

Select Committee on the European Union

EU Home Affairs Sub-Committee

Corrected oral evidence: Brexit: UK-EU movement of people

Wednesday 11 January 2017

10.15 am

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Members present: Baroness Prashar (Chairman); Lord Cormack; Baroness Janke; Lord Jay of Ewelme; Baroness Massey of Darwen; Lord O'Neill of Clackmannan; Baroness Pinnock; Lord Ribeiro; Lord Soley; Lord Watts.

Evidence Session No. 5

Heard in Public

Questions 60 - 77

Witnesses

I: Robert Goodwill MP, Minister of State for Immigration, Home Office; Rt Hon David Jones MP, Minister of State, Department for Exiting the European Union.

Examination of witnesses

Mr Robert Goodwill MP and Rt Hon David Jones MP.

Q60 **The Chairman:** Good morning, Mr Goodwill and Mr Jones. Thank you very much for your time this morning. I think you are familiar with the rules of engagement in the sense that this is a public session, and you will be sent a transcript of the session. If there are any corrections you wish to make, feel free to do so. Before I start with the questioning, is there anything you wish to say by way of introduction?

Mr Goodwill: Perhaps I can just make a short comment by way of expectation management. I am going to try very hard not to use the words “give a running commentary”, but the fact of the matter is I will not be able to give a running commentary, and nor will Mr Jones, on the intricacies of our preparation and the positions we might have. I suspect if this were a football match, you would not expect the commentary to start until the players were on the field.

Currently, we are in the locker room planning tactics, and we would not want the opposition to know those. That said, if you were to invite the European Commission to give evidence, we would be delighted if they could display their cards and tell us exactly where they are coming from, because that would be very helpful to us. I do not intend to do anything that might be helpful to the other side in these negotiations, which will be long and complicated.

Lord Cormack: They are supposed to be our friends.

Mr Goodwill: Of course they are our friends, but it is important that, as we carry out these negotiations, we carry out our preparation without revealing too many of the areas where, for example, we may be negotiating on what some people might describe as red lines and other areas where there may be more flexibility.

Having been a member of the European Parliament and having carried out a number of complex negotiations on environmental policy as a Parliament representative, with the Commission on the other side, it is important that you keep your powder dry, ready for those important negotiations with our friends, who I hope will continue to be our friends following Britain’s departure from the European Union—and depart we will.

The Chairman: Thank you for that. While we do not expect running commentary, we are expecting to understand some direction of travel in a way, because we are trying to explore the implications of various options. I hope you can help us with that.

We have talked about taking back control, something that has been repeated several times by the Secretary of State for Exiting the European Union, and other Ministers. What does taking back control mean in terms

of immigration policy? Can you just unpack that for us?

Mr Goodwill: The Government are committed to reducing net migration to the tens of thousands, and the Prime Minister is clear that, as we conduct our negotiations, it must be a priority to regain more control of the numbers of people who come here from Europe. As the Prime Minister has consistently said, the referendum vote was a vote for us to bring control into our immigration system for people coming from the European Union. That can be done in a variety of ways, but I am clear that that is part of what we need to deliver as a Government. We will be able to have control of our borders and control of our laws, and that is what people were voting for on 23 June.

Of course, we still want the best possible deals for UK companies to be able to trade in and operate within the European Union, and for European companies to be able to trade and operate within the UK. We can do this in a variety of ways, and I look forward to the Committee's view, having taken evidence not only from Ministers but from others, on how we can best achieve this.

Q61 **The Chairman:** Is the objective to reduce the number of people coming to the UK in some right, or are there other objectives too in terms of reducing pressure on public services and higher wages in the UK? What is it that you are trying to achieve?

Mr Goodwill: We absolutely recognise the contribution that migrant labour has had in the UK, both from the EU and from outside the EEA—you only need to go to a hospital or a care home to see how people are contributing there. However, it is absolutely clear from going around the country, particularly to some of the constituencies that have taken on the largest numbers of migrants, that in some areas that has created particular pressure on public services: schools, the health service and housing. Therefore, as we conduct those negotiations, we must bear in mind our commitment to reduce net migration to the tens of thousands in a way that will improve the situation that many parts of the country face in terms of those pressures.

The Chairman: Would you say that it is more a question of perception than reality in terms of immigration? You say people feel the pressure and areas changing. Do you think it is more perception?

Mr Goodwill: You are right, to an extent, that there are some areas, such as for example my constituency on the north-east coast of Yorkshire, that have very low levels of migration. In those situations I get a lot of people complaining about immigration when it is not having a particularly great impact on our public services. However, there are other parts of the country where, particularly in the housing sector, it is having a great deal of pressure.

Although there is an argument that can be made that there is a perception that this is a greater problem than it is in certain parts of the country where immigration has maybe not been quite as focused, there

are certainly parts of the country—for example, areas where large numbers of agricultural workers have moved in in quite a short time—where it has brought real pressures, not only on public services but in terms of social pressures on those communities. I am not sure if the Committee is travelling around the country to take evidence as well, but certainly they would pick that up in certain parts of the country.

Q62 Lord O'Neill of Clackmannan: Could you describe for us, by way of background, what controls are exercised at present at the UK border when EU citizens wish to enter the UK? How many EU citizens are declined entry, for example?

Mr Goodwill: You often read that there is no border control of people coming into the UK from Europe. That is not the case. We do have border controls. Indeed, the United Kingdom is not part of the Schengen border-free zone. We do control our own borders, which gives us the right to check everyone, including EU nationals arriving from continental Europe. We carry out 100% checks on all scheduled passengers arriving at the border to confirm identity, nationality and eligibility for entry into the UK, and carry out checks against police and security immigration watch lists to identify people of concern. We therefore can and do refuse EU nationals entry to the UK.

Between 2010 and September 2016, our Border Force officers have refused entry to nearly 9,000 EEA nationals, and nearly 6,000 of these were stopped at our juxtaposed controls. It is important to emphasise the importance of maintaining those juxtaposed controls. A number of those on the right in France have tried to make a case for abandoning the Le Touquet agreement and not having them. We feel it is absolutely vital that we do keep those juxtaposed controls, not least because of the number of people that we identify there—EEA nationals who have no right to come to the UK because of their, in some cases, criminal activity.

It must also be made clear that EU nationals can only come here if they are exercising a treaty right: a right to work, study or to live independently. For example, where immigration enforcement officials find people who are destitute here in the UK, they are not exercising a treaty right, and indeed those are then removed at taxpayers' expense to the country from which they came. This perception that we do not control our borders and do not make sure people are exercising treaty rights is not a correct perception.

There are a couple of areas that the Committee might want to briefly touch on in its report. One is the common travel area, and could I at this point make it absolutely clear that we support the continuation of the common travel area? It predates the European Union. I think 1923 was when the common travel area was brought in. Although there have been some in the media who have been mischief-making and potentially raising concerns, we are absolutely committed to maintaining the common travel area.

The other area of some concern is not a UK border but the border between Gibraltar and Spain. We have had problems there in the past, and there is a continuing argument over particularly the aviation policy within Europe. That is another area where we wish to reassure the people of the island of Ireland and the people of Gibraltar that we would wish to protect their rights and to ensure they were not disadvantaged in any negotiation position.

Lord O'Neill of Clackmannan: I have in front of me here a paper we received from the Airport Operators Association. In this it says they are concerned about Border Force staffing. Currently, the AOA is concerned that "the Border Force does not have adequate resources to manage the flow of people in airport border halls ... the Border Force's budget has decreased while passenger numbers have increased", and they say, "As a result our members have reported increased queue lengths, both for travellers using the UK, EEA and the Switzerland channel". If you are going to be more stringent, do you recognise that there may well be a need to increase the staffing and resources of Border Force?

Mr Goodwill: Fortunately, until July this year, I was the Aviation Minister for three years, so I know the airport operators very well. Indeed, I visited almost every airport in the United Kingdom and met their directors. When looking at the Border Force staffing levels, one should view that in the context of the investment that has gone into, for example, e-gates. As in many areas, the introduction of technology has meant that we can reduce staffing.

Lord O'Neill of Clackmannan: Could you tell us what proportion of e-gates are regularly in use? I travel from time to time through Heathrow and look at the empty e-gates. I always ask the staff, "Why are they not working?". I am invariably told, "It is because we do not have enough staff to do it". It does seem a bit counterintuitive, because the idea is that these things should reduce the number of staff. However, such seems to be the pressure on Border Force that they do not have enough people to trigger off the labour-saving devices in which a great deal of money has been invested. This is a highly impressionistic view. That is why I am asking you for a statistic as to what number or percentage of the e-gates are regularly in use.

