



Select Committee on Economic Affairs

Uncorrected oral evidence: Brexit and the labour market

Tuesday 14 March 2017

4.20 pm

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Members present: Lord Hollick (The Chairman); Baroness Bowles of Berkhamsted; Lord Burns; Lord Darling of Roulanish; Lord Forsyth of Drumlean; Lord Kerr of Kinlochard; Lord Lamont of Lerwick; Lord Layard; Lord Sharkey; Lord Tugendhat; Lord Turnbull.

Evidence Session No. 5

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Questions 61 - 72

Witnesses

I: Robert Goodwill MP, Minister of State for Immigration, Home Office; Jon Simmons, Head of Migration and Border Analysis, Home Office.

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Examination of witnesses

Robert Goodwill MP and Jon Simmons.

Q61 **The Chairman:** Minister and Mr Simmons, thank you very much for joining us. This is the last session of our inquiry into Brexit and the labour market. We have a number of questions for you and a number of follow-ups to the correspondence that we have had. Can I start with numbers? The phrase that comes out of the Home Office is "tens of thousands". That has been interpreted externally as meaning that 100,000 is the target in the future. Is that the correct interpretation?

Robert Goodwill MP: Yes. We are committed to reducing net migration to the tens of thousands, which is 100,000 or less. That has been our position for a considerable time.

By the way, thank you for the invitation to come along to give evidence. I hope that you will take it as a compliment that my biggest task in preparing for this Committee was reading everybody's CV. I am pleased to be here.

The Chairman: We were talking about reducing the number over time; perhaps we will come to the time limit. The flow has been about 300,000 over the last five years. In 2016, it dropped to just over 270,000. That is the number we are looking at. Are you satisfied that the components of that number, some of which you have control over and some of which you do not, are a sensible target, or would you like to see an alternative target that focused far more just on people coming in and going out for work purposes?

Robert Goodwill MP: No, we are content with the target. The stats are as confirmed by the ONS, based on the passenger survey. Obviously, the figures are made up of EEA and non-EEA, over which we have more control. It is interesting to note that, for the first time, in the figures to September 2016, which were published last month, the EEA net migration figures were ahead of the non-EEA figures. To an extent, that reflects the progress we have made in addressing a number of visa routes; for example, we have prevented nearly 1,000 colleges being sponsors for students from overseas. Many of the courses were bogus and many of the people concerned had no intention of studying at those colleges. We have closed down that particular route.

We have tightened up the spouse route. You will be aware that sham marriages were a real issue; we have introduced measures there. We have also introduced measures through the labour market. For example, there is a salary threshold for a tier-2 skilled worker. Next month sees the introduction of the immigration skills charge, which is a way we can take money from workers who come here from outside the EU and use it to finance the training of people in this country who, with the right training, could take up some of those positions.

The Chairman: Can we come back to the target? How did you arrive at

it? To what extent did you take into account information from various sectors of the economy about their requirements—both the current stock of migrants they have working in those sectors and the flow of migrants they would need, first, to sustain the sector and, secondly, to help it to grow? I can give you an example of the latter. In our report on housebuilding, *Building More Homes*, we said that we should aim for a target of 300,000 per annum. The Government's White Paper talks about going from 160,000 or 170,000 to 225,000 or 250,000. The evidence that we received was that that would require north of 500,000 additional trained skilled workers. To what extent did you take those sorts of factors—the input from various sectors—into account when arriving at your 100,000 a year?

Robert Goodwill MP: Ultimately, it was a political decision. Members of the Committee will be aware that immigration has become a big political issue. We took the view that net migration needs to be reduced because of the pressure that it can put on public services—housing, for example, which you raised, and the health service, education and other services. Of course, let us not forget that the Government's key objective is to upskill our own people to do those jobs. That is why, for example, before you bring in a worker from outside the EU, either they need to be on a shortage occupation list or you need to carry out a local market testing process, to demonstrate that there is no one available locally to take the job.

