



Home Affairs Committee

Oral evidence: Immigration: skill shortages, HC 429

Tuesday 13 October 2015

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Members present: Keith Vaz (Chair), Victoria Atkins, James Berry, Mr David Burrowes, Nusrat Ghani, Mr Ranil Jayawardena, Tim Loughton and Mr David Winnick

Questions 1 – 75

Examination of Witness

Witness: **Jonathan Portes**, Principal Research Fellow, National Institute of Economic and Social Research, gave evidence.

Q1 Chair: Do you want to just declare, for the purposes of what we are doing today, who funded your research?

Jonathan Portes: Yes, I would like to do that. The National Institute gets British funding from a variety of sources. Some of the work that I have done on the immigration issues in general has been funded by NASSCOM who I think you will be familiar with, the association of Indian software outsourcing. Some work that I am doing at the moment is funded by the City of London Corporation. We are also receiving funding from the Economic and Social Research Council for our current work particularly on EU immigration and previously from the Migration Advisory Committee.

Q2 Chair: Very helpful. Let me ask you about the Tier 2 cap. What is the purpose of this cap on visas in respect of Tier 2 and is it working?

Jonathan Portes: The purpose is to reduce the number of people who immigrate to this country, skilled workers who come here under the Tier 2 system, and it is working in the sense that the cap is now binding and therefore people who would otherwise have been able to come to this country to work and to be employed are not. Under the rules of the system, those people are not coming because there is a cap, so in that sense it is quite clear what the intent is and it is clear that it is indeed in that sense working.

Does that make any sense at all from an economic perspective? In my view, no. I said right from the beginning, before the cap was invented, that a cap would either be irrelevant if it was not hit, because if the cap is not hit it does not change anything, or if it did bind, as it is now, and as I foresaw that it would, should the economy recover reasonably well, it would do economic damage because it is preventing businesses that wish to employ skilled workers, and have identified skilled workers, from employing skilled workers.

Q3 Chair: Yes. Do you see that there is value in doing this?

Jonathan Portes: I see no value at all in having a cap on the number of skilled workers. We have set up a system that has a set of rules and criteria. They may or may not be perfect, but they are the criteria that we have. They are designed to ascertain whether skilled workers are of economic benefit to this country. They pass certain thresholds. Those criteria are set broadly by the Government on the advice of the Migration Advisory Committee in line with a set of criteria that are designed to ensure that those people are of economic benefit. The cap comes in and cuts across all that and says, “Well, despite the fact that you have passed the test and met the threshold, despite the fact that the rules that the MAC has recommended suggests that you would be broadly of benefit to our economy, you cannot come here anyway because we have this number and that is because we want to hit the tens of thousands target”.

Q4 Mr David Burrowes: Just to follow on from that, for example the curry industry, they have I understand a skill shortage of curry chefs and recognise there is a skill shortage but then they are not able to meet the income threshold. Is that a good example, where they provide an immense economic value to many constituencies and to the economy, that there needs to be some flexibility in the cap?

Jonathan Portes: That is quite a different example, because that is not the cap. As you said, that is the salary threshold. I think the issues there are considerably more complex. The cap, it just seems to me, is something that is simply economic masochism. We are deliberately deciding not to accept people who we know would benefit the economy and are paid over the salary that the MAC has set, or the Government has set on the recommendation of the MAC.

With the curry industry, that is a different matter. We are talking about people who are not particularly high paid, so in that sense we would be giving special treatment to a particular industry. It seems to me there are arguments for and against that. You could argue that if you were going to have a salary threshold certainly for the private sector, and the public sector may be a different matter, that it should be broadly the same. Why would you favour the curry industry over, for example, the economics research industry?

You could say that if you are paying less than the salary threshold of £20,800 or whatever it is—

Chair: I think it is £35,000.

Jonathan Portes: It depends on which route, presumably but, yes, then you should be training up people from here. That is the idea of the system, to give people an incentive. There may be some particular reasons why the curry industry is special, but I think one has to make the argument that the curry industry is special, that it is different from other industries and that it justifies special treatment on those grounds.

Q5 Mr David Burrowes: In terms of recruiting skills, what evidence is there that firms that employ skilled workers from overseas do not invest in training?

Jonathan Portes: The answer is that there is not an awful lot of evidence. We did this report here that we prepared for the Migration Advisory Committee, which asked us to

look at skilled immigration and strategically important skills. This was not quantitative research for the most part. We went and talked to employers, to employees and so on, particularly in the aerospace and financial services industry, and what we found was that—I am not allowed to identify the companies but these were large companies—typically companies that recruited highly skilled migrants from overseas invested quite a lot in training.

So, for example, the aerospace industry needs highly skilled specialists from abroad, but also invests a huge amount in training British workers. So we found that training in general was complementary to the recruitment of highly skilled workers from abroad rather than displacing it. We did not find any evidence that a company said, “Well, if I can’t get a highly skilled worker then I’ll train people from outside”.

Q6 Mr Winnick: Migrant Watch will be giving evidence very shortly. We will find out in due course when they do give evidence, but presumably their line is there is not such a need for skilled migrants. Some perhaps but not the numbers at the moment, again guessing what their evidence would be on this particular aspect, that a British firm should put much more into it, arising from what has just been said, and produce the skills instead of relying on people overseas. That is their line. What would you respond to that, Mr Portes?

Jonathan Portes: Of course Lord Green and Migration Watch will have to speak for themselves, and I will not prejudge what they will say. There is no empirical evidence to suggest that the general view that if you do not have skilled workers from abroad that will just give an incentive to firms to train their own is the case in this country. As I said before, our study of qualitative research found if anything the opposite, and where there has been quantitative research in the US again it has found, if anything, the opposite, that migrants and training are complementary rather than substitutes.

More broadly, I think this is really a version of the lump of labour fallacy, the idea that there are a fixed number of skilled jobs to go around. If you take my own industry, economic research in London, there is huge immigrant penetration. Most economists particularly in research and academia in London are probably of non-UK, European or non-EU origin. Most of my new recruits are. That does not reduce, in my view, either job opportunities or wages for people like me who were born in this country. Quite the opposite. The reason that we have a thriving economic research community in London is precisely because we are open to immigrants.

Countries like Italy, which produce lots of very good, skilled economists at a young age but are closed to immigration, effectively because of language and regulations, do not have an economics research community, hence job opportunities there for Italians are terrible and they all come here. So the idea that there is a fixed number of skilled jobs to go around and if we stop the immigrants coming companies would train more ignores the fact that these sectors, particularly these highly skilled sectors, are located here in part because we are open to immigration, and that generates more opportunities for skilled Britons rather than fewer.

Q7 Mr Winnick: Would it be true to say that very much what is happening here is the pattern in other western European countries, fellow members of the EU, that there is not particularly any great difference, if any, about migrant skilled labour coming into those countries, as in Britain, and for the reasons you have just explained?

