Building an immigration system for the future of work

Contents

Recommendations

AREA	CHALLENGES, AS REPORTED BY RESPONDENTS	OUR RECOMMENDATIONS	IMPACT
1. ATTRACTING INTERNATIONAL TALENT TO THE UK	The lack of a self-sponsored system reduces the attractiveness of the UK to international talent, as it increases friction associated with moving jobs, moving companies or entering self-employment. These restrictions frustrate the innovation the Government seeks to encourage.	**1.1** Prioritise the introduction of a new, points-based, unsponsored Talent Route for the highly skilled. Points available to applicants should reflect the various ways that international talent can make a contribution to the UK, e.g. o Qualifications. o Professional qualifications. o A highly skilled job offer. o Endorsement from a relevant trade association as possessing skills in demand in the UK. Route to be capped, but cap to operate with certainty.	o A route for highly skilled international talent to proactively enter the UK labour market. o Options to enter self-employment will encourage innovation. o More flexibility for employers, and less reliance on the sponsored worker system. o Supports pandemic recovery.
	The perception of the UK as a top destination for international talent has diminished in the last four years and risks falling lower once Freedom of Movement ends. Employers are forced to compensate for this by offering higher salaries to attract top talent to the UK.	**1.2** The UK should leverage its soft power and implement new initiatives to attract students, international talent and employers to the UK. This needs to be a multi-pronged approach, including: o Joint initiatives between the Office for Talent, BEIS, trade associations and the Foreign Office to identify international talent overseas and attract it to the UK. o Making use of minor policy tweaks to provide a real benefit to employers looking to move to the UK, e.g. expediting the Sponsor Licence application process. o A more concerted effort by Government to extol the virtues of immigration and link to the positive use of the Immigration Health Surcharge and the Immigration Skills Charge (ISC).	o Increased supply of highly skilled talent. o An enhanced view of the UK as a good place to do business, both for individuals and companies of all sizes.
2. D&I AND FLEXIBLE WORKING	The current and proposed sponsored worker system only allows the higher paid to work part-time. This is fundamentally unfair and impedes employers in their ability to meet Diversity & Inclusion (D&I) and flexible working objectives.	**2.1** Allow sponsored, skilled workers to work part time (even if it reduces their salary below the absolute threshold) in the following scenarios: o In the first five years of a child being born, provided absolute earnings do not drop below income support level. o In all cases where the migrant has worked for the sponsor for at least twelve months prior to the change (this will support pandemic recovery).	o Increased support for D&I objectives. o Employers will have more flexibility in managing their pandemic recovery, without being forced to offer sponsored migrant workers full-time hours whilst being unable to offer the same to local workers.
	The current requirement to make an application for Further Leave to Remain for changes in role is expensive, time consuming and introduces significant friction to workforce flexibility. This makes moving between roles more difficult, and can impact social mobility.	**2.2** Remove the requirement for sponsored Skilled Workers to submit a Further Leave to Remain application for changes in role within an organisation. With the Resident Labour Market Test requirement abolished, there is little justification for such an administrative requirement. Instead, employers should simply notify the Home Office of changes via the Sponsor Management System.	o Significantly reduced administrative processes and lower cost for employers, visa holders and the Home Office. o Increased ability to move between roles, supporting D&I and social mobility objectives.

AREA	CHALLENGES, AS REPORTED BY RESPONDENTS	OUR RECOMMENDATIONS	IMPACT
3. PROCESS	Employers are repeatedly forced to submit the same data to different government departments. The EU Settlement Scheme has shown how cross-departmental data sharing can work well and these principles should be adopted more widely.	**3.1** The Home Office should leverage data already submitted by employers via Realtime payroll reporting to: o Increase levels of compliance and identify abuse by comparing salaries to minimum thresholds. o Avoid duplication by using this data to track salary changes and the end of a sponsored skilled worker's employment instead of requiring employers to report this via the Sponsor Management System.	o Enhanced compliance. o Reduced administrative processes for employers.
	The Sponsor Management System (SMS) is at its core, 12 years old, and was built before the Government's recent (and successful) digital initiatives. The SMS does not support APIs and reporting functionality is poor. All of this increases the time associated with performing simple tasks - a challenge which will be exacerbated once employers need to sponsor EU nationals and numbers increase.	**3.2** Implement APIs within SMS technology, enabling interface with large employers' Human Resource Information Systems (HRIS) to push notifications and data to the SMS as well as pull status updates and reporting data from the SMS. o Improve reporting functionality and 'look and feel' of SMS for smaller sponsors without an integrated HRIS.	o Reduced administrative processes for employers. o Fewer errors. o Enhanced compliance.
	Employers are required to submit seemingly unimportant information on a regular basis via the SMS, such as changes to a sponsored migrant worker's work address. This is seen as time-consuming and employers assume that the Home Office does not actively monitor or process this data, raising the question - what is the need to submit it?	**3.3** Sponsors should not need to report changes of work address via the Sponsor Management System. Instead, sponsors should be trusted to retain this data, available for Home Office inspection at any point, as is currently the case with right to work checks and employee contact details.	o Reduced administrative processes and allows for enhanced, targeted compliance.
	Processes for obtaining a Sponsor Licence and using it to sponsor migrant workers are seen as opaque and complex. This has the potential to cause severe challenges in 2021, particularly for the tens of thousands of SMEs that will likely need to use the system for the first time.	**3.4** The Home Office should launch a series of initiatives to support employers of all sizes in using the UK's immigration system. This should include: o A 'get ready for Brexit' style campaign on the immigration changes from January 2021 and the steps that employers will need to take. o Assurance that the Home Office has the capacity to scale up in a short space of time so the system does not grind to a halt in Spring 2021. o Better support options (potentially at cost) for different sizes of sponsors, e.g. amnesty audits, fast-track sponsor licence applications. o Accessibility and transparency of immigration rules and processes. These initiatives will also support SMEs recovering from the economic challenges caused by the Coronavirus pandemic.	o Better awareness amongst sponsors and potential sponsors, leading to fewer process bottlenecks. o Improves levels of compliance and therefore public confidence in system.
4. COST	The ISC is a significant payment (up to £5,000) and currently must be paid up-front, potentially up to six months before the migrant worker starts their role. No other tax on employers is payable in advance to this extent. Some employers reported that managing part-refunds, often many years later, is a large administrative task. Other employers, particularly SMEs, report that paying such a large amount in advance could have the potential to cause cashflow challenges, particularly when the number of sponsored workers increases from 2021.	**4.1** Employers should be able to choose between three options for paying the Immigration Skills Charge: o Paying up front in full, as now, with a refund system. o Paying up front in full, with a lower fee but no refunds. o Paying periodically (in advance) through the HMRC payroll system or SMS, with no refunds.	o Better cashflow for employers (particularly relevant for SMEs recovering from pandemic-related cashflow challenges). o Less administrative processes for employers.
	There is a very significant increase in costs associated with Sponsorship (licence applicant and ISC) for medium sized employers over small employers. This does not necessarily reflect the differences in resources between small and medium sized businesses, particularly in the context of the Coronavirus pandemic.	**4.2** Medium sized employers should pay the same fees as currently apply to small employers, and the higher fees should be reserved for large enterprises with more than 250 employees.	o More viable for medium sized companies to use the sponsorship system.

Foreword

The UK is one of the world's major financial centres and access to talent is therefore one of the key factors that will ensure its continued success. The industry relies heavily on its ability to attract skilled, multinational and multilingual workers – in fact 39% of workers in the sector are international workers in the City of London and make up 19% of the UK total.

The City of London Corporation has been consistently vocal about the need for a world-class visa system in order to attract the highest quality financial and professional services (FPS) talent into the UK. We are also contributing to the dialogue through our work around developing domestic talent in the sector. The UK needs an immigration system that works for the whole of the FPS ecosystem and that boosts the overall competitiveness of the sector, two industries that will be at the heart of London and the UK's recovery from the COVID-19 pandemic.

The Government is implementing a new immigration system, due to come into effect from January 2021. The system is designed to provide employers with a simple and flexible mechanism to recruit skilled workers from around the world through several routes. With the UK's competitiveness as a global financial centre in mind, the successful implementation of this new system is of vital importance to the UK's FPS sector. To this effect, we have engaged with a number of financial and professional services industry users, whose

insights we hope will be a useful for Government to consider, to help ensure a successful start to the new system.

We are delighted to have worked again with EY to deliver this follow up to the award winning 2018 report 'Streamlining Success: Building a world class visa process for the UK'. Our initial report identified opportunities for how the immigration process could be streamlined and we were pleased to see many of the recommendations taken forward.

In this edition, our recommendations include how the immigration system can promote the view that the UK is a good place to do business, for individuals to come and work and for companies of all sizes. In addition, we outline how the UK could be a top destination for talent by considering diversity and inclusion working objectives and suggestions for how to make the system as smooth as possible for employers of all sizes.

I thank all that have participated in the publication of this report, including those that contributed their views as industry participants and provided the voice of individuals passing through the UK immigration system. A special vote of thanks is due to the team at EY for their work on the report and for making a mark on this important phase in the development of the UK's talent system.

Catherine McGuinness

Policy Chair of the City of London Corporation

Introduction

We were delighted to be invited to work with the City of London Corporation on this timely follow-up to our joint report, published in 2018, which considered how immigration processes could be streamlined to the benefit of employers, applicants and Government.

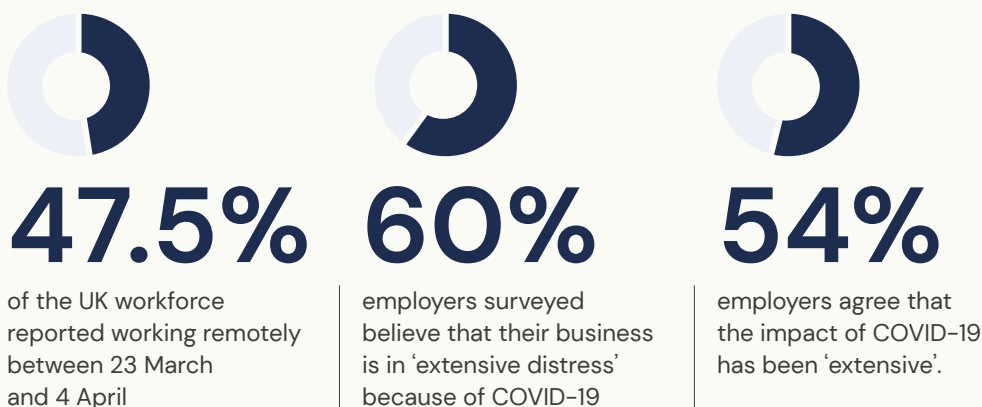Much has changed in this space in the last two years.

Details of the United Kingdom's future immigration system, to be implemented from 1 January 2021, have been designed and reframed as a 'Points-Based System'. At the time of writing, employers have a reasonable degree of certainty over the new rules they will need to follow to hire skilled international talent from January 2021 – not just for candidates from outside Europe, but also for the first time in over 40 years, talent from the EU. Just as this increased clarity has offered employers the opportunity to plan how to staff their business from 2021, so too has the Coronavirus pandemic challenged the movement of talent across borders in inconceivable ways.

Immigration was ripe for disruption, and it has duly been disrupted. The last six months has proved a moment of reckoning for immigration policy and, overall, it responded well, particularly so in the UK, with rapidly introduced flexibilities displacing entrenched norms, and cushioning the shock of global border closures and travel restrictions. Rolling back from now reimagined expectations around what is possible within a robust immigration system would be a misstep. Rather, what is presented now is an opportunity to direct that disruption in sensible ways to replace cumbersome with streamlined processes, obscurity with clear access, and iterations of routes with bold, deliberate and relevant policy.

Figure 1:

47.5%

of the UK workforce reported working remotely between 23 March and 4 April

60%

employers surveyed believe that their business is in 'extensive distress' because of COVID-19

54%

employers agree that the impact of COVID-19 has been 'extensive'.

EY MillionYou 2020 survey[1]

1   More than 3,500 employees shared their perspectives on the physical return to work and remote working, while 708 employers gave us valuable insight on critical issues and decisions that need to be addressed in reopening and transforming the future of work after the COVID-19 pandemic. https://www.ey.com/en_sg/workforce/how-companies-can-unleash-the-potential-to-reimagine-work

With irresistible forces changing the working world, organisations need to become much more adaptable to rapid change – and they need the flexibility and agility to match. Access to talent is both critical to socio-economic recovery and growth, but harder to source, manage, motivate and retain in the current environment, while controlling costs. It will be critical to strike the right balance between access to talent, to remain competitive, and the need to support growth of domestic talent. As 'work anywhere' models gather momentum in this changed environment, with roles shifting to talent, rather than talent to roles, the emerging global, remote virtual talent pool at once has the potential to alleviate some immigration pressures and provide the room to innovate.

With many moving pieces, opportunities and risks, just as organisations hit the reset button, so too should policy makers recognise the unique opportunity to sustain the accelerated improvements they've made and pivot these to a future way of work. Now is the time to speak to employers, the trade bodies that represent them and individual applicants – those who experience the UK's immigration system at the 'coal face' and ask what role the UK's immigration system plays in their success and their challenges. Just how important is the UK's immigration system in deciding whether the UK is an attractive place to do business – for top international talent, for the financial and professional services firms, large and small, that employ them, and for the economy as a whole?

It was clear, when conducting our research that industry stakeholders have long acclimatised themselves to the end of freedom of movement. What they seek now is a streamlined cost-effective immigration system that leverages innovative technology to balance flexibility with simplicity, ultimately making it easier for them to access the talent they need, whether that is from the UK, the EU or the rest of the world. The Home Office has started the ball rolling over the last 18 months with promising technology seen in the EU Settlement Scheme, process improvements such as removing the need for applicants to submit original documents, and genuinely impressive concessions to support employers and overseas talent during the Coronavirus pandemic.

Now is the time to leverage this innovation and, with the help of industry stakeholders, support the Government and the Home Office in prioritising those changes with the biggest positive impact to all who come into contact with the system.

Seema Farazi

Partner, People Advisory Services, EY

Executive summary

THE BIGGEST CHANGE TO THE UK'S IMMIGRATION SYSTEM IN DECADES

As we head towards 2021, we stand at a crossroads in immigration policy. The end of free movement, the redesign of the UK's immigration system and pandemic accelerated challenges create both a unique opportunity and an absolute necessity to strike the right balance between supporting the growth of domestic talent and better leveraging the immigration system to support the UK economy and job creation. The scope of this report is to consider how the UK can best deliver against this second challenge.

EU, EEA and Swiss citizens arriving in the UK for the first time from 1 January 2021 will no longer have preferential access to the UK labour market and will need to apply through the UK's new unified immigration system.

In July 2020 the Government published details of this new system. The most notable change from the status quo is a streamlining of the Tier 2 sponsored worker system – to be rebadged the 'Skilled Worker' route – by removing the cap and Resident Labour Market Test requirement, opening it up to roles skilled at Regulated Qualifications Framework (RQF) level 3 or above, and reducing minimum salary thresholds .

That these changes would land at a time of extraordinary global and human challenge on a truly unparalleled scale, could not have been foreseen – but neither too could the pragmatic, pioneering and agile response of immigration policy. The outcome is an opportunity for creative disruption – disruption that challenges previous thinking and sets global standards for innovation, with the encouraging prospect of reframed thinking and a streamlined system, as employers deal with the economic challenges of the pandemic and shifting consumer, societal and employee behaviours and expectations.

WHAT WILL THESE CHANGES MEAN FOR USERS OF THE UK'S IMMIGRATION SYSTEM?

To gather evidence for this report we conducted a series of roundtables and interviews with the following stakeholders:

o   Employers in the financial and related professional services sector, including representatives from high street banks, tech companies, legal firms and insurers.

o   Trade associations representing various sectors including tech, financial services and professional services.

o   Central, local and devolved government.

o   Academics with a focus on immigration and the economy.

These stakeholders represent a diverse group with a wide range of priorities, but in broad terms share a desire for the UK's immigration system to serve the needs of our economy by facilitating access to international talent. While the interviews and perspectives gathered came from representatives of the financial and professional services sector, our findings and recommendations are not specific to this sector. Rather, our findings reflect business sentiments that divide along more general business lines, such as SME versus large, traditional versus innovative.

KEY THEMES THAT SURFACED DURING THIS ENGAGEMENT

The attractiveness of the UK to international talent

There was a general concern amongst many respondents that although the UK is still an attractive destination for top international talent, the UK's decision to leave the EU and the associated uncertainty over the last few years has had an impact, and that in particular the UK's immigration system could do more to encourage international talent to move to the UK and contribute to economic growth, rather than purely acting as a barrier that must be overcome.

Diversity, inclusion and flexible working

As a greater percentage of the workforce becomes reliant on the immigration system, so too will small challenges that already exist in the system be exacerbated. One such challenge that was identified by respondents was that the sponsored Skilled Worker route will not allow part-time working where an employee's absolute earnings will drop below the minimum salary threshold – in most cases £25,600. It was felt that this was fundamentally unfair and constrains employers in supporting flexible working and achieving the diversity that this leads to. In addition, employers reported frustration with rules within the sponsored Skilled Worker route that make it difficult for staff to change roles and progress within an organisation. The accelerated shift towards flexible working models were felt to reprioritise long-standing challenges here.

Process

Respondents were pleased with the Government's pandemic response in immigration policy, and by recent and upcoming improvements to sponsorship and visa application processes but were able to identify many remaining processes which they saw as repetitive, inefficient or of questionable efficacy. One example is the requirement to notify the Home Office of minor changes to a sponsored migrant worker's circumstances, such as their work address. It was felt that many of these processes could be eliminated or made significantly more efficient without any loss of 'control' by the Home Office. Employers pointed out that following all of these processes consumes a huge amount of internal resources – usually HR or Global Mobility teams – or necessitates outsourcing work to legal representatives.

Costs

The overall cost of the UK's immigration system, and particularly the sponsored Skilled Worker route was very high, largely due to the Immigration Skills Charge and the Immigration Health Surcharge. Respondents understood the objectives surrounding these charges but thought that the use of these funds could be made more transparent, and could better demonstrate the positive contribution made. It was also felt that the requirement to pay the Skills Charge – a payment of up to £5,000 per person – up front before the visa application is submitted is particularly burdensome and that more flexible payment options would be welcome.

BUILDING AN IMMIGRATION SYSTEM FOR A FUTURE OF WORK

In developing our proposals for how the UK's immigration system could be improved, we have been led by our engagement with stakeholders as outlined above. Although the majority of our engagement was focussed on how the financial and professional services and tech sectors use the system, as noted above, we have also considered how the concerns raised by this group of stakeholders apply to other sectors, and have developed proposals that have a broad remit and can benefit the UK economy as a whole. In seeking to improve the system rather than rewrite it from the ground up, we have focussed our attention on proposals that we believe would have the maximum positive impact for employers, applicants, the Home Office and the economy, and can be implemented in a way that supports the Home Office's direction of travel, requiring minimal flex of the Government's policy objectives.

For each of the four key themes identified above, we have developed several discrete, easily digestible recommendations:

Maintaining and increasing the attractiveness of the UK to international talent

o Prioritise the introduction of a flexible unsponsored immigration 'Talent Route' for the 'highly-skilled'. The Route should not require applicants to hold a job offer and should award points to a wide range of characteristics to reflect the varying definitions of 'highly-skilled' across different sectors.

o Proactively improve the UK's reputation as an attractive destination for international talent. The Government should implement new initiatives that leverage the UK's global soft power to attract students, international talent and employers to the UK.

Ensuring the UK's immigration system supports and enables diversity, inclusion and flexible working

o Widen the situations in which part-time working is allowed. Align the rules with flexible working legislation by allowing part-time working where the employee has completed at least 26 weeks of work. Allow new parents to work part-time until their child reaches compulsory schooling age.

o Streamline changes of employment within the same employer. Remove the need to submit an application for further leave to remain where the sponsored employee is moving to a different role within the same organisation.

