

Home Affairs Committee

Oral evidence: The Government's Proposals for the UK's New Immigration System, HC 482

Wednesday 24 June 2020

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[Watch the meeting](#)

Members present: Yvette Cooper (Chair); Ms Diane Abbott; Dehenna Davison; Ruth Edwards; Laura Farris; Simon Fell; Andrew Gwynne; Adam Holloway; Dame Diana Johnson; Tim Loughton; Stuart C. McDonald.

Questions 1 - 41

Witness

[I:](#) Professor Brian Bell, Chair, Migration Advisory Committee



Examination of witness

Professor Brian Bell.

Q1 Chair: Welcome to this session of the Home Affairs Select Committee. Our first panel this morning will be looking at the Government's new proposed immigration system with evidence from the Migration Advisory Committee. We welcome Professor Brian Bell, now confirmed as chair of the MAC—congratulations—and Professor of Economics at King's College London.

Does the covid-19 crisis change any of your analysis and your recommendations about what should happen to the immigration system next year?

Professor Bell: I think at this stage the answer is probably no, but I think the answer is no partly because of the inherent uncertainty that the economy is currently facing. If someone could confidently tell me what unemployment and vacancies are going to be like across different sectors and occupations in a month's time, three months' time or six months' time, that might alter our view. But at the moment there is so much uncertainty that probably the best the Government can do is press on with the plans they have.

The work visa system that is planned to start on 1 January in some sense already incorporates the fact that the labour market will sometimes be booming and sometimes be in recession, because the number of visas that will be issued is not fixed. If the economy is booming, we would expect more visas to be issued; if the economy has gone into recession and there is high unemployment in the UK, we would expect lower visas to be issued. At the moment, I would say no, but it is one of those things where we need to keep a very close eye on it going forward and be agile to respond to any issues that arise.

Q2 Simon Fell: Thank you, Professor Bell, for attending. I have two very brief questions on the issues of skills. We are hearing mixed stories about the delivery of seasonal worker programmes in the farming sector. I believe that Pick for Britain has filled its quotas, but other suppliers are reporting that they are getting lots of expressions of interest but very little in the way of follow through. What sort of support do you think sectors like that might require, especially for low-paid roles?

Professor Bell: We have heard very similar messages to what you have heard on stakeholder engagement recently. Some farmers are either saying that they have been successful in sometimes getting the seasonal workers across from Europe as normal—there are have been some flights over—or that British workers who have been furloughed perhaps are moving into those sectors, and others have found it a much harder job. I think that there are two responses. One is that obviously the seasonal workers programme itself in a normal environment is the method that is going to be used going forward for filling these kinds of vacancies. It is a



seasonal job, and it is very hard to think that in the long run British workers who are resident permanently in the United Kingdom will want to do those jobs, because they want a full-time job year round rather than just seasonal.

Whether there is something that could be done in the short run for this season is a harder question. One obvious question is whether there is a procedure that could be used within the furlough system to more actively encourage British workers to take those roles, so perhaps some sort of deal where you can still keep some of the furlough money but also be earning in the seasonal agricultural scheme as well. They are probably matters more for the Department for Environment than the Home Office, but I think something needs to be done there.

Q3 Simon Fell: Thank you very much. I am interested in the balance that you set between skills and salary. I believe you told a recent Bill Committee that the balance should be tilted towards skills, but one thing this crisis has shown is that key and essential workers are not necessarily valued by salary in the same way that society might set those expectations. Is this causing you to re-evaluate where we are? Do you think we need to be looking at this again or do you think the balance is about right at the moment?

Professor Bell: I think the balance is broadly right. The best way to think about this whole question is that at one end of the spectrum you could just say anybody is allowed to come into the United Kingdom as long as an employer is willing to offer them a job at anything from the minimum wage upwards. That would be essentially freedom of movement for the world, at least in an employment sense. At the other end you could be extraordinarily restrictive and just let in a few people every year for work. The question is, therefore, if you want a selective policy, where you draw that line. The MAC's observation was fundamentally that the best benefit to the United Kingdom for the economy, average wages in the economy and public finances tends to be if you tilt towards higher earners and those with more skills. That is where the balance of evidence suggests that we will get the best bang for our buck.

I would make two points on the skills that have been highlighted in the current covid crisis. One is that it always worries me a little bit when people say these skills are not valued by wages. My first response is, "Don't talk about the immigration system. Let's try to work out why we are not valuing those workers by paying them proper wages". That should be our first response. It is a bit bad to say, "There is something immigration should be doing about this". Social care is a classic example of that.

The Migration Advisory Committee has continuously pointed out that the problem of social care is nothing to do with the immigration system. It is to do with the fact that it is not properly funded, and if the system was properly funded wages could rise in that sector. There would be more attractive jobs for people to take up and potentially you would not need immigration to be helping out in the social care sector. There is a risk of



putting the cart before the horse here. Let's deal with why we are not valuing those sectors rather than thinking that we should just fiddle around with the immigration system. Fiddling around with the immigration system will not fundamentally change the pay of social care workers.

Q4 **Chair:** These changes are going to come in in January. Do you think the Government are likely to solve the problems of social care funding by January?

Professor Bell: History tells us not. I think the answer is not and that is an important point. Whether there need to be transition arrangements for social care geography sectors being talked about is a matter for Government. There is a risk here. The risk is that you say that there needs to be a temporary arrangement for social care to make sure it can still access workers at usually minimum-wage wages from the rest of the world. That often then becomes a permanent solution because that eases the problem of finding the funding for social care. I would worry that a temporary arrangement becomes permanent and pushes back the decision on funding. But I can see the reverse argument, which is that you have to deal with the problem that is immediate.

