Post-Brexit Immigration Policy

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For the United Kingdom to be an economic success outside the European Union, employers must prosper. Access to skills will be vital to helping achieve that prosperity. One of the many things the government will need to do is ensure that whatever new immigration policy is to be implemented, businesses, universities and public services are not prevented from accessing the international workers our economy needs.

Given how politically contentious the issue of immigration has become, it is likely to be the most politically fraught area of policy post-Brexit. The Leave majority was, in part, a vote of no confidence in how successive governments have managed immigration. Many voters feel that policymakers have failed to listen to their concerns or to show they can assert control. Yet, for employers, access to skilled migrants and uncertainty about the future status of their immigrant employees already resident here, or their British employees working overseas, are among their foremost concerns. Finding a way to accommodate these two, at times contradictory, objectives raises important questions about what shape future UK immigration policy should take.

The IoD here sets out a 12-point plan to help the government control migration in a way which supports economic growth, works for businesses and addresses public concerns:

① **The UK should seek to remain as close to the EU's single market as possible – ** Immigration was a prominent factor for many of the people who voted last June to leave the EU, and its role in shaping the UK's future relationship with its EU neighbours will be no less important. The forthcoming Brexit negotiations are likely to centre on the trade-off between access to the EU single market in goods and services and controlling EU migration. There is a considerable difference between 'access to' and 'membership of' the single market. Services comprise roughly 80% of UK employment, almost half of our exports, and the EU is the UK's largest service export destination[1], so a loss of membership of the EU's single market in services would be detrimental for many businesses and employees and result in a considerable adjustment for the UK economy. EU leaders have said that once the UK leaves the EU it must uphold free movement of workers in order to retain membership of the single market[2]. Apart from the EU single market, there are no comprehensive free trade agreements in services between rich countries anywhere in the world[3], so achieving a suitable compromise – by putting some limits on free movement and some limits on single market access – would be unprecedented. Given the UK's comparative advantage in services rather than goods this must be a priority for the UK in our negotiations. Those who voted to leave the EU did so for many reasons, but no one voted for this country to be harmed. As Theresa May has said, it is vital the UK retains "the closest possible economic ties" with the EU after the UK leaves[4].

② **EEA+ immigrants already resident in the UK should be granted the right to remain on terms no less favourable than at present – ** The Government should immediately guarantee that the 3 million EU citizens[5] living in the UK will be able to stay after Brexit, and that a similar deal

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[1] Brexit options: budget contributions pale against wider trade and economic impacts, Carl Emmerson, Paul Johnson and Ian Mitchell, Institute for Fiscal Studies (IfS), 10 August 2016: http://www.ifs.org.uk/publications/8413.

[2] Jean-Claude Juncker, The State of the Union 2016: Towards a Better Europe – A Europe that Protects, Empowers and Defends, 14 September 2016: http://europa.eu/rapid/press-release_IP-16-3042_en.htm.

[3] Services, Trade and Free Movement, Angus Armstrong, National Institute of Economic and Social Research (NIESR), 6 June 2016: http://www.niesr.ac.uk/blog/services-trade-and-free-movement#.V9AwFFsrK72.

[4] Theresa May is already disagreeing with Liam Fox over Brexit – and there's trouble for the Cabinet ahead, The Independent, 27 July 2016: http://www.independent.co.uk/voices/brexit-eu-referendum-theresa-may-prime-minister-liam-fox-disagreement-trouble-cabinet-split-a7158596.html.

[5] The terms 'EU citizen/EU immigrants' are here intended to refer to immigrants who have UK residency rights by virtue of the UK's membership of the EU. These immigrants include not just citizens of the 27 remaining EU member states but also citizens of the 3 EEA member states of Iceland, Liechtenstein and Norway; as well as the EEA+ member state, Switzerland, as each of these countries are also party to the Freedom of movement for workers in the European Union. Any policy designed to account for EU immigrants must necessarily account of EEA+ immigrants also as these immigrants have acquired the same rights to live and work in the UK as EU nationals.

will be sought to protect the status of the 1.2 million British citizens living in other EU countries. A clear, public commitment to protect the status of EU immigrants was made by the official Vote Leave campaign, and employers are anxious for Government ministers to swiftly make the same commitment[6]. Doing so would assuage the fears of EU immigrants already living in the UK, many of whom are well integrated into British society and/or have British relatives. It would also increase the likelihood of the other 27 EU governments agreeing to reciprocal protections for UK citizens living in EU countries. At present, EU immigrants have a right to Permanent Residence after 5 years of residency in Britain[7]. More than half of all EU citizens currently living in the UK have therefore already qualified for the criteria to become British citizens and we should encourage them to do so[8]. It is in the UK's and the EU's mutual interests to safeguard their rights and the rights of all other EU immigrants who are lawfully resident in the UK before a chosen cut-off date. The alternative would be economically catastrophic, morally dubious, diplomatically damaging, and administratively and legally cumbersome.

