

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

IMMIGRATION AND SOCIAL SECURITY CO-ORDINATION (EU WITHDRAWAL) BILL

First Sitting

Tuesday 9 June 2020

(Morning)

CONTENTS

Programme motion agreed to.
Written evidence (Reporting to the House) motion agreed to.
Motion to sit in private agreed to.
Examination of witnesses.
Adjourned till this day at Two o'clock.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Saturday 13 June 2020

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The Committee consisted of the following Members:*Chairs:* SIR EDWARD LEIGH, †GRAHAM STRINGER

Davison, Dehenna (<i>Bishop Auckland</i>) (Con)	† McDonald, Stuart C. (<i>Cumbernauld, Kilsyth and Kirkintilloch East</i>) (SNP)
† Elmore, Chris (<i>Ogmore</i>) (Lab)	O'Hara, Brendan (<i>Argyll and Bute</i>) (SNP)
† Foster, Kevin (<i>Parliamentary Under-Secretary of State for the Home Department</i>)	† Owatemi, Taiwo (<i>Coventry North West</i>) (Lab)
† Goodwill, Mr Robert (<i>Scarborough and Whitby</i>) (Con)	† Pursglove, Tom (<i>Corby</i>) (Con)
† Green, Kate (<i>Stretford and Urmston</i>) (Lab)	† Richardson, Angela (<i>Guildford</i>) (Con)
† Holden, Mr Richard (<i>North West Durham</i>) (Con)	† Roberts, Rob (<i>Delyn</i>) (Con)
† Johnson, Dame Diana (<i>Kingston upon Hull North</i>) (Lab)	† Ross, Douglas (<i>Moray</i>) (Con)
† Lewer, Andrew (<i>Northampton South</i>) (Con)	† Sambrook, Gary (<i>Birmingham, Northfield</i>) (Con)
† Lynch, Holly (<i>Halifax</i>) (Lab)	Anwen Rees, <i>Committee Clerk</i>
	† attended the Committee

Witnesses

Martin McTague, Policy and Advocacy Chair, Federation of Small Businesses

Richard Burge, CEO, London Chamber of Commerce and Industry

Matthew Fell, Chief UK Policy Director, CBI

Tim Thomas, Director of Labour Market and Skills Policy, Make UK

Brian Bell, Interim Chair, Migration Advisory Committee

Public Bill Committee

Tuesday 9 June 2020

(Morning)

[GRAHAM STRINGER *in the Chair*]

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

9.25 am

The Chair: Before we begin, I have a few preliminary points. Members should switch off any electronic devices or switch them to silent. As in all Bill Committees, tea and coffee are not allowed during sittings. Obviously, I must stress the importance of social distancing in the Committee Room. I will suspend proceedings if at any point I am not satisfied that advice on public health is being observed.

The *Hansard* reporters would be most grateful if Members could email any electronic copies of their speaking notes to hochansardnotes@parliament.uk.

We will first consider the programme motion. We will then consider a motion to enable the reporting of written evidence for publication and a motion to allow us to deliberate in private about our questions before the evidence session. If there are any questions about our unusual procedure because of social distancing during that session, we can deal with them then. In view of the limited time available, I hope we can take these matters without too much debate. At 11 o'clock, there will be a minute's silence in memory of the death of George Floyd.

I call the Minister to move the programme motion, which was agreed at the Programming Sub-Committee yesterday.

The Parliamentary Under-Secretary of State for the Home Department (Kevin Foster): I beg to move,

That—

(1) the Committee shall (in addition to its first meeting at 9.25am on Tuesday 9 June meet—

- (a) at 2.00pm on Tuesday 9 June;
- (b) at 11.30am and 2.00pm on Thursday 11 June;
- (c) at 9.25am and 2.00pm on Tuesday 16 June;
- (d) at 11.30am and 2.00pm on Thursday 18 June;
- (e) at 9.25am and 2.00pm on Tuesday 23 June;

(2) the Committee shall hear oral evidence in accordance with the following Table:

Date	Time	Witness
Tuesday 9 June	Until no later than 10.20am	Federation of Small Businesses; London Chamber of Commerce and Industry
Tuesday 9 June	Until no later than 10.50am	The Confederation of British Industry; Make UK
Tuesday 9 June	Until no later than 11.25am	The Migration Advisory Committee
Tuesday 9 June	Until no later than 2.40pm	British in Europe; Professor Bernard Ryan

Tuesday 9 June	Until no later than 3.20pm	British Future; Policy Exchange
Tuesday 9 June	Until no later than 4.00pm	Detention Action; Immigration Law Practitioners' Association
Tuesday 9 June	Until no later than 4.30pm	the3million; The Children's Society
Tuesday 9 June	Until no later than 5.00pm	Fragomen LLP; No.5 Barristers' Chambers

(3) proceedings on consideration of the Bill in Committee shall be taken in the following order: Clause 1, Schedule 1, Clauses 2 to 5, Schedules 2 and 3, Clauses 6 to 9, New Clauses, New Schedules, remaining proceedings on the Bill;

(4) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00pm on Thursday 25 June.

It is a pleasure to serve under your chairmanship, Mr Stringer. I welcome my shadows, the hon. Members for Halifax and for Cumbernauld, Kilsyth and Kirkintilloch East, to the Committee.

Question put and agreed to.

Resolved,

That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.—(Kevin Foster.)

The Chair: Copies of written evidence that the Committee receives will be made available in the Committee Room.

Resolved,

That, at this and any subsequent meeting at which oral evidence is to be heard, the Committee shall sit in private until the witnesses are admitted.—(Kevin Foster.)

The Chair: We will now go into private session to discuss lines of questioning.

9.29 am

The Committee deliberated in private.

Examination of Witnesses

9.32 am

Martin McTague and Richard Burge gave evidence.

The Chair: We will now hear oral evidence from a representative of the Federation of Small Businesses, who is attending by audio link, and from a representative of the London Chamber of Commerce and Industry, who is with us in the room. I welcome our witnesses and thank them for appearing today. Before calling the first Member to ask the first question, I remind all Members that questions should be limited to matters within the scope of the Bill, and that we must stick to the timings in the programme motion that the Committee agreed earlier. We have until 10.20 am. Before we get to the questions, perhaps the witnesses could introduce themselves.

Kate Green (Stretford and Urmston) (Lab): On a point of order, Mr Stringer. May I first draw the Committee's attention to my entry in the Register of Members' Financial Interests in relation to financial support that I receive in my office for work on immigration policy?

The Chair: Thank you. Richard Burge, please introduce yourself.

Richard Burge: Thank you very much. My name is Richard Burge. I am the chief executive—fairly recent—of the London Chamber of Commerce and Industry.

Martin McTague: I am Martin McTague. I am the chair of policy and advocacy for the FSB in the UK.

Q1 Kevin Foster: I will start with a slightly more open question to the two witnesses. How do you see small businesses adapting to the new system that we have proposed?

Richard Burge: With difficulty. The obvious difficulty they have is that they are surrounded by chaos at the moment. Many small businesses have furloughed a large number of members of staff, or they are operating on their own. They have only so much bandwidth, so this will be hard work for them, particularly as they do not know what the rules will be. If they employ EU citizens, their concern is that they will now be introduced to the world of having to register themselves and get themselves licensed, which, like customs documentation, is a completely new world for them, and they have six months to do it.

Martin McTague: Sorry, I could not hear that question very well. Could you repeat it? You are very echoey and quite distant.

The Chair: Just before you do, Minister, it would be helpful if when asking questions, Members said who they were directing the question to.

Q2 Kevin Foster: Certainly, Mr Stringer. The question was an open one, directed at both witnesses, and it was basically about how they see small businesses adapting to the proposed new immigration system.

Martin McTague: I just about got that; I think it was a question about small businesses' experience of immigration. The reality is that 95% of small businesses have absolutely no experience of dealing with any kind of visa system, and the system has been largely designed for larger businesses with reasonably sophisticated HR resources. We have found that the biggest concentration of issues is to do with mid-skilled occupations; in other words, the debate tends to be very binary. It either refers to high-skilled and very sophisticated employment requirements or completely low-skilled ones, but there are a lot of mid-skilled positions that fall within the £20,000 to £30,000 bracket, and those are the ones that cause the most problems for small businesses in the UK.

