APPG ON MIGRATION INQUIRY

The Impact of the New Immigration Rules on Employers in the UK
On 1 January 2021, the UK’s new Points Based System came into effect as part of an effort by the Government to ensure that the immigration system prioritises those who come to our country based on the skills they have to offer, not on the country they come from.

This development coincided with the end of free movement: the automatic right for EU citizens to enter and reside in the UK, which did not apply to people from other countries. It was also set against the backdrop of a worldwide pandemic that has waylaid global economies and challenged employers to adapt in an unpredictable commercial landscape.

The introduction of this new System and related Immigration Rules is arguably the largest change to the UK’s immigration system since the introduction of the original Points Based System in 2008. The impact on employers has been, and will continue to be, significant.

The Home Office has said that the new System aims to attract the brightest and the best from around the globe, boosting the economy and unleashing this country’s full potential. It is important that the changes to the immigration system balance the needs of employers and employees and allow skills gaps to be filled effectively.

The purpose of this paper is to examine that impact and consider what changes could helpfully be introduced to help employers operate in the new immigration space, in a manner that benefits everyone.

Acting as a source of well-evidenced and independent information on key migration issues, the All-Party Parliamentary Group (APPG) on Migration, which I Chair, was set up to support a mainstream, progressive policy debate on migration, and this paper speaks firmly to that objective.

At the end of 2020, the APPG hosted an event where representatives from different employers and trade bodies spoke to Parliamentarians about the impacts that they were anticipating from the introduction of the new Immigration Rules from 1 January 2021. Members are keen to keep abreast of developments in different sectors and places as employers adapt to the new reality so we launched the inquiry that laid the foundations of this paper.

We partnered with Fragomen in the preparation and drafting of the report. Established in 1951, Fragomen is the world’s largest single-focus corporate immigration law firm, providing immigration support in over 170 countries worldwide. Acknowledged as industry experts, their knowledge of the Rules has provided helpful context to the paper and assisted in the reflection on potential recommendations and we are grateful for their support.

This report reflects feedback from stakeholders and legal experts on UK immigration policy and practice. The results highlight key challenges and potential solutions that could be implemented to enhance the effectiveness of the new Immigration Rules. We will not entirely understand the full impact of the new Rules until the UK’s economy recovers from the pandemic. Nevertheless, the report serves as a useful early litmus test into their effect and the areas where additional thought and action could be helpful.

In the process of preparing this report, we have been mindful of the wider political context and the political priorities of the Government. For example, we do not believe that there is any contradiction between the levelling up agenda and the recommendations of the report.

Our hope is that those findings will inform both Parliamentarians and the Home Office, and will influence further development of the Rules, in a manner that works for employers and Employees and that it will both spark debate and affect positive change.

David Simmonds CBE MP
Chair of the All Party Parliamentary Group on Migration
The UK economy is at a crossroads as it deals with a series of unprecedented shocks which, combined, present serious challenges.

Migration has always played a significant role for both small and large businesses and has enabled them to fill skills gaps or shortages in the UK labour market. This report shows how the gap between the two is widening in favour of larger businesses and to the detriment of smaller businesses.

If the migration system does not operate effectively, there will be a real cost to consumers, businesses and the wider economy. Entire sectors could be impacted negatively. One only has to take a look at the beleaguered social care sector to see how labour shortages can cause serious disruption. Likewise, if economic migration is too easy there are fears that this will drive down wages or working conditions and decrease employment opportunities for others.

In the past few weeks alone we have seen major UK supermarkets and restaurants warning customers of food shortages amid labour shortages in meat processing / packaging and lack of HGV drivers. McDonald’s, Nando’s, Costa Coffee and KFC have all warned customers of certain products being out of stock. Meanwhile, Tesco, Asda and other major supermarkets have been left with empty shelves as food shortages hit Britain. Co-op’s chief executive, Steve Murrells, described the current food shortage crisis as being at the “worst level he has ever seen”.

We know the Government is aware of these concerns and is continually tweaking and adapting the immigration system to ensure it stays on top of the ever changing nature of the economy.

The changes introduced in 2021 are the latest chapter in this story.

They have arguably resulted in the emergence of a tale of two immigration systems; the first where the liberalisation of non-EU immigration has brought positive change for those familiar with the sponsorship system who can now draw on a wider pool of talent from across the globe, and the second where the removal of free movement has buffeted already struggling industries which had not previously needed to engage with corporate sponsorship to find the talent that they require.

In general, those businesses who have engaged with the UK immigration system on a regular basis before 2021 have found the changes under the new Rules most welcome, bringing procedural simplification and greater certainty in terms of work permits.

In contrast, those businesses that have typically relied on EU migration as their main source of employees (recruiting on the basis of free movement rather than via UK work permit routes) find the new system inaccessible, confusing and prohibitively expensive. No system is ever going to be as easy as free movement but the rigours that the revised Rules still demand are creating barriers to the hiring of migrant talent.

In particular, those businesses that require what is traditionally considered ‘low skilled’ labour (arguably better described as low-paid labour) find themselves struggling in today’s immigration landscape. These businesses have called for more immigration as a solution to the labour shortages they are facing. The government has rejected this, specifically citing the Brexit vote when, in their words, people “repeatedly voted to take control of our immigration system”. Unsurprisingly, this view is reflected in the new Rules which are quite specifically designed to neither attract nor accommodate that sort of workforce, in part as a method of incentivising the recruitment of UK workers, increasing wages and weaning businesses off cheaper EU workers. However, whilst many businesses agree that many ‘low-skilled’ jobs are underpaid and certainly socially undervalued, they also argue that wages are now rising very fast and that this is something that will - in the long term - encourage more UK-born workers into the profession. Businesses describe recruitment from the domestic labour market for these roles as challenging at best, meaning that a lack of access to overseas labour is leading, in the short term, to significant staff shortages, impacting on businesses ability to fully function and to be profitable. This is especially the case with smaller businesses who often do not have the time or resources to intensively train staff or pay prospective staff a higher wage, especially in industries with slim profit margins. However, it is less of a challenge to larger businesses who possess those resources and therefore have access to a larger pool of labour. The long-term consequence of this could be an increase in the disparity of access to skills between larger and smaller businesses. We hope that the Government will be receptive to these issues and do what they can to reduce and close this gap.

The recommendations are summarised below and set out more fully in Chapter 8 of this report.

