meet people from different countries, whilst deterring and preventing abuse of the rules.

### Example case study

A British citizen meets and marries their EU citizen partner whilst working outside the UK. As a couple, they decide that they want to continue their family life in the UK. The EU citizen considers various work and study options to enter and remain in the UK in their own right, but chooses to enter as a dependent spouse/partner. The EU citizen makes an application with their British citizen partner acting as sponsor, subject to meeting the necessary criteria, including financial independence (i.e. sponsor earning at least £18,600 per year).

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<sup>22</sup> Apart from those with status under the Citizens Rights deal, to whom different rules apply as set out in the draft Withdrawal Agreement



- 8.4 The UK's family Immigration Rules balance the individual right to respect for family life and the best interests of children, with the public interest in safeguarding the economic wellbeing of the UK by controlling immigration, in protecting the public from foreign criminals and in protecting the rights and freedoms of others.
- 8.5 Those who wish to establish their family life in the UK must meet suitability and eligibility criteria, or there must be exceptional circumstances that mean refusal would breach their human rights (family or private life).
- 8.6 Family who do not fall for refusal on grounds of criminality and are compliant, who meet all eligibility requirements, including being financially independent (minimum income threshold or adequate maintenance), speak English and maintain lawful immigration status, are granted 30 months' leave on a five-year route to settlement.
- 8.7 Financial independence means meeting a minimum income requirement of £18,600 for sponsoring a partner to come or remain here, which rises to £22,400 for sponsoring a partner and non-British or settled child, and an additional £2,400 for each further child. This reflects advice from the MAC, on the level of income which means a family settled in the UK generally cannot access income-related benefits.
- 8.8 Speaking English is fundamental to successful integration into British society, helping migrants to participate in community life and find work. It makes it easier for families to access vital public services and enables parents to support their children's education. Those coming to the UK on a family visa with only basic English are required to become more fluent over time.
- 8.9 It is essential that migrants learn to speak and understand our language and make the most of opportunities to become part of our communities – and the Government and existing residents of communities need to support them to do this. This will only become more important as we leave the European Union. We must unify as one nation and remove any barriers, working with a wide range of stakeholders, including communities and voluntary and faith organisations.
- 8.10 Those wishing to settle in the UK must pass the Life in the UK test. The Government will review this test, last reviewed in 2012, to ensure it is up to date.
- 8.11 Where all or some of the requirements of the family Rules are not met, where a person relies on their private life or long residence to remain in the UK, or where there are exceptional circumstances that mean refusal would result in unduly harsh consequences for the applicant or their family such that would breach their Article 8 rights, a person will be granted an initial period of 30 months leave on a longer 10-year route to settlement.

8.12 Adult dependent relatives are given immediate settlement, where they demonstrate that, because of age, illness or disability, they require a level of long-term personal care that can only be provided in the UK by their sponsor here and without recourse to public funds.

8.13 A child's migration status will largely be provided for in-line with the leave granted to their parent(s). Consideration of the best interests of a child in the UK is a primary consideration in all immigration cases affecting a child. For example, as is currently the case, for safeguarding and welfare reasons, children will not be deprived of an education, because of their migration status, whilst they live in the UK.

## CHAPTER 9 – DIGITAL DELIVERY

### Summary

The future border and immigration system will make use of the latest digital technology to improve customer experience, increase security and detect abuse. Everyone who is not a British or Irish national will, in future, need permission to travel to the UK, with either an e-visa or an Electronic Travel Authorisation. Applications will be made online and, if successful, an electronic permission will be granted, stating the individual's immigration status. That status will form the basis of our new end-to-end border and immigration system. It will be checked by airlines, so they know whether the person is permitted to travel, at the border before the person is allowed entry, by employers, landlords and public services to assess eligibility in-country and linked to the record of the person's exit from the UK.

The future system will be user and business friendly. It will make greater use of existing data across government to reduce the burden of proof we place on applicants, as well as those wishing to offer employment or study opportunities.

The smarter use of data will allow for more targeted interventions to prevent those who would seek to abuse the system from doing so. This will inform the deployment of resources throughout the entire immigration system.

The future system will continue to be built on technology and operational processes that allow for more flexible and rapid change, ensuring government can respond to political, social and economic demands. The new system will be delivered in an incremental way, to build confidence and to provide opportunities for feedback, adaptations and improvements.

9.1 The future border and immigration system will provide a better customer experience for the vast majority of its users: legitimate travellers coming to visit, work or study here (and, of course, British citizens crossing the border), and the organisations that educate or employ them. It will also enable us better to identify the small minority who seek to abuse and to exploit the system, so we can focus our expert staff more effectively on tackling them.

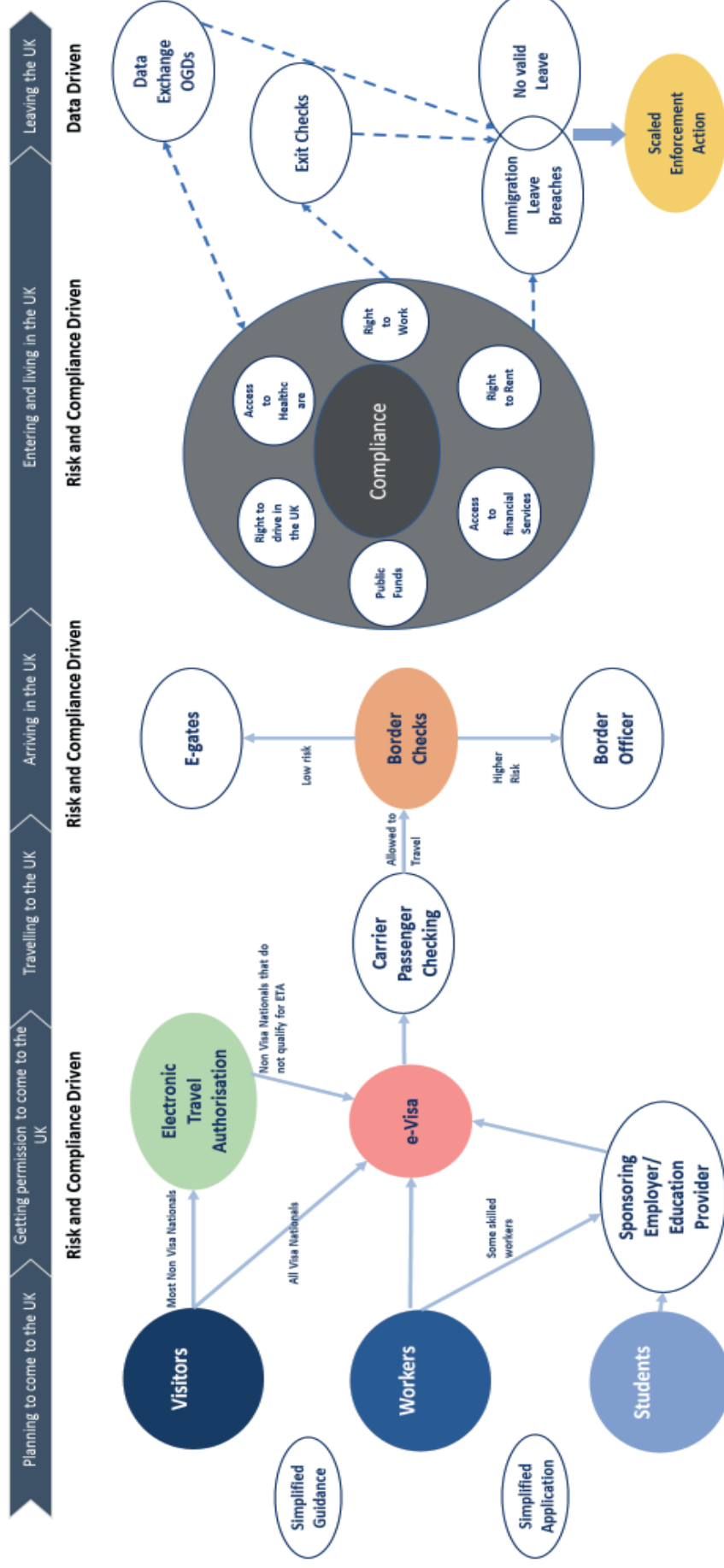
9.2 The system will be digital, streamlined and easy to use, whilst maintaining strict control of our borders, access to employment, services, including healthcare, and benefits.

### ***Better customer journey***

9.3 Nearly all applications for individuals seeking to visit, work or study in the UK are now made online and the application is simple and straightforward to complete. We want to simplify the process further so that all users understand what they need to do and what they are entitled to do in order that they can navigate the system as effectively and efficiently as possible.

- 9.4 We will continue to explore other new technologies to improve the process. For example, the ID verification app developed for the EU Settlement Scheme enables those with a chipped biometric passport to prove their identity, verify their passport is genuine and that they are the genuine holder of it, from their own home or workplace. We will learn lessons from its use in the EU Settlement Scheme and consider whether it might be appropriate for use in the future system.
- 9.5 Online status checking services will continue to be developed to allow individuals to share their status with employers, landlords and other service providers who have legal responsibility for confirming an individual's status. This approach will remove the current reliance on individuals having to produce documentary evidence of their status, or service providers having to interpret a myriad of documents.
- 9.6 Rather than issuing those coming to the UK with a piece of paper or a vignette in their passport, we will be granting an electronic permission, such as an E-visa (for those coming to work or study, and visitors from higher-risk countries) or an Electronic Travel Authority (ETA, for those coming as visitors from low-risk countries), viewable as an online status. Users of the future system will therefore have greater transparency of their data, status and entitlements through use of this online service.
- 9.7 The digital status will be maintained on an ongoing basis by drawing in data from the ongoing interactions the customer has with the Home Office, but also other departments and other data sources, demonstrating ongoing compliance with the conditions of their stay in the UK. Those who seek to abuse the system will be prevented from doing so because they will not have the correct status.
- 9.8 We will also focus on the needs of sponsors, streamlining and simplifying requirements for companies and educational establishments. We intend to make it easier to interact with the immigration system by conducting these interactions online, improving and replacing existing services, and by using existing data from other government departments, to reduce the burden on individuals and organisations and to speed up the overall process.
- 9.9 The digital infrastructure and capabilities will continue to be delivered in a phased approach to build confidence in delivery, but also to maintain flexibility as the future system is designed.

# Future Border and Immigration System – end to end operation



### ***Better use of data***

- 9.10 Over time, the integration of data from trusted sources will, where it can, replace the need for evidence to be provided by individuals and organisations. This approach is being used in the EU Settlement Scheme for resident EU citizens, where existing data from HMRC and DWP can (for many) demonstrate that they are resident in the UK without the applicant needing to submit any additional documentation.
- 9.11 Similarly, we are exploring how we can better use existing data from other government sources to reduce the evidential burden on employers and educational institutions in the sponsorship system.
- 9.12 The greater join up of data from trusted sources will help better to identify those who would seek to abuse the future immigration system, allowing for more intelligence-led interventions. Whilst individuals are in the UK, we will continue to use data to check their ongoing compliance, in line with the conditions of their stay, without the need for individuals or sponsors to send through supporting evidence; for example, identifying if the migrant is being paid below the required salary threshold.
- 9.13 What has been proved once should not have to be proved again in subsequent applications; an individual's electronic status will be at the heart of the future system. We want to improve the experience of customers interacting with the Government, moving away from the old system of piecemeal interactions, services and paper products and making it easier for users to transact with our services in a streamlined, seamless way.
- 9.14 Moving to a model of electronic permissions accessed online means that users will be able to view, understand and update their information from a single place. Users will not have to resubmit information or prove things again in subsequent applications where there has been no change. This approach and the greater 'customer intimacy' enables us to provide a much more personalised service, directing users to the appropriate products to meet their desired outcomes and to reduce errors and incorrect choices.
- 9.15 We have already made significant progress in delivering components of the future border and immigration system. Most applications can be made online and more of these overseas are in multi-language format; new technology programmes are replacing legacy systems at the border, for immigration applications and immigration enforcement; and the passport renewal process has been greatly simplified and now allows for the self-uploading of images.

### ***Building on the EU Settlement Scheme approach***

- 9.16 The EU Settlement Scheme has been designed to be fully digital from the point of application through to the resulting residence permission, which can be checked online by the individual themselves, employers and other service providers. By giving individual migrants direct access to their own data – and the ability to share this with service providers – we are giving them greater transparency, clarity and control. With online services, we can also ensure that checkers see only the information that is relevant and proportionate to their need, in a way that is not possible via a single document or endorsement as evidence of status.
- 9.17 Dedicated links between the Home Office, HM Revenue and Customs and the Department for Work and Pensions have been created to enable quick searches of government data, with results shown to the applicant before they submit their application. This avoids the applicant having to provide any documentary evidence of their residence footprint, in many cases. It also reassures the applicant that what they have detailed in their application is what their decision will be subject to, along with completion of identity and security checks, reducing the likelihood of subsequent appeal.
- 9.18 The applicant is required to provide additional documentary evidence only to fill gaps in existing data and the applicant can upload this electronically. Applicants to the EU Settlement Scheme do not have to make choices about what to apply for. What they are eligible for is determined in a single application process, removing what may be complex or confusing choices for those not familiar with our Immigration Rules and providing them with the confidence that they know what decision they are being considered for at the point of application.
- 9.19 Caseworkers are being trained to support EU citizens through their application and where necessary to help them complete it successfully. However, a simplified application process also equates to simplified decision making, reducing the need for caseworkers to assess multiple forms of documentary evidence. The Scheme sets the tone for the design and the values of the new immigration system that we will implement from 2021.

### **Digital Status Checking Service**

The Home Office is developing online status checking services, enabling individuals to access and share their status information with third parties. Real time verification of status will give other government departments and delivery partners, including employers and landlords, the tools to establish genuine, lawful, residence and rights.

### **Right to Work checking service**

In April 2018, we launched the digital Right to Work checking service. This enables a migrant to log onto an online service and authorise the employer conducting the check to see information about their immigration status, to validate their right to work only, and to view a high quality facial image.

This digital service is helping to tackle document abuse and gives the employer access to the most up to date status information, whilst simplifying their process by providing an answer to their question rather than having to understand complex immigration law and make their own decisions. This also supports changing recruitment practices where interviews are often conducted remotely and reduces the burden of keeping paper records. This service will be rolled out to other service providers in a phased way.

9.20 Our ambitious vision will build on what is already in place. The vast bulk of our applications can already be made online; employers can already check someone's status online; and e-Visas are issued in some circumstances.

9.21 We have confidence in the approach to designing and delivering the service, because of the work we have already undertaken on delivering changes to the current immigration system and to deliver the EU Settlement Scheme. Key learnings taken from the EU Settlement Scheme and its delivery will be applied to the delivery of the future immigration system.

9.22 Delivery of the full future vision will be phased in over time, with a view to implementation from 2021, to ensure safe and reliable services to our customers are maintained, and we continue to build on our progress to date.

9.23 We will ensure that those in the UK who are not digitally enabled are not disadvantaged and are able to use the future system. We are exploring options around a range of support, including the existing assisted digital service for those who need help in accessing online services.



## CHAPTER 10 - PROTECTING THE VULNERABLE

### Summary

The realities of conflict, violence and persecution continue to cause displacement. The UK has a proud history of offering asylum and giving protection to those who need it, including refugees forced to leave their countries. We are determined to ensure that leaving the EU does not change the UK's proactive commitment to support vulnerable people, including the commitment to helping and supporting the most vulnerable children affected by the migration crisis.

We will continue to work closely with the United Nations High Commissioner for Refugees (UNHCR) to identify vulnerable refugees whom UNHCR identify to be in need of resettlement. Resettlement is one part of the UK's response to the refugee crisis and our efforts will continue to be complemented by the UK's humanitarian aid programme.

Our policies will continue to provide protection for those who are the most vulnerable and ensuring that those legally in the UK are able to evidence their lawful status, and we will continue to take tough action against those who exploit vulnerable individuals.

### ***Human Trafficking and Modern Slavery***

10.1 We are committed to stamping out modern slavery. The Modern Slavery Act 2015 gives law enforcement the tools to fight modern slavery, ensure perpetrators receive suitably severe punishments for these appalling crimes, and enhance support and protection for victims.

10.2 We are continuing to work with international partners to secure our borders from a range of threats, including human trafficking. We are building links between anti-trafficking agencies in Niger and Nigeria. We are also supporting work to improve the capacity of law enforcement partners in the Horn of Africa region to share information and tackle those involved in people smuggling and human trafficking.

### ***Asylum and resettlement***

10.3 We are committed to supporting victims of conflict, violence and persecution, which will not change when we leave the EU. The UK has a long and proud tradition of providing protection to those who need it. As a signatory to the Refugee Convention, we consider claims for asylum in accordance with our international obligations and domestic laws.

### **The 1951 Refugee Convention**

The Convention is a United Nations multilateral treaty that defines the term 'refugee' and outlines the rights of the displaced, including individuals who are granted asylum, and the legal obligations of nations to protect them. The Convention also sets out which people do not qualify as refugees, such as war criminals.

10.4 The UK will also continue to provide support and protection to the world's most vulnerable refugees under our four resettlement schemes: Gateway, Mandate, the Vulnerable Persons Resettlement Scheme (VPRS) and the Vulnerable Children's Resettlement Scheme (VCRS).

10.5 These schemes ensure that we are able to purposefully target those in greatest need of assistance, including people requiring urgent medical treatment, survivors of violence and torture, and women and children at risk.

10.6 We are confident that we are on track to meet our resettlement commitments and we are currently considering what the future of resettlement should look like after our current commitments to 2020.

### **Resettlement Schemes**

- In the year ending September 2018, 5,994 people were provided with protection and support under one of the four UK resettlement schemes.
- As of September 2018, a total of 13,961 people had been resettled in the UK under the Vulnerable Persons Resettlement Scheme (VPRS) since it began across 297 local authorities.
- As of September 2018, a total of 1,075 people had been resettled through the Vulnerable Children's Resettlement Scheme. Over half of those resettled under VCRS were under 18 years old (613).
- Eurostat figures show that in 2017 the UK resettled more refugees from outside Europe than any other EU member state.
- Overall, in 2017, over a fifth of all resettlement to the EU was to the UK (overall resettlement to the EU in 2017 was 27,450, resettlement to the UK was 6,212).

- 10.7 English language proficiency is still a barrier to integration into society for many people. We are committed to changing this so that all new citizens are given the opportunity to speak the same language which will support them in being able to forge a pathway to self-sufficiency. We plan to secure an ambitious and well-funded English language strategy to ensure that everyone in this country, especially those with newly recognised refugee status, are supported to speak the same language. Proposals will be published in a wider Integrated Communities Strategy shortly.
- 10.8 The decision to relocate individuals is a difficult and complicated one for the vulnerable people involved, often taken after having remained in their home region for as long as possible. Resettlement is only one strand of our efforts. It is complemented by the UK's significant in-region humanitarian aid programme and diplomatic efforts.
- 10.9 The UK will continue to engage fully and constructively with the EU on migration and security issues after exit. We will continue to provide global leadership and practical support to tackle key migration challenges. We have pursued an ambitious programme of reform at the border, including investment in new technology, to keep the UK safe and secure from a range of threats, and prevent illegal entry.
- 10.10 The UK's asylum system is designed to deliver our obligations under the Refugee Convention and domestic law, in which we will continue to participate after we leave the EU. The Government remains bound by the European Convention on Human Rights and will continue to meet our obligations.
- 10.11 In 2017, there were 34,435 asylum applications (including dependents) made in the UK. We remain committed to protecting the rights of asylum seekers, and we will continue to carefully consider every claim on its own merits against a background of relevant case law and up to date country information.
- 10.12 We will continue to work to improve both the quality and accuracy of decision-making to prioritise getting decisions right the first time. We are exploring what more we can do to ensure that barriers to decisions are cleared so that there are no unnecessary delays in granting people protection where it is needed.
- 10.13 We will continue to ensure that where needed, asylum seekers will receive government support until their claim and any appeal is determined. Asylum seekers who would otherwise be destitute will continue to be provided with free, fully furnished accommodation throughout the whole time that their claim is being considered. In addition, we will continue to cover utility costs and provide a cash allowance to cover other essential living needs.

- 10.14 Furthermore, we recognise the importance of work when it comes to physical and mental wellbeing, building a sense of wider contribution to our society, and for community integration. That is why the Government has committed to listening carefully to the complex arguments around permitting asylum seekers to work. We are considering all the evidence to ensure that our policy of right to work safeguards the integrity of both our asylum and immigration systems.
- 10.15 Many of the individuals who are arriving in Europe do not meet the requirements of the Convention and are not in need of international protection. In this context, and to ensure that we focus on offering protection to the most vulnerable who need our support, it is right that the Government's priority is to take measures that stop migrants from undertaking the potentially perilous journeys in the first place and to avoid illegal migration from safe countries undermining our efforts to help those most in need.
- 10.16 Asylum, if required, should always be claimed in the first safe country that a migrant reaches. We intend to negotiate and implement a new legal framework to return illegal migrants, including asylum seekers, to EU countries they have travelled through, or have a connection with, to have their protection claim considered, where necessary. It is vitally important that our new system does not encourage asylum seekers who have already reached a safe country to choose to move elsewhere. Equally the system must prevent people from making claims in more than one country, and on multiple occasions.
- 10.17 We are proud of the protection the UK has offered to vulnerable and unaccompanied asylum-seeking children. The UK provided protection to almost 6,000 children in 2017 and more than 31,000 since the start of 2010. It is essential that our future system continues to offer this vital support and we are fully committed to helping and supporting the most vulnerable children affected by the migration crisis. Our national scheme for the transfer of these children away from the South East of England has successfully benefitted the children and alleviated pressure on local authorities. Additionally, in July 2016 we increased the funding we provide to local authorities for unaccompanied asylum-seeking children and are currently completing a review of the grant rate, which we intend to publish in due course.
- 10.18 At the same time, we recognise the importance of family unity, and are committed to negotiating an agreement with the EU under which unaccompanied asylum-seeking children in the EU can join close family members in the UK, and vice versa, where it is considered to be in their best interest.

- 10.19 The Government's existing approach to family reunion provides a comprehensive framework to bring families together, including provisions in the Immigration Rules. This will not change when the UK leaves the EU. Under this policy, we have granted visas to over 26,000 partners and children of those granted protection in the UK in the last five years – this is over 5,000 people a year.
- 10.20 In July 2016, we made clear that there is discretion to grant a visa outside of the Immigration Rules, which ensures we can cater for extended family members in exceptional circumstances.
- 10.21 We intend to maintain our position around refugee children in the UK not being allowed to sponsor parents. We believe that if children were allowed to sponsor parents, this would risk creating incentives for more children to be encouraged, or even forced, to leave their family and risk hazardous journeys to the UK. This position supports our commitment to protecting vulnerable individuals.
- 10.22 Domestically, we are determined that EU exit will not increase the opportunities for abuse of the asylum system. We will continue to ensure that asylum claims from EU citizens are treated as inadmissible, as they are now, except in exceptional circumstances.
- 10.23 Our focus will be on supporting those who have not yet had a decision on their asylum claim and who may need our protection and on helping those who have been granted refugee status with integrating into British society and fulfilling their potential.
- 10.24 Those who are found not to need protection are refused asylum but have a right of appeal to the independent courts. It is important that once all appeal rights are exhausted, failed asylum seekers are required to leave the UK voluntarily. We are clear that public money should not be used to support illegal migrants, including failed asylum-seekers, who should be preparing to leave the UK.
- 10.25 We will maintain our comprehensive programme of work that is proven to discourage asylum 'shoppers' and unfounded claims. The Immigration Act 2016, which introduced measures to ensure people who genuinely need support can get it, also restricted the availability of support for individuals with unfounded claims, consistent with our international and human rights obligations. Importantly this removes incentives for migrants to remain in the UK where they have no lawful basis for doing so and sends a very clear message to those who seek to exploit the system that Britain is not a soft touch on asylum.

## **Calais**

- 10.26 In 2016, at the invitation of the French Government, the UK Government acted decisively during the Calais camp clearance to remove 769 vulnerable children from a dangerous situation where they were at risk of violence and abuse. Of those children, 220 were transferred in accordance with section 67 of the Immigration Act 2016 (the 'Dubs' amendment); the remaining 549 cases were transferred to reunite with family members already in the UK.
- 10.27 In January 2018, as part of the Sandhurst Treaty between the UK and France, we announced a number of specific measures to strengthen our co-operation to supporting unaccompanied asylum seeking and refugee children. These included: the deployment of an asylum liaison officer to France to support transfers under section 67 of the Immigration Act 2016 and the Dublin Regulation; commitment to shorter timescales for decisions and transfers under the Dublin Regulation; and allocation of a £3.6 million development fund to identify projects which support genuine claims through the Dublin process and ensure that those with no prospect of transferring to the UK are informed of their options.

## CHAPTER 11 – A FAIR AND HUMANE IMMIGRATION SYSTEM

### Summary

We are committed to ensuring that our existing and future border and immigration system takes a fair and humane approach, and our decisions are correct given the potentially significant impact on the life of the individual concerned.

Refusal decisions can trigger compliance sanctions and eventually detention and enforced removal from the UK. Learning the lessons from Windrush, we will ensure that people who are here lawfully are not inadvertently disadvantaged by policies put in place to tackle illegal migration. We will treat everyone who comes into contact with the immigration system with dignity and respect, including implementing the recommendations of Stephen Shaw's review of the welfare of vulnerable people in detention.