Q3 Kevin Foster: I would like to ask two follow-up questions, one to each witness, if that is acceptable. My first question is to Mr McTague, given what he has just said about mid-skilled workers being a particular issue. Does he see the skill level of skilled workers' being changed to RQF3—that is, A-levels—as helping to address that issue?

Martin McTague: I assume that was to me, was it?

Kevin Foster: My question to Mr Burgh is about the fact that he talked about the process of sponsorship and becoming licensed. He may be aware that the Home Office is looking to streamline that system. Is there a particular change, or changes, he thinks we could make to the sponsorship licensing system that would help address some of the concerns he outlined?

Martin McTague: [Inaudible] it is welcome. It is a change that we were keen to see, and there has been a welcome change in the Government's approach.

Richard Burge: To add to that, first of all, I have great admiration for the Home Office team working on this. I have worked for Matthew Rycroft before, in the Foreign Office, and he is one of the most talented managers in the public service. I think umbrella licensing is a good idea: it has good precedents, and it would create a huge relief for small businesses if they felt they could go to an organisation that had the ability to provide umbrella licensing. It would provide reassurance to the Home Office and a workable solution for small businesses, and we would be happy to be part of that process.

Q4 Holly Lynch (Halifax) (Lab): As free movement comes to an end with this Bill and we transition to the minimum income requirement of £25,600, how have your members responded to that minimum income threshold?

Richard Burge: In two ways. One is relief that the threshold was lowered; it is now a much more realistic threshold. I have to say, though, that it is going to be a lot more workable within London than it is for my colleagues who run chambers in other parts of the country. A threshold of £25,600 is quite high in different parts of the UK, given the wage levels there, so while I think it is workable in London—not ideal, but workable—I also think we concentrate on income too much as an indicator of value, rather than skills, and that in parts of the country, the threshold is still probably too high.

Q5 Holly Lynch: Martin, may I ask you the same question? I will repeat it: as we transition away from free movement and towards the minimum income threshold of £25,600, how have your members responded?

Martin McTague: There has been a broad welcome for that change. I think there was a strong feeling that the previously suggested £30,000 threshold was going to be far too high, so £25,600 is a really good move in the right direction. We actually think it should be lower, because there are quite a few jobs, especially in the care sector, that pay less than £25,600. That is why we have called for a care sector visa, because we think the requirements of that sector will always be uniquely different from most of the rest of the economy. However, the move to £25,600 is definitely welcome.

Q6 Holly Lynch: An open question to both of you: if you could change one thing about the Bill to make it work for your members, what would it be?

Richard Burge: It would be quite complex. It would be a move away from worrying about what people are paid to worrying about their skills. Skills are not necessarily measured by qualifications, so we welcome the reduction down to A-level standard. However, for instance, you could look at a small coffee shop, where you pay with your credit card. No accountant, bookkeeper or partner in an audit company is physically involved in your paying your money and it appearing in the annual accounts of that company, but you still need a barista to serve your coffee, so the question is: what matters now—is it skills and competence, or is it qualifications and what you happen to be paid? I would like to see that change.

Martin McTague: The biggest thing for us is the bureaucracy of this system. We estimate that a typical business with fewer than 50 employees will probably

have to spend about £3,000 per employee to get through this tier 2 process. That is made up of a whole series of different costs. The biggest obstacles to recruiting somebody through this system are simply the cost and the time required to do it. Many businesses that traditionally recruit on the open market and have never gone anywhere near this kind of tier 2 system will find it very off-putting, and may just constrain their ambitions and avoid doing it completely.

Q7 Mr Robert Goodwill (Scarborough and Whitby) (Con): When the Bill was being formulated and opinion was being sought, the UK jobs market was entirely different from the one we shall see from the summer onwards, with many skills in very short supply—particularly for things like engineering, or even for people working in care homes or picking fruit. Do you not think that we shall see a situation in which a lot more British workers come into the jobs market, and that some of the concerns expressed in the past about the bureaucratic hurdles that might need to be coped with will actually not be such a great problem, because we will have a lot of very well-qualified and well-skilled British people? Is it right that the costs that we have just heard of from the Federation of Small Businesses will be a real incentive for companies to employ British people who are now, sadly, in many cases being thrown back on to the jobs market, in a situation in which we do not have, in effect, full employment? I think the FSB should be the first to answer that.

Martin McTague: I can see that there will be more incentive to look for indigenous employees, but the reality is that a lot of the shake-out, or the potential shake-out, that we are hearing is likely to happen will be among the least-skilled people. Companies are going to enormous lengths to try to hang on to the rare skills that they have. If they have managed to recruit somebody from, say, the European Union, they are going to enormous lengths to try to get them to apply for settled status and to reassure them about the covid situation. I do not think that a new influx of unemployed people, many of whom will have poor skills, will solve a lot of the problems for these companies.

Richard Burge: From a London point of view, I think the jury is out, literally. I do not think we really know what to expect as we come out of covid-19. The critical thing for London, and probably for all metropolitan areas, is the mobility of people, and the willingness of people to be physically mobile to go and find new work, possibly earning less than they were earning before. However, it is also about emotional mobility, too. Are people emotionally prepared to go and do new work, taking completely new tangents in their lives and probably earning less? That will be a real challenge. I think there will be greater opportunities, but not necessarily in a career path that people might have been expecting.

Q8 Stuart C. McDonald (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): May I go first to the London Chamber of Commerce and then to the FSB? You have both spoken eloquently about the new challenges and red tape that the system will impose upon businesses. Looking at the other side of the coin, is there also not an extent to which this process puts some red tape and expense on potential employees from the European Union? It risks making coming to the UK to work less attractive.

For example, I am from Germany and I have a job offer in London or I have a job offer in Dublin. Going to Dublin does not involve any charge or bureaucracy; going to London involves a visa, a health surcharge, and so on and so forth. Is there a danger that we are going to make this country much less attractive for skilled workers to come to?

Richard Burge: I think it is inevitable that it is going to be more difficult for people from the European Union; that is the consequence of leaving the European Union and not having an immigration policy for people from there. It is no longer an internal market; it is now a normal external market.

I think what we need to do is to make the red tape manageable. I think part of that is umbrella licensing. Part of that will be border clearance that is rapid and smooth, so it needs to be digitised and there needs to be e-clearance, and that also means that it cannot get cluttered up with tourism. We hope that everyone from the European Union will be able to come without a visa and not get caught in that process. Part of this process is the mechanism, and I think that one of the big challenges for the Home Office is to ensure that, while there may be more bureaucracy, it tries to make that process as smooth and as digitised as possible, and that is going to be a big ask before 1 January.

Martin McTague: I am really sorry; I can barely hear the conversation. Is there anybody closer to the microphone who could just repeat the essence of that question for me?

Q9 Stuart C. McDonald: It was a question about whether or not there is a danger that introducing this system for EU nationals will make the United Kingdom much less attractive as a place for them to come and work, if they have fees and visas to apply for, whereas the equivalent job offer in Dublin, for example, would involve none of that.

Martin McTague: I got the essence of your question. Most small businesses treated EU nationals just as part of the pool of labour; they would not even question where they originated, and it was just a very simple recruitment process. I think that the additional costs will act as a disincentive, but more importantly it is quite hard to persuade a lot of EU employees to stay in the country. They are leaving, and they are leaving with the kind of skills that are in really short supply.

Q10 Stuart C. McDonald: My other question relates to the proposals that we were debating this time last year, when the same Bill was going through Parliament, and there was a proposal for a 12-month visa for workers at lower pay levels. That was fairly controversial at the time, but now it has been scrapped altogether, rather than being improved, which some of us would have liked to see. Is that a change that you welcome, or would you want the Government to think again on that? Again, I will go to the London Chamber first.

Richard Burge: If I may start with that, certainly from a London Chamber point of view, and I think from the point of view of all my colleagues around the country, it was hugely disappointing to see that disappear completely from the Bill this time. It was a very sensible scheme. I think it demonstrated flexibility and a willingness to try to respond to helping people get through what will be a permanent change in the market. It is very sad

to see it go. We would like to see the route for lower-paid workers—lower-skilled workers—being reintroduced in the same way as it was under the previous Prime Minister's Government.

Martin McTague: I think I picked that up. We were disappointed to see the disappearance of the 12-month scheme; we thought that was addressing an important part of the labour market, and it is regrettable that it disappeared. Hopefully something can be done to implement something similar.