Obviously, the wider government agenda is to have more apprentices—3 million before the end of the Parliament. In the Budget, the Chancellor introduced the T-level—a technical A-level—which will enable employers better to understand the technical skills that people have. In Scarborough, in my own constituency, a university technical college has just opened for 14 to 18 year-old children. It is sponsored by local employers who cannot source the type of people they want to work for them, in food processing, engineering and mining. Indeed, GCHQ sponsored a cybersuite, so that children at that school can learn some of the skills they will need when they enter the workplace in our localised economy, which has not seen massive amounts of immigration. Actually, we have tended to see skilled people leaving our area. The school is intended to address the particular issues there. We are looking at how we can upskill our own people—either people who are not in work, so that they can get the skills to start work, or people who are already in work, so that they can upskill themselves to take better-paid jobs in the economy.

The Chairman: What do you think the potential is for people who are not currently in work to be skilled to enter the workforce? Do you have an idea of the number of people that might reintroduce, or introduce for the first time, to the workforce?

Robert Goodwill MP: Obviously, we have a stubborn number of NEETs—people who are not in employment, education or training. They are the people we specifically want to deal with. One of the great things about

being in the UK at the moment is the fact that our economy is generating jobs—more jobs than the rest of Europe put together—so there are opportunities for people to get those skills and move into those jobs. I do not underestimate the challenges in some cases, but I have heard locally some very good stories of how an employer has taken a young person under their arm and given them training. We have some programmes with people who may have become offenders at a young age, to bring them into the work market. There are opportunities that we need to take.

That is one aspect of the overall position. Sometimes people give me the impression that it is easier to bring in a skilled person from abroad than to train somebody up in the UK, to engage with an industry training board, to sponsor a UTC and do all the sorts of things that will enable us to have more skilled people. Of course, the immigration skills charge will be part of that, as will the apprenticeship levy, which is part of the Government's policy to encourage more businesses to engage in training, to bring our people up to the skills they need.

The Chairman: We were all rather surprised when we heard last week that, of every 50 people who apply for jobs at Pret A Manger, only one is a UK citizen. That suggests that there is a significant shortage, which suggests that a lot of people who are out of work are unaware of the opportunities. We also heard from representatives of the horticultural industry and the National Farmers' Union that there are whole subsectors of that economy, such as food processing—abattoirs and the like—and fruit picking, that rely entirely on migrant labour. In the event that that migrant labour was not available, those businesses—those parts of the horticultural sector—would simply not be available. As you look at those kinds of issues, how do you see us transitioning from where we are today? The stock of migrants leaving was 5% in 2010 and has now nearly halved, to 2.7%. Clearly, migrants like being here; they like working and staying here. How do we manage that over time in order to hit the target, which, as you say, is a political target, of 100,000? What is the length of the transition period?

Robert Goodwill MP: The first point, which might be helpful to put the figure into context, is to look at some of the things that do not count towards net migration. I do not know whether you intend to move on to the whole area of students later, but I will touch on it now.

If a student arrives at a university in the UK this September and replaces a student who graduated in July and went back to their own country to contribute to their economy, it has no effect on net migration. One of the red herrings that tends to be laid at our door is that we are against students coming here to study. That is not the case. There is no limit on the number of students who can come here. We have seen a 17% increase in the number of students going to universities since 2010—in fact, a 47% increase in the number of Russell group university entrants. That is a success story.

It does not impact on net migration if students come here, study and then go back to their own country afterwards. There will always be some

who can move from tier 4 to tier 2 and get a job here. We are happy that some do that. Some also get married here and come through on a spouse visa route, but the vast majority of students who study here go back again. Indeed, if you look at independent schools, the numbers there are the least of our problems. We are very keen to encourage students to come here to attend either independent schools or universities. It is a great contribution to the British economy. I just wish that we did not get quite so many people trying to misrepresent our policy in that area.

Similarly, seasonal agricultural workers are, by definition, people who do not stay for more than 12 months. Those people do not appear in the figures either. I should probably declare an interest as a member of the National Farmers' Union. I have met Minette Batters. It is interesting to note that the net migration figures that were published last month, which were the first to include a quarter after the Brexit vote in June, did not show a reduction in the number of Bulgarians and Romanians coming in. I do not know whether Jon has the figures, but there was an increase in the number of Bulgarians and Romanians. The message that Brexit sent, and the devaluation of sterling that meant that their wages in euros, or whatever their currency is, went down, has not been borne out through the figures. It is encouraging to see that, at this stage at least, people have not been deterred. They understand that as long as we remain members of the European Union they can continue to exercise their treaty rights. That will not change.