Mr Goodwill: We do generally operate within service level agreements in terms of queue time, and of course it is often the case that people will see a very large number of people in the queue and often tweet images of this, which does not necessarily relate to the queue time. The queue time is a factor dependent on the number of e-gates open and the number of people in the hall waiting to go through. E-gates do need some manning and not only by non-Border Force people, who will advise people how to use them.

Indeed it is interesting that when there is no queue at all you get more people who have problems with the e-gates than when you have a few minutes to read the advice and know how to operate them. There is a bit of operator skill needed to operate the e-gates correctly in terms of the

way you insert and hold down the passport. But we do endeavour to ensure that, as passenger numbers surge, or indeed reduce, the right level of support is there. If an e-gate does throw up a non-match, we do need somebody from Border Force to come in and then check out that person as well.

Lord O'Neill of Clackmannan: On the generality, more people are coming. More stringent controls are going to be necessary, yet Border Force's budget has been cut. I understand it was cut between 2012-13 and 2016-17 by 10%. Do you envisage this kind of cut being imposed because of general public expenditure constraints? Or do you see this as one of the areas that would require increased investment if you are going to have the kind of border controls that you have spoken of and people would have appear to have voted for in June?

Mr Goodwill: Part of the increased pressure we had this summer on the border was because we have seen more non-EU and non-EEA people coming due to a number of factors, including the weakness of sterling and the fact that that has encouraged more Americans to come here on holiday. Indeed, some of the terrorism that has happened in other parts of Europe has encouraged a very risk-averse American tourist to see the UK as a place to come. A degree of the increased pressure we have seen this summer at airports has been largely due to non-EU people coming in, and of course most of those are using the non-e-gates.

Lord O'Neill of Clackmannan: The KPI for that is 45 minutes.

Mr Goodwill: Yes, and we do endeavour to operate within those service level agreements.

Lord O'Neill of Clackmannan: It does not really suggest that we are going to have too many returning risk-averse American visitors if they have to spend 45 minutes going through passport control before they even pick up their bags.

Mr Goodwill: In many cases they are getting through much more quickly, and we continue to keep under review the level of resourcing at Border Force. The rollout of the e-gates is ensuring that we can make those savings in terms of staffing. Indeed, the European Union, as you may well know, is itself looking at an electronic travel authority system, so people who arrive at passport control have already submitted a degree of information. That is the sort of information you have to use if you are travelling to the United States, where incidentally I have occasionally spent a little time queuing to get through passport control.

Lord O'Neill of Clackmannan: The American model is not a very helpful one.

Mr Goodwill: We are also looking potentially at frequent travellers and allowing them to have a biometric travel card that they can use at e-gates, even though they are not EU citizens.

The Chairman: We need to move on; we have a lot of questions.

Q63 Lord Watts: Yes, can I take you back to your introduction? We have had evidence that people have been arguing for exemptions for farm workers, health workers, building workers and care workers. In your comments you said that the Government's policy is to reduce it to tens of thousands. Given that half the immigration into the UK is non-EU, why have the Government failed to deliver their own targets when they have had full control over 50% of the numbers that are coming in?

Mr Goodwill: That is a perfectly valid question to ask, and you need to view that in terms of the non-EEA travellers here in the context of what we have done already to reduce the numbers of people, particularly those that were exploiting some of the loopholes in the system that, dare I say it, were left in place by the previous Government—for example, the number of colleges that were offering bogus courses. Although we have seen reductions in student numbers in total, we have seen big increases in those coming to university, particularly the Russell group universities. We have prevented over 900 of those bogus colleges offering language courses, and in some cases spurious courses, to people. We have tightened up on, for example, the requirements for marriage. We have brought in an income level of the UK spouse who wishes to sponsor their partner to come in, and that has meant that they are in a position to support them. We have brought in tougher language testing.

Lord Watts: None of that has reduced the amount of immigration to tens of thousands, even from the group that you control. You are nowhere near that target. Why is that?

Mr Goodwill: One of the reasons has been the vibrancy of the UK economy and the fact that we have been creating more jobs than the rest of Europe put together, and that has meant that some employers have not been able to source the skills that they need. We have not been bringing in unskilled people. We closed down the route whereby unskilled people came to the UK from outside the EU. In fact EU workers from eastern Europe and Bulgaria and Romania have been filling many of those jobs. Some of this in terms of employment has been down to companies being unable to source the skills that they need, either because those workers are on the occupation shortage list—people like physics and maths teachers—or because they have tried to recruit in the UK and have been unable to.

For skilled workers and degree-level workers, we have seen people coming in there, but the majority of non-EU immigration, over 70%, is students coming to study¹. While some of those students would at the end of their course go back to their country, small numbers of those do take the option of finding skilled, degree-level employment here. That is the difference between what happens now and what happened under the previous Government, where we saw people going into unskilled work through the post-study work scheme. They were coming here, doing a

¹ IPS data for the year ending June 2016 shows that of those whose main reason for migration was study, the majority (73%) were non-EU citizens. – Footnote added by Robert Goodwill MP

degree and then getting an unskilled job, sometimes in the hospitality sector. We have tightened down on those types of routes, and of course once we have left the European Union we will have at our disposal the ability to control people coming in.

It is also important that you do not just look at immigration as one homogenous block of people. You have a whole variety of different types of people coming in, ranging from the university professors through to the skilled graduate computer and technical people, and people working in the health service. At the other end of the spectrum you have the people working in agriculture, and the Committee will be aware that during the transitional arrangements, when Bulgaria and Romania were not able to send people here to work without restriction, we did have the seasonal agricultural workers scheme in place, which allowed those people to come here.

It is interesting; I had a delegation from the National Farmers' Union at the end of last year saying, "Could we introduce a seasonal agricultural workers scheme for non-EU people?", because a number of factors, including the weakness of sterling at the moment and some of the messages sent out in the immediate aftermath of the referendum, maybe put some people off coming. That is certainly one of the options that could be open to us post-Brexit if we wish to encourage people to come in. Of course, a seasonal agricultural workers scheme would not contribute to net migration, because net migration figures relate to people staying here more than 12 months. Seasonal agricultural workers schemes are generally for people coming here for less than six months.

Lord Jay of Ewelme: Following on from that last question, would it be correct, therefore, to say we have a vibrant economy? We have pretty close to full employment. We have a good system at the moment for people coming in and taking the jobs that need to be filled to enable the vibrant economy to continue. What would change?

Mr Goodwill: Nothing would change in terms of the people coming in from outside of the EEA. We already have a system in place that ensures that the brightest and best can come here to study, and there is no limit on the number of students who can come here to study. We have introduced a pilot at four UK universities to improve the offering in terms of post-study work to give students more time to secure employment here. If that is successful we will maybe be looking at rolling that out.

The point is that while we are members of the European Union we have none of those tools at our disposal should we wish to limit or control the numbers coming in. We have made it clear we do wish to control the numbers coming in, and I hope that this Committee's deliberations and report will give us some insight into how you feel we could take the advantages here in terms of the Brexit negotiations.

At the same time, let us not forget that the Government are committed to training our own people and ensuring that we have 3 million more apprentices before the end of the Parliament. Indeed, many would

suggest that one of the reasons why we have had to rely on labour coming in from the European Union and outside is because we have not had those skills available for our people. The apprenticeship levy, which is coming in later this year, will be a way of incentivising training.

I do not know if many people are aware, but in April of this year we are bringing in for non-EEA workers coming into the United Kingdom the immigration skills charge. For example, if one wishes to recruit an Indian computer programmer on a four-year contract—on top of the existing visa charges, the administration involved around that, and the labour market tests and all those other things that have to take place—there will be a fee of £1,000 per year. For a four-year contract, that employer will need to pay £4,000, because of the immigration skills charge. That currently applies to non-EU immigrants. It has been suggested to us that could apply to the EU.

As I say, we are not in a position at the moment to really speculate as to what the settlement will be post Brexit negotiations. We will certainly look forward to your Committee's suggestions as to what you feel would be effective and helpful, not only to the British economy but to British workers, who in many cases might feel a little overlooked because other people have come into the country already with the skills that they would themselves like to get.