Q11 Mr Richard Holden (North West Durham) (Con): I have a question regarding the change for non-EU migrants where it looks like the thresholds for wages are going to be coming down. The question is particularly for the London Chamber of Commerce and Industry. What impact do you think that that might have on the ability to get migrants with the right skills into the labour market in London and across the rest of the UK?

Richard Burge: It is helpful, because it is creating bigger diversity in terms of availability and access to labour. I think most small businesses, though, or any business will be keen to employ UK-based labour if they can. That is simpler and easier. In the end you do need to have access to global markets. We have to remember that we are a globally trading nation and, in the 21st century, trading tends to be in the skills of individuals and their brainpower and abilities. It is mostly about people rather than things, although we tend to focus on trade as being about things rather than people. The more we can do to keep our borders—within the Government's requirements in terms of immigration for other purposes, social purposes—as open to people for work as they are for goods and services, the better.

Q12 Kate Green: How important are social protections, such as access to healthcare or pensions, to the recruitment and retention of employees from the EEA and around the world? Perhaps we can start with Mr Burge.

Richard Burge: They are hugely important, particularly when you are talking about people whose skills are valued less in the marketplace of wages than those of others, so any complexity to that will be a disincentive to employment. I would ask that whatever we do in terms of social security payments and pension provision, we try to make that as simple as possible. They are potentially a huge attractant.

Q13 Kate Green: I have a follow-up or separate question for you, Mr Burge, about higher-skilled workers and particularly graduates. What can the Government do, or what have the Government been doing, that might continue to make the UK an attractive destination for overseas graduates and EEA graduates in particular?

Richard Burge: The first community I would like to talk about is overseas graduates who graduate from British universities. What the current Government have done to release the block on people who graduate from British universities and come from overseas being able to work is a hugely positive step, enabling people who have been to university here to stay on and work for a year. That is hugely encouraging and hugely exciting, and I think most businesses will be enthusiastic about trying to pick up that market.

In terms of people coming from overseas universities and institutions, I think it is very important that we move ahead on equivalence of qualifications—the transferability

of people's qualifications—particularly in vocational skills. I think we have to streamline that. Obviously, we have to make sure, particularly when they are in life-governing professions like medicine, that those qualifications are rigorously examined, but the more we can move towards a universality of qualifications between like-minded countries, the better. That will help hugely as well, and I think we in the UK should be leading on it. We have the best universities in the world and therefore it is in our interests to make sure we have inter-transferability of those higher-level qualifications.

Q14 Kate Green: Thank you. Mr McTague, have you any comments on the approach to attracting higher-skilled overseas job applicants?

Martin McTague: I think the key is trying to make sure that graduates or undergraduates are attracted to UK universities, because once they are in that pool of the immediately graduating, they become a much more attractive group for small businesses in particular. It seems that a lot of the barriers that have been put up and are going to restrict the entry of undergraduates are the biggest worry for a lot of small businesses, because they think that therefore they will not have that pool of very skilled labour to draw on.

Kate Green: Thank you.

Q15 Mr Goodwill: My question is for Richard Burge in particular and concerns international companies in London that might well have existing employees based in Japan, Singapore or the United States who wish to come to London to work as part of their company's operation. There are also companies that might be based in the European Union whose employees have habitually come to work in London but, under the new regime, will be in the same category as those first workers. My question to Mr Burge is, under the new regime, how will that system function? Will it be an equivalent situation, something that companies can work with easily, or will there be problems for international workers coming to the UK within a company that might even be based in London, but certainly an international one?

Richard Burge: The answer is that I don't really know. A lot of companies that are already established in places such as Japan will find it easier; for the ones that have operations elsewhere in Europe, this will be a new world. This also comes down to the Home Office being flexible and agile in terms of making sure that we assume positive intent on the part of companies—that they are not getting people into Britain secretly to do full-time work, but that they are in fact part of the transferable market within their company.

We need to address that. It will be complicated, but there are precedents in companies outside the EU, so I think we will use that as an example. It will be more difficult for smaller companies. Increasingly, we find that international companies in London are actually quite small; they are not huge operations. You can find yourself to be an international company in London by dint of the first order put on your website, whereas in the old days you would have spent 20 years developing a domestic market and then you would move internationally. Smaller companies might find themselves potentially hostage to this without realising it. So yes, complex.

The Chair: I remind hon. Members of the scope of the Bill, which is EEA nationals, EU nationals and Swiss nationals, not the rest of the globe.

Q16 Mr Goodwill: Thank you for that guidance, Mr Stringer. Of course, EU nationals will be in the same category as non-EU nationals were. Does the Bill provide the equivalence of the posted workers directive? Under EU regulation, under that directive, people can work in other EU member states. Will there be equivalence in this to cover that particular situation, where some workers—particularly people such as lorry drivers but other sectors too—may use that regulation to enable them to work?

Richard Burge: I don't know. We will look at that and provide you with some written advice on it.

Dame Diana Johnson (Kingston upon Hull North) (Lab): I wanted to ask a follow-up to the question of the shadow Minister, my hon. Friend the Member for Halifax, about the income threshold. In some answers, we have heard about the effect that that might have on particular sectors, such as the care sector. Will you both say more about the regional impact of the provisions of the Bill? Do you have particular concerns for the regions? I understand that Richard Burge is speaking for the London Chamber of Commerce, but I am interested in what other chambers of commerce around the country might be thinking.

Martin McTague: We have made it clear that we think—if I heard the question correctly—that the care sector is a special case and should have a separate visa arrangement, because it does not fit neatly into any of the categories that we might like to define under normal immigration rules. It is clear from the experience that we have had over the last few months that this sector is under massive pressure. Any major changes would be disastrous.

Richard Burge: I would agree to the extent that I think that the care sector is a special case, but we need to make sure that the definition of the care sector—in terms of immigration—runs alongside what I hope is emerging in the Department of Health, which is a much closer definition of what care is, bringing it in. Certainly, the Health Secretary has been trying to say that care is as important as the NHS, so I think that it needs much more careful definition.

In terms of the regional perspective, we are a country of many parts. For instance, on the lower wage threshold, I am deeply worried that, particularly in essential services—care being among them, but also things such as portering in hospitals—in many parts of the country this is not a sufficiently low level of wage to enable us to get people in who technically have lower skills but are in high demand. There needs to be a more nuanced approach to this in order to respond to the different economic circumstances in different parts of the country. My colleagues in other chambers think that I am quite fortunate being in London, where this wage level will get us through most of our problems but will not get them through theirs.

Q17 Dame Diana Johnson: Do you feel that by 1 January there will be a regime in place that will be sufficiently efficient to ensure that members of the Federation of Small Businesses will be able to have confidence that the

scheme is going to work well for them and the requirements of their business? I am mindful of the very difficult situation that we are in with covid-19, as has been said already, and the bandwidth that is available in government at the moment.

Martin McTague: The short answer is that the time available is far too little for most small businesses to adjust to what is a completely alien system. It is relatively easy for the larger businesses with HR departments to make this adjustment. They may already be recruiting tier 2 employees, but for most small businesses it will be extremely difficult and costly. I think that all it will mean is that most of them will decide to scale back their operations and make sure that they adapt to a new world that has fewer skilled people.

Richard Burge: My view is that most small businesses will be able to get through this, if they know the rules soon enough, if there is a process by which they can use umbrella licensing, and providing that new systems are put in place by the Home Office. I think that is the critical thing. As I said, I have huge respect for the Home Office under the leadership of Matthew Rycroft and his team, but they are dealing with things such as covid-19 issues on immigration, refugees arriving over the channel, the situation in Hong Kong, and the immigration surcharge. They have a huge job list to do—and this is the only one in which they have a choice about the timing. I hope that the Home Secretary will be looking internally at the Home Office and its capability to deliver things that will then enable business to respond in a timely manner. I am concerned about the pressure being put on them.

Q18 Stuart C. McDonald: Since we have a little time left, to what extent does the shortage occupation list offer a partial solution to some of the challenges you face? We sometimes hear criticism that it is slightly unwieldy, slow and unresponsive. What is the experience of your members—from the London Chamber first?

Richard Burge: It is slow and unwieldy and should be faster. One way of improving that is to involve businesses much more directly in analysing what a shortage occupation should be. We can rely on businesses who are asked to join, say, an industry body, to work alongside the Migration Advisory Committee on that work. We can rely on them to be forthright but not to plead special interest. It needs to involve business much more directly and that, it is hoped, will enable it to be much more responsive to the marketplace. The marketplace is going to change very dramatically over the next 12, 18 or 24 months, and we do not really know how it is going to change, so we have to be light of foot.