However, social care as a whole uses fewer European Economic Area workers than the economy as a whole. About 5% to 6% of the sector are from the EEA and they use non-EEA workers much more than EEA workers. That just highlights the fact that, of course, there is not only one route that allows people to work in the United Kingdom. There are various other routes that are not explicitly for work but once you get into the United Kingdom on those routes you can work.

Q5 **Chair:** Social care is going to be hugely important through this winter, especially if we are at risk of a second wave of coronavirus. We already have a huge turnover in the social care sector; 30% of staff leave jobs each year, and that may well be higher this year because of stress and pressures within social care. I agree with you; I think we massively need a big increase in pay for social care. Those workers are hugely undervalued. But the question is about what practical immigration arrangements are going to be needed for January even if there is the big increase in pay that we all want to see. Are you saying you think there should be a transitional arrangement for social care or not?

Professor Bell: No, I don't think I would go that far. I think we should be monitoring the situation and be prepared to quickly introduce such a scheme if it is necessary. It goes back in some sense to my first answer, which was that if unemployment rises very substantially in the next few months, of which there is certainly a risk when the furlough scheme unwinds, there will be a large supply of workers in the United Kingdom looking for work. If social care is ever to succeed in attracting workers, that is a pool of workers that they should be able to attract. If they can't, I go back to my point that there is something fundamentally wrong here and it is nothing to do with immigration.



The second point is that, of course, immigration may not work anyway if people are not willing to travel. It is not clear to me—just because you say there is an immigration route does not mean that you will get people wanting to come here. At the moment they frankly can't, so there is a question as to whether immigration is really going to be much of a solution to the current problem because of restrictions on travel.

Q6 **Ms Abbott:** I am interested that the witness is still sticking to the line that your salary level is a signifier of the value of your role to society. Don't you think that maybe public opinion has moved on from that?

Professor Bell: That is not what I believe. I believe salary is a signifier of skill, and there is enormous evidence from literally hundreds of papers that people have written to show that there is a strong link between earnings and skills. It is one of our measures to look at whether we think people have particular skills. Skills are important here because there is a difference fundamentally.

My first job ever was as a shop assistant working in a supermarket. I think I probably got about two or three hours' training before I was let loose on the tills. I am now a professor of economics and if you want to replace me you need someone who has a master's, a PhD and many years of training. That means that the pool of workers that a shop can attract is much larger because they don't need to have been a shop worker in the past. They can have been other types of workers who are moving. That is not true of more skilled jobs. There is a difference in the immigration system that higher-skilled jobs are in shortage. The immigration system will often be the only short-term solution to solve that because you can't magic up people in the United Kingdom to do those jobs. That is not true of lower-paid jobs and lower-skilled jobs. That is just the reality.

When it comes to whether we value them in society, I think that is a perfectly legitimate question and there is nothing to stop the Government deciding that the immigration system should carve out exemptions for some workers. In fact, the new system will do that to a certain extent. For example, nurses in the national health service will not have to meet the general threshold of £25,600 that everyone else will have to meet. There is an exemption for public sector workers and that is not just nurses, it is teachers and paramedics as well. They get a reduction anyway, so we do recognise the social value there. Whether more could be done is a matter for Government.

Q7 **Ms Abbott:** But you don't think that more should be done about recognising social value, even though it is very clear that public opinion has moved on from saying that salary is a signifier for social value?

Professor Bell: Again, I have never said that salary is a signifier of social value. I am saying that salary is a signifier of your contribution to the economy and public finances, which Government should be taking into consideration when thinking about the work routes for immigration. There are other routes, of course, other considerations, but I think it is important



that we focus quite heavily on what the economic value and finance value are of immigrants. I don't think there is a problem with that when you think about the work route. But as I said, if the Government want to say, "We have decided to give a carve-out for this particular occupation or this particular sector because we think they are particularly valuable to the United Kingdom for perhaps non-economic reasons", the system allows them to do that. I am not convinced at the moment that there is much of a justification for that, and I worry enormously that we pick and choose our sectors sometimes.

With respect, no one talked about key workers before this crisis. I don't know what the next crisis will be and I don't know what the next key workers will be, so I worry that what happens is you start giving carve-outs to different sectors and say, "They are particularly important to Britain so they are going to have a special arrangement". History tells us that what happens in the end is that everyone gets those special arrangements and you have a completely open immigration system, which is fine if that is what you have decided to do, but that is a political decision.

Q8 Ms Abbott: I think the public would be very alarmed to hear you say that somehow if you want to recognise social value in the immigration system that is the same as having a completely open-door immigration policy. It is not the same at all. It is saying there is such a thing as social value that an immigration system should recognise. It is not an arbitrary thing. Clearly, the covid crisis has shed a light on what social value might mean, but recognising social value is not the same as having an open-door immigration system. I think it is a shame that you default to that kind of cliché.

Professor Bell: I didn't say that, actually. What I said was that as you start giving carve-outs to different occupations because you argue that they are social value—and I disagree with the view that it is sometimes arbitrary. People will have different views as to what social value is. My point was that once you start giving a carve-out to one occupation you very rarely take that carve-out back out of the immigration system. What you tend to do is give yet another carve-out in the future to another social value occupation that someone else thinks is important. We have seen this with the shortage Occupation list, which is very easy to get on but it is very rare to be taken off it, because that is just the nature of these kind of things. In the end you get larger and larger groups being exempt.

Q9 Ms Abbott: Okay. A final question. The lawyer Joanna Hunt said that your report was a "let-down for women". This adherence to salary dominating your value to society means that because women, for all types of reasons, tend to be among the lower paid, the feeling is that they have been let down by your report.