Jonathan Portes: I think there is a difference in the sense for various reasons, and I can identify at least three. One is that we have over the last 15 years had a relatively liberal system of skilled immigration. The second is that we have the English language, which means that we are more attractive to non-EU immigrants because they are more likely to speak English. Thirdly, we have London, and there is no equivalent elsewhere in the EU. That means we are rather more attractive to skilled immigrants and find it easier to get skilled immigrants than most other countries.

Q8 Mr Winnick: To our advantage?

Jonathan Portes: To our advantage, absolutely. So if you look, for example, at the skill profile of immigrants to developed countries, rather surprisingly given our membership of the EU, the OECD analysis and the data is a bit funny but the broad conclusions are good; immigration to the UK is remarkably highly skilled. In fact despite the fact that Australia supposedly has this points-based skills-based system, immigrants to the UK are on average, if anything, more skilled than immigrants to Australia, not less, and yes, that is a good thing.

Q9 James Berry: It is the case, is it not, that immigration to the UK of any type is higher than most countries in Europe and perhaps for good reason because we have a booming economy at the moment and a broad policy? That is the case in respect of Mr Winnick's question. I am not commenting on whether that is a good or a bad thing—

Jonathan Portes: The overall level, yes. At the moment it is higher, yes, that is quite right.

Q10 James Berry: It is a fair observation from opinion polls, is it not, that immigration is one of voters' top concerns? We cannot control immigration really from the EU. We cannot and would not want to control Syrian refugees that we have just been hearing evidence of, so the only thing we can really control is economic migrants and that is what leads to some people who we want to come here to work being turned away because of a cap. I accept that you disagree with there being a cap, but that is the product of not being able to control immigration in other spheres.

Jonathan Portes: I think that is a political-type message, probably outwith my judgment. My understanding is that people are clearly concerned about migration in a number of respects, but if you ask people, "What does that mean, that we should not have foreign students coming here to our universities? Does that mean we should not have skilled workers coming here?" for the most part they say that is not what they mean at all; they mean some other types of immigration.

Q11 James Berry: That is the next part of my question. Do you think there is a case for there being flexibility in the system to deal with the density of demand in different parts of the country? I will give you an example: in my constituency there are a number of nursing homes and they are finding an acute shortage of applicants for nursing and healthcare assistant roles. They advertise them publicly and people in this country do not apply for them, so they need to go abroad. They are finding at the moment that there is such a spike in demand that unless you are offering extremely high salaries, way above anything you would normally pay a nurse or a healthcare assistant, you have no chance of them being able to

come to this country. Do you think there is a case for flexibility based on the density of demand in certain sectors in different parts of the country?

Jonathan Portes: I think there is a case for flexibility and I distinguish two types. There is one where we have jobs that are essential, but because they are either public sector or indirectly publicly funded we are not prepared to pay enough money to incentivise British people to train and all the rest of it. That is a consequence of wider economic factors, but if that is the case, that we are not going to pay enough, then clearly there is a case, as I was saying before to your colleague, Mr Burrowes, for carving those out and saying, “Well, the salary thresholds should be lower. There should be flexibility. We should recognise that the economy of this is that if we want these services done we will need to recruit from abroad and therefore if we do not want to let lots of other people in by lowering the salary threshold overall we should lower it for those occupations”. I agree with that.

There is a second element of flexibility, which is a more regional one, which is more economic development. It seems to me that we have a huge wasted asset in the very large numbers of very intelligent, bright foreign students who come here, particularly to our regional universities. I am not talking about London here, where there is plenty of immigration already in some sense. One of the main reasons that we do not succeed in regional development policy in this country is that good universities do not somehow seem to extend that aura of success to local economies. If we had a system where foreign students could stay on for a certain period of time and try to establish themselves in the areas around those universities I think it could do a lot for local economic development.

Q12 Chair: Thank you. So you would be in favour of post-study work?

Jonathan Portes: There was clearly some abuse of post-study work, but cancelling it entirely has been a huge hit to the universities, to recruitment of students, particularly in places like India. I think if one were going to reintroduce it, reintroducing it in a way that it was focused on regional development, focused on our great regional universities, would be a win-win.

Q13 James Berry: When I studied in America the rules were quite clear about how much post-study work you could do, and I was doing voluntary work, so it did not really affect me but the rules there were very clear. Has there been any damaging effect on the economy in the US with students not being allowed to stay on and work for a significant period after graduation?

Jonathan Portes: Lots of them do, one way or another. Silicon Valley is to a very large extent the product of Indian especially, and to some extent Chinese, students and then graduate students who have stayed on and established themselves.

Q14 James Berry: After applying for and obtaining a Green Card?

Jonathan Portes: After applying for and obtaining a Green Card.

Q15 James Berry: Not just being allowed to stay and work?

Jonathan Portes: Yes, but the post-study work route here was originally modelled on precisely the US system. Then it sort of leapfrogged and became somewhat more generous than the US system and we have now gone back to something that is much less generous

than the US system. The Americans probably have it roughly right, and we should be going back to something more like that.

James Berry: Interesting. Thank you.

Q16 Tim Loughton: Mr Portes, what routes are there for firms employing skilled staff from outside the EU who are exempt from the cap?

Jonathan Portes: There is the intra-company transfer route that is most important, and that has a particular role. As I have mentioned before, some of the stuff that I have done has been funded by NASSCOM, so they bring in quite large numbers of people through the intra-company transfer route, and that is not subject to a cap. It is subject to a somewhat higher salary threshold, and to various other rules, but it is not subject to the cap.

The other thing that is not subject to the cap is Tier 2 for students who stay on who are switching directly into Tier 2 but they still have to meet the salary threshold and the other criteria. There are probably some others. There are the entrepreneurs and so on. Of course, that does not work for companies. There are probably some other routes as well, and of course there is EU migration.

Q17 Tim Loughton: I want to come back to that, but can you give me some examples of the intra-company transfer route? What sort of skills are we talking about and are they concentrated in certain countries or types of company?

Jonathan Portes: There is a very high concentration in the IT industry in particular, so it is quite common for a large company here that wants to have a large project involving the development and implementation of some big software changeover to contract that out to, for example, an IT company in India that specialises in this. They may do some of the work in India, but they will bring a significant number of people. They will have people working here already, but they will bring a significant number of people over here with particular skills perhaps in that particular type of project, that particular type of software, and get them to work here.

Q18 Tim Loughton: Have we seen a disproportionate rise in the numbers doing that, given that other routes have been closed off?

Jonathan Portes: We have seen that, but I am not sure how you would define “disproportionate”. We have certainly seen quite a sharp rise in the number of people, as you would expect. It is much more difficult to bring people in through what used to be the standard Tier 2 route, and it is relatively easy, if you meet the salary threshold, and you are a big company, to bring people in through the intra-company transfer route. There has clearly been some displacement from one route to the other.

Q19 Tim Loughton: Okay. Back to general immigration, have there been some unintended consequences here, that the more it becomes difficult for employers to hire skilled people from outside the EU they have to look inside the EU? So the more the Government succeed in compressing, if they can, the non-EU figures then there is going to be a balancing

factor adding to those EU figures which of course are going completely the other way, as we know?