Q64 Lord Jay of Ewelme: Thank you for that. I would like now to get on to the slightly more detailed questions about the approach to the negotiations themselves, if I may. When the Article 50 process starts, we will be negotiating a withdrawal treaty. Then you will be negotiating, I imagine, alongside that a treaty that will, in the terms of Article 50, take into account the future relationship between the United Kingdom and the EU. I wondered, looking at flows of people coming into the country, whether you envisage there being some aspect of the withdrawal treaty or some aspect of the associated treaty that would deal with this. How would this be dealt with?

Mr Jones: Perhaps I could deal with this question. It is inevitably going to be the case that there will have to be an agreement contained in whatever treaty is concluded at the end of the negotiations as to the issue of migration flows. As Mr Goodwill has made clear, it is our ambition to regain control of migration. That, of course, means not only the apparatus by which that control is exercised but the legislative framework—in other words, control residing here at the United Kingdom Parliament rather than in the European Union.

The Prime Minister has made it clear that she would expect the conclusion of negotiations to result in control residing here. In fact, even if the negotiations were to fail, Article 50 provides that at the end of the two-year period prescribed in the Article we would simply leave the European Union. That means of necessity control would reside with this Parliament.

It is also the case, as you know, that freedom of movement of labour is one of the four so-called pillars of the single market. Not only will we be keen to address this issue, but obviously the continuing 27 will be keen to address it too. Precisely, of course, what arrangements are concluded remains to be seen, and the policy in this regard resides with Mr Goodwill's department. I certainly have no doubt that the issue of migration will figure strongly in the negotiations and the ultimate treaty.

Lord Jay of Ewelme: Would it be in the withdrawal treaty rather than any associated treaty, or in both?

Mr Jones: Of course Article 50 contemplates a twin-tracked negotiation—not only the issue of our withdrawal from the EU but what arrangements will prevail afterwards. It could well be that there will be a withdrawal treaty and a new treaty recording our continuing arrangements, or it could be that there is simply one treaty. That remains to be seen.

The Chairman: What would be the default position if the UK were to leave the EU without a specific alternative provision?

Mr Jones: Do you mean in terms of migration?

The Chairman: Yes.

Mr Jones: Control of migration would reside here, and in fact that is what we intend will happen in any event.

The Chairman: Does that mean that the EU migration regime would apply automatically?

Mr Jones: We intend, as you know, to introduce a repeal bill, which will have the effect of absorbing EU-derived law into our own body of legislation. I have no doubt that that would be revisited very quickly. Certainly, whatever regime exists at present would be replaced by a British regime developed by the British Government and approved by the British Parliament.

Q65 **Baroness Massey of Darwen:** I want to follow up, please, on Lord Jay's question in a bit more detail. Is your objective of ending free movement as it exists now going to be a fixed point in your approach to Brexit negotiations, with other objectives, such as access to the single market, fitting around that as far as possible? Or do you envisage trying to find a balance between control of inward migration of EU citizens and other goals, such as access to the single market?

Mr Jones: The Prime Minister has made it clear on the one hand that we will recover control of migration so that migration policy is, as I have just said, developed by the British Government and approved by the British Parliament. On the other hand, we do seek the best possible access to the single market. As I indicated a few moments ago, one of the pillars of the single market is the freedom of movement of labour, so quite clearly we are going to have to go through a significant negotiation. At

present of course I cannot speculate as to how that will conclude, but that is the ambition.

Baroness Massey of Darwen: You are keeping your powder dry.

Mr Goodwill: In the media there seems to be this view that there are just two things to agree in terms of our Brexit negotiations: the immigration issue and the trade issue. There are dozens of issues. To raise one, there is the fishing quota situation. We have a number of Spanish skippers who bought quota from British skippers. What is going to be their status? We have a Norway/EU agreement on fishing quotas and fishing in the North Sea. That will need to be unravelled and renegotiated.

We have agreements on mutual recognition of qualifications that we would need to visit. We have environmental legislation that, as part of the great repeal Bill, we would probably move on to our statute books. We would need to then decide how we move forward when Europe moves from Euro 6 to Euro 7 truck emissions. Do we have the option of opening that up and having our own regulation? Or would we then be committed to following that particular regulation because we would wish to sell trucks made in the UK into Europe and vice versa?

There is a whole variety of different issues outside just the simple trade and immigration issues that will need to be discussed and agreed. As the Prime Minister said at the weekend during her interview, this is not a binary negotiation. It will be a multifaceted negotiation and we will need to ensure that we get the best possible deal for Britain.

Lord Soley: You articulated very clearly the complexity of it, and I would agree with that. What puzzles me is whether the Government are looking at ways of using individual laws in order to make sure these complex situations continue, where it is in our interest to do so, or are they looking at a portmanteau thing of putting them all together? Do you see? You used the example of fishing; it is a very good one. You will either need an individual law for that or you will need it to be part of a much wider law. How do you envisage doing it?

Mr Goodwill: There will be a mixture of things that we have to do. The great repeal Bill, as I understand it, will transfer a large amount and a large block of the *acquis* on to our statute book, and then we can at our leisure decide how we might want to unpick that. The fishing agreement will need to be a specifically negotiated agreement in terms of access to waters. I suspect that that will be even more difficult to agree than some of the other trade and immigration issues.

Lord Soley: Am I not right in thinking there will be an awful lot of examples like that?

Mr Goodwill: There will be an awful lot of examples like that, and that is why two years have been set aside for these negotiations. We need to

ensure that in every single aspect where we are negotiating we get the best possible deal for the United Kingdom.

Lord Soley: It is not just a matter of negotiation. It is a matter of what we do here: ie, do we draw up a law, put it before Parliament in the normal way and then apply it, or do we try to put them all together in some way? It is rather key, is it not?

Mr Jones: I understand that. I think Mr Goodwill and I misunderstood the question. The repeal Bill will initially absorb all the body of EU law into British law. It may well be that certain elements of law will have to be addressed before departure by means of separate standalone Bills that will be taken through Parliament. Subsequently, however, there will be a review, and we will decide whether we wish to retain the legislation in question, amend it or repeal it. Then, of course, that will be a matter to be dealt with on a case-by-case basis by Parliament.

Baroness Massey of Darwen: This all sounds extremely complex and difficult. Are you confident we have the capacity to do all this within the timescale?

Mr Jones: Yes. It is difficult, and I do not think that anyone ever suggested that it would be otherwise. My department is well resourced, its staff is increasing considerably, but of course this is a cross-government exercise. We do have all the resources of the British Civil Service to deal with this. As you may imagine, the issue of withdrawal from the European Union is a central issue for almost every, if not every, government department.

Q66 **Baroness Janke:** With regard to migration from Europe to this country and the reverse, do you anticipate negotiating with the EU as a whole, or do you anticipate negotiating with different EU countries?

Mr Jones: Article 50 prescribes the procedure that has to be adopted. The Council, comprising the 27 continuing states, will be responsible for concluding the agreement with the United Kingdom, and that of course will be subject to the consent of the European Parliament. However, at the December Council, the negotiation was effectively delegated to Michel Barnier, who is the appointee of the Commission, and various working groups have been set up to negotiate with the United Kingdom.

To a certain extent we have made progress. We very much welcomed the announcement that Mr Barnier had been appointed. Going beyond that, the continuing Council has to specify the guidelines for the negotiation. Those will not be published until such a time as we have triggered Article 50, which we anticipate doing before the end of March.

This is an issue that has different weight in different member states, as you quite rightly say. For example, the last annual figures indicated that the greatest flow of migrants from the continuing European Union was coming from Romania for the first time. I have no doubt that the Romanian Government will have a particular interest in this process. We,

for our own part, will be entirely happy to engage both with Mr Barnier and his teams, or, should it be necessary, with individual member states.

Baroness Massey of Darwen: I am getting rather confused about this. Supposing we were negotiating with individual member states, presumably that would take much longer than negotiating with Europe as a whole. How do we cope with that?

Mr Jones: No. We will not be negotiating with individual member states, but I have no doubt there will be engagement with individual member states. The overall negotiation has been delegated by the Council to Mr Michel Barnier and his working groups.

Baroness Janke: With regard to, for example, different sectors, you anticipate this all being dealt with by Mr Barnier and his various working groups rather than unilateral agreements with different EU countries, because the different demands come more strongly from certain countries than others, obviously.

