



Stop35k – Deep Briefing

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1. What is a Tier 2 General skilled worker?

A Tier 2 General skilled worker:

- Offered a skilled job in the UK
- From outside the EEA (European Economic Area)
- Only be given a job (and therefore entry to the UK) after a month of advertising the role to UK workers

They must pay £1,128 to apply for a 5-year Tier 2 visa, along with a healthcare surcharge of up to £1000. After 5 years, if they wish to settle in the UK they must pay £1,500-£1,900 to apply for 'indefinite leave to remain'.

2. What is the new rule?

In April 2016 the Home Office intends to change the policy for settlement of Tier 2 General skilled workers. Under the new rule, when a skilled worker is considered for settlement after 5 years they will need to be paid at least £35,000 per annum.

This threshold will increase to £36,200 until 2020, after which there is no predicted limit on what the threshold may become.

3. Timeline

- November 2011 – The MAC [publishes a report](#) recommending pay thresholds as a way to limit settlement
- February 2012 – The [Home Office states](#) that it will use a £35,000 pay threshold for deciding settlement for Tier 2 (General) and Tier 2 (Sportspeople)
- April 2013 – The UK Border Agency replaced by two departments, UK Visas and Immigration and Immigration Enforcement
- December 2015 – The MAC [publishes a report](#) recommending industry-specific pay thresholds
- April 2016 – The Home Office will enact a blanket, all-encompassing salary threshold of £35,000
- April 2018 – The threshold rises to £35,500
- April 2019 – The threshold rises to £35,800
- April 2020 – The threshold rises to £36,200 with future rises predicted

4. Exceptions

Tier 2 skilled workers working in shortage occupations and who have obtained PhD level will be exempt.

Nurses have been provisionally placed on the Shortage Occupation List (SOL), pending review by the Migration Advisory Committee (MAC). The MAC have previously recommended against placing nurses on the SOL several

times and even recommended removing certain specialty nursing roles, so it will be interesting to find out if they contradict themselves this time. The temporary inclusion on the SOL has prevented the UK from having to deport 42% of all non-EU nurses.

The Shortage Occupation List also includes maths and physics teachers, as well as PhD students. However their colleagues and associates will face deportation in many cases. There are several dozen other professions on the Shortage Occupation List including classical musicians, computer game designers, professional ballet dancers, a great many scientist roles and a wide range of others jobs.

5. Tier 2 Details

There is an annual cap of Tier 2 General workers, permitting only 20,700 people per year. Despite this the effective inflow of Tier 2 was 92,800 from September 2014 to September 2015. 38,000 of these were ‘dependents’, meaning the families of the skilled workers in question. The remaining 54,174 are the ‘main’ Tier 2 visa applicants. Of these, over 25,000 were Tier 2 Intra-Company Transfers (ICT). These are internal business transfers, unaffected by the Tier 2 cap and unaffected by the £35,000 threshold. In year ending September 2015 there were 16,883 Tier 2 General skilled workers granted visas, not including ‘dependents’ or Tier 2 ICTs.

The MAC warns that some migrants excluded by the cap may be more valuable to the UK than those permitted via uncapped routes.

6. Wider Migration Picture

David Metcalfe CBE, chairman of the MAC said at the time the MAC report came out that “immigration from outside the EU leading to settlement is now unambiguously under control”.

Annual net migration across all groups was only 336,000 people last year. This is far less than the impression received by the general UK public from alarmist media reports. The impact of the £35,000 threshold will be negligible.

Statistics about how many Tier 2 skilled workers would be affected by the threshold are difficult to estimate. The MAC estimated in December 2015 that the higher pay threshold, if implemented last year, would have directly affected 27,600 people. They predict that the overall impact will be much larger.

7. EU membership

The policy was meant to support immigration controls, but experts are concerned that the policy will do more harm than good. If the UK leaves the EU, or the freedom of movement of European citizens becomes limited either by a renegotiation of terms or other currently unforeseen circumstances, EU citizens may be forced to apply for citizenship or visas, or else leave the UK. The impact of this threshold on the new status of the EU immigrant population cannot be overstated.