However, given the vast majority of EU immigrants have had no need to register as residents in the UK, a new registration process for EU citizens already living in the UK would have to be implemented[9].

There are different ways to design such a process, ranging from a simple application documenting physical presence in the UK before a given cut-off date, to detailed scrutiny of EU citizens' history of activity in the UK. While using the date of registration for a National Insurance Number as the criterion would be a possibility, the government's NI records are known to be not reliably accurate for this purpose (see point 5)[10]. Obtaining other forms of suitable documentation is also difficult, particularly for those who are self-employed or have mixed histories of qualifying under different categories[11]. A simple and efficient process that involves documenting UK residence using a combination of payslips, leases, bank statements, university registration forms, or other evidence of UK activity therefore seems more feasible.

(3) **The Government should abandon its net migration target –** Even with no EU immigrants, immigration to the UK from non-EU countries alone has still exceeded the Government's "tens of thousands" net migration target in recent years. That is partly because various, non-EU related, international treaties to which the UK is a signatory mean that restrictions to immigration for work and family reasons can only go so far. After the UK leaves the EU it will still be bound by these agreements[12]. The World Trade Organisation's General

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[6] The Conservative Government and the British National Party are the only political parties who have yet to say that these EU nationals can remain after Brexit.

[7] Permanent Residence as an immigration status is a consequence of the UK's membership of the EU, with its legal basis underpinned by Directive 2004/38/EC as set out in Immigration (European Economic Area) Regulations 2006. Assuming these regulations will be revoked when the UK leaves the EU, Permanent Residence will no longer exist in law so would need to be reinstated or replaced with a suitable alternative status.

[8] Based on current time scales, if all EEA+ citizens were to apply in the same year, this would be equivalent to approximately 140 years' worth of Permanent Residence applications. While, of course, a large and dedicated team would be expected to take this process on to deal with applications much more rapidly, these figures illustrate the scale of the administrative challenge ahead (Here today, gone tomorrow? The status of EU citizens already living in the UK, The Migration Observatory, Oxford University, 3 August 2016: http://www.migrationobservatory.ox.ac.uk/resources/commentaries/today-gone-tomorrow-status-eu-citizens-already-living-uk/).

[9] Additionally, special consideration will also have to be paid to the many employees who work in Northern Ireland but live in the Republic of Ireland or vice versa. The official Vote Leave campaign asserted that "there will be no change for Irish citizens", who would keep their right to enter, live and work in the UK (the UK and Ireland have had a Common Travel Area since 1923, long pre-dating EU Free Movement and The Ireland Act 1949 grants "non-foreign" status to Irish nationals and gives them permanent settlement as soon as they move to live in the UK). Yet any trade agreement with the EU might not allow this type of positive discrimination. Indeed, the EU is currently threatening retaliation against countries such as Canada and the US who seek to apply different visa rules to pick and choose between different EU nationalities (EU considers restricting visa-free travel for Americans, Politico, Canadians, 4th August 2016: http://www.politico.eu/article/eu-considers-restricting-visa-free-travel-for-americans-canadians/).

[10] For starters many people with UK National Insurance Numbers are no longer living in the UK, while some people who do live here may not need one - for example, students or self-sufficient inhabitants who are not working.

[11] For example, a person may have arrived as a student but subsequently found a job.

[12] Off Target: Government policies are not on track to reducing net migration to the tens of thousands by 2015, The Migration Observatory, Oxford University, 20 June 2011: http://www.migrationobservatory.ox.ac.uk/wp-content/uploads/2016/03/Commentary-Off_Target.pdf.

Agreement on Trade in Services (GATS), for example, obliges the government to allow companies to transfer employees between countries.

The consistent failure to meet an ill-advised net migration target[13] every year since 2010 has eroded public trust in the UK's immigration system. A net target is arbitrary and illogical – the "tens of thousands" figure is a completely random number which is not based on any empirical understanding of the needs of UK employers[14] and much of the failure to achieve it is accounted for by a reduction in the number of people leaving the UK during a period of relative economic prosperity and record job creation rather than an increase in numbers coming here[15]. Most crucially, however, it is indiscriminate, because it doesn't differentiate between separate types of migrants (e.g. students, family reunification, intra-company transfers, etc.).

An international economy like the UK's, containing one of the major global cities and home to many of the world's leading businesses, is bound to attract and need immigrants. When compared to the size of our population though[16], the UK's immigration figures are relatively average for a major global economy[17]. Turning our back on the international labour supply would have severe economic consequences[18]. Businesses do not think doing severe damage to the economy is a price worth paying to hit an arbitrary net target.