---

1 Resolution Foundation - Home and Away, The UK labour market in a post-Brexit world, December 2022

APPG on Migration Inquiry | 3
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td>Make the operation of sponsor licences less administratively burdensome and legally complex to increase accessibility for micro, small and medium sized enterprises.</td>
</tr>
<tr>
<td><strong>2</strong></td>
<td>Consider allowing sponsored work permits to be issued for perceived ‘low skilled’ roles in instances where there are likely to be acute shortages, and adjust minimum salary level for those roles accordingly. Academic qualifications are an inadequate proxy for skill level and important vocational skills need to be recognised more fully.</td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>Amend the Rules to include other nationalities under Tier 5 Youth Mobility, through reciprocal, multilateral arrangements with the relevant countries. Further consider adapting this route to be like the Australian model, where eligibility extends from 18 – 35 years old.</td>
</tr>
<tr>
<td><strong>4</strong></td>
<td>Carefully consider the introduction of some additional sector-specific, short term work permits similar to the seasonal agricultural workers scheme, for other sectors with an acute labour shortage, whilst ensuring that any aspects of the scheme that could lead to worker exploitation are diligently managed and well regulated.</td>
</tr>
<tr>
<td><strong>5</strong></td>
<td>Improve the quality of guidance around Right to Work checks and provide training workshops and a dedicated helpline. This would help employers to recruit with confidence, improving their access to migrant labour where people are already present in the UK, and minimise potentially discriminatory behaviour. Couple this with increased stakeholder engagement for micro, small and medium sized enterprises.</td>
</tr>
<tr>
<td><strong>6</strong></td>
<td>Reduce the overall cost of a visa application (including health surcharge, skills levy etc.) for roles on the shortage occupation list or small businesses with a low turnover (which the UK government could verify via data checks with HMRC.)</td>
</tr>
<tr>
<td><strong>7</strong></td>
<td>Develop a cross-Whitehall skills strategy for sectors particularly impacted by an acute skills shortage following the introduction of the new Rules. Ensure that immigration rules are considered as part of wider context for skills and success in key industries. Hospitality and the care sector seem to be amongst the top priorities for this approach.</td>
</tr>
</tbody>
</table>
METHODOLOGY

The aim of the inquiry was to collect feedback from a wide range of stakeholders about the positive and negative impacts of the new Immigration Rules on employers, employees, the wider economy and communities, to understand how they are responding and adapting.

We partnered with Fragomen to run a survey aimed at employers that make use of the UK immigration system. That survey was supplemented by follow up interviews with respondents to offer them the opportunity to expand upon their answers and dig into particular areas of concern. Those interviews form the basis of the case studies contained here.

This was a broad survey directed to APPG members and Fragomen clientele which was being shared widely on social media, and by fellow industry bodies.

The survey had almost 100 respondents from employers in 17 different sectors.

Respondent size varied from those employers with turnovers of less than £600,000 to more than £50 million, and from employee numbers in single digits, up to more than 250. Respondents were also based throughout the UK from the South West to Scotland, and everywhere in between.

This sample is of course not large enough to draw any significant statistical conclusions. Nevertheless, the feedback was broad enough to provide us with the initial litmus test that we were looking for at this stage. The respondents were self-selecting, and the sectors that invested the most time in responding tells an interesting story in itself. It is perhaps no surprise that over 70% of responses came from the health and social care, and hospitality sectors. Both have been beleaguered by the pandemic and are historically heavily reliant on European labour².

We also spoke to representative umbrella organisations including the National Farmers’ Union, the Recruitment Employment Confederation and the NHS Employers Group.

In contrast, those industries which are more traditional users of the UK’s corporate immigration system and served well by it (such as financial services) did not respond in large numbers, which can be interpreted as reflective of a level of satisfaction with the current Rules.

The feedback highlighted areas where the new Rules work well and meet the needs of employers and their industries. There were, however, consistent themes of areas ripe for reform, on which we expand within our case studies (Chapter 7) and Key Findings (Chapter 5).

² Migration Advisory Committee – Annual Report, December 2020
WHAT ARE THE NEW IMMIGRATION RULES?

The amendments to the Immigration Rules that came into effect to replace free movement were many and varied, so we focus here on those we consider most impactful to business, providing background and detailing the most salient changes.

The Sponsor Licence System

The UK operates a licensing system whereby, before an individual obtains a sponsored work permit, the UK business aiming to employ them must obtain a licence from the UK government. Once that licence has been obtained, the business can use it to issue Certificates that form the basis of a sponsored work permit application.

Compliance

Once the sponsored work permit is in place, it is considered a living document and changes to the employment details must be updated to the UK authorities via the online portal. Whilst the new Rules minimised the number of updates required in terms of salary changes, changes in relation to job title, work location and hours, for example, must still be reported within ten working days of the relevant change.

Businesses with sponsor licences must also update the UK government on any corporate changes that may impact their licence, such as change in structure due to mergers or acquisitions, change of office location, number of employees etc., within 20 working days of the change.

Skilled Worker route

This is a sponsored work permit that allows migrants to come to the UK to work in a specific role skilled to UK A Level and above. This visa category commands a minimum salary level, and an intermediate English Language ability.

It is the latest iteration of the Tier 2 (General) visa route and allows holders to settle in the UK after five years, with qualifying family members.

The changes under the new Rules include the removal of the Resident Labour Market Test from this route, which requires sponsors to advertise their roles for 28 days typically on the UK government’s job portal using prescribed information. The strictures of that process frequently frustrated business so its removal is viewed as a welcome development by many.

The new Rules also suspended the cap on the number of Certificates that businesses can issue under the Skilled Worker route, another positive change. Businesses also previously had to request certain Certificates by a particular point in the month (which, if missed, could delay the work permit issuance by a few weeks.) That restriction has now been lifted too, though specific requests must still be made for overseas applicants.

Other Work Permit Routes

By way of further context, both the new and the old Rules enable migration to the UK by high net worth individuals, those perceived as exceptionally talented, and people with innovative and sustainable business ideas.

The UK has a route specific to internships which allows sponsored migrants to come to the UK for a maximum period of 12 months (though their role must be supernumerary, and they must either have studied or be studying towards a Bachelors degree.)

The new Graduate visa that went live on 1 July 2021 allows migrants who have completed a degree in the UK to remain in the UK for typically two years, with full access to the UK labour market.
The Tier 5 Youth Mobility route allows migrants aged 18 – 30 from certain countries to come to the UK to work in any capacity for up to two years. Those countries are Australia, Canada, Monaco, New Zealand and San Marino (with Hong Kong, Japan, South Korea and Taiwan too, though their application process is slightly more involved.)

The UK does not have any visa route specific to apprenticeships.

**Sector Specific Routes**

The Rules provide a dedicated Global Talent route for the “brightest and the best” in specific sectors (the arts, digital tech, science, engineering, humanities and medicine) to come to the UK (though it is a laborious application with no guarantee of success.)

Beyond that, the only sector specific visa route is the Seasonal Agricultural Workers Scheme, which allows sponsored migrants to come to the UK to work for their sponsor for a fixed period within certain agricultural industries.