Mr Jones: Yes. It clearly will have to be a treaty that we conclude with the European Union as a corporate body at the conclusion of the negotiations. However, in Councils there are always discussions going on with individual member states, which are a good thing, because they build relationships. Of course, good relationships are important in a negotiation such as this.

Baroness Janke: For example, as with Wallonia, should one or more of the 27 decide that this is something that perhaps needs to be looked at by their own parliament, how will this affect any agreement?

Mr Jones: The individual member states acting collectively have to come to the agreement through the Council. Once the negotiation is concluded it will be a matter for the Council to agree the outcome of the negotiations. That then will be subject to the consent of the European Parliament. You are right: each member state of the Council is going to have to agree to whatever is concluded.

Baroness Janke: On the potential delay on the part of particular economies of any one or region of the 27, how do you anticipate that will affect our future working, particularly from the point of view of British people wishing to migrate to the EU?

Mr Jones: I can only look at the most recent example, which was the Canadian CETA agreement. That was concluded but very much at the last moment. You mentioned the point of British nationals. We are very concerned about the issue of right to reside, both for British nationals in the continuing EU and for EU nationals living in the United Kingdom.

Baroness Janke: I am talking about the future.

Mr Jones: Yes, but this is an important point that I would like to stress. We think that this is a matter that should be resolved early in the negotiations. In fact, we have already offered to try to settle this

particular aspect of the negotiation, but so far the continuing EU has not been receptive. We think this is a matter that should be given top priority in any negotiations.

Q67 Lord Cormack: I was very glad to hear what you said just now. But the object of any series of negotiations must be to achieve a state that is better than you have at the moment. We have a vibrant economy, as indicated. We have good economic relations with the other 27 nations. We want to achieve a situation where Britain is stronger and better, so what do you identify as the principal problem or problems you must solve in order to achieve that better state?

Mr Jones: There are quite a few problems, and as I indicated this is not going to be an easy negotiation. All our negotiations have to be set against the background that the British people have instructed the Government, through the referendum, that Britain is to withdraw from the European Union.

Lord Cormack: No, Mr Jones, they have advised them.

Mr Jones: That is a matter of interpretation, and I would imagine that Baroness Prashar would not be too keen if I were to dilate on that particular aspect of the matter. Nevertheless, we have to set it against the outcome of the referendum, and that means that there will be a lot of priorities that we will have to address.

Our negotiating position is to recover sovereignty for the British Parliament, to ensure that the supremacy of the European Court of Justice ends in this country, to ensure that we recover control over our borders, and, if at all possible, to seek the best possible access to the single market. Those are very clear objectives, and they are objectives that we think will be beneficial to Britain. We also feel that a good bilateral trade with mutual access, both by Britain to the single market and by European companies to the British market, will be beneficial to Britain and to the continuing European Union.

It remains to be seen the extent to which our colleagues in the continuing European Union share those ambitions, but that is our position, and it could be a position that is easily resolved with a very smooth negotiation, or it could be a negotiation that has some difficulties. Until such time as we start those negotiations, it is impossible to say how they will progress.

Lord Cormack: Before we start negotiations, would it be helpful if we were to make a very real declaration of friendship and determination to our European friends and colleagues, who must remain our allies and our friends if there is to be maintenance of stability on our continent?

Mr Jones: We have already made it absolutely clear that, while Britain will be withdrawing from the European Union, we will clearly not be withdrawing from Europe—geographically or otherwise. We will remain very much part of Europe. We will play a full part in other European institutions, such as the Council of Europe, the Organisation for Security and Co-operation in Europe, and most importantly, particularly in the

current international climate, NATO. To that extent we have made a full commitment of our continuing interest in Europe. Certainly, we wish to have extremely good relations with the European Union, because it is to our benefit economically and otherwise.

Mr Goodwill: If I might add, the offer that we made very early—that we wish to guarantee the status of the 3.2 million EU citizens living here, and the only circumstance in which that would not be able to be done is if the status of the 1.2 million UK nationals living elsewhere in Europe could not similarly be protected—was made unilaterally. Indeed, it was President Tusk on 29 November who said that we could not start to talk about those things before Article 50 was triggered.

We have already started to show we are in a position to be positive and engaged in this process. Unfortunately, the Commission was not prepared to give that assurance. I think it would have reassured a lot of EU nationals living here, who might be trying to get mortgages or looking at changing jobs and all those things. It would have been a great reassurance to those people. It is a shame indeed that offer was not taken up.

Lord Cormack: There is nothing to stop you doing this; after all, we are a sovereign nation taking back control. We can make an unequivocal declaration that those people's rights and position and security are not at risk, and that we are doing that regardless. We can lead by example.

Mr Goodwill: We would need a similar assurance from the European Union.

Lord Cormack: No, we do not need a similar assurance.

Mr Goodwill: In my opinion we would definitely need assurance for British people living, working and retiring into other parts of Europe that they had similar protections. That is not an unreasonable offer to make.

Lord Cormack: I think if we led by example, we would get that anyhow, but I feel we should make the declaration. I would not have introduced the subject had you not done so, but I think we could and should. I would strongly urge you to reflect on that.

Mr Goodwill: I suspect I would have to reflect a long time before I wrote off the rights of 1.2 million British people living elsewhere in Europe, who I believe would need those similar assurances—for example, if they wished to take out a mortgage or to move into different employment. It is not unreasonable to ask for a similar assurance to be given by the European Union about the rights of over 1.2 million people living elsewhere. I am sure, as Mr Jones has said, that is low-hanging fruit that we should agree. I hope we can agree fairly early in the process, but it is a shame that the offer made ahead of the triggering of Article 50 was not taken up.

Q68 **Lord Cormack:** I still think it could be done. Could I ask one brief question? You referred, yourself, to the Bulgarian and Romanian

position, and I think those agreements did have some effect in stemming the immigration from those countries. Clearly, that is over now, because one of you referred to Romania being a prime source of immigrants at the moment. What damage is it doing?

Mr Goodwill: I am trying to understand the question, my Lord. What damage is what doing—the end of the transitional arrangements?

Lord Cormack: Yes.

Mr Goodwill: The end of the transitional arrangements was very positive in terms of Bulgarians and Romanians, because they could come here to work without having to participate in one of the schemes such as the seasonal agriculture workers scheme. The transitional arrangement did not apply to people coming here to be self-employed. A number of people did come to set up small businesses here.

Transitional controls did play an important point in regulating the number of Bulgarians and Romanians that came to the UK. There were no limitations as to their extent, and in particular they did not extend to those self-employed. The Government are considering the full range of options for future immigration arrangements for EU citizens, and the Prime Minister has been clear that we are not leaving the EU to give up control of immigration.

The Chairman: The transitional controls set did have the effect of stemming the immigrant flow. We are really trying to probe whether this is being considered for the future. Are you going to apply similar transitional controls to the labour market restrictions in the future? Is this one of the things you are considering as a modification to freedom of movement?

Mr Goodwill: A number of measures will be considered and could be part of the negotiations, but a one-size-fits-all would not be appropriate. For example, we have on the one hand the seasonal agricultural workers we talked about. On the other hand, we have the students. We have people who may want to retire here, despite our climate. We have people who want to study. It is not going to be a straightforward situation.

Fundamentally, the referendum result gave us the opportunity to control the numbers that come here. Those negotiations will be aimed at achieving that objective to deliver what the majority of people in this country understand as to the instruction, or the advice, the British people gave to the Government in terms of the referendum result.

Q69 **Baroness Massey of Darwen:** During our inquiry we have been looking at the emergency brake model, such as that recommended by the IPPR. Is there any work under way within Government to establish whether such a brake could deliver the level of control over numbers and characteristics of EU migrants that you are looking for? What evidence could you point to in order to establish that the UK is facing exceptional migratory pressure compared with other EU/EEA countries?

Mr Goodwill: We certainly listened with interest to the proposals of the IPPR, and indeed many other groups have put forward a number of proposals, including an emergency brake. A variety of options are being considered. We are working through the details of each potential model to consider which best meets our objective to deliver a fair, controlled system of immigration. Net migration to the UK for EU citizens was estimated at 189,000 in the year ending June 2016, the most recent figures, with this being the highest on record.

High levels of migration from EU citizens add to the growth in the overall population, and there are potential social and economic pressures resulting from both sudden and sustained increases in the population over time. In the last five years the UK's population has been growing by over 0.5% per year, and only five other European countries have seen this level of population change over the same period. Employment levels of EU nationals in Q3 2016 increased to a record level of 2.3 million, an increase of 221,000 or 10.9% on Q3 2015.