(4) International students and academics should continue to have unrestricted access to UK universities

UK higher education is a key industry and remarkable economic success story. Most students who come to the UK to study are not permanent migrants. Public concern about immigration is driven principally by long-term immigration for settlement in the UK, not short-term immigration, particularly if the primary purpose of that immigration is for legitimate study. Overseas students comprise approximately one-third of all immigrants coming to Britain[19]. Yet, polls have repeatedly shown that the vast majority of the public do not consider overseas students to be immigrants and do not want the number coming here reduced, even if this would make it harder to reduce overall immigration numbers[20]. Aiming to reduce the number of international students would therefore fail to address the public's anxieties about immigration but would be very damaging to our businesses and our economy.

Restrictive student and post-study visa rules would undermine the UK's claim to be an open, outward-facing trading nation. Shutting the door to highly trained international graduates would hurt businesses and lead to a loss of important skills at a time when such skills are ever more critical to our economic success.

A related concern for employers is the impact that a reduction in the number of international students studying in the UK,

13 Even with no EU immigrants, immigration from non- EU countries to the UK has still exceeded the Government's "tens of thousands" net migration target in recent years.

14 Indeed, the Office for Budget Responsibility (OBR) has warned that reducing immigration to the 'tens of thousands' would create "additional fiscal pressures", cut economic output, and shrink the size of the UK economy (Fiscal sustainability report, Office for Budget Responsibility (OBR), June 2015: http://budgetresponsibility.org.uk/fsr/fiscal-sustainability-report-june-2015/).

15 Migration Statistics Quarterly Reports 2010-2016, Office for National Statistics (ONS): https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration

16 Why do international migrants come to the UK?, FullFact, 3 May 2015: https://fullfact.org/immigration/why-do-international-migrants-come-uk/ ; OECD Data, Foreign-born population, 1 September 2016: https://data.oecd.org/migration/foreign-born-population.htm.

17 World Migration in Figures, United Nations (UN) & Organisation for Economic Co-operation and Development (OECD): http://www.oecd.org/els/mig/World-Migration-in-Figures.pdf

18 Rising to the challenge: early evidence on the introduction of the National Living Wage in the social care sector, Laura Gardiner, Resolution Foundation, 30 August 2016: http://www.resolutionfoundation.org/publications/rising-to-the-challenge/ ; Immigration, Free Movement and the EU referendum, Jonathan Portes, National Institute of Economic and Social Research (NIESR), 1 May 2016: http://ner.sagepub.com/content/236/1/14.full.pdf.

19 Destination education: Reforming migration policy on international students to grow the UK's vital education exports, Marley Morris, Chris Murray & Stephen Murphy, Institute for Public Policy Research (IPPR), 6 September 2016: http://www.ippr.org/publications/destination-education .

20 International students and the UK immigration debate, ICM Poll, British Future & Universities UK, 25 August 2014: http://www.britishfuture.org/wp-content/uploads/2014/08/BRFJ2238-International-Students.WEB-FINAL.Embargo-25.8.14.pdf ; Survey of Londoners on behalf of London First on whom they perceive to be an immigrant and their attitudes towards overseas students, ComRes Poll, London First, 18 January 2016: http://www.comresglobal.com/polls/london-first-immigration-and-students-survey/.

and UK students studying abroad through initiatives such as the EU's Erasmus programmes, would have on the domestic skills pipeline and trade relations. Higher Education Statistics Agency data show that some UK universities would be particularly at risk were there to be a decline in the number of overseas students while certain key subjects are also disproportionately affected, with mathematical sciences and engineering particularly exposed[21]. In the wake of Brexit, overseas students may have to pay high international student fees and they may also lose access to the UK's student loans system. This, by itself, would reduce the attractiveness of the UK as a place to study for overseas students. The impact could be even greater if politicians' recent anti-immigrant rhetoric continues to result in further drops in international recruitment[22].

It is essential that the UK presents a welcoming climate for international students and academics. Apart from the direct economic costs to the UK, a fear for employers is that, without overseas students, many university courses at UK universities could become financially or logistically unviable, meaning UK students would also not be able to study those courses. This could have a catastrophic effect on the skills pipeline. The UK government should exempt all international students of bona fide UK universities from any restrictions on entering, staying, and studying in the UK and grant a two-year work visa to those who successfully complete their studies and wish to stay here for a period.

(5) **Accurate migration data –** Sir Charles Bean's review of government statistics[23] highlighted the state's poor record-keeping of people entering and exiting the UK. Evidence-based policy-making needs data that is fit for purpose.

The e-borders scheme, launched in 2003 to enhance checks on all people entering and exiting the UK via air, rail and sea by gathering and processing data on passengers before they reach the border, has been dogged by problems and in 2014 was "terminated in its current form[24]" having already cost £1bn while the Identity Cards Act 2006 which introduced the National Identity Register (NIR) has since been repealed in 2011[25]. It would be illadvised to attempt to reintroduce these failed and tainted initiatives. Nevertheless, having a more transparent and rigorous record of migration is central to effective migration policymaking and must be prioritised.