Q19 Stuart C. McDonald: Mr McTague, what is the experience of your members with the shortage occupation list?

The Chair: We seem to have a technical problem. While we are trying to sort that out, are there any questions to Mr Burge?

Q20 Stuart C. McDonald: One final question, if I may, Mr Stringer. It is a broader question about the nature of this Bill, since, obviously, this morning we are going into the fine detail of a future immigration system. In fact, the Bill is pretty much silent on that and essentially hangs the powers to put that system in place

on the Home Secretary. That would be the end of MPs' involvement to all intents and purposes. Is that the appropriate way to go about making immigration policy?

Richard Burge: It is up to you in this House to decide how you use legislation to maintain scrutiny of Government. We would ask that, whatever means are chosen—through primary legislation or regulation—it is done in a transparent way and involves us. Instead of us in business being told what is happening, we should be involved in those discussions and make them as transparent as possible. As far as I can see, employment and immigration are not a national security issue; it could be discussed much more openly and transparently. We can resolve differences through public dialogue rather than through private discussion.

The Chair: May I just check that Mr McTague is there? Apparently, he is not. We will try to get him back.

Q21 Douglas Ross (Moray) (Con): Just while we are waiting to reconnect, I notice that the London Chamber of Commerce and Industry sometimes speaks on behalf of other chambers—in your answers you have said a number of times, “And my colleagues in other chambers.” What dialogue have you had with, for example, the Scottish chambers of commerce and others around the country to speak on their behalf?

Richard Burge: Just quickly, there is a thing called the British Chamber of Commerce, which is a hub body.

Q22 Douglas Ross: The Scottish chambers of commerce are not part of that.

Richard Burge: No, but individual chambers—the 53 member chambers across the UK—are members.

Q23 Douglas Ross: So only eight in Scotland.

Richard Burge: That is right. There are 53 accredited chambers.

Q24 Douglas Ross: So just to check for the record, a large proportion of the chambers that you are speaking about are not the Scottish chambers.

Richard Burge: No.

The Chair: Do we have Mr McTague?

Martin McTague: Yes, I am here. Sorry, the line dropped.

Q25 Stuart C. McDonald: Thank you, Mr McTague. Sometimes the shortage occupation list is said to be an answer to some of the issues that you have flagged up this morning. At other times, we hear criticism that the shortage occupation list has been a slow and clunky process. What has been your members' experience of the shortage occupation list?

Martin McTague: The principle of the shortage occupation list is a difficult one for us, because it is a fast-moving situation and the shortage occupations can change from week to week and from month to month. It is better for them to be in a general category, but it is rather bureaucratic and clunky. It is a situation that we are prepared to stomach rather than appreciate.

Q26 Stuart C. McDonald: How would you try to improve it?

Martin McTague: Sorry, I could not quite hear that.

Stuart C. McDonald: What improvements would you want to make to the procedure?

Martin McTague: I would like to see a much more active engagement with business representative organisations so that, if there are changes, they can be quickly implemented and we are not waiting for a long, drawn-out bureaucratic process to work its way through the system. It is about keeping as much flexibility in the system as possible.

Q27 Stuart C. McDonald: My final question to you, Mr McTague, is a broader question about the Bill. We have spoken a lot about the future immigration system that has been proposed by the Government, yet the Bill is pretty much silent on that. In fact, it is basically just handing a blank cheque to the Home Office to implement that. Do you think that is the best way to go about scrutinising and making immigration policy, or would you prefer to see the rules made in a different way?

Martin McTague: I am really sorry, I can barely hear you. It is echoing and distant. Could someone closer to the mic help me?

The Chair: Can you try one more time?

Q28 Stuart C. McDonald: I will try again, Mr McTague. It is a broad question about how we make immigration policy. This Bill essentially gives the Home Secretary the power to put in place a system with limited scrutiny and oversight from Parliament. Do you think that is the appropriate way to go about things or would you prefer to see immigration policy made in a different way?

Martin McTague: I think the fact that the Home Secretary is in a position to vary it and respond to changes in market conditions is better than if it was written on the face of the Bill and we had to go through some sort of legislative process to get changes made. In terms of flexibility, my vote is for the most flexible system we can adopt.

Q29 Stuart C. McDonald: Is there no way you can have flexibility but with parliamentary oversight?

Martin McTague: Sorry, can you say that again.

Stuart C. McDonald: Flexibility does not mean that you cannot have parliamentary oversight, does it?

Martin McTague: No, it is not that. I think the Home Secretary will be answerable to Parliament about the decisions that she or he has made. That would be a way in which Parliament could ensure there was proper scrutiny. There needs to be a system that can respond in real time to some of the really big changes in market conditions. They will be even more marked in the coming months.

Q30 Stuart C. McDonald: Yet, ironically enough, you have spent most of your evidence saying that the Home Secretary was not responding to what business was saying at all.

Martin McTague: I'm sorry, I am struggling to hear you.

Stuart C. McDonald: I will stop digging there.

Martin McTague: I apologise.

The Chair: If there are no further questions, I thank Mr Burge and Mr McTague. These are not ideal conditions, but thank you for giving us valuable evidence this morning.

Martin McTague: Thank you for bearing with me.

10.15 am

Sitting suspended.

On resuming—

Examination of Witness

Matthew Fell gave evidence.

10.29 am

The Chair: Good morning, Mr Fell. The Bill Committee will now hear your oral evidence. I am sorry about the technical hitches; you will be on your own, not with Make UK.

Thank you very much for agreeing to give evidence today. If you would like to briefly introduce yourself, we can move straight to questions. We have about 10 minutes.

Matthew Fell: I am Matthew Fell, chief policy director at the CBI.

Q31 Kevin Foster: I will ask one question, because of constraints of time. How do you see your members working with the proposed new migration system?

Matthew Fell: I think our members completely understand that free movement of people is ending. Business gets that, and it is ready to phase into a new immigration system. I think, with the proposed approach of a points-based system, it is entirely possible to design a system that works for business. There are many positives in it so far—the headline salary threshold changes that have been announced and the commitment to streamline and improve the system are all positives—but I would say that there are perhaps three areas of concern for our members at the moment.

One concern is the absence of any route at all below level 3, which will prove challenging for the care, hospitality and logistics sectors and so on. The second, from the Government's perspective, is introducing this with a phased approach; I can perfectly see where they are coming from, but it means that business will be left with a reasonably cumbersome system from the off, with a promise of improvements to come. The third is that we are getting very close to the deadline for the system being introduced, and business is still looking for further clarity, time to prepare and assurances that the system will be ready in time. Those are the concerns, against a backdrop of an effort to really make this work and lean into it.

Q32 Holly Lynch (Halifax) (Lab): Bearing in mind what you have just said, what are the things that you would really like changed about the Bill? Alternatively, what would the Government need to do to support you to manage the impact that it will have on your businesses?

Matthew Fell: There are a few things that we would like to see in the proposed new immigration system. We believe that a temporary route for people to come and work in this country would be a helpful addition to the system as it is currently set up.

Secondly, I would say to accelerate efforts to streamline the proposed approach. The vast majority of businesses have never previously had to engage with the visa system; something like only 30,000 businesses in the country have grappled with it so far, because we have lived and worked with free movement of people for so long. It will be a big change, so I would say to accelerate the changes to streamline and improve the system, reduce red tape and so on.

The final piece, just to reiterate, is to accelerate efforts to get clarity and detail out there and known to businesses as soon as possible, so they can begin to familiarise themselves, prepare and get ready.

Q33 Stuart C. McDonald: Last year, when you gave evidence to the Bill Committee, you described tier 2 as a “restrictive, complex and burdensome system.”—[*Official Report, Immigration and Social Security Co-Ordination (EU Withdrawal) Public Bill Committee*, 12 February 2019; c. 67, Q178.]

Could you say a little more about what you mean by that?

Matthew Fell: There are a couple of areas. It comes down to some of the red tape issues, and there are a few examples. The initial sponsor licence, businesses tell us, is very document-heavy, in their words—for example, on the HR practices side, having to evidence, track and monitor things that small businesses feel are perfectly obvious. If they employ 10 or up to 20 people and one person is missing, that is self-evident; they know if a person is not there.