Professor Bell: Again, just so I am precise, we don't say that salary is the key determinant of your contribution to society. There is nowhere in the report that says that. With women, we did explicitly look at—one obvious issue is part-time work. At the moment with part-time work you are not



allowed to pro-rate a salary threshold in the system. We examined that. There are arguments in favour of that, it has to be said. There are two arguments against it. One is that the occupations that are going to be eligible for the new system are less reliant on part-time work anyway. Part-time work tends to be more disproportionately located in the RQF 1 and 2 occupations that are not eligible for the new immigration system. The second is that it is not clear that employers are desperately wanting this. We talked to a few employers who do highlight this. Of course, there are large fixed costs to employ immigrants from abroad. There are large fees that you have to pay to the immigration system. You have to employ lawyers, potentially, to get the immigrant in. Therefore, those fixed costs imply a very high percentage of a part-time wage, so we are not getting a strong pushback from employers.

One thing we did look at in our last report was whether there was evidence that the number of women who got sponsorship through the visa system for work compared to men differed relative to their distribution in the employee population as a whole. We found little evidence to support that, which suggests that the immigration system, at least this part of the immigration system, is not particularly disadvantaging women, although we did highlight in the report—and I think this is quite important—that very few statistics on immigration from the Government include a gender breakdown. We pointed out that you need to collect that data if you are going to make more considered judgments.

Ms Abbott: Thank you very much, Professor. It is very disappointing that you are not prepared to acknowledge social value in your scheme in relation to immigration, but I have heard what you have had to say.

Q10 Andrew Gwynne: Professor Bell, of course social care is not just a case of taking people off the unemployment register. If it was that easy the pressures and vacancies in the system would already have been resolved without the need for migration. Often it is training, it is experience, it is certain qualifications, so there is no quick fix to this. You said there is no need to change the view of MAC, but there is a need to monitor and be prepared for transition arrangements if necessary. I understand the risk if it becomes permanent. That is a matter for Government, but what do you think any transition arrangements would need to look like, given the very pressing situation in the social care sector?

Professor Bell: One thing to remember is that there are essentially two groups of workers in social care with the occupation definitions that we use. One is care workers and one is senior care workers. Senior care workers are eligible for the new scheme from 1 January. To make that clear, if you are employing senior care workers they are eligible for the scheme and so you will be able to get a visa to bring in migrants from outside the United Kingdom provided they meet the other criteria necessary. Care workers are not eligible for the scheme because they are in occupations RQF 1 and 2. That is because the level of training required to become basically competent in that job is not extensive. It is a fairly short training programme to start that job. That is not the same as saying



that you are amazing at that job as soon as you finish the training, but it does mean that you can take people who have had experience in other sectors of the economy and train them up reasonably fast for the entry level care worker job.

If we go back six months, vacancies were very high in the social care sector but unemployment was very low across the United Kingdom, so there was a disconnect in the ability to fill those vacancies. My point is that it is not clear to me, come November, December, whether we will be looking at an unemployment rate of 5%, 6%, or one of 10%, 15%. Clearly, we all hope it is going to be the former, but if it is the latter then there is a potential there for the social care sector to be quite active in going out there trying to recruit workers who have never thought of social care before.

That is why the system needs to be flexible. I think the Government—and the MAC will certainly be doing this as well—need to be looking at what is happening with hiring rates and vacancies as we go forward. We have no problem in making it clear to the Government going forward. If we see a problem in social care and see that there are vacancies that can't be filled and we think that immigration could play a role in filling those vacancies, at least temporarily until we have talked about the funding issues, we will be recommending that to Government.

Q11 Andrew Gwynne: Thank you, but there is another danger here, isn't there? The loss of the immigration route for low-paid work can also put vulnerable people at greater risk of exploitation. Do you consider this in your analysis? What do you think could or should be done to ensure that vulnerable people are not forced into slavery or exploitation to fill any gaps in certain sectors?

Professor Bell: In some sense, of course, it is important that all the parts of the Home Office and Government work together on this, although the Anti-Slavery Commissioner and the Gangmasters and Labour Abuse Authority all have a part to play in ensuring this. It certainly can't just be for the MAC to make sure that exploitation doesn't happen, and it is not primarily our role. It is other people's roles and we can help. Our job is to make sure we design a system that tries to mitigate against that effect. The immigration system that the Government are proposing from 1 January does that in some sense, because from the immigration perspective the only people who will be able to get a work visa are people who have met the RQF threshold but also the salary thresholds that we set.

Those salary thresholds are partly designed to make sure that there is not undercutting going on and that people are protected in their wages. We have recognised for a long time that whenever you have a system where an employer brings in an immigrant, that is a relationship that gives enormous power to the employer and quite a weak power to the immigrant because your status in this country depends on being with that employer. A part of the salary thresholds is to make sure that we put upward pressure on wages, or at least not downward pressure on wages, to protect those



workers. I should also say that I think the minimum wage is phenomenally important here. The correct enforcement of the minimum wage is a key determinant of making sure that workers are not exploited.

Q12 Stuart C. McDonald: Thank you for giving evidence this morning, Professor. Can I start with an issue we touched on briefly at the Immigration Bill Committee? The MAC recommended a remote areas pilot scheme. Later during Committee proceedings, the Minister basically said that the Government had no intention to take up a remote areas pilot scheme. What is your reaction to that? Can you explain briefly why the MAC recommended that that be looked at?

Professor Bell: The reason we recommended that it was worth a pilot was that we were convinced of the evidence, partly from the Scottish Government but from other stakeholders as well, that there was a particular problem with depopulation in some of these rural areas, and often there are key employers who are crucial to those communities in a way that is not true in big urban areas. Therefore, making sure that they had somewhat easier access to immigrant workers seemed like an experiment worth pursuing. We suggested the experiment be small because there are risks, of course, with enforcement and the like and there is a long-term risk with whether it actually solves the key problem. Our suspicion is that potentially it doesn't and you have to deal with why people are leaving those rural areas to begin with. I thought it was a fairly sensible small pilot scheme that was proposed, but that is for the Government. As always, the MAC makes recommendations and the Government decide.