### ***Shaw Review: Vulnerable people in immigration detention***

- 11.1 In 2015, we invited Stephen Shaw to conduct an independent review of the welfare of vulnerable people in immigration detention. As a key part of the Government's response to this review, in 2016 we put in place a new adults at risk in immigration detention policy, strengthening our ability to safeguard those particularly vulnerable to harm in detention.
- 11.2 In 2017, the Government invited Stephen Shaw to conduct a follow-up review of the welfare in detention of vulnerable people. This report was published on 24 July 2018 and it commended the 'energetic way' in which recommendations from the 2016 report had been taken forward.
- 11.3 The report noted that conditions in immigration removal centres had improved and recognised the significant changes to detention in recent years and confirmed that the Government was on the right track with its reforms.
- 11.4 The UK Government's statement to Parliament on 24 July, made clear our commitments to going further and faster with reforms to immigration detention.
- 11.5 We will explore alternatives to detention with faith groups, non-governmental organisations and within communities – starting with an intention to pilot a scheme to manage vulnerable women in the community; improve the support available to vulnerable detainees to ensure the most vulnerable and complex cases get the attention they need; increase transparency around immigration detention by publishing more data and by commissioning the Independent Chief Inspector of Borders and Immigration to report each year on the adults at risk in immigration detention policy; implement a new drive on dignity in detention, by improving the basic provision available to detainees. We have introduced a pilot involving use of Skype, so detainees can contact their families overseas more easily.



## **Windrush**

- 11.6 The Government has apologised to members of the Windrush generation. Correcting the wrongs experienced by those of the Windrush generation who have been adversely affected by measures designed to tackle illegal immigration is a top priority. The Government deeply regrets what has happened and is committed to a fair and humane immigration policy which welcomes people here legally, and which distinguishes effectively between those with lawful status and those here illegally.
- 11.7 On 16 April 2018, we established a Taskforce to ensure that members of the Windrush generation could evidence their right to be in the UK. We have subsequently launched the Windrush Scheme which ensures that members of this generation, their children born in the UK and those who arrived in the UK as minors, will be able to apply to the Taskforce for evidence to demonstrate their lawful residence status or, in some cases, British citizenship free of charge. The Scheme came into force on 30 May 2018.
- 11.8 On 19 July 2018, we announced the publication of a consultation paper on the Windrush Compensation Scheme. The Consultation has now closed; we are carefully considering responses and intend to launch the Compensation Scheme as soon as possible. The Compensation Scheme will be specifically designed to help those who have been affected. Proper consultation is vital as the experiences and views of those affected will help us get the scheme right.
- 11.9 We are also supporting those affected in advance of the Compensation Scheme being put in place. We have signed an agreement with Citizens Advice to provide bespoke professional advice, including debt advice, to those experiencing financial problems.
- 11.10 We have reviewed existing safeguards to ensure that those who are here lawfully are not inadvertently disadvantaged by policies put in place to tackle illegal migration. We have gone further and temporarily restricted some compliance measures that are proactively applied through the Government sharing data on known immigration offenders. The EU Settlement Scheme, which we have already begun to implement, will ensure that those who successfully apply for it have a clear immigration status in the UK, safeguarding against what happened to members of the Windrush generation.
- 11.11 We have also provided additional support to delivery partners, including landlords and employers, to ensure that we are not denying work, housing, benefits and services (including access to the NHS) to those lawfully in the UK, including the Windrush generation.



11.12 The ongoing independent Windrush Lessons Learned Review will help ensure that we have a clear picture of why the Windrush generation were adversely impacted and, importantly, how we should take this forward and make our immigration system more fair and humane. Results of the review will be published in due course.

11.13 A review, with independent oversight will also be set up to look at the way the Borders, Immigration and Citizenship System operates going forward, to ensure the structures and processes deliver in a way which is fair and humane and fully compliant with the law at all times.

## CHAPTER 12 – COMPLIANCE

### Summary

Compliance with UK immigration laws and rules is an essential part of an immigration system which operates fairly, robustly and with integrity. In the future border and immigration system, all non-UK nationals – with the exception of Irish nationals - entering and remaining in the UK will be subject to UK Immigration Rules governing their stay and permitted activities. The overall aim is to encourage and support compliance. Migrants are expected to observe the conditions of their permitted stay and not to remain beyond the period of their lawful status. Those who breach our immigration laws and rules place themselves at risk of exploitation by unscrupulous bodies such as organised crime groups, and rogue employers and landlords.

The Government is modernising the enforcement and compliance system to make better use of data to identify immigration offending and to enable employers and service providers easily to confirm a migrant's status and entitlements through the provision of the new digital checking services. We will ensure that there are appropriate safeguards in place to protect vulnerable individuals and those who are lawfully present.

The overall aim is to encourage and support compliance. Strengthening our border and controlling immigration will ensure we can better deter and prevent abuse, so we can continue to act against illegal immigration. Deliberate or organised immigration offending will be tackled effectively through intelligence-led enforcement action.

### *Securing compliance*

- 12.1 Encouraging and supporting compliance will be at the heart of our future system. It is important that we enforce our laws and rules fairly and that individuals in the immigration system understand what is required and expected of them, and the possible consequences if they do not comply with these. We will work with other government departments and delivery partners to communicate this and to ensure we deliver sustainable outcomes.
- 12.2 Sanctions and enforcement action will be taken on a case by case basis and we will take all relevant steps to encourage and secure compliance, or voluntary departure, before any enforcement action is taken. Ultimately, where an individual has been given the necessary guidance and a reasonable amount of time to regularise their status or voluntarily depart from the UK, but fails to do so, or fails to comply with the conditions of their leave, we will seek to take appropriate action, including removing those individuals from the UK.
- 12.3 EU citizens in the UK at the end of the Implementation Period must apply for the EU Settlement Scheme by the end of the grace period (expected to end on 30 June 2021), if they intend to stay beyond that point. Those who do not, will not have leave to remain here and will not be able to demonstrate their rights to access work, benefits and services.

- 12.4 We recognise there may be exceptional circumstances why an individual might not have applied for the EU Settlement Scheme at the right time, and we committed to the EU to taking a proportionate approach to anyone with a good reason. Where there are reasonable grounds for missing the deadline, we plan to allow EU citizens and their family members a further opportunity to apply. We will consider their circumstances carefully before applying any sanctions to ensure we can protect individuals in this cohort.
- 12.5 It is important that there are appropriate safeguards to protect vulnerable individuals and those who are otherwise lawfully present, but cannot demonstrate it. In light of events affecting the Windrush generation, we have been reviewing existing safeguards and have introduced additional support for those conducting entitlement and eligibility checks.
- 12.6 Providing a more migrant-oriented system will be particularly relevant for the future system in terms of reducing the exploitation of vulnerable groups and individuals, and to helping those legally in the UK to obtain the necessary documentation to evidence lawful status.

**Measures to control access to work, benefits and services in the UK**

**There are two types of control on access to work, benefits and services:** Some apply automatically to everyone, as a matter of law, whilst others are targeted, applying to those unlawfully in the UK and relying on data-sharing and choices.

**Universal (reactive) checks**, such as employers checking prospective employees' right to work, and requiring individuals to show they are lawfully present in the UK, at the point of access, and they have the right to access the service or the benefit they are seeking. Most individuals do this by presenting appropriate documentation. Similar checks are conducted by landlords before letting tenancies.

**Targeted (proactive) checks**, such as bank account closure and denial or UK driving licence revocation, are applied to those in the UK without lawful status. The Home Office shares data with other government departments and delivery partners to ensure known immigration offenders are not accessing taxpayer funded services incorrectly. These measures may currently only apply to those EU nationals whom we are seeking to deport or remove for breaching Treaty rights.

- 12.7 Beyond requirements and restrictions on who can enter and remain in the UK, our laws and rules govern the need to demonstrate the right to work and entitlement to access work, benefits and public services.

- 12.8 The future system will provide a flexible framework, but the public must have confidence in our ability to control immigration and secure compliance. A recent YouGov poll showed 71 per cent of the public support a policy requiring people to demonstrate their right to live in the UK, for example, when taking up work, renting a flat, or opening a bank account.
- 12.9 We are committed to supporting and protecting vulnerable people, as detailed in the previous chapter, but it is right that we have a range of measures and sanctions to encourage compliance and allow for appropriate enforcement action to be taken. We will continue to develop these arrangements so that more enforcement can take place in the UK, through improved data exchange between employers, HM Revenue and Customs, the Department for Work and Pensions and the Home Office, rather than at the border or out of the UK.
- 12.10 We will continue to set out clearly to those wishing to come to the UK what is expected of them and the consequences of not complying with immigration laws and rules.
- 12.11 Currently, as EU citizens are not subject to UK immigration control, they only need to provide their passport or national identity card to demonstrate their right to work or rent private property. There are also exceptions and exemptions on access to services and benefits that apply to EU citizens.
- 12.12 As the UK leaves the EU and Free Movement no longer applies, exceptions and exemptions in UK immigration law on EU citizens' ability to access benefits and services will be removed to create a unified system of entitlements for all foreign nationals subject to immigration control.
- 12.13 All EU and non-EU citizens will require the appropriate immigration status to demonstrate their rights and entitlements. It will no longer be enough for EU citizens lawfully in the UK to present their passport or national identity card to demonstrate their status.
- 12.14 However, when we move to the future system, we will not require employers to undertake retrospective right to work checks on existing EU employees.

## **Labour Market Enforcement**

The Government is determined to tackle the exploitation of migrant workers by businesses who seek to undercut legitimate competition and displace UK workers by evading obligations under tax, employment and national minimum wage and living wage legislation. We have introduced reforms to structures and enforcement powers to prevent labour market exploitation, including:

- Legislating to introduce a Director of Labour Market Enforcement to set the strategic priorities for labour market enforcement bodies, including the Gangmasters and Labour Abuse Authority (GLAA);
- Equipping the GLAA with stronger police-style powers in England and Wales to investigate serious labour market offences across the economy, including modern slavery offences involving the maltreatment of workers;
- Preventing the employment of illegal workers, including civil penalties on employers of up to £20,000 for each illegal worker, prison sentences of up to five-years for those who deliberately employ illegal workers, and powers to close the business premises of repeat offenders;
- Introducing a new system of compliance undertakings and orders for enforcing bodies, including a two-year prison sentence for many labour market offences;
- Investing significant additional funds in the HMRC National Minimum Wage Team, which has intervened in cases to secure money owed to workers in areas of unpaid wages and served civil penalties on non-compliant employers for breaching national minimum and living wage legislation.

## **Labour Market Enforcement Director**

Since being appointed in January 2017, the Director, Sir David Metcalfe, has:

- Published his first full annual Labour Market Enforcement Strategy for 2018/19. As well as prescribing a strategic approach to achieve better compliance and enforcement, the Director made recommendations around tougher penalties for more serious or repeated labour market offences, tackling non-compliance in supply chains and highlighting current compliance gaps;
- Worked closely with the Independent Anti-Slavery Commissioner, including on the review of modern employment practices;
- Established the 'Information Hub' to gather and process intelligence to identify key trends and issues from enforcement bodies;
- Launched a programme of research to measure better the scale and nature of non-compliance and to evaluate the work of labour market enforcement bodies;
- Commenced work to deliver a second Labour Market Enforcement Strategy, which is expected to be published in spring 2019.

- 12.15 We want to make the future system as transparent, digital and straightforward as possible for everyone, including employers and service providers – making use of improved data-sharing capabilities between other government departments to link together records, such as tax, benefit, and immigration in an automated way.
- 12.16 Since 2010, the Government has reformed the immigration system to secure greater compliance and reduce the scope for, and risk of, individuals living in the UK without lawful status. Measures in the 2014 and 2016 Immigration Acts build on strong foundations to ensure better control of migrants' access to work, benefits and services. We have introduced tougher sanctions for those who employ or house illegal migrants. We have made it easier to detect migrants who have overstayed their permission to remain, and for employers and service providers to check an individual's status and associated entitlements.
- 12.17 It is right that the Government is able to take appropriate enforcement action against those who break our immigration laws, against organised criminals who exploit people, and against those who employ and rent accommodation to immigration offenders having failed to discharge their responsibility to conduct proper status checks.

***Detecting non-compliance: Exit checks***

- 12.18 Exit checks were fully introduced in April 2015, and since then more comprehensive data on departures from the UK has been flowing from ports and carriers into Home Office systems. The data collected is showing high levels of compliance with immigration requirements, indicating that approximately 97 per cent of those coming to the UK on a visa departed when their leave expired.
- 12.19 We will continue to use this data to publish statistics on compliance rates, to inform policy development and to reassure and improve public confidence in the future immigration system.
- 12.20 Currently, non-visa nationals are not included in the exit check data. Under the future system, everybody wishing to come to the UK, be it for work, study or to visit, will need a digital permission. As an individual enters and leaves the UK, this will be digitally recorded and linked with their individual immigration status, so it will be clear whether that person has stayed beyond the permitted duration of their stay. This will support our ability to distinguish between the legal and illegal population and take compliance and enforcement action where appropriate.

### ***Intelligence-led enforcement***

- 12.21 We will continue to be vigilant where deliberate attempts are made to break our immigration laws and rules, including where this involves organised crime groups, fraud and deception, links to wider criminality, and offences against migrants themselves.
- 12.22 We will continue to leverage a wide range of intelligence sources to detect immigration-related crime, working with partner organisations across international boundaries to gather, share and analyse data. We will also utilise modern data analytics tools to identify threats and patterns that allow us to alter controls on specific routes of entry to the UK or take targeted action to disrupt or dismantle organised crime groups.
- 12.23 We will continue to deploy a spectrum of enforcement powers and capabilities to ensure offending behaviour is held to account. Joint operations across UK agencies and international partners will continue to disrupt criminals through arrest and prosecution of individuals, as well as seizing assets gained through illicit activity.

Home Office Immigration Enforcement teams have disrupted 185 Organised Immigration Crime Groups since April 2018.

Of these, 36 were serious organised crime major disruptions, where there has been a long-term disruptive impact on the ability of the organised crime group to operate.

#### **Case Study – Operation Boromo**

Immigration Enforcement led a collaborative investigation with the Department for Work and Pensions, which culminated in a confiscation order totalling £2.8 million pounds.

The investigation targeted a crime group who arranged sham marriages and subsequent benefit fraud on an industrial scale. Six members of the gang, who abused the immigration system by arranging marriages allowing migrants to receive marriage certificates and to fraudulently to obtain National Insurance numbers to commit tax, benefit and travel ticket fraud against Eurostar and the SNCF railway companies, were jailed in 2016.

A confiscation investigation followed the court guilty verdict.

## CHAPTER 13 - MAINTAINING THE COMMON TRAVEL AREA AND PROTECTING HISTORIC TIES

### Summary

The Government will protect the Common Travel Area (CTA) arrangements between the UK, the Crown Dependencies and Ireland. The future border and immigration system will fully respect the UK's long-standing approach to movement within the CTA. As now, there will be no routine immigration controls on arrivals in the UK from Ireland or the Crown Dependencies. The rights of Irish citizens in the UK, enjoyed reciprocally by British citizens in Ireland, are protected. The Government will continue to work closely with CTA members to protect these arrangements.

All passengers arriving in the CTA will be subject to immigration and security checks.

13.1 The Common Travel Area (CTA) and associated rights will continue after the UK's exit from the EU. Protecting these rights has been a shared objective of the UK, the Crown Dependencies and Ireland throughout negotiations. The Withdrawal Agreement<sup>23</sup> included acknowledgement from the European Commission that these arrangements can continue. Fundamentally, this means:

- **The status quo for all journeys within the CTA is maintained:** there will continue to be no routine immigration controls on arrivals in the UK from the Crown Dependencies and Ireland and no controls for journeys across the land border between Northern Ireland and Ireland, nor between Northern Ireland and Great Britain;
- **Cooperation between all CTA members on the movement of people within the CTA is protected:** we will continue our work with the Crown Dependencies and Ireland to ensure the CTA's external border is secure against known threats, while facilitating legitimate travel and protecting the rights of people travelling within the CTA;
- **The rights of British and Irish citizens within the CTA are protected:** the status of British and Irish citizens in the other state is preserved. So too are the wider reciprocal rights and entitlements associated with work, education, voting and access to social welfare benefits and health services.

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<sup>23</sup> [Withdrawal Agreement and Political Declaration](#)



### ***The future passenger journey within the CTA***

- 13.2 Our future border and immigration system will maintain the existing ability of people to enter the UK from Ireland and the Crown Dependencies without passing through a routine border control. This unhindered movement is most notable across the land border between Northern Ireland and Ireland, facilitating north-south cooperation as provided for by the Belfast ('Good Friday') Agreement.
- 13.3 Non-Irish EU citizens will be required to meet the UK's immigration requirements. However, they will continue to enjoy EU Free Movement rights in Ireland.
- 13.4 The future system will control access to the UK labour market and public services through in-country checks as part of compliance arrangements, in a way that is compatible with the principle of travel within the CTA being free of immigration controls, with decisions made away from the border.
- 13.5 This is already the situation for non-EU nationals who are able to enter the UK from Ireland (owing to the CTA), but are not able to live or work here without the right visa. For example, a US citizen in Ireland can currently enter the UK to visit, but may not work, study or access public services and benefits without obtaining the necessary visa. In future, the same will apply to non-Irish EU citizens. In this way, EU citizens arriving via Ireland or the Crown Dependencies will be treated in the same way as those arriving as visitors through the UK border: they will have visitor status and not be able to work, study or access public funds without obtaining a visa.
- 13.6 The Government will ensure that the entry clearance requirements when arriving in the UK from the Crown Dependencies and Ireland are clear.
- 13.7 We will continue to work closely with the Crown Dependencies to understand the impact of our future system on respective priorities and to develop an approach that protects our shared CTA interests to facilitate and promote legitimate travel between these islands. The joint approach to respective settlement schemes that protect the position of EU nationals currently living and working in the UK and the Crown Dependencies reflects this shared endeavour.
- 13.8 The integration of the UK's and the Crown Dependencies' immigration laws will be maintained. The value of the existing flexibility within the CTA arrangements enjoyed by all jurisdictions to apply their own tailored immigration and work permit policies within this overall, integrated legal framework is recognised, enabling local immigration and labour needs to be reflected. So too does the importance of adopting a compatible approach to protect the overall integrity of the CTA.

### ***Co-operation between CTA members to strengthen the external CTA border***

- 13.9 We will continue to work with all CTA members to ensure the CTA's external border is secure against known threats while preserving free movement within the CTA for legitimate travellers. All members of the CTA have confirmed their commitment to maintaining this arrangement. Ireland has confirmed that it is their intention to remain outside of the Schengen Area.
- 13.10 There is a high level of co-operation on border security to identify at whichever part of the CTA they are entering, those individuals who pose a threat, as well as to tackle abuse, including immigration abuse and criminality.
- 13.11 Everyone entering the CTA undergoes a passport control check in line with the national processes of the country they are entering. Co-operation is not limited to the security agenda. Members work collaboratively to promote tourism and support national economic growth, responding to shared and individual needs and priorities.
- 13.12 This work will continue, adapting to threats and opportunities and responding to advances in technology. Comprehensive and effective data-sharing between CTA members is central to this. Intelligence-led checks and joint operations with CTA members are carried out on journeys within the CTA to identify and pick up persons of interest (immigration abuse; criminality; national security). People identified anywhere in the UK attempting to circumvent controls are liable to be detained and, if they are not lawfully present within the UK, removed.

### ***The rights associated with the CTA***

- 13.13 The CTA evolved in support of the principle of free movement for British and Irish citizens between these islands and to facilitate enjoyment of their wider rights including access to benefits and healthcare. The importance and relevance of these rights in today's world has been reinforced - they are as relevant today as they have ever been.
- 13.14 Irish citizens have long held a special status in UK law. Ireland is not considered a 'foreign country' for the purpose of UK laws and Irish citizens are not 'aliens'. They are treated as if they have permanent immigration permission to remain in the UK from the date they take up ordinary residence.

- 13.15 These rights and entitlements will be protected after the UK leaves the EU. The special status of British and Irish citizens in the other's jurisdictions will be preserved, as now. There will be no change to the constitutional relationship between the UK and the Crown Dependencies as a result of EU Exit. Nor will there be any changes to nationality legislation which sees the Crown Dependencies treated as if part of the UK.
- 13.16 The wider reciprocal rights and entitlements associated with work, education, voting and access to social welfare benefits and health services as enjoyed by British and Irish citizens in Ireland and the UK respectively will also be protected. This includes the birth right of all people in Northern Ireland to identify themselves, and be accepted, as Irish, or British, or both.
- 13.17 Although the CTA precedes the Belfast ('Good Friday') Agreement, the principle of free movement for British and Irish citizens carries symbolic significance in implementing the commitment contained therein to the continued respect of the civil, political, social and cultural rights of the communities in Northern Ireland.
- 13.18 An Irish citizen's status in the UK is currently based on an individual's point of departure. Irish citizens arriving in the UK from Ireland have a right to enter as a result of domestic legislation. The right to enter from anywhere other than Ireland is provided for by EEA Regulations. We will protect the current status enjoyed by Irish citizens in the UK. This will remove the current point of departure distinction and firmly base these rights on an individual's (Irish) nationality.
- 13.19 As now, Irish citizens will be able to enter, reside and apply to work or study in the UK without applying for an immigration permission and be treated as resident from day one, including when considering an application for naturalisation or the nationality of any children born in the UK, subject to specific exceptions.
- 13.20 The status of British subjects who have a connection with Ireland will also not be affected by these changes.

### **The Common Travel Area (CTA)**

The CTA supports the long-standing principle of free movement for British citizens and Irish citizens. In practice, the internal borders of the CTA are generally subject to minimal border controls, if at all. British and Irish citizens can move freely within the CTA while other nationalities are required to meet the entry clearance requirements of the state they are entering, for example visa nationals.

The CTA is made up of the UK, the Crown Dependencies and Ireland. The arrangement reflects the long-standing and historic ties between these states, the social and economic connections, the shared culture and identity, and current inter-governmental relations. Currently non-EU nationals are subject to national immigration regulations when entering and residing in the CTA (visa requirements; restrictions on employment and length of stay). In the UK and Ireland, EU citizens have prevailing rights of entry and residence under EU Free Movement law.

All members of the CTA maintain their own visa and immigration policies. Each has a different approach to conducting controls within the context of the CTA, based on an overarching common approach. Neither the UK nor Ireland are members of the Schengen Area. Our joint programme of work includes investment in border procedures, data sharing to inform immigration and border security decisions, unified passenger data systems and harmonised visa policy and processes.

### **The Crown Dependencies**

The Crown Dependencies are the Isle of Man, the Bailiwick of Jersey and the Bailiwick of Guernsey. They are self-governing jurisdictions, but part of the Common Travel Area. They are not part of the UK or the British Overseas Territories. However, for nationality purposes, they are treated as if part of the UK.

The Crown Dependencies set their own immigration legislation. However, to maintain and strengthen the CTA, their immigration systems are closely aligned with the UK's.

The Crown Dependencies' current relationship with the EU is set out in Protocol 3 of the UK's Act of Accession (1972). This provides that they are neither EU member states nor associate members, and only certain limited parts of EU law apply to them. The free movement of people acquis is not included among the applicable provisions. Article 4 of Protocol 3 further guarantees that the Crown Dependencies must apply the same treatment to all EU citizens in areas covered by EU law. This means that, currently, the Crown Dependencies must apply the same rules on immigration to EU and UK nationals.

## CHAPTER 14 - PATHWAY TO THE NEW SYSTEM

### *The need for primary legislation*

- 14.1 The journey to a single immigration system in UK law will be achieved in stages. The European Union (Withdrawal) Act 2018 will repeal the European Communities Act 1972 and the UK will leave the EU. It will also convert current EU law into UK law ('retained EU law') and preserve existing UK law that implements EU law, to ensure continuity of law until it is changed by Parliament.
- 14.2 For immigration, even after the UK leaves the EU, EU Free Movement will continue under UK law and EU citizens' rights to live and work in the UK will carry on as now until Parliament changes the law and revokes the retained EU law.

#### **The Immigration and Social Security Co-ordination (EU Withdrawal) Bill**

The Bill will repeal section 7(1) of the Immigration Act 1988 which provides that EU citizens exercising Treaty rights are not subject to UK immigration control i.e. they do not need leave to enter and stay in the UK.

The Bill will also protect the status of Irish citizens once Free Movement ends. This means Irish citizens will be free to enter and remain in the UK without restriction unless they are subject to a deportation order, exclusion order or an international travel ban.

The Bill will also enable us to ensure that UK legislation is coherent once the UK has exited the EU and EU citizens and their family members become subject to UK immigration law. This includes, for example, repeal of references to EU legislation in our domestic law where they are no longer valid. The Bill will include a power to make consequential, transitional, transitory and savings provisions as required once the future immigration arrangements have been finalised – for example, to enable us to align our existing immigration laws for EU citizens arriving after the end of the Implementation Period, with non-EU nationals to the extent we wish to do so and depending on the final agreement about the future immigration system for EU citizens.

The Bill will also include provision allowing amendments to be made to retained direct EU legislation relating to social security co-ordination.

Detailed arrangements for how EU migration will be controlled once the UK leaves the EU will continue to be set out in Immigration Rules and secondary legislation, providing flexibility and allowing us to reflect changing circumstances.