**Right to Work**

Part of compliance obligations for any employer in the UK (not just those with sponsor licences) includes Right to Work Checks. These oblige anyone employing people in the UK to conduct compliant Right to Work Checks before a person commences employment, to establish a statutory defence to an allegation of illegal working. Right to Work Checks must be based on prescribed documents, and recorded in a particular manner, whether done manually or electronically. Failure to conduct the appropriate Check where someone is found to be working illegally can result in fines of up to £20,000 per instance of illegal working being levied against the employer.

This particular element of the compliant environment is not new by any means but it is a useful piece of context given the number of times it was referenced by respondents as part of their feedback.
**KEY FINDINGS**

Despite variation in size, location and sector, there are clear commonalities amongst respondents on a number of issues.

1. The vast majority of those who responded are finding recruitment more difficult under the new Rules (even when asked to discount the impact of COVID).

>“Since January 2021, we struggle much more with the recruitment despite significantly increased recruitment budget”

*Health and social care employer, turnover in excess of £2 million, London*

70% of respondents have found the ability to recruit under the new Rules more difficult (with almost 40% saying it was much more difficult).

Over three quarters have found hiring for certain roles more challenging under the new Rules.
The sponsor licence system is perceived as too expensive, overly legally complex and unduly administratively burdensome.

A large London-based financial services employer observed that the process of sponsor management system updates is restrictive. An East Midlands NHS Trust made the same observation noting that when a sponsor has a lot of migrants, the online system can be very difficult to use in terms of updates and the Defined Certificates of Sponsorship required for some Skilled Worker applications.

“UK government fees are crazy high”

Construction employer, turnover in excess of over £10 million, South West

“Small companies (especially in care) don’t have capacity for immigration”

NHS Employers

Nearly half of respondents that did not hold a sponsor licence cited legal complexity and cost as the reasons behind that decision.

4 out 5 respondents that hold sponsor licences said that the cost of the visa application process has had an impact on their overall business model.
There are positive correlations not only between the turnover of an employer and the likelihood that it holds a sponsor licence, but also between holding a sponsor licence and an increased recruitment of non-UK nationals since January 2021. Large employers in some key sectors have noticed some real improvements that will help their bottom line. Overall, the positive correlation suggests the bigger the business, the more positive the impact of the new Rules.

*Changes under the new Rules, specifically the ability to switch from a temporary to a permanent work permit are “extremely welcome and addresses real concerns of business”*

*Information and communication employer, turnover in excess of £50 million, London*

Over 70% of respondents with 50+ employees either had a sponsor licence or were considering applying.

The higher the turnover, the less the concern that related costs are too high:

<table>
<thead>
<tr>
<th>Answers</th>
<th>% Responding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Related costs are too high</td>
<td>49%</td>
</tr>
<tr>
<td>Concerns around legal complexity</td>
<td>47%</td>
</tr>
<tr>
<td>Lack of capacity for related administration</td>
<td>33%</td>
</tr>
<tr>
<td>Ability to recruit UK nationals</td>
<td>11%</td>
</tr>
<tr>
<td>Roles not eligible</td>
<td>20%</td>
</tr>
<tr>
<td>In process of applying</td>
<td>4%</td>
</tr>
<tr>
<td>Other reason</td>
<td>9%</td>
</tr>
</tbody>
</table>

The largest companies (turnover of £50 million+) saw their recruitment increase 33% of the time, over 50% higher than the average:

- **Non-Holder of UK license**
  - Increased a lot: 28.9%
  - Increased slightly: 22.2%
  - Remained about the same: 42.2%
  - Decreased slightly: 4.4%
  - Decreased a lot: 2.2%

- **Holder of UK license**
  - Increased a lot: 37%
  - Increased slightly: 18.5%
  - Remained about the same: 34.7%
  - Decreased slightly: 13.9%
  - Decreased a lot: 8.3%

- **Combined**
  - Increased a lot: 31.9%
  - Increased slightly: 18.5%
  - Remained about the same: 34.7%
  - Decreased slightly: 13.9%
  - Decreased a lot: 8.3%
The lack of visa routes for ‘low skilled’ workers could exacerbate existing staff shortage in certain sectors. Employers are looking for available hires within the UK labour market but that supply is not meeting demand.

“I have to cap how many rooms we can sell as [labour shortages mean we are] unable to service rooms in time, losing valuable income to develop the business, recover from lockdown etc.”

*Hospitality employer, turnover in excess of £2 million, North West*

“After reopening after this long forced closure we are now unable to run at full capacity simply because of lack of staff. These were previously mostly recruited from Europe (because of the lack of locals to fill the positions) this avenue has completely dried out”

*Hospitality employer, turnover in excess of £2 million, North West*

Less than a third of respondents in hospitality, and health and social care hold a sponsor licence.

---

3 We use the term ‘low skilled’ in line with the UK government’s work permit system which permits sponsorship to the Regulated Qualification Framework Level 3 i.e. UK A Level and above. By ‘low skilled’, we refer to roles deemed by the UK government to be beneath that Level. We go on to address this categorisation below.
IN DEPTH ANALYSIS

Here we dig down into the data gathered to further examine the feedback received and consider how it can usefully inform the debate on immigration.

The larger the organisation, the higher the percentage that it has a UK sponsor license.

Our research shows a strong positive correlation between the size of an employer and sponsor licence membership, indicating that the UK work force requires supplementation from overseas. Larger employers can afford to take on the visa application process, both in terms of costs and capacity.

Over 70% of respondents with 50 or more employees either have a sponsor licence or are considering applying for one. Slicing the data by turnover, we see that the larger the business’ turnover, the greater the chance they hold a license; 68% of companies with revenues in excess of £10 million hold sponsor licenses.

This finding indicates that sponsor licence ownership requires considerable financial commitment, and resources to deal with the complexity of immigration compliance.

Certain sectors have very low sponsor licence uptake due to skill and salary level issues.

In the health and social care sector, only 27% said yes to sponsor license ownership, and in hospitality, that number decreased further to just 20%. These two sectors made up over 70% of our respondents but answered in the negative to this question by more than 10% than other respondents in other sectors.

Respondents explained that the minimum salary levels set by the Home Office are typically prohibitive for their industries. That issue is compounded by the fact that the definition used for skill level excludes a lot of their key roles, such as carers, waiting and front of house staff etc., all of which means the roles for which they need to recruit cannot be sponsored under the new Rules.

Those businesses that have roles eligible for sponsorship (such as senior carers for example,) are often dissuaded from sponsorship due to the associated costs.