There is quite a lot in the reporting requirements that could be streamlined. Lots of people say to us, “We have to report it if a migrant's pay has increased, and we don't quite understand why. If they were already given the green light because they cleared the salary threshold, why would we need to report that that has increased?”

Thirdly, people feel that the volume of documentation required to be kept on file, including details such as notes from interviewing candidates, is quite onerous. Those are some of the examples of red tape burdens that we would welcome efforts to streamline.

Q34 Stuart C. McDonald: May I also ask about the costs that will be involved now? How much more expensive will it be for businesses who have never done this before to recruit workers from the EU?

Matthew Fell: There will be a significant uplift in cost, particularly for businesses that have never grappled with this before. There is an ongoing cost, but there is also a first-time familiarisation effort that will cost more, particularly for small businesses. Larger companies who deal with high volumes of people are likely to have in-house HR and legal expertise. That is much less likely to be the case for small and medium-sized businesses, who will need to pay for external advice to be able to navigate this new system.

Q35 Stuart C. McDonald: To turn the question around a little and look at it from the perspective of prospective employees as opposed to employers, if somebody has a job offer in London or Dublin, is there a danger that imposing the tier 2 system is going to make London much less attractive than Dublin, if they are faced by, for example, visa fees and visa applications and immigration health surcharges?

Matthew Fell: That is an issue. It is an issue that companies will look at, for example, if they were a multinational business and they were choosing the location of business, so it is true from a business perspective. From the employee perspective, it might be down to the speed with which they can get certainty—“Can I go and live there and know that it is okay?” Clearly, there are others who would speak more for the employee perspective, but that would be my perspective on the employee view.

Q36 Kate Green: How important is access to social protections such as health cover or protection of pension rights to the recruitment and retention of EEA nationals?

Matthew Fell: I think it is an important factor. It is quite hard to say exactly where the detail of that lands, particularly in the context of the EU-UK negotiations that are ongoing; we will need to see where they land. Social security measures and the issues that you have just described are really important for reciprocity—not just migrants coming to work in the UK, but UK workers overseas—and that reciprocity is particularly important for mobility of labour as well as for migrants coming to work in the UK.

Q37 Kate Green: In terms of highly skilled workers, including graduates, what is in place to support employers to access the skills that they need?

Matthew Fell: I think that bringing the skill threshold in the Bill down from degree to A-level is a positive change. That is a highly positive move that the CBI supported and which clearly broadens out the range of roles that can be addressed through that route. The issues are less about whether they can clear a threshold in terms of the work; they are more about the system costs and streamlining the red tape that I was describing. That is what would be most helpful.

Of course, even with that skills threshold reduced down to level 3 or A-level equivalent, that still leaves out many important roles for which businesses will find the transition and the adjustments quite hard to address in the short term.

The Chair: We have just over a minute for a very quick question and answer.

Q38 Dame Diana Johnson: I just wanted to ask what your views are of any regional implications of the changes that are to be introduced by the Bill.

Matthew Fell: The regional implications will be down to where there is a particular proliferation of types of sectors within a regional make-up. Some of the ones that we think are quite hard hit are care workers, general labourers in construction and the hospitality sector, as well as logistics. Hospitality is very much a regional industry, and that could be one that bears most of the brunt.

The Chair: Mr Fell, thank you very much for giving evidence to us. We found that very valuable. I am sorry about the technical difficulties we had getting through to you. We now move to our next witness.

Examination of Witness

10.40 am

Tim Thomas gave evidence.

The Chair: Welcome to the Committee. I apologise for the difficulties we had before. You will be on your own. First, can you introduce yourself to the Committee for the record, and then I will ask the Minister to ask you a question?

Tim Thomas: My name is Tim Thomas. I work for Make UK, the manufacturers’ organisation. I am Make UK’s director of employment and skills policy, so I cover all work-related issues and a few political issues, including immigration policy.

Q39 Kevin Foster: Mr Thomas, how do you see the manufacturing sector working with the proposed new migration system?

Tim Thomas: Sorry, could you just repeat that? It was a bit echoey. Apologies for the line.

Kevin Foster: I will say it slowly; it will sound weird. How do you see the manufacturing sector working with the new system?

Tim Thomas: In terms of how the manufacturing sector will work with the new system, it will be a considerable challenge to cope with the end of free movement. Around 95% of our members employ an EU worker and about 5% employ a non-EU worker, so the majority of Make UK members do not currently interface with the tier 2 non-EU migration system. There will be a considerable change for manufacturers’ recruitment practices with the implementation of the points system.

It is fair to say that the changes to the proposed points-based system for manufacturers will ease the route. The reduction in the qualification level from level 6 to level 3 and the reduction in the salary threshold will make things easier for manufacturers than they would be. However, manufacturing is a global business; about half of manufacturing exports go to the European Union, and they cannot export their British-manufactured goods to the EU without an exchange of people. People, and the cross-fertilisation of people between the UK and the EU, go hand in hand with trade in manufactured goods. There is a strong connection with the EU and global trade in the manufacturing sector, and the ability to recruit people from outside the UK is vital to that trade.

Q40 Holly Lynch: As free movement comes to an end, Mr Thomas, how satisfied are you that the Migration Advisory Committee and the shortage occupation list understand the requirements of the manufacturing sector and are able both to respond to potential shortages in skills and to understand the variety in salaries paid in your sector?

Tim Thomas: At Make UK, we have responded over several years to calls for evidence from the Migration Advisory Committee, and we are preparing our response to the current call for evidence. If I may make one point before I come to your question, the call for evidence from the MAC has a very short window for Make UK and other organisations to respond. That is because the points-based system is being implemented on a very truncated timeline. In gathering the evidence for the MAC, Make UK and other organisations face a stiff challenge in ensuring that our response is evidence-based and provides a realistic forward look at the manufacturing sector and the jobs we will need in the future.

As for how realistic the MAC can be in its work and how realistic we can be, covid-19, the changes to the manufacturing sector and the difficulties it is in have presented a challenge in showing the MAC the true state of what occupations are in shortage in our sector at the moment. The manufacturing sector systemically suffers from long-term skills shortages—we are no different from any other western European economy in that regard—and that is not because manufacturers do not train. About 75% of manufacturers have apprenticeship programmes, and Make UK is an apprenticeship provider. We are investing in training the next generation of talent, but the fact is that there are certain skills, including digital skills, that are not available in the UK, and we need them to make sure the manufacturing sector is internationally competitive and productive. In terms of the work of the MAC, it needs to take a realistic view of what the UK labour market can provide, given those skills shortages and how long it will take it to adjust at the end of free movement, given that those skills can be brought in through the points-based system.

There are some key elements of the manufacturing sector for which workers tend to come from the European Union. One is new green technology. We all support the move away from an economy in which electricity generation is carbon-based, towards clean energy. Clean energy is something that our members are investing large amounts of resource in. A lot of those skills, simply because the technology has been deployed for longer in the European Union, exist in, for example, Germany and Denmark to a greater extent than they exist in the UK. Accessing those green skills—those environmentally friendly skills—and that new technology is something that most people would support. We just need to make sure the MAC captures the fact that those skills are in shortage in the UK at the moment.

The Chair: We have very limited time, and three Members are indicating that they wish to ask questions, so please make the questions and answers brief.

Q41 Angela Richardson (Guildford) (Con): Mr Thomas, in your first answer you mentioned that 95% of the workers in production and manufacturing are from the EU. What proportion of that percentage are UK workers?

Tim Thomas: With great apologies, I could not catch much of the question. Could you repeat it? Is it possible to come closer to the microphone?

Angela Richardson: In your first answer you said that 95% of workers in production are EU nationals. What percentage of that are UK workers?

Tim Thomas: Apologies—what I said was that 95% of our members employ an EU worker. Across the whole of the sector, we employ between 2.7 million and 2.9 million workers, of whom about 330,000 are EU workers.

Q42 Stuart C. McDonald: Given what you said, Mr Thomas, and everything that is going on, would it be helpful for the implementation of the new immigration system simply to be postponed?

Tim Thomas: I think that would simply lead to more uncertainty among manufacturers. We expect the UK Government to implement the new points-based system on the timeline that they guaranteed, and to provide businesses with the full suite of material—the statutory instruments and guidance—by the end of the summer

at the latest so that we have a significant period to familiarise ourselves with it before January. If we delayed implementation, that would cause more uncertainty among businesses. Clearly, we need time to adjust and to see what the new system is. However, we naturally do not want a delay to the implementation date.