- 14.3 We are introducing the Immigration and Social Security Co-ordination (EU Withdrawal) Bill, which will repeal retained EU law and, importantly, end free movement for EU citizens as well as protect the rights of Irish citizens. This will mean that once the Bill is enacted and commenced, EU citizens and their family members (excluding Irish citizens) will require permission to enter and remain in the UK in the same way as non-EU citizens.

- 14.4 We will retain the ability to make more favourable provision for specific nationalities through the Immigration Rules – for example, as we agree trade deals.
- 14.5 There are other areas of retained EU law that do not relate specifically to free movement, but, nevertheless, have an impact on immigration. The Bill will revoke or disapply such law which is not compatible with our future UK immigration regime.
- 14.6 The requirements to be met by those wishing to enter and remain in the UK will continue to be primarily set out in the Immigration Rules and other secondary legislation.

### **Preparing for a future Social Security System**

- 14.7 Leaving the EU means that for the first time in generations we can take control of the social security system we apply to EU citizens whilst making sure we continue to protect UK pensioners living in the EU. It is important that we maintain consistency between the future immigration system and the availability of benefit support for EU citizens entering the UK. That is why the Government is proposing that in the future persons subject to immigration control will not routinely be able to access the benefits system. This means that EU citizens' moving to the UK after the immigration system has changed should make significant contributions to the UK economy before they are able to access certain benefits. Full access to our benefits system will only be available after settled status is granted under the immigration rules, usually after five years.
- 14.8 Pensioners should retain the option to export their state pension if they move to an EU country, and we would want to continue uprating these, but would need to take decisions in light of whether, as we hope and expect, reciprocal agreements with the EU are agreed.
- 14.9 These positions will deliver on the result of the 2016 referendum, where polling showed a clear desire from the British public to align EU migrants' access to benefits with that of non-EU nationals. This is a fair principle, which treats all nations consistently. Our approach will be subject to further discussions with the EU as part of our future deep and special partnership.
- 14.10 The Immigration and Social Security Co-ordination (EU Withdrawal) Bill will enable us to repeal or amend the EU Social Security Co-ordination Regime as retained by the EU Withdrawal Act 2018 and provide powers for the Government to set out new rules on Social Security Co-ordination for EU nationals in the UK. This can only be achieved through primary legislation.

## CHAPTER 15 – NEXT STEPS AND CONCLUSION

### *Progressing proposals*

- 15.1 This paper sets out a clear and ambitious vision for the future, with a pragmatic and orderly phased approach to delivery.
- 15.2 But it cannot set out all the detailed arrangements that will need to form part of the future arrangements in 2021 and beyond. We will need further evidence and advice, and we want to work with businesses and other employers to shape both the final rules and processes.
- 15.3 This White Paper provides a platform for discussion and to explain the detail of our proposals. We want to:
- listen to the views, ideas and priorities of a range of stakeholders so they can shape the final detail of the policy and implementation of the future system; and
  - discuss their future plans in the context of reducing net migration to sustainable levels and how employers in different sectors across the UK might adapt.
- 15.4 We therefore intend to launch an extensive 12-month programme of engagement with sectors across the UK. This will include discussions with private, public and voluntary sector employers, as well as industry representatives.
- 15.5 To continue to inform the engagement programme and to maximise contributions to the development of the future immigration system, we will continue to work closely with stakeholders across Northern Ireland, Scotland and Wales as well as the Devolved Administrations to ensure that the future system properly takes account of the needs of the whole of the United Kingdom.
- 15.6 We will also continue to discuss the arrangements with our wider partners - the Crown Dependencies and the Overseas Territories.
- 15.7 Building on the MAC's reports, which build on existing data and provide a robust evidence base for our approach, the Government proposes to enhance the role of the MAC (as detailed in Chapter 3).

15.8 We will also launch a number of new advisory groups, and expand on existing groups, consisting of business and employer representatives and other stakeholders, to help inform the detailed design of the future system between now and 2021. These new advisory groups will focus on the key policy reforms and proposals detailed above.

### ***Conclusion***

15.9 This White Paper sets out proposals for the UK's future and border and immigration system. The Government believes that these proposals create the right balance to take control of net migration and promote prosperity.

15.10 The UK's approach to controlling immigration in the national interest, whilst promoting prosperity as the UK becomes more open to the rest of the world, cannot be developed in isolation. We will consider the widest possible range of views.



## Glossary

<p><b>British citizenship</b></p>	<p>People born before 1 January 1983 became British citizens if they were a citizen of the United Kingdom and Colonies with the right of abode in the UK immediately before that date. This generally included people born in the UK or a former colony who had a connection with the UK through birth, descent or residence. Since 1983 British citizenship can be acquired through birth in the UK to a British or settled parent, adoption in the UK by a British citizen, descent from a parent, or through registration or naturalisation. All British citizens have the right of abode in the UK (see 'right of abode' on page 98).</p>
<p><b>Common Travel Area (CTA)</b></p>	<p>The CTA comprises the United Kingdom, the Crown Dependencies (the Channel Islands and the Isle of Man) and the Republic of Ireland. Movement without immigration controls for nationals of the CTA is important in the special relationship that exists between these states.</p>
<p><b>EU citizen</b></p>	<p>Refers to any person who holds EU Citizenship as established under Article 20 (1) of the Treaty on the Functioning of the European Union, save that for current purposes, persons who are EU citizens solely by way of their British nationality are excluded from the scope of this term. That Article provides "Citizenship of the Union is hereby established. Every person holding the nationality of a Member State shall be a citizen of the Union. Citizenship of the Union shall be additional to and not replace national citizenship." However, Member States may withhold EU citizenship from certain groups of citizens, most commonly those in overseas territories of Member States outside the EU.</p>
<p><b>Free movement</b></p>	<p>Free movement of people is one of the founding principles of the EU and is enshrined in the Treaties. The Directive 2004/38/EC (commonly known as the 'Free Movement Directive'), provides further detail on the rights of entry and residence and is currently implemented in the UK through the Immigration (European Economic Area) Regulations 2016.</p> <p>The right of free movement allows EU citizens exercising Treaty rights, and their family members, to move and reside freely within the territory of the EU. Under free movement, EU citizens also generally enjoy equal treatment with domestic nationals in terms of access to employment, working conditions and all other social and tax benefits.</p>

<b>Indefinite leave to enter or remain (ILE/R)</b>	Having indefinite leave to enter or remain means that a person can stay in the UK without any time restrictions or conditions. Indefinite leave can lapse if the holder stays outside the UK for a continuous period of more than two years, or five years under the EU Settlement Scheme, in line with the draft Withdrawal Agreement.
<b>Irish citizenship</b>	A person who is an Irish citizen as a matter of Irish law. Irish citizenship is only defined in the Irish Nationality and Citizenship Act 1956, as amended. A person may be entitled to be an Irish citizen through birth in the island of Ireland, or by descent, or may be eligible to apply for Irish citizenship through naturalisation based on residence in Ireland.
<b>Limited leave to enter or remain</b>	A person who holds this immigration status has a time limit on his or her stay and it may also be subject to conditions.
<b>Long-term migrant</b>	A long-term international migrant is a person who moves to a country other than that of his or her usual residence for a period of at least 12 months.
<b>Permanent Residence under EU law</b>	Under EU law, permanent residence is the right to live in the UK without conditions. This right can be gained by European Economic Area (EEA) and Swiss nationals and their family members. Permanent residence is automatically gained when an EEA or Swiss national has lived lawfully in the UK for, in most cases, five years as a 'qualifying person' under the Immigration (EEA) Regulations 2016. This means they have been exercising their Treaty rights, for example through working or studying. This status is similar to having indefinite leave to remain under the Immigration Act 1971 (see above).
<b>Permission</b>	Permission to enter or stay in the UK means that a person has leave to enter or remain under the Immigration Act 1971.
<b>Residence card</b>	Non-EEA citizens exercising EU law rights in the UK are issued with a secure biometric card based on the EU uniform format for Residence Permits. The card is issued to permanent residents, non-EEA family members of EEA citizens and those who derive rights to reside in the UK under EU law.
<b>Registration certificate</b>	EEA, EU and Swiss citizens who register their status in the UK can apply for a registration certificate consisting of a vignette.

<b>Right of abode</b>	A person with the right of abode has the right to live and work in the UK without restriction. All British citizens have the right of abode in the UK.
<b>Right to reside</b>	This is an EU law term used specifically for EEA nationals or their family members. They have an initial right to reside for three months, and then can reside in the UK if they are qualified persons (exercising a Treaty right). Following five years' residence in the UK in accordance with the EEA regulations, they automatically acquire a permanent right to reside.
<b>Settlement</b>	A person is settled in the UK if they are ordinarily resident and free of immigration time restrictions. Most people demonstrate this by having indefinite leave to enter or remain in the UK (ILE/R). A person is also settled if they have acquired permanent residence under the EEA regulations. Those with settled status may be entitled to public funds and they are free to travel to and from the UK. Settled status can be lost if someone is outside of the UK for two years or more or five years under the EU Settlement Scheme, in line with the draft Withdrawal Agreement.
<b>Schengen</b>	The Schengen Area is an area comprising 26 European states that have officially abolished passport and any other type of border control at their mutual borders. The UK does not participate in the border and immigration aspects of the Schengen Agreement. We do however take part in the police and judicial co-operation aspects of Schengen, but can choose to opt out.
<b>Short-term migrant</b>	A short-term international migrant is someone who visits a country other than that of his or her usual residence for a period of between one and 12 months.
<b>Treaty Rights</b>	EU citizens have the right to move to another Member State for up to three months, and have the right to reside, provided they continue to hold a valid passport or national identity card and do not become a burden on public funds. Those who wish to stay longer than this period must be exercising Treaty Rights, that is working, being self-employed, self-sufficient, or studying. If they are not working or self-employed, they must have sufficient financial resources to support themselves and any family members residing with them and comprehensive sickness insurance.

<b>Visa</b>	A visa is a form of entry clearance, which is evidence of a person's eligibility to enter the UK.
<b>Visitor</b>	A visitor is a person who is coming to the UK for a temporary purpose, for example as a tourist, to visit friends or family or to carry out a business activity.
<b>UK national</b>	<p>A UK national is the term referred to in this document to describe those people who are regarded as UK nationals for EU law purposes. The term 'United Kingdom national' is not defined in the nationality law of the United Kingdom. However, the UK has made various declarations setting out the definition of its nationals for Community/EU law purposes. In the declaration made by the United Kingdom in 1982 (OJ C 23), it was stated that the term 'UK national' when used for Community/EU purposes is 'to be understood to refer to: a) British citizens, b) Persons who are British subjects by virtue of Part IV of the British Nationality Act 1981 and who have the right of abode in the United Kingdom and are therefore exempt from United Kingdom immigration control, and c) British Dependent Territories citizens who acquire their citizenship from a connection with Gibraltar'.</p> <p>The UK affirmed this definition in a further declaration annexed to the Final Act of the Intergovernmental Conference which Adopted the Treaty of Lisbon (OJ 2010 C 83/335), with the exception of an update so that the reference to 'British Dependent Territories Citizens' (as referenced above at point c) should be read as meaning 'British overseas territories citizens'.</p>

## **ANNEX A: RECENT REPORTS OF THE MIGRATION ADVISORY COMMITTEE (MAC)**

### ***MAC report on EU migration***

A1 The MAC was commissioned in July 2017 to report on the impact on the UK of EEA migration.

A2 The MAC published an interim report<sup>24</sup> in March 2018 and a final one on 18 September 2018<sup>25</sup>. In producing its conclusions, the MAC not only looked at the best available academic evidence (including commissioning new research), but also consulted widely. Over 400 individuals and organisations responded to the MAC's call for evidence, representing every sector of the economy and every nation and region of the UK.

A3 The Government is very grateful to the MAC for its thorough and comprehensive report, as well as to all of those who took the time to contribute evidence.

A4 The MAC makes clear that while migration can bring positive economic and social benefits, free movement is not the only way to manage it and indeed is in some respects sub-optimal. For example, the MAC said: "The problem with free movement is that it leaves migration to the UK solely up to migrants and UK residents have no control over the level and mix of migration. With free movement, there can be no guarantee that migration is in the interests of UK residents"<sup>26</sup>.

A5 The MAC points out that "countries outside the EU set their own immigration policy, and none of them unilaterally give freedom of movement to citizens of other countries"<sup>27</sup>.

A6 The MAC noted the concerns of employers that restrictions on the supply of workers from the EU would limit their ability to recruit, because British workers are unwilling or not skilled enough. While employers have sometimes suggested that EEA workers are higher quality than domestic workers, the MAC concludes that "saying that EEA migrants are, on average, higher quality for the same wage is equivalent, from an economic perspective, to saying that employers can hire the same quality workers for lower wages"<sup>28</sup>. The MAC believes that wages are a critical factor in the recruitment and retention of local workers and that low pay is often the root cause of shortages. They mention social care in this context.

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<sup>24</sup> EEA workers in the UK labour market: interim update

<sup>25</sup> EEA migration in the UK: Final Report

<sup>26</sup> MAC EEA Migration Final Report – Chair's Foreword

<sup>27</sup> MAC EEA Migration Final Report – paragraph 7.7

<sup>28</sup> MAC Interim Report – paragraph 1.53

A7 The MAC recognises employer concerns about availability of labour but say: “It is unsurprising that employers do not welcome restrictions on their ability to hire migrant workers. Running most businesses is very hard and any additional costs or administrative burdens unwelcome. “While the views of employers are important, they should not be the only analysis or opinion to be considered. Historically, employers were hostile on grounds of cost and burden to the Equal Pay Act and the National Minimum Wage, both institutions now widely thought a ‘good thing’ including by business”<sup>29</sup>.

A8 The MAC report makes clear that while the micro impacts of migration are important to individual businesses and the migrants themselves and that some businesses and sectors have clearly benefitted from migration, the aggregate positive economic impacts at the macro level are small and not significant, compared with other factors affecting economic performance.

A9 A managed migration policy can maximise the economic value, while helping achieve other objectives such as the control of numbers and types of migration.

A10 Furthermore, the MAC says: “It is important to be clear about what the consequences of restricting migration would be. Lower migration leading to lower labour force growth would very likely lead to lower growth in total employment...and lower output growth. It is, however, important not simply to assume that all growth, either at the individual level of the firm or for the aggregate economy, is desirable. It would not necessarily mean lower growth in output per head which is closely connected to living standards. There is little evidence that, over long periods of time, countries that have had higher rates of labour force growth have had higher rates of growth of output per head...There is no obvious clear relationship”<sup>30</sup>.

A11 The MAC has recommended<sup>31</sup> that in the absence of a new negotiated arrangement with the EU on immigration, there is no compelling reason to treat EEA citizens differently from non-EEA citizens. As the MAC has said: “A migrant’s economic impact depends on factors such as their skills, employment, age and use of public funds, and not fundamentally on their nationality”<sup>32</sup>.

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<sup>29</sup> MAC Interim Report – paragraph 1.94

<sup>30</sup> MAC EEA Interim Report – paragraph 1.118

<sup>31</sup> MAC EEA Final Report – paragraph 31

<sup>32</sup> MAC EEA Final Report – paragraph 7.14

A12 The MAC has always taken the view, which the Government shares, that the test of immigration policies should be the benefits they bring to existing residents. The MAC conclude that the evidence indicates that higher-skilled migrants bring a clear benefit to existing residents, while the same is not the case for lower skilled migrants.

A13 The MAC therefore recommends that the “general principle behind migration policy changes should be to make it easier for high-skilled workers to migrate to the UK while harder for lower-skilled migrants”<sup>33</sup>.

A14 The MAC has also advised that “A more selective migration policy could increase the net positive contribution to the public finances”<sup>34</sup>, and pointed out that while in some high-skilled roles, the length of time required to train a domestic worker means that migration may be the only way to alleviate skills shortages, the same is not the case for low-skilled work<sup>35</sup>.

A15 The MAC recognises that any immigration system inevitably creates winners and losers<sup>36</sup>, but a focus on higher-skilled migrants is likely to be the most beneficial approach. More generally, the MAC concludes that the impacts of EEA migration overall have been small in magnitude, especially when set against other changes, including government policies.

A16 As the MAC notes: “The evidence presented in this report suggests that despite the significant scale of migration from EU countries over the past 15 years, the overall economic impacts have been relatively small with the main effect being an increase in population. EEA migration as a whole has not harmed the existing resident population overall, as has been claimed by some, but also has not had the significant benefit claimed by others. This does not mean that the impact of all migrants is the same”<sup>37</sup>.

A17 In particular, the MAC notes that high-skilled migrants have had greater benefits, particularly in respect of public finances and innovation, than lower-skilled migrants, but that overall impacts are small, in the context of wider trends.

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<sup>33</sup> MAC EEA Final Report – Recommendation 1

<sup>34</sup> MAC EEA Final Report – Chapter 4 Key messages

<sup>35</sup> MAC EEA Interim Report – paragraphs 1.20-1.21

<sup>36</sup> MAC EEA Final report – Executive Summary, paragraph 4

<sup>37</sup> MAC EEA Final report – paragraph 7.7



A18 The MAC considered requests for a regional immigration policy to reflect local labour market conditions or population issues but concluded that: “In line with previous MAC reports, including the Interim Update, we do not recommend introducing more regional variation”<sup>38</sup>. This is mainly, because data on wage levels does not show sufficient variation between regions – except for generally higher wages in London and the South East – to merit a differential policy by region.

A19 The MAC notes that migration policy is an ineffective way to address demographic issues such as falling population. This is best addressed by policies designed to keep employees in the workforce, or policies which tackle the issues causing people to leave a region in the first place.

### ***MAC report on International students***

A20 In August 2017, the Government made a separate commission to the MAC on the impact of international students in the UK. The MAC reported on 11 September 2018<sup>39</sup>. Again, the Government is grateful to the MAC for a thorough and thoughtful report and to all of those who submitted evidence to the MAC.

A21 The MAC concluded that international students make a positive contribution to the UK and that there is very little evidence of a negative impact on UK students or the native population. The MAC said: “On balance, the evidence suggests that the benefits of international students outweigh any negative impacts on the educational experience of international students...What evidence we have suggests no adverse impact on communities”<sup>40</sup>. The Government has always been clear that there is no limit to the number of international students who can come to study in the UK and that it has no intention of imposing one. This is in line with the MAC’s conclusion and the Government has reaffirmed the position following publication of the MAC’s report.

A22 Government data shows that since 2010 the number of visas issued to international students coming to study at UK universities has increased by 27 per cent and, in line with the MAC’s recommendation, the Government is committed to working with the education sector to see whether more can be done to build on this growth.

A23 The MAC recommended that the length of time that postgraduate students should be able to remain in the UK after completion of their studies should be increased to six months, allowing them greater opportunities to look for permanent employment, and that all PhD students should automatically be given a year for this purpose.

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<sup>38</sup> MAC EEA Final Report – Executive summary, paragraph 40

<sup>39</sup> [Impact of international students in the UK](#)

<sup>40</sup> MAC International Students Report – paragraphs 21-22



A24 The MAC also recommended that students should continue to be included in net migration statistics and that continued discussion of inclusion in the net migration target may be damaging the perception of the UK as a welcoming destination for international students. There is no practical way to remove students from the net migration statistics and, as a measure of population, it makes sense to include them.

## ANNEX B: ECONOMIC APPRAISAL

### Executive Summary

The impacts of the proposed Future Border and Immigration System are wide ranging and complex. This assessment aims to set out the potential impacts from these proposals and quantify them where possible. These estimates can only be taken as initial, high-level, indicators of potential type, size, and scale of impacts. Final detailed policy decisions will be set out in immigration rules and accompanied by impact assessments.

It has not been possible to quantify all potential impacts, for example, where there is uncertainty surrounding individuals' and businesses' behavioural response to the new restrictions or routes, or where there are data limitations. Where quantification is not possible, an assessment of who may be in scope of potential policy changes and direction of impacts has been included. The analysis considers which migrants are affected, their potential response to the proposed changes, and what this may mean for the resident population.

This work, undertaken by Home Office analysts, uses an analytical framework developed and agreed across government with departments that have a specific interest in the impact of migration on the labour market and on the wider economy. Alongside Home Office analysis, this note takes account of external research and evidence from the September 2018 MAC report<sup>41</sup> on the economic impact of EEA migrants in the UK, to assess the impact of the potential Future Border and Immigration System.

**Changes at the border** will have two main impacts if adopted: proposals to automate further border entry could reduce travel time costs for some nationalities and administrative costs at the border; while proposals to increase the security of the border (e.g. introduction of a requirement to apply for a 'permission to travel', or requirements to use passports when crossing the UK border) might increase some costs for some visitors.

Proposals for **visitors** would, if adopted, give EEA and non-EEA visitors a maximum six-month duration of stay and may influence the range of permitted activities. The vast majority of visits are for less than fifteen days, suggesting limiting duration of visits to six months may affect a minority of visits, but it is not necessarily the case that these minority of visits account for a similarly small share of economic value from visits. The majority of EEA visits to the UK are for holidays, visiting family or relatives, or transit. These are all permitted under the existing system, alongside some activities for business or study visits.

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<sup>41</sup> Migration Advisory Committee (September 2018), '*EEA migration in the UK: Final report*'

The Government is seeking to negotiate business rules with the EU as a part of the Mobility Framework. The Government intends to simplify and expand the activities permitted and want to discuss this with business, so any impacts from permitted activities for business visitors are uncertain. Decisions to visit the UK are also influenced by wider factors, such as the cost of travel or views of the UK as a destination, which mean that the impacts from proposals on changes to visitor rules or requirements when crossing the border are only some of the factors that influence people to come to the UK.

**Workers** are the largest group of long-term migrants, and the creation of a single system for EEA and non-EEA workers will have the potential to restrict migration of some workers, while extending opportunities for others. Introducing a salary threshold across EEA and non-EEA skilled workers will ensure that workers who make the greatest net fiscal contribution to the Exchequer/economy will continue to be able to come and work in the UK. Removing the cap and lowering the skills threshold for workers in the new skilled route to include some medium-skilled workers (while retaining the salary threshold) will allow employers to employ more, highly paid, non-EEA workers.

While policy proposals are not finalised, imposing a salary threshold and skills threshold could significantly reduce the level of long-term EEA work migration. This will have an impact on the macroeconomy; meaning that GDP is likely to be lower than it would have been under free movement, but with a smaller impact on the GDP per head of the resident population. This latter measure is recommended by the House of Lords and the MAC<sup>42</sup> to illustrate how changes in migration can affect the standard of living for those people already living in the UK. The new arrangements will also have a fiscal cost. Results are presented in Section E.

The impacts resulting from how skilled worker proposals affect flows of long-term EEA national work migration could be somewhat mitigated when looking at the wider package of proposals. Should employers make greater use of temporary migrant workers, or benefit from access to medium-skilled and highly paid non-EEA workers, the contribution towards production and the UK economy these migrants make may help ameliorate impacts from potential reductions in long-term EEA worker flows. Over time we would expect the labour market to adjust to the change in labour supply (e.g. through automation, digitisation, increasing wages) which could further ameliorate the impact.

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<sup>42</sup> House of Lords (2008) '*The Economic Impact of Migration*' and Migration Advisory Committee (2012) '*Analysis of the Impacts of Migration*' for example.

Applying Tier 4 rules to **students** may discourage some EEA students from studying in the UK. There will be additional processes, requirements and costs that could deter some applications. Nonetheless, it is likely that the quality of UK higher education will continue to attract some of the brightest and best to UK institutions.

Increased **digital delivery** could help reduce time to assess applications and communicate decisions, also providing potential benefits for Government resource savings. Options for those without access to, or ability to use, a digital system are being explored.

Changes to **family rules** could have potentially large effects, but there is insufficient data to fully understand the impact. There is also significant uncertainty regarding the impact of **compliance arrangements**. Proposals for **asylum** and the **Common Travel Area** will maintain existing arrangements.

Uncertainty surrounding the impact of the proposed changes reinforces the MAC conclusion regarding monitoring and evaluation. The Home Office will continue to appraise options before final detailed immigration rules are laid in Parliament.

## A. Introduction

### *Drivers of migration*

A person's decision on whether to and where to migrate can be influenced by a wide range of factors; changes in migration policy will be just one. It is important to take account of these external factors when assessing the impacts of migration policy.

A key driver of migration is the relative economic performance and labour market opportunities in home countries compared to potential destination countries<sup>43</sup>. Other drivers of migration include: cultural factors such as knowing people who have had migration experiences or who currently live abroad; being confident in languages; proximity; and views on what it is like to live in a specific place<sup>44</sup>. While the detail of migration policy can have an influence on the desire and ability of people to move to and from the UK, it is far from the only influencing factor.

### *Framework for assessing the impact of migration policy*

Migrants play an important role in the economy. The impact of proposals that affect the number of migrants coming to, or leaving, the UK will be dependent on which migrants are in scope; their characteristics such as their age, income, health and wealth; and the nature of any proposal (for example, who may come to the UK and what they do whilst here). These factors combine to determine the size of the impact on the UK economy. We assess these impacts on the resident population and UK economy under the following broad categories:

- Macroeconomic impacts (for example, economic output, economic output per head, and the impact on the Exchequer);
- Labour market outcomes (for example, the ability of firms to hire migrant workers);
- Spill-over impacts on resident population (for example, cultural exchange or congestion/inflation impacts in local areas); and
- Policy design impacts on users of the system (individuals, businesses and the Government).

Some of these categories are interrelated, such as the link between labour market outcomes and macroeconomic impacts, while some are harder to quantify than others, such as the spill-over impacts of 'cultural exchange'.