**Answers**

<table>
<thead>
<tr>
<th>Reason</th>
<th>% Responding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Related costs are too high</td>
<td>49%</td>
</tr>
<tr>
<td>Concerns around legal complexity</td>
<td>47%</td>
</tr>
<tr>
<td>Lack of capacity for related administration</td>
<td>33%</td>
</tr>
<tr>
<td>Ability to recruit UK nationals</td>
<td>11%</td>
</tr>
<tr>
<td>Roles not eligible</td>
<td>20%</td>
</tr>
<tr>
<td>In process of applying</td>
<td>4%</td>
</tr>
<tr>
<td>Other reason</td>
<td>9%</td>
</tr>
</tbody>
</table>

**Reasons why those who are eligible for a sponsor licence are dissuaded from applying for one**

- [ ] 1 - 9
- [ ] 10 - 49
- [ ] 50 - 249
- [ ] 250 +
Nearly half of respondents that do not hold a sponsor licence cited legal complexity as a deterrent.

Across organisations of all sizes, the two major concerns in the context of the sponsor licence framework were costs and legal complexity.

The penalties for non-compliance and improper use of a sponsor licence can be harsh, including up to £20,000 per migrant found to be working illegally (though that fine is not limited to sponsored migrants.)

Legal complexities that respondents highlighted included ‘mapping’ roles to the appropriate job code (which dictates the ability to sponsor and minimum salary level) and lack of clarity over right to work requirements, meaning that, even where businesses could potentially avail themselves of the immigration system, they are deterred from doing so given the burdensome nature of the process.

Whilst the Home Office does publish guidance on these points, over half of respondents did not find it clear. This concerned them, particularly given the Home Office’s emphasis in recent years on the hostile (now termed ‘compliant’) environment.

Over a third of respondents also cite lack of capacity for related administration as a deterrent

Any changes related but not limited to the number of employees employed by the sponsoring employer, the work locations of that employer and changes in sponsored migrants’ roles must be notified to the UK authorities within the specified time frame of ten working days, and detailed records kept in relation to each migrant employee in case of an audit.

The higher the turnover, the less the concern that related costs are too high is.

The UK is amongst one of the most expensive jurisdictions in the world in terms of government fees for immigration.

How clear do you find the guidance for sponsor licenses?
If a Skilled Worker were to enter the UK to work for a large company for five years with a partner and three children the total visa cost would be £24,589. If they were single and entering for three years then the cost is £5,681.

<table>
<thead>
<tr>
<th>Country</th>
<th>Family of 5 for 5 years</th>
<th>Single applicant for 3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>GBP 24,589</td>
<td>GBP 5,681</td>
</tr>
<tr>
<td>Australia</td>
<td>AUD 24,812.58</td>
<td>AUD 8,537 (£4,580)</td>
</tr>
<tr>
<td>(€13,310.40)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>CAD 2,420</td>
<td>CAD 470 (£272)</td>
</tr>
<tr>
<td>(€1,393)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>EUR 1,340 (£1,150)</td>
<td>EUR 175 (£150)</td>
</tr>
<tr>
<td>France</td>
<td>EUR 1,695</td>
<td>EUR 324 (£278)</td>
</tr>
<tr>
<td>(€1,453)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>USD 7,240</td>
<td>USD 2,650 (£1,923)</td>
</tr>
<tr>
<td>(€5,254)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**CANADA**

**Family of 5 for 5 years**

The total is CAD 2,420 for a family of 5 who are not visa exempt.

Single workers for 3 years

For a single worker entering for three years they would pay CAD 470.

**GERMANY**

**Family of 5 for 5 years**

The most expensive constellation would be entry visas (EUR 375), initial permits (EUR 500) and one round of renewals (EUR 465). For all five that would be EUR 1,340.

Single workers for 3 years

For a single worker entering for three years they would pay EUR 175.

**AUSTRALIA**

**Family of 5 for 5 years**

The main long term work visa in Australia is the 482 visa and it can be granted for up to four years. If a worker was required for a five year assignment, the family would need to apply for an Australian visa twice over the course of their assignment or otherwise they could apply for permanent residence after the first three years. The costs of both visa applications for the worker, their partner and three children, would be total of AUD 24,812.58.

Single workers for 3 years

For a single worker entering for three years they would pay AUD 8,537.

**FRANCE**

**Family of 5 for 5 years**

Talent Passport EU Blue card is granted for 4 years and renewable. The government fee for a five year employment with family would be long stay visas (EUR 495), residence permits (EUR 600) and one round of renewals (EUR 600). The total government fee will be EUR 1,695 for a 5 year employment in France for a family of 5.

Important - An employer tax is imposed by the French Office of Immigration and Integration (OFII) on all foreign employees in France. This tax is 55% of the salary paid to the foreign worker, up to a limit of 2.5 times the monthly amount of the French minimum wage (i.e., €3,886.46 for 2021). If the gross monthly salary is greater than €3,886.46, the tax is limited to €2,137.55 € for 2021.

**Single workers for 3 years**

For a single worker entering for three years they would pay long stay visa (EUR 99), residence permits (EUR 225). The total fee for a single worker will be EUR 324.

The employer tax is also applicable for single workers.

**UNITED STATES**

**Family of 5 for 5 years**

The main work visa for professionals in the United States is an H-1B visa and it can be granted for six years, in three-year increments. If a worker was required for a five year assignment with a large-size employer, the family would need to apply for an H-1B visa twice over the course of their assignment. The total government fees of both visa applications for the worker, their partner and their children, would be USD 7,240.

**Single workers for 3 years**

For a single worker entering for three years they would pay USD 2,650.

**UNITED KINGDOM COST BREAKDOWN**

<table>
<thead>
<tr>
<th>Visa Category</th>
<th>Outside UK (GBP)</th>
<th>Inside UK (GBP)</th>
<th>Certificate of Sponsorship (GBP)</th>
<th>Health Surcharge per year (GBP)</th>
<th>Skills Charge per year (GBP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skilled Worker up to 3 years</td>
<td>610</td>
<td>704</td>
<td>199</td>
<td>624*</td>
<td>1,000**</td>
</tr>
<tr>
<td>Skilled Worker over 3 years</td>
<td>1,220</td>
<td>1,408</td>
<td>199</td>
<td>624*</td>
<td>1,000**</td>
</tr>
<tr>
<td>ICT up to 3 years</td>
<td>610</td>
<td>704</td>
<td>199</td>
<td>624*</td>
<td>1,000**</td>
</tr>
<tr>
<td>ICT over 3 years</td>
<td>1,220</td>
<td>1,408</td>
<td>199</td>
<td>624*</td>
<td>1,000**</td>
</tr>
</tbody>
</table>

*There is a reduced fee of £364 for small companies and charities and the fee will not apply where applicants apply for entry clearance for less than six months. Other exceptions apply.
Organisations with significant turnover can absorb those costs but for employers with less disposable income, costs are a significant limitation from engagement with UK immigration with almost half of respondents mentioning this particular concern.

Over 93% of companies with a UK sponsor license and 250+ employees said that contracts offered to non-UK national employees have not changed, which is further evidence that size and turnover can inoculate an employer to the impact of immigration change.

