



**HOME AFFAIRS COMMITTEE
INQUIRY INTO POST-BREXIT MIGRATION POLICY**

INQUIRY RESPONSE

Response From: London First, Middlesex House, 34-42 Cleveland Street, W1T 4JE
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About London First

London First is a business campaigning group with a mission to make London the best city in the world to do business.

We convene and mobilise business leaders to tackle the key challenges facing our capital.

We are made up of over 200 leading employers across a wide range of sectors, supported by a small staff of experts, organisers and campaigners, overseen by a non-executive board of influential business leaders.

Overview

London First's top priority is to get the best deal from Brexit for London business. For our members, the major issue is access to talent and labour, from the UK (the ability of our skills system to deliver home grown workers with the right skills), the EU, and beyond.

The fight to keep Britain front and centre of the global stage intensifies in the race towards Brexit. Resetting the UK's immigration system so that it proactively supports this access to talent is crucial if Britain is to forge strong trading partnerships and continue to attract a world-class workforce.

The UK needs an immigration system that is fit for an internationally competitive economy. The system must be underpinned by policy that is evidence based and supports the needs of business to efficiently access skills, labour and experience that are not available in the local labour market and that are required to drive growth in the national economy. While overseas workers will always be required in a growing UK economy, immigration and skills policy must

also be better aligned to help to create a more sustainable pipeline of homegrown workers to plug the UK's challenging skills gaps.

Unnecessary and burdensome bureaucracy in the operation of the system – as businesses using the Tier 2 route experience - must be stripped out and effort taken to rebuild public trust in the way it works. The first step in doing this would be to abolish the arbitrary and unhelpful net migration target.

Answers to the specific questions from the consultation – where London First has been able to formulate a response - are below. We would be glad to discuss our response further with the Committee.

1. Objectives

What should the Government's objectives be in drawing up a post Brexit immigration system?

First, the government must recognise that the Home Office cannot deliver a new immigration system that works for the whole of the UK singlehandedly.

Sure, the department should take the lead on enforcement, ensuring that those that come to the UK play by the rules, and those that don't are removed. But immigration is about much more than controlling our borders and protecting our public services.

For one, policy should be geared towards attracting the skills and experience the country needs, ensuring business can access, in a simple and managed way, talented people from overseas. People from the EU and elsewhere are clearly an important part of London's workforce, across many of London's key industries; for example, 50% of London's construction employees were born outside of the UK and 70% in hospitality. They deliver substantial economic benefit: our research shows the total net additional Gross Value Added they contribute is £83bn, around 22% of all London's GVA¹.

That is why the responsibility for immigration should be shared with other departments including the Treasury and BEIS, who can help deliver policy that is evidence based and business friendly, necessary if the UK is to show itself to be open to the global market.

Second, while the Brexit negotiations roll on, the government should act now to get the system for non-EU migration working properly. Sweep away policy that was conceived in a different era and is damaging. Start by abolishing the arbitrary net migration target and reclassifying international students as visitors, not migrants. Re-introduce the post study work route so that students can switch from study to working for UK businesses who want to hire them, bringing their skills to the UK economy.

We welcomed the Home Office's decision to remove doctors and nurses from the Tier 2 work visa cap. The cap has been problematic for businesses across a range of sectors for some time now, for example retail, infrastructure, tech and professional services. With the pipeline of EU workers starting to dry up, as evidenced by the ONS figures that show fewer EU citizens are arriving in the UK to work and more are leaving (net migration of EU citizens has fallen by

¹ [London First – Facing Facts, March 2017](#)

75,000 over the last year)², the demand for non-EU workers has increased. This has resulted in demand for visas massively outweighing supply for months on end now, meaning that employers have been unable to access workers paid £65,000 or less, way above a nurse's, engineer's or technology worker's salary. These employers have already tried to recruit from the UK talent pool but have been unable to find appropriate candidates. A clear need for these potential overseas workers has been demonstrated, and their credentials vetted.