Stuart C. McDonald: And, quickly—

The Chair: Order. No, sorry. Robert Goodwill, very briefly.

Q43 Mr Goodwill: Many of the concerns about being able to get skilled workers such as engineers were expressed before the current covid crisis. Do you think that, in the new situation that we will be in, there will be lots of British workers with these skills looking for work? Therefore, if it is slightly more difficult to get in an EU worker, it might actually benefit British workers looking for jobs in your sector.

Tim Thomas: I understand the point that you are making, but our issue is with the type of skills that we need. I mentioned green skills, and we also need digital skills. We need a range of skills that are not available in the UK labour market. We are training domestic UK workers for them, but in the meantime there is a skills mismatch between what employers need and what is available in the UK labour market. There may be some mitigation, but I would say that we are still going to need non-UK workers for the foreseeable future, until we develop those skills in the domestic labour market.

The Chair: Mr Thomas, thank you very much for the full evidence that you have given. It is valuable and I am sorry about the technical difficulties that we had in getting through to you.

Tim Thomas: Not at all. Thank you for your time.

The Chair: We shall now hear oral evidence from the Migration Advisory Committee. May I take this opportunity, while the witness is coming in, to remind hon. Members about the scope of the Bill. It does not encompass a points system. I did not want to interrupt the previous witness, given the problems that we have had, but perhaps we can remember the scope of the Bill.

Examination of witness

Brian Bell gave evidence.

10.51 am

The Chair: Mr Bell, thank you very much for coming today. I remind members of the Committee that at 11 o'clock the bell will ring and there will be a minute's silence for George Floyd. We will stand for that minute. Would you like to introduce yourself, Mr Bell, for the benefit of the record?

Brian Bell: I am Professor Brian Bell. I am the interim chair of the Migration Advisory Committee and professor of economics at King's College London.

Q44 Kevin Foster: I will start with perhaps a slightly more general question. The Migration Advisory Committee has recommended that in the context of the Bill ending free movement with the European Union there should

not be a dedicated general route for employers to recruit at or near the minimum wage from outside the UK and the Republic of Ireland. Would you like to explain to the Committee the reasoning behind that recommendation?

Brian Bell: If you move to a system in which you take control of immigration and are no longer subject to free movement under the European Union, you essentially have to have a selective immigration policy, and the question is where you think that selectivity should be. All the evidence that the committee reviewed in its 2018 report pointed to the benefits to the United Kingdom being highest when we focused on high-skill immigration—often high-wage immigration—and the gains, to the economy as a whole and also the resident population, which is our key metric, as it were, being highest with those kinds of workers. If you are going to have any kind of selectivity, that is where you want to tilt the balance, as it were.

That does not necessarily mean that you do not have any access to workers at low wages and with lower training or educational requirements. There are other routes that are already available within the system for immigration. For example, the family route allows you to recruit people who come through the family route for immigration, and there is the asylum route—once applicants are granted asylum they can be employed in the United Kingdom without regard to their skill level. There are alternative routes, and in fact that is extremely common. There are an awful lot of non-EEA workers employed in British firms across sectors who would not meet the requirements of the new immigration system but still have a job because they can come through different routes.

At the end of the day, there is a crucial distinction that we draw. With jobs where the training requirement and the education, both academic and vocational, to begin that job are reasonably low, firms can actually compete against each other, and we sort of want firms to compete against each other for workers, because that is good for workers; whereas for more technical, highly skilled jobs with very high training requirements there is often a practical difficulty in getting a new supply if you need it. You cannot just turn on the tap, so migration is a more obvious response for that.

Kevin Foster: In terms of that general route for recruitment, the MAC made some specific comments on the care sector, again in the context of the Bill ending freedom of movement. It was very specific against a sectoral scheme. Could you explain some of the rationale for that?

Brian Bell: The first point to bear in mind when thinking about the social care sector is that it is often described as being dependent on migrant workers. Nothing could be further from the truth. Something like 80% of those working in the social care sector are British, so actually it relies on British workers. The European Union is a relatively small fraction of the social care employment sector relative to the economy as a whole, accounting for about 5% of it, depending on which statistics are used.

We do not think there should be a particular route for social care because we think that immigration has historically been used as an excuse to not deal with the problems of the social care sector. The problems of the social care sector are fundamentally nothing to do with

immigration. They are to do with the fact that, frankly, Governments of all stripes have failed to grasp the funding issue of social care. If people say that the response to the social care issue should be, “Well, employers should be allowed to bring in as many migrants as they want at the minimum wage,” first, that does not sound like the low-wage problem of the social care sector is being dealt with, and secondly it suggests that one of the groups that will really suffer from that is the social care workers. You are saying that you are going to keep on allowing their wages to be held down by allowing employers to bring in workers at the minimum wage, whereas we want to see wages rising in that sector. That will not happen if there is a continuous supply of free labour from abroad willing to work at the minimum wage.

Q45 Kevin Foster: Some of the earlier witnesses—particularly those from the London Chamber of Commerce and Industry and especially from the Federation of Small Businesses—talked about the need for flexibility when it comes to those sections of the Bill setting how we will empower Ministers to set the future migration system. Given that the Migration Advisory Committee’s role is to provide expert advice to the Government—to myself and the Home Secretary—how do you see it being able to respond to the demands of the new system in the context of the Bill?

Brian Bell: The Migration Advisory Committee has a key role in making sure that we keep a pretty constant view of what is happening across sectors, occupations and industries as the new system is rolled out, to see where problems are emerging. When you switch from a system that has been running for 40 years to a new one that incorporates all European Union countries as well, there will inevitably be teething problems. It would be surprising if that were not the case. We will be focussed on looking for the evidence: where is the system having problems? We will be highlighting those to the Government, and we can do that. We have an annual report that we will be publishing, and we will be highlighting to Ministers where the problems are, as well as potentially what solutions might be available.

Q46 Kevin Foster: The Migration Advisory Committee also advised specifically against having regional variations in the migration policy, specifying that there should not be any in the Bill. Is there any particular reasoning behind that recommendation?

Brian Bell: We were asked explicitly to think about whether there should be regional variation in the salary thresholds that are a key part of the system. The easiest way to answer that is to think about the fact that the median wage in Edinburgh for a full-time worker is higher than it is in Newcastle, Manchester, Leeds, Birmingham, Cardiff and Belfast. Compared to Dumfries and Galloway, it is 25% higher. In other words, regional wage variation—if by that you mean either the nations of Britain or the regions of England—demonstrates that variation within those areas is much greater than variation across them. If you really wanted to go down that route, you would need an immigration system that set thresholds in every local community around Britain. I do not quite know how that would be enforced. You would be explicitly saying that low-wage areas should stay low-wage areas and that high-wage areas should stay high-wage areas. I am not sure that it is a very sensible policy.

Q47 Holly Lynch: Just to come back to the points you made about social care, I am inclined to agree with a great deal of what you have said about social care. There will be a shock to the social care sector delivered by that cut-off when free movement comes to an end, combined with—we hope—the UK's emergence from the coronavirus pandemic. We have heard concerns about the Migration Advisory Committee, including concerns that it is not particularly dynamic. When you factor in all those considerations, would the committee need to do a lot more to assess shortages in social care workforces at that moment in history?

Brian Bell: I think I can answer that, hopefully. At the moment, the Migration Advisory Committee is being asked to report on the shortage occupation list for the new system. We will report in September and we are taking evidence at the moment. Senior care workers are eligible for the new system.

11 am

The Committee observed a minute's silence.

Brian Bell: So senior care workers are eligible for the new system and will therefore potentially be considered for the shortage occupation list. I certainly would not like to prejudge what the Committee will decide on that, but one would expect a strong case from the social care sector. If they are put on the shortage occupation list, the new system will allow them to trade off points and reduce the salary threshold that they will need to meet, which will help for that group. Care assistants and care workers are not eligible for the system because they are categorised in RQF1 and 2 occupations.