8. Year five

In the year 2020 the threshold will have risen to £36,200. After this there are no published plans for how high the threshold might be raised.

16,883 Tier 2 General skilled workers were granted access to the UK in 2015. UNISON estimates that the threshold will impact 16% of public sector workers. If this is true of the entire group it will mean 2,701 people facing removal from the UK after years of working here. This is going to make a very minor impact on migration figures, and will certainly fall short of satisfying the Government's target of reducing net migration to 'tens of thousands'.

9. The GDP

The MAC estimates the impact to the UK GDP in the first year will be approximately £761million.

2011 MAC report:

“4.161 All things being equal, migration clearly has a positive impact on GDP through its effect on the size of the workforce. The impact of migration on GDP per head, which is the more relevant metric in many cases, is less clear. We noted in Migration Advisory Committee (2010a) that within a simple static model it is likely that Tier 1 and Tier 2 migrants, on average, will have a positive impact on GDP per head. It follows that restricting or removing the rights of such migrants to remain in the UK beyond five years may therefore have a negative impact on GDP and GDP per head.”

“According to our estimates, compared to the base year of 2009, after one year total GDP would be £761 million lower and GDP per capita would be £9 lower (both in constant 2006 prices) as a result of a reduction in net Tier 2 migration of 10,000, compared to the baseline scenario of no change in net migration.”

The Home Office's calculations estimate it will be lower: between £181million and £565million.

Table 6: Estimated impact of option 2 on GDP per capita

| GDP per capita Impact Assumptions | Low scenario | High Scenario |
|---|---------------|---------------|
| A. GDP – baseline 2016 (£m) | 1,500,072 | 1,500,072 |
| B. Population – baseline (m) | 62.3 | 62.3 |
| C. GDP per capita – baseline (£) = (A) / (B) | 24,093 | 24,093 |
| D. Output loss - post-policy (£m) | 181 | 575 |
| E. Population reduction - post policy (m) | 0.002 | 0.006 |
| F. GDP - post-policy (£m) = (A) - (D) | 1,499,891 | 1,499,496 |
| G. Population - post-policy (m) = (B) - (E) | 62.260 | 62.256 |
| H. GDP per capita - post-policy (£) = (F) / (G) | 24,091 | 24,086 |
| I. Change in GDP per capita | -£2.31 | -£6.97 |

Note – the GDP 2016 baseline uses 2011 GDP estimate from ONS and assumes it will grow in line with GDP growth assumptions as set out by the Office for Budget Responsibility in March 2011.

10. Job market & skills shortage

In order for a UK employer to recruit a worker from a non-EU country, they must first advertise the role in the UK for a month. This is to ensure that there is not a more suitable UK worker who can fill the role. Every job occupied by a Tier 2 skilled worker is effectively irrelevant to the UK job market as experienced by UK workers.

The average UK salary has been estimated at £25,600 by the Office of National Statistics. However if you [exclude the top 10% of earners](#) then the average is roughly £12,800.