Removing doctors and nurses from the cap should free up more Tier 2 visas for business. However, we are yet to see the affect that this action will have and so it is important to keep the Tier 2 cap under review. If it continues to act as a barrier to business accessing skilled workers, then the cap will either need to be increased or removed entirely. Otherwise it risks business leaving these shores.

Taking these actions on the current immigration system will set a solid foundation for delivering a post-Brexit immigration system that is fit for global Britain.

With input from over 200 of London's leading employers and the national business groups, London First has set out a pragmatic and realistic [proposal](#) for what the UK's future immigration policy could look like.

The proposal, attached, sets out three key routes into the UK post-Brexit:

- Access for those that meet an agreed minimum salary threshold, to be set by government in consultation with business. This threshold would be below the current thresholds for non-EU citizens, allowing employers to adjust, before beginning to rise over time.
- Access for those that help meet the UK's skills and labour shortages. Business acknowledges that we need to reduce the demand for low skilled workers by working with government to bring about a real change in the UK's skills system.
- An unrestricted route into the UK for 'exceptional talent'. Business anticipates this would be set at a low volume, but the UK must remain open to the entrepreneurs and innovators that start businesses, create jobs and help grow the UK's economy.

Alongside ensuring the effective operation of the settled status process for EU citizens in the UK and arriving before the end of the transition period, this proposal will ensure the continued access to the talented people the UK economy needs, either alongside – or without – an agreement on preferential access for EU citizens.

Given that business finds the operation of the existing non-EU system overly bureaucratic and cumbersome, these proposed new routes must be underpinned by effective new operational processes that reduce unnecessary administrative costs, harness new technology and are supported by better sharing of relevant data between government departments, so that overseas workers can be in place much more quickly, without compromising enforcement. Alongside this, robust checks and balances are required to restore public confidence in immigration. London First recommends effectively resourcing the independent Migration Advisory Committee to monitor the functioning of the system and in particular work with business to manage a more dynamic approach to using the migration system to fill identified

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<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/migrationstatisticsquarterlyreport/february2018#differing-migration-patterns-seen-for-eu-and-non-eu-citizens>

skills and labour gaps. London First also supports the Committee's recommendation for an annual parliamentary migration report.

London First believes that this new approach could deliver a fair and managed system that also meets the needs of business.

It is important to give business as much certainty and clarity as early as possible as to the government's thinking on future immigration policy. This would help to ensure proper resource and investment planning. London First looks forward to seeing the government's much delayed immigration white paper.

Lastly, it is important to acknowledge that migrants have agency (the ability to choose where they want to go and supply their skills) – the UK economy needs to stay prosperous and welcoming to attract migrants for its labour shortages. The immigration journey to work or study in the UK needs to be as frictionless as possible, because should the hurdles of a new immigration system be too great (e.g. EU citizens fall into the current non-EU system), migrants may choose to take their skills to a different country instead.

What are the implications of the net migration target?

The net migration target as a policy tool implies that the immigration system is solely geared towards reducing the number of immigrants as far as possible and is indifferent to the needs of the economy for overseas workers and their skills and experience. The current Tier 2 cap has prevented many much-needed migrants with sought after skills from working in the UK as has been stated above. London First is not aware of any other country that uses a net migration target as a policy tool.

The net migration target is arbitrary, is not economically sound and should be abolished.

How should the UK address skills shortages which are currently met by EU migration?

As stated above, London First is proposing a new immigration route for accessing foreign workers to fill skills and labour shortages. This route would be more dynamic than the current shortage occupation approach and would require business and government to work closely on identifying skills and labour gaps. The route should align with the UK skills system, so that over time more homegrown workers could be equipped with the skills required.

London First is currently undertaking a project to understand how other countries manage skills shortages through their immigration system and what lessons the UK could learn from this for its future immigration system. London First would be glad to share this work with the Committee at the appropriate time this autumn.

There is a clear need for business and government to work together to improve the UK's skills system. At the same time, the UK will always have a need for foreign workers.