The estimated increase in employment over the last year was 454,000. The increase was accounted for primarily by EU nationals, who made up 49%, and UK nationals, who made up 47%, with only the remaining 4% being non-EU nationals. It is quite clear that because of the success of the UK economy, and the jobs it has created, that has been a great pull factor. Particularly if you look at countries like Spain and Greece, where they have youth unemployment levels in the region of 40% and overall unemployment levels of 25%, it is little wonder that people see the UK as a place to come and work.

In terms of the brake, we already have a cap of 20,700 for the tier 2 non-EU workers coming here. That has occasionally been breached, but by and large that has not been a restriction. As the Committee considers whether the emergency brake would be effective, you would need to consider at what level that brake may be set. If you set it at a very high level, then it would be irrelevant.

If you set it at a low level, you could have the situation at the start of the year where some employers might think, "If we reach the brake level, we may not be able to employ someone". It might precipitate more people looking to employ people from the EU. I can see a number of drawbacks to a brake, but certainly we do have one in place for non-EU, and it works reasonably well—not because of the intrinsic way that a brake might work but because the level at which it has been set has had negligible impact.

Baroness Massey of Darwen: Could I follow that with two fairly quick questions? You mentioned job creation. Would you agree that job creation is uneven across the country? Secondly, you talked about looking at models. How many models are there, and could you give us a flavour of the models that you are looking at?

Mr Goodwill: The short answer to that question is "no", because, as I said at the start, we are not going to give a running commentary. We are looking at a number of ways that this could be delivered. Indeed, it

might be different ways for different sectors. We already have a situation where we have shortage occupation lists and resident market tests for non-EU, and that is one aspect that may be relevant. Historically, we had the seasonal agricultural workers scheme, which is another way of recruiting particular types of people.

We already have measures in place for very high-standard academics, sportspeople and people working in the arts. There are a number of different mechanisms already in place that allow us to control migration. These should all be considered, but it would be unhelpful to speculate at this stage of our preparations for the negotiations as to how they may come into place. Certainly, the report of this Committee will be very important in terms of your views on how we should move forward, and the evidence you have taken is an important aspect of our process.

Baroness Massey of Darwen: What about job creation?

Mr Goodwill: The UK has been very successful in creating jobs, and you are absolutely right that that has been at different levels in different parts of the country. Even in the more depressed parts—where I come from, where it is grim up north—we are still having tremendous success in creating jobs. Indeed, in two weeks' time we are cutting turf on a new mining operation to employ 1,000 people in North Yorkshire and Cleveland. We are creating jobs throughout the country, and I do not support the suggestion that is made by the SNP that we should have regional immigration.

In a country like this, as we saw from previous schemes in Scotland, there is a lot of leakage. People maybe went to Scotland to take a job under the scheme they had there, but a substantial proportion of those came to work in London and the south-east, where the jobs were. I do not believe either a regional devolution or indeed a centrally managed regional immigration policy would work in the United Kingdom, and I have made that clear quite recently in a debate in Westminster Hall initiated by the Scottish National Party.

Baroness Massey of Darwen: I am not talking about devolution; I am talking about some form of decentralisation. Jobs are obviously available, but I am thinking about the north of England. I know that in some parts of the north of England the job situation is not good.

Mr Goodwill: Yes, which is why we as a Government are investing in infrastructure in the north, we are investing in high-speed rail, we have the northern powerhouse and we have enterprise zones in areas of high unemployment. There are a number of levers that the Government can pull on to try to encourage economic development in the north.

We are doing that in a number of ways, including most importantly infrastructure investment, which the Chancellor announced most recently in the Autumn Statement will continue. That will enable the north to become more competitive and create more jobs. We have been creating

jobs in the north but maybe not at the same rate as other parts of the country.

The Chairman: Mr Goodwill, you were very clear on the drawbacks of an emergency brake, but could you say a little more about the drawbacks of the labour market restrictions and the benefits of it?

Mr Goodwill: It might be helpful for the Committee to look at how non-EEA immigration works and how we do have a system in place, which is very effective. It means, for example, that the brightest and best can come here to study. We have no limitation on the number of non-EEA nationals who can come and study here, so long as they meet those tough academic requirements and language requirements to come here. We also have a system in place whereby people of graduate level can come here and take graduate level jobs.

We are looking at how that system works and works well in addressing the requirements of the UK economy, and the shortage occupation lists and the local market labour test that is in place, which we are toughening up some of in increasing the amount of time jobs have to be advertised for local people to take. Those systems work well, and it may be that some aspects of those non-EEA systems could be applicable to the EU citizen. We are currently looking at all possible models and all possible routes, and different models may apply to different types of worker and different types of people.

Looking at the issue of students, the biggest block is not to do with immigration policy; it is to do with the student loan system in this country. Currently we have a situation whereby people can come here from the EU and it is somewhat uncertain how they can access and repay their loans. That is more likely to be a sticking point in terms of students: how they engage with our existing system of tuition fees and loans, rather than necessarily the immigration system.

If you look at non-EU, we have no limit on the number of students who come here. In fact, we are second only to the United States in the number of students who come here. We have seen increases in the number of university-level students coming here, which of course is often portrayed in a negative way, because we have seen big reductions in those coming to some of those less academic and, in some cases, spurious colleges that were offering bogus courses.

Baroness Pinnock: I want to explore the statements you have made about university students. I speak as a member of a university council, where they have experienced a big fall in applications from non-EU students following the referendum. Secondly, EU universities, particularly in the Netherlands, are very attractive to students from this country, because English is the common language of study and there are no tuition fees, so they can get a free university education in English in an EU country. I would like to hear your views on both of those.

Mr Goodwill: If you look at any of these tables of the top 100 universities in the world, the UK features very prominently. In fact, in the top 10 universities, the UK performs very well, so there is no doubt we have some of the best institutions.

Baroness Pinnock: I am not denying that.

Mr Goodwill: We need, as part of these negotiations, to ensure that we have the best possible offer for overseas students coming here. Certainly, as part of these negotiations we need to look at how students can, first of all, come here in terms of immigration policy, but secondly it is about funding and fees, and that is something else that would need to be fully explored and considered. Whether that is part of the negotiation process or a separate process that universities would need to consider as part of their offer, which is already taken up by many non-EU students, remains to be seen. But certainly we do wish to get the best deal for British universities to continue to attract the brightest and best from around the world, including the European Union, to come and study here in the UK and, in some cases, to follow on from that study with full-time employment.

Q70 **Lord Watts:** Minister, you touched on this but I am just trying to clarify it a bit more. If we move to a system in which EU citizens would require a work permit to take up employment in the UK, would any system need to be linked to the overall cap on numbers, as exists in tier 2? Would any system you introduce have to link in with an overall cap for numbers?

Mr Goodwill: As I have said, initially we are exploring a number of models for immigration. It may be different models for people working in different types of jobs in terms of graduate-level jobs or unskilled jobs. It would be pointless to speculate at this stage in the negotiations as to how that would work in practice. We are certainly looking at all those possibilities. That will be part of the negotiation.

Lord Watts: But not necessarily a cap—the overall cap would be the same. Would you have one cap or two caps? That is what I am asking.

Mr Goodwill: I have mentioned that we already have a cap in terms of non-EU, and that is one model that we could look at. But it would depend very much indeed on the type of reciprocal arrangements that might work. We are not just talking about EU people coming to work in the UK; we are talking about people having the matching opportunity to go and work elsewhere in Europe. That would all be part of the negotiations, and it would not be helpful to speculate at this stage of the game. We are back to running-commentary territory. We are looking at all these aspects and we will be, along with Mr Jones, who is primarily involved in the Brexit department, looking at how that could function. What we do not know at this stage is what the opening proposals from the European Union might be. We may find that some of these things that we consider might be difficult to achieve might be offered to us at the very start.

Lord Watts: At this stage, do you take the view that you may have one

cap for both groups or you may have two caps, depending on how the negotiations go?

Mr Goodwill: At this stage, to be absolutely unclear, we are looking at all possibilities and all options in terms of the negotiations. What is absolutely clear is that whatever deal we get must enable us to control the numbers coming from Europe and, at the same time, secure the best deal for the United Kingdom.

Lord Watts: You have said the same thing. It has to be one of those two; it has to have one cap or two caps to control the numbers. Unless I am missing something, there is not a third option.

