Ready, Steady, Go? Preparedness for the UK's new immigration system

MIGRATION POLICY SCOTLAND

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Introduction

The end of the Brexit transition period brings a multitude of changes for businesses. This was always going to pose a challenge, but now that challenge comes at the end of a truly extraordinary year. In the midst of an on-going global pandemic the economic climate remains highly uncertain. It is unfortunate that employers will face additional layers of complexity and cost in hiring staff from abroad as free movement from the European Union (EU) is replaced by the new post-Brexit immigration system. As Government and businesses have needed to deal with the immediate challenges presented by the Covid-19 crisis, it appears that preparing for the new immigration system has fallen by the wayside. This report outlines the obstacles the new system presents for employers. We note that it is particularly small to medium enterprises that will struggle with the administrative and financial demands it entails. This raises concerns that the new immigration system could impede economic recovery as businesses fight to stay afloat.

Parliament has passed legislation to introduce the UK's new immigration system.[1] A new points-based system applies to those arriving in the UK to work or study from 1st January 2021.[2] European Economic Area (EEA) and Swiss nationals and their families who come to the UK prior to that date have until 30 June 2021 to apply for settlement. Under the new system, visa streams opened for applications on 1 December 2020. Unlike the previous system, the same rules now apply to both EU and non-EU nationals. A policy statement asserts the new system: 'works in the interests of the whole of the UK and prioritises the skills a person has to offer, not where they come from' … and ... 'will reduce overall levels of migration and give top priority to those with the highest skills and the greatest talents.' The stated intention is to create: 'a high wage, high skill, high productivity economy' (HM Government February 2020).

There has been a great deal of comment and analysis on the potential impacts of this change and how it will affect particular sectors and regions of the UK (Walsh and McNeill 2020 and Walsh 2020). The impacts on Scotland's economy, population

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[1] The Immigration and Social Security Co-ordination (EU Withdrawal) Act 2020.
[2] Irish citizens will remain exempt from immigration controls under Common Travel Area arrangements.

and society have been analysed by the Scottish Government's independent expert advisory group (EAG 2020, EAG 2019). Having a system with a single salary threshold will have a differential impact on those sectors and localities where wages are lower. In general terms, this encompasses those areas outside London and the South East of England and particularly affects more rural and remote locations. The loosening of the entry criteria that applied to non-EU nationals may result in more people from those countries coming to work in the UK. Nonetheless, it is indisputable that for migrants from the EEA or Switzerland the new system is a lot more restrictive than free movement. Consequently, it is expected to add to the ongoing decline in net migration from the EEA and Switzerland. Less prominent in the discussion has been the administrative and financial burden the switch from free movement to this new immigration system presents for employers, for government, and for those migrants who would previously have arrived in the UK under free movement. This report outlines the new immigration system focusing on labour migration and investigates points for concern regarding preparedness.

The UK's New Immigration System

The 'Skilled Worker' route

The UK's new immigration regime for labour migration is chiefly centred around skilled workers for whom a points-based system has been devised in relation to entry criteria. To qualify for a visa under the new 'Skilled Worker' route an applicant must attain a minimum of 70 points under the criteria set out in Table 1 below. Points for having a job offer, the job being at the required skill level, and, speaking English at the required level of competence are not tradeable. These make up 50 of the necessary points. The remaining 20 points can be traded and provide some flexibility regarding salary. The general rule is for jobs offered to meet the salary threshold of £25,600, or the going rate for the occupation, whichever is the higher. New entrants to a field benefit from a salary requirement 30% lower than that for experienced workers. However, migrants may still qualify for a visa at a salary lower than £25,600 where the job offered is on a designated shortage occupation list, provided the salary is above £20,480. In addition, those holding a PhD qualification in a subject relevant to the job offered also can get additional points. This allows migrants with PhDs to get visas for jobs with salaries below the £25,600 threshold. Job offers must be from an employer who is an approved sponsor and the job offered must require a skill level of RQF3[3] or higher to be eligible under this system.