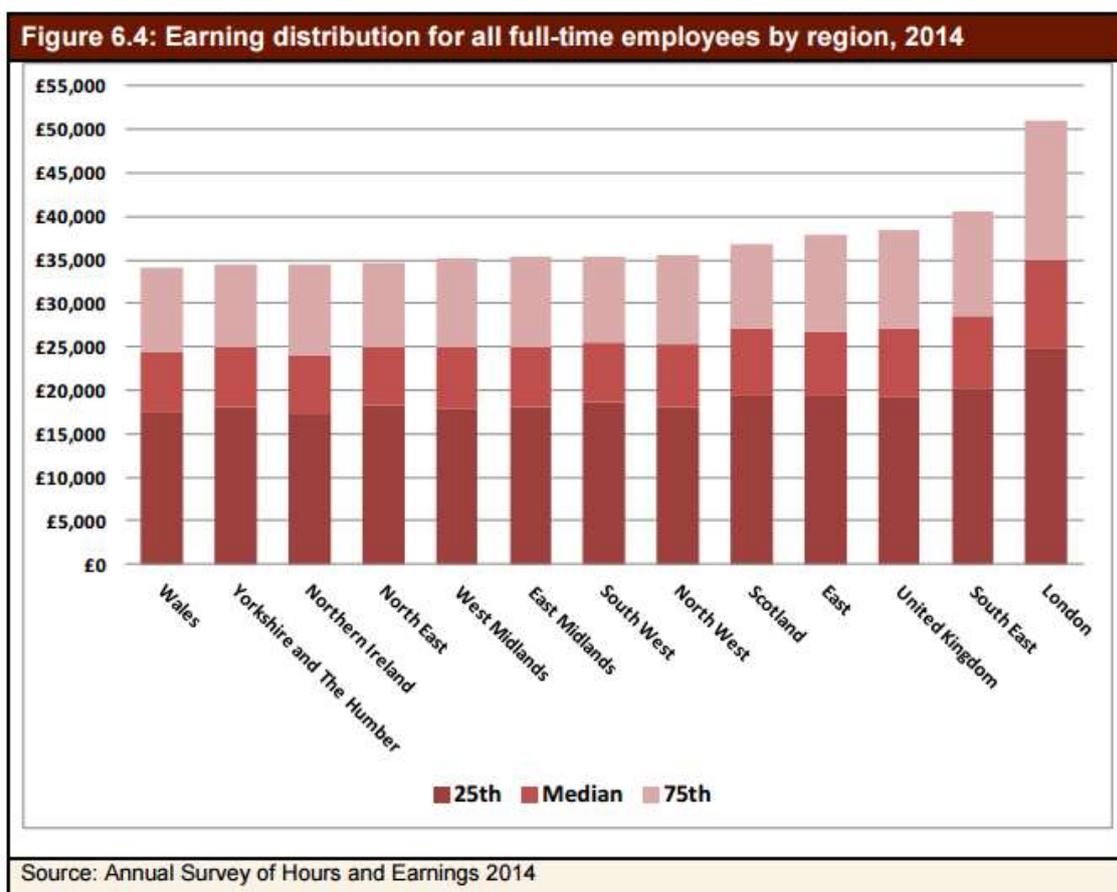
Nothing has been done to assist employers in training the resident population to alleviate the impact of the skills shortage, as the MAC recommended. This leaves [businesses and industries](#) vulnerable. The UK will lose people who have been working in their industries in this country for years, acquiring experience and networks that cannot be replaced. In many cases it will take a generation to replace some skilled workers. In other cases, small companies and tech businesses will be forced to close due to losing key workers.

2012 Impact Analysis: “Both EU and non-EU migrants who have been in the UK for over five years are not associated with displacement of British born workers. Between 1995 and 2010 employment of such working age migrants rose by approximately 2.1 million. The associated displacement of British born workers was, on our calculations, around 160,000 of the additional 2.1 million jobs held by migrants, or about 1 in 13.”

11. Regional Pay Variations

The threshold is unfairly weighted towards London wages. Rural areas are going to be more affected by staff shortages where each vacancy is keenly felt.

The below table demonstrates that in 2014 in many places like Scotland, Wales, Northern Ireland, and the West of England not a single Tier 2 skilled worker earned above £35,000. The settlement threshold is distorted by higher London earnings due to the higher cost of living.



12. Finance & Business

This policy has been heavily criticised by businesses since 2011, as evidenced in the [open letter published in the Telegraph and signed by 235 small business leaders](#).

Many organisations quoted in the 2011 MAC report agree with this position:

- Institute of Directors
- Lloyds Banking Group
- Deutsche Bank
- London First
- ASDA
- Microsoft
- British Chambers of Commerce
- Nissan
- ACS International Schools
- Unison
- Oxford University
- Rolls Royce
- TIGA
- Confederation of British Industry
- Deloitte LLP
- IEP Management Ltd
- National Grid
- Employment Lawyers Association
- Oil and Gas UK
- Institution of Chemical Engineers
- Wellcome Trust
- Department of Education

12.1 Quotes

“It is vital that the system must be weighted to take account of the variations for occupations across all sections of the economy...otherwise key sectors will struggle.”

- Confederation of British Industry response to MAC call for evidence

“We are concerned that the MAC are intending to propose that the salary level should be set at „London” levels. This would mean that those migrant workers who work outside London, where salaries are significantly lower would be at a serious disadvantage should the salary benchmark be set to that of someone in London.”