Only 1 in 10 respondents found UK Visas and Immigration guidance very clear.

For holders of the license, the higher the revenue, the greater clarity of the guidelines (perhaps because they can afford to dedicate specialists/resources to make sense of it.)

This is perhaps indicative of the need of the Home Office to engage with stakeholders from micro, small and medium sized companies, and the relevant umbrella bodies to better understand and respond to their concerns.

70% of respondents have found it harder to recruit under the new Rules

In addition to the above, three quarters of respondents have found recruiting for certain roles more challenging. Particular examples given included chefs, carers and social workers.

Less than 10% thought recruitment had become easier (with those that responded in the positive citing the removal of the Resident Labour Market Test as the reason for the improvement).

### Have you found it easier or more difficult to recruit under the new rules

- **Much more difficult**: 39.1%
- **More difficult**: 30.4%
- **About the same**: 20.3%
- **Easier**: 5.8%
- **Much easier**: 4.4%
CASE STUDIES

We have included here some case studies provided by a number of respondents to illustrate and provide further context to the above data.

Health and Social Care Sector

Respondent profile

- Employer with more than 250 employees
- Annual turnover in excess of £50 million
- Headquartered in the West Midlands

The employer has more than 140 branches across England and Wales where they provide hourly visit support or 24 hour live in care.

In terms of their live in care, “historically half of our staff came from Europe. That business has been decimated and we have a lack of carers.”

The employer observes that their recruitment of non UK employees has changed massively since January 2021. They confirm that they have –

“1700 carers active to support these customers. 28% of our carers are Brits – 72% coming from around the world which is a mixture of EU citizens or expats or people who already have eligibility to work … 80% of British recruits quit within 6 months which is dreadful. You need to be dedicated and want to do this type of work … The bulk of our workforce pre Brexit were Greek, then Spanish followed by Portuguese and lastly Eastern Europe.”

Forecasting recruitment as a future issue, they focussed on UK recruitment 18 months ago. They found that they were “very unsuccessful recruiting within the UK so we have changed the way we pay people and increased salaries to full time £33,800 per annum. Despite this we still cannot attract people.”

This would indicate that remuneration itself is not a standalone issue here and broader consideration may need to be given to additional elements such as work conditions within the industry, and the perception of careers in care by UK nationals, as well as the specific personal, although not necessarily academic, skills required to succeed in this field.
The employer said they did not wish to rely on overseas labour but the lack of supply from within the UK has forced their hand.

Despite a keenness to engage with the new Rules, the employer was told that they could not sponsor people as their live-in carer roles were not skilled enough.

This is in line with the Rules’ Appendix Skilled Workers which only permits sponsorship for those roles skilled to A Level and above (which carers are not deemed to meet.) The Skilled Worker route has various requirements but chief amongst them are the minimum skill level (set out above) and the minimum salary level (again, determined by the UK government.) If either of these two key requirements are not met, the role will not be eligible for a sponsored work permit. This means that unless a non-British or Irish job applicant has an independent visa that allow them the right to work in the UK (such as a UK Ancestry visa) they will not be able to take the role.

This is “posing a big barrier to the business in employing overseas workers.”

Whilst the employer praises the transparency of the Rules in general, the issue of skill level is a particular challenge.

If the employer’s key care roles were eligible for sponsorship, this would have a positive impact. They would then obtain a UK sponsor licence to employ workers from overseas into live in care worker roles. That would ease the burden currently felt and they would be better placed to support those requiring their services.

The business described the impact of the new Rules in very negative terms for both businesses and their clients, with “every waking moment spent worrying about this. It is a life and death situation for our customers.”
Hospitality Sector – Accommodation

Respondant profile

- Employer with 10 – 49 employees
- Annual turnover in excess of £1 million
- Based in the North West

This regional hotel has a large proportion of employees from the EU, and has traditionally found it very difficult to recruit from the UK labour market. They cite examples such as the expense of local accommodation and the lack of appeal of live-in roles to UK workers.

Their ability to recruit has been impacted “significantly and adversely” as a result of the new Rules.

They have given some thought to obtaining a sponsor licence but perceive it as a substantial administrative burden. Furthermore, the minimum skill and salary level of at least £25,600 is “far higher than the industry can afford” where an entry level role is typically in the region of £18,000. To accommodate that, the employer would need to push up their prices, which would be off putting for consumers so could have a negative impact on the business as a whole.

The pandemic made it very difficult to retain staff and their current staff shortage is so extreme that the hotel has had to say no to additional bookings. Despite their existing staff working 20% more now than their usual hours, they simply cannot meet customer demand.

Hospitality Sector – Food Services

Respondant profile

- Employer with 1 – 9 employees
- Annual turnover of less than £600,000
- Based in the North West

This local café is really struggling with recruitment.

Whilst they’ve experienced a chronic lack of chefs in particular (having been unable to hire one for three years), they are now struggling to recruit front of house staff, and even kitchen porters. The employer perceives the recruitment situation for small employers in their area as dire at the moment, with “more jobs than people”.

Brexit definitely had a negative impact though they acknowledge that there are a combination of factors at play here. They observe a lot of EU workers leaving the UK after the Brexit vote. They used to recruit a lot of Polish workers who then established a referral network but they are no longer coming to the UK so that source of employees is no longer available.

Their experience of the immigration system is typified by bureaucracy. A sponsor licence would not address their concerns as their vacancies would not be eligible for sponsorship. Even if they were eligible, the licence is seen as too costly to fill short term needs.
Information and Communication

Respondant profile

Employer with more than 250 employees
Annual turnover in excess of £50 million
Head quartered in London

This respondent is a regular user of the UK’s corporate immigration system, and has had a sponsor licence in place for several years. Given their turnover and size, they have various staff members committed to their immigration and global mobility function, allowing them the bandwidth to absorb and adapt to changes of the Rules with relative ease.

They describe the UK as a “shining example” in comparison to other jurisdictions in terms of the cohesion of the application process. Furthermore, the minimal requirement for corporate documentation as part of applications under the Rules is acknowledged as a real positive. Once an employer’s sponsor licence is in place, the UK authorities typically require very little corporate documentation in support of a sponsored work permit application.

Their biggest issue so far as users of the sponsor licence system is the requirement to evidence a ‘genuine need’ to bring a sponsored worker to the UK. The previous Rules included a laborious Resident Labour Market Test which often frustrated the immigration process. That was initially removed under the new Rules but then replaced in part by the need to evidence a genuine vacancy for the incoming migrant, a policy described by the respondent as “half baked”. They point out that an employer spending more than £10,000 in government fees for a work permit is extremely unlikely to do that if they do not in fact need the person in the UK.