The designated shortage occupation lists are to be based on recommendations from the Migration Advisory Committee (MAC). Where jobs are listed as being in

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[3] RQF (Regulated Qualifications Framework) level 3 includes 'A'-Levels qualifications or their equivalent. See further https://www.gov.uk/what-different-qualification-levels-mean/list-of-qualification-levels

shortage, employers can recruit workers from abroad at lower salary levels. The shortage occupation lists provide scope for regional variation as there is provision for additional shortage occupation lists for the devolved nations (Scotland, Wales and Northern Ireland). Particular jobs can be listed as being in shortage UK-wide, or as being in shortage only in specified devolved nations. The MAC has recommended that a range of occupations, covering an estimated 14% of UK employment, be listed as being in shortage and that these shortage occupation lists be implemented as soon as possible (MAC September 2020). However, the Government has decided to delay implementing the MAC recommendations on the shortage occupation lists in view of the current uncertainty surrounding the UK's rapidly changing labour market.[4]

Table 1: Characteristics and point values under the new points-based system

Characteristics	Tradeable	Points
Offer of job by approved sponsor	No	20
Job at appropriate skill level	No	20
Speaks English at required level	No	10
Salary of £20,480 (minimum) - £23,039	Yes	0
Salary of £23,040 - £25,599	Yes	10
Salary of £25,600 or above	Yes	20
Job in shortage occupation (as designated by the MAC)	Yes	20
Education qualification: PhD in a subject relevant to the job	Yes	10
Education qualification: PhD in a STEM subject relevant to the job	Yes	20

Source: HM Government (February 2020)

Other labour migration routes

Alongside the 'Skilled Worker' route described above, the new system provides highly skilled migrants access to the UK labour market via a 'Global Talent' route from January 2021. Those who qualify as 'highly skilled' will be able to enter the UK without a specific job offer with leave for up to 5 years. To be recognised as 'highly skilled'

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[4] Home Secretary letter to the MAC in response to the shortage occupation lists report, 23 October 2020, https://www.gov.uk/government/publications/letter-to-the-mac-on-the-shortage-occupation-lists-report/home-secretary-letter-to-the-mac-in-response-to-the-shortage-occupation-lists-report-accessible-version

under this route requires endorsement by a designated body.[5] This 'Global Talent' route broadly replaces what was Tier 1 under the previous points-based system. The new system also retains some specialist occupation routes that were previously included under Tier 5. These apply to religious, creative, sporting or charity workers seeking to work in the UK temporarily. EEA and Swiss nationals entering the UK for work in any of those occupations from 1 January 2021 can apply to do so under this route, the same as other nationals. The new immigration system continues to allow people to come to the UK to study with approved institutions. To qualify to come to the UK to study, migrants require the offer of a place at an approved institution. They will also need to demonstrate English language proficiency and the resources to support themselves during their studies. A 'Graduate Visa' is planned to open in Summer 2021. This will allow students to remain in the UK to work after their studies for 2 years, this period increases to 3 years for PhD students.

Migration into lower paid work

The new immigration system offers no route for migrants into lower paid work. Instead, employer demand for migrant labour in jobs that do not meet the 'Skilled Worker' salary thresholds is expected to be met through an expansion of the seasonal agricultural workers pilot to 10,000 a year, existing youth mobility schemes[6] and the family members of 'Skilled Worker' visa holders who have unrestricted access to work for the period leave granted on the main applicant's visa. There is also a new visa route planned for Hong Kong British Nationals Overseas BN(O) set to open on 31st January 2021 in response to the passing of a new national security law in Hong Kong. This visa would allow those who qualify, and their close family, to come and search for work in the UK. As a new route offered in response to a political situation the response to this route is inherently difficult to predict. The UK Foreign Office estimates, however, that this visa may bring around 180,000-200,000 migrants from Hong Kong to the UK over the next five years (Gower 2020).

Under the previous system for migrants arriving from outside the EU there was also no route into lower paid work.[7] However, free movement allowed employer demand for migrant labour in lower paid jobs to be met by EEA and Swiss nationals. The new system eases some of the restrictions that previously applied to non-EU labour migrants. For instance, the salary and skills thresholds are lower (from £30,000 and RQF6 to £25,600 and RQF3 respectively),[8] the cap on skilled workers has been

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[5] The approved list of endorsing bodies is currently: The Royal Society (for science and medicine), the Royal Academy of Engineering (for engineering), the British Academy (for humanities), UK Research and Innovation (for science and research), Tech Nation (for digital technology), Arts Council England (for arts and culture).