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<sup>43</sup> For further detail see Technical Annex published alongside this document.

<sup>44</sup> See Belot and Hatton (2008), "Immigrant Selection in the OECD", Ortega and Peri (2009), "The Causes and Effects of International Migrations: Evidence from OECD Countries 1980-2005", Adserà and Pytliková (2015), "The Role of Language in Shaping International Migration", Beine et al (2010), "Diasporas", Bauer and Zimmermann (1999), "Assessment of Possible Migration Pressure and its Labour Market Impact Following EU Enlargement to Central and Eastern Europe", and Hatton and Williamson (2002), "What fundamentals drive world migration?" for discussion of the contribution of these factors to migration flows for example.

To assess the impact of future policy proposals, we use an analytical framework. We begin by considering a counterfactual ('baseline') against which policy options can be assessed – estimating migrant flows that may be seen in the absence of any policy intervention. Building on this 'baseline', we model policy proposals to estimate how migrant flows may change as a result. These results are then compared to our counterfactual to assess the population impact, which is the basis for estimating the wider economic impacts. These principles apply both to where impacts can be, and cannot be, quantified.

### ***Behavioural change***

Our modelling is not dynamic, meaning estimates of the potential impacts do not attempt to quantify adjustment by firms or the behavioural response of migrants. For example, we do not estimate the extent to which employers may invest in automation as a response to changes in access to migrant labour, nor do we estimate the number of UK workers that might replace lost EU workers. We do, nonetheless, discuss potential behavioural impacts and, where possible, the relevant empirical evidence. When discussing the impact of proposals on workers, we also present analysis of occupations where a change in behaviour may be more or less likely as a response to policy changes<sup>45</sup>.

Figure 4, presented later in this paper, summarises the evidence from the September 2018 MAC report<sup>46</sup> on the impact of EEA migration in the UK, which in line with the well-established literature implies that the impact on the UK labour market from migration on average is small, which may influence how employers respond to change. This evidence suggests that migrants were found to have little or no impact on the overall employment outcomes of UK born workers and has more negative impacts for lower skilled workers and more beneficial impacts for higher skilled workers. The MAC also state "there is a lot of uncertainty about the impact of immigration on productivity, although most studies conclude there is a positive impact"<sup>47</sup>.

### ***Uncertainty***

This analysis should be considered in the context of the wider economy and the labour market being dynamic and continually adapting to an evolving environment. Factors like staff availability and skills, the relative cost of capital and labour, tariffs and supply chains can all change over time and respond to market signals. The economy in which businesses operate is always subject to changes and shifts in trends, and the UK's exit from the EU and changes to migration policy are part of that, alongside changes in the UK's demography, or technical and wider societal changes.

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<sup>45</sup> For further detail see Technical Annex published alongside this document.

<sup>46</sup> Migration Advisory Committee (September 2018), '*EEA migration in the UK: Final report*'

<sup>47</sup> Migration Advisory Committee (September 2018), '*EEA migration in the UK: Final report*'; P50

Any analysis of migration proposals will, therefore, be highly uncertain and there are several ways in which this uncertainty manifests:

- **Data sources** – imperfect data (such as the use of survey data) often mean that confidence intervals can be large;
- **Assumptions** – any modelling requires the use of evidence-based assumptions and expert judgement and migration is no exception; and
- **Behavioural response and change** – predicting response or changes to behaviour can be highly uncertain.

Despite the uncertainty, we are still able to draw conclusions but estimates of the potential impact should be considered taking this uncertainty into account and treated as orders of magnitude rather than precise estimates. Where quantified analysis is presented we have used an illustrative range and assumptions are tested using sensitivity analysis. However, this does not capture all uncertainty around estimates. Further detail is provided within the Technical Annex published alongside this document.

## **B. Context**

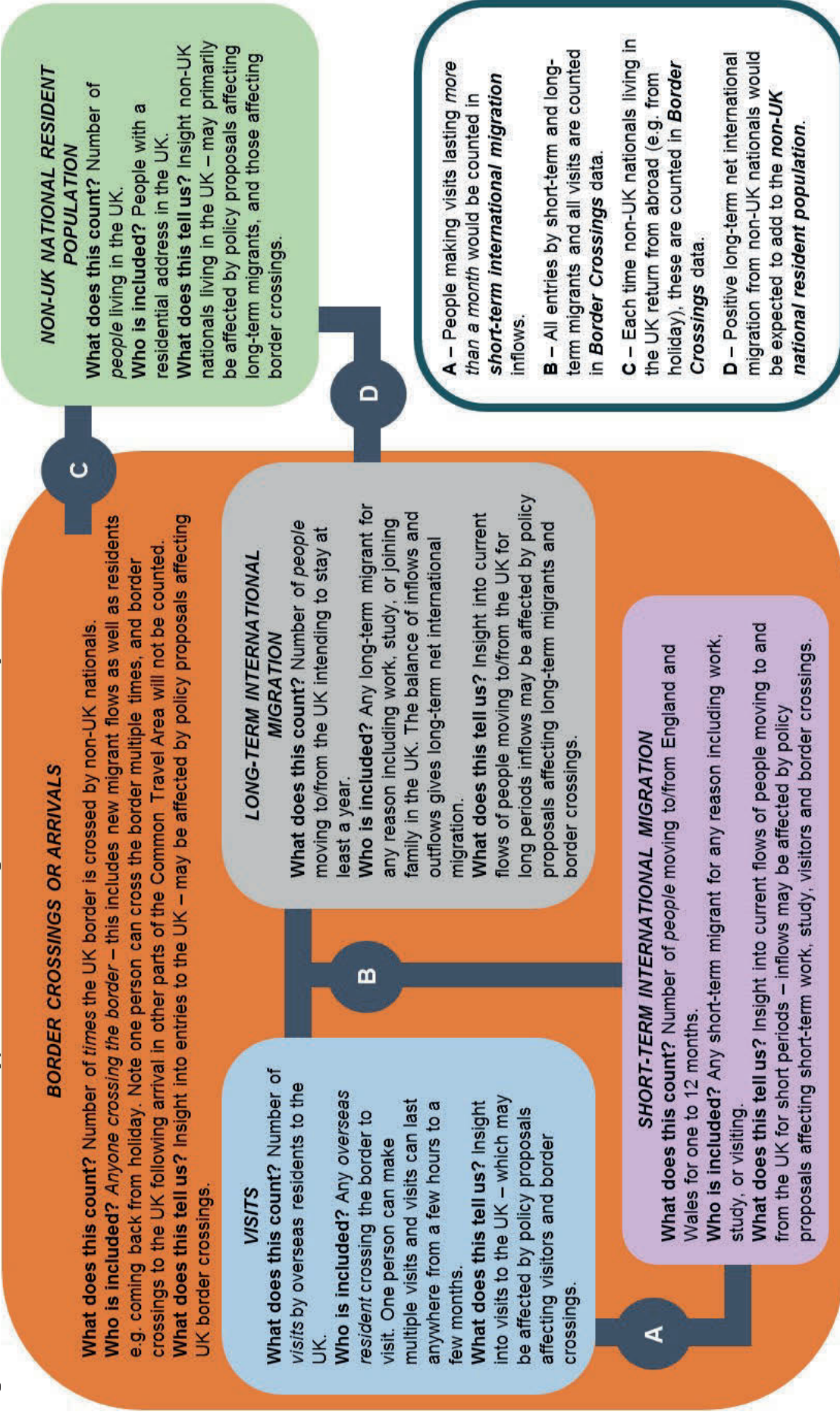
To frame the discussion of the potential impacts of specific proposals, this section provides an overview of what foreign nationals do in the UK, and what the existing research suggests the impacts of migration for the UK economy may be.

Data presented focuses on EEA nationals where possible, given potential changes affecting EU citizens may also be expected similarly to affect EEA and Swiss citizens. Continuation of the Common Travel Area (CTA) means Irish nationals will be able to continue to move freely across the UK border and within the UK, so this note also looks to present data on EEA or EU citizens excluding Irish nationals but again, in some cases, data availability means this has not been possible.

There are different sources of data on people coming to the UK: passenger arrivals, visitors and migrant flows and stocks, all of which are used in this paper. Figure 1 helps illustrate what these different data count, and how the different data relate to each other. This may help understand, for example, why data on short-term migration for visitors differs from data counting the number of visits.



Figure 1: What are the different types of data on migration, what do they count, and how do different data relate to each other?



### ***Foreign nationals in the UK***<sup>48</sup>

There were 5.8 million non-UK or Irish nationals estimated to be resident in the UK between October 2017 and September 2018, making up around 9 per cent of the total population. The UK population is estimated to have increased by 7.1 million between 2001 and 2017, and around half of this increase may be attributable to non-UK (including Irish) nationals<sup>49</sup>.

Of the resident population between October 2017 and September 2018, around 3.4 million were EEA<sup>50</sup> citizens (around 5 per cent of the UK's estimated total resident population) and around 2.4 million non-EU citizens (around 4% of the UK's estimated total resident population). Of those, there were 2.1 million EEA and 1.3 million non-EEA nationals aged 16+ and in employment – accounting for around 7 per cent and 4 per cent respectively of all residents aged 16+ and in employment. Estimates of residents and resident workers discussed in this annex are likely to undercount short-term non-UK national migrants, including those who work. Where short-term migrants do not have a residential address, they will not be covered in survey data providing estimates of residents.

The largest share of EEA and non-EEA nationals in employment can be found in lower-skilled jobs (see Figure 2). Figure 2 also shows that non-EEA nationals resident in the UK are more likely than EEA nationals to work in high or medium-skilled occupations, which is unsurprising, given migration routes for work for non-EEA nationals focus on skilled workers. However, occupational skill level alone does not demonstrate the economic value of a job. Some lower-skilled jobs may be carrying out essential tasks or enabling high-value output in the UK economy, such as administrative staff organising and facilitating meetings that enable contracts to be signed.

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<sup>48</sup> Data in this section uses the term EEA and Non-EEA nationals, both excluding Irish nationals. It is based on Home Office analysis of Annual Population Survey data. It should be noted these data are from a sample household survey. As such, estimates are subject to uncertainty due to sampling variation and weighting processes and will exclude non-resident workers and some of those in communal establishments – as such some groups (e.g. short-term non-resident workers and recently arrived long term migrants in hotels/hostels etc.) may be underrepresented.

<sup>49</sup> Based on data published within ONS '*Population of the UK by country of birth and nationality: 2017*'. Data focuses on EU nationals and includes Irish nationals within estimates of non-UK nationals.

<sup>50</sup> EEA citizens excluding Irish nationals. Resident Irish nationals are estimated at 0.3m in this time period.

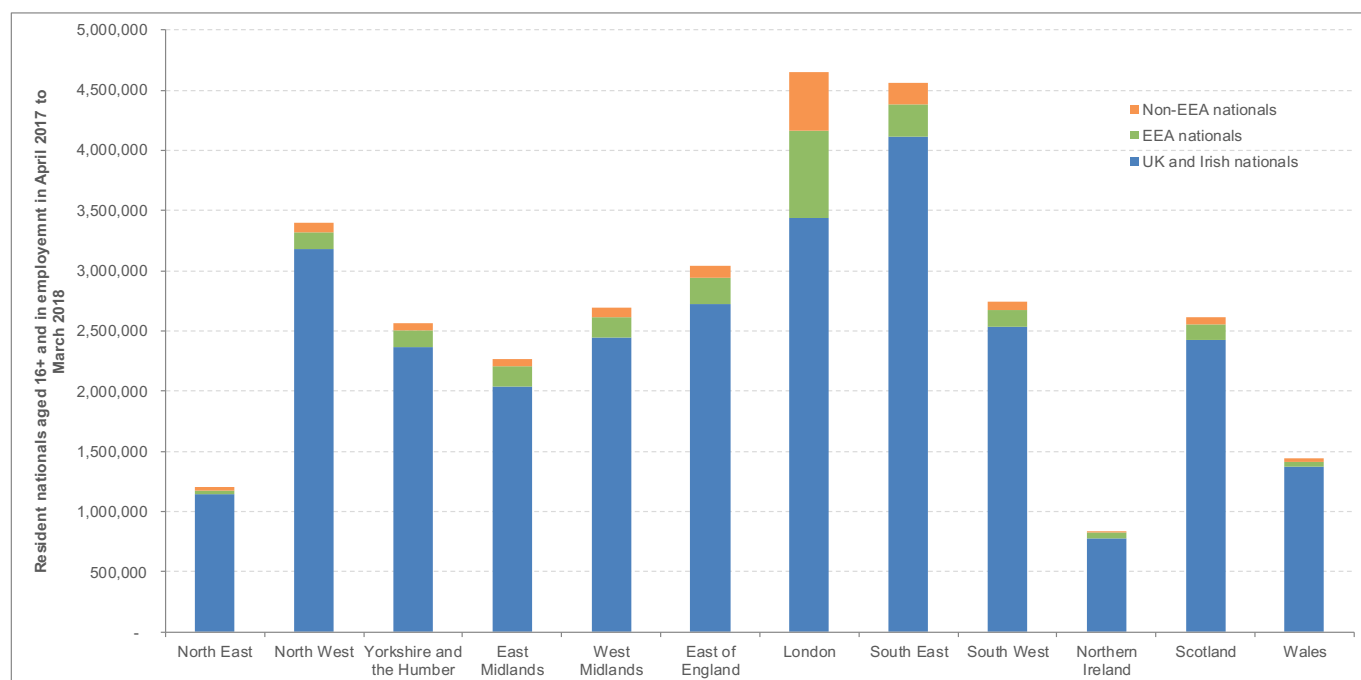
**Figure 2: What are high-skilled, medium-skilled and low-skilled occupations, based on Regulated Qualification Framework (RQF) levels?<sup>51</sup>**

High-skilled (RQF 6+)	Medium-skilled (RQF 3-5)	Low-skilled (below RQF3)
<ul style="list-style-type: none"> <li>• These jobs require skills at degree level or above</li> <li>• Occupations include:               <ul style="list-style-type: none"> <li>• <i>Health professionals</i></li> <li>• <i>Teaching and education professionals</i></li> <li>• <i>Chief executives and senior officials</i></li> <li>• <i>Engineering professionals</i></li> <li>• <i>Musicians</i></li> <li>• <i>Advertising/ PR directors</i></li> <li>• <i>Natural and social science professionals</i></li> </ul> </li>   <li>• <b>Around 20% (~450k) of EEA nationals and 35% (~450k) of non-EEA national residents in employment.</b></li> </ul>	<ul style="list-style-type: none"> <li>• These jobs require skills between A-level and Foundation Degree; or Higher National Diploma level</li> <li>• Occupations include:               <ul style="list-style-type: none"> <li>• <i>Driving instructors</i></li> <li>• <i>Farmers</i></li> <li>• <i>Furniture makers and other craft woodworkers</i></li> <li>• <i>Science, engineering and production technicians</i></li> <li>• <i>Hotel/restaurant managers</i></li> <li>• <i>Air and rail travel assistants</i></li> <li>• <i>Plumbers</i></li> </ul> </li>   <li>• <b>Around 25% (~550k) of EEA nationals and 25% (~300k) of non-EEA national residents in employment.</b></li> </ul>	<ul style="list-style-type: none"> <li>• These jobs require skills at GCSE level or below</li> <li>• Occupations include:               <ul style="list-style-type: none"> <li>• <i>Care Workers</i></li> <li>• <i>Bank and Post Office clerks</i></li> <li>• <i>Van, bus, taxi, and HGV drivers</i></li> <li>• <i>Bar staff</i></li> <li>• <i>Sales assistants and retail cashiers</i></li> <li>• <i>Assemblers</i></li> <li>• <i>Customer service occupations</i></li> <li>• <i>Hospital porters</i></li> <li>• <i>Secretarial and related occupations</i></li> </ul> </li>   <li>• <b>Around 55% (~1,150k) of EEA nationals and 40% (~500k) of non-EEA national residents in employment.</b></li> </ul>

Figure 3 illustrates resident EEA and non-EEA account for small shares (around 5-10 per cent) of residents in employment in most English regions and Devolved Administrations, but within London this is around one in four residents in employment. Around 32 per cent of resident EEA and around 40 per cent of resident non-EEA nationals in employment live in London, compared to around 12 per cent of resident UK nationals.

<sup>51</sup> The RQF is a framework to help understand the level of qualifications someone holds, and in this case this framework is applied to assess the level of qualifications that may be required to undertake a specific job. It does not necessarily reflect the highest qualification someone doing a job holds. Occupations listed are not an exhaustive list of occupations that fall within each category. Data presented based on Home Office analysis of Annual Population Survey April 2017 – March 2018. Data is rounded to nearest 50,000 or 5 per cent.

**Figure 3: How does employment by nationality vary by English region and Devolved Administrations?<sup>52</sup>**



A number of publications provide further detail on the characteristics of and labour market outcomes for resident EEA nationals in employment, and some comparisons with non-EEA nationals. Further information is provided by the Migration Advisory Committee, the Office for National Statistics and the House of Commons Library<sup>53</sup>.

### ***Impact of migration***

Evidence as to whether migration has a positive or negative economic impact on the UK economy is mixed and depends on the individual characteristics of the migrants analysed. However, there is consensus that the overall impact will be small when spread over the general population. The recent MAC report on the impact of EEA migration<sup>54</sup> summarises evidence on a number of economic and social themes (Figure 4).

<sup>52</sup> Data presented based on Home Office analysis of Annual Population Survey April 2017 – March 2018. This excludes those where nationality is classified as unknown.

<sup>53</sup> See Migration Advisory Committee (2018) '*EEA-workers in the UK labour market: Interim Update*', ONS (2017) '*International immigration and the labour market, UK: 2016*' or House of Commons Library Briefing Paper 8069 (2017) '*Employment of other EU nationals in the UK*'.

<sup>54</sup> Migration Advisory Committee; EEA migration in the UK: Final Report; September 2018. All quotes in this section are taken from this source.



**Figure 4: Summary of the evidence on the impacts of migration**

Theme	Impacts
<b>Employment and wages</b>	Migrants were found to have ‘no or little’ impact on the overall employment and unemployment outcomes of the UK-born workforce, and migration was not found to be a ‘major determinate’ of the wages of UK born workers. When considering the impact on the resident population, it was found that migration has a more beneficial impact on higher skilled workers, and a more negative impact on lower skilled workers.
<b>Productivity, innovation, investment and training</b>	The MAC report summarised the impact of migrants on productivity, reporting that the evidence shows that immigration has a “positive impact on productivity but that results are subject to significant uncertainty”. Available evidence suggests that “high-skilled immigrants make a positive contribution to the levels of innovation in the receiving country”. There was little evidence of the impact on training and investment, but the MAC concluded that “there is no evidence that migration has had a negative impact on the training of the UK-born workforce”.
<b>Consumer and house prices</b>	The MAC suggest immigration may have reduced prices of some personal services and may contribute to house price increases; but noted wider factors can also have an influence on prices. The impact on house prices was found to be more pronounced in areas where it is harder for the housing stock to increase with demand.
<b>Fiscal balances</b>	The MAC commissioned a separate report by Oxford economics <sup>55</sup> which estimated the fiscal impact of EEA migrants. It found that most working EEA migrants had a positive impact on public finances. The net fiscal contribution is related to migrant characteristics (age, family status and earnings) but also the state of public finances.
<b>Public services</b>	Migrants were found to have a positive impact on health and social care, through their provision of labour in these sectors, and their relatively limited use. The MAC found little evidence of a negative impact on education but concluded that there might be some impact on social housing.
<b>Community</b>	Evidence was limited. Where the MAC were able to draw conclusions, they suggest that ‘migration does not affect crime”, and that they find “no evidence that migration has reduced the average level of subjective well-being in the UK”.

The MAC conclusions are important when considering migration policy changes, and the impact on the economy – and these findings inform discussion in the following sections. However, the MAC report did not consider impacts of specific policy proposals, which this document provides.

<sup>55</sup> Oxford Economics (June 2018), “*The Fiscal Impact of Immigration on The UK: A Report For The Migration Advisory Committee*”.

## C. A Secure and Smooth Border

The first set of proposals assessed relates to foreign nationals crossing the UK border. Around 60 million UK border entries were made by foreign nationals in 2017<sup>56</sup>. These include entries from people here for short periods such as tourists or business visitors alongside those here to work, study or live in the UK for longer periods. The UK's Future skills-based Immigration System proposes a series of changes that could primarily, but not exclusively, affect EEA nationals.

This analysis considers the impacts of the proposed policies on the total number of people crossing the border, and the economic impact. It is important to highlight that policy changes are one of many factors that influence a person's decision to enter the UK, and the impact should not be assessed in isolation. Other factors, which may influence visitors, include:

- **Exchange rates:** A fall in the exchange rate means it is cheaper for overseas visitors to come to the UK. Since the financial crisis, sterling has fallen by almost 35 per cent relative to the dollar<sup>57</sup>, which may have been a factor behind the increase in visits to the UK in recent years, although research suggests it may only be one factor amongst many<sup>58</sup>.
- **Income of visitors:** Research suggests that an increase in income will lead to a higher frequency of long haul travel, whilst lower income tourists will travel on short to medium haul routes<sup>59</sup>.
- **Cost of travel:** Similar to exchange rates, the amount it costs to travel to the UK can influence choices to visit. Research suggests an increase in the cost of air travel by 1 per cent could result in a 0.2 to 0.7 per cent reduction in demand for travel to the UK<sup>60</sup>.
- **The UK as a destination:** Aside from economic factors, people can be attracted to visit the UK for cultural reasons. In a survey of 50 nations in 2017, the UK ranked third for tourism, fifth for culture, and sixth for perceptions of residents and their attitudes towards visitors.<sup>61</sup>

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<sup>56</sup> Home Office 'Immigration Statistics: Year Ending September 2018', Table ad\_01

<sup>57</sup> Sterling exchange rate fall from 1 January 2008 to 1 October 2018, based on Bank of England data.

<sup>58</sup> Exchange rates were shown to have some influence on a destination choice, but it was only a small factor in the overall decision-making process for a visitor. 'Exchange Rate Trends and Travel & Tourism Performance' World - Travel and Tourism Council (2016).

<sup>59</sup> Air Travel Demand, International Air Transport Association Economics Briefing No.9.

<sup>60</sup> Department for Transport (2017) 'UK Aviation Forecasts'; P22.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/674749/uk-aviation-forecasts-2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/674749/uk-aviation-forecasts-2017.pdf)

<sup>61</sup> Visit Britain 'How the world views Britain – 2017'. Based on the GfK Anholt Nation Brands Index - an annual study amongst 20,000 consumers in 20 panel countries around the world. Respondents score 50 nations (including the UK) on a raft of attributes including some relating to tourism, culture and people. Surveys were conducted in July 2017.

## ***Travel Documents***

Under free movement, EEA nationals may use national identity cards when travelling to the UK. Requiring them to use passports instead will directly affect those who currently use identity cards. Indicative Home Office analysis suggests that around two thirds of EEA nationals (excluding Irish and including Swiss nationals) use passports, rather than identity cards<sup>62</sup>. This analysis is based on case notes stored within an operational database to identify which ID documents were submitted with residency applications between October 2016 and December 2017, so focuses on EEA nationals who have interacted with the Home Office, which may not be reflective of the wider EEA population. In addition, this assumes that EEA nationals who use passports as an identity document for travel will have the same likelihood of using a passport as those EEA nationals and their family members who use it to apply for Permanent Residence or a UK Registration Card. Therefore, this may over or underestimate the likelihood for use of passports as an identity document by EEA nationals when travelling to the UK.

The use of passports and identity cards for travel is likely to vary across EEA countries and as such, different nationalities may be affected to different extents. Those who use identity cards to travel to the UK will have several options if a passport is required, and this could impose additional costs on EEA nationals who wish to travel to the UK. These options are as follows:

- **Some may already hold a passport and continue to come to the UK** – this cohort are unlikely to be affected as they can easily change their behaviour to use passports.
- **Some may obtain a passport and continue to come to the UK** – whilst all countries offer a passport to their citizens, the costs and processes for acquiring one may differ, and this could deter some citizens. Those who come for longer-term purposes such as study or business, may be more likely to acquire a passport, than short-term visitors.
- **Some may choose not to come to the UK** – Visitors who choose not to come to the UK may choose to travel to other places instead.

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<sup>62</sup> EEA nationals who apply for permanent residency or registration certificate must supply an ID document to prove their identity. This analysis uses case notes in an operational database to identify which ID documents were submitted with residency applications during October 2016–December 2017. This analysis estimates the usage of passports and may not reflect passport ownership.

While it is not possible to estimate the volume of EEA nationals who may not come to the UK as a result of mandating the use of passports, any reduction in visitors will directly impact the UK economy through reduced tourist spend - estimated to be around £425 per visit by EEA nationals<sup>63</sup> in 2017<sup>64</sup> - and value of activity from business visits. Given the short-term nature of their stay, visitors are not assumed to add substantially to the consumption of public services or changes in house prices.

The potential benefits to the Government of requiring EEA nationals to use passports to enter the UK are also not easily quantifiable. There will be security benefits, as passport data is easier to check and harder to forge. It may also enable more people to use e-gates, which may result in a reduction in queues and create resource efficiencies at the border.

### ***Electronic Travel Authorisation (ETA)***

The proposed introduction of ETAs will affect all non-visa nationals (NVNs)<sup>65</sup> (excluding EEA nationals) entering the UK.