Currently different state bodies — DWP, HMRC, the Home Office, the NHS etc. — do not cross-check their respective records with each other and most UK inhabitants have several separate unique identifiers: an NHS number, National Insurance number and passport number, for example, which results in government having contradictory immigration and population statistics according to different datasets. Some even count British citizens returning from abroad as immigrants. It is time for an overhaul of migration statistics[26].

Government should review its methods of collecting and recording data on migration – the number of people coming to and leaving the UK – and develop a simple, cost-effective alternative for better recording migration.

[21] Lower EU recruitment 'could force courses to close', Time Higher Education Supplement, 7 July 2016: https://www.timeshighereducation.com/news/lower-eu-recruitment-could-force-masters-courses-close.

[22] International study, The Higher Education Statistics Agency (HESA), 1 September 2016: https://www.hesa.ac.uk/data-and-analysis/students/international-study ; International student statistics: UK higher education, The UK Council for International Student Affairs (UKCISA), 14 July 2016: http://institutions.ukcisa.org.uk/Info-for-universities-colleges--schools/Policy-research--statistics/.

[23] Independent Review of UK Economic Statistics, Professor Sir Charles Bean, March 2016: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/507081/2904936_Bean_Review_Web_Accessible.pdf.

[24] Home Office urged by MPs to get a grip on e-borders, BBC News, 4 March 2016: http://www.bbc.co.uk/news/uk-politics-35720064.

[25] Identity cards set to be scrapped, BBC News, 12 May 2010: http://news.bbc.co.uk/1/hi/uk_politics/election_2010/8679072.stm.

[26] The Office for National Statistics has put together an economists supergroup to avoid dodgy data, City AM, 17 August 2016: http://www.cityam.com/247725/office-national-statistics-creates-expert-panel-address.

6 **Better migration planning by the public sector –** For most UK citizens, the concern is not with immigration in itself, but with successive governments' failure to adequately prepare public services for the effects of immigration. Manufacturers, retailers and service providers have all expanded seamlessly but in Whitehall and town halls government officials have failed to adequately plan and to prepare the public sector for population change.

Poor planning by government can translate into higher immigration. Cuts to domestic training budgets and public sector wages, for example, mean we need more workers to come from abroad[27]. If we cannot produce enough British workers with the requisite skills, or make working in public sector employment attractive enough to British people, then we have to import employees to fill the gap. Public policy needs to be better planned and audited to take account of the potential effect of and on immigration.

7 **Keep the immigration processing system simple –** As long as shortages remain, it is important that both the private and public sector are able to bring in the required workers from around the world.

Britain currently has a points-based immigration system for people coming to work in the UK from outside the EU[28] and free movement of workers for EU migrants. Popularly known as an Australian-style system[29], under the points-based system entry to work

is prioritised for applicants with skills needed for defined shortage occupations, wealthy entrepreneurs and investors. During the referendum campaign Vote Leave called for an Australian-style system to replace freedom of movement for EU citizens who wish to move to the UK in future[30]. The Prime Minister has rightly ruled out this policy[31].

Extending points-based controls to all migrants could be considered to be meritocratic. The problem, however, is the high degree of complexity and bureaucracy such a system entails. The UK's current points-based immigration system is determined by 13 different acts of Parliament, as well as 10,000 pages of guidance relating to 1,400 categories of immigrants. Employers must answer over 100 questions about a prospective employee when applying for a visa on their behalf and applications are typically 85 pages in length. The system also relies on roughly 20,000 officials who must each have a comprehensive knowledge of over 1,300 pages of instructions detailing the current needs of every area of the UK labour market to decide if a specific skills shortage meets the requirements for the granting of a visa[32].

Points-based immigration systems are not designed to reduce immigration, but to in fact increase it[33], and because once an applicant meets the points required for a visa they are automatically entitled to entry, there is little evidence the system could be used to control immigration to the UK[34].

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[27] Migration Advisory Committee (MAC) review: Tier 2 migration, 19 January 2016: https://www.gov.uk/government/publications/migration-advisory-committee-mac-review-tier-2-migration; 'Worrying' drop in medical students, BBC News, 12 September 2016: http://www.bbc.co.uk/news/uk-wales-37338365 .

[28] Tier 1

[29] The points system was actually first developed and adopted in Canada in 1967.

[30] Though, perhaps tellingly, the official Vote Leave campaign never expressly said they wanted to reduce the number of immigrants coming to the UK: http://www.voteleavetakecontrol.org/restoring_public_trust_in_immigration_policy_a_points_based_non_discriminatory_immigration_system.

[31] Immigration: May rejects points-based system for EU nationals, BBC News, 5 September 2016: http://www.bbc.co.uk/news/uk-politics-37271420.

