

# The Migration Advisory Committee's Final Report on EEA Migration in the UK

On 18 September 2018, the Migration Advisory Committee (MAC) published their final report setting out their recommendations for a post-Brexit UK immigration system.

The MAC's recommendations are designed to maximise the welfare of the resident population and make it easier for higher-skilled workers to migrate to the UK (as opposed to lower-skilled workers). They argue that evidence suggests highly skilled migrants have a positive impact on productivity, innovation and training, whereas the case is not as strong for lower skilled migration.

## The key recommendations:



### 1. The post-Brexit immigration system should not give any preference to EU nationals

They conclude that “EEA migration as a whole has had neither the large negative effects claimed by some nor the clear benefits claimed by others”. The MAC do not express a view on whether immigration should be part of the EU negotiations, but if the UK decides on its new immigration system in isolation from the negotiations, they recommend “moving to a system in which all migration is managed with no preferential access to EU citizens”



### 2. No recommended changes to the Tier 2 (Intra Company Transfer) visa category

This would mean retaining existing rules, including a 41,500 salary, the need for 12 months company experience and the cooling off period.



### 3. Significant changes are recommended to the Tier 2 (General) visa category to make it easier to hire migrants into high and medium skilled jobs

- a. An abolition of the Tier 2 (General) cap, as it only serves to restrict the flow of the most beneficial demographic of highly skilled migrants
- b. Medium skilled jobs above GCSE level should be eligible for Tier 2 (General)
- c. The minimum salary level of £30,000 should be maintained for all skill levels to ensure that migrants do not put undue downward pressure on average earnings
- d. The Shortage Occupations List (SOL) should be expanded (the MAC are currently undertaking a full review of the composition of the SOL and are due to report back in Spring 2019)
- e. The Immigration Skills Charge (ISC) of £1,000 per year of visa duration should apply to future applications from EU citizens (though the effectiveness of this policy should be subject to periodic review)
- f. The abolition of the Resident Labour Market Test is considered, as the bureaucratic burden is perceived to outweigh the economic benefit, and that the maintenance of the minimum salary level and ISC are suitably robust measures to protect the labour market. If it is not abolished, the high earner salary threshold should be reduced substantially to below £50,000 (currently £159,600). Sponsors should also be allowed to recruit the best candidate available (as opposed to a suitable candidate)
- g. The ability to change employers in country should be made easier, to encourage competition in the labour market
- h. The process of obtaining a sponsor licence for SMEs should be revised, which could potentially be addressed by industry specific, umbrella sponsor licences

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## 4. The Tier 5 Youth Mobility scheme could potentially be expanded

This route allows young migrants from certain countries (currently including Australia and Canada) to come to the UK for two years, with full access to the UK labour market. If it was amended to include EU nationals, this could fill any gap in lower skilled workers



## 5. No explicit work migration route for low-skilled workers or sector based schemes are created

With the possible exception of the Seasonal Agricultural Workers Scheme, they conclude there is no requirement for sector specific schemes (as these needs would be met by the proposed revisions to the Tiers 2 and 5 schemes) whilst acknowledging that certain industries will be extremely dissatisfied by this conclusion, such as the social care sector



## 6. Public sector workers should not be treated differently and should be paid salaries that reflect the value of their work

The MAC acknowledges the frequent calls to treat the public sector differently but believes that any such approach would further support the lowering of salaries in the public sector. Their preferred approach is the financial reform of the sector to allow higher wages thereby alleviating recruitment and retention problems



## 7. Systematic evaluation of whether labour migration policies are achieving their intended goals should be ongoing

Such analysis requires better use of existing data and should be coupled with regular review of the visa system with end users, to ensure that it is working effectively



## 8. Tier 1 (Exceptional Talent) and Tier 1 (Entrepreneur) visa routes should be better evaluated to gain more clarity on how this may apply to EEA self-employed migrants

It is difficult to consider how effectively this Tier of the Points Based System works, as reliable data is hard to gather but such assessment would allow useful evaluation of the scheme and the UK government's newly proposed 'start up' visa



## 9. There is no strong economic case for regional differentiation in migration policy

As in previous reports, the MAC has recommended against introducing more regional variation as they consider it desirable to keep the system as simple as possible

## Looking ahead

The UK government are in no way obliged to adopt these recommendations but have indicated that they will carefully consider the report, recognising that EU citizens play an important and positive role in the UK economy.

For now, it seems there are two main considerations for business:

1. When would you need to employ migrant workers in jobs below GCSE level, to what extent could you fill those roles with locals and would a two year maximum stay under Tier 5 cause problems?
2. For jobs at GCSE level and above, when would you typically pay under £30,000 (by role, seniority and geography) and where could the proposed minimum salary cause difficulties?

Understanding the above, you may need to consider adapting your business model or recruiting practices.

The government will most likely set out plans and consult in their immigration White Paper after the 13 November European Council meeting, and we will keep our clients fully updated.

For further information, please contact the global immigration professional with whom you work at Fragomen or send an email to [londoninfo@fragomen.com](mailto:londoninfo@fragomen.com).