Currently, non-visa nationals (excluding EEA nationals) only require a passport to enter the UK as visitors, and they have little or no contact with the Home Office prior to their arrival. As a result, they only find out at the UK border whether they are eligible to enter the UK.

The proposed ETA scheme is similar to the approach taken by many of the UK's international partners, such as the USA and Canada. The USA introduced their Electronic System for Travel Authorisation (ESTA) in January 2009 and the ETA became mandatory in Canada in November 2016. The concept of obtaining pre-travel authorisation therefore is a familiar concept to many carriers and passengers.

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<sup>63</sup> Data calculated using Visit Britain 'Latest Quarterly Data for UK overall' (based on ONS International Passenger Survey). Data is for 2017 and covers EEA (excluding Irish and overseas resident UK) nationals visiting for any reason. Data provides estimated number of visits, spend, and nights in the UK. The average length of visit for holiday for EEA nationals was estimated at around 6 nights in 2017.

<sup>64</sup> Not all expenditure may contribute directly to the UK economy.

<sup>65</sup> Nationals who, in the majority of circumstances, are not required to apply for a visa to come to the UK if they are visiting for a period of less than six months.



Whilst it is possible that a UK ETA scheme could deter some passengers from visiting the UK, there are numerous factors affecting decisions to visit the UK and it is anticipated that any cost of obtaining a pre-travel authorisation would be small in relation to the cost of travel. The evidence suggests that implementation of similar pre-travel authorisation schemes in other comparable countries, did not have a negative impact on relevant tourist arrivals.<sup>66</sup>

ETAs will give both passengers and carriers more certainty and reduce the costs associated with being refused entry at the border. In 2017, around 12,700 passengers were refused entry at the UK border<sup>67</sup>, and there are several costs associated with doing this:

- **The cost of returning a refused passenger to their country of origin:** The average cost of returning a refused NVN passenger (excluding EEA passengers) has been estimated at £332, which is borne by carriers<sup>68</sup>.
- **Resource costs of interviewing passengers:** This cost is incurred by the Home Office as officer time is required to interview and process these passengers.
- **Cost of detaining passengers:** This cost is incurred by the Home Office as it detains refused passengers before returning them to their country of origin.

Obtaining information on passengers prior to travel also provides security benefits by allowing pre-arrival checks with a greater degree of information than is currently provided and enabling decisions to be made about eligibility earlier in the passenger journey.

### ***Expansion of use of e-gates***

Nationals from the USA, Canada, New Zealand, Australia, Japan, Singapore and South Korea will be allowed to use e-gates to enter the UK from next summer onwards. In 2017, 10.2 million people arrived from these countries and crossed the UK border, constituting over half of all arrivals from outside the EEA<sup>69</sup>.

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<sup>66</sup> For example, see UNWTO & WTTC (2012) 'The Impact of Visa Facilitation on Job Creation in the G20 Economies'; P13

<sup>67</sup> Home Office 'Immigration Statistics: Year Ending September 2018', Table ad\_04. Excluding refusals at juxtaposed ports, all nationalities included.

<sup>68</sup> Based on the average cost of a single flight from the UK to NVN countries, estimated at £332 in 2018/19 prices. This is based on data collected from the International Passenger Survey in 2016-17. Data was collected on the average single fare paid for a flight to the UK from 53 different NVN countries. The price is a weighted average of standard and business class ticket prices according to the total numbers of standard and business class passengers entering the UK from each of these 53 destinations in 2016/17, and assumes flights operate at full capacity. Up-rated from 2016/17 to 2018/19 prices using the ONS GDP Deflator (June 2018).

<sup>69</sup> Home Office 'Immigration Statistics: Year Ending September 2018', Table ad\_03. EEA includes Irish nationals.

Home Office analysis<sup>70</sup> assesses that the impact of allowing low-risk nationals from these countries to use e-gates will lead to a significant reduction in workload at the border, and thus shorter queues. This is expected to create an improved arrivals experience for both passengers from these countries and the remaining non-EEA passengers in terms of shorter queues. The analysis indicates that this improvement can be achieved without a significant negative impact on the EEA and e-gate queues. However, this analysis was primarily based on Heathrow Terminals 3 and 5, and the benefits may differ at ports which receive fewer travellers from the USA, Canada, New Zealand, Australia, Japan, Singapore or South Korea.

### ***Harmonising criminality thresholds***

It is difficult to quantify the number of EEA nationals who would be excluded as a result of applying stricter rules on refusal of entry, removals, exclusion and deportation due to data limitations. While stricter rules may mean fewer people meet them, the impact of this proposal is not discussed in more detail.

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<sup>70</sup> This uses a microsimulation approach, simulating a virtual arrivals hall, feeding in real data on arrivals and passenger mixes, processing times and e-gate numbers. This analysis is still in development phase and therefore it is purely indicative.

## D. Coming to the UK to visit

The Government does not intend to introduce a visit visa regime for EEA citizens, and intends to allow EEA visitors to stay for up to six months in the UK, and to allow EEA visitors to undertake a range of activities during visits. This section focuses specifically on how proposals on permitted activities and durations for visits could impact on EEA nationals' visits to the UK and the associated costs and benefits of these visits<sup>71</sup>.

There were around 22 million visits from EEA nationals in 2017<sup>72</sup>. Given their short-term nature, visitors are not assumed to substantially add to consumption of public services or changes in house prices but may place additional pressure on issues such as transport congestion. Visitors also bring considerable benefits to the economy. The tourism sector has been the fastest growing industry in employment terms since 2010<sup>73</sup>, and EEA and non-EEA national visitors contributed nearly £22 billion to the UK economy in 2017, with an average spend of around £655 per visitor<sup>74</sup>, although not all expenditure may contribute directly to the UK economy. EEA visitors spent, on average, £425 per visit, whilst non-EEA visitors spent, on average, £1,120 per visit.

Future proposals could potentially affect EEA and non-EEA nationals' visiting the UK, for the following reasons:

- **Duration of stay:** We estimate that around 95 per cent of visits from EEA nationals to the UK are for less than fifteen days<sup>75</sup>, which indicates that a limit on the duration of visits to six months may have a minimal impact on tourism, or other visits to the UK.
- **Permitted activities:** The majority of EEA visits to the UK are for holidays, visiting family or relatives, or transit<sup>76</sup>. These are all permitted under the existing system, alongside some activities for business or study visits. Therefore, we may expect the majority of these activities currently undertaken to continue to be permitted.

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<sup>71</sup> Should the proposals be implemented, non-EEA nationals should not see changes and so impacts on this group may be minimal.

<sup>72</sup> Data calculated using Visit Britain Latest Quarterly Data for UK overall' (based on ONS International Passenger Survey).

<sup>73</sup> Based on Visit Britain's 'Visitor Economy Facts'.

<sup>74</sup> Data calculated using Visit Britain Latest Quarterly Data for UK overall' (based on ONS International Passenger Survey). EEA does not include Irish or overseas resident UK nationals. The average length of visit was around six nights for EEA nationals, around 10 nights for non-EEA nationals and around seven nights for all.

<sup>75</sup> Data calculated using 'Visit Britain Latest Quarterly Data for UK overall' (based on ONS International Passenger Survey).

<sup>76</sup> Based on calculations using 'Visit Britain Latest Quarterly Data for UK overall' (based on ONS International Passenger Survey).

- **Business visits:** EEA nationals were estimated to make six million business visits in 2017, around triple the number of non-EEA business visits<sup>77</sup>. Over 95 per cent of business visits from EEA nationals were for less than 15 days<sup>78</sup>, and this indicates that the vast majority of business visits will likely be unaffected by a maximum six-month duration for visits. However, there is uncertainty regarding the economic value of business activity that business visits lasting longer than six months bring to the UK – it may not necessarily follow that over 95 per cent of economic value from EEA business visits is generated from the over 95 per cent of EEA business visits lasting less than 15 days. As outlined in Section E, the government is seeking to negotiate business rules with the EU as a part of the Mobility Framework. We intend to simplify and expand the activities permitted and want to discuss this with business, so any further impacts on business visitors are uncertain. Any changes to the rules for short-term business visitors will be appraised as the policy develops.
- **Permitted Paid Engagements:** Visitors may undertake paid activity if they obtain a Permitted Paid Engagement (PPE) visa. Some current business visits by EEA nationals may include receiving pay in the UK, with the PPE visa potentially providing a route for this to continue, particularly for those who come to partake in activities in the creative and sporting sectors. We are unable to quantify where current EEA visits may relate to the PPE route, as data on reasons for visits are not sufficiently granular.
- **Matching Workers to Vacancies:** Allowing ‘low risk’ visitors to switch into another visa route could enable the labour market to benefit from an additional supply of potential labour.

Based on this, we may expect the majority of visits from EEA nationals to be unaffected by the proposed changes, although there is more uncertainty in the potential value of any activity undertaken during visits that may be affected by proposals. However, other factors (for example, the cost of travel) also influence whether a migrant will visit the UK and so the overall impact on the number of visits is uncertain.

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<sup>77</sup> Data calculated using ‘Visit Britain Latest Quarterly Data for UK overall’ (based on ONS International Passenger Survey). This is for total short-term business visits to the UK. This does not include UK and Irish nationals.

<sup>78</sup> Data calculated using ‘Visit Britain Latest Quarterly Data for UK overall’ (based on ONS International Passenger Survey). This is for total short-term business visits to the UK. This does not include UK and Irish nationals.

## E. Coming to the UK to work

This section appraises proposals for skilled workers, temporary work routes, self-employed workers and mobility arrangements within free trade agreements.

### **Skilled workers route proposal**

Proposals are to create a new route for skilled workers from all countries. For modelling purposes, we have assumed the new route will have the following characteristics:

- there will be no cap on the number of workers;
- the new route will be open to all occupations with a skill level above RQF 3;
- the new route will be subject to a salary threshold;
- employers will no longer be required to carry out a resident labour market test (RLMT);
- those coming to the UK on this route, or switching into this route within the UK, will need an employer to sponsor them; and
- individuals will be allowed to bring dependants, extend their stay, switch to other routes, and in some cases, settle permanently.

To measure the impact of policy proposals, changes are considered against our baseline projection of long-term EEA work-related net migration in the absence of any policy intervention. The change in labour supply measured against this baseline is then used as the basis to assess potential impacts on economic output, government spend and revenue, and distributional impacts for sectors and occupations within the labour market.

The modelled baseline projection of EEA net migration is not a forecast; it captures a pre-referendum world to consider the full effect of EU exit. Additionally, this analysis does not reflect a projection of the future state of the economy, but instead aims to capture changes against the UK economy in its current state. This allows us to explore specific impacts of changes to EEA migration, holding all other factors constant.

The modelling only considers the initial economic impacts relating to proposals and does not quantify potential behavioural responses of firms and migrants or worker inflows under other routes, such as temporary work routes, or implications for non-EEA flows. Modelling is also limited in coverage of the intra-company transfer (ICT) route<sup>79</sup>. As we do not consider longer term adjustment, we provide results over the short term, defined as the first five years of any policy.

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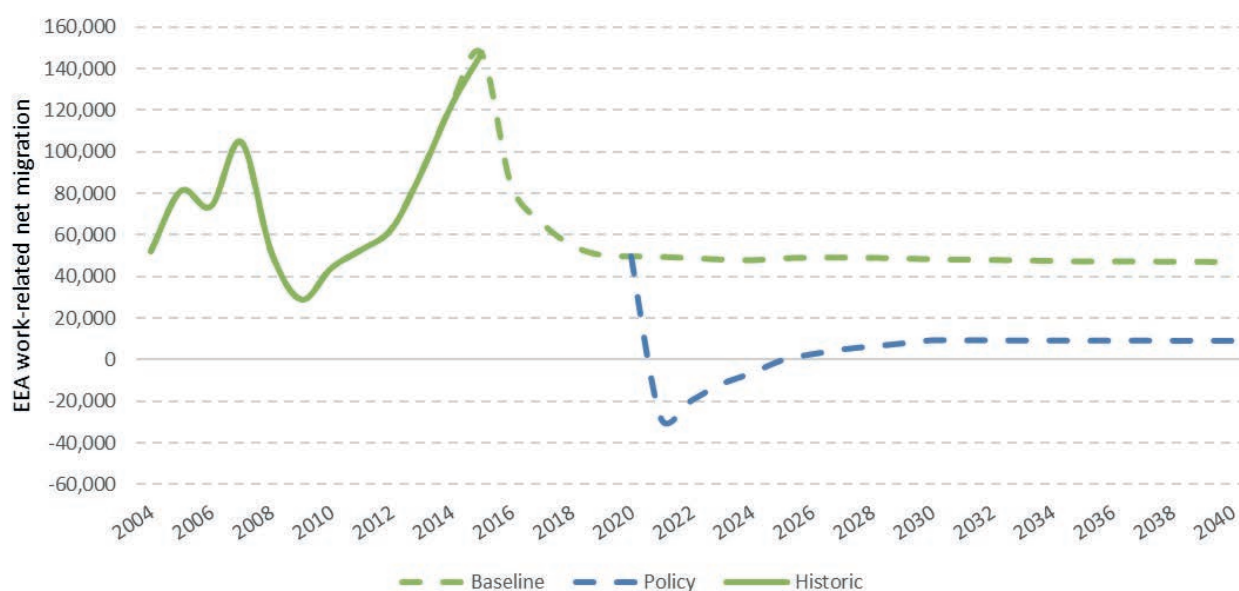
<sup>79</sup> Allowing EEA migrant workers to use the existing intra-company transfer (ICT) route open to occupations with a skill level above RQF6 and meeting current salary threshold.

### Level of long-term EEA work-related migration flows

Applying a salary and skills threshold to EEA workers could have a significant impact on labour supply of EEA workers. We estimate that applying a RQF3+ skills threshold and £30,000 salary threshold (though there will be discussions with businesses and employers on the appropriate threshold) could reduce annual inflows of EEA long-term workers by around 80 per cent<sup>80</sup>. Using our baseline projection of worker long-term migration, we estimate an 80 per cent reduction in inflows could reduce long-term EEA worker inflows to between 10,000 and 25,000<sup>81</sup> per annum in the first five years of the proposed policy.

To estimate the impact on net migration, we also need to make assumptions around outflows of EEA workers and the impact on net migration. To model outflows, we have used data from the International Passengers Survey to estimate how long EEA migrants tend to stay in the UK. Assuming no change in the outflow rate under the new skilled workers route, means outflows do not immediately reduce as inflows fall. Instead they decline more slowly overtime as fewer EEA migrants come to the UK. This could potentially result in a net outflow of long-term EEA migrants in the first few years of the proposed policy (see Figure 5). Using this projection, we estimate between 200,000 and 400,000 fewer long-term EEA workers in the UK by 2025.

**Figure 5: Estimated long-term net EU work-related migration – based on our central estimate.**



The modelling assumes any EEA migrants in occupations with a skill level below RQF6 but above RQF3 would choose to use the skilled route proposal rather than the ICT route. If current ICTs below RQF6 no longer choose to come to the UK, then the analysis presented may underestimate the size of the impact.

<sup>80</sup> Home Office analysis of Annual Population Survey 2014-16 and Annual Survey of Hours and Earnings 2016 modelling described in Technical Annex published alongside this document.

<sup>81</sup> Range around projected inflows based on the average predicted error (Root Mean Square Error) of regression. This is a measure of how well the projection predicted historic data points but does not capture all uncertainty. For further detail see Technical Annex published alongside this document.

Migration flows are extremely challenging to project due to a wide range of potential drivers, which themselves carry inherent uncertainty. These estimates should be seen as highly uncertain. Our analysis provides an indicative range but does not capture all the uncertainty. More detail and sensitivity analyses are provided in the Technical Annex published alongside this document.

Figure 5 shows the estimated initial impact on long-term EEA workers from the proposed policy changes. It does not include the potential behavioural responses of firms and workers, or entry for work under other routes – such as entries under temporary work routes – and any overall change will depend on the combined impact of measures affecting all routes for work. This reduction considers only the impact of a salary and skill threshold on inflows, it does not include further impacts in terms of the behavioural response of migrants to other policy design aspects such as; sponsorship requirements and visa fees.

The analysis also assumes that a £30,000 threshold is applied to all occupations. However, there will be discussions with businesses and employers on the suitable salary threshold and it could be reduced for occupations in shortage, or for new graduates<sup>82</sup>.

In addition, we have not adjusted our modelling to account for the fact that workers are assumed to need a definite job offer to use this route. Currently, around 30 per cent of EEA migrants entering the UK for work-related reasons, come to the UK looking for work<sup>83</sup>.

However, proposals suggest some migrants may be able to come to the UK to visit and switch in to the high-skilled work route – therefore, potential EEA national workers may still be able to enter the UK to look for work, alongside other non-visa national potential workers.

As such discussion of impacts presented should be considered as illustrative ‘order of magnitude’ assessments, and these assessments may be refined before final detailed immigration rules are laid in Parliament.

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<sup>82</sup> See Immigration Rules for currently operational salary thresholds by occupation.

<sup>83</sup> ONS International Passengers Survey March 2018, Table 3



## ***Economic output***

Economic output is a function of labour used and capital employed. Each worker is a unit of labour and contributes to the creation of economic output. If all else is equal, lower work immigration means fewer workers in the economy and therefore lower economic output. Whilst aggregate economic output is an important measure, when considering the economic impact of immigration, it is also important to consider GDP per capita. This is in line with the MAC recommendation that migration policy should be appraised through its impact on GDP per resident population<sup>84</sup>. On this measure, particularly in the short run, impacts will be small on aggregate, but this can mask distributional consequences, such as the impact on different sectors or regions.

We estimate these long-term work proposals could reduce the UK workforce by between 200,000 and 400,000 EEA nationals over the first five years, which we estimate could mean GDP is between 0.4 per cent and 0.9 per cent<sup>85</sup> lower than it otherwise would have been in 2025. This represents a reduction in GDP per capita of between 0.1 per cent and 0.2 per cent in 2025. The impact on GDP per capita takes account of changes in GDP and in the total population. As the total population has also decreased (but by a smaller amount than GDP), the reduction in GDP per capita is smaller than the reduction in aggregate GDP.

As explained above this does not include any potential mitigation of the costs through changes to the non-EEA route, vary salary thresholds by occupation, ICTs or for new entrants, or entries under temporary work routes. It also does not consider how firms and workers could potentially change behaviour in response to changes.

This modelling is consistent with the methodology used by government to estimate the impacts of illustrative migration scenarios on GDP within the Government's EU Exit long-term economic analysis<sup>86</sup>. Migration impacts provided within that publication considered a period of 15-year to be consistent with the long-term trade analysis. The analysis presented in this paper is carried out on a short-time horizon of five years as with any projection exercise in isolation of other potential economic changes, uncertainty can compound over time.

The EU Exit long-term economic analysis found that a purely illustrative long-term migration scenario of zero net inflows of EEA workers, over 15 years, resulted in a central estimate of a 1.8% reduction in GDP in 2035 and a 0.6% reduction in GDP per capita. This scenario did not reflect government policy and was provided for purely illustrative purposes.

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<sup>84</sup> Migration Advisory Committee (2012) '*Analysis of the Impacts of Migration*'

<sup>85</sup> Range around GDP figures is driven by illustrative range around baseline projected inflows. For further detail see Technical Annex published alongside this document.

<sup>86</sup> See Department for Exiting the EU (2018) '*Exiting the European Union: Publications*'



## Fiscal balances

Total revenue from taxes and spending on public services and transfers combine to give the overall fiscal balance. Migrants can contribute to and draw on public finances, which has implications for the overall fiscal balance. The impact on the exchequer can have implications for both current public funding and future spending decisions. If a migrant contributes more in tax than they consume in public services and transfers, they represent a net contributor to the UK's fiscal balance. As EEA migrants are often young with few dependants they tend to consume less in terms of public services and have a lower fiscal cost/greater fiscal benefit than the resident overall migrant population. For example, analysis conducted by both the MAC and the Home Office estimated that an EEA national aged around 20 with no dependants would only need to earn between £10,000 and £15,000 to provide a positive fiscal contribution<sup>87</sup>.

To estimate the impact on the Exchequer we consider both a reduction in public spending and tax revenue (both direct and indirect) as a result of the long-term work proposals. We use the latest data (2016/17) on government spending and tax revenue to estimate fiscal contributions of future EEA migration relative to today's economy. As we are considering the fiscal contributions of newly arrived EEA nationals we use a 'marginal' approach to measuring the impact of migration and, therefore, only consider costs which are likely to vary with additional individuals moving to the UK.

We estimate that this reduction in long-term EEA migrants could have a cumulative fiscal cost of between £2 billion and £4 billion over the first five years (2021-2025). This approach considers the cumulative change in long-term EEA migrant volumes over this five-year period, capturing not just the reduction in net migration in year, but the subsequent years in which a migrant would have been in the UK.

This provides an order of magnitude estimate of the impact of lower long-term EEA migration relative to today's economy and does not capture any adjustment of individuals and firms or mitigation of costs through changes to the non-EEA route, or entries through temporary work routes. Neither does it account for potential variations in salary thresholds for ICTs, new entrants or occupations in shortage.

Any benefit access rules have not been explicitly captured in the modelling at this stage. However, lower migration levels and a move towards greater higher-skilled and higher-earners would naturally result in lower benefit expenditure – our modelling does account for this. We provide full details of the approach used in the Technical Annex published alongside this document.

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<sup>87</sup> Migration Advisory Committee (September 2017), '*EEA migration in the UK: Final report*'; paragraph 4.14

## Labour market impacts

Changes to work-related migration flows can have significant impacts on the labour market and how labour is allocated across the economy. This in turn has implications for public services, the composition of the economy in the future, and is also closely linked to future macroeconomic outcomes and distributional consequences for the existing native workforce.

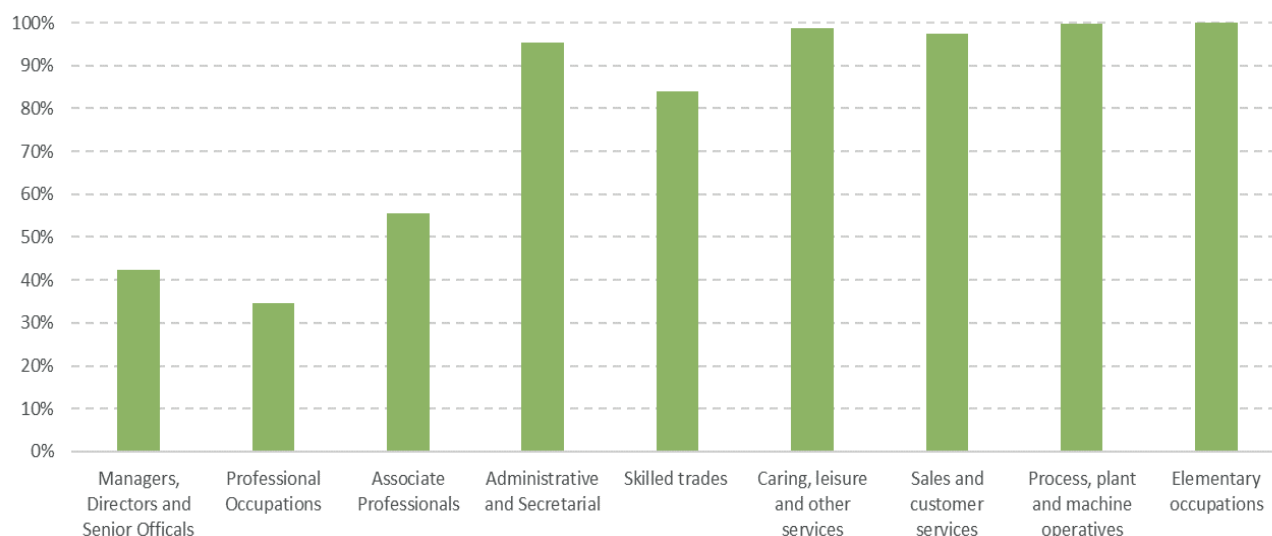
Figure 6 and Figure 7 illustrate the impact of changes to EEA long-term worker inflows for different occupations and sectors. The skilled worker policy proposal may initially affect all long-term EEA inflows to occupations under RQF3, such as elementary occupations and process, plants and machine operatives. We also estimate that some higher skilled occupations may be affected, such as IT and telecommunications professionals and teaching and educational professionals<sup>88</sup> where a relatively large share of employees within the occupation currently earn below £30,000. These figures focus on the annual inflows of long-term EEA migrants to sectors and does not necessarily represent a large proportion of the overall resident workforce.

It is important to remember that this analysis does not capture any adjustment of individuals and firms or mitigation of costs through changes to the non-EEA route, or entries under a temporary work routes. Neither does it account for the impact of a Shortage Occupation List, which could lower the salary threshold for occupations that the MAC finds are in shortage. We provide full details of the approach used in the Technical Annex published alongside this document. As discussed within the 'Behavioural Impacts' section below, this analysis also assumes past trends reflect future trends in terms of what is produced in the UK and how it is produced. Impacts may differ should production methods or outputs differ from past trends.