[6] These currently exist between the UK and 9 countries: Australia, Canada, Hong Kong, Japan, Monaco, New Zealand, Republic of Korea, San Marina and Taiwan. These currently bring in around 20,000 people a year with leave to stay for up to 2 years.

[7] There was provision for 'unskilled workers under Tier 3 of the previous system, but this stream was never opened.

[8] RQF6 includes degree-level qualifications and their equivalents; RQF3 includes A level qualifications and their equivalents. See further https://www.gov.uk/what-different-qualification-levels-mean/list-of-qualification-levels

removed. As a result, the numbers of non-EU migrants arriving under the new system may increase, although given the Covid-19 pandemic and the uncertain economic future global migration is currently hard to predict. Nonetheless, the new system is significantly more restrictive than free movement. The next section explores in more detail the scale of change the end of free movement represents in relation to the UK labour market.

Free Movement and the UK Labour Market

Net migration of EEA nationals has been in decline since 2015. While some of this decline may be driven by the prospect of the UK's departure from the EU, it is likely that changes in currency exchange rates will also have had an impact. Although EU migrants are outnumbered by non-EU migrants, a larger proportion of EU migrants come to the UK for work. Institute for Government analysis of International Passenger Survey data found that almost two-thirds of migration to the UK from the EU was in order to work (2019). Since 2004 employment share of EU-born workers in UK has increased by around 4.5 percentage points, compared to 3.3 percentage points for non-EU born workers (see Table 2).

Table 2: Change in employment and population share by country of birth, percentages

	Employment Share 2004, Q4	Employment Share, 2019, Q4	Population Share 2004	Population Share 2019
UK	90.2	82.4	91.1	85.6
EU	2.9	7.4	2.5	5.5
Non-EU	6.9	10.2	6.4	8.9

Source: Adapted from MAC (September 2020), ONS, LFS data

Migrant workers are more prevalent in specific industry sectors. The highest proportion of EU-born workers are in the manufacturing sector, followed by transport and communication and distribution, hotels and restaurants (Table 3). These sectors are therefore likely to experience the most change from the move to the new system. With the cap on visa numbers removed and the skill thresholds lowered, expectations are that there will be some increase in non-EU migrants in future years, whereas the inflow of EU workers is expected to fall. Estimates by the Migration Advisory Committee calculate that 73 per cent of EEA migrants in the UK in 2016-18, who arrived after 2004, would not have been eligible for a Tier 2 visa with current salary

thresholds, even if workers in medium skill jobs were eligible (MAC January 2020). The end of free movement represents a significant change in the pool of migrant labour available to UK employers, especially at the lower end of the salary scale.

Table 3: Share of employment by sector and country of birth, percentages

Sector	UK born	EU born	Non-EU born
Manufacturing	81.9	11.0	7.1
Transport and communication	74.9	10.0	15.1
Distribution, hotels and restaurants	79.5	9.1	11.4
Construction	85.4	8.9	5.7
Banking and finance	81.0	7.7	11.3
Agriculture, forestry and fishing	91.1	6.9	2.0
Other Services	84.8	6.2	9.0
Energy and Water	88.8	5.7	5.4
Public Admin, Education and Health	84.7	5.0	10.3
Total	**82.1**	**7.6**	**10.2**

Source: Adapted from MAC (September 2020), ONS, APS 2017-19 data

Employers and the New System

Discussion of the potential impacts of the move to a new immigration system has tended to focus on the economic and labour market impacts. In particular, concerns have been raised on the ability of sectors and regions with lower salaries to adjust, especially where those sectors employ significant numbers or proportions of workers who are EEA or Swiss nationals. Less attention has been paid to the ability of employers to switch to using the new immigration system. One significant change this switch entails is the need for employers to sponsor prospective migrants under the 'Skilled Worker', 'Intra-Company Transfer' and remaining 'Temporary Worker' routes in order for their visa applications to be processed by the Home Office. This section briefly outlines the employer sponsorship system within the UK immigration system.