Improving sponsorship processes

o Improve government intra-departmental data sharing to enhnance compliance and avoid duplication. The Home Office should leverage data submitted by employers to HMRC via real-time payroll reporting to eliminate the need for sponsor notifications and increase control.

o Enhanced Sponsor Management System (SMS) functionality. The SMS should be updated to include APIs (application programming interfaces) to enable integration with larger employers' HR information systems, and offer improved reporting, bulk upload functionality and an enhanced 'look and feel' for smaller sponsors.

o Trust sponsors to retain data without always requiring them to submit it to the Home Office. Sponsors should not need to report changes of work address via the Sponsor Management System (SMS) and instead should be trusted to retain this data, available for Home Office inspection at any point as needed.

o Raise awareness of the sponsored worker system and offer more support to employers who use it. The Home Office should prioritise initiatives to support employers of all sizes in making use of the UK's immigration system.

The cost of the UK's immigration system

o Introduce flexibility in paying the Immigration Skills Charge. Employers should have the option to spread the cost of the skills charge over the length of the sponsorship, supporting cashflow for small sponsors recovering from the economic aspects of the Coronavirus pandemic.

o Medium sized companies should pay a commensurate fee. Medium sized organisations – of which there are 36,000 in the UK – should be charged the lower fee for a Sponsor Licence: (£364 rather than £1,000), or a median fee. The higher fee should be reserved for large enterprises with more than 250 employees.

Our recommendations, when implemented, will:

o Increase the attractiveness of the UK to top international talent, with a broad definition of what 'talent' means – one that works for the UK's economy and society as a whole.

o Help employers support their workforce and meet diversity and inclusivity objectives by allowing migrant workers to work part-time work in a wider range of situations and eliminating immigration barriers to progression and role changes.

o Further streamline immigration processes, using innovative technology and minor policy changes to reduce cost and complexity for employers, applicants and the Home Office.

o Offer employers flexibility in paying the significant costs associated with using the UK's immigration system, and make sponsorship more affordable for the UK's 36,000 medium sized companies.

o Support SME and larger employers' recovery from the Coronavirus pandemic by reducing cost, eliminating red tape and offering a more viable route to employ the talent needed to boost growth, even if that talent comes from outside of the UK.

Looking forward, we welcome the Home Office's continuing efforts to engage with stakeholders on the development of the future immigration system, the improvements already implemented and those that are on the way. We welcome the opportunity for further engagement with the Home Office on our recommendations, which we trust to be useful in highlighting priorities as policy and technology continues to develop over the coming months and years.

1.
Our findings

To gather evidence for this report we conducted a series of roundtables and interviews with the following stakeholders:

o   Employers in the financial and related professional services sector, including representatives from high street banks, tech companies, legal firms and insurers.

o   Trade associations representing various sectors including tech, financial services and professional services.

o   Central, local and devolved government.

o   Academics with a focus on immigration and the economy.

These stakeholders represent a diverse group with a wide range of priorities, but in broad terms share a desire for the UK's immigration system to serve the needs of our economy by facilitating access to international talent. At the same time, respondents were keen to encourage the upskilling of the resident workforce and understood the need for sensible controls to avoid abuse of the immigration system and uphold public confidence.

During these sessions we sought views on the planned changes to the UK's immigration system from 2021 and whether these changes might create new challenges in accessing talent from overseas or exacerbate or ameliorate existing challenges. We also discussed the impacts of the Coronavirus pandemic on organisations' ongoing need to access talent from overseas, both in the short term, and to the limited extent that it can predicted, the medium and long term. We have summarised the key themes that arose from these conversations below.

THE ATTRACTIVENESS OF THE UK TO INTERNATIONAL TALENT

The attractiveness of the UK to international talent is not straightforward to gauge, depending as it does on a wide range of factors, including job prospects, quality of schooling, 'sectoral ecosystems' such as the 'City', the immigration system, culture and society, the strength of the wider economy, exchange rates and the comparative attractiveness of other destinations[2] such as New York, Dublin or Paris. There has been much research on this subject in the last four years, some of which points to a perception that the UK has become a less attractive destination. The pound remains significantly lower against a range of currencies[3] than prior to the 2016 referendum, reducing the value of remittances by migrants living in the UK. Anecdotally, there is a perception that the referendum result has diminished EU citizens' view of the UK as a welcoming destination, and migration from the EU to the UK has continued to fall year on year since June 2016[4].

Broader economic outlook

Respondents echoed that macroeconomic aspects such as those identified above were often a key part of an individual's decision to move to the UK or not. We heard that the specifics of an individual job offer and the employer's 'brand' often play a large role in this decision and large employers with global brands and established graduate programmes typically reported that they had not experienced significant difficulties in recruiting the best of the global talent pool. SMEs in general,

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2   EY's annual UK attractiveness survey has found that the UK's long-term market share of European FDI projects fell significantly between 2016 and 2019 in the finance and business service sectors: https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/topics/attractiveness/ey-uk-attractiveness-survey-may2020.pdf

3   E.g. the Euro – Even at a post-referendum and pre-Coronavirus high in February 2020, the pound was 7.6% lower than it was the day of the referendum, 23rd June 2016

4   https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/migrationstatisticsquarterlyreport/august2020

and large employers recruiting for niche roles did however voice a perception that in the last few years, they have sometimes needed to offer additional compensation to counteract this perceived reduced attractiveness of the UK in other aspects.

Role of immigration in UK's attractiveness

In terms of the immigration system's impact on the UK's attractiveness, there was a general consensus that it plays a role, but that it should not be overstated. It was felt that certainly, the end of freedom of movement from January 2021 and the requirement for EU citizens to obtain a visa to work in the UK, would introduce additional barriers to recruiting from the continent, and that EU citizens may prefer the flexibility of working in another EU member state.

> *"Practically our visa system has become more expensive, slow and bureaucratic. This, coupled with the general rhetoric around immigration since the EU referendum, has contributed to the reputation of the UK as increasingly unwelcome to migrants. The cost of living in places like London and Edinburgh, in particular, can be prohibitive to those coming to work in the UK, in comparison to other cities with thriving FinTech hubs like Lisbon, Tallinn or Krakow".*
> *– Stakeholder response*

Conversely, there was a consensus that the changes to the existing system for non-EU citizens would be positive, and that in particular, the reintroduction of a viable post-study work route – now called the 'Graduate Route' – would increase the attractiveness of the UK to international students. There was also broad agreement that the introduction of a new unsponsored route similar to the old Tier 1 (General) route, which closed to new applicants in 2011, could have a positive impact on the attractiveness of the UK to some highly-skilled individuals. There was a sense it could go some way to bridge the gap between freedom of movement, which has clearly been very attractive to EU citizens, and the sponsored work system,

which it was felt was less attractive due to its restrictions and being 'tied' to one employer.

Some employers also talked to distinct advantages with a candidate holding their own visa, such as:

o   Less administration associated with sponsorship.

o   The freedom to progress and move roles within the organisations.

o   A sense that employees having the freedom to leave without it impacting their visa status is better for staff morale and motivation than is the case with sponsored visas.

> *"We've found that when employees have fewer options to leave [because they are on a sponsored visa], this can have a negative impact on our workplace culture. It's better when employees are here by choice".*
> *– Stakeholder response*

It was also felt that an unsponsored route could offer a more viable option to enable self-employment in the UK, and that the current routes within the UK's immigration system (mainly the Start-up, Innovator and Global Talent routes) were too narrow to support a continuation of the current level of self-employment in the economy.

We discussed the concept of maintaining a UK-based 'pool' of international talent, made up of individuals who have moved to the UK proactively, without a firm job offer, and whether there was a difference between finding a candidate who is based overseas and 'bringing' them to the UK, and finding a candidate who is already in the UK labour market. Freedom of movement has clearly helped maintain this 'pool', and from 2021, without a viable unsponsored route and all other factors being equal, the size of the pool is likely to diminish. The majority of respondents made clear that they just want the best person for the role, and the current location of that person is not a primary concern.

> *"In terms of process, it's certainly easier to recruit someone who is already in the UK. But our main focus*

is finding the best person for the job, wherever they are living"
– Stakeholder response

Larger employers often have established methods for locating talent overseas and depending on the seniority of the role, will typically contribute to the relocation costs for the applicant and sometimes their family. SMEs generally have fewer resources and less brand power to leverage to recruit globally and are less likely to have established Mobility and HR teams to handle the process of relocating a new hire to the UK. It would therefore appear reasonable to assert that SMEs will be more significantly impacted than larger employers by this dynamic.

International competitiveness

Finally, many respondents commented that the introduction of the UK's new immigration system represented a great opportunity for the Government to raise the UK's profile on the international stage as an attractive destination, both for international talent and employers. It was felt that many of the upcoming changes should be flagged as 'improvements' that make the UK more competitive , and that not enough was done to showcase the UK in this positive light.

There was a view amongst respondents that highly–skilled individuals often consider the attitude of potential destination countries towards all forms of migration, not just highly–skilled migration. The Global Talent route and its prior incarnation, the Tier 1 (Exceptional Talent) route, have been significantly under–utilised since introduction[5]. One possible explanation proposed was that the 'brightest and best' have a tendency to be somewhat over–modest about their talents – in this context, making artificial divisions between the 'brightest and best' and 'skilled workers' risks deterring those the UK wishes to attract. There was certainly a sense amongst respondents that this was an 'inaccessible' category, and too subjective to provide the certainty business needed.

DIVERSITY, INCLUSION AND FLEXIBLE WORKING

The ability for organisations to meet their diversity and inclusion ('D&I') and flexible working objectives is clearly dependent on a wide range of factors. That being said, many of the employers we spoke to did raise the operation of the UK's immigration system as a relevant factor, particularly in the context of its expansion to cover EU citizens from January 2021.

Figure 2: Given immigration restrictions to flexible/part time working, do you foresee the new rules creating challenges for your gender diversity policies?
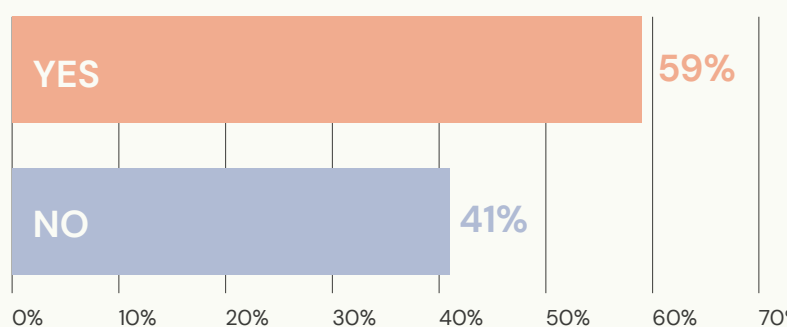
It was felt that certain aspects of the system had the potential to impede the flexibility needed by employers to support employees and encourage a diverse, efficient and happy workforce. It is important to note that the challenges identified below already exist in the present immigration system – it is the expansion of these rules to cover a much larger portion of the UK workforce that risks exacerbating the issue. With the adoption of new and future ways of working accelerated by the Coronavirus pandemic, this flexibility is even more critical to attracting and retaining talent and supporting those who need flexible work arrangements. In the last six months, the sector has switched effectively to more agile ways of working and is seeking to protect gains made towards D&I objectives in crisis responses.

Source: EY webcast poll of 127 employers, 4 March 2020 (pre pandemic measures which have accelerated both the need and the demand for more flexible working models)

5   Statistics available at: https://www.gov.uk/government/collections/immigration–statistics–quarterly–release

"The need to attract, retain and invest in digital and technical skills will rise in line with accelerated technology adoption and the forced change in operating models. The decisions firms make today regarding remote and flexible work, and the nature and role of their offices going forward are likely to have an impact on the decisions top talent make about where they work."[6]
– Stakeholder response

The way in which the UK's sponsored worker system – currently 'Tier 2' but to be rebadged as the 'Skilled Worker' route from 2021 – allows or disallows part-time working was of particular concern to respondents.

"The current system is heavily weighted towards certain skill sets. At our company, this is roles like Engineering which are much harder to attract female talent into. From a flexible working perspective, the current system causes additional issues and considerations when someone wishes to change the way they work (e.g. hours) or working remotely from abroad"
– Stakeholder response

CASE STUDY: THE RULES ON PART-TIME WORKING

Under the proposed rules to be implemented from January 2021, sponsored skilled workers will need to meet the higher of two salary thresholds:

1. A threshold specific to their occupation – this can be pro-rated for part-time working

2. An absolute threshold – in most cases this will be £25,600 – this cannot be pro-rated for part-time working

By way of an example, a sponsored skilled worker who is paid £70,000 pa and works 35 hours a week would be allowed to reduce their hours to two days a week because their absolute salary would remain above £25,600.

However, a sponsored skilled worker who is paid £40,000 pa and works 35 hours a week would not be allowed to reduce their hours to three days a week, as this would drop their absolute salary below £25,600.

01

The Employment Rights Act 1996[7] requires employers to consider requests for flexible working, including changes to working hours, in a reasonable manner and without discriminating unlawfully against the employee. With the immigration rules impinging on employers' ability to grant such requests, the reality is that employers must take an employee's immigration status and salary into account when deciding such a request. On the basis that these rules only apply to non–British workers and that women are statistically far more likely to work part–time than men[8] and on average are paid less[9], employers risk indirect discrimination on the basis of nationality and/or sex when determining flexible working requests in line with the immigration rules.
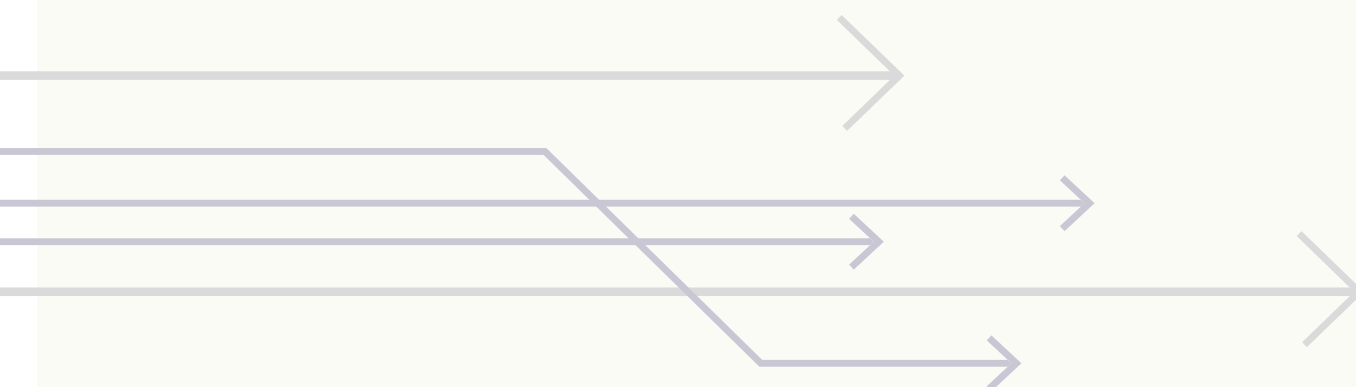
"[The immigration rules on part–time working are] another example of a system discriminating against women as we know women are more likely to work part time to account for caring responsibilities and are typically more likely to be made redundant in times of uncertainty such as recessions.

We are in 2020 and there is so much information and research on D&I that I would expect the system to actively work to promote diversity and reduce barriers to employment, particularly of women."
– Stakeholder response

In response to the Coronavirus pandemic, the Home Office issued guidance[10] allowing employers to reduce the pay of sponsored migrant workers to 80% of their salary or £2,500 per month, whichever is lower, where they had temporarily reduced or ceased trading, in line with the Coronavirus Job Retention scheme. As the job retention scheme winds down and the economy continues to reopen, many employers will be keen to match the working hours of their workforce with the demand for their goods and services. Those employers who are not able to exercise this flexibility for their sponsored migrant workers due to the rules detailed above may be forced to choose between two undesirable outcomes – offering the migrant worker full–time hours at the expense of resident workers or making redundancies.

Respondents also identified aspects of the UK's sponsored worker system that act as barriers to social mobility by impeding the ability of sponsored migrant workers to progress in their career. Of particular concern were the rules relating to moving roles within an organisation.

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7   https://www.legislation.gov.uk/ukpga/1996/18/part/8A
8   40% of female employees worked part-time in October-December 2019. 13% of men hhttps://researchbriefings.files.
     parliament.uk/documents/SN06838/SN06838.pdf
9   At April 2019, the gender pay gap in median hourly pay (excluding overtime) for all employees was 17.3%, Ibid
10   https://www.gov.uk/guidance/coronavirus-covid-19-advice-for-tier-2-4-and-5-sponsors#if-you-cannot-pay-
     the-salaries-of-sponsored-employees-because-youve-temporarily-reduced-or-ceased-trading

CASE STUDY: THE RULES ON PROGRESSION
AND CHANGING ROLES

The starting point is that a migrant worker's sponsored worker visa is tied to a specific employer and a specific role. If the migrant wishes to change employers, they must be sponsored by that new employer and make a new application for immigration status from within the UK.

However, even where the migrant wishes to change roles within the same organisation, the employer must consider whether the change constitutes a switch from one SOC code[12] to a different SOC code. Where both the old job and the new job fit within the same SOC code, the sponsor simply reports the change via the Sponsor Management System, without cost. However, where the old job and the new job fall within different SOC codes, the employer must assign a new Certificate of Sponsorship (£199) and the migrant worker must complete an online form, submit an application for Leave to Remain to the Home Office for themselves and each family member (£704 per person) and wait up to eight weeks – priority services are available at extra cost. The migrant cannot start the new role until the application is approved.

The SOC codes are inconsistent in terms of their vertical and horizontal scope, and this can create inconsistent outcomes depending on sector and seniority.

By way of an example, a promotion from 'IT project manager' to 'Project leader' would fit within the same SOC code, whereas a promotion from 'Business development manager' to 'Sales director' would not, and thus would require a whole new application.

02

11   When sponsoring a migrant worker, an employer must match the role to a Standard Occupational Classification ('SOC') code, published by the Home Office but originating from a schema designed by the Office for National Statistics. Each SOC codes provide a list of example job titles, job activities and a minimum salary threshold. For example, SOC 1132 covers marketing and sales directors. The full list of SOC codes can be found here: https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-j-codes-of-practice-for-skilled-work

"Trying to manage the change of employment process and deciding which SOC code is most suitable and whether it has changed is very frustrating. It takes up a lot of time and energy, even with the help of representatives. Line managers obviously don't want to have to pay for another application, and struggle to understand the sense in a new application particularly where the move represents progression, ... it's rare that there's a 'right answer' "
– Stakeholder response

The majority of employers are understandably keen to encourage progression and mobility within their organisation to the extent that this generally leads to a more efficient distribution of skills, a happier workforce and higher levels of staff retention. It follows that rules that impede this objective are undesirable.

Respondents noted that the abolition of the requirement to conduct a Resident Labour Market Test (RLMT) from 1 January 2021 is a positive step in this regard, as this has previously served as a significant barrier to changing roles, requiring employers to demonstrate that no suitable settled workers could be found before allowing an already sponsored migrant worker to move role. Some employers did however question whether, once the RLMT requirement is abolished, there is still a need for a full application for Leave to Remain before a sponsored migrant worker can change roles. There was a view that such applications appeared to serve little purpose, whilst introducing significant cost and administrative barriers.