Jonathan Portes: Yes, that is right. It is difficult to quantify. My colleague, Cinzia Rienzo, is working with the Migration Observatory in Oxford and wrote a paper called “The Balloon Effect” that describes precisely this, so there is certainly some overall suggestion that that has occurred. You can also see it in particular sectors, so for example since it is much more difficult than it was to recruit nurses from the Philippines, which used to be a very large source of nurses for this country, our NHS trusts have taken to going to Spain, I think, and other countries in the EU to look to recruit nurses there. That does not do anything for the UK for the Government’s immigration target overall but does mean that they do not have to come in through the cap, the Tier 2 route.

Q20 Chair: Does it not look strange that we see all these pictures of people arriving from Calais illegally and the level of illegal migration is enormous and although we do not have figures here are people who are highly skilled who are trying to get into this country legally and all kinds of hoops are being put in their way? It is a very odd state of affairs, is it not, that they are included in the overall perception of migration, whereas these people can help our economy, some of those who come illegally and others who do not?

Jonathan Portes: It is very odd. To some extent you will always have this. You will always have to have a system of migration control for people from outside the European Union that imposes some criteria and then you will always have some level of illegal immigration because some people will not qualify under that and some level of people are coming here for refugee and asylum reasons, as you were just discussing previously. There is always going to be that contradiction.

It is obviously particularly odd at the moment that public concern is driven very much by certain specific groups and yet we have the Government’s response to say, “Well, we are going to try to drive down the numbers by further tightening what are already quite tight restrictions on people coming in”, as I have said, who have been determined to be of generally economic benefit.

Q21 Chair: Mr Portes, thank you for coming in. We are going to turn around our report quite quickly. If you have anything to add to what you have said please do send it in. Thank you very much.

Examination of Witnesses

Witnesses: **Lord Green**, Chair, Migration Watch UK, and **Matthew Pollard**, Executive Director, Migration Watch UK, gave evidence.

Q22 Chair: Lord Green, may I welcome you most warmly and you too, Mr Pollard? I think this is your first appearance since you have been elevated to the Upper House?

Lord Green: I think it is, Mr Chairman, yes.

Chair: May we pass on the very warm congratulations of members of this Committee. Were you delighted with the Home Secretary's speech at the Conservative Party conference last week?

Lord Green: I thought it was a very good speech. It was very clear; it was very accurate. She said a lot of things that needed to be said. I am not in a position to judge the political impact of it, but if you read the text one thing that was not quite clear in what she said was her assessment of the value or otherwise of immigration. I think it should have come across more clearly that many immigrants are indeed valuable to this economy and this society, but if you look at the numbers overall and if you look at GDP per head, or at the fiscal benefit, nowhere is there any significant benefit. No study has ever found significant benefit to GDP per head or significant benefit to the Exchequer— indeed, the opposite. So I think she was a bit hurried over that.

Q23 Chair: Yes. Of course the Government missed their target of bringing net migration down. You were very vocal on that, and the target has been reset for five years. What is your estimate? Do you think they are going to reach it this time?

Lord Green: It would be very difficult. I do think it is important to retain the concept of a target for two reasons. One is that it focuses the bureaucracy on what the Government want done. As an ex-Minister, you will understand the importance of that.

The other thing is that it focuses public opinion in a way that is really quite simple, but at current levels of net migration, 330,000, we are going to have to build something like three cities the size of Birmingham in five years, and that just cannot be done. The target, if you like, encapsulated the impact of just sheer numbers leaving aside qualitative sheer numbers.

Q24 Chair: You have been very clear in all the years you have been Chairman of Migration Watch that you are against illegal migration and against abuse, but those that come to this country legally to contribute to the economy you believe should be allowed to come. I know you have been very forceful on students who come and study and then leave, so are you a fan of the cap or do you think it is time the cap should go? In your evidence you say there is no point in having a cap. Once reached, the cap is either raised or scrapped, which sounds a bit defeatist coming from someone like you who is quite an optimist on some areas.

Lord Green: It was intended rather differently, Mr Chairman. I think it is fair to say that a cap is essential for the reasons that I have given. When you reach the cap biting, then you have to consider the position that you are in, and whether any change is needed. At this point I would not say it is needed. I saw something from the engineers that said that 66 visas had been refused. We can go into that in a moment if you like, but my understanding is that there are something like 750,000 engineers in this country and those registered with the Engineering Council are 220,000. So it is very hard to argue that just because a few visas have been turned down that the cap is terrible and the industry is going to collapse. That same document suggested that immigration policy in respect of this was putting our wider economic strategy at risk. That cannot be true.

Q25 Chair: If you look at specific industries, for example nurses, changes to the immigration rules may force 3,365 nurses currently in the UK to leave the country from 2017 and a point raised by Mr Burrowes with the previous witness, which I can support very

strongly, is those in the restaurant industry where there is no demand from the new generation to become chefs in curry restaurants. That is why there is a need to bring them from abroad, but the threshold is so high, at 30,000 I think for a chef, that many restaurants are closing. Do you think that in particular sectors it is important to look at those sectors and analyse the evidence before having a blanket approach?

Lord Green: I think you are quite right to differentiate between the sectors, yes. To take nurses first of all, the problem with nursing is that the capacity to train British nurses has reduced in the last three or four years from something like 14,000 a year to 12,000 a year. It is well known that we need nurses. There is something like roughly 10 times the number of applicants for each place, so it is right-hand, left-hand, but in the long-term it must be right to train British nurses and to give an opportunity to young British women and men to become nurses rather than rely on bringing them in from overseas.

In respect of chefs, I think it was deliberate that that was set at a higher level, in part because about 25% of young people from the same community are unemployed in some places. In a sense, you are providing an opportunity for people of that culture, of that knowledge, to get a job if they want a job. So you are right, different solutions for different professions. I come back to the overall point: there is a real reason for getting immigration down. This is only a small part of it. A cap of 25,000? It is peanuts really. You have to look at the whole scheme, which you touched on with your earlier witness. The reality is just very briefly no restrictions on the EU, no restrictions on intra-company transfers, now at 36,000, no restrictions on foreign graduates getting a job with a British firm, although only 5,500 were employed last year.

Q26 Chair: These are all ways round the back of the cap, are they?

Lord Green: No, no, perfectly legal. If you are a foreign student—

Q27 Chair: They are legal, but you think they just increase the numbers?

Lord Green: No, I think that is fine. I think it makes a lot of sense. If someone is trained here and is offered a job at £20,700, let him go for it. What happened was that the post-study work was widened so greatly that people were stacking shelves. When that changed, the numbers went from 40,000 to 6,000, as you probably know.

Q28 Mr Winnick: I am going to ask you something different. We were all given or sent a call from the legal community for urgent action, urging that more should come, but I notice among the many names—and no doubt you know as it has been publicised—there was an Andrew Green. At first I thought with horror that it might be connected with you, but having looked in the reference books I see there is no relationship between you and the Andrew Green here.