Q13 Stuart C. McDonald: Are there other ways that we can try to protect remote and rural communities from the problems that you highlight without that remote areas pilot scheme going ahead?

Professor Bell: For the devolved Administrations there is the facility for occupations to be put on the shortage occupation list just in those devolved Administrations rather than UK-wide as a whole. In conversations we have had with stakeholders over the last few weeks we have emphasised that one of the criteria that we are happy to consider when thinking about occupations for the SOL is whether these occupations or jobs or sectors are particularly important for rural communities. We have been talking to fishermen in Scotland, which is a good example—they have a very localised fishing community, and if that fishing community went it would potentially devastate the rural community. We think that is valuable over and above whether it happens to change GDP or not. That is an example of where we would certainly be willing to listen to evidence where there was an argument made for it.

Q14 Stuart C. McDonald: That brings me on to another issue we just touched on briefly, about the process for deciding whether there is a shortage. You could have an employer in a fairly rural area or a remote area that can't fill a post. Obviously, that does not make it a shortage occupation. How widespread and how persistent does a shortage have to be? In fact, if a remote area employer is having to wait for a couple of years for a national



shortage to develop, it really defeats the purpose.

Professor Bell: In some sense I agree with you. The shortage occupation list for the UK as a whole does have to be based on whether there is a general shortage. It is difficult to design an immigration system that takes particular account of single employers in certain areas. But for the devolved Administrations at least, there is that potential to argue that rural communities are more important in that nation and that, therefore, they should get special treatment. As I say, we have to consider that.

Q15 **Stuart C. McDonald:** In relation to Scotland, I think you will have picked up that sometimes I get slightly annoyed that the Minister says the MAC report concluded something that I don't really think it did conclude. Is it fair to say that the MAC said there wasn't an economic justification for applying different salaries in different parts of the UK; it wasn't actually looking at the pros and cons of a differentiated immigration system or devolution of immigration, for example?

Professor Bell: That is correct.

Q16 **Stuart C. McDonald:** On that issue, though, I think you started to express some personal reservations about the possibilities of a differentiated system based on problems with retention conceivably.

Professor Bell: I voiced doubts about whether there should be a devolved system.

Q17 **Stuart C. McDonald:** I think at one point you expressed some concern about the ability to retain workers, for example, with conditions to work in a certain place.

Professor Bell: Yes—this was particularly in respect of the rural pilot, but it is clearly also an issue if you devolved the power to the devolved Administrations if you made it a non-reserved matter. If you give a place to an immigrant either on a rural pilot or, let's say, a Scottish visa and they come into that country or area and after five years they get indefinite leave to remain—there is obviously a question about whether Scotland would also have the right to issue an indefinite leave to remain for the entire United Kingdom, which is a complicated one, I guess, but let's suppose you get indefinite leave to remain for the United Kingdom as a whole—of course at that point there is nothing to stop that migrant then moving to London, let's say.

There is work that needs to be done to ask basically how sticky people are to the place where they take the visa. The evidence from Australia is quite supportive of your case in some sense. The evidence in Australia, where they have partly a regional system, is that people are quite sticky to the area where they take the visa. It may well be that this is not an issue, but it is something that clearly one would want to take into consideration.

Q18 **Stuart C McDonald:** My final question is a slightly broader one but it follows on from a couple of earlier points. I think the MAC produces some



fantastic research. I don't always agree with its conclusions and the Government do not always agree with its conclusions. Do you think there is a problem in that politicians sometimes tend to say, "Well, the MAC says this; therefore, that's it"? It is perfectly open to reasonable people to look at the MAC research and say, "I think the pain that is going to come from this salary threshold and this skills level is way out of proportion to the benefits or the marginal increase in GDP per head or productivity or whatever else". It is too often—perhaps almost like science and covid—seen as being open and shut, "The MAC says it, so that's it". It is the responsibility of politicians to make decisions based on your advice and not just to follow it.

Professor Bell: Absolutely. I would hate to imagine that politicians thought that it was the MAC's job to make policy. Our job is to advise on what we think is the best policy based on the evidence. We may get that wrong. The evidence may be wrong, we may interpret it incorrectly, as social scientists often do. It is for the Government to make these decisions.

Q19 **Dehenna Davison:** Thank you, Professor Bell, for appearing before us today. We find that in a lot of public opinion polls, when people are asked explicitly about a points-based immigration system they tend to be quite in favour. I recognise that in my own constituency of Bishop Auckland as well. Yet I notice that in your report you did not necessarily recommend the introduction of a points-based system, and I am just curious why that is the case.

Professor Bell: There are two different parts to that. One is that we said that the current work visa system, what is currently called tier 2—which is called a points-based system but it is not points based because you have to meet all the criteria—seemed to be working quite well for employers employing non-EEA workers. Given that the introduction of this whole new programme is happening quite fast, it seemed quite brave to try to change something that seemed to be broadly working.

To be fair to the Government, they have not fundamentally changed hereto. What they have done is kept the basics of it in place, but they have introduced an element of tradeability of points, and that is the crucial thing that makes it a points-based system. To be fair to the Government, I think they have done something quite clever here. They have kept the basic idea of the system in place, and then they have introduced some element of tradeability to make it a points-based system. I think the Government's intention going forward as they develop the system is to expand that possibility of tradeability.

Going back to the questions that Diane Abbott asked earlier, there is a potential at least in the points-based system to start by saying, "We will give points for certain things we think have higher social value", and they can offset some of the salary thresholds or skill levels that the system requires. There is a potential at least for that to happen, and experience will show how that goes. I think that is quite good.



We did recommend a points-based system for people who come to the UK without a job offer. Essentially, it is like trying to pick winners and saying, "These are people who we think would be good for the United Kingdom" on some metric. Lots of countries have that. The Government, as I understand it, are committed to doing that, but again, just because of the practicalities, they will introduce that in a subsequent year.