PROCESS

"Process is at least as important as policy"

Respondents were particularly keen to discuss the administration associated with the UK's immigration system, and specifically the sponsored Tier 2 route. It is not necessarily obvious to those who do not interact with the UK's immigration system on a frequent basis, but there is a lot of administration involved with sponsoring a migrant worker to work in the UK. By way of an illustration, we have listed below some of the main activities that employers must typically undertake as part of the process:

o   *Applying for a Sponsor Licence*. Where an employer has not previously sponsored a migrant worker, they must first apply for a Sponsor Licence. Before they apply, employers need to familiarise themselves with over 250 pages of guidance documents[12] and implement internal processes covering areas such as Right to Work checks and retaining migrant contact details.

o   *Assessing whether a given role is eligible for sponsorship, and whether a potential candidate is eligible for a Tier 2 visa*. This includes reviewing SOC codes to ascertain which one is the closest match to the role in question, assessing salary against minimum salary thresholds and checking whether the applicant meets the English Language requirement.

o   *Performing a Resident Labour Market Test*. This requirement will fall away from January 2021.

o   *Applying for a Restricted Certificate of Sponsorship*. This requirement will fall away from January 2021.

o   *Assigning a Certificate of Sponsorship via the Sponsor Management System*. This involves manually inputting around 40 datapoints covering the role and candidate.

- o *Document retention.* Specific rules apply to the information and documentation that must be retained relating to the Sponsor Licence and each individual sponsorship.

- o *Supporting the employee with the required documentation.* Employers will send the Certificate of Sponsorship to the candidate – many employers will also offer basic guidance to the candidate on how to submit a Tier 2 visa application.

- o *Reporting changes to the Certificate.* Reporting any minor changes to the data contained on the Certificate of Sponsorship prior to the visa application being submitted, e.g. an updated passport or change of start date.

- o *Delays to start dates.* Reporting delays in start dates once the visa has been granted.

- o *Right to work.* Conducting two right to work checks on the candidate once they arrive in the UK – one before they start work, and another when they collect their Biometric Residence Permit.

- o *Reporting changes to role.* Reporting changes to the migrant's role during the employment, including significant salary increases, salary decreases, change of work address, minor changes of role etc.

- o *Repetitive processes.* Repeating most of the above should the migrant's visa need extending in the UK or where there is a significant change in role (as detailed earlier in this section of the report).

- o *End of employment / sponsorship.* Reporting that the migrant's employment or sponsorship has come to an end.

"We were pleased to see the lowering of the skills threshold [to RQF 3] and the salary threshold [to £25,600], but it would be a great shame if the cost and work associated with these applications mean utilising the system is prohibitive for junior roles"
– Stakeholder response

Large employers commented on the 'industry' that can result from some of these requirements. By way of an example, and as previously outlined, some role changes simply need to be reported to the Home Office via the Sponsor Management System, whilst some necessitate a whole new application for Further Leave to Remain before the migrant can start the new role. Employers typically have two options for managing this dynamic:

1. Line managers must be educated on all of the nuances of the immigration system, and left to decide whether a given role change requires a new application or simply a notification; or

2. All potential role changes must be assessed centrally by the organisation's HR team who have a thorough understanding of the rules.

We heard that employers were concerned about the rapid scaling up of this administration burden that is likely to occur once freedom of movement ends, as well as the need to find additional resources to perform the additional work, either internally or by outsourcing to lawyers or consultants.
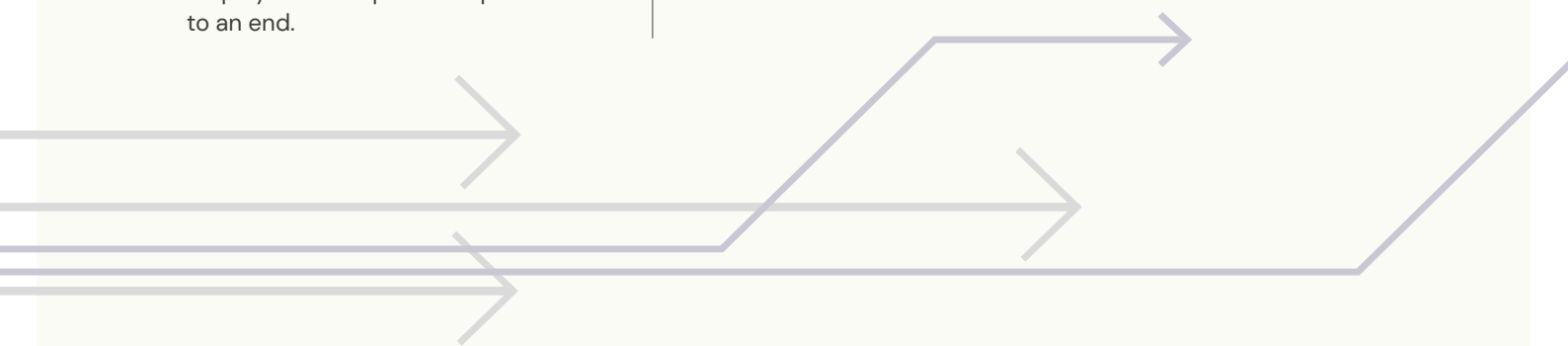
CASE STUDY:

SPONSORSHIP JOURNEY FOR START-UPS

In order to sponsor an applicant for a Skilled Worker visa, a UK company must first apply for a Skilled Worker Sponsor Licence to support the individual in making a visa application to enter or remain in the UK for work. Typical stumbling blocks are the administrative process and lengthy timelines around obtaining a sponsor licence. These include strict documentary and compliance requirements, e.g. having the correct HR policies and processes in place. The Home Office processes applications in around 8–10 weeks – there is currently no expedited option available.

PROCESS TIMELINE

DAY 1

There are several key requirements which must be met at the time of application: the organisation must be actively trading in the UK and be able to demonstrate this by submitting relevant evidence (this is specifically outlined by Home Office guidance); must be a genuine need to sponsor a migrant working; the organisation must commit to meeting certain Sponsor Duties, e.g. having processes to prevent illegal working, monitoring sponsored migrant workers etc, which will be assessed by the Home Office during a compliance audit; the organisation must have at least one employee who is permanently based in the UK and is settled here (e.g. British citizen) to act as 'key personnel' to operate the Licence and carry out the compliance duties associated to the Sponsor Licence. These need to be identified and listed in the licence application.

DAY 45

Whilst not standard it is possible that the UK Visas and Immigration may wish to undertake a pre-licence audit and in this instance the Home Office Compliance officer will contact the nominated key contact or legal representative to arrange a date for the pre-licence audit. They will visit the sponsor's offices to ensure they have the right processes in place to meet their sponsorship duties. This usually takes place 6–8 weeks into the application.

DAY 57

Access the Sponsor Management System (SMS) and assign a Certificate of Sponsorship (CoS). Pay the required fees, Immigration Skills Charge and CoS fee. The potential employee must then make their application for a skilled worker visa. Processing times vary depending on whether the application is being made inside or outside of the UK and on the processing method used.

03

CASE STUDY: **PROGRESS ON PROCESS**

In 2018, EY and The City of London Corporation examined the role visa application processes and procedures play in the overall usability of the system and made a series of recommendations to Government on how these processes could be improved. Proposals included reusing applicant's biographic data in subsequent applications and implementing a digital immigration status, ending reliance on physical documents. In recognition of the new technology or legislative change that would be needed to implement our proposals, we proposed a timeline for implementation stretching out to January 2023.

The Home Office has made some progress in streamlining the visa application process since 2018. Some of our proposals have been partly implemented, and some are on the way. In particular, the Home Office has recently completed a public consultation on its 2025 Border Strategy[14], covering entry at the border, and is currently considering outsourcing a range of visa and citizenship services under the Future Service Supplier Programme[15], to take effect from April 2023.

For the sake of brevity, we have not reiterated in this report all of the concerns outlined in our previous report. However, where respondents to this round of engagement have raised the same challenges, we have commented on them, particularly where there does not appear to be a clear solution on the way.

04

Many respondents explained that they understand and agree that any immigration system should include controls to prevent abuse and maintain public support and the integrity of the system. There was a common view however, that the implementation of a new immigration system from 2021 represents a good opportunity to reconsider what controls are truly needed, and how those controls can be exercised without placing an unreasonable administrative demand on employers and visa applicants and holders. Specifically, employers raised concerns about existing processes that are:

o   **Repetitive.** Where the employer or applicant are required to resubmit data or documentation already held by the Home Office or another Government department.

o   **Inefficient.** Where the process takes longer and requires more effort than should be necessary, typified by outdated technology and poor user experience.

o   **Of questionable efficacy.** Where the process is perceived to serve no real control function at all.

13   https://www.gov.uk/government/consultations/2025-uk-border-strategy-public-consultation
14   https://ted.europa.eu/udl?uri=TED:NOTICE:252558-2020:TEXT:EN:HTML&src=0

"Administration of the sponsored work route is the biggest challenge we face – the need to update the employee's office address whenever it changes is really time consuming, especially as we have multiple UK offices and employees often work at different client sites"
– Stakeholder response

The implementation of the EU Settlement Scheme[15] was one area where respondents were keen to praise the development of efficient user-friendly processes. Many employers told us they were impressed with the simplicity of the 'digital-first' scheme which leveraged automation to process huge numbers of applications, in most cases without a need for applicants to submit original documentation. The functionality that facilitated the use of HMRC data in real-time was also singled out as being highly innovative, at least in an immigration context. We heard on several occasions that employers see the EU Settlement Scheme as the 'model' for how UK visa application processes should operate in the future.

Although the employers we interviewed had all used the sponsorship system before and were at least partly familiar with the processes, timeframes and cost involved, the trade associations and local and devolved government stakeholders we spoke to highlighted the challenges new sponsors, typically SMEs, face in using the system for the first time. We heard that processes and requirements associated with the application for a Sponsor Licence are seen by first-time users as opaque, unintuitive and frustrating, with minor errors often resulting in rejections with no right of appeal, wasting up to eight weeks.

A common view was that start-ups and SMEs felt pressured into using expensive legal representatives because of the complexity and risks of failure, when they felt that using these systems should be achievable 'in-house'.

"The start-ups we work with talk about a sense of frustration that it's not possible to do these things yourself – these are smart people but there's a sense that it's just unnecessarily complex and takes too long to fully understand"
– Stakeholder response

Respondents expressed concerns about levels of awareness amongst employers of what they need to do if they have never sponsored a migrant worker before but will need to do so from 2021. At the same time, there was also a concern about the Home Office's capacity to process large numbers of applications from 2021.

"The increase in volume of applications alongside the repercussions of Covid is concerning as already the Home Office is backed up and has had to adapt very quickly. Without their processes being much more automated and digital, they will need to hire a lot more staff to cope with increased demand for applications and or support"
– Stakeholder response

There are currently around 31,000 organisations in the UK that hold a Sponsor Licence, and around 1.4m SMEs in the UK that employ staff[16]. If even a small percentage of these SMEs need to sponsor an EU citizen in 2021[17], the Sponsor Licencing system represents a huge potential processing bottleneck. These two challenges are clearly interlinked – the greater the awareness by employers of what they are required to do, how long it will take and that there may be backlogs, the more likely it is that employers will plan in advance and leave enough time to apply. In turn, this should reduce the chances of the Home Office being overwhelmed with applications in early 2021 and the system simply breaking down.

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15   Details here: https://www.gov.uk/settled-status-eu-citizens-families

16   Business population estimates for the UK and regions 2019, Department for Business, Energy & Industrial Strategy, October 2019

17   The Federation of Small Businesses conducted research in 2016/2017 indicating that 21% of small business employers currently employ EU citizens. Further macro analysis of the potential demand for a Sponsor Licence is difficult, as it must take into account salary levels, skill levels, employee turnover and unpredictable patterns within the resident workforce

Figure 3:

HOW MUCH DOES A UK VISA COST?

We have outlined below the various costs associated with a Tier 2 application under the current rules, taking into account the increase to the Immigration Health Surcharge scheduled for October 2020. The Home Office has not announced any further changes to fees from January 2021, when the scheme will be rebadged as the 'Skilled Worker' route, although visa application fees typically rise by inflationary amounts in April each year.

Component	Payable	Small (typically 50 or fewer employees) or charitable sponsor	Medium or large sponsor
Application for a Sponsor Licence	Every four years	£536	£1,476
Certificate of Sponsorship	Per person sponsored	£199	
Immigration Skills Charge (ISC)	Per person sponsored, per year of sponsorship	£364	£1,000
Visa application (submitted outside of the UK)	Per person sponsored and each dependent family member	£610 (up to 3 years) £1,220 (3–5 years)	
Immigration Health Surcharge (IHS)	Per person sponsored and each dependent family member, per year of sponsorship	£624 (per adult) £470 (per child)	

N.B. All fees are payable in advance at the time of the application. The ISC is normally refunded in part where the visa holder leaves employment early

EXAMPLES

A.

A small company obtaining a Sponsor Licence for the first time and using it to sponsor one migrant worker for three years, with their partner ccompanying them:

£6,791

B.

A medium sized company obtaining a Sponsor Licence for the first time and using it to sponsor one migrant worker for three years, with their partner accompanying them:

£9,639

C.

A large enterprise sponsoring a permanent transfer from an overseas branch to the UK for a five-year visa, with their partner and two children accompanying them:

£21,024

COSTS IN THE SYSTEM

Many respondents raised concerns about the costs associated with using the UK's immigration system, both in terms of visa application fees and the cost of conducting all of the administrative activities identified above, either in-house or by outsourcing to representatives.

Some respondents felt that the costs were so high as to risk being prohibitive, particularly for SMEs who are first-time users of the system and who may only need to use the system for a single person. There was also a question raised as to why the application fees or the Immigration Skills Charge (ISC) do not scale according to the salary of the position being filled and why everything must be payable up-front. In example B. above, the sponsor will need to find almost £10,000 to sponsor a migrant worker who may be filling a role at a salary of £27,000 – this represents a huge upfront investment.

Further, the ISC is classified by its implementing legislation as a tax, and respondents were unable to identify any other form of corporate taxation that must be paid up to five years in advance of its accrual date. In the context of the Coronavirus pandemic, it was felt that the high costs and the fact that fees must be paid upfront risk stalling the ability of SMEs to support the UK's economic recovery, either because the costs can have a significant impact on cashflow, or because companies simply cannot afford to get a visa for the best candidate, forcing them to compromise on their business objectives as a result.

"With the rising costs of immigration, employers are likely to see more of an impact on their existing budgets; immigration may take up a much bigger chunk of that budget"
– Stakeholder response

Other respondents, including large financial and professional services firms who make frequent use of the system, were keen to focus on value for money. There was concern about overall costs and how these could escalate from 2021 with the number of sponsorship applications increasing significantly, but HR and Global Mobility professionals also talked about difficulties in communicating the 'value' associated with all of the different fee components. More than once we were told of having to repeatedly answer the question from other areas of the business 'Why do we need to pay that fee?'. This could be in relation to priority fees, where hiring managers sometimes expect that paying over £10,000 for a visa might entitle them to expedited processing as standard, or it might be in relation to the Immigration Skills Charge (ISC).

> *"We frequently use the Tier 2 system to fill skills gaps, particularly in technology roles, and subsequently we pay huge amounts through the Immigration Skills Charge. We understand the charge has only been in operation for a few years, but it would be good to know where that money is being spent and how it represents good value for us, as an employer – certainly we haven't noticed it being any easier to fill our technology skills gaps with local workers"*
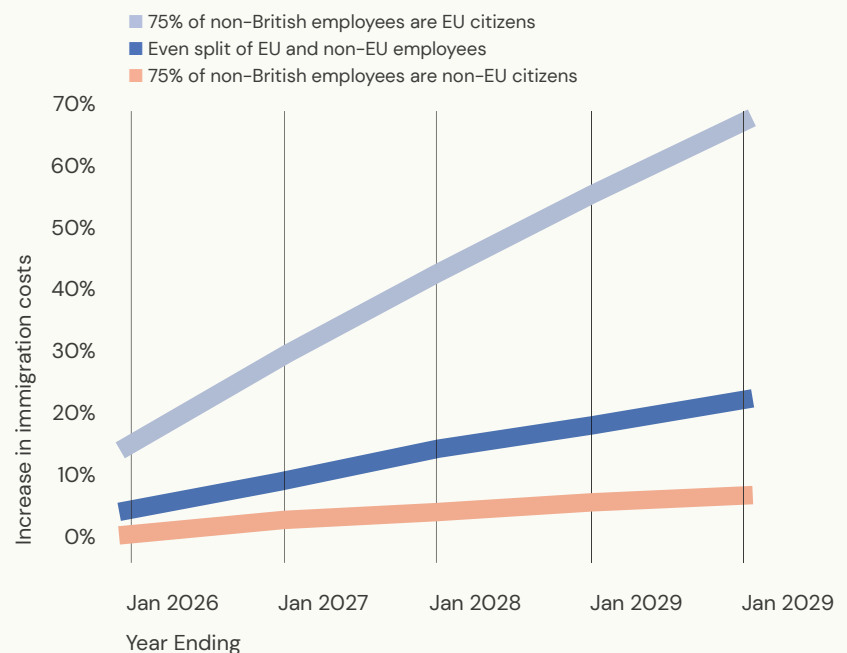> *– Stakeholder response*

It was also noted that although ISC payments are refunded in part where the migrant leaves employment before the end of the visa, this is often several years later, and it can be an administrative 'headache' to identify which refund matches up to which migrant worker and route the refund to the relevant business area.

It was felt that the Home Office could do more to provide value for money in relation to the services they provide, and that wider

Government should be doing more to raise awareness of the positive contribution that migrants and the funds[18] raised by their coming to the UK, e.g. the Skills and Health Charges are making to wider society. By forecasting the number of EU citizens that will apply for skilled worker visas in 2021[19], we estimate that the Home Office will raise an additional £38m a year from Skills Charge payments made by employers sponsoring EU citizens from 2021[20].

Figure 4: Projected average increase in total immigration costs for employers from 2021

- 75% of non–British employees are EU citizens
- Even split of EU and non–EU employees
- 75% of non–British employees are non–EU citizens

Source: EY analysis based on recent ONS data covering inflows and outflows of EU citizens. The model assumes that employers are just as likely to recruit EU citizens from outside the UK as from settled EU citizens who will not require permission to work

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18   In the year to March 2020, the Immigration Skills Charge generated £172m, and the Immigration Health Surcharge £532m – https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902593/HO_Annual_Report_and_Accounts_2019–20_FINAL.pdf
19   Modelling by EY, based on inflow of EU citizens for work remaining at 112,000 per year, with 46% applying for skilled worker visas
20   Modelling by EY, based on 40% of skilled worker visas being sponsored by small or charitable sponsors (ISC of £364 per year) and 60% sponsored by medium and large sponsors (ISC of £1,000 per year)

OTHER NOTABLE FINDINGS

On potential skills shortages

We had mixed responses on the question of whether the ending of freedom of movement and the imposition of the immigration system on EU citizens would cause specific skills shortages or difficulties in filling specific positions. Most employers we spoke to talked of the difficulty in assessing any future skills–shortages, since there are so many factors to consider. To name a few:

o   The skill level and salaries of roles.

o   The size and skill distribution of the resident labour market.

o   Staff turnover and its distribution amongst skill levels and immigration status.

o   Any particular reliance on British, EU or non-EU staff in specific business areas or roles, and the reasons for this reliance.

o   Overall demand for the organisation's goods or services, and how this will be impacted by the end of the Brexit transition period and the Coronavirus pandemic.

o   How future ways of working, changing demographics and automation will impact global labour mobility.