The final point that you made was about changes. The overarching fact is that we do not want any cliff edges. Brexit will give us the opportunity to bring in changes that will enable us to control the numbers coming from Europe. What we do not want is industries feeling that there will be a crisis or any cliff edges. When we agree the changes, they need to be brought in in a way that understands the needs of British business. Indeed, this summer we intend to carry out a wide consultation with business to understand precisely how it views the whole area of immigration and how its reliance on immigrant workers fits in with potential changes that would be negotiated with our EU partners.

Q62 Lord Sharkey: I want to ask about the stock of students here. If as you say, the Russell group has increased its recruitment by 47% over the past three or four years, does that not mean that more students are arriving each year and, therefore, the stock of students must necessarily rise?

Robert Goodwill MP: You are absolutely right. If universities continue to increase the number of overseas students, as they are doing, there will be modest rises year on year. We will not see the massive problem that some who suggest taking students out of net migration would indicate. Over the last seven or eight years, we have seen increases year on year. That is something we encourage. Of course, those figures fall out as the net migration figures roll forward on a quarterly basis.

Incidentally, we have introduced a pilot with four universities—Oxford, Cambridge, Imperial College and Bath—to try to improve the offer for

post-study work, to enable students to have more time to find potential employment. That pilot is just for one-year postgraduates at this stage, so that we can get the results quickly. If it is successful, we hope that we will be able to roll it out, to increase further the attractiveness of UK universities.

At this stage, we are second only to the United States in the number of students coming here. Our visa numbers do not seem to have been affected too much. In fact, if anything, the weakness of sterling has probably made it more attractive for students to come to the UK. I met the Russell group a couple of weeks ago and Universities UK last week. We continue to work to reassure them that they are not in our sights when it comes to reducing net migration. We have no limit on the number of students who can come here yet, and we have no plans to introduce a limit.

Lord Lamont of Lerwick: I may be very slow, but I am not sure that I entirely follow all this. You are saying that, if there is one student in and one goes out, it has no effect on net migration.

Robert Goodwill MP: Precisely.

Lord Lamont of Lerwick: That is why they are included in the figures. They are also included because, presumably, quite a lot of the time one does not go out when one comes in.

Robert Goodwill MP: There are some who switch from tier 4 to tier 2. There are some who get married. Those are modest numbers. The vast majority of students leave at the end of their course.

Lord Lamont of Lerwick: If that is the case, why do you not exclude them from the figures?

Robert Goodwill MP: Because when they are here they have an impact on local services, particularly housing in some of our university towns. The reason why we are keen to monitor the figures and want to reduce net migration is the effect that migrants have on housing, education, health and other areas. If large numbers of migrants are in particular areas, it can have an effect on the local economy as well. As I said last year to the Home Affairs Select Committee, if we took the students out of the figures, we would be accused of trying to fiddle the figures. It is important that we understand that when students are here they have an impact on public services; but if a student arrives, studies and leaves, the overall effect on net migration is zero.

Lord Lamont of Lerwick: One of the things I have not understood is why the target has always been net migration, given that one has no control over emigration. It always struck me as very odd to go for a target of net migration, because you have absolutely no control over half of it—or whatever the proportion is.

Robert Goodwill MP: With respect, we have control over one particular aspect of people leaving—the people we remove. We removed 5,810 foreign national offenders last year.

Lord Lamont of Lerwick: That is a small proportion.

The Chairman: It is out of a total of 323,000.

Robert Goodwill MP: Last year, 40,000 people were removed either voluntarily or forcibly by Home Office action. That is not an insignificant number. It sends a very clear message to people who come here and overstay their visas, or who are here illegally, that we are determined to reduce those numbers. Indeed, under the previous Labour Government, a Home Secretary had to resign because prisoners were being released without being considered for deportation. The net migration figure is important because it is the figure that has an impact on the provision of services, on schools, on the health service and on housing. My colleague Mr Simmons may want to enlarge on that.

Lord Kerr of Kinlochard: Surely the 40,000 forcible removals that you mention are a much smaller number than the number of people who choose to retire to places like the coast of Spain, over which you have absolutely no control. Lord Lamont's point must be right. On students, is it not fundamentally illogical to set as a target something that has as a subsector a number that you wish to increase? You want more foreign students here. Therefore, Lord Lamont must be right; you have to leave them out of the target for how you are going to bring down migration.