Q20 Dehenna Davison: Fantastic. Would you say you feel quite positive, then, towards the policy statement that the Government made on the new points-based immigration system?

Professor Bell: Yes. Partly that is because they by and large accepted our recommendation, so that is always good. I think by and large they followed our advice. Where they moved forward was on this tradeability of points for tier 2, and I think that has been a positive development.

One of the difficulties of our previous report, to be frank, was that we were recommending that the group of workers who were eligible for the new work system was expanded. We talked about senior care workers; in the old system they would not have been able to get a visa, but in the new system they will be able to because we have lowered the skill threshold. But because the salary threshold is quite high, the reality is that although they could apply for a visa, they would have to be being paid a lot more than the average senior care worker to get in. Because of tradeability, if they are also put on the shortage occupation list, that will bring down that salary threshold and make it more realistic to employ a senior care worker. I think that is quite a nice feature of the new system.

Q21 Dehenna Davison: One final question from me: what impact do you suspect the Government's proposals to have on overall migration levels?

Professor Bell: That is an interesting question. I am not entirely sure what the Government's view is on what the overall immigration levels should be. As I understand it, we have moved away now from talking about net migration in the tens of thousands. I hear no one say that any more. That is good. The MAC has consistently pointed out that you should not set targets like that if you do not control almost all of the elements of it. Frankly, when you set a target and you consistently miss it you cause, essentially, disrespect for the system.

What the Government should focus more on here going forward is how many visas they issue for the different types of routes that are available, and I think that is where they will think about, as it were, control. They will be looking at how many visas are issued to workers under the new route, and they will make a political judgment at the end of the day on whether that number is too high or too low on average. If it is too low, then they can make the scheme more generous in terms of opening up to more jobs or changing the salary thresholds. If there are too many workers coming in as far as they are concerned, they can adjust it. The new system will allow that flexibility to change as circumstances warrant.



Q22 Ruth Edwards: Thank you, Professor Bell, for joining us this morning. We have talked a lot about thresholds, points allocations and the Government's selection criteria for the new immigration system. From your research, how do those things—salary thresholds, the selection criteria and so on—compare to what other countries use?

Professor Bell: It is very similar, to be honest, to countries that have control of their immigration systems. In a sense, it is not very helpful to compare it with other European countries because, of course, they are going to be subject to freedom of movement. If you compare it with Canada, Australia, Ireland, New Zealand, in some sense our competitor countries in terms of the development of their economy, most of these countries have very similar systems, in that it tends to be occupation based. There tends to be a skill threshold. Most countries have what they call the going rate requirement, so jobs have to be paid at least the going rate, and often there is an overall threshold as well. I would say it is very common.

At the margin, the system will probably be a little more liberal than some of those other countries. Some of those other countries have a somewhat higher skill threshold on average than we are suggesting in the new system, but broadly a very similar pattern.

Q23 Ruth Edwards: How do the salary thresholds compare?

Professor Bell: Again, at the margin I think our salary threshold is probably a little bit lower than many other countries. Essentially, for every occupation we have a threshold that is specific to that occupation, which tries to make sure that there is no undercutting, so that is set at the 25th percentile of that occupation's wage. Lots of other countries instead do what they call the going rate, and then they essentially leave case workers to decide whether that employer is paying an appropriate wage or not. That does not seem a very robust way of doing it to us, so we prefer to use the actual published data to set those thresholds.

Q24 Ruth Edwards: Thank you. The final question from me: obviously you said that the Government have accepted a lot of your recommendations. Are there any that they have not adopted that you think they should consider doing?

Professor Bell: We will be talking about this in our report that is coming out in September. One area where we have had some discussion already is that under the new system when you get on the SOL you can discount the salary that you can enter on. The Government's current proposals are that even if the threshold that you have to meet is the 25th percentile of your occupation, you can still get a 20% discount on that if your occupation is on the SOL. For high-paid occupations that may well mean that we are allowing migrants to come in in that occupation at some of the lowest wages in that occupation. We think that is probably going too far. We can see the argument that if it is a lower-paid occupation that opens up the system to more workers, but for the higher-paid occupations that seems



less convincing. We may well suggest to the Government that they think again about that.

Q25 **Chair:** Thank you. Could you give us an example of what kind of job or what kind of salary levels that might mean?

Professor Bell: Yes. I can give you an example that is slightly extreme. Senior police officers, because they are qualified, are eligible for the scheme. I guess we do not take many immigrants as senior police officers, but they are eligible. I think the salary threshold that we set is something like £50,000. I think senior police officers are inspector or above, so the 25th percentile of workers for that is £50,000. If you give a 20% discount on that because they are in shortage, that would take it down to £40,000, which I think it would be illegal to pay any inspector in Britain. So it is not even effective, but that points out that you could bring in everyone at the very bottom of that scale. That does not seem like a very attractive feature of an immigration system.

Q26 **Adam Holloway:** I am not sure whether it is within the scope of your work, but are wealth creators not also key workers?

Professor Bell: They are, and so they, by and large, will come in on what is called the global talent route. The global talent route is essentially an extension of what was previously tier 1. They keep on changing the names of these things. The global talent route is explicitly for, essentially, the world leaders, either of now or the future. There is a route for them, and it is very important that there is.

Q27 **Tim Loughton:** Professor, the Government have stated that the proposed system will allow the UK, in its words, "To attract the very best talent from right around the globe". Do you think that is a fair assessment to make?

Professor Bell: Because of the way the system will be tilted I think that is true. Of course, we are in a competition for global talent with lots of other countries. We want to make the offer as attractive as we can. I do not think that will necessarily guarantee success, because it will depend on numerous other factors. In the end, I think it will primarily depend on whether we are successful in attracting that global talent on things that are not really about the immigration system. It will be about things like: do we have a delightful place to live? Do we have a tax system that is attractive for those people who come in? It is a much broader question. We probably have the immigration part of it broadly right in terms of attracting that talent.