"Data around EU nationals is not easy to gather and monitor. It is difficult to track and report EU workers and the roles they fill, and most employers may not currently be collecting this data"
– Stakeholder response

Large employers in the financial and professional services sector and related trade associations predominantly answered that they did not anticipate acute challenges within their own organisations, largely because the majority of roles in these organisations (or at least the roles that can be hard to fill) are skilled to RQF 3 or above and paid at least £25,600, and thus eligible for sponsorship under the new Skilled Worker route. Conversely, tech companies and their trade associations highlighted an ongoing difficulty in recruiting skilled developers and other technical staff. Either way, many employers accepted that there was a certain amount of uncertainty inherent in any planning for how to fill roles at all skill level, and a view that the macroeconomic impacts of Brexit and the Coronavirus pandemic may have unpredictable results.

The focus on the challenges associated with hiring skilled and highly–skilled talent is understandable – those are the roles that employers have often struggled to fill – even though it might lead to overconfidence regarding organisations' ability to fill lower–skilled and lower paid roles without freedom of movement. Indeed, research by IPPR in February 2020 found that 38% of roles currently filled by EU citizens in the financial services sector would be ineligible for sponsorship under the new Skilled Worker scheme[21]. This ineligibility increases to 58% in the business services sector.

Local and devolved government stakeholders with a wider sectoral remit responded that the skilled worker system will not work for all employers and that certain sectors – for example hospitality, care and agriculture – may suffer acute skills shortages from 2021 due to the skill and salary thresholds associated with the Skilled Worker route. Significant research has been conducted into the extent to which the new rules will impact various sectors[22] and the Migration Advisory Committee (MAC) and Home Office have attempted to address some of these concerns. Given the focus on the financial and professional services sector here, it is beyond the scope of this report to delve further, but clearly important questions prevail around how these sectors will be able to fully staff their roles from 2021.

21   https://www.ippr.org/news-and-media/press-releases/immigration-plans-analysis-two-thirds-of-current-eu-migrants-in-health-and-care-sector-would-have-been-found-ineligible

22   For example, https://www.ippr.org/news-and-media/press-releases/immigration-plans-analysis-two-thirds-of-current-eu-migrants-in-health-and-care-sector-would-have-been-found-ineligible

On whether an immigration system can be flexible without being too complex

As detailed above, many of our findings could be categorised in one of two ways:

o   The immigration system should be more flexible.

o   The immigration system should be less complex and easier to navigate.

Depending on how an immigration system is implemented these two objectives have the potential to compete with one another. For example, one way of achieving both would be through implementing subjectivity in decision making processes, as seen for example in the Work Permit scheme prior to November 2008. However, throughout our engagement, respondents almost universally expressed a preference for objective decision–making processes, since they offer the certainty business craves. In this regard, the perceived subjectivity of the Global Talent visa was seen by respondents as a disincentive and barrier to use, compared to the more transparent (and significantly more expensive) Tier 2 routes.

The other way in which an immigration system can be implemented so as to be flexible but easy to use is by the careful and considered packaging of information and guidance so as to inform applicants and employers without overwhelming them. Respondents praised the EU Settlement Scheme in this regard, although it is also important to note that the EUSS decision making process often gave applicants 'the benefit of the doubt' – a concept that until the EUSS decision, has been extremely rare in the UK's immigration system for non–EU citizens.
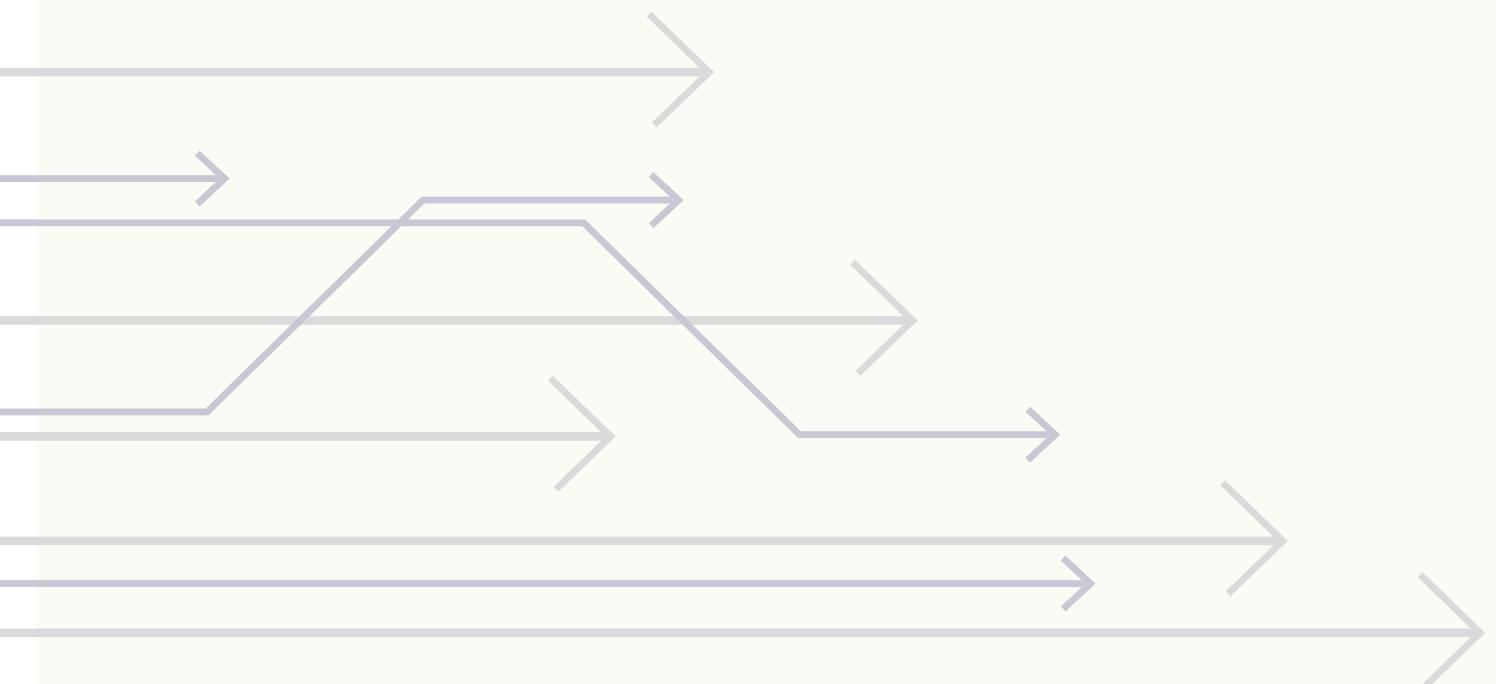
2.
The genesis of the UK's '2021' immigration system
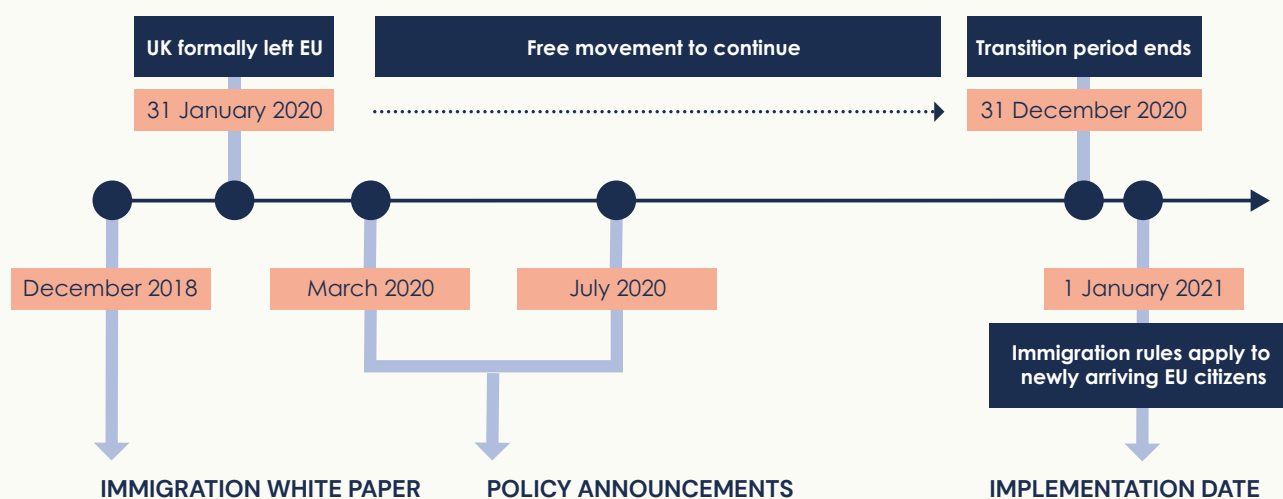
A SYSTEM FOUR YEARS IN THE MAKING

In the summer of 2017, Theresa May's Conservative administration kicked off the process of determining how the UK's immigration system should manage applications by EU citizens under the post-transition system. In July 2017, the then Home Secretary Amber Rudd commissioned the Migration Advisory Committee (MAC) to examine the impacts on the UK labour market of the UK's exit from the EU, and how the UK's immigration system should be aligned with a modern industrial strategy[23]. The MAC launched a year-long campaign of research and analysis, publishing their findings in September 2018. The MAC's key recommendations to Government on how the new system should work included:

o   That in the absences of reciprocal agreements between the UK and EU, the UK's future immigration system should treat EU citizens the same as non-EU citizens, and that neither group should be offered preferential access over the other.

o   That if the Tier 2 sponsored worker scheme were to be extended to cover EU citizens, serious thought should be given to reducing the administration inherent in the current implementation of the scheme.

o   That Tier 2 should be reopened to medium skilled roles at RQF 3 and 4, these roles being ineligible for sponsorship since 2011 and 2012 respectively.

o   That the annual limit (the 'cap') on Tier 2 migration and the requirement to advertise the role to show that there are no suitable settled workers (the Resident Labour Market Test or 'RLMT') should be abolished.

o   That there should be no specific immigration route for low skilled workers and that an expanded Youth Mobility Scheme could, to some extent, fill this gap.

o   That there should be no regional variation in minimum salary thresholds.

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23   https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/633321/Commission_to_the_MAC.pdf

Figure 5:

TIMELINE OF IMMIGRATION WHITE PAPER

UK formally left EU	Free movement to continue	Transition period ends
31 January 2020		31 December 2020

December 2018	March 2020	July 2020	1 January 2021

Immigration rules apply to newly arriving EU citizens

IMMIGRATION WHITE PAPER   **POLICY ANNOUNCEMENTS**   **IMPLEMENTATION DATE**

Skilled sponsored	Removal of the cap	Confirmed	January 2021
	Removal of the RLMT	Confirmed	January 2021
	Lower skills threshold to RQF 3+	Confirmed	January 2021
	Consultation on salary threshold	£25,600 (with exceptions)	January 2021
	Consultation on alternative renumeration	Confirmed – no changes	
	In-country switching from visitor status	Abandoned (but other switching allowed)	
Highly skilled		New Graduate Route	Summer 2021
		New points–based system using "expressions of interest" and a "pool". Details TBC	TBC, but likely 2022
Low skilled/ temporary	12-month temporary transitional visa —allowing work at any level	Abandoned	
	UK–EU Youth Mobiity Scheme	Subject to international negotiations	TBC
	Mobility framework in FTA	Subject to international negotiations	TBC
Process	Digital status	Confirmed	Circa 2025
	Streamlined process	Ongoing process of implementation	
COVID-19 concessions	The Home Office implemented several concessions to support visa holders and their employers during the pandemic		

Reception by employers to the MAC's recommendations was mixed. Whilst the simplification of Tier 2, particularly through the removal of the cap and the RLMT requirement was welcome, there were serious concerns about a potential shortage of low-skilled workers in certain sectors that could result from ending freedom of movement without a replacement immigration route.

In December 2018, the Government published a detailed White Paper[24] setting out the UK's immigration policy to take effect from the end of the implementation period on 31 December 2020. The proposals were largely in line with the MAC's recommendations with one key divergence – a transitional immigration route that would allow citizens of 'low-risk' countries[25] to work in the UK for up to 12 months at any skill level. This measure was welcomed by the same employers that raised the concerns identified above, but at the same time, it inevitably reopened the politically charged debate on the pros and cons of unrestricted low-skilled migration. The White Paper also confirmed that visitors from these 'low-risk' countries would be permitted to switch to a work visa from within the UK, rather than needing to return to their home country – another business-friendly move which was widely welcomed.

Prime Minister Boris Johnson subsequently made clear his preference for an 'Australian style points-based immigration system', and in September 2019, the new Home Secretary, Priti Patel, commissioned the MAC to consider how the UK could implement such a system. The same month, the Home Office made the welcome announcement of the introduction from the Summer of 2021 of a new 'Graduate Route' (similar in operation to the Tier 1 (Post-Study Work) route which closed in 2012). To be eligible, applicants will need to have completed a degree level qualification from an approved UK Higher Education Provider, with the visa allowing them to live and work freely – without a sponsor – in the UK for two years (three years for PhD level graduates). The announcement was widely seen as a boon to the attractiveness of the UK higher education sector.

24   https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766465/The-UKs-future-skills-based-immigration-system-print-ready.pdf

25   It was never specified which countries would be included within this scheme, but it was widely perceived that EU member states would be included

CASE STUDY: DOESN'T THE UK ALREADY HAVE A POINTS BASED SYSTEM?

The short answer is 'yes, but in name only'.

The UK first introduced an 'Australian-style' points-based immigration system (PBS) in 2008 with three key aims[29]:

1. Better identifying and attracting of migrants who have most to contribute to the UK

2. A more efficient, transparent and objective application process

3. Improved compliance and reduced scope for abuse

The PBS included a dedicated route for highly-skilled workers – Tier 1 (General) – who could gain points in a range of categories including age, qualification and previous earnings. This is what most people think of when they hear of a 'points-based system' – the ability for an applicant to qualify for a visa by gaining points for various characteristics, rather than having to meet a set of specific requirements without flexibility. See Figure 10 in the Appendix for the points table under the Tier 1 (General) scheme.

With the closure of the Tier 1 (General) scheme in 2011, the primary justification for calling the UK's immigration system a 'points-based system' largely went with it. Although it is still called a points-based system, the majority of immigration schemes that sit within the overarching PBS framework require applicants to meet a specific set of requirements to qualify for entry or leave to remain. If an applicant does not meet one of the requirements, they cannot typically gain points elsewhere to compensate.

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The MAC reported back to the Government in January 2020[27]. On the subject of introducing a new points-based system (PBS), they commented that the concept of a PBS is meaningless of itself, and only takes on meaning when combined with clear policy on who should qualify for a visa – who does the UK want to attract? Specifically, in relation to the Tier 2 sponsored route, which is effectively a set of 'tick-box' requirements, some of which have exceptions, the MAC's views were clear:

"We do not recommend changes to this framework; the combination of skill eligibility and a salary threshold works well for an employer-driven system. The current packaging as a PBS is, forgive the pun, pointless and could be eliminated"[28]
– Stakeholder response

26   HM Government, 'A Points-Based System: Making Migration Work for Britain', (March 2006), available at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/fle/272243/6741.pdf

27   https://www.gov.uk/government/publications/migration-advisory-committee-mac-report-points-based-system-and-salary-thresholds

28   Ibid

The MAC did however suggest that the Government consider using a PBS to attract highly-skilled applicants without a job offer. The MAC commented that this could be implemented as an expansion to the Tier 1 (Exceptional Talent) scheme, in a similar way to the now defunct Tier 1 (General) scheme which closed in early 2011, but also proposed that there should be an overall cap on numbers.

In this context the MAC felt that a PBS was a logical approach, as tradeable points could be awarded for various characteristics. By way of an example, an applicant who only has relatively modest earnings potential but holds a PhD in an in-demand STEM area might be able to earn the same number of points as an applicant who holds a Bachelor's degree but has very high earnings potential. The MAC declined to make specific recommendations on which characteristics should be awarded points.

In response to the MAC's recommendations, the Government published its proposals in February 2020[29]. The new policy closely mirrored many of the proposals contained within the December 2018 White Paper, although there were several key developments:

o   The 'Skilled Worker' route – the replacement for Tier 2 – would operate as a more flexible points-based system, with applicants who hold a PhD relevant to their role or who will work in a shortage occupation role awarded additional points that mean that they only need to meet a lower salary threshold.

o   The minimum salary threshold for the Skilled Worker route would in most cases be £25,600, reduced from the current £30,000 threshold.

o   A new broader unsponsored route would be created in the points-based system to run alongside the Skilled

Worker route and to allow highly-skilled workers to come to the UK without a job offer. The Home Office will consider how best to operate such a scheme ahead of a likely implementation towards the end of 2021 or in early 2022.

o   There would be no transitional route for temporary work at any skill level, contrary to the route proposed in the December 2018 White Paper.

o   The ability for visitors from low risk countries to switch into a work route from within the UK without needing to return to their home country was abandoned.

July 2020 saw the publication of a detailed policy paper[30] that filled in the remaining gaps, giving employers and applicants a relatively clear view of how the system will operate from January 2021. Bar a last-minute change of heart, all that remains is for the Government to implement the new system via a Statement of Changes to the Immigration Rules, typically published 21 days prior to the changes taking effect.

HOW HAS THE UK'S EXISTING IMMIGRATION SYSTEM FOR NON-EU NATIONALS CHANGED IN THE LAST FOUR YEARS?

Although considerable effort has been invested in designing (and redesigning) the UK's new immigration system to take effect from 2021, the UK's current immigration rules have not stood still. Key changes to the existing system for non-EU nationals since June 2016 include that:

o   The Tier 2 Intra-Company Transfer (ICT) Skills Transfer[31] and Short-Term Staff[32] routes were closed in November 2016 and April 2017 respectively, significantly reducing flexibility for international employers temporarily moving non-EU staff to the UK.

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29   https://www.gov.uk/government/publications/the-uks-points-based-immigration-system-policy-statement/ the-uks-points-based-immigration-system-policy-statement

30   https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/899755/ UK_Points-Based_System_Further_Details_Web_Accessible.pdf

31   This route allowed staff to transfer to the UK for up to six months to facilitate a transfer of knowledge, either to or from the visa holder

32   This route allowed staff to transfer to the UK for up to twelve months

o   The introduction of the Immigration Skills Charge (ISC)[33] in April 2017 significantly increased the cost of Tier 2 sponsorship.

o   The cost of the Immigration Health Surcharge (IHS) doubled from £200 to £400 per applicant per year in January 2019 and increases again to £624 per applicant per year (expected in October 2020. Students, Youth Mobility visa applicants and children, will all pay lower fees – £470).

Whilst the developments listed above have in many ways served to make the UK's immigration system less flexible and more restrictive, the last few years have also seen changes widely recognised as positive, albeit with differing levels of impact, most notably:

o   In April 2017, the 'high earner' threshold for Tier 2 ICT visa holders who wish to remain in the UK beyond the five-year cap (up to nine years) was reduced from £155,300 to £120,000, offering increased flexibility for long term international assignees.

o   In April 2019, the EU Settlement Scheme (EUSS) opened. The Home Office has reported that by 31 July 2020 (16 months after it opened), they had processed 3.59m grants of status[34]. To put this in context, in the year to March 2020, grants of further leave to remain and Indefinite Leave to remain in the UK to non-EU nationals totalled 445,743[35]. Although some applicants experienced difficulties with using the EUSS, when held up against the current process of applying for a UK visa for non-EU nationals, the process is remarkably simple, quick and user-friendly. To many stakeholders, it represents the future model for how the UK's immigration system should operate.

o   In February 2020, the Tier 1 (Exceptional Talent) scheme was rebranded as the Global Talent scheme, with a slight broadening of the qualifying criteria and the removal of the cap on numbers. It is too early to say whether this change has resulted in increased uptake of this route by the target group[36].

o   There have been a number of welcome improvements to administrative processes associated with visa applications and employing migrant workers, including:

   ●   The implementation of online Right to Work checks for EU nationals holding status granted under the EUSS.

   ●   Continual user experience improvements to online visa application forms.

   ●   A move to accepting copy documents, and allowing the applicant to retain their original passport while applications are being processed in the UK (albeit applicants are not permitted to travel outside of the UK while their application is being processed).

