Immigration and Social Security   
Co-ordination Bill

2nd Reading Briefing

May 2020

Our Organisation

London First is a business campaigning group with a mission to make London the best city in the world to do business, for the benefit of the whole UK. 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, overseen by a non-executive board of influential business leaders.

What business thinks

Businesses understand the need for a new and non-discriminatory immigration system to replace the current system, including Freedom of Movement. It is important that the new immigration system is fair and managed, and also works for and with the labour market. This will keep the British economy at full strength and support it in the recovery from Covid-19.

London First’s [Facing Facts](https://www.londonfirst.co.uk/sites/default/files/documents/2018-04/Facing-Facts.pdf) report was the first to quantify the value that migration brings to the capital and also showcase the knock-on effects for the rest of the country. It shows that each migrant worker annually contributes an additional £46,000 in Gross Value Added to London’s economy, and furthermore that the additional GVA generated by 10 jobs from migrant workers will support an additional 4 jobs in the UK economy. The equivalent job creation figure for workers born in the UK is 3 additional jobs.

The current Covid-19 situation has brought the impact of the proposed points-based system sharply into focus. **A central aspect of the PBS is the exclusion of so-called “low-skilled” workers, but it is these essential workers who are now supporting the UK through the pandemic by performing indispensable activities in the food chain, the care sector, and in a range of other vital areas.** From hospital porters and nurses to cleaners and kitchen staff, their work has become more visible to the general public than ever before and many MPs from across the political spectrum have expressed their gratitude for these immigrants and their work. According to a study from [GLA Economics](https://www.london.gov.uk/sites/default/files/current_issues_note_58.pdf), there are about 100,000 EEA-held jobs at the qualification level RQF3+ in London which pay below the new set salary threshold of £25,600, and about 400,000 across the whole UK. Many employers would struggle to fill these roles in the new system, as many might not qualify as shortage occupation positions.

**Worker shortages in these jobs will have a detrimental impact to our economy and personal wellbeing,** whether there is an ongoing public health crisis or not. The current immigration system benefits from EU freedom of movement to cover for shortfalls in policy, and so we must ensure that the new system is equally fit to support the economy through this crisis, during the recovery, and in the longer term.

**Although it is possible to create a PBS system that works for all skill levels, the system currently being advanced by the Home Secretary will not meet some of the essential needs of the economy**. In order to ensure that many crucial sectors are not left short-staffed, the system being proposed will have to be made much more flexible in order to meet the needs of the labour market, both in terms of general, economy-wide employment levels and also in terms of specific need in smaller, key areas. Our [Global Britain](https://www.londonfirst.co.uk/sites/default/files/documents/2018-12/GlobalBritain.pdf) report outlines what this fair and managed system should look like – one that ensures that during levels of higher unemployment, businesses have to look locally first, but, if unable to fill the position, would be able to get the skills they need at every skill and salary level from around the world.

We must give a clear message to the world that the UK and its economy are ‘open for business’. We can only do this by having a fair system that remains attractive to potential migrants as we compete with many other countries for the best scientists, care workers, and fruit pickers. Of particular importance to our members is London’s competitive edge. This comes from the diversity and talent of the people it can access, and only a fair, flexible, welcoming immigration system will ensure that it continues to be an economic engine for the whole country.

Issues for the Second Reading debate

The Immigration Bill should **put the UK’s immigration system into primary legislation in order to ensure proper Parliamentary oversight** but, regrettably, it does not. All this Bill does is remove the special status that EU nationals currently hold, subjecting all foreign nationals to the general UK immigration rules. The proposed *new* immigration system, as set out in the White Paper, will be introduced later by secondary legislation. This Bill, therefore, does not specifically cover what the new immigration system will look like, but instead just ends the old system without any guarantees for the future. We believe that such major changes to the immigration system should only be introduced by primary legislation.

Since 64% of jobs in the UK pay less than £30,000, we welcomed the news that the originally-planned £30,000 salary threshold would be lowered to £25,600 and £20,480 for shortage occupations (as determined by the Migration Advisory Committee’s Shortage Occupation List). London First, its members, and the [#FullStrength](https://www.londonfirst.co.uk/campaigns/campaigning-to-keep-the-uk-at-fullstrength) coalition[[1]](#footnote-2) were relieved that the Government took into account their calls and evidence of the negative impact that such a high salary threshold would have.

Even with these welcome changes, the lower-paid are still likely to be significantly affected. For example, UK businesses in **social care (with 140,000 jobs under the threshold) and hospitality (with 93,000 under) will need time to adapt – time that the proposed system does not give them**. This is concerning, as many of these sectors have historically struggled to attract sufficient numbers of UK-born applicants. This worry is compounded by existing labour shortages in the UK and the global demand for key workers.Therefore, a **two-year temporary work visa** would be vital for many sectors like social care, food processing and logistics, giving businesses time to adapt and minimise the economic harm they might suffer. Most London businesses depend on a workforce sourced from all skills levels, and many will struggle without access to the cleaners, the catering staff, and the construction workers they need to keep their businesses running through 2021 and beyond.

**The new system needs to be far simpler and more streamlined** to ensure that all businesses – and particularly SMEs which might be using a restricted-movement immigration system for the first time – can navigate it without expensive legal advice. Government should take timeline concerns of businesses, who are currently pre-occupied with Covid-19, into account for the implementation of the new system and consider postponing it so as to avoid causing more unnecessary stress for businesses already burdened with a major change to their workforce.

The current circumstances have shown us even more clearly the shortcoming of the proposed points-based system and how it would negatively impact the UK economy. As the Home Secretary mentioned on 23rd March 2020 in the Commons, the new system should be reviewed to ensure that it presents a proper access route for lower-skilled workers across all sectors. The Government should review its proposals to ensure that they create a flexible system that can support UK businesses both in the short term as they work to rebound from this crisis and also in the long run to ensure the strength of our economy for many years to come.

We will be providing further written briefings as the Bill progresses through its Parliamentary stages. In the absence of face-to-face meetings, we would be very happy to give more detailed briefing or answer any questions over the phone. To arrange a call, please email [rprice@londonfirst.co.uk](mailto:rprice@londonfirst.co.uk)

1. A broad coalition of trade, business and education bodies campaigning for a fair and managed immigration system to keep the UK open to the workers it needs to thrive. More at: <https://www.londonfirst.co.uk/campaigns/campaigning-to-keep-the-uk-at-fullstrength> [↑](#footnote-ref-2)