Mr Goodwill: There are a number of mechanisms in place, which we already have in place for non-EU, that could be applicable—or not, as the case may be. For example, I mentioned the immigration skill charge. I mentioned shortage occupation lists. There is a whole variety of different aspects that could be part of the system we have in place. I am saying it is a complex situation. It is not just a straightforward situation. We have a number of different skills, some of which are in short supply in the UK, some of which are not. We need to have an across-the-board deal that allows us to control the numbers.

It is absolutely clear that, to deliver on the referendum result, we do need to control numbers coming from Europe, but at the same time get the best possible deal for the British economy. At the same time, as Mr Jones will be negotiating, myriad other areas need to be agreed as well, some of which may involve trade-across in terms of the negotiations, some of which may be standalones. It would be pointless to speculate on how that negotiation would proceed. It is certainly damaging to the UK's position to set out any of the positions we may or may not have agreed at this stage, before the negotiations start. It is all about not showing one's hand to the people at the other side of the poker table before the game starts.

Lord Watts: I will push you once more, if I can, Minister. It seems to me that you have two things going on. You either have one cap or two caps to control the overall number. Then what you seem to be proposing is that there would potentially be exemptions for different groups that would not be covered by the cap. Numbers may go beyond the overall cap you set if there are exempted groups. Am I reading into something you have not said?

Mr Goodwill: You are probably putting two and two together and making five. I have been outlining mechanisms we already have in place in terms of the way we control non-EEA migration. Some of those may or may not be applicable to the deal that we achieve within the European Union, but there are a whole variety of different types of skills, jobs and free movement. We are looking at people who may be moving to retire or set up businesses. There are a large number of different situations that people might find themselves in where they want to come to the UK. That may require a large number of different aspects of the agreement

that allows that to happen. We have a large number of British people who want to retire to Spain. We need to make sure that those people's rights can be protected, that they will be given the benefits that they currently have as far as possible, and that we have a situation where freedom of movement for British people is secured, within the overall objective of controlling the numbers that come to the UK and securing a deal that is in the best interests of the United Kingdom.

Lord Cormack: Do you sometimes regret being tied to a slogan about tens of thousands?

Mr Goodwill: No. I believe that is an objective that we are determined to achieve. It may take some time, and the Government have a number of measures in place that are already bearing down on numbers coming in from outside the EU. Indeed, leaving the European Union gives us options for controlling numbers coming in from Europe.

The message was quite clear in the referendum campaign. It was not something that was not talked about. It was an integral part of that campaign. People understood that regaining control of our borders meant increasing controls. We already have control of our borders. We are not in Schengen, as I already mentioned, but increasing the way we can control our borders will enable us to make further progress in achieving that objective of reducing net migration to the tens of thousands, not the levels that we currently see.

Lord Cormack: Is that regardless of the effect it will have on the vibrancy of the economy?

Mr Goodwill: As both Mr Jones and I have said, as we develop policy and conduct these negotiations, the best interests of the United Kingdom are the interests that we wish to protect. There will be a number of factors that we are negotiating, including trade deals, immigration, the environment and all the other areas that will come into the negotiation. But overall, I repeat, we must be able to control the numbers that are coming into the UK from the European Union, and at the same time achieve the very best deal for the British economy and the British people.

Q71 **Lord Cormack:** But bearing in mind—and this is important—that non-EU migration has consistently been higher than EU migration in recent years, why should we expect that, if you have a replica of the non-EU immigration system, we are going to reduce the EU immigrants?

Mr Goodwill: My Lord, with respect, if you look at the figures you will see that the majority of non-EU migration is students coming to study, and the majority of EU migration is people coming to work. A large number of those coming already have job offers and are coming to take up those jobs, but a substantial number of people are coming here to look for work. I think you have the figures; if not, I will get the figures to you.

Although looking at the figures you can see that they are both big numbers, the non-EU numbers are made up in the majority by students.

The numbers for EU are made up in the majority by people coming here to work. Not all but quite a lot of those are in lower-skilled, lower-paid jobs, some of which, such as in the fields of Lincolnshire picking our Brussels sprouts for Christmas, are jobs that British people appear not to want to take up at the moment.

Q72 Lord Ribeiro: We have heard students mentioned a lot today by you. You also made a point that you want to attract the brightest and the best. We have heard conflicting accounts as to whether it is feasible to maintain a free movement entitlement to those students and self-sufficient persons, while ending free movement for the workers that you have described. What is your assessment of whether this is feasible, practical or possible?

Mr Goodwill: In that regard, I should once again revisit the situation for non-EEA students. There is no limit on the number of students who can come here. Indeed, the numbers of students going to universities, as opposed to colleges and other FE institutions, are increasing year on year, and the numbers going to Russell group universities are increasing at an even higher level. If the Committee were looking at how a student system might work, it would be a good first base to start at how the system already works for non-EU. Second only to the United States, we are the leading country in the world in terms of attracting people, the brightest and best, from around the world to come and study at our universities.

Lord Ribeiro: If I can challenge you on that, when the Prime Minister was giving her evidence to the Liaison Committee, she was pressed on this point about students, and made the point that we reduced the 900-odd bogus colleges. We have got rid of them. The chairman of the Committee made the point, "Prime Minister, that abuse has largely been sorted out. Most people agree that students are a huge success story for the UK". The question is, if you have achieved that and students are a huge success for the UK, why do they need to be in the immigration figures in the first place? You can reduce those numbers at a stroke. You have achieved the objective you were trying to achieve, which was to get rid of bogus colleges. You yourselves said today, "We are looking for the brightest and the best, and they are there now". Why do they need to be in the immigration figures?

Mr Goodwill: The way those figures are collated needs further examination. For example, if a student graduates from Imperial College this July and then goes back to India, Pakistan, America or wherever else after their course, and they are then replaced by a new student starting their course, that has no effect on net migration. The figures that we publish, based on the survey that is carried out—the best way we can currently do this—would indicate if a student comes here to study and leaves at the end of their course, their effect on net migration is zero. The students that appear on the figures are the students who come here and stay.

There has been some speculation in the press about the accuracy of these figures. I will give you one example why that might be inaccurate. If a student comes here and at the end of their course stays for three months working in a coffee shop or something, when they leave the country and are asked what they have been doing, they may say they have been working at Starbucks. It may be that they had a four-year master's degree course at one of our best universities, and then while they were looking for work unsuccessfully, or just enjoying the summer in the UK, they were doing some part-time work. It may be that some inaccuracies are there in the figures.

The answer to that is that in March 2015 we introduced exit checks, and at the moment that data set is not sufficiently robust such that we can use those figures. But I am hoping, as we move forward, to get a more in-depth understanding of how those exit checks can work. We may be able to have a much better figure that is more accurate in terms of student numbers. Indeed, I have also asked officials to track specific students on specific courses, to check when they leave the country, to ensure that we do get a better handle on the student migration numbers.

At the moment the survey is the most robust data that we have. The Office for National Statistics supports that, but it may be in future we can have a little more insight into those numbers. It may well be that we are, possibly, overstating net student migration. I say again, however, if a student comes to the UK and studies and leaves at the end of their course, that has no effect on net migration. Therefore, I do not agree with the argument that taking student numbers out of the figures would have a bearing.

Lord Ribeiro: When the Prime Minister says that we have an international definition of migration that is shared by the United States and others, are we saying that the United States is doing exactly the same thing regarding students and its migration figures? When you come into the United States as a student, you are checked in as an immigrant. Are you saying we do not do the same thing?

Mr Goodwill: Until March 2015, we did not have exit checks in this country. We introduced exit checks, and we are getting data back from that. At the moment, we do not believe that the data is sufficiently robust or finessed to be used effectively. Of course, the data that we use in terms of net migration, in particular student numbers, are data that the independent ONS endorse. Indeed, student numbers form part of immigration figures under international best practice. The ONS is following them. This is not a decision that I could make, even if I wanted to. This is the ONS, who are robust and independent. They currently view the survey—the people with the clipboards at the airport—as the best way to get those figures. If we can get to a situation where using exit checks would work, certainly we would be keen to move there.

Exit checks are not perfect. For example, when people die here—although that maybe does not affect many students—that can distort figures, or if American tourists arrive at Heathrow and leave via Shannon

within the common travel area, we do not pick up those people leaving. There are some deficiencies of using exit checks to specifically target individuals, but certainly it may be that in the fullness of time we are in a better position. If the ONS take that view, we may be moving in that direction.