More recently, the Coronavirus pandemic has seen significant logistical challenges associated with travelling and submitting visa applications. Visa application centres have been closed in the UK and overseas, visa holders have been unable to travel within the time limit specified by their visa, and with home-working being largely mandatory, it has been impossible to complete 'in-person' right to work checks[37]. The Home Office has been relatively quick to implement wide ranging concessions to support applicants[38], visa holders and employers during this time, including:

o   Allowing right to work checks to take place remotely.

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33   A charge of £1,000 per sponsored migrant worker per year of visa they are applying for, payable upfront at the time of application. A lower fee of £364 per year applies to small and charitable sponsors

34   https://www.gov.uk/government/collections/eu-settlement-scheme-statistics

35   353,712 grants of Further Leave to Remain and 92,031 grants of settlement: https://www.gov.uk/government/publications/immigration-statistics-year-ending-march-2020/how-many-people-continue-their-stay-in-the-uk

36   As of publication, the most recent publicly available data covers the year to March 2020

37   Coronavirus concessions excepted, the Home Office requires employers to conduct a right to work check on every single employee prior to the commencement of work by reviewing, in person, passports and visas
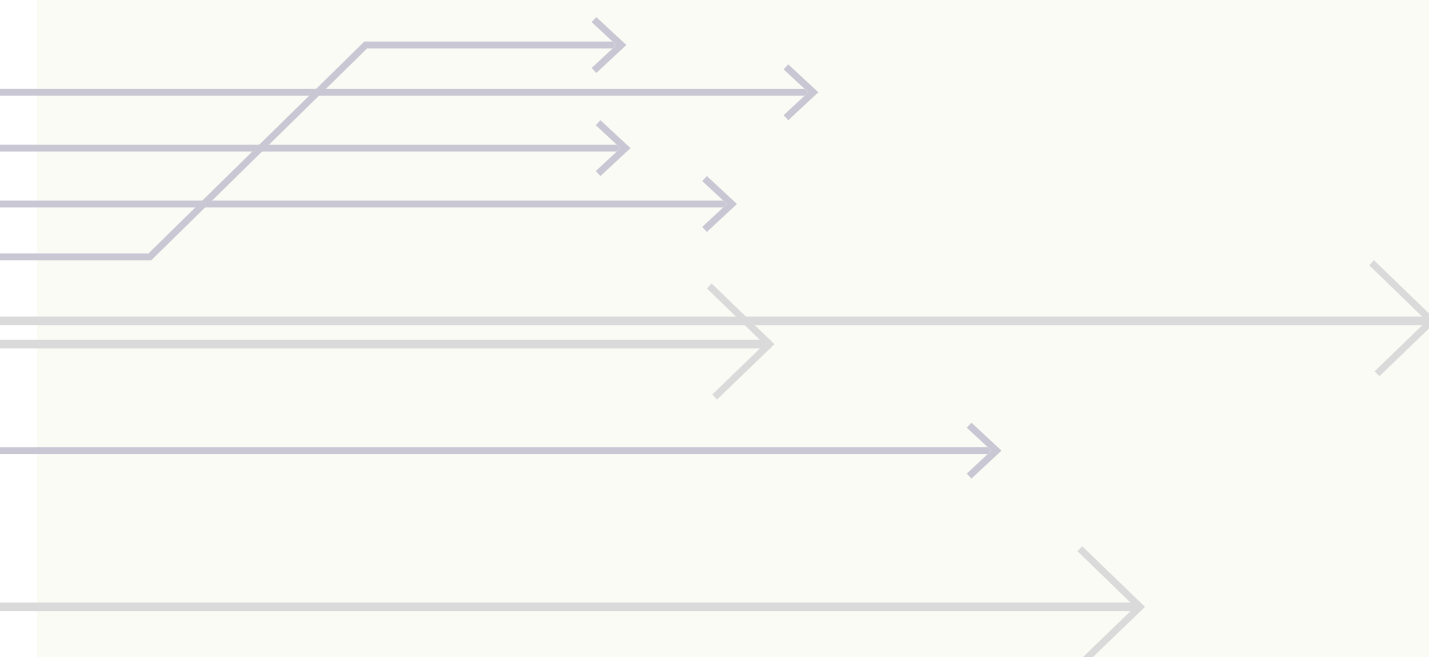
38   See next section for more on this

o Allowing the re-use of biometric data and the implementation of a mobile app to collect biometric data without the applicant needing to attend an in-person appointment.

o Offering automatic extension of visas expiring between March and the end of August 2020, ensuring no-one who has been unable to leave the UK is penalised.

These concessions should be recognised for what they represent – the Home Office has shown that with the right impetus, they are able to act with agility and implement innovative policies at pace. This is certainly encouraging when considering how the UK's immigration system could be made more user-friendly on a permanent basis.
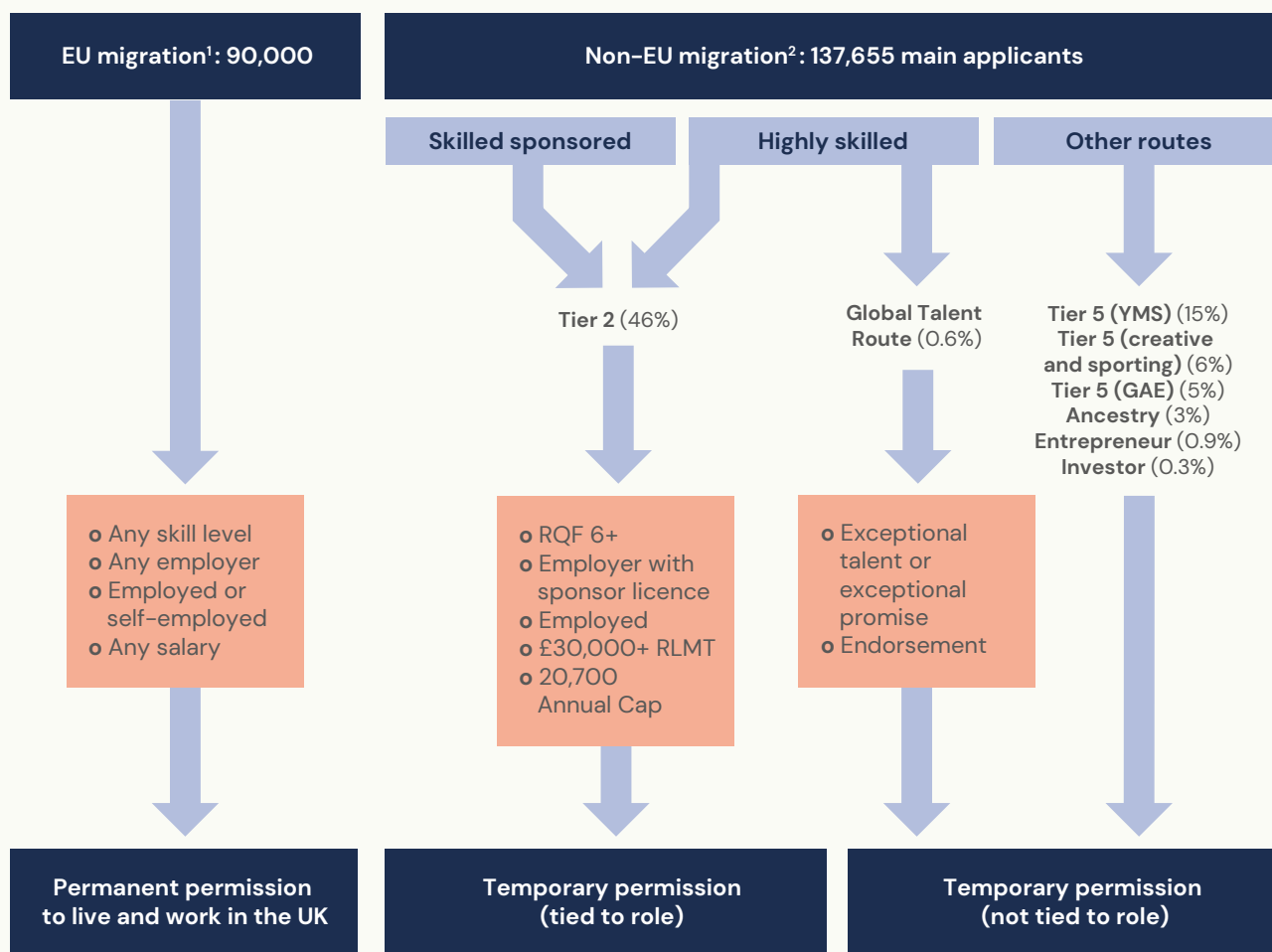
Finally, the success of the UK's immigration system is clearly dependent on public perception, both of migration in general, and of the Home Office's actions managing immigration. Over the last four years, there have been several key events that have influenced this wider perception:

o The 2018 Windrush scandal, in which members of the Windrush generation of migrants who moved to the UK prior to 1973 were wrongly detained, denied legal rights, threatened with deportation, and, in some cases, illegally deported from the UK.

o The scandal led to a groundswell of support for those effected, the rebranding and downgrading of the 'hostile environment'.

o The 2020 Coronavirus pandemic has seen increased public support for NHS and other frontline workers, and further acceptance that the health and care sector is particularly reliant on non-resident labour.[39]

39 See British Future report on 24 June 2020, at: http://www.britishfuture.org/articles/immigration-attitudes-warming-years-not-just-months-lockdown/

Figure 6:

CURRENT IMMIGRATION ROUTES (TO 1/1/21)

EU migration[1]: 90,000	Non–EU migration[2]: 137,655 main applicants		
	Skilled sponsored	**Highly skilled**	**Other routes**

Tier 2 (46%)

Global Talent Route (0.6%)

Tier 5 (YMS) (15%)
Tier 5 (creative and sporting) (6%)
Tier 5 (GAE) (5%)
Ancestry (3%)
Entrepreneur (0.9%)
Investor (0.3%)

EU migration:
- Any skill level
- Any employer
- Employed or self–employed
- Any salary

Tier 2:
- RQF 6+
- Employer with sponsor licence
- Employed
- £30,000+ RLMT
- 20,700 Annual Cap

Global Talent:
- Exceptional talent or exceptional promise
- Endorsement

Permanent permission to live and work in the UK

Temporary permission (tied to role)

Temporary permission (not tied to role)

1 EU migration for work, year ended June 2019
2 Non-EU migration for work, year ended December 2019

WHAT ARE THE KEY FEATURES OF THE NEW 2021 IMMIGRATION SYSTEM?

As noted above, the current Government has decided against implementing a transitional immigration scheme allowing work at any skill level for twelve months, as earlier proposed by the previous administration in 2018. Although the Government is keen to introduce a new highly-skilled 'unsponsored' route, this is unlikely to be implemented before the end of 2021. As a result, the employer-sponsored Skilled Worker route will be the core mechanism through which employers can utilise international talent from outside of the UK. There will of course continue to be specific visa categories for specific circumstances. Partners of British Citizens will qualify for a visa through their relationship. Applicants from a Commonwealth country with a British-born grandparent will continue to qualify for an Ancestry visa. Applicants aged 30 and under from countries with which the UK has agreed reciprocal working holidaymaker schemes[40] will continue to qualify for a Tier 5 (Youth Mobility Scheme) visa. But if none of these limited options apply, the Skilled Worker route will in most cases be the only option – it will act as a 'funnel' through which large numbers, if not the majority of non-British workers, will need to pass.

At the centre of the new Skilled Worker route is a stark duality – for non-EU nationals, the changes represent a significant improvement over the existing immigration rules, whilst at the same time signifying a huge change of the rights of EU citizens. Employers who largely employ medium or highly-skilled workers and have historically needed to sponsor large numbers of non-EU workers are likely to be beneficiaries of the changes. Conversely, employers of lower-skilled or lower-paid workers that have historically relied on EU nationals to fill posts may face unprecedented and potentially existential challenges. The reality is that these two extreme outcomes will also sit alongside each other in many large organisations throughout the UK – it will become easier to obtain visas for senior client-facing staff,
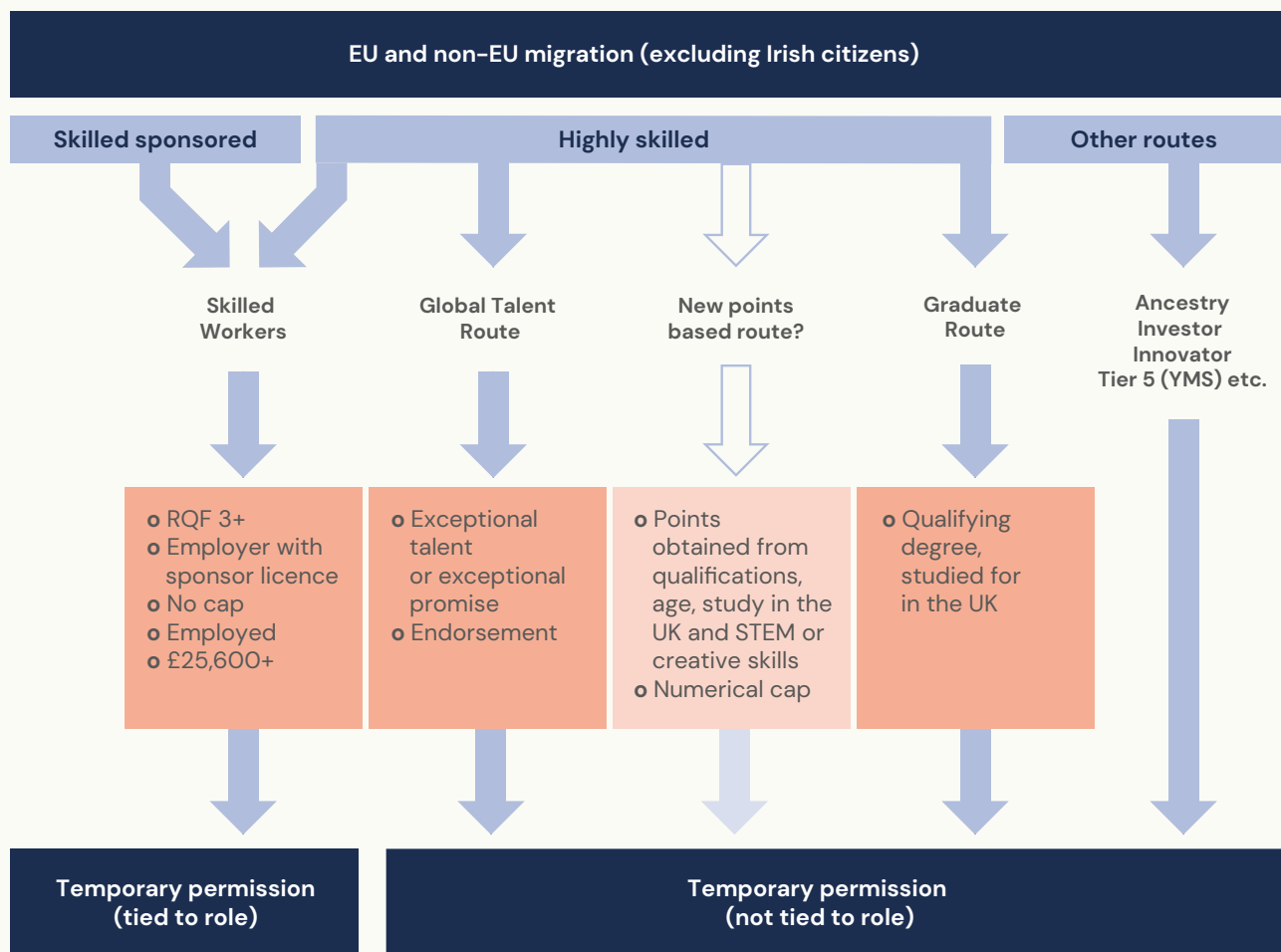
but the expense and administration associated with sponsoring junior back-room staff will disincentivise employers from looking outside of the resident labour market, even for the best candidate. If Home Office application fees alone cost £9,500 for a five-year visa – what impact does that have on the commercial decision to sponsor a candidate to perform a role that attracts a salary of £25,600, even if they are the best candidate? What if the candidate would like to bring their partner and child and those costs increase to nearly £17,500, all payable up-front before the visa is even granted? The increased frequency with which employers will need to make these difficult decisions, and the opportunity cost associated with those decisions will shine a spotlight on the UK's immigration system.

Of course, there are also opportunities in introducing a single unified system. Once it is accepted that most employers will need to make significantly more applications to sponsor migrant workers, the question changes from 'what do we need to do?' to 'how can we do this as efficiently as possible?' On this point, there have clearly been some promising developments. The removal of the Resident Labour Market Test requirement as well as the cap will save employers significant time and stress. One of the core purposes of this paper is to explore other innovative ways in which the system can be made more efficient for employers, applicants and the Home Office.

Figure 7:

IMMIGRATION ROUTES FROM 2021

EU and non–EU migration (excluding Irish citizens)

Skilled sponsored   **Highly skilled**   **Other routes**

Skilled Workers | Global Talent Route | New points based route? | Graduate Route | Ancestry Investor Innovator Tier 5 (YMS) etc.

o RQF 3+ o Employer with sponsor licence o No cap o Employed o £25,600+	o Exceptional talent or exceptional promise o Endorsement	o Points obtained from qualifications, age, study in the UK and STEM or creative skills o Numerical cap	o Qualifying degree, studied for in the UK	

Temporary permission (tied to role)   **Temporary permission (not tied to role)**

3.
What has worked well in pandemic immigration responses

The Coronavirus pandemic has delivered paradigm shifts in migration policy thinking in two fundamentally positive ways. Firstly, this crisis has exposed the extent of global reliance on migrant workforces in essential services and supply chains. This challenges the kind of categorisations we are used to seeing in global immigration systems around how we measure 'skill', and a realignment of global values around skills suggest a shift could follow in how immigration systems recognise that. Secondly, the crisis has allowed us to reimagine expectations around both the possible and the necessary in a robust immigration system, from both a policy and operations perspective.

We saw unthinkable innovation delivered overnight earlier in the year: over 50 countries ripped up the red tape and granted automatic extensions for migrant workers and landed business travellers, to protect them from becoming overstayers; 20 countries moved to online processing at least in the interim; others granted automatic extensions for essential workers; others still crafted nomad visas to encourage those working remotely to do so in their economies.

At the start of this report, we referenced impressive concessions introduced by the Home Office to support employers and overseas talent during the pandemic[41]. Some of those concessions pushed traditional boundaries and created expectations that should not now simply be rolled back but rather, in the spirit of so many pandemic-accelerated gains, pivot to a longer term new normal. It is right to recognise the progressive and pragmatic thinking behind those concessions and to highlight those that particularly supported business at a time of unprecedented challenge.

We categorise these concessions into three overarching themes:

o   Streamlined processing and simplified documentation requirements.

o   Employer agility around shifted work models.

o   Re-evaluation and the willingness to adjust paths.

CASE STUDY: **RAPID AND EFFECTIVE INNOVATION**

In its pandemic response, the Home Office showed what rapid and effective innovation could look like by implementing several concessions to support visa holders and their employers during the pandemic. These concessions included:

o   Automatic extension of visas for those who were unable to leave the UK due to the pandemic.

o   Allowing employers to conduct 'virtual' right to work checks – normally employers are required to see original documents (e.g. a passport) in person.

o   Allowing switching to a new visa status within the UK where the applicant would normally have been required to leave the UK (e.g. from Tier 5 Youth Mobility Scheme to Tier 2).

o   Exempting employers from the need to report migrants working from home.

o   Allowing employers to reduce migrants' salaries in line with the job retention scheme.

These measures provided sensible relief for business and impacted individuals alike at a time of global crisis.