Q28 **Tim Loughton:** At the moment there is a feeling that if you are a non-EU citizen you are at a slight disadvantage to an EU citizen, who in most cases get automatic right of passage, and residency, and a job as well. A new system surely would appear more open to people coming in with skills or points, or whatever it might be, from other parts of the world. Can you comment on the points-based system route?

This is not a recommendation, but in Australia the experience, I gather, is



that those who come in on a points-based basis have seen a higher increase in their earnings after 18 months than those who have come through other routes, which would suggest they are being valued more, contributing more, and, therefore, are more valuable to, in that case, the Australian economy. Is that a fair assessment?

Professor Bell: Yes. On your first point, hopefully it is not just a feeling that non-EU citizens are in some sense discriminated against in the current system. It is the reality. It is harder for a non-EU citizen to come in to work in the United Kingdom than an EU citizen. That is as a result of our treaty obligations. The system will become significantly more liberal for non-EU workers at the same time it is becoming less liberal for EU workers. The point we have always made in our reports is that you should not base immigration, certainly work immigration policy, on what nationality someone is. It would be very hard to think of an employer saying, "I want to employ a French person, but I do not want a Mexican". We would strongly condemn such abuse, so I think the immigration system should reflect that.

In terms of the points-based system, it is a mixed bag. I think you are right in the sense that there is lots of evidence that when points-based systems do well in selecting on characteristics, those entrepreneurs tend to do very well in the host country when they arrive. It is true, however—and this is the risk of a pure points-based system without a job offer—that you will also get people who come in and do not fulfil the potential you hope for. You have to take that risk. It would be silly to think that we could design a points-based system that will always get people who become the next Facebook creator. There will be people who will not succeed in that way, and that is just a risk of the system. But, in general, I think your point is correct.

Q29 **Tim Loughton:** I would like to ask about the shortage occupation list and how a new system can be flexible. You have said, slightly depressingly, that you rarely take carve-outs back, and the shortage occupation list just gets bigger. Why need that be the case? Let me give you one example. An area I am interested in is we have a shortage of archaeologists in this country. It is a highly skilled profession—I would say that; I trained as one—but it is perhaps not valued, and certainly not paid well. There is going to be a big demand for archaeologists if we go ahead with HS2, for example, over the next few years, and other development projects, and then that demand may fall away when we find we do not have an awful lot of development if the country goes into deep recession or whatever. Realistically, can this new system be more flexible in terms of, "We need that group of people this year, year 2, but year 3 the job is done and we do not need them any more"?

Professor Bell: I am in danger of saying something that is not true, but I think it is true and, if it is not true, I will correct it subsequently.

Tim Loughton: It wouldn't be the first time.



Professor Bell: I think archaeologists are on the shortage occupation list, because I think we took evidence last year and decided they should be, so that is good. The key answer to your question is, absolutely, the shortage occupation list needs to be regularly reviewed. That has been a problem in the past, when it has essentially been reviewed only when the Government remembered it needed to be reviewed and asked us to do so. The Government have asked us, as part of our current review, to recommend a timetable going forward for regular reviews of the SOL. My expectation is that probably once a year we would be able to review that list. I think you are right, we want to be more active in terms of both putting on occupations where there are changes in the circumstances of that occupation, but also be willing to take them off where we see that the arguments that were made in the past are no longer valid. That would be a yearly review, and we will be recommending that to the Government, or some sort of review on a regular basis, and will see what they say.

Q30 **Dame Diana Johnson:** I would like to turn to the issue of the practicality of how this new scheme is going to operate. You said just a few moments ago how brave it was of the Government to try something new when they had a system that they could have used that was working. You also talked about the tradeability of points and how the system was going to develop. In light of everything that is happening with covid-19 and the uncertainty around the economy, what is your feeling about what the Government said around their intention to open up new immigration routes from the autumn in preparation for the scheme to be operational from January 2021? Is that still feasible? Is that still something that can happen?

Professor Bell: I admire ambition. I think it is feasible. On the positive side, I have to say that I have been pretty impressed with how the EU settlement scheme has been run. That seems to have been run pretty effectively. It is the same part of the Home Office, in some sense, that is doing this. The advantage is that they are fundamentally keeping an awful lot of the current tier 2 system and they are just changing some elements of it to introduce tradeability. From a practical perspective, that is not a major change.

I think the key problem, and I think the Government have been clear about this, is not that the system will not be ready in a simple, practical sense. It is that small and medium enterprises in particular that have never engaged with the immigration system before will just not be prepared. Covid-19 makes that even worse, because perhaps they had allocated time over the summer to prepare themselves for that but now they are not going to be able to. There will definitely be teething problems in a practical sense, I am sure of that.

There will also be this problem. The PricewaterhouseCoopers of this world will perfectly capably use the system, because they have used it for years in the past. Employers that are new to the system will find it difficult. At the margin, covid-19 must make that worse. Of course, having said that, covid-19 will also potentially make it less likely that people want to use the



system in the first few months, because vacancies are so much lower than they have been previously.

- Q31 **Dame Diana Johnson:** Were there any recommendations from the MAC about addressing the particular issues of small and medium enterprises because they do not, as you say, have the advantages of some of the big, or perhaps large, companies that have the HR and do immigration year-round? Did you say anything about how that could be tackled, or is that outside your remit?

Professor Bell: No. We made the point that we thought we would have to be given that, because we saw lots of representations from SMEs that were saying, "This is going to be a real problem". I think, to be honest, it is outside the scope of our expertise. There are better people who can think about the practicalities of the operation.

- Q32 **Dame Diana Johnson:** I will ask you finally about the cost of visas and about your view of how that figure should be set, and whether it is for the employee or the employer to pay that visa cost.