Lord Green: I can set your mind at rest, Mr Winnick. We have been I think both involved in this matter for at least 15 years. It is not that I am opposed to asylum at all. I think we have a moral duty to help those people in a country where I served and is now in total chaos, Syria. The question there, as you raised it, if I may answer it, is what can we as a rich country best do to help millions of Syrians who are in the most appalling difficulty?

My answer to that would be, as in perhaps other refugee situations, you can help them best in the neighbouring countries by giving them a tolerable life, until they can go back, which most of them would want to do. I think that is where the focus of our effort should be.

I think it is right that we should take some hard cases and we are doing that. You can argue about the number, but we are doing that.

Q29 Mr Winnick: So Migrant Watch is not opposed to the figure that has been announced by the Government of 20,000 refugees to be taken in?

Lord Green: I think that is a satisfactory start. Your first witness this afternoon I think rather illustrated the huge difficulties of doing this properly. The European Union is trying to set up a compulsory scheme, and I think it is pretty chaotic. I will bet my bottom dollar that anyone who goes through the British system will be much better looked after than those who turn up in Europe.

The wider point I think that you were touching on, perhaps, is that we have all been taken by surprise by the way in which the border controls in southern Europe have collapsed. The flows are now very large indeed. Arguably the sum of human happiness has not necessarily been increased, because these people are going through a very difficult journey and who knows what will happen when they get here, who knows how many more will come, and who knows what it will do to the situation in the countries where they arrive. You understand these things much better than I, but it seems to me that we have landed up in a very difficult situation.

Q30 Mr Winnick: Yes. So with those reservations you accept what the Government is doing?

Lord Green: It is a start. I think the focus is right; help them where they are and you are helping hundreds of thousands. Help special cases, which is what they are doing. I think 20,000 is a reasonable start. Hopefully if the system gets going and works well we could do some more.

Q31 Mr Winnick: When the Coalition Government came in it made the point that immigration should be reduced and reduced quickly from what they described as the hundreds of thousands to the tens of thousands. Now, of course, the figures show nothing of the kind has happened. If anything, the numbers are up, as I am sure Migrant Watch has been telling everyone. Were you surprised? You would be disappointed as an organisation obviously. Were you surprised?

Lord Green: Yes. The reason we were surprised is that the policy in the first two years of the Coalition Government was more or less on track and we thought at one point that they were within sight of their objective. What changed was that migration from the European Union doubled in two years. It is worth remembering that for the previous 18 years any net migration from Europe was completely cancelled out by British emigration. It is that change of an order of magnitude from Europe, not only from eastern Europe of course but now from the eurozone countries. That is what has transformed the situation.

Q32 Mr Winnick: In the negotiations regarding British continued membership or otherwise that will be decided by the referendum, is it the policy of Migrant Watch to say that what the Government should be doing is negotiating to stop the free movement of labour?

Lord Green: Migration Watch, by the way. Migration Watch is the name of my organisation.

Mr Winnick: Sorry.

Lord Green: You called it Migrant Watch once or twice. To answer your question, our view is that unless some action is taken to reduce the inflow from European countries it will not be possible to bring the overall net migration down to the level that we think is required if the rate of change can be brought to a level that the public will accept.

Q33 Mr Winnick: So, in effect, you are opposed to the free movement of labour, as is the position of the EU, on which all the indications are there is not going to be any change at all in that aspect. You presumably, as an organisation, would be in favour of leaving?

Lord Green: No, we are not taking a view on that. It is not for us to do so. If I may add to my answer to make it clearer, our view is that the way to deal with this is work permits. You would impose work permits for all labour from all over the world. So skilled labour from Europe could continue to come. As you may know, 75% of eastern European labour is low-paid and 25% of EU-15 labour is low-paid. So if we were to say, and I am not saying that they will agree, that in future any European coming here to work needs a work permit you would cut the numbers by about 90,000. It still should be possible to have free movement of people for travel, study, residence and retirement in both directions. There is no reason why that should be affected. So that is the direction that we would go, but of course persuading countries like Germany and Poland of that will be extremely difficult.

Q34 Mr David Burrowes: In terms of evidence around investing in training, we have heard evidence from employer organisations like EF that say that their members do invest in training. We have heard evidence also today in relation to large businesses investing in training or not. You maintain that British businesses are not investing in training. Can you expand?

Lord Green: Well, there is a very full and interesting report from Baroness Wolf. Can you speak to that?

Matthew Pollard: Yes. Professor Wolf published, through the Social Market Foundation, something in July that showed there has been a steady decline in employers' training expenditure and activity over the last 20 years. The best information to look at that is through the Labour Force Survey that asks people have they spent any time away from work in the last week on training. That number has declined from a peak of about 180,000 people in 1998 down to 20,000 now.

Mr David Burrowes: 20,000? Not 120,000?

Matthew Pollard: No, 20,000 now and what is interesting is that in the last five years it has not improved either, so even though those caps have been in place for the last five years, we have seen no evidence that there has been a pickup in training in response.

Mr David Burrowes: And a pickup in the economy of course?

Lord Green: No, so it is perfectly clear from that report that British businesses are not investing very much and certainly not sufficiently in high-skilled apprenticeships.

Q35 Mr David Burrowes: How do you see the best way of addressing this skills gap in the shortage occupation list?

Lord Green: She had a proposal, didn't she?

Matthew Pollard: One of the ideas is a national apprenticeship fund that all employers contribute to through a levy or payroll tax. On top of that is an idea the MAC are reviewing, which is if you bring in someone from outside the EU on top of your visa you pay a fee that goes into this apprenticeship fund, and together that could be a good way of increasing the funding for this area. What we are seeing is that the Government have expanded the number of apprenticeships that it wants to offer, but because it has been driven by targeting numbers it has gone for quite quick, low-skilled apprenticeships rather than the one or two years' engineering apprenticeships that employers say they need.

Q36 Mr David Burrowes: Would you see the need for any particular flexibility, drawing from one of the earlier questions, in relation to different sectors of industry, whether it is the curry industry or others, that there needs to be some greater flexibility when handling skill shortages?

Matthew Pollard: The shortage occupation list only makes a case for a proportion of the people brought in on the Tier 2 route, so they get priority already under that Tier 2 visa and they are less than a quarter of the visas used. The rest, by definition, are not a shortage occupation at the moment.

Q37 James Berry: Just to pick up on a theme, you were going through the list and it was a question I asked of the previous witness. Immigration, net migration in this country is high both in absolute terms and comparatively. People are concerned about that. Whether they are right or wrong to be I will leave that for others to judge, but going through the levers that the Home Office has on controlling migration, if that is what people want the Home Office to do, am I right that the main levers that the Home Office has is on controlling postgraduate employment by migrants and by controlling economic migration?