From 1st January 2021 employers will still be able to recruit some migrants without a sponsorship licence. These include those EEA and Swiss Nationals who arrived in the UK on or before 31st December 2020 (although they will need to apply

under the EU Settlement Scheme by 30th June 2021) and Migrants on a 'Global Talent' visa or on a 'Dependant of a Skilled Worker' visa. Employers will require a sponsorship licence to recruit migrant workers. Being registered as an approved sponsor grants an employer a licence to recruit migrant workers by issuing certificates of sponsorship to individuals who can then apply for a visa. Employer sponsorship licences need to be applied for, obtained, and maintained for employers to fulfil their immigration obligations.

Potential sponsors can choose to apply for a licence for a variety of immigration routes broadly categorised as Worker (Tier 2) or Temporary Worker (Tier 5). Employers need to meet eligibility criteria to prove they have the systems in place to manage a sponsorship licence, that they will comply with immigration rules and demonstrate that the jobs they have to offer meet the immigration route criteria (see Table 4).

Table 4: Home Office general criteria for issuing a licence

Criterion	How this is judged
Human Resources Systems	Whether there are systems in place that allow the employer to know when a sponsored worker has not turned up for work or to identify when their current permission is coming to an end.
Convictions and Civil Penalties	Whether or not the employer has an unspent criminal conviction for a relevant offence or has been issued with a relevant civil penalty.
Migrant Compliance	Whether a business is employing any workers who are in breach of the conditions of their immigration permission.
Employment	Whether a business can offer employment which meets the criteria for the relevant immigration route (such as having genuine vacancies at the required, salary, and skill-levels).

Source: Adapted from Home Office (November 2020)

Maintaining a sponsorship licence requires a number of duties that employers need to discharge or risk their licence being downgraded or, potentially, revoked. These include assigning only such work to the employee that complies with their certificate of sponsorship, reporting any changes in business size, changes in the worker's employment, and, reporting on employee absences and compliance with immigration rules within specified time limits (see Home Office December 2020). If a licence is downgraded an employer loses the ability to issue any further certificates of

sponsorship. The employer needs to pay £1,476 for an action plan to fix the issues that led to the downgrading. If a licence is revoked employers cannot appeal, but must reapply for a sponsorship licence. Licence revocation also affects visa workers, as it results in the cancellation of their certificate of sponsorship after which the migrant worker has 60 days to apply for another visa or leave the UK. The sponsorship system is complex and we expect that employers will find it burdensome to administrate. Indeed, the initial proposals for the new system acknowledged that employers new to the sponsorship system could find the prospect of using it 'daunting'. At the time Government suggested that the sponsorship system would be reformed to develop 'lighter-touch, risk-based approach' in recognition of that fact that far more businesses would have to engage with it (HM Government December 2018). However, to date any changes have been minimal.

Expectations on Preparedness

Home Office Preparedness

It is legitimate to have concerns about the scale of the challenge the new system presents to the Home Office. For the first time in decades all labour migrants entering the country will need to be processed by UK immigration for entry clearance. The Home Office is a government department that has had questions raised about its fitness for purpose and operational capacity on several occasions (e.g.: NAO 2020, NAO 2018, ICIBI 2012). Public trust in Home Office competence on immigration is low with polling finding only 15% agreeing that 'the government has managed immigration to the UK competently and fairly' (Rutter 2020). Anecdotally, law firms claim backlogs are building up for sponsorship licences and encourage employers to apply early.[9] To raise awareness of the coming changes the Government has published promotional material on the new system for employers, including an introductory booklet (HM Government November 2020). It also launched a more intensive campaign on 30th September.[10] A Home Office policy update provides a full list of the standard occupational classifications codes meeting the RQF3 skill threshold to allow employers to check whether the jobs they have to offer are eligible (Home Office August 2020).