Professor Bell: It seems to me that the visa application fee should broadly reflect the cost of providing the visa. There should somehow be an accounting that says, "This is how much it costs the Home Office to issue a visa", and that is essentially consistent with the fee. Who pays it in one sense matters, but in a purely economic sense in the end it would not, because who formally bears the incidence of a charge is not the same as who in an economic sense does. An employer might pay the charge but then pass it on to workers on lower wages, and vice versa. It is not clear that it matters too much who pays the charge.

Of course, in addition there is the immigration skills charge and the immigration health surcharge. The MAC has been in favour of the immigration skills charge in general because we think it is a good idea to say to employers there should be an additional cost to employ foreign workers, because that will encourage you more actively to look for British workers. If there are not the British workers there because we do not have the correct training going on, we can use that skills charge to do more training. I think that is broadly a good idea. The immigration health surcharge is a political decision that I do not think the MAC has ever commented on.

- Q33 **Chair:** Thank you. I will ask a follow-on question on practical implications. What do you anticipate the issues being in the construction sector where, obviously, they depend on quite a lot of people who are self-employed?

Professor Bell: Yes, that is absolutely right. It is a key issue because, of course, there is essentially no route for self-employed workers after 1 January, because they obviously cannot come in on the skilled worker route. They could come in on one of the entrepreneurial routes, but that is not the relevant group we are talking about. They are often fairly small, single-employer and self-employed. That is a problem.



One thing that the MAC is doing some investigation on with HMRC at the moment is to look at the extent to which, even in the construction sector, they are switching between self-employed and employed status. One solution may be that there is no reason to be self-employed, and it may be that we just need a change in the structure of employment. Construction is a particularly obvious example of a sector that uses a lot of self-employed workers, but the question is whether that is because it truly needs to be or whether that is just how the sector has developed and you could move into a sector where there is more direct employment.

Q34 **Chair:** You could do all of these things. Do you think that all of those things will be able to happen by January?

Professor Bell: No. There will be a problem. There will not be a problem in the sense that January is not a cliff edge; January is just the date on which the flows change. The stock stays the same. All of the people who are self-employed European workers, will still be here on 1 January, we hope. It will be a longer-term change. It is not something that on that day will be a disaster for the UK economy, but we do need to think about it.

One possibility, of course, is that the points-based system without a job offer would potentially provide a route for those workers going forward. If we particularly valued, for example, self-employed carpenters, we could give lots of points in the new system without the job offer to that type of worker, and they could then come and set up their own business.

Q35 **Laura Farris:** Thank you, Professor Bell. I want to ask you a question about locating the changes in the Immigration Rules. There are probably three queries about that: whether you thought it was sufficiently capable of scrutiny rather than being in some other form of legislation; whether you thought it was sufficiently flexible to allow for the tradeability that you have described; and a common complaint about the rules—sometimes they become very complicated, and we have seen in other areas of immigration law that the rules have endless subclauses, which are clear as mud, really, to a lot of employers and people who would be relying upon their application. I would like you to comment on that, if possible.

Professor Bell: I am sympathetic to that last point. When I started on the MAC I had never heard of appendix J of the Immigration Rules, and fortunately I now know what that is. Obviously I am not a legal expert, so I am going to try to avoid the first question. I will only say that I cannot see any way in which you could have the Immigration Rules in primary legislation because they do need to be changed and updated quite regularly, and that would seem difficult. Frankly, I do not know what the rules are in terms of secondary legislation and rules, so I do not know. It is for Parliament to decide how it would like to consider those.

One issue that we would probably highlight is that, as I understand it, Immigration Rules essentially only change a couple of times a year. That is kind of okay, but the shortage occupation list is a fairly dull thing. We will write a long report on it soon. The Government historically have



accepted pretty much every recommendation we have made on the shortage occupation list, because it is quite a technical question about what, in the best evidence we have come to, we think that should be. That seems a bit odd to then have to put into the Immigration Rules.

In some sense, it is not that I do not think there should be parliamentary scrutiny necessarily, I am just not sure what Parliament would want to talk about in terms of which particular occupation is put on the shortage occupation list. It is a fairly technical matter. If there was a way of some of these decisions just being able to be changed much more regularly, I think that would be beneficial.

Q36 Laura Farris: Thank you. My second question goes back to one of your earliest points, when you were talking about the impact of covid, first on people's willingness to travel and move countries and, secondly, on elasticity in the labour market, where people who are either furloughed or, perhaps more seriously, lose their jobs permanently take on roles that they may not have otherwise considered themselves willing to do or interested in doing before. When you prepare the September report, are you already factoring in those kinds of considerations? Do you have a sense that you could give to the Select Committee of what the combined impact of the present crisis and the new rules are likely to look like on, for example, the next 12 months of immigration into this country?

Professor Bell: Yes. The first one, about whether people will be willing to come into the country, is a staggeringly difficult question to answer. At the moment, of course, they cannot, because of the travel rules. But if you talk to your friends at the moment, it is a discussion about, "Will I go to a restaurant on 4 July?" Some people say, "Absolutely not". Even though they love restaurants, they want to be very risk-averse. It is very hard to know what immigration will be like in that scenario. Some people who would have normally happily come to the UK to work will say, "I will put it off for a year or two". I do not know how I would get any sense of that answer.

The second question has a much easier answer. We can make progress by thinking about how we can use this historical recession to address how easy it is for workers to move from one sector to another, and how willing they are to do it. One thing I would say is that it is much easier by definition to move from a sector that does not require extensive training or educational qualifications to another one of the same type than it is to move from being a policeman to being a surgeon. That is an impossible move. Moving from working in a supermarket to working in hospitality, or working in the NHS, is an easier move.