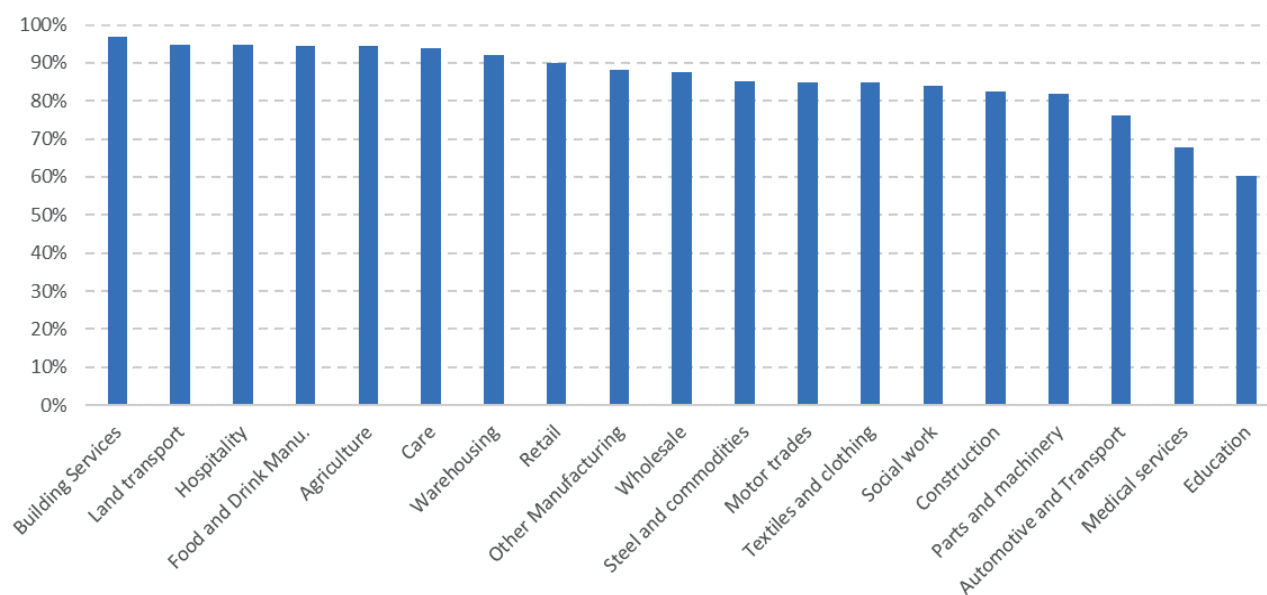
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<sup>88</sup> These occupations are found within the 'Professional Occupations' column of Figure 6.

**Figure 6: Proportion of projected long-term worker EEA inflows to occupations which would be affected by an RQF 3 and £30,000 threshold**



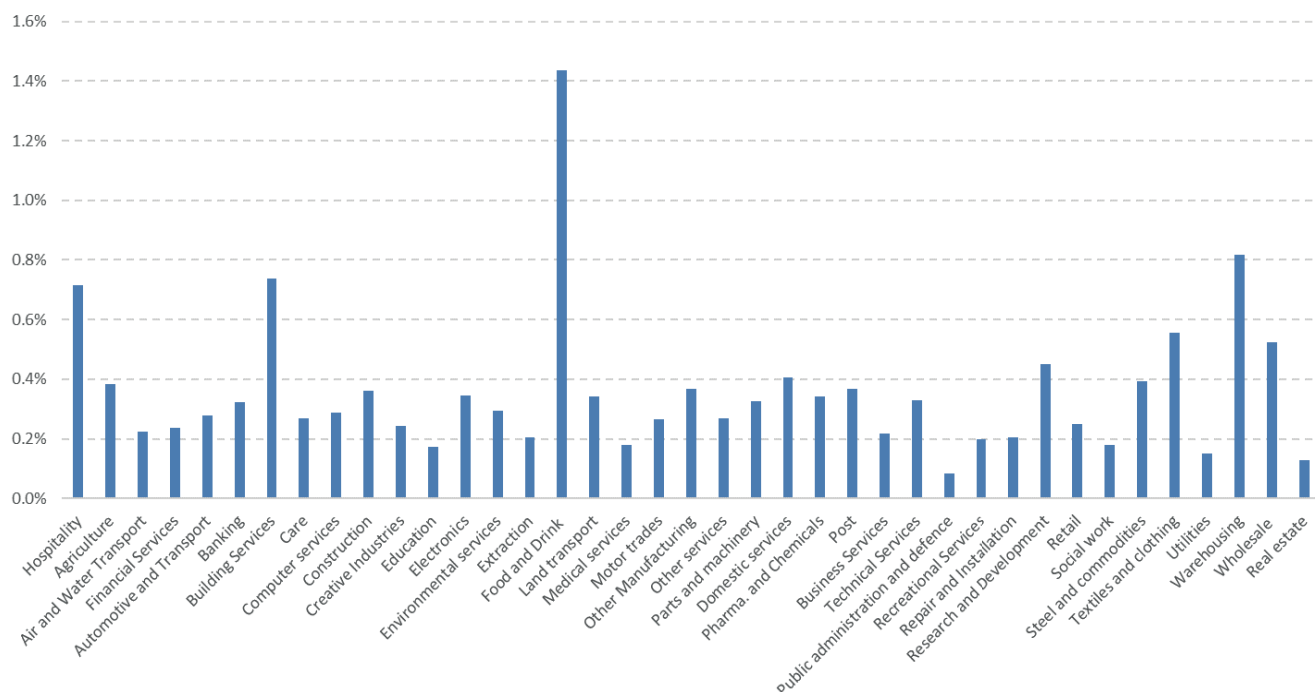
**Figure 7: Proportion of projected long-term worker EEA inflows to sectors which would be affected by an RQF 3 and £30,000 threshold<sup>89</sup>**



As noted above, this reduction in EEA inflows does not necessarily represent a large proportion of the overall resident workforce. To capture the potential magnitude or importance of policy impacts for those sectors affected, it is important to consider them in the context of the size of the total workforce and the composition of recent employment growth. Figure 8 below sets out the estimated annual inflow of EEA workers to sectors relative to the total size of their labour force.

<sup>89</sup> Chart includes a selection of 39 sectors

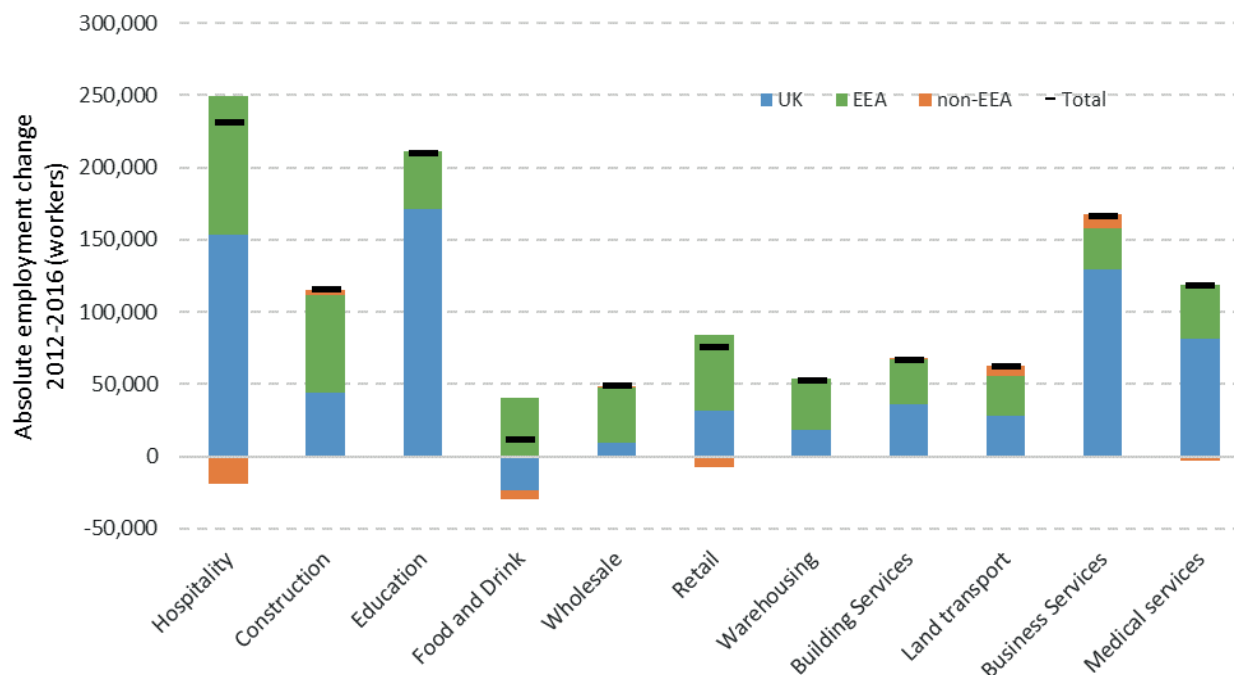
**Figure 8: Baseline projected long-term worker EEA inflows as a % of total resident workforce<sup>90</sup>**



In all sectors, the estimated annual inflow of EEA migrants makes up a small part of the overall sector labour force, at most 1.4 per cent. However, there are also sectors that have seen high proportions of their employment growth come from EEA workers. **Error! Not a valid bookmark self-reference.** below looks at the composition of recent employment growth within sectors, illustrating the EEA contribution to total sector employment growth. We have focused on sectors that have seen the most EEA employment growth between 2012 and 2016. There are some sectors included, such as food and drink, retail and warehousing, where EEA nationals have contributed the majority of total employment change. These sectors are also those identified in Figure 7 as most affected by this policy.

<sup>90</sup> Total workforce based on Home Office analysis of Annual Population Survey 2014-16. Note that percentages here also mask any regional variation.

Figure 9: Top sectors for long-term EEA employment growth (2012-2016)<sup>91</sup>

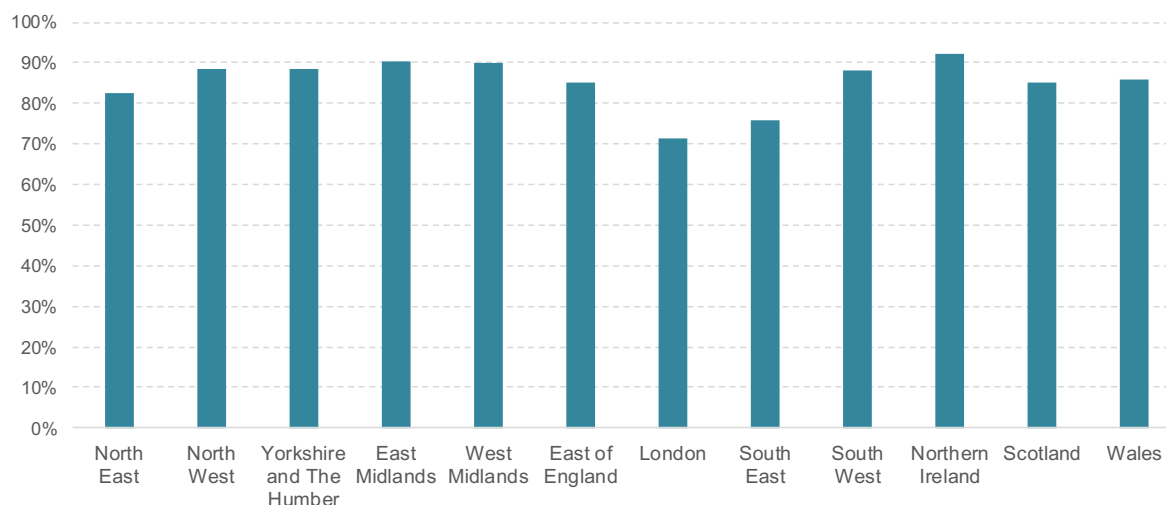


### Regional impacts

There will be geographical variation in the impacts of the policy proposals. How different English regions and Devolved Administrations are affected will depend on the size of the area's EEA workforce and geographical differences in occupational mix and earnings. London is the region in which most EEA residents in employment work, as a result, it is the region most affected in terms of the volume of EEA workers restricted – around 32 per cent of inflows affected are estimated to work in London. However, higher wages within this area also mean a smaller proportion of the inflows are affected compared to other parts of England and the Devolved Administrations with lower average earnings. **Error! Reference source not found.** illustrates the estimated impact of changes to EEA long-term worker inflows for different English regions and the Devolved Administrations of Scotland, Wales and Northern Ireland.

<sup>91</sup> Home Office analysis of Annual Population Survey 2012-16.

**Figure 10: Proportion of projected long-term EEA worker inflows to English regions and Devolved Administrations which would be affected by an RQF 3 and £30,000 threshold**



### ***Labour market functionality***

The impact of the policy proposals on how the labour market functions are mixed. Labour market flexibility would be expected to be reduced for EEA nationals who require a sponsor and to meet salary and skill thresholds to qualify under the skilled worker route – where the ability to move between roles and for labour to move freely into any vacancy may be expected to reduce.

Abolishing the resident labour market test will reduce burdens on employers looking to hire non-EEA migrants to fill skilled vacancies and can be expected to reduce the cost of hiring skilled non-EEA nationals. Allowing non-EEA nationals to work in medium-skilled occupations could improve the efficiency of matching between workers and jobs and increase the potential labour supply for some employers.

### ***Behavioural impacts***

The analysis presented above identifies the initial impact of potential policy changes. It assumes that migrants who meet the assumed skill and salary thresholds will continue to come to the UK and does not consider any behavioural response in response to a stricter migration system or increased administrative burdens.

It also makes no assumption for potential behavioural responses of employers and market adjustment. The labour market is dynamic and, as with any change in environment, we would expect markets to adjust and reallocate resources to their most productive use – at least in sectors where output and wages are primarily governed by market forces.

How employers choose to adjust and the relative ease with which this can be done will depend on the specific characteristics of an occupation (in particular, whether it is governed predominately by market forces) as well as wider economic factors. The profile and length of time taken to adjust and reallocate resources can vary, and it is expected that employers' responses will vary in terms of how, what or whether they continue to provide goods and services. The economic impacts of these responses are not included within the costs discussed in sections above.

### ***Impacts on skilled occupations***

To provide an assessment of occupations which may face challenges adjusting to policy proposals and a sense of the importance of impacts we have produced an assessment of skilled occupations most affected<sup>92</sup> under the assumed salary and skill thresholds. We consider a set of three indicators:

- **Potential scope for adjustment** – This indicator aims to measure the ability of occupations to adjust to unexpected changes in the labour market, either by substituting labour for labour or by substituting capital for labour. We identify factors which may hinder employers' ability to substitute labour for labour such as: those currently experiencing labour shortages, those with relatively little underemployment and those with a high public-sector workforce. We also consider potential scope for substituting capital for labour in the form of automation. As a whole this can provide an indication of occupations potentially facing challenges based on our chosen criteria. However, it does not capture all the ways employers may adjust to policy changes.
- **High wage or high contribution to public services** – This indicator highlights occupations of high economic importance based on average wages. It also highlights those occupations within sectors key to the delivery of public services (i.e. health, education, social work, care and public administration)<sup>93</sup>.
- **Recent reliance on EEA migrant labour** – This establishes how reliant an occupation has been on long-term EEA migrant labour, by looking at the absolute and proportional EEA employment growth in each occupation between 2012 and 2016.

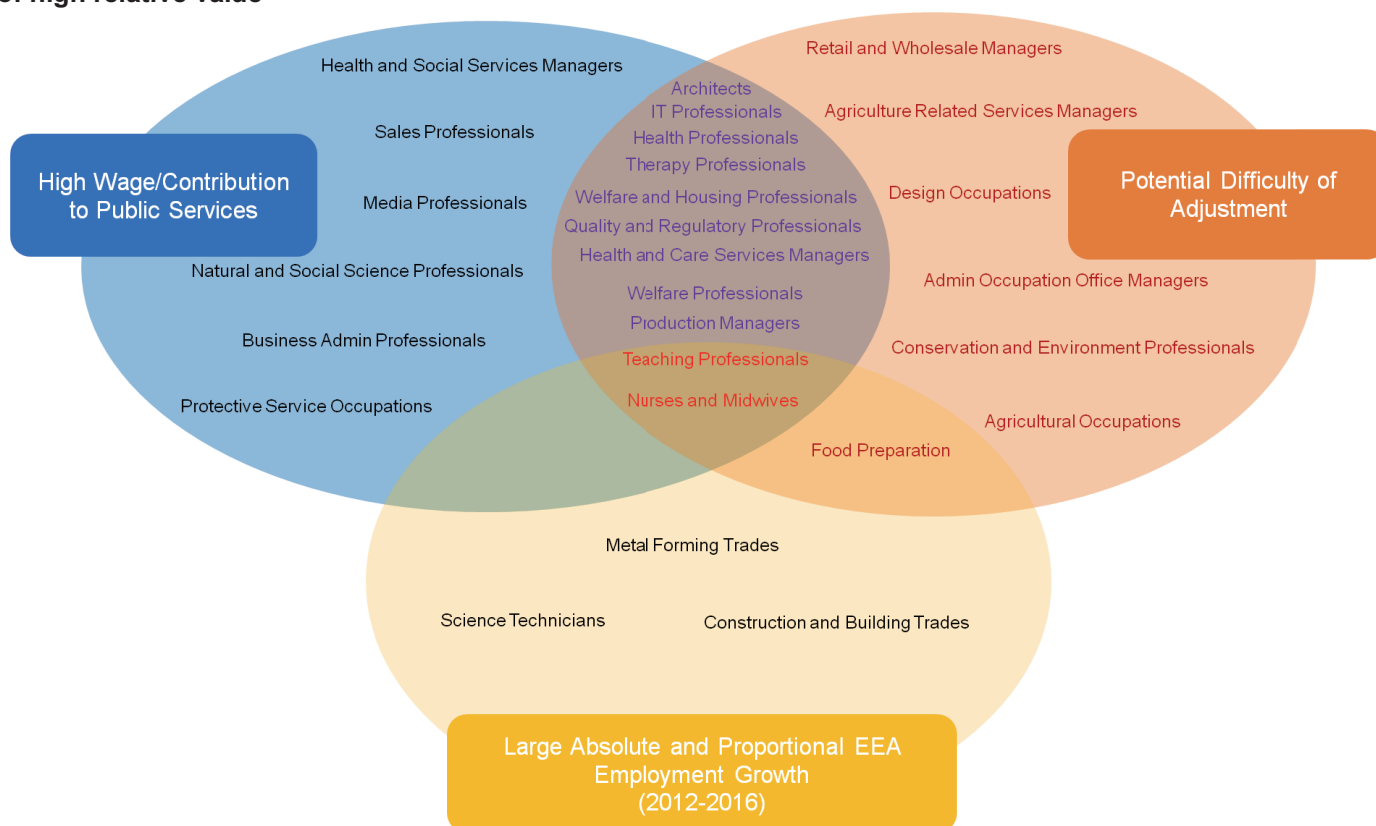
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<sup>92</sup> We classify this as a reduction in EEA inflows of over 25 per cent.

<sup>93</sup> This is just one measure of economic and public value. We judge those occupations with high public value-based on whether they contribute directly to key public services across five sectors. There are, however, other sectors with positive spill-overs or important to fulfilling government objectives.



**Figure 11: High and medium skilled occupations facing labour market adjustment difficulties and of high relative value<sup>94</sup>**



Skilled occupations illustrated rank highly for the relevant criteria

Of 56 broad occupation<sup>95</sup> with a skill level of RQF3 and above, we identify 49 which could potentially see a reduction in EEA long-term worker inflows over 25 per cent. Of these skilled occupations we identify 18 which may face labour market adjustment difficulties, based on a combination of the factors discussed above. Occupations that may face adjustment issues can be categorised into three broad categories:

- **High wage and public services contribution and hard to adjust** – Some occupations identified as potentially facing adjustment difficulties are also identified as being of high economic and public value (either due to their contribution to key public services or high relative wages). However, our analysis indicates that they have not been heavily reliant on long-term EEA migrant labour in recent years. Examples include health professionals, welfare professionals and health and care services managers.

<sup>94</sup> Occupations are presented at a 3-digit standard occupation classification (SOC) level. Further details are provided within the Technical Annex.

<sup>95</sup> At a 3-digit standard occupation classification (SOC) level.

- **Heavy reliance on long-term EEA migrant labour and hard to adjust** – Some occupation identified as facing potential difficulties have also seen heavy reliance on long-term EEA migrant labour as a result the impact of labour supply changes could be significant on these occupations. Examples include food preparation occupations.
- **High wage and public sector contribution, heavy reliance on long-term EEA migrant labour and hard to adjust** – These occupations have high economic or public value, have been heavily reliant on long-term EEA migrant labour and may find adjustment to labour market changes difficult. Examples include teaching professionals and nurses and midwives.

The analysis above focuses on occupations for which adjustment might be more challenging; however, we can also build on this analysis to identify occupations where there is relatively more scope for employers to increase wages in response to a reduction in EEA long-term labour supply. We expect that the occupations most likely to raise wages to continue to hire long-term migrants (both EEA and non-EEA nationals) would be those where the average salary is close to or above a £30,000 threshold. These occupations may only require a relatively small increase in wages for the majority of workers to meet the proposed salary thresholds. If employers do raise wages this may help to attract UK workers to the role.

The Technical Annex provides further details on a small number of occupations where the majority of workers earn close to the assumed £30,000 threshold and could see increasing wages as a realistic option. Occupations more likely to be able to increase wages are thought to be occupations that have seen recent growth in wages<sup>96</sup>; occupations, which have become increasingly reliant on migrant labour; and occupations with a low hard-to-fill vacancy rate<sup>97</sup>.

### ***Impact on non-EEA nationals***

The new skilled route will not differentiate on nationality. The future system represents a shift away from the current policy for non-EEA nationals. Whilst the proposals are more restrictive for EEA workers, they loosen some restrictions that currently apply to long-term non-EEA, potentially offering greater opportunities to employers looking to source skilled labour.

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<sup>96</sup> If occupations have seen positive wage growth, then it is possible that employers may be more able to adjust salaries upwards towards the threshold.

<sup>97</sup> A high hard-to-fill vacancy rate may indicate that these occupations have wider structural issues (such as skills shortages and geographical issues) and may not be able to attract non-EEA migrants to fill these vacancies.

Abolishing the current cap for non-EEA nationals coming to the UK via the Tier 2 (General) route is not expected to cause a substantial shift in behaviour by employers currently hiring migrant workers through this route. This is because some occupations, such as doctors and nurses, are currently exempt from the cap<sup>98</sup>; and some, such as those on the shortage occupation list or for PhD skilled roles are given priority under the cap<sup>99</sup>. Together, these occupations accounted for around half of all applications by employers between October 2017 and September 2018.

Employers applying to sponsor roles in other high-skilled occupations may become more willing to hire long-term non-EEA migrants if they believe they are now less likely to have their application refused owing to the removal of the cap. However, this response is also expected to be limited as the number of employer applications is currently below the current cap, meaning that any employer applying to hire a long-term non-EEA migrant in a skilled role that meets the requisite salary threshold would be successful.

Further, the proposed RQF3 skills threshold means there is potential for long-term non-EEA labour supply to increase in some areas, providing that employers are willing to pay the required salaries. Estimating any potential increase in long-term non-EEA migrants is uncertain. Allowing medium-skilled occupations to apply may lead to increased migrant labour. However, this will be constrained by demand, and employers currently have access to a relatively unconstrained labour supply so, unless non-EEA workers have different skills or characteristics to EEA workers, there is not expected to be a substantial impact. There could be some occupations that might increase demand for migrant workers, but we would expect these to be constrained by the salary threshold. Currently, only a third of people working in medium-skilled occupations are earning over £30,000, which suggests the ability for employers looking to hire medium-skilled non-EEA migrants may be limited unless employers alter behaviour.

An increase in long-term non-EEA workers earning over £30,000 could help mitigate some of the estimated GDP and fiscal costs associated with a reduction in long-term EEA workers through the skilled route. However, the extent of this mitigation is unclear and dependent on the scale of any increase in long-term non-EEA workers, as well as factors such as salary level, age and family structure.

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<sup>98</sup> Following changes to the Immigration Rules in July 2018, applications by employers for doctors and nurses do not count towards the annual limit of place under the Tier 2 (General) route.

<sup>99</sup> Shortage and PhD occupations obtain a higher number of points within the points-based system and so are unlikely to be refused. Even in months where the number of applications by employers significantly exceed the monthly limit, no shortage or PhD occupations had their applications refused.

As discussed above, the Technical Annex provides further detail on a small number of occupations where only a relatively small adjustment in wages is required for employers to continue to be able to hire migrants. However, these occupations may still face barriers to adjustment, such as falling wages or a high hard-to-fill vacancy rate, limiting the extent to which employers can increase their demand for long-term non-EEA labour.

The current skill and salary threshold for Tier 2 intra-company transfers are to be kept, and, therefore, non-EEA nationals coming to the UK through this route are not expected to see substantial impacts under the future system.