They also recognise the UKVI’s online right to work checks as a “quantum leap from an employer compliance point of view”, as anything that can be done in an electronic fashion is a “godsend” for employers. They are hopeful that this process will be extended to UK and Irish nationals.
RECOMMENDATIONS

Here, we consider the changes that could positively impact the issues raised above.

THE SPONSOR LICENCE SYSTEM AND COMPLIANCE

Benefits of the UK Sponsor Licence System

Those organisations that use their sponsor licence on a regular basis, particularly since before the Rules changed, speak in positive terms of the new amendments, specifically of the removal of the Resident Labour Market Test.

Drawbacks of the UK Sponsor Licence System

The use and overall administration of a sponsor licence requires sustained focus. For micro, small and medium sized enterprises, this can appear as an unreasonable and insurmountable challenge and a seriously dissuasive element.

The immigration system is perceived as very bureaucratic, with policies that sometimes seem disconnected from the needs of businesses on the ground.

Recommendation 1

Make the operation of sponsor licences less administratively burdensome and legally complex to increase accessibility for micro, small and medium sized enterprises.

Proposals could include:

1. Reducing the number of updates required in the lifetime of a sponsored visa;
2. Automating updates to the sponsor licence itself via information already submitted to HMRC or Companies House;
3. Removing or refining the Defined Certificate of Sponsorship process (where a specific request needs to be made to the Home Office for the Certificate for an overseas employee) which seems arbitrary and can be difficult to administer when dealing with high applicant volumes;
4. Reform the system to allow umbrella sponsor licences to be held by industry bodies, trade unions etc. to enable sponsorship by those companies who cannot absorb the administrative burden of personal sponsor licence ownership. There is precedent for such an approach within the T5 Government Authorised Exchange model and support at grassroots level. In the realm of social care, for example, the sponsor licence could be held by the relevant regulator which could issue certificates for member businesses to enable work permits, based on a compliance commitment from that business.
SKILLED WORKER ROUTE

Benefits of the Skilled Worker route

For those who used Tier 2 General (the previous iteration of this route), the new Rules bring welcome changes such as a lower skill level and increased flexibility for overseas hires.

Drawbacks of the Skilled Worker route

Even though the skill level has been lowered from degree to A Level, this still leaves the route inaccessible for some sectors.

“Social care roles are almost barred out … there are very few people who could be recruited in terms of how the system has been designed” - NHS Employers

As acknowledged by a recruitment members group, the route does not accommodate what are deemed by the Home Office to be low skilled workers. Their members have been concerned for a while by the new system in terms of the lack of low skilled routes, and a perceived mismatch between the skills of the workforce.

The minimum salary level too is prohibitive for many roles where employers nevertheless struggle to recruit from the UK resident labour market. Their members have experienced salary inflation due to lack of staff, but despite the increase in salary and benefits to try to attract talent, they are still struggling to recruit.

“The assigned skill and salary levels set by the Home Office are arbitrary” – Hospitality, turnover in excess of £2 million, North West

Recommendation 2

Consider allowing sponsored work permits to be issued for perceived ‘low skilled’ roles in instances where there are likely to be acute shortages, and adjust minimum salary level for those roles accordingly.

Academic qualifications are an inadequate proxy for skill level and important vocational skills need to be recognised more fully.

The Skilled Worker route demands that applicants obtain a minimum number of points to receive the work permit. These points are primarily allocated in reference to the skill and salary level of the role, but additional points can be gained by applicants starting their careers, those with relevant PhDs etc. Additional points are awarded for shortage occupation roles too, but those are still only available to roles skilled at A Level and above. If sufficient points are not awarded, the application would not be approved, therefore the permit would not be granted.

Tied to Point 2 in our Executive Summary, one approach to facilitate this recommendation could be to allow the allocation of additional points for specific industries where staff shortages are most keenly felt, such as hospitality. These additional points could meet the shortfall for the skill and / or salary level, permitting sponsorship and a successful permit application.

The UK government has typically used the term “high-skilled” in relation to roles that require university level education (or many years of industry experience.) Whilst the change to facilitate sponsorship of A Level roles is welcome, that still ignores the nuance of work that is typically thought of as unskilled, but in reality, requires a great deal of expertise and vocational focus such as social care and hospitality (particularly for chefs and front of house staff.)

This aligns to with House of Lords’ recent debate on the Skills and Post-16 Education Bill, where reference was made to the artificial conflict between vocational and academic sectors. Whilst that conversation is ongoing, there may well be lots there to inform an immigration-related discussion on the nature of skill.

Of course, it is possible to argue that the ability to sponsor could be tied more purely to salary, as an indicator of skill. However, that would assume that a radical shift in sectors such as care and hospitality (where customers could quickly adapt to paying more for services) would be possible, however employers strongly feel that this is not currently the case.

Our research suggests that many ‘low skilled’ jobs are in fact reflective of key skills currently lacking in the UK employment market. Whilst the UK government’s drive to encourage businesses to look to UK labour to address this issue is understandable, a short term plan to allow recruitment from overseas is necessary at least as an interim measure to plug a labour gap.

Tied to Point 7 under our Executive Summary, such a policy would need work alongside a comprehensive, long term plan to invest in domestic training for crucial sectors where demand is only likely to grow, especially...
in sectors such as construction and hospitality. This would assist businesses to transition from the removal of free movement, and serve as a bridging measure until that homegrown talent is developed and is both ready and willing to service those sectors who find themselves with long term labour shortages. This would also need to tie to effective enforcement of labour rights legislation, again requiring cross department strategy to effect this positive change.

That willingness is a key element for certain industries such as hospitality where the UK’s domestic labour market does not perhaps perceive an availability of sustainable and appealing careers. The Resolution Foundation report mentioned above addresses this issue, highlighting some particular points (such as the appropriate entitlement to paid holiday and permanent instead of fixed term contracts) which if addressed, could improve the attractiveness of roles within certain sectors allowing employers to recruit and retain staff. They conclude that overall, staff shortages can have a positive impact to the extent that the industries are motivated to improve pay and work conditions, and indeed our research confirms the same, with evidence that salaries have been raised in an attempt to recruit.

That said, our research indicates that, where employers look to recruit from alternative labour sources, they do so as a necessity, rather than choice, unable to find the resources to support their business operations from within the UK. This is indicative that radical rethink is required to help these industries continue to function in the short term, and beyond.

**TALENT PIPE LINE**

**Benefits of existing routes**

The existing internship route works well for larger, professional organisations that already hold (or could hold) sponsor licences.

The existing Youth Mobility route is a helpful way for employers to hire young migrants without expensive government application fees. They can then work for two years, to skill up if required, before potentially switching into the Skilled Worker route.

**Drawbacks of existing routes**

The internship route is only available to applicants in possession of or studying towards a degree. It also requires detailed administration and migrant monitoring to meet compliance demands.