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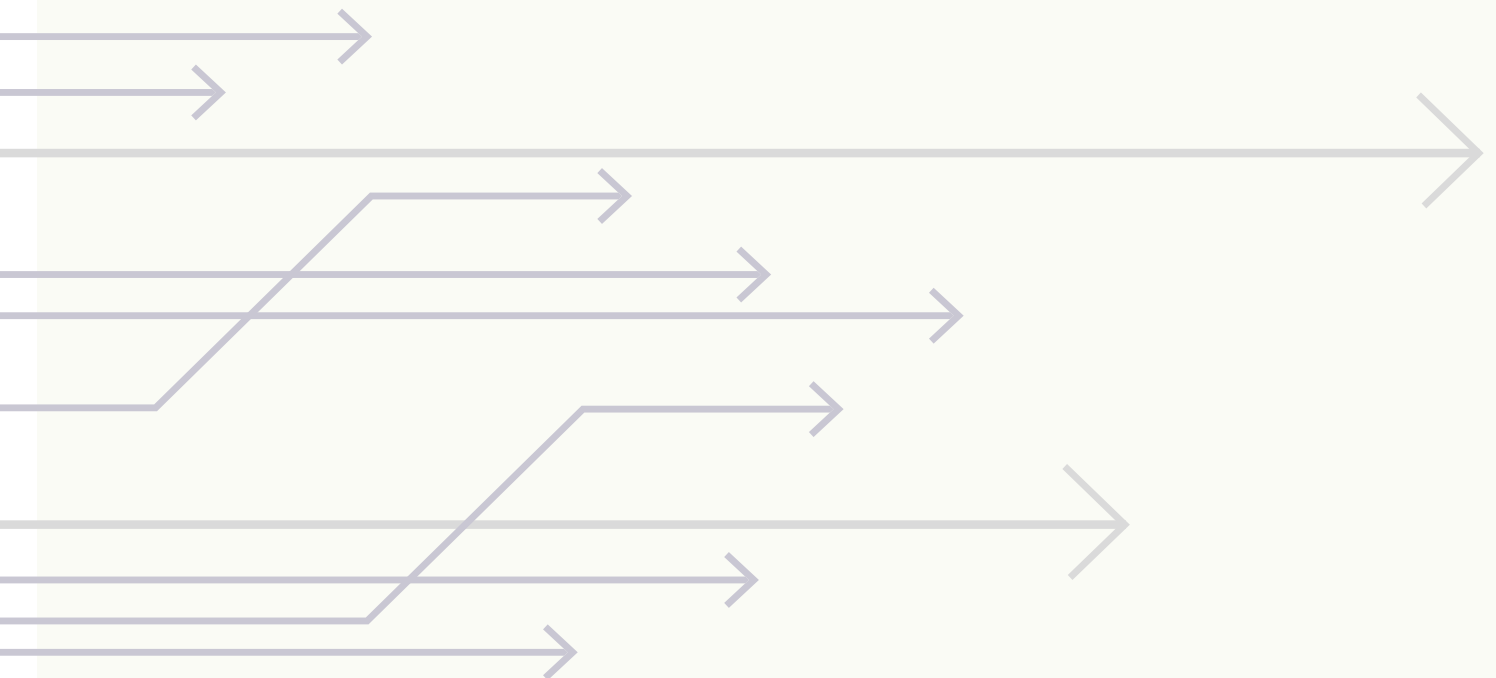
STREAMLINING AND SIMPLIFICATION

As flights were grounded, and borders and application centres both in the UK and overseas closed, the Home Office swiftly introduced measures to protect those who could not physically leave the UK in line with the terms of their immigration permission from becoming overstayers. Automatic extensions were granted in certain cases to minimise administrative burden. Flexibility was introduced to allow switching between immigration categories in countries where this would not usually have been possible, allowing business to effectively manage both the disruption and cost, and providing assurance to applicants. A number of relaxations were introduced around physical documentation and process requirements: right to work checks moved to the virtual; rules around documentation needed in support of Sponsor Licence applications were relaxed and applications were processed with greater speed; applications were processed up to the point of biometrics so that as soon as an applicant's biometrics were enrolled the processing time thereafter would be shortened; expiry dates around endorsements for Global Talent applicants were disregarded; the validity of vignettes was extended from 30 to 90 days, to take into account border closures and travel restrictions and replacements were provided without charge for those who had been unable to travel. Importantly for future streamlining, the Home Office 'leaned in' to their contractual relationship of trust with Sponsors, allowing graduates and other new employees to commence their employment on the strength of a Certificate of Sponsorship being issued and an application for leave to remain being submitted (rather than granted).

AGILITY AROUND SHIFTED WORK MODELS

Sponsor compliance obligations were modified to recognise the mass shift to remote work. Employees were able to continue working remotely without sponsorship being withdrawn and without employers having to notify the Home Office that employees are working from home due to the pandemic. For those supporting the NHS, limits on the number of hours that Tier 2 workers could work (as a second job) or volunteer each week were removed. Where employers were unable to pay the salaries of sponsored employees because of a temporary reduction or cessation of trading, flexibility was introduced to allow the temporary reduction of pay to sponsored employees to the lower of 80% of their salary or £2,500 per month (where this was part of a company-wide policy to avoid redundancies and where all workers were treated the same).

RE-EVALUATION AND THE WILLINGNESS TO ADJUST PATHS

One striking feature of the response has been the level of engagement with stakeholder groups and the clarity and regularity of updates and information from the Home Office. Email help lines were made available to field queries and there was a general sense that officials were receptive to help navigate, particularly so with exceptional or challenging cases. Finally, that these policies were kept under close review as the situation unfolded and adjusted as the changing circumstances required, was welcomed by business.

WHERE THIS TAKES US

The Home Office should consider itself to have some gained good will with business from these measures. Throughout this engagement the overwhelming business response has been positive. However, it is the long-term impact of these policies that will paint the complete picture, and the Home Office will be measured by how it implements the fall-out from these concessions in later years, for example, how pandemic related absences in applications for settlement and naturalisation 4 years down the line are treated in practice. What we have here however is a perfect platform from which to pivot this disruption in a mutually constructive way.

4.
Our recommendations

In developing our proposals for how the UK's immigration system could be improved, we have been led by our engagement with stakeholders as outlined earlier in this report. Although the majority of our engagement was focussed on how the UK's financial and professional services sector uses the immigration system, we have also considered how the concerns raised by this group of stakeholders apply to other sectors, and have developed proposals that have a broad remit and can benefit the UK economy as a whole.

It is important to note, as detailed earlier in this paper, that the present Government has already committed to a new immigration framework to enter force from January 2021. In discussions with the Home Office, it is also apparent that they have invested heavily, and are continuing to invest, in improving the user experience and efficiency, both for employers and individual applicants. In seeking to improve the system rather than rewrite it from the ground up, we have focussed our attention on proposals that we believe would have the maximum positive impact for employers, applicants, the Home Office and the economy as a whole, and can be implemented in a way that supports the Home Office's direction of travel, requiring minimal flex of the Government's policy objectives.

Trade associations think tanks and other commentators have made a compelling case for a reconsideration of how the UK's new immigration system should support various sectors' reliance on lower-paid EU workers. There are indeed difficult questions to consider. Our view is that there is room for both a pragmatic approach to seek 'quick wins' and 'tweaks' of the system, that deliver significant and tangible benefit to UK business, while continuing to ask broader questions about the policy objectives that sit at the heart of the UK's immigration system.

For each of the four key themes identified in the 'findings' section of this report, we have developed several discrete, easily digestible recommendations. For each, we have included a justification for our proposal along with details of the mechanism by which the change could be implemented and commentary on any potential barriers originating from policy or practical concerns.

SUMMARY

Four key areas have emerged as priorities for stakeholders:

o   **Maintaining and increasing the attractiveness of the UK** to international talent. How can the UK's immigration system act as less of a barrier and more of an incentive to encourage top international talent to move to the UK?

o   **Ensuring the UK's immigration system supports and enables diversity, inclusion and flexible working**. Learning lessons from the Coronavirus pandemic, how can we avoid the immigration rules stifling employers' desire to support diversity and flexible working?

o   **Improving sponsorship processes**. How can the sponsorship system be made more efficient and less time-consuming, to the benefit of employers, applicants and the Home Office, whilst maintaining controls?

o   **The cost of the UK's immigration system**. Can flexibility be introduced to support employers, particularly SMEs who are using the system for the first time and may be recovering from the economic impact of the Coronavirus pandemic?

1.
ATTRACTING INTERNATIONAL TALENT TO THE UK

Context and high-level objectives

The UK economy relies on the ongoing supply of international talent. Our objective has been to consider how to maintain this supply into 2021 and beyond, critical to business growth, despite the end of freedom of movement. There are three key components to this objective:

1. The immigration system must be able to identify the skills, qualifications and experience needed in the UK, and must be sufficiently flexible to recognise that the desired set of characteristics, the 'talent' we talk of, is not necessarily consistent across sectors.

2. Once this talent has been identified, the benefits, restrictions, process and cost associated with the immigration system should not act to dissuade or deter critical talent from coming to and staying in the UK.

3. The UK must be promoted globally as an attractive destination, ensuring that international talent the UK wants to attract knows that the UK is 'open for business'. This promotion should be broad and avoid over-targeting 'world-leading' talent at the expense of discrete skills and highly-skilled talent.

There is clearly a fine balancing act between a supply-based immigration system, and the demand-led Tier 2 route that has been the main route into the UK for skilled and highly-skilled non-EU nationals over the last ten years. There is a distinct danger that relying on a purely demand led work immigration system once freedom of movement ends will gradually starve the UK of international talent by virtue of the high costs and friction associated with the sponsored skilled worker route. As outlined in the 'findings' section of this report, these challenges will likely manifest within SMEs earlier than in large firms, that typically have more brand power and resources to find and attract talent wherever it is in the world.

Key challenges

Respondents reported the following key challenges:

o Concern that once freedom of movement ends, the lack of an unsponsored, supply-led immigration system could reduce the attractiveness of the UK to international talent and risks the ability of UK employers to hire the talent they need to succeed.

o Concern that the overall attractiveness of the UK has diminished since 2016 and that successive governments' focus on the 'controlling' and 'reducing' aspects of immigration rather than its benefits risks deterring the international talent the UK economy needs.

ATTRACTING INTERNATIONAL TALENT TO THE UK
OUR PROPOSALS

RECOMMENDATION #1.1

PRIORITISE THE INTRODUCTION OF A NEW, FLEXIBLE UNSPONSORED IMMIGRATION 'TALENT ROUTE' FOR THE 'HIGHLY-SKILLED'

The Home Office should press ahead with plans to introduce a new unsponsored immigration route to attract highly-skilled individuals to the UK, with the new route opening no later than January 2022. We propose that the new route should abide by the following principles:

o Talent Route applicants should not be required to hold a job offer, and should qualify by meeting a certain points threshold, with tradeable points awarded for various characteristics that demonstrate the applicant is 'highly-skilled'.

o There should be a broad range of characteristics that gain points, to enable the route to cater for different sectors.

o No individual characteristic should be mandatory, for example in certain circumstances it should be possible to qualify without possessing a degree level qualification.

o Although further research will be required to determine the exact value in points of each characteristic, we would recommend points are awarded for the following characteristics:

  o Academic qualifications.

  o Recognised professional qualifications (to be determined with reference to UK regulating bodies and trade associations).

  o Number of years prior work experience in a role skilled to RQF level 6 or above in an in-demand sector.

  o Age, with younger candidates awarded more points – the purpose of awarding points to younger candidates is not to discriminate against older applicants, but to avoid discrimination against younger candidates on the basis that they may not have many years of work experience. The points available for these two characteristics should be carefully balanced.

  o Previous study in the UK.

  o Proficiency in a foreign language.

  o An offer of a job skilled to RQF level 6 or above with a salary of £75,000 or higher (this should lead to automatic qualification).

  o Endorsement by a relevant professional or trade body as someone who has the potential to make a significant contribution to the UK (this should lead to automatic qualification).

Offering automatic qualification to applicants who have a job offer does raise the question 'Why can't those applicants use the Skilled Worker route instead?'. The key objective here is to attract international talent – offering these candidates a Talent Route that allows them to easily change roles, employers or enter self-employment and will enhance the comparative attractiveness and competitiveness of the UK.

"A self-sponsored highly-skilled route would be useful in attracting those with innovative mindsets – the visa would allow them the freedom to work as a contractor or set up their own start-up and would help drive innovation in the UK"
– Stakeholder response

We also propose that flexibility on the interpretation of 'highly-skilled' is built into the route, and that there should be a route for professional and trade bodies to endorse applicants as having the potential to make a significant contribution to the UK. This would function as a more granular version of the Global Talent route, with a limit to the number of endorsements each body can issue per year, and a set of qualifying criteria put forward by the professional or trade body but validated by the Home Office. This method of assessment would also support applicants who intend to enter self-employment in the UK and could act as a bridge to the Global Talent route.

In its July 2020 policy statement, the Home Office stated that its starting point would be that any such route should be capped[42]. If this is the case, we would propose the following key principles:

o   The cap should operate so as to provide a points threshold that is known at the time of application, offering certainty to applicants that if they have the necessary number of points, they will not need to wait for months and months to obtain a visa.

o   The points threshold, which could move from month to month, should be calculated based on past and projected future application volumes at each points bracket to ensure that over the course of a year, the cap is not exceeded, or is only exceeded by a small amount, e.g. 10%.

o   To avoid undermining the purpose of the route, applications submitted on the basis of a qualifying job offer should be exempt from the annual cap.

We anticipate that the Home Office may also want to implement controls on the ability of visa holders to extend their visa after an initial grant, e.g. three years. We recommend that on extension:

o   Applicants whose initial entry was granted on the basis of a qualifying job offer or endorsement, should automatically qualify on demonstration of e.g. taking up and holding a job at a similar earnings level, holding again a qualifying job offer or endorsement.

o   In other cases, applicants should be required to demonstrate that they have completed at least twelve months of employment / self-employment in the UK in an appropriate skilled role.

To further increase the attractiveness of this immigration route and to encourage those in the category to engage in highly-skilled work and self-employment while in the UK, we would recommend that those in the Talent Route would qualify for Indefinite Leave to Remain (ILR) after three years rather than five years where they have made an 'extraordinary contribution' to the UK. This principle already exists in other immigration routes – for example Tier 1 (Investor) visa holders can qualify for ILR after three years if they have invested £5m in the UK (the normal requirement is £2m), or after two years if they have invested £10m. Similar provisions exist in the Global Talent and Innovator categories. We suggest that the concept and benefits of a visa holder making an 'extraordinary contribution' to the UK is standardised across visa routes, albeit with different eligibility criteria depending on the focus of the route.

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42   https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/899755/UK_Points-Based_System_Further_Details_Web_Accessible.pdf, P59

The Home Office is already in the process of consulting with stakeholders on how a potential unsponsored immigration route could operate, and so our recommendations in this area should be achievable. Whilst this should be a priority focus, we agree with the approach of taking time to properly configure the route to ensure it can sustain public support, potentially operating a pilot route before fully opening it to all applicants. Care should be taken to learn lessons from the Tier 1 (General) route which was closed to new applicants in 2011, less than three years after it was introduced – a Home Office study conducted in 2010 found 29% of Tier 1 visa holders to be engaged in unskilled work[43]. No country appears to have fallen upon the perfect way to run an unsponsored highly-skilled immigration route, and so the new immigration system offers an opportunity for the UK to innovate in this space and flex its thinking to meet actual economic need.

Alternatively, the route could be offered to trade partners nationals[44], where mutually agreed, in the first wave of the route's implementation. This would represent additional bargaining power for the UK in trade negotiations. Nonetheless, we believe it should be possible to get such a route operational by the start of 2022.

RECOMMENDATION #1.2

PROACTIVELY IMPROVE THE UK'S REPUTATION AS AN ATTRACTIVE DESTINATION FOR INTERNATIONAL TALENT

The UK has historically excelled in its use of 'soft power' to meet its domestic and international objectives[45]. In practice this means leveraging the UK's reputation for education, culture and legal system (amongst other factors) to drive the 'Global Britain' agenda[46]. There is also great potential to utilise this soft power to better attract top international talent to the UK.

The Government should implement new initiatives that leverage the UK's global soft power to attract students, international talent and employers to the UK. This should be a multi-pronged approach, including:

o Joint initiatives between the Office for Talent, BEIS, trade associations and the Foreign Office to identify sources of international talent overseas and communicate the benefits of coming to the UK, presenting the immigration system as world-leading rather than a method of restricting immigration.

o Making use of minor policy tweaks to provide a real benefit to employers seeking to set-up in the UK. Such arrangements have previously existed for 'high value inward investment posts'[47]. Under this arrangement, employers are exempted from the requirement to conduct a Resident Labour Market Test (RLMT). The RLMT requirement will fall away from January 2021, so the Home Office should consider how to incentivise high value inward investments (which must be the aim of the provision) with tangible benefits to such inward investors. These could include access to expedited

43 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/115913/occ91.pdf

44 See discussion at: https://www.thecityuk.com/research/international-trade-agreements-and-uk-immigration-policy-a-practical-blueprint-for-evolution/

45 The website www.softpower30.com ranked the UK as number 2 in the world in 2019, behind only France, and down from number 1 in 2018

46 https://www.gov.uk/government/collections/global-britain-delivering-on-our-international-ambition

47 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901455/2020-07-16_Tier-2-5-sponsor-guidance_Jul-2020_v1.0.pdf, p28.16

Sponsor Licencing to help inward investors get their critical talent on the ground quickly – the current 8 week application period was highlighted by respondents as a particular challenge.

o   Employers and employees under the current system support the UK's socio-economic structure in a number of ways that are directly tied to their immigration status, namely through their contributions to the NHS and the Consolidated Fund[48] through the Health and Skills charges respectively. This is something that those outside of the immigration system are often little aware of. A more concerted effort by central government to promote awareness of these contributions, and how the spending of funds generated by the Immigration Health Surcharge and Immigration Skills Charge benefits UK residents could support social cohesion and ensure continued public trust in the system.

The Government has already taken important steps towards this kind of proactive promotion by creating the Office for Talent in July 2020[49]:

"We will now radically improve our approach to attracting global talent to the UK by setting up a new Office for Talent. This will make it significantly easier for top global science, research and innovation talent to come to the UK and make it their home, and for exceptionally talented Brits across the world to be welcomed back.
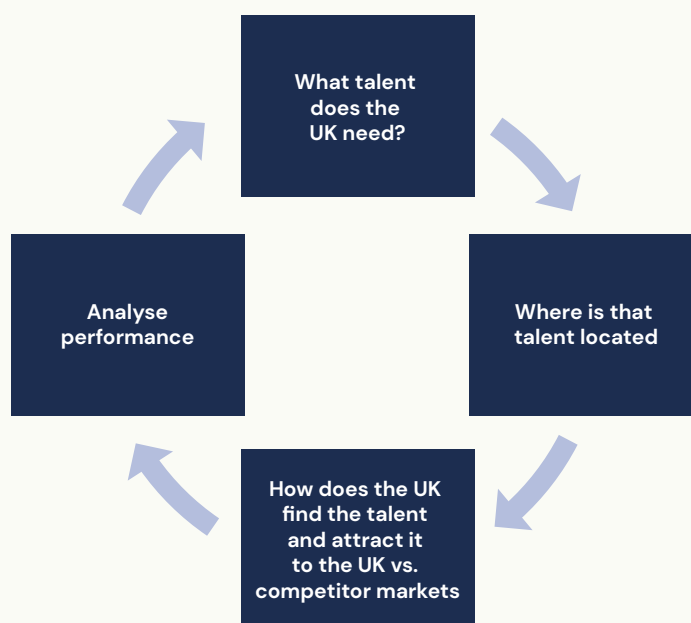
Working with [UK Research and Innovation], other public funders of research training and the National Academies, we will review our overall talent offer, ensuring that it is on the strongest possible footing to support our future skills needs. This includes continuing with Global Talent Visa Reform, building on the changes introduced earlier this year.