### ***Impact on lower skilled occupations***

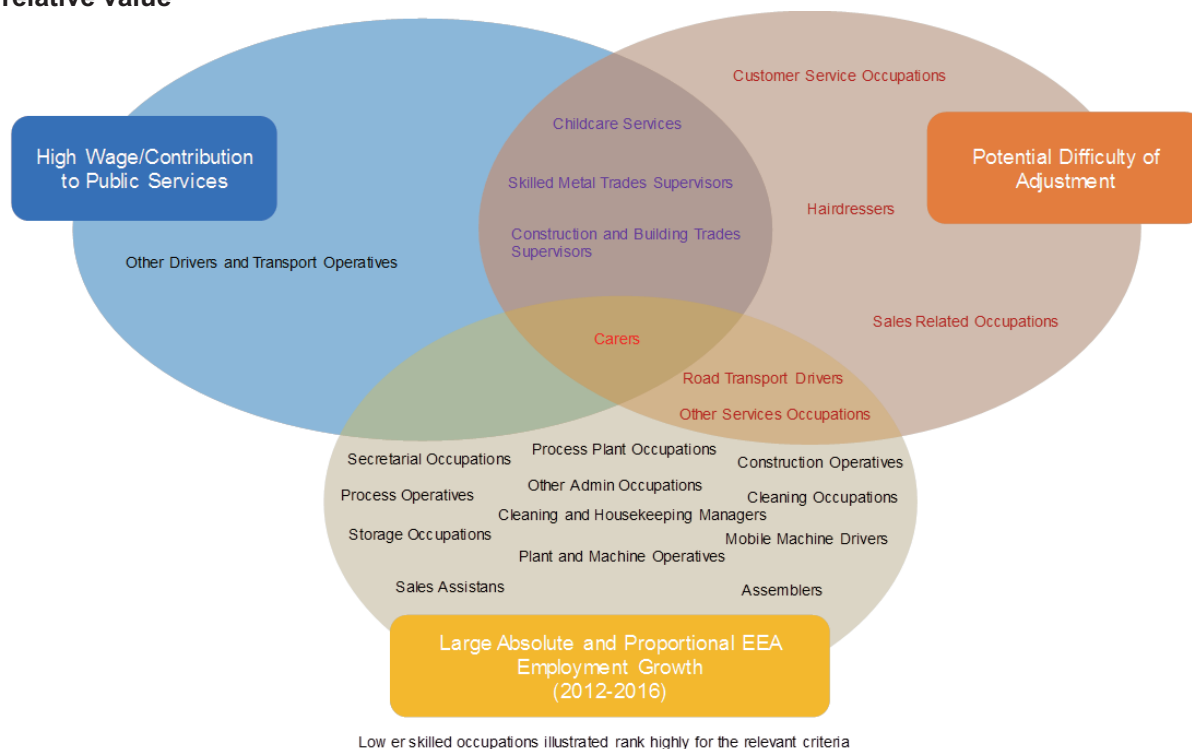
Our discussion of behavioural impacts so far has focused on occupations eligible for the skilled route in terms of a skill level above RQF3. However, we estimate around 55 per cent<sup>100</sup> of resident EEA migrants work within occupations with a skill level below RQF3 and therefore long-term inflows to these occupations would not be eligible for the skilled workers route. This does not necessarily mean there will be no migrant inflows to these occupations; employers would be able to employ lower skilled workers coming under temporary work routes, dependants of UK or other migrants with valid leave to remain in the UK or students working part time. It is uncertain how many EEA or non-EEA nationals may choose to supply labour under these routes or how demand for low skilled non-UK national labour may respond in light of other changes to migration policy for work.

As with skilled occupations, we would expect to see labour market adjustments to policy changes. Using the same three indicators (as above), we have identified lower skilled occupations of particular importance, either due to recent reliance on long-term EEA employment, high wages or contributions to public services or those that may face adjustment difficulties.

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<sup>100</sup> Home Office analysis of Annual Population Survey 2014-16 described in Technical Annex published alongside this document.

**Figure 12: Lower skilled occupations facing labour market adjustment difficulties and of high relative value**



Nine lower skilled occupations are identified as potentially facing difficulties adjusting to policy changes, either due to potential difficulties attracting labour from other sources or in substituting capital for labour by automating.

- Three of these occupations also have relatively high wages, such as construction and building trade supervisors or contribute extensively to key public services such as childcare personal services.
- Two occupations (road transport drivers and other services occupations) have been particularly reliant on long-term EEA labour over recent years.
- Carers are identified as providing a contribution to key public services, which are heavily reliant on long-term EEA migrant labour in recent years.

***Employer and administrative impacts***

A number of potential policy changes will have an impact on employers and the administration of the new scheme.

### ***Resident labour market test (RLMT)***

The MAC believe it is “likely that the bureaucratic costs of the RLMT outweigh any economic benefit”<sup>101</sup> and that the best way to protect against employers under-cutting UK-born workers is a “robust approach to salary thresholds and the Immigration Skills Charge”. This suggests that the main impact from abolishing the RLMT may be a reduction in administrative burdens on employers currently using the non-EEA system. There may also be benefits to employers currently hiring non-EEA workers, as vacancies are filled earlier, and non-EEA workers can contribute towards production in the UK at an earlier point.

If the RLMT does not offer effective protection against employers seeking migrant labour when domestic alternatives are available, it is unlikely the abolition would have substantial impacts on the number of non-EEA nationals recruited.

### ***Sponsorship***

Employers will be affected by any sponsorship system for workers. The Government is seeking to reform the current system and adopt a lighter-touch, risk-based approach.

Whilst familiarisation with a new system may place an upfront cost for existing sponsors, they may benefit from a lighter-touch system, reducing the transactional costs incurred by employers interacting with the sponsorship system.

We would expect some employers currently holding a sponsor licence to seek to employ skilled EEA nationals or non-UK national medium-skilled workers in the future, meaning greater interaction with a future sponsorship system may be needed. Therefore, the benefits from reduced transactional costs to employers each time they hire a migrant may be offset by an increase in the number of times they need to interact with the sponsorship system.

Similar costs may also affect employers not currently using the sponsorship system, but who may want to employ skilled non-UK nationals in the future. Alongside these transactional costs, there may be an additional upfront cost for these employers from obtaining a sponsor licence.

The current cost for a sponsor licence is £1,536 for medium and large businesses, and £536 for small businesses<sup>102</sup>. Future fees are not yet set.

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<sup>101</sup> Migration Advisory Committee (2018) “*EEA Migration in the UK: Final Report*”; paragraph 7.34

<sup>102</sup> See: <https://www.gov.uk/uk-visa-sponsorship-employers/apply-for-your-licence>

The nature of any new system and fees, will determine the size of costs for employers. These factors will also influence the administrative costs borne by, and fee revenue raised, for central government.

### ***Immigration Skills Charge and Immigration Health Surcharge***

The Immigration Skills Charge (ISC) levied on employers may also affect the decision of employers to hire a migrant, as it imposes an additional cost on employers. Equally the imposition of the Immigration Health Surcharge (IHS) on migrants may affect their decision to migrate. The ISC is currently set at £1,000 (or £364 for small or charitable sponsors) for the first 12 months of a worker's employment with a sponsor, and £500 (or £182 for small or charitable sponsors) for each subsequent six months<sup>103</sup>. The IHS is currently set at £400 per year for non-EEA nationals in the country for longer than six months, with a reduced rate of £300 per year for students and those on the Youth Mobility Scheme<sup>104</sup>.

The revenue raised from the IHS and ISC will depend on the number of migrant workers using the future system and length of stay of those workers. In 2017-18 the Government raised around £240 million in revenue from the IHS (of which around £230 million was transferred for NHS expenditure)<sup>105</sup>, and in 2017-18 around £90 million was raised from the ISC<sup>106</sup>.

### ***Administrative costs***

The introduction of visa products with likely fees will have implications for Home Office revenue. Equally, there will be administrative costs with processing any visa products, and decisions around enforcement of any regime will also have resource costs. As policy options develop, we will explore the impact on costs and revenue in more detail.

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<sup>103</sup> See: <https://www.gov.uk/uk-visa-sponsorship-employers/immigration-skills-charge> See <https://www.gov.uk/uk-visa-sponsorship-employers/immigration-skills-charge>

<sup>104</sup> See <https://www.gov.uk/healthcare-immigration-application> and see: <https://www.gov.uk/government/news/health-charge-for-temporary-migrants-will-increase-to-400-a-year> <https://www.gov.uk/government/news/health-charge-for-temporary-migrants-will-increase-to-400-a-year>

<sup>105</sup> Home Office 'Annual Report and Accounts: 2017-18'.

<sup>106</sup> Data based on Home Office Finance analysis.



### **Temporary Work Routes**

The analysis so far relates to long-term migration only (i.e. those intending to come to the UK for more than 12 months). However, temporary migration also plays an important role in the UK labour market, even if routes for temporary migration do not necessarily have to be for work reasons. Estimates for the year ending June 2016 suggests around 157,000 EU (including Irish) and around 15,000 non-EU nationals arrived in the UK for work-related reasons for between one month and 12 months<sup>107</sup>. Temporary work under some routes can last up to two years, for example in the year to September 2018 a total of around 20,000 visa grants<sup>108</sup> were made for entrants under Youth Mobility Schemes (YMS) – although entries under YMS are not necessarily for work.

Temporary migrants may be able to supply labour under the following routes:

- A transitional route for temporary labour of any skill level for low risk nationals for a period of less than 12 months.
- A Youth Mobility Scheme for migrants aged between 18 and 30, from countries with which a YMS is agreed, allowing people concerned to enter and then look to enjoy the social and cultural aspects of living in the UK for up to 24 months, but they may also choose to work.
- Existing temporary routes open to non-EEA nationals, which may also be extended to EEA nationals – Government Authorised Exchange, Charity Workers, Religious Workers, Creative and Sporting Workers, International Agreement.

It is uncertain how many EEA or non-EEA nationals may choose to supply labour under these routes or how demand for temporary migrant labour may respond in light of other changes to migration policy for work, such as the proposed skilled route. Factors that could have an influence include:

- These routes can offer employers access to temporary migrant labour, offering wider access to more migrant labour than may qualify under the skilled worker route. The time limited nature of the transitional route provides a signal that continued use of some short-term labour to contribute to production as now, or looking to use some short-term migrant labour as part of a mitigation strategy to adapt to wider changes is not a long-term option. It is unclear how the transitional nature of this route could affect employer choices to hire migrants under this route.
- Some EEA nationals currently supplying temporary labour may view temporary work as a 'stepping stone' towards longer-term employment in

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<sup>107</sup> ONS 'Short-Term International Migration for England and Wales: year ending June 2016'.

<sup>108</sup> Home Office 'Immigration Statistics Year Ending September 2018', Table vi\_06\_q\_w. Data rounded to nearest 1,000.

the UK. It is unclear how changes under the skilled worker routes may affect their desire to undertake longer-term work – having to meet skill and salary thresholds may restrict the ability of these workers to find longer-term work following temporary employment and so their desire to undertake temporary work.

- The willingness to supply labour from low-risk non-EEA nationals eligible under routes for temporary work is uncertain. Where the current Youth Mobility Scheme is currently open to young non-EEA nationals (aged 18-30), there are around 59,000 places available in 2018<sup>109</sup>. In the year to September 2018, a total of around 20,000 visa grants<sup>110</sup> were made. Entrants under YMS routes may look to enjoy the social and cultural aspects of living in the UK and choose not to work.
- Other temporary routes – Government Authorised Exchange, Charity Workers, Religious Workers, International Agreement – may be limited in their supply of short-term labour. In the year to September 2018 these routes currently open to non-EEA nationals 2017 admissions under these routes totalled around 6,400, whilst admissions under the Creative and Sporting route were around 28,400<sup>111</sup>. Due to the relatively small volumes in most cases, and limits on what work people can do under these routes, offering eligibility to EEA nationals may be expected to contribute a relatively small temporary labour supply.

Given uncertainty in volumes using these routes, impacts are also uncertain.

### ***Economic output and fiscal impacts***

Contributions in terms of economic output, and to a smaller extent for GDP per capita, may occur through:

- employers would currently make use of some temporary non-UK national labour and, where these routes enable this to continue and wider behavioural and economic factors not influence supply and use of this labour, labour may continue to contribute to economic output as currently; and
- some employers may look to use temporary non-UK workers as part of a mitigation strategy if facing restrictions on longer term EEA national labour. Contributions of these workers may provide some mitigating effects for potential impacts on output outlined under the skilled worker route.

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<sup>109</sup> See 'Immigration Rules Appendix G: Youth Mobility Scheme'.

<sup>110</sup> Home Office 'Immigration Statistics Year Ending September 2018', Table vi\_06\_q\_w. Data rounded to nearest 1,000.

<sup>111</sup> Home Office 'Immigration Statistics Year Ending September 2018', Table ad\_03\_w. Data rounded to nearest 100.

Fiscal impacts in terms of revenue from taxes and spending on public services may also be affected by entries under temporary routes. Migrants' duration of stay, activity whilst in the UK, earnings, and spend whilst in the UK will influence tax contributions; whilst the relatively young age of migrant workers, their limited access to public services, and restrictions on bringing dependants may limit fiscal withdrawals. As the MAC state when discussing a YMS "younger migrants are more likely to be net fiscal contributors (because the scheme does not allow dependants)"<sup>112</sup>.

Time limiting the transitional route could mean impacts derived from entries under this route would only be expected to occur for the duration this route is open. Adjustment pathways for employers would be expected to influence longer-term impacts from reduced access to short-term migrant labour in the longer-term.

### ***Labour market impacts***

Different employers, occupations or sectors may be able to make use of temporary workers to different degrees, depending on how business models can flex to accommodate additional shorter-term employees. It is uncertain which particular occupations or sectors affected by proposals under the skilled worker route may be more or less likely to look to temporary workers as part of a mitigation strategy. In the short-term, at the very least these routes should offer a route for employers to maintain access to some migrant labour outside of the skilled worker route, and to continue activity making use of this labour. Routes without sponsorship may mean movement between roles in the labour market could be relatively frictionless for these workers. As those who come through a YMS route do not necessarily for work, it is unclear how far employers may benefit from increased labour supply through expansion of that route.

### ***Administrative impacts***

Implementing and running new routes and including EEA nationals within some existing routes may affect Home Office administrative costs and revenue raised from fees. Given proposals for transitional worker and YMS (where entrants choose to work) routes do not require sponsorship, employer burdens may be relatively small if recruiting under these routes.

Given the targeted nature of routes for temporary work that require sponsorship, it may be expected employers in these areas of the labour market may be familiar with sponsorship and additional burdens may be minimal. Where any employer may need to acquire a sponsor license to hire temporary workers under these routes, business costs may be comparatively larger.

Administrative impacts resulting from applications under the transitional route would be expected to be time limited, given the time limited nature of the route.

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<sup>112</sup> Migration Advisory Committee (2018) "EEA Migration in the UK: Final Report"; P118

As discussed in other areas of this annex, behavioural impacts resulting from requiring EEA nationals to apply for permissions ahead of travel and the imposition of visa fees are uncertain.

### ***Other impacts***

Figure 4 provides discussion of other impacts of migration such as congestion or social and community impacts. These are expected to be minimal, given the temporary nature of these workers. However, the MAC also believe “a cycle of temporary migrants may not be good for communities”<sup>113</sup>.

### ***Self-employed workers***

Non-EEA self-employed or freelance workers can currently come to the UK to work through a variety of routes, and under the future system these may be extended to EEA nationals in the future. These include the entrepreneur and exceptional talent routes<sup>114</sup> providing migrants meet certain eligibility requirements, such as the entrepreneur route currently requiring migrants to have access to at least £50,000 in investment funds<sup>115</sup>.

In addition, EEA self-employed workers or freelancers may be able to come to the UK through the new skilled worker route, under temporary work routes, or as service suppliers through Mode 4 arrangements.

Our analysis on the impact of the skilled workers route includes the impact on self-employed workers. This assumes self-employed EEA nationals work as freelancers and are paid as employees, and so would be subject to the same rules as other skilled workers. However, it is highly unlikely all self-employed EEA workers work in this fashion, and the impact may differ for those using different routes. This section outlines impacts for self-employed workers working under other arrangements.

### ***Number of self-employed or freelance workers affected***

We estimate around 15 per cent of EEA and 16 per cent of non-EEA resident populations in employment are self-employed<sup>116</sup>, although this may overestimate the proportion of more recent non-EEA migrants who are self-employed. Data on flows of EEA nationals arriving to the UK to be self-employed is limited, but for non-EEA

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<sup>113</sup> Migration Advisory Committee (2018) “*EEA Migration in the UK: Final Report*”; paragraph 7.55

<sup>114</sup> <https://www.gov.uk/browse/visas-immigration/work-visas>

<sup>115</sup> Applicants are required to have access to funds from a limited number of funders or have invested at least £50,000 in a UK business within the previous 12 months; or have access to at least £200,000 where a wider range of funding sources is available.

<sup>116</sup> EEA Nationals exclude Irish nationals. Data based on Home Office analysis of Annual Population Survey October 2017 – September 2018. Further information on this data source is provided in the ‘Context’ section of this annex. This data reflects survey respondents’ view of their employment status – freelancers who may be paid as employees may either report as self-employed or employees in this data for example.

nationals the most recent data suggests use of the existing non-EEA routes is small, with a total of around 3,000 grants of entry clearance visas to main applicants in Tier 1 routes in the year to September 2018<sup>117</sup>.

Relatively low use for non-EEA routes open to the self-employed, alongside requirements for access to at least £50,000 in capital from a limited number of funders, suggest criteria to undertake self-employment under these routes may be hard to meet.

Therefore, placing EEA nationals in a system-based on current rules for non-EEA nationals, in addition to restrictions affecting 'freelance' work, entry under these routes could limit flows from EEA nationals to the UK for self-employment. The extent of any potential reduction is unknown, but given the relatively low use of these routes for non-EEA nationals criteria may be hard to meet. The impacts below are discussed qualitatively and focus on impacts resulting from potential changes to the self-employed population of EEA nationals only – should proposals restrict self-employed EEA nationals who may employ other workers, the potential impacts may be larger. There may also be behavioural impacts as those EEA nationals who have previously come to the UK as self-employed may switch to employee jobs, providing they are eligible under the proposed skill and salary thresholds.

### ***Labour market impacts***

Resident EEA nationals in self-employment are particularly concentrated in a few sectors and occupations. The MAC find that “around 40 per cent of self-employed EEA workers can be found in just three sectors (construction of buildings; specialised construction activities; and services to buildings and landscape) and around one third are concentrated in just five occupations (construction and building traders; cleaners and domestics; carpenters and joiners; elementary construction occupations; and painters and decorators)”<sup>118</sup>.

Reductions in the population of self-employed EEA nationals could affect the make-up of activity and earnings in the UK labour market, but the MAC suggest “there is not enough robust evidence to be able to conclude what, if any, impact immigration has had on the UK-born self-employed”<sup>119</sup>. It is unclear if reducing these flows would have any labour market impact on self-employment of UK residents. Given the concentration of self-employed EEA nationals in particular sectors and occupations, there may be distributional impacts particularly affecting certain businesses who may find access to services supplied via a reduced supply of self-employed EEA nationals.

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<sup>117</sup> Home Office 'Immigration Statistics: Year Ending September 2018', Tables vi\_04\_q.

<sup>118</sup> Migration Advisory Committee (September 2017), 'EEA migration in the UK: Final report'; paragraph 1.48

<sup>119</sup> Migration Advisory Committee (September 2017), 'EEA migration in the UK: Final report'; paragraph 1.68

### ***Economic output and fiscal balances***

The impact on economic output and fiscal balances of a reduction in self-employed or freelance workers earning less than £30,000 or in low-skilled occupations is already captured in the impacts of the skilled worker route. Any further reduction may be expected further to reduce economic output, and to a smaller extent GDP per capita.

The characteristics of self-employed EEA migrants, such as their earnings, family make up and age, can affect fiscal impacts. The MAC<sup>120</sup> estimate average annual income for self-employed EU13+<sup>121</sup> nationals could be above £15,000, and between £10,000 and £15,000 for new member state nationals<sup>122</sup> in 2016-17. This is close to the estimated income required for an EEA national aged around 20 with no dependants to make a positive fiscal contribution<sup>123</sup>. Therefore, it is uncertain whether any further reduction in EEA self-employed or freelance workers would have a positive or negative fiscal impact but does suggest any impact would be small.

### ***Administrative and other impacts***

Any additional applications for visas under these routes can affect Home Office administrative costs and revenue raised from fees. Figure 4 provides discussion of other impacts such as congestion or social and community impacts should any change in the EEA self-employed population reflect the wider EEA national population.

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<sup>120</sup> See Figure 1.9, Migration Advisory Committee (September 2017), '*EEA migration in the UK: Final report*'. analysis can include some individuals not present in the UK for the entire tax year and so underestimate pro-rata earnings, and nationality is defined at the point of National Insurance Number registration.

<sup>121</sup> Countries who were members of the EU before 2004 plus EEA members plus Switzerland; Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, Iceland, Liechtenstein, Norway and Switzerland.

<sup>122</sup> New Member States are all post-2004 countries that joined the EU: Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia.

<sup>123</sup> This was estimated by both the Home Office and the MAC to be around £10,000 to £15,000.

### ***Mobility arrangements for Free Trade Agreements***

The Government is seeking to negotiate with the EU a Mobility Framework to support businesses and tourism.

Maintaining existing Mode 4 commitments<sup>124</sup>, which have been taken as part of EU trade deals, and agreeing new Mode 4 commitments, as part of a trade deal with the EU and with other countries, would facilitate certain categories of business activity. However, as these arrangements are subject to the outcomes of negotiations with the EU, it is not possible to assess the impacts on trade of this future framework. We will look to provide a more detailed assessment once proposals are agreed.

Section 2.4 of the Technical Reference Paper to the EU Exit Long-Term Economic Analysis<sup>125</sup> sets out a summary of the approach to estimating the costs of non-tariff barriers (NTBs) across scenarios and sectors. It includes the relative importance of temporary movement of people as part of these NTBs. The overall costs of NTBs are set out in the Technical Reference Paper.

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<sup>124</sup> Mode 4 covers natural persons who are either service suppliers (such as independent professionals) or who work for a service supplier and who are present in another WTO member to supply a service.

<sup>125</sup> See Department for Exiting the EU (2018) '*Exiting the European Union: Publications*'.



## F. Coming to the UK to study

Proposals for international students coming to the UK in the future could mean:

- EEA students coming to study, other than for very short periods, will have to demonstrate the same eligibility requirements as current non-EEA students do, and be subject to the same rights whilst studying and to post-study work;
- Both non-EEA and EEA students studying at postgraduate level, or studying at undergraduate level at an institution with degree awarding powers, will be given a post-study leave period of up to six months in which to gain work experience or look a skilled job in the UK, while those who obtain a PhD will have a 12-month period;
- Short-term EEA and non-visa national students can come to the UK for up to six months within the visitor or short-term study system<sup>126</sup> or on short-term study visas for English language courses lasting more than six and less than 12 months; and
- Continued participation in the ERASMUS programme and its successors, if agreed as part of the mobility framework with the EU.

This section attempts to outline the number of international students who might be in scope of these proposals and consider the potential impacts of these proposals. How the potential changes influence a prospective student's decision to come to the UK is uncertain and depend on a range of factors, some of which are out of scope of migration policy. Therefore, we have been unable to quantify the impact at this stage.

### General study route

Proposals to base a single system for international students who come to the UK to study<sup>127</sup> on the current system for non-EEA nationals means that the majority of impacts are expected to fall on EEA students, while smaller impacts are expected on non-EEA students. Impacts could particularly affect international students at higher education providers or further education colleges.

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<sup>126</sup> Non-EEA visa nationals will, broadly speaking, need a short-term study visa if studying for more than 30 days, as currently the case. See <https://www.gov.uk/government/publications/permitted-study-when-visiting-the-uk/permitted-study> for full criteria for Permitted Study as a visitor.

<sup>127</sup> English language courses lasting more than six months and less than 12 months, and some study less than six months may be undertaken via the short-term study or visitor routes, rather than the general study route. See <https://www.gov.uk/study-visit-visa> for details on permitted study via a short-term study visa.

The Higher Education Statistics Agency (HESA) provides data on study at Higher Education<sup>128</sup> level. Latest data for 2016-17 suggests a total of around 140,000 EU domiciled and 310,000 non-EU domiciled were enrolled in higher education (including under 5,000 EU domiciled and around 5,000 non-EU domiciled at alternative providers<sup>129</sup> in the UK). Of these, there were:

- around 125,000 full-time EU and 290,000 full-time non-EU students;
- around 15,000 part-time EU and 25,000 part-time non-EU students; and
- around 90,000 EU undergraduate and around 45,000 EU postgraduate students, and around 160,000 non-EU undergraduate and around 150,000 postgraduate students.

For further education (FE), the MAC state that they “were surprised by how difficult it was to collect information about international students in the FE sector”<sup>130</sup>. Where some insight was provided, it suggests international students, both EEA or non-EEA, may make up relatively small shares of FE student populations<sup>131</sup>. A sample of FE colleges surveyed by The Association of Colleges<sup>132</sup> suggest that:

- 53 of 90 colleges surveyed had EU, including Irish, students enrolled, and where EU (including Irish) students are part of student populations there were an average of around 353 EU students enrolled at these colleges.
- 64 of 90 colleges surveyed had non-EU students within their student population, with an average of around 121 non-EU enrolments per college.<sup>133</sup>

### ***EEA students' migration flows***

EEA nationals looking to undertake a course post school age will have to meet various criteria like those currently in place for non-EEA nationals. These criteria, in general, may be expected to restrict entry of EEA nationals for study, but the scale of any impact is uncertain. The size of any possible reduction in EEA students is uncertain and is dependent on a wide variety of factors, outlined in Figure 13.

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<sup>128</sup> Higher Education Statistics Agency (HESA), Statistical First Release 249 Figure 13 and Statistical First Release 249 Figure 3 Data is rounded to nearest 5,000. Data for EU domiciled includes Irish domiciled students.

<sup>129</sup> Alternative Providers are higher education providers who do not receive recurrent funding from the Funding Councils or other public bodies and who are not further education (FE) colleges.