Going forward, the Home Office will need to process an increased number of employer sponsorship applications as employers looking to access migrant labour apply for sponsorship licences. The available data on the number of sponsors registered show that there has been a modest increase in the number of sponsors registered for Tier 2 Worker routes, possibly reflecting businesses preparing for the

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[9] https://www.nelsonslaw.co.uk/employers-end-free-movement/, https://immigrationbarrister.co.uk/impact-of-covid-19-on-tier-2-visas/, https://www.lewissilkin.com/en/insights/a-guide-to-the-immigration-implications-of-covid-19-for-uk-employers

[10] https://pbisemployers.campaign.gov.uk/

new system. Yet the numbers registered for Tier 5 Temporary Worker routes declined in 2020 - this may be the impact of the Covid-19 crisis. However, it is noticeable that the number registered by the third quarter of 2020 is not much higher than that in the corresponding quarter of 2016 (Graphs 1 and 2).[11]

Graph 1: Number of sponsors registered on points-based system routes, T2 by quarter

Source: MPS graph, UKVI data, Sponsorship, Q3 November 2020

Graph 2: Number of sponsors registered on points-based system routes, T5 by quarter

Source: MPS graph, UKVI data, Sponsorship, Q3 November 2020[12]

With the end of free movement imminent, one would have expected a more significant upturn in the number of employers registered at this stage. However, the Covid-19 crisis may have resulted in a stall in the number of employer sponsorship registrations. Many businesses will currently be considering laying off workers, rather than recruiting them. Nonetheless, this limited increase raises concerns regarding the

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[11] An additional 960 registered for Tier 2 and just 51 more for Tier 5.

[12] https://www.gov.uk/government/publications/sponsorship-transparency-data-november-2020

potential for bottlenecks that could impede economic recovery when more employers do start to make applications for sponsorship status in order to be in a position to recruit migrants from abroad. Home Office data on application processing times sponsorship applications shows that between 2016-2020 the average number of days taken to process applications was 25, less promisingly the maximum processing time for an application in each quarter averages out at 236 days.[13] Current guidance advises employers that the standard processing time for applications is usually 8 weeks (HM Government November 2020). In addition to the time taken to process sponsorship licences, it should be noted that once an employer issues a prospective worker with a certificate of sponsorship, that worker will still need to have their visa and entry clearance applications processed. Delays in being able to hire migrant workers could prove to be significant, especially as the new system beds down.

Business Preparedness

Regardless of preparations within the Home Office for handling a larger number of applications, employers will also need to adjust to the significant change in the access to migrant labour the new system represents. The UK Government has been clear that requiring employers to adjust to a tighter labour supply is deliberate policy in line with its: "commitment to the British public … [to] ... take back control of our borders". The policy statement claims: "we need to shift the focus of our economy away from a reliance on cheap labour from Europe and instead concentrate on investment in technology and automation. Employers will need to adjust" (HM Government February 2020). It should be noted, however, that the MAC review of the impacts of EEA migrant workforce concluded that, while the evidence was uncertain, it showed that migration had made a positive contribution to productivity and innovation and there was no evidence of a negative impact on the training of the UK-born workforce (MAC 2018). Current Government policy is based on an incorrect premise in this regard, in the UK migrant labour has supported productivity, not replaced it. In practice the Covid-19 crisis will only amplify this. Investing in productivity, whether that be technology or training, takes time and money and it is unlikely that employers will have much of either right now. By significantly changing access to familiar migrant labour supplies Government risks hamstringing business at a vulnerable time.

As noted above the Government has taken steps to raise awareness of the new systems' requirements for employers. This has also involved engaging directly with businesses through sector and stakeholder bodies. Nonetheless, the potential for bottlenecks and recruitment delays impeding the economic recovery remains; many employers still need to start to engage with the sponsorship licensing system if they wish to recruit migrant workers from abroad in 2021. Those businesses already accustomed to the employer sponsorship system will find the new system somewhat easier as salary and skills thresholds are lowered and restrictions such as the resident

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[13] UKVI Immigration Transparency Data, Sponsorship, Q3 Nov 2020. These application processing times include T4 applications for educational institutes

labour market test and the cap on tier 2 visas are lifted. However, those new to the system will need to engage with a complex system of rules and requirements for the first time even as they emerge from the challenges of the pandemic.