[32] Report on Employment Law, Adrian Beecroft, 24 October 2011: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31583/12-825-report-on-employment-law-beecroft.pdf.

[33] Indeed, Migration Watch, which campaigns against immigration, says Australia is a "thoroughly unsuitable" model for the UK because points-based systems like Australia's are in general set up "to promote migration, not limit it" (The Points Based System in Australia – Appropriate for the UK?, Migration Watch UK, 5 December 2014: http://www.migrationwatchuk.org/briefing-paper/11.33).

[34] Since 2008, the UK has had a points-based system for non-EU migration, but non-EU immigration is still higher than the equivalent figure from the EU, and on its own exceeds the government's net migration target (Office for National Statistics (ONS), Migration Statistics Quarterly Report - May 2016: http://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/migrationstatisticsquarterlyreport/may2016). Indeed, some have even attributed the increase in UK net migration seen since 2008 to the introduction of the points-based system (What are the alternatives to a points-based migration system?, Capital Economics, 19 September 2016: https://www.capitaleconomics.com/uk-economics/uk-economics-update/what-are-the-alternatives-to-a-points-based-migration-system-36989/).

The evidence from the countries which use a points-based system also shows that they have higher rates of unemployment and welfare dependency among their immigrant populations than the UK does[35]. Thus, rather than addressing public concerns, an Australian-style points-based immigration system could potentially exacerbate fears about immigration.

Work permit and visa processes are inherently time consuming, onerous, and expensive[36], especially for small and medium-sized firms which comprise the majority of UK employment. The criteria can also be crude, for example, the UK's Tier 2 requirement that all immigrants earn at least £35,000 a year means it is easy for highly paid bankers or lawyers to get a visa but much harder for small start-ups to access the data analysts or systems engineers they need. It is no wonder 91% of IoD members believe the UK's current visa system to be too burdensome and difficult[37].

The complications highlighted above demonstrate the difficulty of adopting off-the-shelf immigration models. Government should instead launch a Comprehensive Immigration Review (see point 14) to examine and consider all the potential policy options and to design an efficient and straightforward UK immigration system that works in the best interests of our economy and society. This system must remain sufficiently open and flexible to the international recruitment, infra-company transfers, graduate rotations, and other forms of labour migration that the UK and international businesses need to succeed and it must avoid restricting visas on the misconception that a role is only highly valued if it is highly paid. Any new system must include a more sophisticated mechanism for identifying genuine skills shortages so that employers who need them most are not prevented from recruiting employees from overseas[39(i)], without having to go through a tortuous and artificial resident labour market test. The shortages would have to be regularly updated – the Home Office's current Shortage Occupation List was last reviewed in 2013

(8) **Stronger enforcement against abuse of the immigration system –** In order to restore faith in the system, the public will have to see that the country's political and administrative bodies are fully engaged in responding to their wish to balance greater control of immigration with the least possible damage to our economy.

The UK Border Force and our other immigration enforcement outlets need a large increase in funding and manpower to do their jobs properly[38]. Indeed current spending on immigration functions by the Home Office is little more than £2bn per annum or about 0.3% of total public spending while combined frontline staffing of the UK's three existing enforcement agencies – the HMRC National Minimum Wage Enforcement Unit, the Gangmasters Licensing and Labour Abuse Authority, and the Employment Standards Agency

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[35] In Australia, 14% of immigrants who had arrived under the points system were unemployed as of 2013 compared to less than 1% of the foreign-born working-age population in the UK during the same period (Immigration systems: What's the point?, The Economist, 9 July 2016: http://www.economist.com/news/international/21701753-countries-invented-points-based-immigration-systems-have-concluded-they-do-not; Characteristics and Outcomes of Migrants in the UK Labour Market, The Migration Observatory, Oxford University, 11 January 2016: http://www.migrationobservatory.ox.ac.uk/resources/briefings/characteristics-and-outcomes-of-migrants-in-the-uk-labour-market/).

[36] In Canada, the country that invented the points-based system, at the worst point, applicants for the Federal Skilled Workers programme were waiting up to eight years for a decision on whether or not they would get a visa (Immigration systems: What's the point?, The Economist, 9 July 2016: http://www.economist.com/news/international/21701753-countries-invented-points-based-immigration-systems-have-concluded-they-do-not). For the Australian skilled visa system applications take typically up to 18 months to process (Australian Government - Department of Immigration and Border Protection, Skilled migration visa processing times, 1 September 2016: https://www.border.gov.au/Lega/Lega/8). This would not meet the flexible needs of seasonal work, or of companies such as start-ups. Start-up members of the IoD cite access to skilled foreign workers as their biggest barrier to growth (IoD Policy Voice members' survey, May 2015; IoD99 member's survey, December 2015).

[37] IoD Policy Voice member survey, October 2014.