Foreign born workers have been integral to growth in London in particular, and are an important part of London's workforce; London First's *Facing Facts*³ report shows that:

- 37% (3.1m) of London's population was born outside of the UK, compared to 10% in the rest of the UK;
- Between 2005 and 2015 London's workforce grew from 4.3m to 5.2m;
- 623,000 of this growth was from foreign-born, of which 356,000 were EU born; while
- At the same time more British-born residents secured jobs, with economic inactivity amongst this group falling by 70,000, and overall London unemployment remaining roughly static at just under 300,000.

London First analysis also demonstrates that every 10 foreign workers supports an additional four jobs illustrating that migrants do not, on the whole, displace UK workers, since their economic activity generates new jobs.

Many of London's key industries rely on foreign-born workers at all skills levels; in terms of EU-born workers, the focus of this MAC consultation, their number grew rapidly between 2005 and 2010, with the total doubling to nearly 625,000. In construction, for example, 30% of London's construction employees were born in the EU, and 20% outside the EU; in the hospitality sector 31% are EU and 40% non-EU. Both EU and non-EU workers make a substantial contribution to the UK economy:

2. Brexit Negotiations

To what extent will trade and immigration arrangements be linked in the negotiations and in the legal text on the UK's future relationship with the EU?

The first order point is that London First members want the future immigration system to provide ease of access to talent from wherever it comes from.

How much a future immigration system will be linked to the trading relationship with the EU will depend on the willingness of the UK to seek full access to the Single Market (even if just in goods, see Switzerland's trading relationship with the EU that includes access to the Single Market in goods in return for quasi Freedom of Movement for EU-citizens) as this would mean that Freedom of Movement will remain a right for future EU and UK citizens.

Should immigration and trade not be tied by the EU's four freedoms, the UK could nevertheless seek to reflect the current status of an integrated labour market with the EU in its forthcoming immigration system.

At the same time, the government should be mindful that its future immigration system should seek to avoid putting in place any barriers to future trade deals with non-EU countries.

The implementation of a new system should avoid creating a cliff-edge in business access to EU labour after the end of the transition period. Transitional arrangements for EU workers

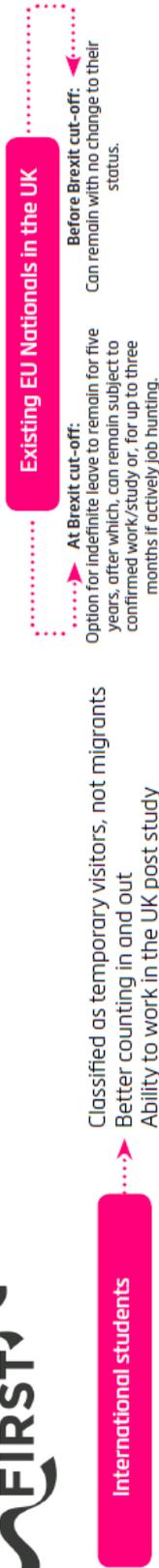
³ <http://londonfirst.co.uk/wp-content/uploads/2017/03/Facing-Facts-The-impact-of-migrants-on-London-its-workforce-and-economyFINAL.pdf>

might be necessary. For example, salary thresholds could be lower than the existing non-EU levels initially and rise over time, as stated above.

It should be noted that most far-reaching trade agreements between countries include provisions on preferential visa treatment of the citizens of those countries.



Proposal for a fair and managed immigration system that works for the UK



Improved entry routes for talent and labour that will contribute to the UK post-Brexit

Subject to job or study offer

1. Salary threshold

Access for those at or above a minimum salary, to be set by government in consultation with business.

Level to be set below current non-EU thresholds to allow employers to adjust, but will rise over time.

Six year visa with option to apply for settlement, dependents allowed with work rights.

Examples:

- Graduate Accountant
- Inter-company transferee (e.g Architect)
- Academic Researcher

2. Shortage occupations

Access granted where UK lacks identified skills and labour.