Lord Green: The major problem is students. That is where the numbers are and I am talking about non-EU students here, because of course EU are free to come. Non-EU students have been arriving at about 150,000 a year and leaving at 50,000 a year. So there is something of the order of 100,000 students staying on every year, which is a big part of your 330,000. That is what needs attention.

The introduction of exit checks will tell us for sure what nationalities are overstaying, which universities or colleges they have gone to, so there can be a much more focused response, but if you are talking about getting numbers down you are talking about getting a grip of the student sector.

Q38 James Berry: You said, I think in answer to a question from Mr Winnick, that you were surprised by the increase in net migration and maybe that which came from eastern Europe.

Lord Green: And western Europe.

James Berry: Why was it that that surprised you? Was it because you had not predicted the economic crisis that obviously caused an increase in immigration to this country, or was it just something that did not occur to you? The previous Labour Government plainly did not expect this to happen. You are someone that spends a lot of time thinking about it, so I am wondering why it took you by surprise.

Lord Green: We are the only people who said at the start in 2004 that the Government's prediction of 5,000 to 13,000 was "almost worthless" were our words. Our prediction was also low: we said it was 40,000; it turned out to be 70,000. Anyway, the answer to your question is I am not sure anyone had foreseen that the scale of migration from eastern Europe would continue at a very high level for years and years and years. You may remember in the early years people said, "Oh, they are only coming for a time. They will all go home". We have 1 million here, which is fine in many respects, but it does not suggest they are going home.

I suppose the other surprise was the difficulties of the eurozone and that has brought an awful lot of young people. Nice to see them, but it has brought an awful lot of people from Italy, Spain, Portugal and so on, so the numbers are huge. Who knows if they will go home? I do not know. What I do know is that if you take current levels of net migration and project them, you get the kind of numbers that I pointed to.

Q39 James Berry: What do you think are the best ways to encourage British employers to invest more in training?

Lord Green: One is not to give them too easy a way of bringing people in from overseas to do the job. Nurses we have discussed, but business had five years to adjust to this, the NHS had five years to adjust to it. The people the Chairman mentioned who are going to have to go home are people who are completing their five years and the total is the total of five years' worth. They are not all being thrown out, as it were. They are coming to the end of a five-year term, by which time the health service and its training should have had it sorted and they did not.

Q40 James Berry: Do you support the Government's proposals for an apprenticeship levy?

Lord Green: I think we do, yes.

James Berry: You do?

Lord Green: Yes, in a word.

Q41 James Berry: Finally, I was involved in a party conference with Demos, and part of the discussion was about learning English and the importance of people coming to this

country learning English for social cohesion and for a whole range of reasons. Would you support companies who bring migrants to this country to work being required to fund English language courses as well?

Lord Green: Yes. I have not studied it, but it seems to me a reasonable proposal, yes.

Matthew Pollard: There is already an English requirement if you are coming from outside the EU, but from the EU of course there is not.

Q42 Chair: Thank you. There are though so many loopholes in the European Union that people are arriving in this country with passports from other countries, from former colonies. I am surprised at the numbers of people from the colony of Daman and Diu in India who have obtained Portuguese passports and who are now resident in Leicester. Of course I welcome them very warmly to come and live in Leicester, but I think the number is between 10,000 and 20,000.

Lord Green: In Leicester?

Chair: The number of Damans and people from Diu who have come in is huge.

Lord Green: 10,000 in Leicester?

Chair: It is about 10,000 in Leicester. But the other EU countries, if we look at Malta and the fact that through an investment scheme you are able to get your passport. If you are an inward investor into Malta and you pay a certain amount, you get your EU passport, and you want to come and settle in the United Kingdom, not settle in Malta and other countries. We have no control over that, do we?

Lord Green: No. The reason is that nationality is a matter for member states. You will find the Romanians are dishing out passports to people from Moldova and so on who have historical connections; you have the Portuguese for their former colonies; you have Spain with a special relationship to parts of Latin America and so on. You mentioned Malta, yes. It is a consequence of the European Union and its arrangements that that is possible, yes.

Chair: Lord Green, thank you very much for coming in. Sorry, yes, Mr Loughton.

Tim Loughton: Can I have a go?

Chair: Of course you can. Sorry, have I forgotten you?

Tim Loughton: Yes.

Chair: How I could do that?

Q43 Tim Loughton: On that last point, is it also true that the 800,000 Syrian migrants coming into Germany this year alone, if in a few years' time the Germans grant them general passports, will be at perfect liberty to travel to the UK and any other of the 28 countries?

Lord Green: Yes, that is true of any refugee accepted in the European Union. We have looked at that. In most European countries, EU countries, it is five years to nationality. In Germany it is eight. We did specifically ask the Government whether temporary or permanent residents permits from Germany would suffice to get into the UK. The answer

is, “No, you need a visa”. So after five to eight years, yes, anybody who has been accepted elsewhere will be free to come here, and as somebody mentioned—the Chairman, I think—join their communities, if they have a community here. There are not a huge number of Syrians here, but a fair number.

Q44 Tim Loughton: Can I ask two other points? You mentioned the business about net migration and that, disobligingly, many British resident citizens had decided not to leave the UK in the last few years, which has skewed the figures. Do you think it is completely unrealistic to have a net migration target, where we have no control over the leaving part of that equation?

Lord Green: No, I do not. I think you have to keep it simple, and that target, we know that the net outflow of Brits is of the order of 50,000 or 60,000 a year. That is the average over 10 or 20 years, so you know what that is. If you try to convey something more complex to the public about this bit and that bit and the other bit, you will be lost.

Q45 Tim Loughton: But why? An important factor is quality. If we have an awful lot of people who were claiming benefits and not contributing to the economy who happen to be British and resident leaving the UK and they are replaced by the equivalent or greater number of people who are going to be serious taxpayers to the UK economy, there is an advantage to UK residents and the UK Exchequer because of that. It is not just a numbers game, is it?

Lord Green: It is not a game anyway. Numbers are important, but not everything, I agree. But there is no way that you can measure the quality of flows in either direction. You can do some sort of survey work on levels of education and so on. That would show you, I think, that British emigrants are probably quite highly skilled and rather more skilled than the average incomer, but that is life.

Q46 Tim Loughton: But then we heard from Mr Portes earlier, the point I touched on with him, that if we are seeing a reduction in skilled workers from outside of the EU because of the cap being effectively substituted by equivalent workers within the EU, because now it is easier to recruit them by UK employers, on a numbers issue, be it a game or not, it will make no difference whatsoever. You are simply replacing Indians, Filipinos, whatever, with Romanians, Poles, Germans.

Lord Green: In the short term that may be true. In the medium term, until the expansion of Europe to the east, the flow to and from the UK and the other 14 was pretty well in balance over time. In a sense, if you are trying to get the numbers down and you have a completely open border to Europe, then you put the limit on that element that you can limit, but in the longer term, where the economic level in Europe is similar to ours, then there will not be much flow in either direction.

Q47 Tim Loughton: But that is the problem, it is not?

Lord Green: It is the problem now, yes.