<sup>130</sup> Migration Advisory Committee (2018), *Impact of International Students in the UK*; P25

<sup>131</sup> See Para 2.14, P23, Migration Advisory Committee (2018), *Impact of International Students in the UK*.

<sup>132</sup> Association of Colleges (2017), *International Activity in Colleges: The 2017 Association of Colleges Survey*. A response was gathered from 90 out of 313 colleges within the sample. The Association of Colleges believes “the vast majority of internationally active English colleges (with about 10 exceptions) responded”.

<sup>133</sup> This data does not estimate the shares of student populations these groups represent at these colleges.

**Figure 13: Potential factors influencing EEA students to come to the UK**

<b>Visa requirement<sup>134</sup></b>	<b>Potential impact</b>
<b>Application for visa and payment of visa fee</b>	Visa application processes and visa <sup>135</sup> fees could in future influence EEA nationals' decisions to study in the UK. However, where administrative processes to enrol in courses of study already exist and visa fees are relatively small percentages of total costs of study, impacts may be expected to be relatively small.
<b>Course level</b>	Current rules allow study for a broad range of courses at different levels, including some English Language and courses leading to qualifications at A level equivalent or above if studying full-time. Given the broad range of courses allowed, this may not be expected to have a substantial impact on student choices.
<b>Study pattern</b>	Part-time study is permitted at postgraduate level, but study below that level is required to be full-time. Of the 15,000 part-time EU domiciled students studying at Higher Education providers or Alternative Providers in 2016-17, around 68 per cent were studying at postgraduate level <sup>136</sup> , suggesting a minority of EU domiciled students look to study part-time at undergraduate level and could be affected by the proposals.
<b>Institutions on the list of registered sponsors</b>	International students are required to study at an institution on the list of registered sponsors. Trends for non-EEA nationals suggest "most of the fall in the Further Education sector's sponsored visa applications since the peak in mid-2011 has been accounted for by the revocation of licences issued to sponsors" <sup>137</sup> . EEA nationals who currently come to the UK to study at institutions not on the list of registered sponsors will no longer be able to attend such institutions and so may choose to not come to the UK or may choose different institutions. However, there could also be increased take up of sponsor licences. Data on study in further education is limited, but available insight suggests EEA nationals may make up relatively small shares of the student population at this level.
<b>Proof of funds</b>	International students are required to provide proof of funds to cover course fees and living costs. It is unclear how far requirements to demonstrate funds could be a change for EEA nationals. Data to assess proportions of students arriving with funds in place compared to those who acquire funds during study is unavailable. EEA students may benefit from differentiation reducing documentary requirements when applying for a visa.
<b>Dependants</b>	Postgraduate students can apply to sponsor dependants, provided they can meet additional maintenance requirements. Whilst there may be some undergraduate students, or postgraduate students unable to sponsor dependants and so discouraged from study in the UK as a result of rules on dependants, no robust estimate is available

<sup>134</sup> See: <https://www.gov.uk/tier-4-general-visa> and <https://www.gov.uk/government/publications/guidance-on-application-for-uk-visa-as-tier-4-student> for details relating to current rules within the Points Based System for this visa category.

<sup>135</sup> Immigration Health Surcharge fees – if applicable – may also be considered alongside other fees.

<sup>136</sup> Higher Education Statistics Agency (HESA), Statistical First Release 249 Figure 13. Data is rounded to nearest 1 per cent.

<sup>137</sup> Home Office 'Immigration Statistics, Year ending September 2018', Why do people come to the UK? (3) To study.

	other than the MAC stating EEA students tend to be “young with few dependants” <sup>138</sup> . This suggests impacts may be small.
<b>Employment rights</b>	UCAS suggest “most course providers recommend less than 15 hours a week” <sup>139</sup> in part-time employment whilst studying. ONS’ Survey of Graduating International Students <sup>140</sup> suggests around 14 per cent of EU students in their final year of study were in some form of employment and working more than 20 hours a week. A limit of 20 hours employment a week during term-time may not be expected to affect a large share of EEA national students. Those looking to study part-time at postgraduate level also cannot work whilst studying, which may affect enrolments in part-time postgraduate study.
<b>English language requirements</b>	Higher Education providers are thought already to require students to demonstrate English language capabilities at least in line with current requirements for non-EEA nationals <sup>141</sup> , meaning impacts may be limited from this requirement.
<b>Post study work rights</b>	EEA nationals studying at postgraduate level, or at undergraduate level at an institution with degree awarding powers will be able to work without restrictions or apply to switch into skilled worker routes within a six-month post-study leave period following the end of study (or 12 months after completing a PhD). Evaluation of the Home Office’s Tier 4 Visa Pilot, which gave taught masters students at four institutions a six-month post-study leave period, recorded 18 per cent of the 2016/17 cohort staying in the UK after study. Of these, 57 per cent had switched to a Tier 2 visa, and 36 per cent held a Tier 4 visa for further study <sup>142</sup> . Department for Education data <sup>143</sup> suggests in 2015/16 around 28 per cent of EU domiciled students were employed in the UK the year following finishing their first degree and 26 per cent of those finishing postgraduate degrees. Median annual earnings for these groups were around £21,000 for undergraduates and around £31,700 for postgraduates. This suggests some recent EEA graduates may not currently be employed in jobs meeting potential future salary thresholds, and the occupational skill level of first jobs after study is unknown. Post study work rights may have an influence on decisions on where to study, but it is unclear how large an influence it may be <sup>144</sup> .

<sup>138</sup> Migration Advisory Committee (2018), ‘*Impact of International Students in the UK*’; P59

<sup>139</sup> See: <https://www.ucas.com/undergraduate/student-life/balancing-work-and-study>

<sup>140</sup> ONS (2018) ‘Survey of Graduating International Students, UK Tables 2 and 6. Results are based on an online sample survey of final year non-UK national students at UK Higher Education institutions. Data includes Irish students within EU students. As with any sample survey, data is subject to uncertainty in sampling and weighting processes reflecting the wider population.

<sup>141</sup> Individual university websites were sampled to assess English language requirements.

<sup>142</sup> Home Office, *Evaluation of the Tier Pilot*, December 2018.

<sup>143</sup> Department for Education (2018) ‘*Graduate outcomes (LEO): 2015 to 2016*’ and ‘*Graduate outcomes (LEO): postgraduate outcomes 2015 to 2016*’. Data includes Irish domiciled students. Data includes those in employment only and excludes those employed whilst in further study. Outcomes for postgraduates include recent graduates from both research and taught courses. Data rounded to nearest 1 per cent or £100.

<sup>144</sup> See Migration Advisory Committee (2018), ‘*Impact of International Students in the UK*’ for discussion of the role of post-study work in choices of where to study for international students.

It should be noted that entitlement to student finance and home fees status after the Implementation Period for those outside the scope of the Withdrawal Agreement is a matter for the UK Government, Devolved Administrations and Parliament to consider in due course. As such, EEA nationals' entitlement to student finance and home fees status are not discussed in this note, but it is noted these matters can influence choices for study.

### ***Non-EEA students' migration flows***

As proposals for the future system are based on the existing system in place for non-EEA nationals, the impact on non-EEA nationals is expected to be minimal.

Proposals around extending the post-study leave period for non-EEA nationals could mean some of these students remain in the UK longer than may have under current rules. Similarly, including the 12 months period to look for work as part of PhD students' visa may increase the number of these graduates who remain in the UK after their studies, although students who complete PhDs are already eligible to apply for a Doctoral Extension visa of 12 months offering similar benefits. It is unclear to what extent this may improve the view of the UK's student visa offer to prospective international students, relative to competitors, although the Home Office's *Evaluation of the Tier 4 Visa Pilot*, found that almost half (47 per cent) of the students that knew about the extended post-study leave period offered by the pilot before they applied said it influenced their decision to apply for, or accept, a course offer at a pilot institution<sup>145</sup>.

### ***EEA national children on study visas***

School-age children represent a small proportion of international students who come to the UK. The Independent Schools Council (ISC) census in 2018 found that there are around 28,500 international students with parents who live overseas in independent schools, including around 12,500 new students. The same survey also found that EEA students make up around 27 per cent of all international students with parents who live overseas and around 30 per cent of new students<sup>146</sup>.

School-age EEA nationals who are dependants of parents/guardians holding valid leave to stay in the UK<sup>147</sup> will continue to be able to access state education.

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<sup>145</sup> Home Office, *Evaluation of the Tier 4 Visa Pilot*, December 2018.

<sup>146</sup> Independent Schools Council (2018) '*ISC CENSUS AND ANNUAL REPORT 2018*'. Data rounded to nearest 500 or 1 per cent and excludes Irish students. New students covers new enrolments at these schools.

<sup>147</sup> Aside from those here as short-term visitors.

### ***Macroeconomic impacts***

International students spend money whilst in the UK, which contributes to growth in the economy. This spend also adds to indirect taxation revenue, and as the MAC state, expenditure by friends and family when visiting the UK also benefits the UK in similar ways. The MAC also state “international students benefit the public finances via their contribution to the Exchequer and their relative lack of utilisation of public resources e.g. health services”<sup>148</sup>, suggesting international students may be a net fiscal and macroeconomic benefit to the UK. Therefore, any reduction in the student population may lead to a cost to the UK.

### ***Labour market impacts***

International students may supply labour to the UK whilst studying, either during term-time or during holidays. Should proposals result in a change in this supply of labour, employers may be affected and therefore may need to find alternative ways to fill positions previously taken by international students.

Extending the post-study leave period available to international students may increase the supply of labour and increase the supply of skilled labour available to employers where these graduates apply to switch into skilled worker routes to extend stays beyond post-study leave periods. Any increase in number of international students who stay in the UK after their studies is uncertain.

### ***Business impacts***

Education providers receive fees from international students studying at their institutions. Any change in the student population may affect this revenue. Where providers do not currently hold a sponsor license, costs of acquiring the license, or the ability to get a licence, may increase costs and/or limit the ability of institutions to cater for EEA national students. However, higher education providers will generally already hold sponsor licenses to sponsor for non-EEA national international students.

The MAC also state “any restrictions on EU students will make it harder for UK institutions to recruit them but not impossible. Other countries e.g. US, Australia and Canada, are attractive to international students while requiring all of them to have an appropriate visa”<sup>149</sup>.

### ***Administrative costs***

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<sup>148</sup> Migration Advisory Committee (2018), *‘Impact of International Students in the UK’*; P53

<sup>149</sup> Migration Advisory Committee (2018), *‘Impact of International Students in the UK’*; P7



Any increase in contact, from both students and institutions seeking to sponsor students, with the Home Office is likely both to increase administrative costs and revenue raised from sponsorship licence and visa fees. Any changes to the sponsorship system that may reduce the costs to institutions and students associated with sponsoring may mitigate this impact.

### ***Spill-over impacts***

International students may place some pressure on housing rental prices in areas where they study, but as the MAC state “the overall impact on local housing markets will depend on the numbers of international students choosing to rent privately and the current state of the housing market. It is difficult to separate the impacts on housing made by domestic students and international students”<sup>150</sup>. Similarly, the MAC conclude “the impacts of international students are likely to be negligible overall”<sup>151</sup> when discussing issues in terms of congestion impacts on transport. Therefore, any change in the number of international students as a consequence of these proposals is unlikely to have substantial impacts on the housing market or on transport congestion.

### ***Behavioural response of Education Institutions***

Education institutions could respond to any change in the EEA student population. For example, they could look to attract other international students or UK students to replace them. Should other students take up places that EEA students may otherwise have filled, then the overall impact of bringing EEA students within scope of the current system may be at least partially mitigated.

### **Short-term study routes**

EEA students looking to study for up to six months should be able to do so on the same basis as other non-visa nationals. Those on short-term study visas, are currently limited in institutions they can study at, which, in general, must either be on the list of registered sponsors or accredited by an accreditation body.

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<sup>150</sup> Migration Advisory Committee (2018) ‘*Impact of international students in the UK*’; paragraph 6.12

<sup>151</sup> Migration Advisory Committee (2018) ‘*Impact of international students in the UK*’; paragraph 6.18



Many international students who come to the UK for short term courses attend English language courses. Research commissioned by English UK to inform their submission to the MAC<sup>152</sup> suggests around 550,000 international students came to study English at some point in 2016-17<sup>153</sup>. Fifty-eight per cent of students at English UK member institutions are from the EU<sup>154</sup>.

Limiting the duration of study to six months would be expected to have small impacts. English UK research shows that roughly half of students in private sector English language institutions are aged under 18. The research also showed that those aged under 18 have an average course duration of around two weeks compared to around 5.3 weeks for those over 18<sup>155</sup>.

Limits on the institutions people can study at may have some impacts. English UK suggest “there are 509 language centres accredited by Accreditation UK, of which 437 are English UK member centres, and several hundred, often seasonal, centres operating without any accreditation and teaching EU students only”<sup>156</sup>. Some institutions may therefore face additional costs – through either gaining a sponsor license or joining an accreditation body – to continue to provide services to EEA nationals. Any change in the number of sponsor applications could also impact Home Office administrative costs and revenue raised through fees, as could changes in volumes of applications for short-term study visas.

Data on other types of short-term study is limited.

English language courses would not be the only type of short-term study currently undertaken by EEA students, but data availability limits any assessment of impacts in these other course types. Should these proposals result in any reduction in short-term EEA national students, similar types of impacts as those outlined for visitors<sup>157</sup> may be expected given short-term durations of stays in the UK (see Section D). Institutions also benefit from fee revenue from these students. Potential requirements to apply for permission before entering the UK, and any fee involved, may have an impact on volumes of short-term EEA students, but this is uncertain. Any impacts from changes affecting crossing the border for EEA nationals outlined in Section C can also affect this group.

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<sup>152</sup> English UK is the trade body and membership organisation for accredited state and privately-owned English language teaching providers. It currently has 437 members, of which 43 are state colleges, 26 state universities, and the rest are privately owned.

<sup>153</sup> Capital Economics (2018), *The Value of English Language Teaching*.

<sup>154</sup> Migration Advisory Committee (2018), *Impact of international students in the UK: Call for evidence responses (1 of 3)*.

<sup>155</sup> English UK *Student Statistics Report 2017 – Executive Summary*.

<sup>156</sup> Migration Advisory Committee (2018), *Impact of international students in the UK: Call for evidence responses (1 of 3)*; P85

<sup>157</sup> See Section D

International students studying for an English language course for a period of more than six months and less than 12 months will need to apply for a short-term student visa. This implies that EEA nationals who look to attend these courses will need to apply for a visa, while there would be no change for non-EEA nationals. Impacts from changes under this route may be similar in type to those for study lasting up to six months.

Any impacts for non-EEA nationals who come to the UK to pursue short-term courses are only expected to fall on non-visa nationals who, given proposals for Electronic Travel Authorisation (ETA), may have to apply for authorisation to enter the UK ahead of travelling to the UK in the future, and fees may differ compared to current short-term study visas that can be applied for at the border. The impact of this is uncertain for the reasons set out in Section C.

Should participation in the ERASMUS or similar programmes continue, we will ensure EEA nationals studying via these routes are able to study in the UK without needing to go through the full student visa. Potential requirements to apply for permission before entering the UK and any fee involved may have uncertain impacts on study under this route. Continued participation in this or similar programmes would be expected to have minimal impacts on the resident population.

## G. Family Migration

Putting in place fair and consistent rules for family migration for everyone means current rules for family migration for UK nationals (with non-EEA family members) and settled non-EEA nationals (with other non-EEA family members) would apply to UK nationals with EEA national family members and settled EEA nationals with other non-UK national family members.

The MAC have stated that “if EEA citizens in the UK were to be brought within the current system for non-EEA family migration<sup>158</sup>, there would potentially be large effects that should be considered”<sup>159</sup>. The MAC did not gather enough evidence to make specific recommendations on family policy, and similar issues limit the ability to assess who may need to apply for a family visa in the future and so assess impacts from policy proposals.

Factors that may influence applications under this route include the effects of wider policy proposals discussed in this note affecting who settles in the UK in the future<sup>160</sup>, understanding when and where families form to understand where people forming families may have independent immigration statuses to remain in the UK and where people may arrive to join family members, and how and where policy proposals could influence behaviour in terms of views of relationships or potential changes in employment in order to meet salary thresholds for example.

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<sup>158</sup> See <https://www.gov.uk/uk-family-visa> for details.

<sup>159</sup> Migration Advisory Committee (2018) ‘*EEA Migration in the UK: Final Report*’; paragraph 7.15

<sup>160</sup> Different rules apply to those protected by the Withdrawal Agreement.

## **H. Digital Delivery**

The future system will operate digitally and will focus on the needs of the user. This will enhance the experience of migrants, employers, and other users when applying for a visa or checking someone's immigration status and associated entitlements/rights.

The Home Office is currently developing digital delivery functions to enable this change, which will then be phased in over time. Significant steps have been taken for the digital delivery of the EU Settlement Scheme. This Scheme is currently in a pilot phase and is expected to be fully open from March 2019. The ambition is for the technology used during the EU Settlement Scheme to be transferrable to the UK's future border and immigration system. However, due to data limitations and uncertainty about the detail of the future digitalised system, the costs and benefits of these proposals have not been quantified. Instead, we have provided a high-level discussion of the potential impacts below and will aim to provide a more detailed assessment as the proposals develop.

One potential benefit for the users of the new system is expected to come from an increase in the speed at which applications can be submitted and approved. This should help to encourage migrants and employers to use the system and visit the UK.

The Government may also benefit from digitalising and streamlining the current system. In the long run, digitalisation is expected to reduce the cost of processing applications as less case-working will be required. For example, the use of a digital status will remove the cost of updating individuals' biometric residence cards.

Other benefits to government could potentially come from a reduction in the number of appeals and a potential reduction in enforcement costs, due to better data sharing with other government departments (such as HMRC and DWP) and the use of a digital status for migrants. These benefits will be offset (to an unknown extent at this time) by the up-front costs to government from building and implementing the new digital system.

There is also a risk that some users of the new digital system may be disadvantaged where they may not have the means to access or operate the digital system. Options are being explored to help mitigate this risk.

## I. Other Proposals

Proposals also cover a number of other important issues that will look to ensure that the UK's future border and immigration system protects the vulnerable, ensures compliance and protects the Common Travel Area (CTA).

### **Protecting the vulnerable**

The UK's asylum system will continue to be designed to deliver the UK's obligations under the Refugee Convention and domestic law. The Government will seek a new legal framework to return illegal migrants, including asylum seekers, to the EU countries they have travelled through, or have a connection with. This will be alongside an agreement under which unaccompanied asylum-seeking children in the EU can join close family member in the UK, and vice versa, and the Government's existing approach to family reunion will not change when the UK leaves the EU. As these arrangements are subject to the outcomes of negotiations with the EU, it is not possible to assess the impacts. We will look to provide a more detailed assessment of the costs and benefits once the proposals are finalised.

### **Compliance**

Rules currently applying to non-EEA nationals on living legally in the UK, will, in the future, also apply to EEA nationals.

Requirements should already be largely familiar to employers and landlords, but there may be some short-run familiarisation costs as people get used to the digitisation of the system (see Section H). Digitisation should also reduce transactional costs in performing these checks.

Assessing the deterrent impact of right to work and right to rent checks on immigration offending is challenging. Evidence focuses on arrivals to the UK, not who may be deterred from doing so. Evaluation of the first six months of the Right to Rent scheme<sup>161</sup> also suggests available evidence means it is difficult to assess the direct deterrent impacts in terms of remaining in the UK.

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<sup>161</sup> Home Office (2015) 'Research Report 83 Evaluation of the Right to Rent scheme: Full evaluation report of phase one'.

### **The Common Travel Area**

The Common Travel Area (CTA) and associated reciprocal rights enjoyed by British and Irish citizens are to remain unchanged after the UK's exit from the EU. There will continue to be no routine immigration controls on arrivals in the UK from the Crown Dependencies and Ireland, and no immigration checks for journeys across the land border between Northern Ireland and Ireland, nor between Northern Ireland and Great Britain. The status of British and Irish citizens in each other's states will be preserved, including the wider rights and entitlements associated with work, education, voting and access to social welfare benefits and health services.

As there will continue to be no restrictions on the flow of each nation's respective citizens between the UK and Ireland, these proposals should have negligible impacts on Irish citizens who live in or travel to the UK, and vice versa for British citizens who live or travel to Ireland. Estimates suggest the total number of person border crossings with Ireland is around 110 million annually with the great majority of these crossings via private vehicle, and in 2016 there were around 15 million crossings between Ireland and Great Britain made by air or ferry transport<sup>162</sup>.

EU nationals exercising their freedom of movement rights in Ireland will be able to travel on to the UK. However, they will need to meet the UK's requirements under the future system which will control access to the UK labour market, education system and public services.

### **An immigration system for the whole of the UK**

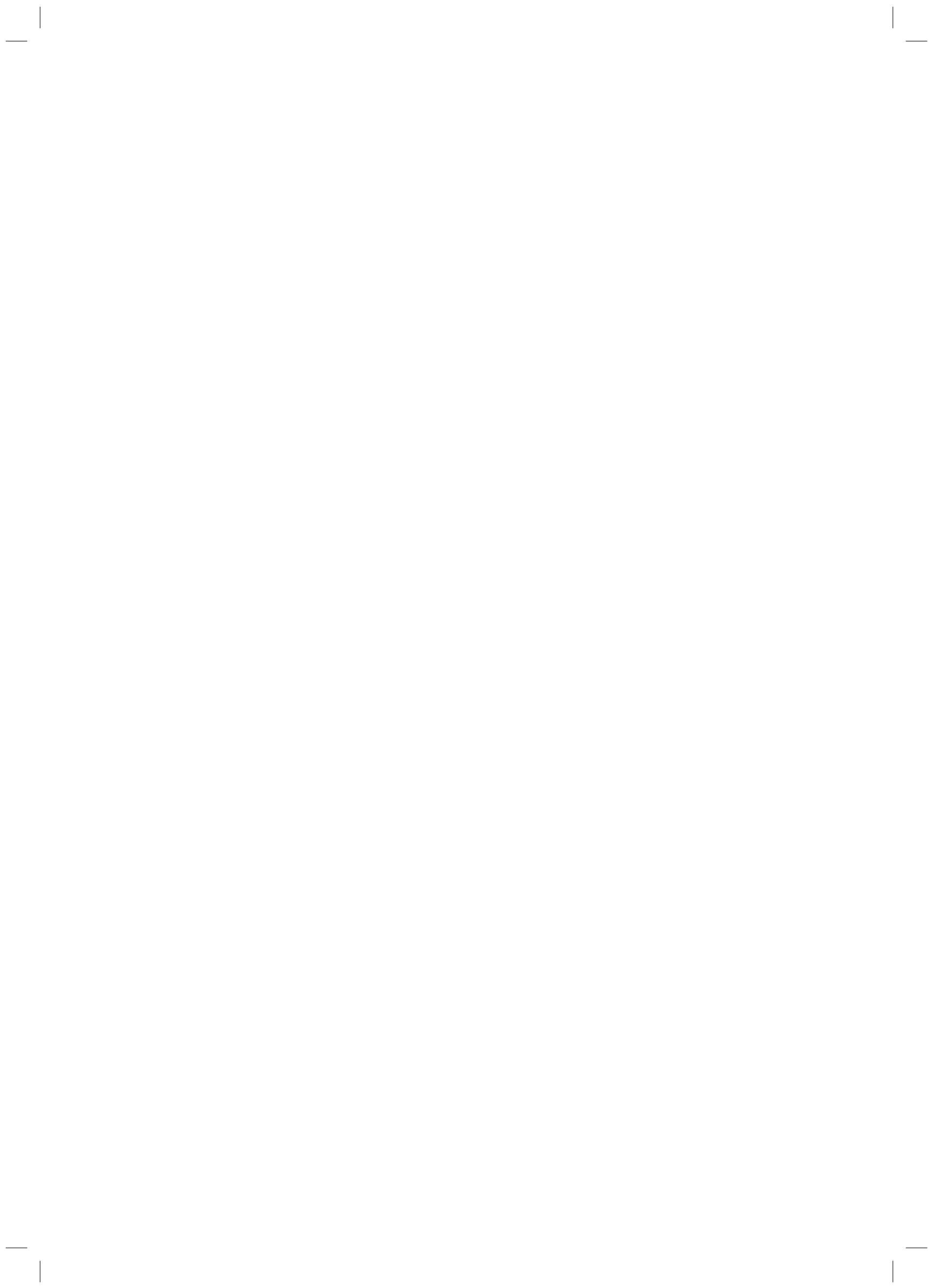
Although immigration is a reserved matter in the UK, policy proposals recognise the importance of a future system that works for all nations in the UK as well as British Overseas Territories. The Scottish Government and Scottish businesses have contributed to the work of the Migration Advisory Committee on determining which occupations should be included as part of the Scottish shortage occupation list (SOL). A similar approach may be taken in Northern Ireland and Wales, meaning the SOL can also reflect any differences there.

In June 2018, the MAC was commissioned to undertake a full review of the composition of the SOL. The MAC has launched a Call for Evidence<sup>163</sup> and is expected to report in spring 2019. Any changes to the SOL will be made following publication of the MAC report.

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<sup>162</sup> HM Government (Aug 2017), '*Additional data paper: Common Travel Area data and statistics*'.

<sup>163</sup> Migration Advisory Committee, Shortage occupation list 2018: call for evidence, November 2018.  
<https://www.gov.uk/government/consultations/shortage-occupation-list-2018-call-for-evidence>





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