At the moment, the ONS takes the view, using international norms, that the best figures we have are those from the survey. Indeed, while there are people pressing for us to take student numbers out of it, as I said to the Home Affairs Select Committee earlier, there would be others who would accuse us of fiddling the figures to try to meet our target.

Q73 Lord Soley: Understandably, we have talked a lot about free movement and the impact on the immigration figures. When we look at the other side of that coin, what is the impact of the loss of free movement on the British citizen? First of all, have you done any analysis, statistical or otherwise, on how British citizens use free movement?

Mr Jones: Yes. The UN international migrant stock estimate in 2015 is that about 1.2 million British nationals are working and/or living in the 27 member states. This can be compared with the ONS estimate for 2014, which was that about 2.9 million EU nationals are living in the UK. I heard Mr Goodwill come up with an updated figure earlier in the session of 3.2 million.

Mr Goodwill: That includes Irish nationals, by the way.

Mr Jones: Those are the sorts of figures. Yes, there are a large number of British people living in the continuing European Union. I would guess that they may well be going to the European Union, in many cases, for rather different reasons than EU nationals are coming here. For example, we have a large British retired population in Spain. There are very few Spanish pensioners who come to retire in the United Kingdom, although I was surprised to see there are a few. We understand that British nationals will want to have reassurance as to their position in the continuing European Union, so my department is liaising very actively with British expatriate groups in the continuing EU. I myself have held meetings with expatriate groups. I had one quite large meeting in Luxembourg fairly recently. I will be visiting Malta later on this month, for the informal General Affairs Council, and I hope to be meeting some of the fairly substantial British expatriate population when I visit there.

Lord Soley: I understand that, but can we set aside the groups who are resident in the EU now? That has been a contentious issue. You made it clear where you or the Government are at, and I understand that. I am interested, in a sense, in the statistical analysis of how British citizens are going to be able to use their current freedom of travel in Europe if that is suddenly blocked. For example, Mr Goodwill has just talked about limiting immigration to tens of thousands a year—a highly risky statement, in my view, given the nature of the modern world, but you have made it; you must live by it. What is interesting to me is that the European Union might well say, “We are going to limit incoming British

people, coming looking for work or whatever, to the tens of thousands”.

Mr Jones: They may well do. Clearly, this is a matter for negotiation. As I said earlier, that negotiation has not yet commenced. We will clearly be seeking the best outcome to these negotiations for the British people. Clearly, one of the issues that will be considered, and no doubt exhaustively discussed at the negotiations, will be the question of freedom of movement in both directions.

Lord Soley: Do you not think in the light of your answer we need some analysis of how British citizens use their rights now, as opposed to those groups who are settled currently in Europe, such as pensioners, which is a very different group and fairly easy to identify and deal with? People thinking of going to work in Europe are in a different position.

Mr Jones: Yes, that is probably right.

Lord Soley: Have you got any analysis on the topic?

Mr Jones: I do not have any I can bring you or refer you to today. I have no doubt that that work is continuing.

Lord Soley: Are you doing any work on it?

Mr Jones: I have indicated the engagement that we are having with expatriate groups at the moment.

Lord Soley: This is not a matter for you, Mr Goodwill, at the Home Office I take it?

Mr Goodwill: If we have any stats, I will supply them to the Committee. It is true to say that large numbers of British people who work in the rest of Europe tend to be in the higher-paid jobs, although of course you get students who go and do bar work and that sort of thing. Whatever agreement we have with the European Union will be a two-way agreement. It will apply to EU citizens wishing to come and work here, and there will be parallel negotiations about British people who want to live, work or study in the European Union. We have also got the whole complication of the EEA, because in some cases the European Union may be negotiating on behalf of the EEA. In other cases, it may be that Norway, Liechtenstein and Switzerland may want to do something different. I have not even started to explore how those non-EU but EEA countries may engage with us in that process. Mr Jones might have a better position.

Mr Jones: I certainly do not have the figures for Liechtenstein, I am afraid.

Lord Soley: I do not want to intrude too much on the next question, but the importance of this is that you are recognising that we will set limits on immigration to the UK from the EU. What you do not seem to be addressing is that British citizens will then lose rights that they have currently. From what you are saying, Mr Jones, we do not have any

analysis of how that is going to impact on British citizens.

Mr Jones: What I would suggest, Lord Soley, since I do not have the information in front of me, is that I write to the Committee Chairman, which I am very happy to do.

Mr Goodwill: Could I pick up on one point, my Lord? You said "set limits". We have not said that. I have said we can control numbers. We have not said that the model of setting limits was an option that would necessarily be part of those negotiations.

Lord Soley: I understand that, but whatever we do, the European Union may well simply reciprocate, because they will see that as part of the negotiating process too, exactly as you do. It is a mirror image.

Mr Jones: That is a very fair point. What I cannot say at the moment in front of this Committee is how these negotiations will pan out, and for the reasons set out by Mr Goodwill, I am clearly not going to set out our negotiating position here today.

Lord Soley: I would have thought you would have some assessment of how we estimate the impact on British citizens of losing their rights of freedom of movement. Understandably, you cannot give us a final one, because that is part of the negotiations, but the idea that we do not have any knowledge, other than groups of pensioners or whatever, of people currently living and working there seems to me a high-risk strategy going into the negotiations.

Mr Jones: I have said that I have not the information in front of me, but what I have undertaken to do is to write to the Committee.

The Chairman: Thank you.

Mr Goodwill: There will be other aspects that need to be explored, such as access to benefits. While we are discussing people's rights or ability to come here and work, quite aside from that is the ability of people to claim in-work or indeed out-of-work benefits. That is something else that we would need to discuss.

Q74 **Lord O'Neill of Clackmannan:** Should that be the subject of negotiation? Should it not just be the initiative of the United Kingdom meeting its responsibilities to its citizens?

Mr Goodwill: That will be part of the negotiation, I suspect.

Lord O'Neill of Clackmannan: Why?

Mr Goodwill: Because there will be reciprocal agreements, for example on access to healthcare.

Lord O'Neill of Clackmannan: But I am talking about pensions. You as an MP will have been approached by Canadians and others, but the people in Spain have been getting British pensions.

Mr Goodwill: That is a whole other aspect.

Lord O'Neill of Clackmannan: You could make a declaration now on that issue, as a sign of goodwill to British citizens living in the European Union. It does not need negotiation. It is not a bargaining counter, but it could set a lot of people's minds at ease.

Mr Goodwill: Certainly in terms of pensions, they are something that would be within our power and something that we will be looking at. The point I was making was about access to in-work benefits such as housing benefits and tax credits. Whether or not you can access benefits makes a big difference to the attractiveness of UK low-paid, low-skills jobs. Indeed it was part of the negotiation that Mr Cameron undertook before the referendum, looking at issues such as whether a Polish or Lithuanian person could claim UK child benefit for a child that was not living in the UK. Those are all aspects that would be part of the overall immigration picture, which will be in some cases part of the negotiation but in other cases matters that we can unilaterally decide upon as we will be independent of agreements on these matters.

But, as I said, this will all be part of the negotiation, but we are aware of some of the complexities that some in the media have not even started to look at in any great detail, which is why a two-year negotiation was put in the treaty—to allow some of these complexities to be hammered out. That will be not only for EU citizens living here, or who want to come and live here, but for British citizens—who, I have to say, are my primary consideration—who want ensure they have assurances about their status working in Europe.

The Chairman: Time is rushing on. We have three questions.

Q75 **Baroness Pinnock:** You mentioned earlier on, several times, low-skilled migration. There is a conundrum here I wonder if you could help resolve. We have, as has also been mentioned, a vibrant economy with almost full employment and, nevertheless, particularly UK farmers have expressed quite considerable concern about the possibility of their not being able to attract migrants from the EU, which is a concern in the care sector as well. I wonder how that adds up to the proposal you are suggesting about bearing down on low-skilled migration.

Mr Goodwill: The reason I specifically mentioned low-skilled migration in the context of Brexit is that we do not get low-skilled, low-wage people coming from outside the EU. We shut off that particular route as we were members of an EU that was enlarging. Large numbers of people came here to take up those jobs. The opportunity of Brexit allows us to decide ourselves how we control the numbers coming in here. Controlling numbers is not just about stopping people coming here; it is also about, for example, understanding how different schemes could be in place to encourage people to come here.