The Government have asked us—we will respond in our report—to think about how we should more dynamically update the shortage occupation list. Historically, we waited for the Home Secretary to write to us and say, “Would you mind looking at the shortage occupation list again?” That has not been a frequent process and has often been a case of, “A particular occupation has campaigned for it, so let's look at that.” The plan going forward is to have a more comprehensive and regular review so employers know when we will be thinking about it again, and we will update it in a more dynamic way to try and capture that effect.

Q48 Holly Lynch: When you talked about those who fall below the skills and salary threshold not being considered by the MAC, is that not entirely the problem with this approach? Are we still not identifying where there are workforce and skills shortages because we are looking at only half of the workforce?

Brian Bell: About 60% of the workforce are RQF3 and above. Again, in a sense it goes back to my first answer: if you are going to have a selective policy, you need to draw the line somewhere. To the extent that you say, “This sector should get an exemption,” you really need to say that what that means logically is that we are going to take away some of the other occupations and say they are not eligible any more, or we are going to make the system more liberal and expand the remit. In one sense that would be fine. Fundamentally, it is a political decision as to where you draw that line. You could have completely free movement for the entire world if you wanted it. No other country does that, but that is a choice. Our evidence was that if you are to draw that line favouring the higher paid and higher skilled, it is better for the UK economy and the public finances as well.

The one thing I can guarantee is that we will look carefully at what happens in social care going forward. To the extent that the system causes problems for them, we will report on that. There is not quite a knife edge. It is sometimes described as a knife edge, but it is not. Every single person who is a European Union citizen who is employed on 31 December will still be employed on 1 January. There is no requirement—the stock will stay the same. What will change will be the flow coming in. In the EU settlement scheme, some 3.5 million people have applied already.

Q49 Holly Lynch: I am very mindful that you are from the Migration Advisory Committee. Given what you have just said about analysing and reforming the shortage occupation list, do you also think that, having identified the gaps, there should be a role in informing domestic skills policy as well as migration policy?

Brian Bell: Absolutely. If we identify an occupation that we think is in shortage, I consider that essentially a failure. You might not think it is a failure if there has been a big increase in demand for that sector, so the sector suddenly sees a large increase in the demand for its product. In the short run, there might be a shortage in terms of getting the appropriate labour for that—that is fine and makes sense—but often the shortage occupation list identifies a failure of the British education system to provide the people who are needed. A classic example of that is nurses. Nurses have been on the shortage occupation list since I can remember ever hearing of it. Every time they are put on the list, we hear statements along the lines of, “Yes, we know that they are in shortage, and we have a plan to increase the number of nurses who go through training so that we deal with the shortage in the long run.” They are still on the shortage occupation list. We should be using the shortage occupation list to signal both to Government and to employers that there are training needs that need to be fulfilled.

Q50 Mr Goodwill: Professor Bell, you referred to the care sector, but another sector that I am sure regularly makes representations to the MAC is the agricultural sector. We often read stories about crops rotting in the fields if we cannot get enough people to work there. Indeed, the Government have a seasonal agricultural workers scheme for non-EU workers. Do you feel that the provisions in the Bill will accommodate the needs of agriculture, or will the sector continue to need special exemptions to allow that to happen?

Brian Bell: The seasonal agricultural workers scheme is probably the only sectoral scheme that the MAC has recommended as a good idea. That is because it is truly unique. I think the statistic is that 99% of seasonal workers in agriculture are not from the UK, which makes sense. As it is directly seasonal, the job does not fit with people who live in the UK and who want a year-round job to make a living. Most countries have some type of seasonal workers scheme, and I would be surprised if there was any argument for why we would get rid of that. It is in a pilot at the moment; as I understand it, the pilot is going well.

Q51 Mr Goodwill: So you think that the current scheme should be extended to include EU workers. Can they come under the provisions in the Bill?

Brian Bell: Actually, that is a good question. It would be a question for Government. If there is a seasonal workers scheme, and we have removed the special entitlement of European Union workers in terms of access, there is no reason why the seasonal workers scheme should not be open to people of any nationality, but that is a question for Government.

Q52 Mr Goodwill: Finally, do you carry out any analysis of the economic impact of workers who come here, put down their roots, bring up their children and pay their taxes and of workers who may well see their time in the UK as being short, who send a lot of the money back to their families, and whose children are in education in other countries? Do you carry out any analysis of the impact on the UK economy of that type of immigration?

Brian Bell: One thing that we have done, which is particularly important for public finances, is think about different types of immigrants, such as a migrant who comes to the UK and then makes their home here. We often highlight how migrants in general are positive for public finances. When we see them before they get permanent leave to remain, they are often not bringing their family or they are only just forming a family unit, so they are not using public resources but they are paying in taxes. Once they have permanent leave to remain and either become British citizens or stay here permanently, they begin to cost the Exchequer because they tend to start using schools and the health service. From a purely public finance perspective, you would like migrants who just come, pay their taxes, do not use any of the resources and then leave. We have done that kind of analysis. We have done less analysis in thinking about the broader questions on what the benefits are to British society more generally of having migrants who come to the UK and stay for a long time.

Q53 Mr Goodwill: Is it more likely that EU workers will come and stay? If they are deterred from doing so, we might have more workers from outside the EU, who might not stay so long.

Brian Bell: I certainly have not seen any evidence of that. It is a difficult one, because there has been a different rule up until this point in time. I have not seen any evidence that suggests European Union workers are more or less likely to stay on a long-term basis than non-EU workers. The data are not very good on that kind of thing, but it would be an interesting thing to look at.

Q54 Stuart C. McDonald: Professor Bell, may I take you back to what the Minister asked you about regional variations? It is important to be precise about exactly what the MAC recommended. The Minister suggested that the report recommended against regional variations, but you were very careful to say that your report addressed regional variations and salary thresholds. The MAC was not looking at the broader issue of regional visas or devolution of immigration control.

Brian Bell: That is correct. Immigration is a reserved matter, so we were asked to report just on that.

Q55 Stuart C. McDonald: On the salary threshold?

Brian Bell: Yes, on the salary threshold.

Q56 Stuart C. McDonald: Is it fair to say that your report says the decision was finely balanced, that there were arguments on both sides and that the majority of people responding to the consultation supported the idea of regional variations in salary threshold?

Brian Bell: I agree it was certainly finely balanced, although there was an extensive discussion on the maths. It is fair to say that that was primarily driven by Northern Ireland. The differences in wages between Northern Ireland and the rest of the United Kingdom are more significant than in other devolved Administrations, and they had different issues because of the land border.

You are probably right that the majority of our respondents were in favour of it. That partly tells you that when you call for evidence, you get very interested parties on one side, and not many on the other. A classic example is that when we did our major report in 2018 on the impact of immigration from the European Union, we got some 450 responses, almost none of which were not in favour of freedom of movement. Almost all were kind of in favour, which did not properly reflect what the British people as a whole thought. That is the nature of a call for evidence.

Q57 Stuart C. McDonald: The report called for a pilot scheme about our remote areas. What was the reason for that, and are you troubled in any way that the scheme seems to have since disappeared?

Brian Bell: The reasoning was that we received reasonably strong evidence, not just from Scotland but from other areas, nations and regions of the United Kingdom, that there are rural communities that find it difficult to recruit in the way that employers can in more urban and suburban areas. Often those employers are key to that small community, so they are sometimes more important than your average employer in a big city. That was our thinking about that.

We suggested a small pilot—it is important to emphasise that we thought it should be a small pilot. Such a scheme has clear risks, two of which I suppose I should highlight. One is that you issue a visa to someone and say, “You have to stay in one small area, with one employer, and you cannot move, because it is a rural scheme.” We generally do not like the idea of saying to workers that they have to stay with one employer, because that gives the employer lots of power and does not give the worker much power. There is an uncomfortableness about that kind of scheme.

The second problem is our worry that it does not deal with why rural communities are losing population. As soon as you have this type of scheme, you might get an immigrant to go there, but as soon as they have freedom to move—for example, if they get permanent leave to remain and can go anywhere in the UK—if the reasons why people in those communities do not want to stay in the first place still exist, why would we not expect that migrant to move as well?

There are problems, but we recommend the scheme. As I understand it, the Government have not yet decided whether to have such a pilot or not. If I have to be honest, part of that is because an enormously complicated system is about to be introduced. You want to go in steps, so the Government are focused on the main work route at the moment.

Q58 Stuart C. McDonald: I appreciate that there are challenges, particularly around tying a person to an individual employer, but that is not dissimilar to what

[Stuart C. McDonald]

we do now with tier 2. There are procedures to transfer to another employer, if criteria are met. That is a something worth exploring. In relation to Northern Ireland, did the report go as far as saying that consideration should be given to regional variations in salary there?