- IEP Management Ltd response to MAC call for evidence

“The UK needs to be an attractive location for investment, which includes access to the highly mobile people required to support key work being done in the UK. All policies must therefore be measured against the impact that they will have on investment in the UK and on the wider economy, to ensure that individual departmental priorities do not conflict with the overall growth agenda.”

- Confederation of British Industry response to MAC call for evidence

“A mandatory requirement to demonstrate, say, material economic progression could place an unfair/unrealistic burden on migrants, particularly in a difficult economic climate where pay freezes become the norm, and inadequately addresses the significance of the activity to the economy per se.”

- Employment Lawyers Association response to MAC call for evidence

“Certain specialists within Deloitte, such as our US tax specialists, must be recruited from outside the EEA. To be convinced to relocate to the UK, often with spouses, partners and/or children, they will require flexibility to be able to remain in the UK long term if it suits their professional or family requirements. From a commercial viewpoint, our business could not be effectively run without the ability to attract US specialists and for them to remain in the UK beyond the 5 year minimum period proposed.”

-Deloitte LLP response to MAC call for evidence

“There is no reason for the settlement rules to be materially different from the rules for entry. If a migrant worker has reached the new high standard required to enter the UK, there is no reason why a materially different standard should apply to settlement. These workers are economically active with highly sought-after skills – exactly the kind of people a migration policy should be encouraging to enter the UK and settle here. If the rules are to be different, a very good case must be made for this differential, with clear accounting for the potentially deleterious effects on businesses.”

-British Chambers of Commerce response to MAC call for evidence

“One of our main concerns is that the regulatory structure for employing people keeps changing, in terms of labour law, pensions and migration...These constant shifts and changes are deterring employers from recruiting and investing. Continuing uncertainty in migration regulation is compounding the uncertainty in other areas.”

- British Chambers of Commerce response to MAC call for evidence

“Whilst the UK is the headquarters for DB’s investment banking business, it should be noted that approximately 70% of the Bank’s UK revenue is earned from companies and institutions domiciled outside of the United Kingdom. An inability to retain individuals in the UK to perform roles...for the long-term would unquestionably lessen Deutsche Bank’s potential to generate further revenues in the UK from abroad.”

- Deutsche Bank response to MAC call for evidence

“Jeopardising the ability of companies to attract skilled migrants to the UK will jeopardise their ability to grow at home and abroad. This in turn would limit the industry’s ability to contribute towards UK and global security of energy supply and to reduce its future (sizable) contribution to the UK economy.”

- Oil and Gas UK response to MAC call for evidence

13. Education & Academia

It is estimated that over 2,500 students every year apply for a Tier 2 work visa after graduating. With the new threshold many will be forced to return to their previous home nation when this visa expires. However some will decide not to apply for a visa at all and return after graduation. Some may even be influenced by this policy to never apply to university here in the first place, discouraged by hostile government policies. The long-term effects on universities in the UK will not be understood for decades.

While PhD students are exempt due to other immigration rules, other high-level academics will be adversely affected. The reputation of the UK as an academic powerhouse is at risk.

Very few teachers earn over £35,000. Many non-EU teachers will be forced to leave the UK when their visa expires, although physics and math teachers are exempt due to being on the Shortage Occupation List. This will have a damaging effect on the increasing issue of teacher shortages.

13.1 Quotes

“If migrant teachers are required to leave the country after five years, this will present risks to the quality of teaching and incur further public expenditure on the training and recruitment of new teachers.”

- Department for Education response to MAC call for evidence

“To a large extent, Oxford’s success is due to our ability to recruit and retain the best teaching and research staff from all parts of the world. Almost one-third of our academic teaching and research staff and 47 per cent of our research-only staff are from overseas. Our academic staff come from almost 100 different countries and territories: the largest groups of non-EEA academic staff are from the USA, China, Australia, India and Canada. Currently, more than 57 per cent of our academic teaching and research staff from outside the EEA have been working at the University for more than five years: 30 per cent have been working here for more than ten years.”