The new Graduate route may provide some respite but is unlikely to address the pressures felt in particular by hospitality, and health and social care.

The Tier 5 Youth Mobility visa is limited to certain nationalities. This visa can only be held once and cannot be extended.

**Recommendation 3**

Amend the Rules to include other nationalities under Tier 5 Youth Mobility, through reciprocal, multilateral arrangements with the relevant countries. Further consider adapting this route to be like the Australian model, where eligibility extends from 18 – 35 years old

Such measures could be unilateral in the first instance as a temporary step to encourage this cultural exchange.

Further consider adapting the route to the Australian model, where eligibility extends from 18 – 35 years old and the visa is granted for three years.

This visa route is comparatively cheap and easily accessible, two positive elements that should be retained whilst the above referenced eligibility criteria are expanded.

The Rules should “allow 18-25 year olds in for one to two years to work for minimum wage.”

Hospitality, turnover under £600,000, North West

“We have always had young Europeans work for seasons/short periods. I understand now having low skilled workers on the list of allowed professions, but a young person scheme and a 2 year work visa or the equivalent is essential to fill seasonal and low skilled work in hospitality” – Hospitality, turnover of over £1 million, North West

“We recognise the need to restrict opening the borders to all comers, but see value in a fixed term, temporary work visa which only becomes a full working visa once the recruit has reached an agreed level of competence … We would also like to get a sponsor license, but the threshold between Senior care Worker and Care Worker is not helping the situation. We hope things will improve.” – Health and Social Care, turnover in the region of £1 million, London
**SECTOR SPECIFIC VISA ROUTES**

The Seasonal Worker visa (T5) route allows the holder to come to the UK for six months to do agricultural work for a particular employer (for which they require sponsorship). It is currently the only sector specific, temporary work permit route of its kind.

**Benefits**

This route provides migrants, aged at least 18 years old, to come to the UK for up to six months to work in a seasonal role with an employer in the edible horticultural sector.

A leading body in the sector felt that the Seasonal Agricultural Worker Pilot Scheme (SAWS) has served the agricultural industry very well. The National Union of Farmers observed that they are “very pleased to have the pilot but would like to see areas of expansion and modification.”

**Drawbacks**

The limitation to the edible horticultural sector means that other sectors continue to suffer with staff shortages. The NFU note that the Scheme’s limited applicability, specifically the exclusion of ornamental horticulture frustrates that particular subset of their membership.

An expansion of the visa route to include ornamental horticulture along with further increases to the number of permits, operators and the option for direct recruitment would be most welcome by the industry.

“Seasonal roles are a very immediate issue as there are already shortages in terms of the number that the industry would like to recruit and the number actually recruited. We anticipate shortages for 2021 even in respect of edible horticulture where the pilot is relevant … What remains to be seen is how quickly that shortage materializes and how acute it becomes … it’s quite worrying in terms of food security” – National Farmers Union

The route when compared to free movement does not allow as much choice of employer, although workers can request to be moved to another business by the labour providers operating the scheme. Some suggest this increases risks of exploitative labour practices akin to indentured servitude. A recent report\(^4\) by Focus on Labour Exploitation concluded that some terms of the SAW visa can combine to create worker vulnerability leaving them susceptible to potential coercion by employers.

However, a return to freedom of movement is not on the horizon and a well run Pilot with suitable safeguards has been highlighted by bodies like NFU as being far preferable than shutting off legitimate routes to work in the industry. They also indicate key food security and environmental considerations connected to agricultural and horticulture production, as well as the fact that allowing direct recruitment and potentially switching between operators would mitigate against these perceived risks.

**Recommendation 4**

*Carefully consider the introduction of some additional sector-specific, short term work permits, similar to the seasonal agricultural workers scheme, for other sectors with an acute labour shortage, whilst ensuring that any aspects of the scheme that could lead to worker exploitation are diligently managed and well regulated.*

In the wake of COVID and Brexit, both industries have touted the SAWS as a prime example of a visa category that could be replicated within their sectors, to address immediate labour shortages and talent pipeline concerns. The contraction of the resident labour market following the end of free movement means real difficulty in recruitment.

Whilst the EU Settlement Scheme has allowed those EU migrants present in the UK by 31 December 2020 to continue to reside and work in the UK, new arrivals from the EU face real difficulty in accessing the UK labour market. Sector specific, short term work permits could address a very real gap in immigration options.

A health and social care respondent observed that if a worker is trained and supervised properly from the beginning, they are able to develop a highly skilled workforce, able to support people in their own homes, avoiding inappropriate admission to hospital and long term care.

They have found their work to be unattractive to UK based carers. Whilst they recognise the need to restrict visa access to the UK, they see value in a fixed term, temporary work visa which only becomes a full working visa once the recruit has reached an agreed level of competence.

Separate but related to immigration policy, a skills strategy could be developed to address a perceived image issue for the hospitality industry in the UK. Increased apprenticeships by way of investment in hospitality could

\(^4\) FLEX - Assessment of the risks of human trafficking for forced labour on the UK Seasonal Workers Pilot - March 2021

\(^5\) Flex Report - Participatory Research with Workers in the UK Hospitality Sector. Participatory Research Working Paper 2
emphasise clear occupational development structures within the industry to attract the domestic workforce to not just a job, but a career. This ties to the point above on Talent Pipeline.

“It has been difficult to attract UK based staff into care jobs during the pandemic. This has increased the pressure on existing staff to continue to deliver quality services to vulnerable people while maintaining infection control practices, namely working in cohorts within domiciliary care.” – Health and Social Care, turnover in the region of £600,000, London

Rigorous review of the elements of SAW that could perpetuate labour exploitation would be timely both to address the issues specific to that category and inform the development and implementation of any new similar sector specific routes.

A report by Focus on Labour exploitation titled “To help workers, I would tell the Government to...” observed that young people working in hospitality in particular are susceptible to discrimination. Safeguards would need to be ingrained in any new visa route to ensure that this particular issue is effectively addressed, such as an ability to change employers, and regular monitoring of sponsors (whether by the UKVI or outsourced to the appropriate industry body.)

RIGHT TO WORK

As a result of the deputisation of immigration control and the hostile (now compliant) environment, many businesses express concern over the proper execution of Right to Work Checks.

A manner of addressing this could be a suite of educative measures including improved guidance, workshops, a Right to Work helpline etc. These steps would allow business to recruit with confidence, improving their access to migrant labour where people are already present in the UK and minimise potentially discriminatory behaviour.

“The whole issue of Right to Work puts the fear of god in people” – Health and Social care employer, turnover in excess of £10 million, East.

Electronic right to work checks have been gratefully received though the exclusion of UK and Irish nationals from this facility has caused consternation. For UK nationals, electronic checks run via Her Majesty’s Passport Office seem operable (with perhaps similar checks with the Irish Department of Foreign Affairs.)