We will now look across users' needs, uptake of different routes by established talent and those on the cusp of success, and reviewing restrictions and costs."
– Stakeholder response

This is clearly a positive start, although as it currently stands, the Office for Talent will only focus on attracting 'top global science, research and innovation talent'. Depending on the interpretation of these terms, there is a risk that this represents only a small portion of the talent the UK economy needs to attract. Lessons should be learned from Australia's recent implementation of a similar visa route to attract global talent.

Implementing this recommendation would require a joined-up approach across government, perhaps led by the Office for Talent, but with a broader scope than at present. Private-sector input would support a continuous feedback cycle that would prevent these initiatives from going 'stale'.

What talent does the UK need? → Where is that talent located → How does the UK find the talent and attract it to the UK vs. competitor markets → Analyse performance → What talent does the UK need?

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48   https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902593/
HO_Annual_Report_and_Accounts_2019-20_FINAL.pdf

49   https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/896799/
UK_Research_and_Development_Roadmap.pdf

CASE STUDY: **HOW FRANCE ATTRACTS INTERNATIONAL TALENT**

Over the last 18 months, France has continued to present itself as a welcoming destination for international talent and has introduced a new 'French Tech' visa. This immigration route is open to individuals who want to join a French start-up as employees, founders who want to launch a start-up in France and investors[50]. The cost of the visa is only €368 in administrative fees – much less than the cost of the equivalent UK visa. President Macron has been very keen to promote France as an attractive destination for tech talent[51] and this may have contributed to France's renewed status as the highest ranked 'soft power' in the world[52].

France also operates a number of more general immigration routes targeted at attracting international talent – the 'passport talent' residence permit which was created to help foreign employees and self-employed persons develop France's economic attractiveness[53].

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50 https://lafrenchtech.com/en/how-france-helps-startups/french-tech-visa/
51 https://www.bloombergquint.com/markets/macron-improves-stock-options-to-lure-tech-talent-to-france
52 https://softpower30.com/country/france/
53 https://france-visas.gouv.fr/en_US/web/france-visas/international-talents-and-economic-attractiveness
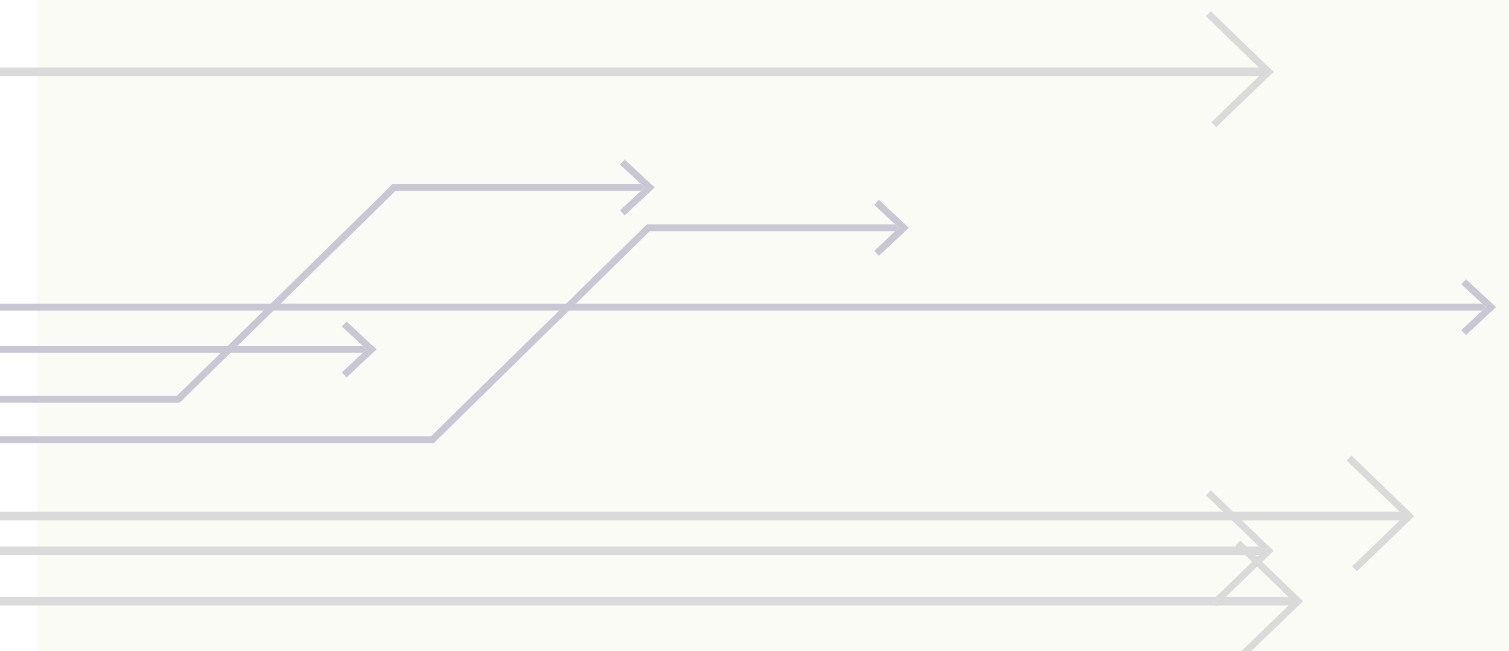
CASE STUDY: THE AUSTRALIAN 'GLOBAL TALENT' ROUTE

The UK is not the only country attempting to attract world-leading talent. In November 2019, Australia introduced the Global Talent Independent (GTI) route, offering a streamlined priority visa pathway for highly-skilled and talented individuals. Applicants must be highly-skilled in one of the seven target sectors[54] and be able to command a salary at, or above, AUD $153, 600 (~£84k).

The route was launched with much fanfare and the Australian government appointed 'Global Talent Officers' in London, Shanghai, Singapore, and Washington DC to locate world-leading talent and convince them to come to Australia.

The route has only been in operation for less than a year and for the majority of that time, has clearly been impacted by the Coronavirus pandemic, so it is probably too early to draw firm conclusions on its effectiveness. That being said, the initial uptake was not overwhelming – in the three months after launch, to 30 January 2020, only 226 visas were granted under the broader 'Distinguished Talent' visa subclass, and only 102 of these grants were for applicants outside of Australia[55]. Since there are other ways to qualify for a Distinguished Talent visa, actual uptake of the GTI route may be even lower than these figures suggest.

Possible reasons for the low uptake could include:

o   The bar being set too high.

o   The need to overcome historical perceptions that Australia's immigration system is overly restrictive and not necessarily welcoming to migrants.

o   The process being too complex and time consuming – we have heard anecdotal evidence that nine times out of ten, where the applicant has a job offer, it's easier to just use the sponsored worker system with which many employers are familiar.

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54   AgTech, Space and Advanced Manufacturing, FinTech, Energy and Mining Technology, MedTech, Cyber Security and Quantum Information, Advanced Digital, Data Science and ICT

55   https://www.itnews.com.au/news/tech-migrants-shun-australias-new-fast-track-permanent-residency-visa-548177

2.
SUPPORTING DIVERSITY, INCLUSION AND FLEXIBLE WORKING

Context and high-level objectives

The world has gone through significant upheaval in the last six months. Both the Coronavirus pandemic and global focus on increased diversity and inclusion (D&I), have highlighted challenges and opportunities around D&I in the workplace. A recent study by Hays Recruitment[56] found that 37% of employers surveyed believed their organisation had increased its focus on D&I in the last three months. So too is the world reassessing what the future of work looks like. Clearly the UK's immigration system is only one small component in enabling employers to meet their D&I objectives. That being said, the size of the immigration system's role in this regard is set to increase from 2021 as employers see a larger proportion of their workforce coming under its remit. Here too, the UK has an opportunity to lead the way on the global stage and build out its immigration system in synchronisation with new work models – leveraging the positive steps that it took in its pandemic response around immigration. Our core objective in this area is that, as far as is practically possible, the UK's immigration system should operate so as to help (or at least not hinder) employers as they strive to deliver against these critical goals, and it should evolve to recognise the accelerated move to both remote and flexible working, and not impede firms in increasing D&I in the workforce.

Key challenges

Respondents reported the following key challenges:

o   The current and proposed sponsored worker system only allows the highly paid to work part-time. This is fundamentally unfair and impedes employers in their ability to meet D&I and flexible working objectives.

o   The current requirement to make an application for Further Leave to Remain for changes in role is expensive, time consuming and introduces significant friction to workforce flexibility, potentially impacting social mobility.

SUPPORTING DIVERSITY, INCLUSION AND FLEXIBLE WORKING
OUR PROPOSALS

RECOMMENDATION #2.1

WIDEN THE SITUATIONS IN WHICH PART-TIME WORKING IS ALLOWED

The Skilled Worker route should allow visa holders to work part-time where agreed with the employer, even where absolute earnings fall below the relevant salary threshold, in the following scenarios:

a. In all cases where the migrant has worked for the sponsor for at least 26 weeks, in line with the statutory requirement to be eligible to submit a flexible working request.[57]

b. In the first five years of a child being born or adopted, prior to the child reaching compulsory school age.

This will assist employers in encouraging and facilitating flexible working, in turn supporting employers in meeting their D&I objectives.

The Migration Advisory Committee (MAC) has expressed concerns that allowing part-time working in the scenarios described above could result in increased abuse[58]. Of the two conceivable situations that may have given the MAC cause for concern, the first is where a migrant worker works so few hours that they have insufficient income to support themselves and any family members. Our view is that this scenario is 'self-policing' since visa holders are not entitled to claim public funds. The second is where an employer and migrant worker collude to create a spurious role for two or three hours a week, merely to facilitate entry to the UK. Again, the mechanism to prevent such abuse already exists – employers must certify that each role they sponsor is a 'genuine vacancy'. The type of abuse outlined above would clearly fail this test and employers would likely lose their Sponsor Licence as a result.

As a more general point, whilst any abuse of the immigration system is undesirable, anti-abuse measures should be reasonable and should balance the scale and severity of abuse they attempt to control with the additional administration or loss of flexibility they create for the majority of legitimate users. Consideration should also be given to who is the potential 'abuser', and who is impacted negatively by the additional administration or loss of flexibility. In the example of part-time work, an overzealous control measure risks harming individuals for the sake of preventing perceived abuse, presumably mainly by employers.

57   https://www.legislation.gov.uk/ukpga/1996/18/part/8A
58   https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873155/
      PBS_and_Salary_Thresholds_Report_MAC_word_FINAL.pdf p5.88

CASE STUDY: **DO OTHER COUNTRIES' IMMIGRATION SYSTEMS ALLOW PART-TIME WORK?**

Whilst Australia and New Zealand's sponsored worker visa categories only allow full-time work, regardless of salary, Canada's system works purely on the basis of pro-rated salary thresholds, meaning that a visa can be obtained for any credible working pattern agreed between the employer and employee.

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The MAC did recommend allowing visa holders to switch to part-time work[59] after becoming a parent, although it did not specify any limitation on the duration of this concession. Unfortunately, the Home Office does not appear to have accepted the MAC's recommendation in this regard. However, implementing this recommendation would be a straightforward policy change and would not require additional technology.

Employers could report changes to working patterns via the Sponsor Management system (but see our later recommendations for how this process could be further improved) and would only be required to retain evidence of the date of birth of the employee's child so as to calculate the end date of this concession.

The credibility of the employer and employee relationship is at the heart of this,

as seen in Canada. The operation of the current Tier 2 route and the future Skilled Worker route rely on a large degree of trust. When employers apply for a Sponsor Licence, they commit to meeting ongoing responsibilities, and there are substantial penalties in place for employers who break this trust, up to and including loss of the Sponsor Licence and curtailment of all employer sponsored visas. Our recommendation requires an element of trust, but no more than the trust that already exists within the current and proposed systems. The future implementation of technology that can validate this trust is to be welcomed, and the Home Office has already stated an intention to start validating sponsored workers' salaries against their Certificate of Sponsorship using HMRC data.

RECOMMENDATION #2.2

STREAMLINE CHANGES OF EMPLOYMENT WITHIN THE SAME EMPLOYER

Sponsored migrant workers should be permitted to change role within their organisation without making a full application for Further Leave to Remain. This will save significant time, effort and money for the employer, employee and the Home Office and greatly reduce friction associated with progression or career changes.

With the abolition of the requirement to conduct a Resident Labour Market Test, there appears to be little justification for forcing the employer to assign a new Certificate of Sponsorship and the employee to submit a whole new application. This process is extremely duplicative, with the employer and employee submitting data that the Home Office already holds, or that could be better submitted via a simple notification on the Sponsor Management System (as is the case for minor changes of role within the same SOC code).

It may be the case that the Home Office uses the application as a 'trigger' to assess the new job description and salary to ensure they meet the requirements. Such an assessment is not in itself unreasonable, but this objective could be far better (and more efficiently) served by simply requiring employers to submit a notification via the Sponsor Management System and using this event as a 'trigger' for the Home Office to carry out an assessment.

It is of course important that there should be controls in place to prevent abuse of the system and maintain public support for the immigration system. Fortunately, these controls already exist – there are clear rules on minimum skill and salary thresholds and the flexibility we call for above should not be construed as a 'loophole' that would permit employers to bypass these rules. Employers would still be required to ensure that the new role meets all requirements before allowing the migrant worker to switch roles.

Implementing this recommendation would be a straightforward policy change and would not require additional technology. Changes of employment would continue to be reported via the Sponsor Management System.

CASE STUDY: SUPPORTING THE UK'S ECONOMIC RECOVERY FROM THE CORONAVIRUS PANDEMIC

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As the job retention scheme winds down and the economy continues to reopen, many employers will be keen to match the activities and working hours of their workforce with the demand for their goods and services. The proposals outlined above would offer significant flexibility to employers and employees during these difficult times.

3.
IMPROVING SPONSORSHIP PROCESSES

Context and high-level objectives

As identified in the findings section of this report, the UK's immigration system is process-heavy, particularly for employers making use of the sponsored worker system. To ease administrative pressures on employers, processes should be:

o Simple.

o Efficient.

o Clearly documented.

Scrutiny should be applied to processes on an ongoing basis to ensure they provide a high-quality user experience and do not impose on employers more than is absolutely necessary to achieve policy objectives. Finally, the Home Office should continue to develop and implement innovative technology solutions to support progress towards these outcomes.

Key challenges

Respondents reported the following key challenges:

o Employers who make frequent use of the sponsored worker system reported difficulties in efficiently using the Sponsor Management System (SMS). These challenges can be broken down into three sub-challenges:

- The SMS itself is 12 years old and has received few user-experience updates during that time. It is unintuitive, and inputting and extracting data is more difficult than employers feel it should be. The latter point was particularly seen as counter-intuitive in that it does not easily support sponsors looking to the system for data outputs in monitoring their own compliance.

- Employers are required to submit a large volume of data via SMS and there is a perception that much of it is duplicative – submitting data already held by the Home Office or by other government departments.

- There is also a view that some of this data is unnecessary and submitting it serves no real function other than to add data to a huge database that is rarely (if ever) examined.

o The introduction of the new immigration system from 2021 has the potential to result in a huge increase in the volume of applications, and that unless the transition is carefully managed, it could cause great levels of confusion amongst employers who have never used the system before.

IMPROVING SPONSORSHIP PROCESSES
OUR PROPOSALS

RECOMMENDATION #3.1

IMPROVE INTRA-GOVERNMENTAL DATA SHARING TO ENHANCE COMPLIANCE AND AVOID DUPLICATION

The Home Office should leverage data submitted by employers to HMRC via real-time payroll reporting to:

o   Compare the actual pay of sponsored migrants to minimum thresholds under the immigration rules, increasing levels of compliance and identifying abuse in an efficient manner (targeted compliance action is a more effective use of resources).

o   Avoid duplication by using this data to track salary changes and the end of a sponsored skilled worker's employment instead of requiring employers to manually report these changes via the Sponsor Management System.

Employers already submit a wealth of data to HMRC, typically on a monthly basis, covering each employee's salary and employment status. This data, if accessed and processed using modern data processing techniques could be used to monitor the employment status of sponsored migrant workers and trigger curtailment action where employment ends prior to the expiry date of the migrant's visa. It would be prudent for the Home Office's systems to automatically notify employers of intended curtailment to give employers an opportunity to correct any errors or mistakes. Even with a fail-safe such as this, the overall administrative pressure on employers would drop considerably.

Our engagement highlighted near universal support amongst employers and individuals for data-sharing arrangements such as this, and the EU Settlement Scheme was highlighted as an example of how this can be done well.

We do not anticipate significant policy-based barriers to implementing this improvement. There would of course need to be a full assessment of the viability of using payroll data as a proxy for immigration 'events', e.g. end of employment, that must normally be reported by sponsors. But with an appropriate fail-safe mechanism, it should be possible to cut out a large majority of manual notifications via the SMS. Implementation would however require improvements to the Home Office's technology systems. It is understood that HMRC's systems are already capable of supporting this type of inter-departmental data sharing.

RECOMMENDATION #3.2

ENHANCED SPONSOR MANAGEMENT SYSTEM FUNCTIONALITY

Functionality within the Sponsor Management System (SMS) should be updated to include:

o APIs[60] to enable integration with employers' HR Information Systems (HRIS) to transfer data, notifications and reports to and from the SMS.

o Improved reporting, bulk upload functionality and an enhanced 'look and feel' for smaller sponsors who will continue to access the SMS directly without the use of an HRIS.

These changes will improve the accuracy of data held by the Home Office in its systems, the timeliness of notifications, and will result in huge time savings for employers who regularly use the sponsored worker system.

The Sponsor Management System was first introduced in 2008, and although minor updates have been made since then, these have focussed on facilitating policy changes, for example the introduction of the Tier 2 (General) limit and associated mechanism for requesting Restricted Certificates of Sponsorship. In that time, there have been no real improvements to the system's usability, and as a result, it has fallen behind modern web standards. HMRC's systems[61] are a great example of what can be achieved in this area and the implementation of APIs has made real-time payroll reporting viable.

The main instances of data transfer that could be made more efficient by the implementation of APIs are as follows:

Pushing data *to* the SMS	Pulling data *from* the SMS	The SMS pushing data to the employer
Preparing and assigning a Certificate of Sponsorship	Retrieving a copy of an assigned Certificate of Sponsorship	Notifications of changes to functionality or policy
Adding a Sponsor Note	Checking the status of an assigned Certificate of Sponsorship	Updates on the status of a migrant's application for a visa
Reporting relevant events, including changes to a migrant's role	Retrieving reports, e.g. on number of Certificates of Sponsorship issued, total spend etc	Notifications where the Home Office intends to curtail a migrant's visa (see recommendation #3.1)
Requesting a yearly allocation of Certificates of Sponsorship	Usage report data, as above	

It is important to note that APIs do not improve usability by themselves. Instead, private sector software companies would need to adapt HRIS and other systems to interact with Home Office APIs. It's also true that not every employer can afford to invest in an off-the-shelf HRIS or an in-house technology solution, so it will be important to ensure this improved functionality is also available, as far as possible, to sponsors accessing the SMS via the normal web-based user interface, for example bulk-upload functionality, perhaps via a spreadsheet, and the ability to retrieve reports from the SMS.

There do not appear to be any policy-based barriers to implementing these changes – this proposal merely concerns *how* data is transferred between employers and the Home Office, not what data is transferred. In terms of technological barriers, we understand the Home Office does intend to update its immigration technology, and requests for APIs will not come as a surprise – our proposals should be interpreted as an indication of employers' priorities in this area.