Q48 Tim Loughton: Do you not think there is a much bigger longer-term problem here, because the birth rate in Poland, for example, is something in the order of 1.6, 1.7, a declining population? The birth rate for Poles who have moved to and work in the UK is something like 2.7, so they are here for the long haul. The problem is there is something like 15 million Poles who now live outside of Poland, and Poland has one of the best education systems in the EU, so highly-trained people who have been trained and educated at the expense of the Polish Government are now bringing their wares to the UK and other European countries to the benefit of those countries. That trend is not going to change overnight or in the medium or even long term, is it?

Lord Green: No, it is a problem for Poland and I do not think we should overlook that. Even more so, it is a problem for Romania and Bulgaria, both of which are almost in a state of political and economic collapse. That is an exaggeration perhaps but—

Q49 Tim Loughton: But their skillset is not nearly as high as Poland. The education system in Poland is streets ahead of Romania and Bulgaria.

Lord Green: No, that is true, but in all these countries those who they really need are being drawn into more highly-paid employment in other parts of Europe. Yes, that is a problem for those countries. You touched on another problem, which is birth rates, and the Polish birth rate is very low, so is the German, the Spanish and the Italian. There are many things in this mix, but one of them is we have a replacement rate as we are. We do not need immigration to sustain our population; those countries do.

Chair: Thank you very much. Are you done, Mr Loughton?

Q50 Tim Loughton: I was going to say on that last point, is that not largely due to the migrant population having a higher birth rate than—

Lord Green: No. The newly-arrived migrants have a somewhat higher birth rate, but the UK birth rate, if you can call it that, is about 1.8 anyway.

Q51 Tim Loughton: But is that not enhanced by not quite as newly-arrived migrants?

Lord Green: Yes, it is. Yes, the overall rate is a bit higher than that.

Q52 Tim Loughton: Many of them will have families who are entitled to settle over here. Therefore it is them that is pushing it up; it is not those people who have been here for many generations.

Lord Green: I do not quite follow that question.

Matthew Pollard: It still would not be as low as the examples you cited, like Bulgaria and Romania.

Lord Green: Yes, we do not rely on immigration for a much higher birth rate than most European countries. The French and ourselves have birth rates close to the replacement level. Other countries—Russia, Poland, Spain, Italy—have disastrous birth rates and that

is very important. Most of this debate is about this year, next year, but birth rates are absolutely fundamental and hugely important to the whole stability of each of our societies.

Tim Loughton: But there are subsets within those birth rates. Anyway, we need to move on.

Chair: Thank you. Thank you very much, Lord Green and Mr Pollard, and I am sure we will see you again in the not too distant future.

Lord Green: With pleasure, Mr Chair.

Examination of Witness

Witness: **Rose Carey**, Immigration Law Practitioners' Association, gave evidence.

Q53 Chair: Welcome, Ms Carey, and I note the presence of Alison Harvey sitting behind you for a change. Can I declare an interest? My wife is a member of the Immigration Law Practitioners' Association and has been for a number of years.

Can I ask you, Rose—you have heard the evidence of other witnesses, we will not go over it again—were your clients surprised that the cap had been reached so swiftly in respect of migration?

Rose Carey: Yes, I think some of them were. We could see that it was getting pretty close in the months before, but it did take some clients by surprise.

Q54 Chair: But why did it suddenly rise? 2011 to 2012, the number of certificates of sponsorship, for example, was 10,000, but by 2014-15 it had gone up to 20,000. Is it because they could not get in under other routes that they were choosing this route?

Rose Carey: I think it is a combination of factors. I should say that I am also an immigration lawyer, as I am practising and am a partner at Charles Russell Speechly, so we deal with a lot of Tier 2 applications. I have been involved since the start of the PBS system in 2008 and I am here today representing ILPA and all lawyers, so lawyers acting for large sponsors, but also lawyers acting for small sponsors.

We have definitely seen an improvement in the economy and there is more recruitment. There is also more global transfers of staff. A lot of our clients are transferring staff out as well as in, so there is lots of employees, British nationals, transferring to offices overseas as well as people transferring in. There has been an increase in recruitment, more global movement and I think also closing down Tier 1 general, Tier 1 post-study work has probably seen an increase in Tier 2.

Q55 Chair: I have received a lot of complaints about visits by Home Office officials, where the sponsor licences have been taken away, because there is no appeal, there is an

administrative review. But they seem to have become very harsh on existing people who hold licences. Is that your understanding as well?

Rose Carey: It is, yes, and we have had direct experience of that recently. There has been a shift in the way the Home Office are treating applications. They seem much more enforcement-driven. They are taking quite a hostile approach in some ways, so it is less about helping business, which perhaps at the start of the PBS they were trying to be approachable. Now they are a little bit more hostile. With audits, there is a big problem in that auditing officers do not seem to understand the system that they are meant to be implementing, so when they are conducting an audit, they do not understand how the system operates.

Q56 Chair: Yes, there seems to be a lack of training. Is that right?

Rose Carey: Yes, that is right. ILPA has requested information as to the training that the auditing officers receive. We have not been given that information. It would be very useful to see what training they have. The auditing officers are, I believe, from an enforcement division. They are not the sponsor licence caseworkers making a decision about a licence, so it is just—

Q57 Chair: So it is a completely different decision-making process?

Rose Carey: Yes, that is right. The auditing officer conducts the audit and they send their report to the caseworker, who does have experience of the sponsor licence system. Problems we have found on audit is incorrect understanding of right to work checks, so they have found fault with employers where there was no breach, they have incorrectly found fault with reports not being made, but a report was not required. Their understanding of the system is very limited, so they are making incorrect findings and it is not possible to appeal the decision because there is no appeal system.

Q58 Chair: There is no appeal?

Rose Carey: No.

Chair: Do you think there ought to be?

Rose Carey: There should be, yes. There is no formal review system either. The only actual formal system to challenge those decisions is judicial review. We have contacts at the Home Office and we use those contacts to get an informal review. We did that recently.

Q59 Chair: Yes, which is unsatisfactory, is it not?

Rose Carey: It is, because—

Chair: It should be the same for everybody—

Rose Carey: That is right, yes.

Chair: —and there should be a clearly-understood way of doing it?

Rose Carey: Yes, because it is not fair on those firms that do not have the contacts.

Chair: We will put that to the Minister next week.

Q60 Mr Winnick: I have a sort of non-interest in putting this question to you and I will explain why, Ms Carey. I was involved with the Immigrant Advisory Service both full-time and then as chair for six years, and as you know, it went out of existence.

The question I want to ask you is while obviously the Immigration Law Practitioners' Association do good work, I do not question that for a moment, but it is in the main obviously a commercial affair, is it not? It is made up of solicitors and the rest who need to earn their living, charge hopefully fees that are necessary for the survival of the firms in question?