Brian Bell: We did not go as far as that. We said that we thought the argument was most compelling in Northern Ireland, but in the end we did not think the differences were quite big enough to justify having the more complicated system.

Q59 Stuart C. McDonald: Is that simply because you could be an employer in Northern Ireland and just a few miles down the road somebody is able to access labour without reference to tier 2, experience, salary thresholds or whatever else might be in place?

Brian Bell: There is a clear difference because of the border. To be clear, the shortage occupation list that we are reporting on at the moment has the ability to have a Northern Ireland SOL that is separate from the UK-wide SOL. If there are representations made to us that there are particular recruitment problems in Northern Ireland in some occupations, that are not true for the UK as a whole, we have the ability to recommend to the Secretary of State that they be put on the Northern Ireland SOL but not on the UK-wide SOL, as is true of Scotland.

Stuart C. McDonald: I think—

The Chair: I call Kate Green.

Q60 Kate Green: I just wanted to ask for clarification. I may have misheard or misunderstood you in relation to one of your earlier answers, when I think you said that there were alternative labour pools—for example, family members or refugees who have secured status. To what degree is that potential pool of labour already fully employed in the UK, and what do you think the shape of that pool of potential labour is likely to look like in the future? I guess I am interested in the degree to which we really could look forward to seeing that as replacing lost labour supply should fewer EEA nationals come to the UK.

Brian Bell: It is both a good question and a very difficult question to answer. If you look at social care as a good example of this, something like 15% of workers in social care are non-EEA born. They can't have been employed by the social care sector through the work route, as the work route is not open to the social care sector until next year because it has been RQF6 and that has excluded almost all such workers. Fifteen per cent. of the workforce has come through some other route. That is quite a big pool. Whether it is fully used—to be honest, we have not looked at that. We can do, because we have data on that, in the sense that we can see, to a certain extent, what all the non-EEA people in Britain are doing. Using the labour force survey, we can ask the question, “If you were born outside the United Kingdom and you are non-EEA, what is your current status? Are you in employment, are you looking for work or are you inactive but potentially available for work?” That is an interesting question. The one thing we cannot do—is just so happens we do not collect the data—is look at the visa you came in on. It would be nice to see whether asylum seekers are different than family route. I encourage the Office for National Statistics to ask that question.

That is an interesting question to look at, and we would be happy to do that—to think about whether there is a ready supply, potentially, of workers who are not actively looking at the moment but who, historically, have moved. There are an awful lot of people who would say they are inactive in the labour force survey but who, a few months later, have a job. We could look at that.

Q61 Kate Green: In relation to part-time work, there is no pro-rating of part-time salaries in the Government's £25,600 threshold. Were you asked to look at the implications of that, including the gender equality and other implications? If so, what are your conclusions?

Brian Bell: We were. That was another difficult decision we had to make. The difficulty is the following: for the worker route, the system works where you are sponsored by a principal employer—a main sponsor for your job. The question, again, is, where you would draw the line if you said part-time work was acceptable? We were given representations by some firms that said, “Lots of our workers almost have a portfolio of jobs, and they might do a day here, a day there and a day here.” That fits very badly into the system, because you need one employer. Frankly, I don't think Home Office enforcement would be enough to really follow through every single worker and say, “When you add up all your jobs together, are you earning a sufficient amount that you are not burdening the Exchequer?”, which is one of the criteria we are focused on.

The issue became, if we did something like, “If you are willing to work at least 16 hours,” would that be okay? In the end, we concluded that the fiscal costs were significantly higher for that type of worker than for a worker who would come on a full-time salary. In the end, if you are going to be selective, we did not think that was an area you would be selective of.

I should say that we were mindful of the fact that that disproportionately affects women rather than men. Part-time work is, of course, much higher among women than men. In the end, we did not find that strong enough because, although that is true, the gender patterns of migrants as a whole are not that dissimilar between the sexes.

One thing that we discussed, and left open for Ministers to think about, is that, at the moment, tier 2 is quite restrictive, in that, if someone takes maternity leave, they are sort of supposed to go back to the full-time job as soon as they finish that maternity leave. We said that consideration could be given to whether, once someone is on a visa, there could be some flexibility for people who have a child to go back part time, and for that to still count. I think that might be worth considering.

Q62 Dame Diana Johnson: I want to ask about an issue that Make UK raised in their evidence. They talked about the lack of people with the relevant green-skills qualifications that we need. We know from today's news that we are relying on renewable energy at the moment, and moving away from coal. The evidence they gave was that a lot of the people with those skills are based in Denmark and Germany. Listening to what you said, there is obviously a longer term issue about skilling up our own population. Could you explain how the provisions the Government are introducing will assist us now in dealing with the shortages that we have in that important sector, around offshore wind and renewables generally?

Brian Bell: I should say that, if they have green skills at RQF3 and above, they are eligible for the scheme, so they will be able to enter the UK on a visa, so long as the employer is sponsored and they are paid the minimum salary threshold. I am not sure why green skills should be any different from normal skills. If there is a qualification or experience required for that job, and the person meets those criteria, the scheme is open for them. The scheme is not open for people who are at RQF1 and 2, which are essentially the jobs that either require fairly low formal qualifications or for which the training requirement to get that job is not very long. If that is the case, my response would be that we can recruit from the UK domestic workforce to fill those jobs.

The Chair: I cut off Stuart McDonald earlier, and I think he had another question. We have a little more time, so he may finish.

Q63 Stuart C. McDonald: Thank you, Mr Stringer. To go back to the shortage occupation list, I am sure that it will be very welcome that there will be a shortage occupation list for Northern Ireland. However, when I speak to businesses in Scotland, and also elsewhere, there is a criticism that people find it slow, not very responsive and rather clunky. You spoke a little about the work to try to make that a better process. Could you give us a broad understanding of when a job becomes a shortage occupation? A couple of vacancies in Cornwall or Caithness are clearly not enough. Where is the point at which it becomes in shortage?

Brian Bell: Obviously, there is a difference between there being a UK-wide shortage and a devolved Administration shortage. For the second, we only look within the country. Broadly, we are looking for a broad shortage across employers. That is the first thing. As you say, it would not be very compelling to us if one employer said, "We find it difficult to recruit," because our first response might be, "Perhaps you are not a very good employer." We want to see, broadly within that occupational sector, that there is a recruitment problem. We want to think that it is more than just an extremely short-term problem. To be honest, this work route will not be ideal if you just want to fill a very short-term vacancy, for the simple reason that you have to pay fees and go through the process of applying. It is more suitable for permanent, long-term positions. We want to see that the shortage is likely to last into the medium term.

The final criteria that we use, which in one sense is the most important, is that we want to be convinced that migration is the appropriate response. In answer to your earlier question, we were talking about how skills are an important aspect of all this. One thing that we say to employers is that, if they want to be put on the shortage occupation list, and if they want us to recommend that, they need to show us evidence that they are going out and trying to train up British workers. They need to show that they have a training programme themselves, or that they are working with further or higher education colleges to try to increase the supply of British workers.

Either that takes time, which we understand, and which is an argument for putting it on the shortage occupation list until that has successfully come to fruition, or quite frankly, if they can show that they have done that kind of thing and it just has not worked, we also think that that is quite strong evidence. That suggests that there are structural problems in that sector or industry, so we perhaps have to accept migration as a response to that, and that British workers either do not want to do those jobs or there are alternatives that they would prefer to do.

Stuart C. McDonald: What do you say to those who have criticised the system for being too slow and not responsive? What is changing?

Brian Bell: Historically, it has been, because, as I said, we only ever reviewed the SOL when we were asked to. It was, frankly, probably low down in the priorities, so, often, it was looked at every three or four years. We will recommend to the Government how we should review it going forward. I cannot tell you what that will be, because we have not decided, but I will say that most other countries that have an equivalent, such as Australia, Ireland and Canada, usually have a regular review process about once a year. I think there is a trade-off. If you do it too often, you do not actually get any new information; the employer just sends you the same thing they sent you last time—

The Chair: I am afraid that brings us to the end of the questions today.

11.25 am

The Chair adjourned the Committee without Question put (Standing Order No. 88).

Adjourned till this day at Two o'clock.