A second set of concerns regarding the move to the new immigration system for employers relates to sponsorship licence maintenance, rather than acquisition. Employer sponsorship comes with duties without which licenses can be suspended and, ultimately, revoked. As 2021 unfolds many employers may find themselves in difficult territory if they neglect to discharge the duties required of them as licence holders. Home Office data on sponsorship shows that while the proportion of employer sponsors (both Tier 2 and Tier 5) that have actions taken against them is low at around 1%, this nonetheless amounts to an average of 1158 actions a year over the period 2016-19. (Table 5) The fee for an action plan to address a licence revocation is £1,476. This adds to a raft of charges businesses may encounter as the UK switches from free movement to a new immigration system. For example, the immigration skills charge set at £1,000 per worker for the first 12 months and £500 for every 6-month period thereafter, the costs of sponsorship licences (between £536 - £1,476 for a 4-year licence).

Table 5: Home Office actions taken against sponsors (Tier 2 and Tier 5), 2016-2019

Year	Tier 2 Suspended	Tier 2 Revoked	Tier 5 Suspended	Tier 5 Revoked
2016	673	594	83	48
2017	750	605	69	53
2018	414	265	53	27
2019	541	378	50	29

Source: UKVI Immigration Transparency Data, Q2 2020

We expect those new to employer sponsorship, especially smaller firms, will find this more of a challenge. Small businesses are less likely to have the capacity to navigate through the paperwork and stay on top of the regulations that come with employer sponsorship. Research by the Federation of Small Businesses found that 95% of small businesses had not engaged with the employer sponsorship system (Quist 2020:11). Most UK businesses are small, with the largest share employing fewer than 10 people. It is unfortunate that at an extraordinarily challenging time these businesses will now find themselves facing an additional layer of complexity and cost when seeking to hire staff from abroad. The proportion of small businesses also varies across the devolved nations meaning the changes will impact differentially. Scotland

has the highest proportion of firms employing fewer than 50 people in its economy (28.1%) while England has the lowest share (22.7%) (Table 6).

Table 6: Percentages of business sizes to total businesses (Excludes businesses with no employees)

Number of Employees	Scotland	England	Wales	Northern Ireland
1-9	23.5	19.2	21	22.9
10-19	3.1	2.3	2.5	2.8
20-49	1.5	1.2	1.3	1.7
50-249	0.8	0.6	0.6	0.7
250+	0.2	0.2	0.1	0.2

Source: BEIS 2019

Issues Ahead

The Covid-19 crisis makes it difficult to predict economic trends going forward. The central scenario predicted by the Office for Budget Responsibility had unemployment rising to 12% in early 2012 before gradually declining – pre-Covid-19 estimates forecast this as broadly constant at 4% over the next 4 years (MAC September 2020). It is hard to know which sectors will recover and at what speed. The level of change complicates predictions of the labour supply and thereby impacts the ability to judge the potential demand for migrant labour to complement the domestic labour supply. If some sectors recover, but others lag behind, will workers switch occupations to match the jobs available or will there be high levels of labour mismatch in the economy leaving jobs in certain sectors or regions unfilled? The difficulty in predicting the demand for migrant labour adds to the complexity of assessing whether that demand can be met under the new immigration system. Furthermore, while the new immigration system, as it currently stands, represents an overall more restrictive approach, it is possible that the next few months may see more proactive use of the shortage occupation lists, an extension of youth mobility agreements, wider use of sector-specific visa schemes, or indeed an influx of migrants from Hong Kong. It is possible that the supply of migrant labour could expand at short notice if needed. Nonetheless, the scale of change the end of free movement represents to the UK's labour immigration system raises questions about the level of preparedness of the Home Office and of businesses as the new system is rolled out.