As I mentioned, we previously had the seasonal agricultural workers scheme, which applied outside the EU. It applied to Bulgaria and

Romania during the transition period. That is a model, certainly that the Farmers' Union, when they come and talk to me, ask if we can look at again: "Potentially, should we not be able to access people coming here?". The reasons they say that people are not coming here is as much to do with the value of sterling as the fact that many people who previously came here to work in low-skilled, sometimes quite arduous agricultural work have found other jobs in the UK economy. They are still here. They are just not working in agriculture. Certainly, Brexit gives us the opportunity to have an off-the-peg immigration policy that addresses many of those concerns those in the care sector, the health service and in agriculture have expressed to me.

Baroness Pinnock: Madam Chairman, can I just ask one question?

The Chairman: Briefly, because time is getting on and there are two more questions to go. Be brief, and give brief answers, please.

Baroness Pinnock: I will be extremely brief, because I do not think that has answered the question. You said earlier this morning there is a desire to bear down on low-skilled migration but, at the same time, to ensure that we have enough low-skilled migrants to fill the jobs that are needed in our economy. What is the answer to that?

Mr Goodwill: Those two, with respect, are not mutually exclusive. We will be able to control the numbers coming from Europe. Of course, the way that we do that will take into account the needs of the UK economy. For non-EU we already have a situation where we have a shortage occupation list, where people can come in to do more high-skilled jobs. One model that might be worthy of consideration, either from within or outside the EU, would be a seasonal agricultural workers scheme. As that is short term, that does not affect net migration and has less impact on local communities, because people come here and stay for a short time, often in temporary accommodation provided by the farmer or the employer, rather than a situation where they would become settled here with their families and put pressure on public services.

Lord O'Neill of Clackmannan: Why is it that low-skilled workers should be the people who are prevented from coming into the country, given that there are labour shortages that they can fulfil?

Mr Goodwill: We are falling into that trap again of confusing control of numbers with—

Lord O'Neill of Clackmannan: Sorry—I am asking you what is wrong with foreign workers coming in to do low-level jobs that British workers will not do.

Mr Goodwill: In some cases, those are relatively low-paid jobs but not necessarily low-skilled jobs. Many people working in the care sector are doing those jobs. As part of the Government's policy of upskilling our economy and encouraging people into work, we do need to look at whether British people who are unemployed, who could do these jobs,

need to be given the incentives to take those jobs. Some have argued that the way that immigration has depressed wages in some of the very low-skilled jobs has made those jobs less attractive to British workers.

We will be able to control numbers. That is not to say that we should not look at mechanisms that allow jobs that need to be done to be filled. That is all part of the way that we need to approach these negotiations—to ensure that we have an immigration system that does allow us to control numbers but, at the same time, understands the needs of the UK economy and gives the best deal for that economy.

Lord O'Neill of Clackmannan: The fact is that, in the care sector, there is insufficient money to pay anything more than the wages that are being paid, which are not attractive to British workers. I do not think that argument holds a lot of water. Secondly, what are the adverse effects from migrants filling high-skilled jobs—tier 3 of the skill levels?

Mr Goodwill: We already have the situation that people are coming in to fill these high-skilled jobs. As I say, we need to ensure that British people upskill themselves to take those jobs, as far as possible, and that the Brexit negotiations give us the opportunity to control the numbers that come. Those numbers can be determined insofar as what the needs are of the UK economy at different skill levels. We are not saying that we are going to prevent people coming here to work. We are just going to do it in a controlled way that understands some of the impacts that can have on public services and particular communities. That is the objective that we have.

Lord O'Neill of Clackmannan: I have to say, I am not impressed by this argument. The timescales involved would be far too long. I am sorry for you, because you are the prisoners of the dog-whistle politics of some of your less attractive allies in the desire to leave the European Union.

Mr Goodwill: We should look at the opportunities that Brexit presents in terms of our position in the world, and indeed what I have said more than once is that Brexit gives us the opportunity to control numbers coming from the European Union, and the referendum campaign particularly focused on the effect of immigration, and indeed the media went to areas where that effect was being felt. That was one of the aspects that people took into account.

The Chairman: There is no point in rehearsing that argument. I want to move on to Lord Ribeiro.

Q76 **Lord Ribeiro:** This is Mr Goodwill's question. In your letter on the Blue Card, directly below, from December, you made the point that employers should look first to recruit people already in the UK. You have referred to that just now. You said that employers should incentivise upskilling and train resident workers. There is a process, I gather, in hand to do this. First of all, can you give me some assessment of your projection of how much this is likely to reduce the number of EU migrants? The reason I

say that is, for example, there are something like 90,000 EU nationals who work in the social care sector in the UK. That is a huge number. How are you going to reduce that amount and encourage UK people to work in the social services to match that figure?

Mr Goodwill: As I have already mentioned, the UK economy has been very successful and has created more jobs than the rest of Europe put together. That has put pressure on particular sectors. I am aware that in my own part of the world we have a large care sector that has had to recruit from the European Union. It would be a mistake to read across from our wish to control numbers to say we would not be in a situation where, if we needed to bring people in, we could. The difference is that we can, as we can already with people from outside the EU, control those numbers. Many people already come in from outside the EU to work in the health service and the care sector. Brexit gives us the opportunity to control the numbers in a way that we have not been able to do before.

Lord Ribeiro: Does it not give you an opportunity to do something else, which is to provide an opportunity, through investment in British skills and talent, to get British people who are resident here to do those sorts of jobs? Perhaps in the past, because they were low-paid jobs, they were not so attractive, but can we not incentivise them? This project you have described in your letter, which started in two stages in November and again in April, will perhaps give us some idea of what is going to happen. Is this not something worth investing in?

Mr Goodwill: We are certainly looking at all the options in terms of the EU negotiations. As I said, we are not ruling anything out or anything in. There has been a lot of speculation within the Committee about caps and about ways we might do things. We are certainly going to this negotiation to secure the best deal for Britain. At the same time, we need to look at how we can upskill our economy. We have been very successful already in terms of apprenticeships. We set a target for 3 million apprenticeships, and of course we have the Apprenticeship Levy coming in later this year, which will further incentivise employers to upskill their own workforce and to ensure that, where there are gaps in terms of skills, those are filled by UK workers. We have been very successful in creating jobs. We need to continue to be very successful in terms of upskilling and training our own people.

Lord Ribeiro: I am trying to provide you with solutions rather than problems.

Mr Goodwill: Yes. I certainly look forward to the Committee's report giving us some wise advice as to how we should approach these negotiations and how they should be carried out.

The Chairman: Do you want to come in, Lord Cormack?

Q77 **Lord Cormack:** I sympathise with you. You certainly deserve the goodwill of us all in what you are seeking to do. But I was troubled when you made the analogy to poker. We are talking about discussions with

friends and allies with whom we have been very closely involved for almost 45 years. I understand why you say you do not want to give us details of your negotiating position, but I do not understand why you cannot set out, in simple declaratory form, the aim of Her Majesty's Government: to preserve the best of what we have and to maintain the closest possible relationship with those with whom we have been operating within the EU for the last 45 years. Why can we not have such a declaration as the prelude to negotiations?

Mr Jones: Lord Cormack, if I may—because clearly it will be my department that will be primarily concerned with this negotiation—I can only reiterate what I said a few minutes ago. That is, while the United Kingdom will be departing from the European Union, we nevertheless have important international relations with the continuing members of the EU through various other fora, and we have extremely important bilateral relations with individual member states.

In all the dealings that I and my colleagues from my department have had with colleagues in the continuing EU, we have been at pains to say that, notwithstanding the fact that we are leaving the European Union, we wish to continue good relations with those individual member states, and indeed with the European Union as a trading body. The difference will be that we will not be part of that body; we will be outside it. We nevertheless recognise fully that it is important that we see a thriving European Union after our departure, and that we have the fullest possible access to the single market, recognising at the same time that we will not be part of that union. Similarly, we want to ensure that EU businesses and other EU entities can trade with the United Kingdom. We want to continue to have a relationship based upon good will. Clearly at the moment there are tensions in that relationship, but once the process of withdrawal is complete, clearly we want the relationship to be a good and positive one.

The Chairman: On that note, I must say thank you very much indeed for your time this morning. It has indicated that this is an emotive, difficult and complex area. We will endeavour to do a report that will be of some help to you. Thank you very much indeed for your time.

Mr Goodwill: Thank you.

Mr Jones: Thank you.