[38] It should be noted that the UK's border with the Republic of Ireland, which will remain an EU member state, is very much in question. Both the Irish and British governments have indicated they do not want a "return to the borders of the past" ('No-one wants return to borders of the past', BBC News, 25 July 2016: http://www.bbc.co.uk/news/uk-northern-ireland-36885303). However, as the Northern Ireland border will become an external border of the EU as a result of Brexit, this may not be possible without EU, and perhaps even WTO, consent. Any new agreement with the EU will require a very detailed consideration of the effects on Northern Ireland, including the impact on the many inhabitants of both countries who live in one but work in the other country (see footnote 9).

Inspectorate – is less than 350[39]. This means there is currently just one enforcement officer for every 20,000 immigrants of working age[40].

Nevertheless, most migrants living illegally are discovered not at the border, but after they have crossed it. Aggressively curtailing legal immigration will likely increase the rate of illegal immigration, and the government may lack the tools to know where these migrants are living or working[41]. Consequently government strategy has focused on finding ways to expose irregular migrants when engaged in everyday tasks. In practice this has meant requiring people to show proof they are lawfully permitted to reside in the UK when applying for a job, rent a property, open a bank account or obtain a driver's licence. The idea was that such everyday tasks as using a bank or driving a car would become too difficult to make life in the UK feasible for irregular immigrants. Eventually, they would be found out and subsequently removed.

However, much of these immigration enforcement tasks have been outsourced by the Home Office to the public. Employers, private landlords, banks, universities and others have been made *de facto* border agents who do the Home Office's document checking themselves. The problem is that ordinary members of the public are very obviously not border agents and they lack the training, experience, and resources to make proper checks, particularly given the ever more sophisticated means to falsify documents. This raises questions about how fit for

purpose such checks are.

The Home Office is infinitely better placed to spot a fraudulent document than an employer or other member of the public. Home Office immigration officials should, as a standard, conduct these checks themselves, rather than devolving the task to the public.

Proper enforcement against abuse of the immigration system presents the government with an important opportunity to strengthen immigration rules. However, abuse of the system can run both ways. The UK visa system has been criticised in the past for potentially exposing immigrants to abuse and exploitation by black-market employers engaged in illegal activities, and has even been linked in some extreme cases to slavery[42].

Though such instances are extremely rare and most employers are honest and law abiding, to reduce the potential for abuse or exploitation by black-market employers who break the law, the state should ensure that immigrants are made fully aware of their UK labour and social rights before or upon arrival and the government should also fully implement the recommendations set out in the Ewins report[43] in line with the commitments made in the Modern Slavery Act[44]. A new Director of Labour Market Enforcement[45] should also play a leading role in coordinating and enforcing labour market legislation, while representative bodies, such as the IoD, must continue to play our role in promoting and leading industry self-regulation and best practice.

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[39] "Until very recently, UK immigration rules defined ballet dancers as a shortage occupation but not nursing (Simon Stevens' speech to Institute of Directors Annual Convention, 7 October 2015: http://www.england.nhs.uk/2015/10/07/directors-convention)."

[40] Five Point Plan for Immigration Reform, Prior to Free Movement Change, Policy Exchange, 7 July 2016: http://www.policyexchange.org.uk/media-centre/blogs/category/item/five-point-plan-for-immigration-reform-prior-to-free-movement-change; A brave new world: how reduced migration could affect earnings, employment and the labour market, Stephen Clarke, Resolution Foundation16 August 2016: http://www.resolutionfoundation.org/publications/a-brave-new-world-how-reduced-migration-could-affect-earnings-employment-and-the-labour-market.

[41] This likelihood will be increased if, as both the Irish and UK governments have said, there is no border controls between the Republic of Ireland, which will continue to be part of EU free movement, and the United Kingdom.

[42] Slavery reports rise fivefold, Salvation Army says, BBC News, 22 August 2016: http://www.bbc.co.uk/news/uk-england-37097739.

[43] Independent Review of the Overseas Domestic Workers Visa, James Ewins, 16 December 15: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/486532/ODWV_Review_-_Final_Report___6_11_15_.pdf.

[44] Home Office, Modern Slavery Act 2015, 14 March 2016: https://www.gov.uk/government/collections/modern-slavery-bill; Modern slavery: Theresa May vows to defeat 'evil', BBC News, 31 July 2016: http://www.bbc.co.uk/news/uk-36934853.

9 **A Migration Impact Fund to help communities adjust to demographic change –** Immigration will work better for Britain when integration works better too. In areas where the pace of change has been fastest, the public sector needs to respond more pro-actively to change.

The £35m Migration Impact Fund[46] to help communities adjust to demographic fluctuations was abolished in 2010[47]. The IoD welcomes it's recent reintroduction.

The Fund should be financed via hypothecated tax paid by immigrants themselves[48], for example through a surcharge on their immigration applications, an Immigration National Insurance Contributions (INICs), and/or the immigration skills charge that was introduced in the Immigration Bill 2015[49].