- Oxford University response to MAC call for evidence

“World-class academic staff from overseas will be deterred from working in the UK if there is little or no prospect of being able to stay here for more than five years.”

- Oxford University response to MAC call for evidence

“We do not believe that outside bodies are in the best position to be able to decide which employees should be retained: the decision to retain any employee (regardless of nationality) is, and should continue to be, made by the University itself.”

- Oxford University response to MAC call for evidence

“Salary is not a reliable determinant of skills, experience or knowledge, and would not be a good indicator of those academics and researchers who should be eligible to apply for settlement in the UK. Typically, university salaries cannot compete with those offered by other sectors.”

- Oxford University response to MAC call for evidence

“Given the highly specialist and skilled nature of the job roles that are recruited in academia, it is unlikely that there is a short-term solution to skilling the EU workforce in key areas where talent is not currently immediately accessible. The work is highly skilled and requires individual intellect, drive and commitment over many years to acquire the knowledge, skills and experience to perform these roles where academics are seeking to extend the boundaries of current knowledge, thinking and understanding.”

- University of Sheffield response to MAC call for evidence

“Rather than emphasising individuals with high salaries, the criteria should aim to target people working in sectors or occupational groups of strategic economic importance to the UK...The Department of Business, Innovation and Skills should take a lead role in identifying the priority economic sectors to be targeted.”

- Wellcome Trust response to MAC call for evidence

“Using economic criteria gives rise to discriminative decisions and opens up the process to be manipulated. If the worker has been deemed necessary and allowed to enter the UK for work, they should be treated like any UK worker as they pay their taxes and support the economy whilst they are working here.”

- ACS International Schools response to MAC call for evidence

“By significantly limiting the number of migrants entitled to settle indefinitely in the UK, as proposed by the Government, our continued efforts to develop and build on existing international collaborations will be greatly

hindered and this will have a huge impact upon RCUK, both financially in terms of being able to continue with research but also economically in collaborations typically generating continued research or creation of research positions.”

- Research Councils UK response to MAC call for evidence

14. Carers & Healthcare

Nurses were temporarily added to the Shortage Occupation List in October 2015 due to pressure from UNISON and other union groups, in addition to increasing numbers of NHS Trusts and other organisations. Stop35k are [currently awaiting the results](#) of the MAC report studying nursing vacancies. In several reports since 2011 the MAC has recommended against adding nurses to the SOL and have recommended the removal of certain specialist nursing roles.

The NHS and other public sector employees expect the need to continue recruiting from abroad for some time into the future. Inclusion on the SOL at the present time offers no long-term assurances to people who will need to be recruited in the months ahead due to the uncertainty of being added to the SOL permanently. They may not be permitted to proceed to full inclusion in the labour force after completing five years of service in the future.

UNISON estimates the threshold will result in losing 16% of public sector workers excluding nurses. It is [also estimated](#) that 3,365 nurses will be forced to leave the UK if the MAC recommends against permanently putting them on the Shortage Occupation List, as it always has in the past.

There are 20,000 NHS vacancies across the country. 10% of NHS roles are estimated to be vacant, which is twice as high as is considered safe by watchdogs and advisory committees. [Recruiters for the NHS were recently reported to be bringing nurses and doctors from as far as the Philippines.](#)

The MAC quotes the following healthcare organisations going on record to say that the £35k settlement threshold would be disastrous for healthcare services, from doctors to carers:

- Royal College of Nursing
- NHS Employers
- Four Seasons Health Care
- Scottish Government Health Directorates
- NHS Scotland
- British Medical Association

The MAC document published July 2015, ‘Review of Tier 2: Analysis of Salary Thresholds’, in Chapter 5 part 4 states;

“The Department of Health said that it was standard practice for all new entrants to be paid at the bottom pay point and that the current system therefore prevents undercutting. An increase in the minimum salary thresholds away from the bottom pay point for each occupation would make it impossible for employers in the NHS to operate in accordance with the nationally-set pay arrangements.”

14.1 Quotes

“Qualifying as a consultant takes at least 8 years after completion of medical school, meaning producing each consultant will typically take a minimum of 13 years of training.”

