

Immigration and Social Security Co-ordination Bill

Committee Stage Briefing

June 2020



Our Organisation

1. 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

2. 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 Covid-19 recovery.
3. London First's [Facing Facts](#) 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.
4. 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](#), 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.
5. The ONS has also [compiled data sets](#) that showcase where many of the EU citizens in this country are currently employed, and the majority of these jobs are excluded from the proposed immigration system. This means employers will face massive difficulties filling

similar vacancies in the future due to the discriminatory nature of the proposed system which deems these jobs as too low-skilled to qualify.

6. **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.
7. **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](#) 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.
8. 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 Committee Stage

9. 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 negative procedure 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 demand greater Parliamentary oversight.

London First supports Amendments 3, 4, 5, 6, 8, 9, and 10 and New Clause 30 and would support any further amendments that would put the fundamental structure of the proposed points-based system into primary legislation. This would provide enhanced oversight and greater certainty for businesses across the UK.

10. 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](#) coalition (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) were relieved that the Government took into account their calls and evidence of the negative impact that such a high salary threshold would have.
11. 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) have historically struggled to attract sufficient numbers of UK-born applicants.

London First supports New Clause 21, which would require an annual report from the MAC on the impact of the Act on the health and social care sector, and New Clause 49, which would require an impact assessment on the UK social care workforce. This would ensure that negative impacts on the sector are brought to light and receive appropriate public scrutiny. We also support New Clause 32 and any similar new clauses in relation to all other sectors majorly impacted by the loss of access to an EU workforce.

12. London is the world's most popular place to study. Our international students bring a net benefit of £2.3 billion a year to the UK economy, and they support nearly 70,000 jobs in London because of the money they spend. Furthermore, 60% of students said they are more likely to do business with the UK as a result of studying here. However, many such

students find that Britain's immigration system – particularly its complexity – negatively affects their experience of studying in the UK.

London First supports New Clause 28, which would require an annual report from the MAC on the impact of the Act on the numbers of international students from the EEA and Switzerland coming to the UK. This would ensure that negative impacts on the sector are brought to light and receive appropriate public scrutiny. We would also support any other amendment that would expand this to cover all international students.

13. These worries are compounded by existing labour shortages in the UK and the global demand for key workers. Many sectors like social care, food processing and logistics, need support to minimise the economic harm they might suffer if the new system is too restrictive. 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 to 2021 and beyond.

London First would support amendments to the Bill which would create a two-year temporary work visa to ensure that employers across the UK are not left with long-term unfilled vacancies. This would help them to grow to their full potential and also help support the British economy through the post-Covid recovery.

14. **The new system needs to be far simpler, more streamlined, and cheaper** to ensure that all potential employees and businesses – and particularly SMEs which might be using a restricted-movement immigration system for the first time – can afford to navigate it and to do so without expensive legal advice.

London First supports New Clauses 12, 13, 35, 36, and 37. We would also support any amendment to the Bill that would extend this to all foreign nationals and any other measures that would make the immigration system as simple, streamlined, and quick-to-use as possible.

15. The Government should take into account the concerns of businesses – who are currently pre-occupied with Covid-19 – in relation to the implementation timetable of the new system. Measures should be introduced which would postpone it so as to avoid causing more unnecessary stress for businesses already burdened with major changes to their workforce.

London First would support any amendment to the Bill which would delay the start of the new proposed points-based system. The resulting implementation period would give businesses time to prepare for the new system and ensure that they would not have to deal with a new trading relationship, a new immigration system, and Covid-19 all at once.

16. The current circumstances have shown us even more clearly the shortcomings of the proposed points-based system and how it would negatively impact the UK economy. The Bill should be amended to move the new immigration rules into primary legislation and to outline a holistic immigration system to replace the dual system of Freedom of Movement and the non-EU immigration system, which includes a proper access route for essential, so called lower-skilled workers by the Government, across all sectors, and so that the future immigration system provides certainty for business and potential employees alike. Only this will 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 briefings or answer any questions over the phone. To arrange a call, please email rprice@londonfirst.co.uk