The Fund will need to be administered using some form of migration monitor (see points 5 and 10) to ensure equitable allocation of grants. Such a monitor would enable local areas to track trends and pre-empt challenges. However, immigrants move to areas where job creation is growing and jobs are created in areas of economic growth. Ensuring that it is primarily the immigrants themselves who pay for the Fund would avoid the risk of the Fund being portrayed as redistribution from poorer areas of the UK to economically growing regions.

To smooth the rapid expansion of infrastructure and public services under particular pressure, the new Migration Impact Fund should be quasi-automatic, awarding funds to the local NHS, schools, and councils, based on timely data on the scale of migration, using, for example, National Insurance numbers, school enrolments, and GP registrations. The previous Migration Impact Fund was underfunded and underpublicised, and hence did little to address public concerns. The new £140m Fund should be significantly enhanced. The Fund will be no panacea (see point 6). Nevertheless, all grants received under the Fund should be heavily advertised through local media to reassure the public that potential problems are being addressed[50].

10 **Encourage and enable better integration – **Integration is important but policies and practices have sometimes inhibited rather than enabled integration. The government should assess how UK immigration and citizenship policies are affecting integration outcomes.

Efforts to facilitate integration by, for example, increasing the level of English language fluency required to enter and stay in the UK have sometimes had the counterproductive effect of making immigrants less confident about studying for and attempting the test and therefore less able to integrate and become actively involved in their local communities[51].

English language fluency is vital to playing an active role in UK life and it is right that the government's *Life in the UK*[52] test for settlement or citizenship should seek to ensure that immigrants have sufficient ability in the English language. However, government must ensure that language fluency tests are reasonable and proportionate so as not to

[45] UK Visas and Immigration and Home Office, Immigration Act 2016, 12 July 2016: https://www.gov.uk/government/collections/immigration-bill-2015-16 .

[46] House of Commons Library, Briefing Paper Number 7673, 1 August 2016 - A new 'Controlling Migration Fund' for the UK?: http://researchbriefings.files.parliament.uk/documents/CBP-7673/CBP-7673.pdf.

[47] Fund to ease impact of immigration scrapped by stealth, The Guardian, 6 August 2010: https://www.theguardian.com/uk/2010/aug/06/fund-impact-immigration-scrapped.

[48] Albeit most academic studies suggest that the fiscal benefit of immigration to the UK is equivalent to around 1% of GDP (How immigrants affect public finances, FullFact, 22 June 2016: https://fullfact.org/immigration/how-immigrants-affect-public-finances/).

[49] UK Visas and Immigration and Home Office, Immigration Act 2016, 12 July 2016: https://www.gov.uk/government/collections/immigration-bill-2015-16 .

[50] Five Point Plan for Immigration Reform, Prior to Free Movement Change, Policy Exchange, 7 July 2016: http://www.policyexchange.org.uk/media-centre/blogs/category/item/five-point-plan-for-immigration-reform-prior-to-free-movement-change.

dissuade immigrants from attempting to integrate[53].

Many other countries provide mandatory language and local community integration classes which must be completed for long-term residency. The *Life in the UK* test, by contrast, uses a generic national curriculum and is a one-off exam, often self-taught and studied by individuals in isolation. The *Life in the UK* test should be adapted into a progress-based, and regionally adjusted programme, along similar lines to the versions used in other countries, notably Finland, to incentivise and enable ongoing contribution, integration and social cohesion[54].

Many of the functions of government which affect or are affected by immigration come under the remit of different government departments and state bodies. To enable joined-up thinking and ensure democratic accountability, government should appoint a Minister for Immigration *and Integration* to oversee all immigration and integration-related policies and monitor the effects of other policies on immigration. The new minister, adapting the role of the current Home Office Minister of State for Immigration (and Security) would, in future, sit jointly between the Department for Communities and Local Government and the Home Office, with a remit to consult with and advise other departments where appropriate.

(11) **Educate British workers for the needs of the UK labour market –** The best way to reduce the need for immigration is to increase the supply of British workers with the skills employers need. Leaving the EU will mean significant change for the UK economy and, in that context, Government must now take time to fundamentally reassess our education and skills system. The new Prime Minister has recognised this imperative by merging the skills divisions of the former Department for Business, Innovation and Skills into the new super-Department for Education, which now has an estimated budget of almost £75bn[55]. The new super-department must focus its efforts on improving our education system to prepare British workers for the jobs of the future.

We are living in a time of major change in the labour market. Demographic and technological and commercial changes are transforming the world of work and leaving the EU will further alter the composition of our economy. Consequently, the education sector will need to innovate if it is to keep up with evolving employment demands. Government, educators, employers, and learners themselves need to prepare for developing the skills businesses will need to compete in the future[56].