Robert Goodwill MP: Mr Simmons will have a bash at that one.

Jon Simmons: Just to give the Minister a little break. It is worth going back and thinking about the basis for the net migration figures. They are not there primarily to measure migration, or at least not originally. They are there to measure the contribution that migration makes to population change. In really simple terms, if you take the population of our country in year 1, add births, take away deaths and add net migration, you get the population in year 2, give or take a bit of jiggery-pokery. That is basically what they are there to do—to measure population change. The reason why net migration seems like a sensible figure is that, when the public think about the overall pressures on services and population, it is that overall picture—the overall population number—

Lord Lamont of Lerwick: Are you saying that you have a population policy?

Jon Simmons: Not at all; we definitely do not have that. That is fundamentally why net migration is there. We do not control births, we do not control deaths but we control elements of net migration. It is worth thinking about what the alternatives might be. People criticise the target because, as you said, we control only part of it. If we targeted only the bits that we controlled, it would probably be quite easy to hit the target, but people would criticise the Government for not targeting the

things they really care about and the things they see and worry about. People often say that perhaps we should look at people who are coming here to stay permanently—something like citizenship or settlement statistics. However, those reflect the impacts of policies that were carried out years ago. Deciding what the right figure would be is quite a balancing act. There is not necessarily a right answer. There are arguments in favour of all sorts of numbers. The alternative would be to have no target at all, but I think that people expect there to be certain incentives on government to achieve something that people argue is the right direction.

On the issue of including elements where we expect some things to go up and others to go down, the purpose of immigration policy is to establish a balanced approach to migration. There are elements where we are encouraging people to come and elements where we are trying to create a set of incentives that will give businesses motivation to train people in this country or to invest in capital and do things in different and more innovative ways. Partly, immigration policy is there to create a set of incentives that push people in the right direction.

I have printed out—just because I like them an awful lot—the United Nations’ new sustainable development goals, which were agreed last year. SDG 10.7 is the one that relates primarily to migration. It talks about facilitating the “orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies”. Planned and well-managed migration policies are the internationally agreed approach we are aiming for. It is not more migration, less migration or a particular number, but a balanced set of migration policies that reflect particular national needs.

Lord Lamont of Lerwick: You said that if the target had been concentrated just on one side—presumably immigration and the gross immigration figure—it might have been easily attained and you would have been more successful. Can I put it to you that that does not seem very credible, given the size of the gross immigration figure, which has failed to come down? What are we talking about? Is it 600,000 or something like that?

Jon Simmons: That is true. Of course, the 600,000 figure includes EU nationals and non-EU nationals.

Lord Lamont of Lerwick: Yes. The idea that, if you had been concentrating on that, it would have come down easily seems to me incredible.

Jon Simmons: The challenge would be, why not have a target for things that you control directly—for example, the number of visas? In the United States, they have endless limits on the numbers of particular separate visa categories. I do not think that anybody in America thinks that works particularly well. There are lots of visa categories that are over-applied for and lots that are under-applied for; there is a gap. As regards the numbers that you would control, there is a set of things the Home Office

has very direct control over and it would be possible to have targets for those, but I do not think that would satisfy the public debate.

Robert Goodwill MP: The ONS is the independent body that collates the figures. They are collated on an internationally recognised basis, which always includes students. The US, Australia and many other countries use the same figures. The stats are based on a survey carried out at airports. There has been some speculation as to how accurate the figures are. We are very keen to do whatever we can to help with that. We have visa information. Almost two years ago, we introduced exit checks, which will help us to get a better picture of what is going on. Indeed, a lot of the figures in the stats produced every quarter are not seen as statistically significant. Part of the work that we can do with the ONS is to see whether we can get a more accurate measure of what is going on.

Lord Lamont of Lerwick: Leaving aside the vibrancy and growth of the economy—because you would say that, if you will forgive my saying so—why do you think that the Government have failed to meet their immigration target?

Robert Goodwill MP: Part of it, of course, is the fact that currently we have control only over the non-EU, non-EEA route. As Members will see, that is where we have managed to reduce the numbers, by stamping out some of the abuses and tightening up in areas where it was seen that, potentially, we were being exploited. The opportunity that Brexit presents is to control the numbers coming here from the European Union. That is what the Prime Minister made clear as part of her White Paper.