UK nationals without passports can rely on alternative documents such as a UK-issued birth certificate plus an official document giving the person’s permanent National Insurance number and their name issued by a government agency or a previous employer. However, it’s precisely this slightly strange combination of documents that can worry employers and lead to potential discrimination where employment is withheld due to ongoing concerns over right to work.

**Recommendation 5**

*Improve the quality of guidance around Right to Work checks and provide training workshops and a dedicated helpline. This would help employers to recruit with confidence, improving their access to migrant labour where people are already present in the UK and minimise potentially discriminatory behaviour. Couple this with increased stakeholder engagement for micro, small and medium sized enterprises.*

Specific Stakeholder Engagement and Support

The Home Office has reasonable stakeholder engagement through mechanisms such as the Employers Advisory Group.

However, continued and sustained engagement between the Home Office, employers and umbrella groups is critical at this time of adjustment to the new Rules to allow employees of all demographics to articulate their very real concerns about labour shortages.

“The government would be shocked if they saw what was going on here” - Hospitality employer, turnover of less than £600,000, North West

Our research shows that smaller businesses struggle to engage with Home Office guidance, and to contact the authorities when they are unclear on immigration processes. It would be useful to have policies put in place specifically to facilitate feedback and input from this demographic of new Home Office stakeholders.

When Home Office guidance is confusing and employers experience difficulty in trying to liaise with the authorities, this can all act as a deterrent to engaging with immigration (and give rise to potential discrimination issues.)

One way to address this concern could be a suite of support, including workshops and an advice line for such employers, akin to the Work Sponsor Premium service.
There would be public cost associated with this, but given the revenue that could be generated by employers confident to engage with immigration policy, increasing their workforce and growing their business where possible, the cost benefit analysis would support such service provision.

**Recommendation 6 - Fee Reduction**

*Reduce the overall cost of a visa application (inc health surcharge, skills levy etc) for roles on the shortage occupation list or small businesses with a low turnover (which the UK government could verify via data checks with HMRC)*

Government immigration fees can prove prohibitively expensive. For some employers, immigration costs directly contribute to decisions to send work functions to other countries.

To enable a fair and effective immigration system that allows businesses to operate as freely as possible, the UK government should consider a revisions of fees to allow all businesses to access suitable labour.

One approach could be to further reduce government fees for roles where businesses really have no choice but to hire from overseas, given skill gaps in the UK that employers have no way of filling without a migrant worker. Roles on the UK government's shortage occupation list already benefit from a slightly reduced visa application fee but more helpfully, the additional government costs beyond the visa application fee could be removed, such as the immigration skills levy of £1,000 per year of visa validity for large companies, and the immigration health surcharge of £624 per year of visa validity for sponsored migrants.

An alternative approach might be to offer a sliding scale of government fees tied to a business' turnover or similar (which the UK government could verify via data checks with HMRC.)

**Recommendation 7 - Cross Whitehall Strategy**

*Develop a cross-Whitehall skills strategy for sectors particularly impacted by an acute skills shortage following the introduction of the new Rules. Ensure that immigration rules are considered as part of wider context for skills and success in key industries. Hospitality and the care sector seem to be amongst the top priorities for this approach.*

We recommend a focus on cross government department strategies, firstly on resident labour skill development for sectors particularly impacted by acute skills shortage following the introduction of the new Rules, and secondly, to ensure the consideration of the immigration rules in the content of wide government policy.

Respondents cited the involvement and engagement of other key government departments as an important piece of the puzzle, as decisions from other such departments directly impact the viability of immigration policy and vice versa.

Examples given include the Government commitment to increasing housing supply in the UK, and the broader HS2 project delivery. The latter in particular is welcome news to the construction industry, though that same industry is now wrestling with an immigration system that does not seem to acknowledge or align to the government's commitment by enabling the migration of workers able to support those demands. The construction industry in particular has a great many self employed workers though the new system does not particularly accommodate that labour force. In a House of Commons debate in February 2020, Priti Patel alluded to this point stating that she was “already discussing specifically with the construction sector, because of the way it contracts individuals through the self-employment route.” Those discussions do not seem to have resulted in material change in the new system, though such review would be most welcome.

“What might seem like side issues to government are central to large project delivery. It feels like the government is not looking at the whole picture in terms of what has been promised and what is required to deliver that in the most sensible way” – Recruitment and Employment Confederation

---

1. *Hansard - Points-based Immigration System Volume 672: debated on Monday 24 February 2020*
“We’re already hearing of significant issues in terms of supply chain, with HGV drivers, processing and on farm input all experiencing shortage of labour … supply chain is so integrated in agri/horticulture so those things have impact, so the government needs to take an holistic view” – National Farmers Union

To address this concern, a new cabinet committee could be created including key departments (such as The Department for Business, Energy & Industrial Strategy, HM Treasury and the Department of Health) to function either as a new cross departmental body or be integrated into an existing committee, such as Economic Operations Committee or Domestic and Economic Strategy Committee.

This new or revised committee could collaborate in a manner that acknowledges immigration concerns such as labour shortages, be that in relation to the shortage occupation list, skill level etc., giving rise to government policy that acknowledges the intertwined nature of often competing departmental concerns.
CONCLUSION

It is, of course, still early days in the roll out of the new Immigration Rules. As referenced above, the COVID pandemic has also had a huge impact on both employers and the workforce, as massive adjustments to life and work have had to be made. However, it is important to pick up emerging trends as the new Rules are implemented to ensure that any major unintended consequences of change can be managed well and any corrections, if deemed necessary, can be made as quickly as possible.

We hope that this snapshot provides Parliamentarians, policy makers across Whitehall, and employer umbrella bodies, amongst others, some useful feedback on the impact the new Rules are having so far. We also hope that the recommendations set out here provide useful food for thought and will be considered further over the coming weeks and months as we try to ensure that our immigration system is fair to all and helps to create a successful and inclusive UK.

ACKNOWLEDGEMENTS

FRAGOMEN

We would like to thank the following for their invaluable assistance in the preparation of this report:

Staff at Fragomen LLP, particularly Gemma Hyslop and Siobhan Owers

Madeleine Sumption, Director of the Migration Observatory and Heather Rolfe of British Future who provided some useful feedback during the drafting phase

All the employers and umbrella bodies from across the UK who took the time to fill in the questionnaire and speak to interviewers over the phone

The parliamentarians who attended the initial APPG event and the discussion, specifically Tim Farron MP, David Simmonds MP, Paul Blomfield MP, Steve Double MP, Baroness Lister, Baroness Hamwee, Neil Coyle MP, Rt. Rev. Bishop Paul Butler and Baroness Ludford

The RAMP team, Secretariat to the APPG, particularly Vinya Mehta and Nabeel Sheraz