While employers may struggle with the challenge that a more restrictive and more regulated immigration system poses, it is important to remember that the move

to tighter control is the deliberate intention of Government policy. Repeated Government statements and announcements have justified this new direction in immigration law and policy as delivering on both the 2016 Brexit vote and the 2019 General Election mandate. Yet the potential economic consequences are sobering. Migration Observatory calculates the impact of the reduction in long term EU migration as a cumulative fiscal cost between £2-3 billion (Walsh and McNeill, 2020). A recent IPPR report views the new system as having the potential to put the economic recovery at risk and highlights the potential for an increase in poor working practices and labour exploitation (Morris 2020, see also Henehan and Judge 2020). Evidence from the Federation of Small Businesses is that even pre-Covid-19 few small businesses reported being in a position to automate to compensate for the loss of EU workers (Quist 2020). The putative need for the restrictions to encourage greater productivity is called into question by reviews of the role of EEA workers in the UK labour market that find positive, if fairly minimal, economic impacts (MAC 2018). Current Government policy that frames labour migration and capital investment in productivity as an either/or choice makes assumptions that the evidence shows do not hold in the UK context.

In Scotland the popular mandate claimed for ending of free movement holds less sway given the nation voted to remain in the EU and the SNP was the key beneficiary of the last general election. Therefore, the prospect of these negative economic impacts is an even more bitter pill. The Scottish Government has made proposals of its own on migration putting forward a spectrum of options for regional variation within the UK immigration system that would help mitigate this restrictive turn (Scottish Government January 2020). In particular, the Scottish Government has been vocal about its desire to recruit migrants more widely across the pay scale, highlighting the need for migrant workers in lower paid sectors such as care, agriculture and food processing. At a UK-level, researchers have noted the declining salience of immigration as an issue of concern among the British public since the Brexit vote (Duffy 2020, Ford 2018). Responses to the Covid-19 crisis have also shifted perceptions on the value of particular jobs in this direction as well as the role of 'keyworkers' has been lauded by the public and the media. Many roles designated as 'keyworker' have seen a rising share of migrant workers with the highest proportions in foods and necessary goods (15%), health and social care (12%) and utilities and transportation (12%) (ONS October 2020, see also Fernandez-Reino and Kierans 2020). These developments open up political space for a more pragmatic, evidence-based approach on migration that acknowledges labour market needs and benefits, as well as challenges.

Finally, the impact of the changes on migrants themselves, and future migrant flows, also deserves mention. Bringing EU migrants into the UK immigration system exposes them to the same costs and risks that other nationals have been subject to for some time. These include a range of fees and charges that have escalated rapidly since 2006 (Yeo 2019). When coupled with the risk of having to leave the UK within 60 days should their employer's sponsor licence be revoked, it bears consideration that the UK may not provide a suitably attractive offer for migrants from the EU as their options for destination countries remain open across the EU. Migrants from other parts

of the world may still be willing to navigate the complex and costly system proposed. However, as the ageing profile of developed countries indicates, the great and growing demand for health and social care workers means that, increasingly, global competition for migrant workers will be wider than a competition only for 'the brightest and the best'. In future, UK policymakers may find themselves wrestling with questions of how better to attract migrants, rather than how best to keep them out. For now, the severity of the restrictions the new immigration system imposes in relation to lower paid work is likely to lead to shortages. The ability for some sectors to adapt was in question before the pandemic, it is even more so now.

Recommendations

As the UK's new immigration system begins and free movement ends there is cause for concern that it will prove too restrictive and too cumbersome. The new system represents a significant change to the supply of migrant labour in the UK economy. There is potential for requirements to impede the economic recovery post-Covid-19 if businesses are unable to recruit workers. In particular, smaller businesses and those new to the employer sponsorship system are likely to struggle to meet the administrative burden and additional cost.

To help ameliorate these impacts we suggest that Government consider:

1. Reforming the employer sponsorship system to make it easier for employers to operate. In particular, Government should consider offering greater flexibility on licence maintenance immediately to allow employers to familiarise themselves as the system beds in.

2. Reviewing the costs of employer sponsorship with a view reducing overall financial burden on employers. Alternatively, making exemptions for particular types of businesses or for businesses operating in particular sectors.

3. Implementing the Migration Advisory Committees' recommendations on the shortage occupation lists to make a wider range of jobs eligible for recruitment under the 'Skilled Worker' route.

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