60 Application Programming Interface (API) – A mechanism by which web and local applications can communicate with each other programmatically rather than via a user interface
61 HMRC operates a number of APIs that facilitate efficient transfer of data and notifications to and from HMRC's systems without manual input or data transfer: https://developer.service.hmrc.gov.uk/api-documentation/docs/api

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RECOMMENDATION #3.3

TRUST SPONSORS TO RETAIN DATA WITHOUT ALWAYS REQUIRING THEM TO SUBMIT IT TO THE HOME OFFICE

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Sponsors should not need to report changes of work address via the Sponsor Management System (SMS) and instead should be trusted to retain this data, available for Home Office inspection at any point as needed. This would eliminate another source of administrative pressure, particularly for sponsors with multiple UK offices or where sponsored migrants work at client offices – the status quo is that employers are required to update the SMS whenever a migrant's work address changes.

The underlying justification for this requirement is not immediately obvious. It seems reasonable that the Home Office should know where a given sponsored migrant is working should they wish to conduct a compliance visit and interview the migrant. It is also reasonable to expect the Home Office to have access to a migrant worker's latest address and contact details should they need to contact them directly or, in extreme circumstances, visit them at home. However, whilst the Home Office trusts sponsors to retain the migrant's contact details and keep them up to date, providing them to the Home Office on request, it does jar slightly that sponsors are required to manually notify the Home Office of every change to the migrant's work address. There are other examples of information and documentation that sponsors are required to retain on record should the Home Office wish to conduct a compliance visit, for example evidence relating to a Resident Labour Market Test and right to work checks.

Should the Home Office wish to visit a given migrant worker at their place of work, they would simply need to ask the employer to confirm the migrant's current work address. In circumstances where the Home Office sees a need to conduct an unannounced visit, they could visit the work address specified on the original Certificate of Sponsorship. There is a chance that the migrant might not be at that address when the Home Office visit, but this risk is inherent in any unannounced visit. On any given day, a migrant worker could be on annual leave, sick or on a business trip, none of which it would be practical to report via the SMS.

Implementing this recommendation would be a straightforward policy change and would not require additional technology. The Sponsor Guidance would simply need to be updated to confirm a requirement to retain a record of the migrant's current working address, to be made available to the Home Office on request.

RECOMMENDATION #3.4

RAISE AWARENESS OF THE SPONSORED WORKER SYSTEM AND OFFER MORE SUPPORT TO EMPLOYERS WHO USE IT

The Home Office is already taking active steps to promote awareness around the 2021 system[62]. This should be cohesively positioned as a series of initiatives to support employers of all sizes in making use of the UK's immigration system, to include:

o A 'get ready for Brexit' style campaign on the immigration changes from January 2021 and the steps employers will need to take to become sponsors, with clear guidance on timeframes and total costs, not just to obtain a Sponsor Licence, but to navigate the process of sponsoring a single person from start to finish.

o An ongoing commitment to accessibility and transparency of immigration rules, processes and guidance. In January 2020, the Law Commission published a report calling for the simplification of the Immigration Rules[63]. In March 2020, the Home Office responded, stating that they aim to overhaul the immigration rules, consolidating and streamlining in line with the Law Commission's recommendations, by January 2021.[64]

o Offering assurance that the Home Office has the capacity to scale-up its operations in a short space of time to accommodate higher volumes of applications.

o Introduce a priority service for Sponsor Licence applications and / or offer this expedition as an incentive to inward investment posts.

o Increase the level of support available to sponsors and creating support options relevant to different categories of sponsor including first-time sponsors and high-volume sponsors. Support services could include:

- A concise walkthrough guide that enables SMEs who want to sponsor one person to understand the whole process from start to finish, including total timeframes and costs.

- Training, delivered in person, remotely or via recorded video guides, covering sponsorship processes, how to use the Sponsor Management System and how to complete right to work checks in a compliant fashion.

- An 'Amnesty audit', with employers inviting the Home Office to undertake a compliance visit, offering an opportunity to resolve minor instances of historical non-compliance and move forward with a 'fresh slate'.

Some of these support services may only be commercially viable to deliver where the cost is met by the end-user. Many of our respondents reported that they would consider using such services even if there was a reasonable cost in doing so. We would suggest that the Home Office should factor in the benefits of increased compliance in determining any such fees.

Currently the Home Office does not offer an optional priority service for Sponsor Licence applications, and applications typically take around eight weeks, although have been known to take considerably longer on occasion. An expedited service, that saw applications decided in two weeks, for a reasonable fee, would likely see significant uptake, generating additional revenue for the Home Office. If there is a logistical reason why this is not possible, for example the Home Office needs to hear back from a third party on certain checks, this barrier should be investigated thoroughly to see if there are any practical

62 UKVI news feed: https://www.gov.uk/search/all?organisations%5B%5D=uk-visas-and-immigration&order=updated-newest&parent=uk-visas-and-immigration, Home Office twitter: https://twitter.com/ukhomeoffice

63 https://www.lawcom.gov.uk/project/simplifying-the-immigration-rules/

64 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875205/24-03-2020_-_Response_to_Law_Commission_for_publication.pdf

workarounds that do not sacrifice compliance. There is presumably no policy-based reason why the process of applying for a Sponsor Licence cannot be expedited – after all, the Home Office can now decide a visa application in 24 hours, and this involves checking an applicant's data with third parties such as the police national database. Care should be taken to ensure that implementation of an expedited service does not simply push expedited applications to the front of the queue at the expense of other applications, leading to a degraded service for all other users.

The extension of the immigration rules to EU citizens from January 2021 represents the biggest change to the UK's immigration rules in over 40 years. It is likely that tens of thousands of SMEs will need to use the system for the first time and would benefit from the Home Office raising awareness of the changes and offering tailored support in navigating the sponsorship system. Similarly, frequent sponsors would also appreciate further support from the Home Office on how to use these systems efficiently, as the expectation is that they will now be sponsoring many more migrant workers.

Implementing this recommendation would not require substantive changes to policy or technology but will require a political mandate and some additional budget. Our view is that the costs associated with increasing awareness and support services will be money well spent – it will increase levels of compliance, enhance user experience and support employers in 'bouncing back' from the economic impacts of the Coronavirus pandemic.

CASE STUDY: SUPPORTING THE UK'S ECONOMIC RECOVERY FROM THE CORONAVIRUS PANDEMIC

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As the UK's economy begins to recover and employers look to grow, key hires will be crucial. Where that key hire is a migrant worker, anything that makes it easier to get that person in role as quickly and easily as possible will be welcomed. This is especially true for SMEs who have never used the UK's immigration system before – the proposals we have outlined above should help the streamlining of the process of becoming a sponsor and sponsoring a migrant worker for the first time.

4.
THE COST OF THE UK'S IMMIGRATION SYSTEM

Context and high-level objectives

Our focus is on reducing the overall cost of using the UK's immigration system and increasing 'value for money'. The feedback we received from respondents was that administration made up a major component of overall cost. Our proposals on how to improve process and reduce administrative burden should go a considerable way in lowering the cost of the immigration system, not just for employers, but also for the Home Office.

The cost, in monetary terms, of the UK's immigration system is inescapably high. Research by EY and the City of London Corporation in 2018 found that the UK's system was by some margin the most expensive of comparable global systems, including Australia, the US, Canada and numerous EU member states[65]. By October 2020, the fees associated with the costed scenario outlined in that report – a two-year Intra-Company Transfer – will have increased by 14% in less than two years[66].

Figure 8: Costs for a 5-year Skilled Worker Visa
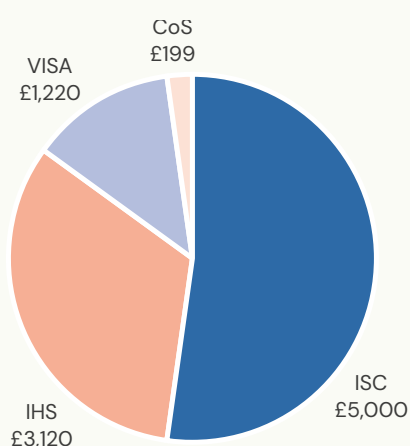
The two highest cost components – the Immigration Health Surcharge (IHS) and the Immigration Skills Charge (ISC) – generate

significant funds for the Government: around £426m in the year to April 2019[67]. Clearly this level of revenue generation is attractive to the Government in the current economic climate, and as a result, viable options for reducing these fees are limited. That being said, we have identified several achievable policy options that would offer employers flexibility in paying these costs, and would be of particular value to SMEs.

Key challenges

Respondents reported the following key challenges:

o   The Immigration Skills Charge is a significant payment (up to £5,000) and must currently be paid in full, up-front, at the time of application, potentially up to six months before the migrant worker starts their role. No other tax on employers is payable in advance to this extent, and the amounts concerned can impact cashflow for SMEs.

o   Managing part-refunds of the Immigration Skills Charge where the migrant leaves employment, often many years later, can be an administrative 'headache'.

o   Medium sized employers have to pay much higher sponsorship fees than small or charitable employers. This does not necessarily reflect the differences in resources between small and medium sized companies, particularly in the context of the Coronavirus pandemic.

N.B. Our earlier recommendation (#1.1) that the UK should implement a new unsponsored immigration route – the Talent Route – will also indirectly support businesses with managing cost, as the Immigration Skills Charge would not be payable and many individual applicants would pay the application fees themselves.

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65   Link to 2018 report

66   The Immigration Health Surcharge increased from £200 to £400 per year for most applicants in January 2019. It will increase again to £624 per year for most adult applicants (expected October 2020)

67   In the year to April 2019, the ISC generated over £128m and the IHS generated almost £298m in revenue

THE COST OF THE UK'S IMMIGRATION SYSTEM
OUR PROPOSALS

RECOMMENDATION #4.1

INTRODUCE FLEXIBILITY IN PAYING THE IMMIGRATION SKILLS CHARGE

Employers should be able to choose between three options for paying the Immigration Skills Charge:

1. Paying up-front in full, with a refund system, as per the current rules.

2. Paying up-front in full, with a discounted charge but no refund where the migrant worker ends their employment early.

3. Paying yearly or monthly through existing HMRC systems, with no refund given where the migrant worker ends their employment early.

Option 2 would give employers absolute certainty of cost and would eliminate the administration associated with processing refunds, both for employers and the Home Office. The data required to determine a suitable discount is not publicly available, but it should be calculated such that on average, the Home Office generates the same level of revenue as option 1.

Option 3 would reflect the fact that the Immigration Skills Charge is effectively a tax on employment and would allow employers a more convenient way to spread the cost over a longer period.

Offering a choice between these methods of payment would support employers in managing internal budgets and allocation of costs. Different organisations have different priorities in this regard – some would undoubtedly prefer to spread the cost evenly across the length of the migrant's employment whilst some may prefer absolute certainty on costs with a single payment to avoid the need to reallocate ISC costs each month.

Implementing this recommendation would require significant adjustments to both policy and process, and the Home Office would need to work with HMRC to facilitate option 3 – this would require further integration between systems as proposed in recommendation #3.1.

CASE STUDY: **SUPPORTING THE UK'S ECONOMIC RECOVERY FROM THE CORONAVIRUS PANDEMIC**

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Both of our recommendations on cost would support businesses recovering from the economic aspects of the pandemic in controlling and managing costs associated with sponsoring migrant workers. This is particularly true for SMEs – we often hear of a need to make one or two key hires to get a business moving forward, and if one of those hires happens to be a migrant worker, the UK's immigration system should be sufficiently flexible to facilitate that employment without being prohibitively expensive or creating cashflow issues.

RECOMMENDATION #4.2

MEDIUM SIZED COMPANIES SHOULD PAY THE SAME FEES AS SMALL AND CHARITABLE SPONSORS

Medium sized organisations should pay the same fees as currently apply to small employers, and the full fees should be reserved for large enterprises with more than 250 employees.

CASE STUDY: HOW IS THE 'SIZE' OF A SPONSOR DETERMINED?

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The Home Office relies on the definitions contained with the Companies Act 2006. Specifically, a company is normally considered to be a small sponsor if they meet two or more of the following conditions:

a. Annual turnover of not more than £10.2m.

b. Balance sheet total of not more than £5.1m.

c. Not more than 50 employees.

Companies who are not small (or charitable) sponsors automatically have to pay higher fees. No account is taken of the difference between a medium sized enterprise and a large corporation.

For reference, the Companies Act 2006 defines a medium sized company where they meet two or more of the following conditions:

a. Annual turnover of not more than £36m.

b. Balance sheet total of not more than £18m.

c. Not more than 250 employees.

Under the current charging system, there are two components where the fee differs depending on the size of the sponsor. These are outlined below:

Component	Payable	Small (typically 50 or fewer employees) or charitable sponsor	Medium or Large sponsor
Application for a Sponsor Licence	Every four years	£536	£1,476
Immigration Skills Charge (ISC)	Per person sponsored, per year of sponsorship	£364	£1,000

By way of an example, under the current system a small company sponsoring a migrant worker for 5 years would need to pay an Immigration Skills Charge of £1,820. A medium sized company sponsoring the same person would instead need to pay £5,000, an increase of 175%. Data published by the Office for National Statistics confirms that a significant majority of medium sized companies in the UK are far closer to being small companies than they are to being large companies, at least in terms of employee headcount.

Figure 9: Number of UK private sector businesses with more than 49 and less than 250 employees, b number of employees (2019)
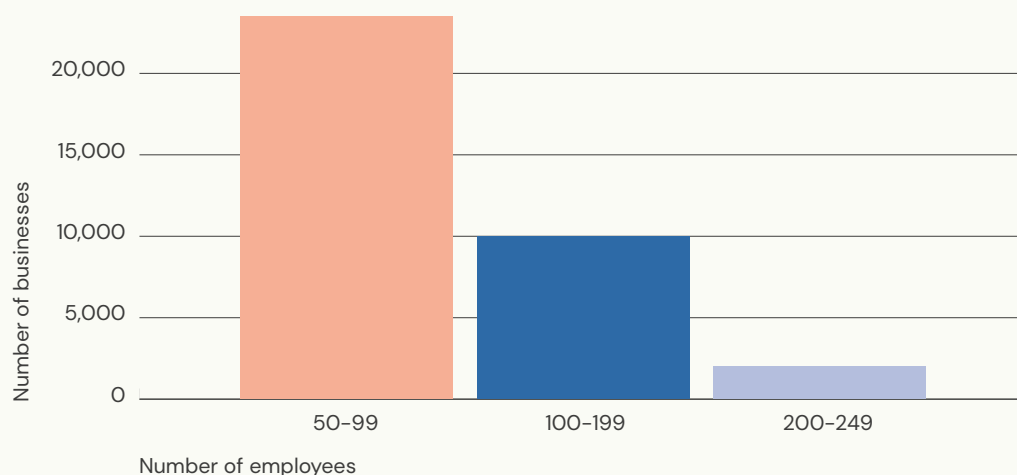
2021 will likely see a huge number of SMEs needing to apply for a Sponsor Licence and sponsor migrant workers for the first time. For a medium sized company, the higher fees risk making the whole system prohibitively expensive, dissuading the company from recruiting from abroad, even if that means giving up on the best candidate for the role. Charging medium sized companies the same fees as small sponsors would be a more appropriate compromise, and would make the system more attractive to the UK's 36,000 medium sized companies. Alternatively, there should be an additional category for medium sized companies, with a commensurate charge between the current £364 (small) and the £1,000 (medium / large) rates.

Implementing this recommendation would be a straightforward policy change but would require acceptance by the Government that their revenue from the Immigration Skills Charge might fall below projected figures. Any shortfall would depend on the price elasticity of demand for use of the sponsorship system – something which of itself is hard to predict and depends on a range of macroeconomic factors impacted by the end of the Brexit transition period and the Coronavirus pandemic. What is clear however, is that revenue from the Immigration Health Surcharge and the Immigration Skills Charge will increase significantly from 2021, purely by virtue of the fact that EU citizens arriving in the UK therefrom, and their employers, will need to pay those fees. To ask the Government to accept a slightly smaller increase in revenue for the sake of offering greater support to SMEs seems a reasonable request, especially in the current economic climate.

5.
Conclusion

We stand at a crossroads in immigration policy. Hybrid work models and a reframed future of work create unique opportunities, to both better leverage the immigration system to support the UK economy and the growth of domestic talent. The Graduate Route, the opening of the sponsored Skilled Worker route to a wider range of roles and salary levels and eliminating costly and time-consuming administration, and flexibilities for Intra-Company Transferees, represent significant gain for UK business. But there are also significant risks – imperfections within the system will be exacerbated and exaggerated overnight with far greater numbers of non-UK workers using the system. With the ongoing risks posed and opportunities presented by the Coronavirus pandemic, immigration policy is simply not something the Government can 'set and forget'. Nor should it be. As we said at the outset, now is the time for deliberate, relevant and innovative immigration policy.

The UK is entering a new era in its relationship with the rest of the world – our immigration system, and our creativity in navigating disruption, will play an increasingly crucial role in how other countries and their populations see the UK. With increased global remote working, will the UK be seen as an attractive destination to invest, innovate, study and work in? While a multitude of factors will inevitably feed into this perception, our immigration system is the one apparatus of state that everyone coming to the UK must engage with.

Our recommendations, when implemented, will:

o Increase the attractiveness of the UK to top international talent, with a broad definition of what 'talent' means – one that works for the UK's economy and society as a whole.

o Help employers support their workforce and meet diversity and inclusion objectives by allowing migrant workers to work part-time in a wider range of situations and eliminating immigration barriers to progression and role changes.

o Further streamline immigration processes, using innovative technology and minor policy changes to reduce cost and deliver greater simplicity for employers, applicants and the Home Office.

o Offer employers flexibility in paying the significant costs associated with using the UK's immigration system, and make sponsorship more affordable for the UK's 36,000 medium sized companies.

o Support SME and larger employers' recovery from the Coronavirus pandemic by reducing cost, eliminating red tape and offering a more viable route to employ the talent needed to boost growth, even if that talent comes from outside of the UK.

Looking forward, it will be critical – in what may be challenging years ahead – to strike the right balance between skills-driven immigration and the domestic skills landscape. We welcome the Home Office's continuing efforts to engage with stakeholders on the development of the future immigration system, the improvements already implemented and those that are on the way. We welcome the opportunity for further engagement with the Home Office on our recommendations, which we trust to be useful in highlighting priorities as policy and technology continues to develop over the coming months and years.

Appendix

Figure 10:

THE OLD TIER 1 (GENERAL) ROUTE (CLOSED IN APRIL) 2011)
75 POINTS TO QUALIFY (+ ENGLISH LANGUAGE AND MAINTENANCE REQUIREMENTS)

Age		Qualifications		Previous earnings		Other	
<30	20 points	PhD	45 points	£150k +	75 points	UK experience	5 points
30–34	10 points	Master's	35 points	£75k < £150k	45 points	Qualifying MBA	75 points
35–39	5 points	Bachelor's	30 points	£65k < £75k	40 points		
				£55k < £65k	35 points		
				£50k < £55k	30 points		
				£40k < £50k	25 points		
				£35k < £40k	20 points		
				£30k < £35k	15 points		
				£25k < £30k	5 points		

EXAMPLES OF QUALIFYING APPLICANTS:

A **26 year old** (20 pts) with a **PhD** (45 pts) from a **UK university** (5 pts) and **previous earnings from the UK of £26k pa** (5 pts).

A **40 year old** (0 pts) with **no degree** (0 pts) and **previous earnings from the US of £160k pa** (75 pts).

A **32 year old** (10 pts) with a **Master's degree** (35 pts) and **previous earnings from India of £10k pa** (30 points – salaries from certain countries were uprated, e.g. India, by a factor of 5.3).

Acknowledgements

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o   maximise market access for UK-based FPS firms.

o   promote global recognition of the UK's world-leading FPS offer in key markets.

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