Reduce demand for low skilled workers over time by: →

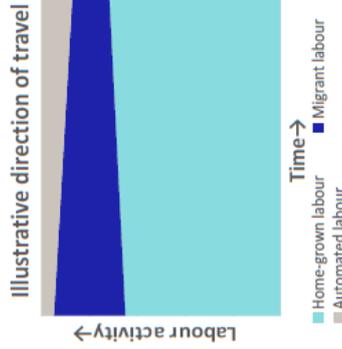
1: **Mission to skill up more homegrown talent**

2: Increased investment in automation innovation

Protect immigration the UK needs while this transition is made

Visa length differentiated by shortage type:

- Seasonal e.g **farming**
- Transitional (2 years) e.g **Barista**
- Long Term (6 years) e.g **Engineer**



3. High value talent in innovation, arts and culture

Unrestricted entry for low volume, exceptional talent, who do not meet salary thresholds but add critical value.

Dependents allowed with work rights.

Examples:

- Creative talent inc agile freelancers
- Entrepreneurs with investment and business plans

To maintain an effective immigration system that is fair to UK residents and business, the right processes must be in place:

1. Highly improved, effective and transparent visa processing to minimise friction costs – government with business support.
2. Better government support to reduce pressure on public services
3. Tracking of migrants in and out of the UK and robust enforcement to clampdown on illegal activity, overstaying and low value migration
4. Ringfence the immigration skills charge to boost homegrown skills in key sectors
5. Overseas workers to have good English skills
6. Twice yearly system reviews by independent and appropriately resourced Migration Advisory Committee (MAC) in consultation with business and government. MAC responsible for shortage occupation list.

APPENDIX I – LONDON FIRST MEMBER’S LIST

1	Aedas	48	UCL
2	Farrells	49	University of East London
3	Gensler	50	University of Roehampton
4	Grimshaw	51	University of West London
5	HOK International	52	University of Westminster
6	Make	53	Aviva Group plc
7	WestonWilliamson+Partners	54	Bank of America Merrill Lynch
8	Edelman	55	Barclays Bank
9	Four Communications Group	56	Blick Rothenberg
10	FTI Consulting	57	Bloomberg
11	London Communications Agency	58	BT Group
12	Battersea Power Station	59	Deloitte
13	CgMs Consulting	60	EY
14	CLS Holdings	61	Grant Thornton
15	Derwent London	62	HSBC Bank
16	GIA	63	Intel Corporation (UK) Ltd
17	GL Hearn	64	Kesslers International
18	Great Portland Estates Plc	65	KPMG
19	Grosvenor Britain & Ireland	66	Legal & General Group
20	Indigo Planning	67	Lloyds Banking Group
21	Lichfields	68	Macquarie Group
22	Shaftesbury Plc	69	Mastercard
23	Soho Estates	70	Odgers Berndtson
24	The Bedford Estates	71	Prudential
25	The Cadogan Estate	72	PwC
26	The Crown Estate	73	The Royal Bank of Scotland
27	The Howard de Walden Estate	74	Tristan Capital Partners
28	The Portman Estate	75	Virgin Media
29	U+I	76	Zsah
30	Barnet and Southgate College	77	A2Dominion Group
31	Birkbeck College	78	Argent (Property Development) Services LLP
32	Chair English UK London	79	Ballymore Group
33	City University of London	80	Barratt London
34	Ealing, Hammersmith & West London College	81	Berkeley Group
35	Imperial College London	82	Catalyst Housing
36	King's College London	83	Clarion Housing Group
37	Kingston University	84	Essential Living
38	London Higher	85	Genesis Housing Association
39	London Metropolitan University	86	Grainger plc
40	London School of Economics	87	Keepmoat
41	London School of English	88	Lendlease
42	London South Bank University	89	London & Continental Railways
43	Middlesex University	90	Mount Anvil Limited
44	Newham College of Further Education	91	Mulalley & Companies Limited
45	South Thames College	92	Notting Hill Housing Group
	The College of Haringey, Enfield and North East	93	Peabody
46	London	94	Places for People
47	The WKCIC Group	95	Redrow Homes