The immigration system recognises that by saying that the focus of the immigration system is on those jobs where it is hard to get that movement in a quick way. The question will be whether there are some sectors where, if there is a high level of unemployment, they still are unable to encourage British workers to take those jobs. We can see that as we go along, and the Government are committed to being flexible in the system. We have



already said to employers while they are conducting the current SOL that we expect to do another one reasonably soon to reflect any changes that occur after September.

Q37 Stuart C. McDonald: Professor, this is just a follow-up on some of the questions from Diana Johnson. You slightly skirted around the question of the immigration health surcharge. Putting the politics to one side, in terms of making the UK an attractive base and getting migrants to select the UK as somewhere they want to go, surely we have to put significance on this. Because compared to, for example, other countries in the EU, if somebody sitting in Paris is offered a job in Belfast, they could face an immigration health surcharge of £20,000 if they are going as a family of four, yet just down the road in Dublin it is absolutely free of charge, with no forms, and freedom of movement. It is a hugely significant issue.

Professor Bell: Yes. I am not suggesting it is not a significant issue. It is one of the costs of deciding to immigrate to the United Kingdom, in the same way that if you decided to take a visa to work in the United States, depending on what your employer was doing, you would either need to get your own private health insurance or the employer would provide it. If the employer is providing it, you are probably being paid a lower wage as a result, because the employer is getting that money back from you through lower wages.

The only thing I would say on the immigration health surcharge that strikes me as slightly strange is this. I can understand why we impose it on students and tier 5 visa holders. Fundamentally, they do not necessarily pay much tax in the UK if they have no history of contribution to the United Kingdom, but they can use the health service from day one when they arrive. I am a university academic, but I am not sure why we would not think that students should make some contribution to the national health service up front. It seems a bit less compelling for people on the work visa route because, by definition, they are contributing through the normal tax system. At the end of the day, why do we not have an immigration police surcharge, since everyone is allowed to use the police from day one?

I think there are some issues. We should just think of it as fundamentally an additional tax that migrants are paying relative to British workers. From a moral perspective, I do not have any deep problem about that. That is a decision for the Government. Fundamentally, it is not a MAC question, it is a question of what policy makers think should be a tax on migrants.

Q38 Stuart C McDonald: Sure. It is just an important factor when we think about trying to make the UK attractive. Finally—*[Inaudible]*—in Northern Ireland, and it really hasn't had the attention it deserves—*[Inaudible.]* Very briefly, what should we be thinking about in those terms?

Professor Bell: Northern Ireland is in a clearly different circumstance because of the land border with the Republic. In discussions we have had with stakeholders in Northern Ireland over the last few weeks, we have been making the point that, again, the devolved Administration SOL



potentially allows us to put occupations in the Northern Ireland list that would not be in the UK-wide list. The Northern Ireland labour market is probably somewhat more separate than the rest of the UK's labour market. There tends to be less movement between the mainland and Northern Ireland.

That is a route that is open for them, but that does not solve their fundamental problem, as it were, which is that there is a land border. The Republic of Ireland, just on the other side, can have a factory that is employing people with freedom of movement. I have to say, in the end either you have a different immigration system for Northern Ireland or you just accept that that is a consequence of the decision to leave the European Union. I am not sure that there is any solution other than you could, for example, have a completely different salary structure threshold in Northern Ireland to recognise that fact, but again that is for the Government to decide.

Q39 Chair: Thank you. A couple of quick final questions from me. In terms of some of those sectors that people are still most concerned about, going back to social care, if the labour market started to move back towards normal, what level of increase do you think would be needed in pay in social care in order to deal with the problems of shortages, lack of retention and so on, and for social care not to need to be added to the shortage occupation list?

Professor Bell: With a national living wage of £8.72 you are going to need to talk about £10 to £12 as an hourly wage before you make that sector attractive. It seems to me the basic problem with that sector is it is very hard work, no one doubts that. It is very stressful work a lot of the time, and your alternative is to go and work in Aldi. I think Aldi pay above the minimum wage. Some people will just be very committed to social care, and that is great, but what you are trying to get is people who have not particularly thought of a career in social care to move into it. There needs to be a significant wage premium to reflect the difficulty of that job relative to other round-about-minimum-wage jobs that require a less stressful and less hard environment.

Q40 Chair: Would you also recognise that it is quite a highly skilled job? It may not require long periods of training, but the skills and capabilities needed are quite significant as well. From an employer's point of view, that matters in terms of recruitment.

Professor Bell: I agree with that completely. I would say that that is true of lots of jobs. It is true that there are lots of jobs that on a formal level do not look like they have a lot of training or a lot of formal skill requirement, but when you do the job you quickly realise that it is a very skilled job.

Q41 Chair: It depends, then, on how fast the system can adapt if there are serious problems in the new year. At the moment the new system is being introduced with significant changes for small employers, at a time when organisations may also be dealing with significant changes to the trade



arrangements and also still dealing with the debts and scars built up as a result of covid. If serious problems emerge, if effectively this operates as a shock to certain sectors of the economy, how quickly do you think that the Government would be able to adapt, or revert, or make changes to stop this causing a crisis in the construction industry, for example, or a serious problem in other sectors of the economy?

Professor Bell: In one sense, the experience we have had of covid-19 is that, when necessary, schemes can be produced very quickly. The furlough scheme is a staggering example of that. There is the potential of responding quite fast.

From the MAC's perspective, our job is to be monitoring it in real time so that we can be ready to say to the Government privately or in public, "There is a problem here. Something needs to be done". In one sense, switching to a self-employed route might be more difficult, but if it is a case of, "Here is an occupation that we suddenly want to make eligible for the scheme, even though it does not have the required characteristics of the normal scheme", it can just be added to the rules to say that particular occupation is now eligible. That would be a choice for the Government. There is flexibility. It is possible. How fast the Government move is, of course, a matter for them.

Chair: Thank you very much, Professor Bell. We appreciate your evidence this morning.