Improving the skills of British workers is the right goal for business and the government but it won't happen overnight. It takes time to train school-leavers and graduates in the skills for which the UK economy is experiencing a shortage. Recognising that some employers will necessarily continue to need foreign workers to fill skills gaps will be an important short-term solution. In the longer term, however, the UK must become better at addressing its skills gaps domestically by ensuring that there is a pipeline of enough suitably educated

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51 Trajectory and transience: Understanding and addressing the pressures of migration on communities, Phoebe Griffith & Julia Halej, Institute for Public Policy Research (IPPR), 2 November 2015:http://www.ippr.org/publications/trajectory-and-transience-understanding-and-addressing-the-pressures-of-migration-on-communities.

52 Life in the UK Test, 22 July 2016: https://www.gov.uk/life-in-the-uk-test/book-life-in-uk-test.

53 Language tests should also ensure not to prevent foreign workers with key skills the UK needs from being granted a visa. This has been a problem in the past where people with very high level mathematical, scientific, or engineering skills that UK employers desperately need have been denied visas because their English language test performance was not up to the high standard expected by the Home Office but was deemed sufficient enough by their prospective UK employer for the immigrant to do the job properly and a good enough basis from which to improve their English language skills once in the UK. The workplace is, after all, one of the most effective arenas for enabling integration.

54 Teaching migrants how to behave, BBC News, 22 January 2016: http://www.bbc.co.uk/news/magazine-35353310.

British workers to work in the jobs our economy creates.

(12) **Build a new national consensus on immigration –** Brexit offers an opportunity to reset UK immigration policy. The failure of successive governments to set out a coherent, long-term plan for controlling inflows, and heated rhetoric about the supposed costs of immigration, have exacerbated public concerns and undermined the public's trust in the Government's ability to lead.

As policymakers look to assert more control over immigration it is vital to first evaluate all the implications in full. Government must also be frank about the trade-offs involved with Brexit and acknowledge the fact that some of the promises made by the Leave side are unfulfillable[57]. The Institute of Directors (IoD) and other organisations have repeatedly called for a Comprehensive Immigration Review to set out a sensible plan to manage immigration in a way which supports economic growth, works for businesses, and addresses public concerns.

A Comprehensive Immigration Review, led by the independent Migration Advisory Committee (MAC), could: 1) Advise the government on the policy options that would enable the UK to manage immigration more effectively; 2) Examine all the available evidence on the potential economic, social, and cultural costs and benefits of pursuing these policy options; as well as their compatibility with the United Kingdom's international commitments and obligations; 3) Engage the full range of interested stakeholders and the general public to ensure that all sides of the debate inform decisions about which policy choices to pursue.

Government should take advantage of the

two-year period before the UK leaves the EU to conduct a Comprehensive Immigration Review that could engage the general public in a national conversation about immigration. Such a review would ideally be delivered via regional Town Hall meetings, citizen juries, liquid democracy initiatives, or other forms of democratic engagement. This would ensure immigration policy is evidence based and that the full range of political, civic, and economic voices contribute their share to shaping the UK's immigration system.

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[55] The IoD has recently highlighted a number of other areas in which government policy could be reformed to better facilitate immigrant integration and increase immigrant entrepreneurship, wealth and job creation (Migrant Entrepreneurship in the UK: Celebrating the benefits to Britain, IoD, 11 September 2016: https://www.iod.com/news-campaigns/news/articles/Migrant-Entrepreneurship-in-the-UK-Celebrating-the-benefits-to-Britain).

[56] Lifelong Learning: Reforming education for an age of technological and demographic change, Seamus Nevin, Institute of Directors (IoD), March 2016: https://www.iod.com/news-campaigns/news/articles/Lifelong-Learning-Report .

[57] Giving meaning to Brexit, Andrew Tyrie, Open Europe, 2 September 2016: http://openeurope.org.uk/intelligence/britain-and-the-eu/giving-brexit-meaning/.

Conclusion

Immigration played a prominent role in debates leading up to the EU referendum. Brexit offers an opportunity to reset UK immigration policy. Most British citizens recognise that immigration brings both costs and benefits. Higher population means increased demand for infrastructure and public services, but immigration also brings the skilled workers and new ideas that have made our economy and our country stronger. As then Prime Minister, David Cameron, said before the EU referendum, in Britain: "We've built one of the most successful multi-racial multi-ethnic democracies anywhere on earth[58]". Nevertheless, employers cannot ignore the public's concerns about immigration. Employers who rely on international workers need to help develop a clear plan for government to manage the challenges of immigration in order to keep the rewards it gives the UK. The 12-point plan set out in this document provides a sensible strategy for managing inward migration in a way that would support our economy, work for our businesses, and address public concerns.

[58] BBC Breakfast, 6 October 2015: https://twitter.com/bbcbreakfast/status/651285005864411136 .

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