96	Savills	145	ENGIE
97	Silvertown Partnership LLP	146	Faithful & Gould
98	St George	147	Jacobs
99	Swan Housing Association	148	Kier Group plc
100	Taylor Wimpey	149	Mace
101	Telford Homes	150	National Grid
102	The Collective Ltd	151	Powerday
103	The UNITE Group	152	Ramboll UK Limited
104	Tottenham Hotspur Football Club	153	Royal HaskoningDHV
105	Turley	154	Sir Robert McAlpine
106	Weston Group Plc	155	Skanska (UK)
107	Anthology London	156	Thames Water Utilities
108	Assael Architecture Ltd	157	The Nichols Group
109	First-Step Group Limited	158	Tideway
110	Hill	159	Turner & Townsend
111	Metropolitan Housing Group	160	UK Power Networks
112	Network Housing Group	161	Waterman Group
113	One Housing Group	162	WSP Parsons Brinckerhoff
114	Pinnacle Group	163	Allen & Overy
115	Quod	164	Ashurst
	Royal Brompton & Harefield NHS Foundation	165	Berwin Leighton Paisner
116	Trust	166	Bircham Dyson Bell
117	Airbnb UK Limited	167	Clyde & Co
118	Alliance Boots	168	Dentons
119	Associated British Foods	169	DLA Piper UK
120	D & D London	170	Eversheds Sutherland
121	Edwardian Hotels London	171	Freshfields Bruckhaus Deringer
122	Fortnum & Mason	172	Gowling WLG (UK) LLP
123	Harrods	173	Hogan Lovells
124	Hilton Worldwide	174	Linklaters
125	J Sainsbury	175	Pinsent Masons
126	Marks & Spencer	176	Prospects
127	McDonald's Restaurants	177	Slaughter and May
128	Ministry of Sound	178	Town Legal LLP
129	New West End Company	179	Winckworth Sherwood
130	Primark	180	ABP (London)
131	Regus UK	181	Almacantar
132	Starbucks Coffee Company	182	BNP Paribas Real Estate UK
133	The O2	183	British Land
134	Whitbread plc	184	Broadgate Estates Limited
135	AECOM	185	Canary Wharf Group
136	Arcadis	186	Capital & Counties Properties PLC
137	Arup	187	CBRE
138	Atkins	188	Chelsea Football Club
139	BAM Nuttall	189	Cushman & Wakefield LLP
140	Bechtel	190	Delancey Real Estate Asset Management
141	Bouygues Travaux Publics	191	DP9
142	BuroHappold Engineering	192	DS2
143	CH2M	193	European Land and Property
144	Cory Riverside Energy	194	Gerald Eve LLP

195	GVA	220	easyJet plc
196	Hammerson	221	Eurostar International
197	Helical Bar Plc	222	Exterion Media
198	Heron International	223	FirstGroup
199	Hyperoptic Limited	224	Go-Ahead
200	Iceni Projects Ltd	225	Heathrow Airport Limited
201	JLL	226	Hitachi Rail Europe
202	Land Securities	227	HS1 Limited
203	Mitsui Fudosan UK	228	Keolis UK
204	Montagu Evans LLP	229	London Biggin Hill Airport Ltd
205	PLP Architecture Ltd	230	London City Airport
206	Qatari Diar Development Company (UK)	231	London Gatwick Airport
207	Quintain	232	London Stansted Airport
208	Scotia Gas Networks	233	MBNA Thames Clippers
209	SEGRO	234	Mitsui & Co. Europe Plc
210	Terence O'Rourke	235	MTR Corporation
211	Westfield Group	236	Nissan
212	Abellio	237	Port of London Authority
213	Alstom UK	238	Port of Tilbury London Limited
214	BAI Communications	239	Siemens plc
215	Bombardier UK	240	Temple Group & The Ecology Consultancy
216	Carillion Services Limited	241	Thales UK
217	Colas Rail	242	Tower Transit Operations Ltd
218	Cubic Transportation Systems Ltd	243	Uber UK
219	DHL UK & Ireland		
			LF Post-Brexit migration policy written evidence