Rose Carey: It is a professional membership association, so members pay an annual fee, but our members are made up of private practice firms, lawyers working at law centres with charitable status, Legal Aid lawyers. It is not all lawyers like me who are in private practice and charging our clients; it is a mix of lawyers. Barristers as well are members, so there is lawyers regulated by the Solicitors Regulation Authority, so solicitors, barristers. We also have immigration advisers, so it is a mix of members, and students as well, I should add, are also members.

Q61 Mr Winnick: I had a constituent who came to one of my surgeries very recently—while not technically a constituent, but a person who lives in my constituency—who needed to submit to the Home Office an application to stay; very detailed, as to be expected. I said the obvious remedy is either the CAB or solicitors. At the end of the day, I think the CAB were able to do so, but they are under immense pressure, as you can imagine. But the point she made to me is that she simply could not afford solicitors, so do you accept that insofar as it would be possible, it would be useful once again to have a voluntary organisation funded in the way that the previous organisation was from public funds?

Rose Carey: Yes, I think there is a shortage there. There are very few firms now that can offer Legal Aid, and I think that is restricted probably to asylum work. There are some firms that offer pro bono. We offer pro bono services to clients, so we do not charge them, but obviously we are a private practice and we cannot do that in the main. Yes, that would be useful for those clients who do not have representation, because the system is so difficult to navigate now that people do need a representative. It is virtually impossible to manage the system without a representative.

Q62 Mr Winnick: We have had representation from the organisation that represents nurses and the point that was made is that for Tier 2 visas, it will be necessary to earn £35,000 after six years, and there are many nurses who after six years earn no more than £28,000. Do I take it that you are perfectly aware of this, and are there other sectors that will be adversely affected in this way?

Rose Carey: Yes. That salary level is to do with the salary they must be earning when they apply for indefinite leave to remain, which they are eligible to do after five years in the UK in Tier 2. That kicks in next year: 6 April 2016 that minimum salary applies. Anyone

applying for indefinite leave to remain on or after that date must earn that salary. The problem for those in the public sector, in particular nurses, is that their salaries are below that level so come 2016 they will not be eligible for indefinite leave to remain if they are not earning that salary. The maximum amount of time they can spend in Tier 2 is six years, so if they do not qualify for indefinite leave to remain at the five-year point, they will only get one more year in the UK and then they must leave if they are not able to switch into a different category. It is a big problem. We are aware that it is a problem for nurses. I was at a meeting recently with the Royal College of Nursing to discuss it. There is a great concern about what will happen and there will be a shortage of nurses.

Mr Winnick: Before you say your “thank you”, that was my final question.

Chair: Thank you so much, Mr Winnick.

Q63 Tim Loughton: Do you think the salary bands are going to have to be tweaked if the cap remains in future? You have mentioned nurses, which is obviously a key area of concern. What scope do you think there is to have some adjustment within the current system?

Rose Carey: I think the Home Office want to increase the salary levels. It is something that they are looking at, they have asked MAC to look at. The feeling I get is that they probably will increase the salary levels. The salary levels are assessed at different rates depending on the type of sponsorship and also depending on the role, so there is minimum salaries for Tier 2 general and then there are minimum salaries for Tier 2 ICT and they vary. The minimum salary for general is £20,800; the minimum salary for short-term ICTs is £24,800; the minimum salary for a long-term inter-company transfer is £41,500. For the long-term ICT, that is quite high. In addition, each role will have a minimum salary. The Home Office have what we call stock codes. They are a list of jobs that somebody can be sponsored in. It is not a very long list. It is limited to roles that are highly-skilled, NQS 6 roles, and each code has a minimum salary. Sometimes that is higher than the minimum set for the type of Tier 2. For example, a marketing role is probably going to be set at, say, £35,000, so even if they are coming in on Tier 2 general, the minimum general salary is £20,800, but if they are in a marketing role, it is, say, £35,000, they would have to be paid the £35,000.

Q64 Tim Loughton: Is there any great logic to the way these salary bands are set or do you think it is all a bit arbitrary?

Rose Carey: We are so used to it now, because we have been working with it for a number of years. The salary levels set in the stock codes are based on the average salaries in the UK, so they are codes prepared by ONS. The Home Office has taken a number of roles from the Office of National Statistics job codes and used those for sponsorship, so the salary levels that are set for the particular role are meant to be in line with what people are paid in the UK.

Q65 Tim Loughton: But you say they are based on averages. Is there any evidence that they are having a distorting effect on the actual salaries in the UK?

Rose Carey: Occasionally a sponsor may have to pay a migrant worker more in order to sponsor them, perhaps more than a resident worker. That is very rare though; I have not come across that very often. Obviously the employer is in a difficult position, particularly in relation to the salary for indefinite leave to remain, which is a problem, the £35,000 salary. That in particular is an issue, because they will be faced with a choice: do they increase that person's salary and perhaps pay them more than they are paying the resident workers, which could create employment law issues, or do they have to let that person go, the person that they have employed for six years and they have invested in? Yes, I think some of the salary levels are a problem. The indefinite leave to remain salary level is a problem.

Q66 Tim Loughton: If the cap were to be scrapped, what would you put in its place?

Rose Carey: I think the system is already quite robust. Sponsors can only sponsor someone in a highly-skilled role. There is a list of roles, the stock codes, in which somebody could be sponsored, so it is a very finite list. In addition, most Tier 2 general roles require the resident labour market test, so an employer would have to advertise to make sure there is no suitable resident workers. If there are, they cannot sponsor the migrant. I think the system itself already is robust enough to ensure that sponsors are only sponsoring when they need to. Particularly for smaller companies, for SMEs, the cost of sponsorship is quite prohibitive. If they are sponsoring someone for five years, the visa fee is over £1,000, so if it is a main applicant, spouse and two children, that is £4,000 in visa fees, £4,000 for the NHS charges that they now have to pay in Tier 2 general, plus legal fees on top of that. For a small sponsor, they are only going to sponsor when they need to. If they can find a resident worker, then in most cases they would sponsor the resident worker.

Q67 James Berry: Just picking up on the point you made, having spoken to a number of local sponsors who sponsor on a slightly larger scale than what you are referring to, the feedback I have been getting is it is not necessarily difficult to get people up to a job level after five years where they can pay them £35,000, but the difficulty is getting them in through the sponsorship scheme in Tier 2 at the moment. There is such a demand on the system in relation to the cap that is in place at the moment that you can only get people in at the moment if you are paying them a very high salary, like £50,000, which they are not going to pay a newly-qualified nurse. Is that something that you have seen? That is a problem in my constituency. Have you seen that elsewhere in your legal work?

Rose Carey: Yes, that is a problem to do with the cap that applies to the restricted Tier 2 general sponsorship, so Tier 2 general is split into two: unrestricted, which is not subject to the cap, and restricted. Restricted will apply to any migrant that is applying outside the UK who is earning less than the magic high-earner salary of £155,300. They then become subject to the cap. It is a problem, because the cap was reached in June and July and the minimum points that they had to score meant that the salary they needed to be on I think was £46,000 in order to receive a certificate of sponsorship. If they were earning less than that, they did not get one and they did not make the quota for that month.