- Department of Health response to MAC call for evidence

“The NHS is likely to remain reliant on the flexibility provided by the ability to employ and retain appropriately qualified migrants”.

- Department of Health response to MAC call for evidence

“NHS Scotland Boards cover some of the most remote areas within the UK and have relied heavily on overseas health professionals to fill „hard to fill” posts. Restricting access to this pool of highly qualified staff will have a negative impact on delivery of efficient and effective healthcare services to remote and rural areas of Scotland.”

- Scottish Government Health Directorates and NHS Scotland response to MAC call for evidence

“London Deanery would argue that the investment made by these trainees in their education, and the investment made by the NHS in their training, makes a compelling argument for this group not to be restricted from settlement”.

- London Deanery and National Association of Medical Personnel Specialists responses to MAC call for evidence

“The impact of restricting leave to remain to five years is that doctors will be unable to complete the training programmes that they were recruited to fill”.

- British Medical Association response to MAC call for evidence

“Their overriding contribution is not through generating economic wealth and enhancing the competitiveness of the UK economy. The BMA is concerned by the Government’s emphasis on economically important migrants as this will be to the detriment of those providing essential services within the NHS. There has to be flexibility in the system to allow settlement where there is a workforce need that cannot be addressed through any other means.”

- British Medical Association response to MAC call for evidence

“IHAS would therefore ask that any decision made on their settlement rights is not based purely on set of economic criteria alone (such as salary).”

- Independent Healthcare Advisory Services response to MAC call for evidence

“In the circumstances, maintaining the current settlement criteria would thus appear to represent the most accommodating option”.

- Royal College of Nursing response to MAC call for evidence

15. Biomedical & Technological Research

Scientific research has always been an international endeavour. However many research institutes, technology and biomedical companies will be forced to lose highly skilled workers. In many cases this will be disastrous. Several researchers in these fields approached Stop35k to explain that the income from patents both nationally and internationally will be at risk. Due to reasons of discretion and requests for anonymity these researchers cannot be quoted directly.

The following is a quote from an open letter, published in the Telegraph, and signed by over 235 small business leaders - many in the technology and science sectors:

"Finding talent with the right skills and experience we need to grow our businesses remains one of the biggest barriers to achieving that ambition. The UK has become a global tech hub thanks in large part to startup founders, investors and employees from across the globe, including many of us who were not born in Britain but choose to invest our time and talents here. We are very concerned that changes to immigration policy will make it more difficult to attract and recruit the talent high-growth companies need to compete and succeed in a global marketplace."

15.1 Quotes

“An employer’s inability to retain indefinitely certain foreign workers will in many instances not create more local employment opportunities, because often these foreign workers are filling gaps between skills needed and skills available in the local marketplace.”

- Microsoft response to MAC call for evidence

“Rolls Royce is a UK based company but its operations overseas are many and growing. This is the case for many large UK employers. If we are unable to attract/retain the best international talent into the UK we may experience a further shifting of business operations into other territories.”

- Rolls Royce Plc response to MAC call for evidence.

“The consequence is cumulative: the more games companies show that they do not have the resources to meet worldwide expectations in relation to games development, the more we will see global publishers choose to award contracts to game developers outside of the UK”.

- TIGA response to MAC call for evidence

“The proposed changes, when paired with the many recent changes, will further impede our ability to hire and retain foreign national workers and truly call into question whether Microsoft will continue to be able to operate effectively in the UK.”

- Microsoft response to MAC call for evidence

“If key specialist roles must be moved due to immigration, jobs and business will move with the talent”.

- Microsoft response to MAC call for evidence

“The impact of a reduced pool of qualified candidates to draw from will negatively affect RIM’s R&D efforts in the UK. Should it be impossible to properly develop and enhance the skills and talent at the Birmingham R&D Centre through recruitment, as necessary, RIM will have to consider placing more emphasis on R&D facilities in locations outside of the UK.”

- Research in Motion response to MAC call for evidence

“However, there are many circumstances not reflected in pay, including entrepreneurs and startup employees who are working for lower salaries and higher stock and company benefits. The same can be said of others as well, who forego salary or work for lower salaries and higher potential compensation through stock and benefits.”

- Microsoft response to MAC call for evidence