Q68 James Berry: Yes, so in June or July or that period in June and July, unless you were offering a salary of £46,000 or more or putting up the salary to £46,000 or more, you could not sponsor a Tier 2 migrant?

Rose Carey: That is right, yes. Sometimes businesses are not able to plan that far in advance and work out what they are going to do. Sometimes they have an urgent business need and they need to recruit someone quickly, and then to find out that they cannot sponsor them creates huge problems for them.

Q69 James Berry: So in June or July, the chance of employing a migrant newly-qualified nurse or healthcare assistant was practically nil, unless you were willing to pay them £46,000? In fact, if you were, since you have to advertise it in the UK, you would be bound to get many applications for that salary level.

Rose Carey: That is right. We had a client with 400 nursing roles refused under the quota. In June and July, they did not make the quota. The quota is a huge problem for public sector roles, in particular nurses, because they are not earning high enough salaries to get through the quota. If it is reached, they are the ones that do not get the certificates of sponsorship. That is the problem.

Q70 Mr David Burrowes: In terms of the sponsorship system, apparently the proportion of certificates of sponsorship are required but a significant portion are not used. How can it be made more efficient?

Rose Carey: It would be more efficient if they could go back to the quota and they could be then used again or perhaps if someone is sponsored but their role finishes early. Let us say someone is sponsored for five years but they decide after a year that they are taking a job in the US, so they go to the US, that certificate should go back to the quota because it was set aside for someone to work for five years. But in that situation, it would fall away. I think that would make a big difference, if those certificates could go back to the quota.

Q71 Chair: I was approached by a person who was trying to bring a tabla player in from India but they could not do so because the certificates had all gone, the big companies had taken the certificates, so a whole set of pupils who wanted to learn the tabla could not do so. Do you think that there is a case for specifying categories? We talked about chefs earlier on, who of course are affected, but it seemed to me bizarre that a tabla player came in the same category, in the same tier as someone who is coming in industry.

Rose Carey: Yes, and probably only coming in for a short period of time, perhaps less than 12 months.

Chair: But is there a case for dividing it up and subdividing?

Rose Carey: Yes, I think it would help to have a short-term category, a category for those coming in for less than 12 months, so temporary workers. There is a temporary worker category, tier 5, but it cannot be used for general temporary workers; it is for people in the creative or sporting sector. I think we could do with something like Tier 2 but for

temporary workers, where they are coming in for short-term assignments, for short-term employment in the UK. I think that would ease the pressure on Tier 2. It would also help with the net migration figures as well, because of course if they are coming for less than 12 months, then they are not in the figures.

Q72 Chair: Indeed. The Committee has been concerned for many years under successive governments with the way in which the Home Office is organising itself and the efficiency of the Home Office. We will be hearing from the Minister and Sarah Rapson next week, but do you find that the system is getting better, when you ring them there is someone at the other end of a phone who can tell you what is going on? Do you understand the hierarchy of this? It seems very complicated for Members of Parliament when constituents come in, they have been to solicitors, they have paid their fees, nothing can be done. “Can you help us?” they say and we do not know who to write to, apart from the Minister.

Rose Carey: Yes, I think the Home Office is less helpful now than it used to be. We have seen a definite shift this year and it is not as helpful as it has been in the past. They are obviously under a lot of pressure, but I think the problem with the system is a lack of resources, a lack of training for auditing staff, lots of mistakes that are made that takes up everyone’s time trying to rectify, a lack of a clear process in terms of what happens when a challenge needs to be made. If there is no right of appeal, there is no formal process in place. Yes, I think the system does need a lot of work. I feel that the staff are struggling at the Home Office, the system is struggling.

Q73 Mr Winnick: Constituents see me, as I am sure they see colleagues around the table—I would be surprised if it was otherwise—and I say, “Do you have solicitors?” and they reply, “Yes, and the solicitor has advised me to come and see you”. That is very common. One can say that the solicitor is not getting any response from the Home Office, but it does seem, does it not, rather inappropriate where the person is paying the solicitor—undoubtedly that is the case, and of course I question in such circumstances—and yet the solicitor in turn says, “Go and see your Member of Parliament”?

Rose Carey: Yes. I think that is because in some cases, like sponsor licence issues, there is not an appeal system, there is no formal review system, so because the system does not have a clear process that everyone can follow it is down to how good the contacts are that the lawyer has, ultimately. Obviously in ILPA we do try to share information with members, but the smaller firms probably will struggle to have the contacts at the Home Office. It is not right that it should come down to who is in the phone book, but that does make a difference at the moment. It is having the right contacts at the Home Office.

Q74 Mr Winnick: But it is a practice you would consider in the main should not be encouraged, is it?

Rose Carey: I would not say that, because it has been quite helpful to me and I am sure other lawyers. We do not have anything else, so I do not want to criticise it too much because we are reliant on those contacts and their ability to co-operate. But that is not a fair system. There needs to be a review system, there needs to be some formal system in place to help people challenge decisions where they are otherwise unable to challenge them. That is a problem with sponsorship and Tier 2 at the moment.

Chair: Do not worry, Ms Carey, we will not ask you to reveal your contacts, because you might need them again in the future. But Mr Berry has the last question.

Q75 James Berry: I think Mr Winnick's point was a little broader than the point that you answered. You were referring to an area where there were not review mechanisms, but in broad terms there are review mechanisms in the immigration and asylum system and plenty of cases go through the court system. I find, as Mr Winnick finds, 40% of my casework is immigration. A very large amount of that are people who have booked appointments because their solicitors have told them to. I have never practised immigration law, because what you do is very complicated: every week a new decision from the Court of Appeal and the Supreme Court. It is very complicated work, so I never did it, but I did do enough law to know that some of the advice that these people have been receiving has been absolutely shocking in quality, from snake oil salesmen that have on their door every area of law from aviation to zoology and immigration somewhere down in the middle. When, inevitably, their efforts fail, they say, "Oh, go and see the MP, because he will be able to sort it out for you" and that is why they are coming to me. I find it quite upsetting in some cases that these people are coming to me, desperate, who have wasted all their money on solicitors and there is nothing I can do. I am sure none of these people are members of your organisation, but is there something that the more reputable firms like you are doing to discourage this kind of practice?

Rose Carey: We are obviously a professional membership body. Most of our members are regulated, either through the SRA or the OISC, and we offer our members training, we have knowledge-sharing forums, but I think it is very hard for me to be able to comment on the practices of individual firms. It is not really something that I can suggest a solution to. Obviously we have robust systems in place. ILPA has lots of training and support systems in place. Those firms are regulated. I think it is up to the regulator to be monitoring those firms, and if clients have not had a great service, then they should be reporting the firms either to the SRA or to the OISC and then the regulator would need to get involved to address those issues.

Chair: That is extremely helpful. We are most grateful to you, and if ILPA has anything else to say before we close the inquiry, please let us have a note, as you did in the past. Thank you very much for coming. That concludes the evidence for today.