Lord Lamont of Lerwick: It is a very small reduction in the non-EU part, is it not?

Robert Goodwill MP: For the first time, the EU net migration figure is now higher than the non-EU figure. We have demonstrated that where we have an ability to control numbers we have done so. Brexit will give us the opportunity to control numbers from the EU. Of course, I am not going to speculate on negotiations that have not even started yet, but there will be an opportunity to come up with a new arrangement that is good for British companies and good for people who wish to come and work here, but also recognises that some British people want to live, work or study in the rest of the European Union.

Q63 **Lord Forsyth of Drumlean:** Minister, perhaps I just do not understand this. Can we go back to the students? You say that there is no limit on the number of students who can come here. At the same time, you say that you have to control the net numbers because of the pressure that there would be on housing and so on. Why would it not be possible to press universities and institutions to provide more housing in return for their demands for additional students, for example? You say that there is no limit. I do not understand that. How does that work? My understanding of the problem is that universities are crying out to bring in people from India, China and other countries, that visas are being restricted and that, because the Government do not have an

understanding of who is leaving the country, they are concerned about bogus students coming to bogus institutions and then not leaving. Is that not the nature of the problem?

Robert Goodwill MP: The bogus student issue, as you described it, was something we inherited. We have all heard horror stories of people arriving in the UK, going to sign up for their English language course, which it often was, and finding that they could just pay their fee and disappear into the black economy. In one case I read about, a student was enrolled in a London college, but their home address was in Ipswich. There was widespread abuse, and that has now been brought under control. The university sector was not part of that abuse. That may be where there is some misunderstanding.

Lord Forsyth of Drumlean: What is their problem? Why are universities concerned? What are they concerned about?

Robert Goodwill MP: I think they are concerned that we might introduce some sort of cap on the number of students. That is not the case. Indeed, visa approval rates have increased year on year. They are well into the 90s. I do not know whether we have the figures with us.

Jon Simmons: I do not have the figures with me.

Robert Goodwill MP: They are well into the 90s.

The Chairman: If you have an overall cap on the flow and students are counted in the numbers, there has to be a cap on students.

Robert Goodwill MP: Let us say that we have a third of a million overseas students here, and it goes up by 10,000. That will put 10,000 on to the net migration figures for the next four quarters. If it goes up by another 10,000 next year, that will put on another 10,000. Those are figures that we can accommodate within our net migration figures. What many people—not in this room—may not understand is that, if we have a third of a million students, it does not mean that every year we have a third of a million counted towards net migration. It is not the case, because the vast majority of students leave, and indeed—

Lord Forsyth of Drumlean: I am sorry to interrupt you. I do not understand what you are saying. I am feeling a bit intellectually challenged. If three-quarters of a million students are coming and three-quarters of a million are leaving, and you have systems that allow you to monitor that they have actually left—you seem to be saying with confidence that you do—I can see that there may be some additional pressure on student accommodation and things of that kind, which could be addressed. But I do not see how that squares with your saying that there is no limit on the number of students coming, which every vice-chancellor I meet tells me is a problem.

Robert Goodwill MP: It is not a problem. We have no intention whatever of limiting the number of students who come here to study. They make a great contribution to the UK economy through their fees

and their help with research. Some of them stay and move into jobs; there is a route by which they can do that. If we have 10,000 more students here next year than this year, those 10,000 students have to live somewhere. They have to access health services. They require other services; their bins need emptying and the rubbish they throw on to the floor gets picked up. That figure will go through for the next four quarters and then fall out, because we are talking about net migration on an annual basis. Every time a new quarter comes in, the old quarter last year falls out.

Lord Forsyth of Drumlean: I am struggling to divine why they are included in the figures at all.

The Chairman: Let Lord Burns help you out.

Lord Burns: Can I press you on another aspect that Lord Forsyth mentioned? What is the means by which you measure the number of students who go home, as opposed to those who stay? In various pieces of evidence, we were told that we did not really know who was leaving, because there were no controls over people leaving. Is there some method of control whereby universities have to vouch for the ones who are going home?

Robert Goodwill MP: The net migration figures are based on the international passenger survey, which is people with clipboards at airports taking a sample of people coming and going, and getting the figures from that.

Lord Burns: How do you know that most of the students are going back home? I happen to believe that that is probably true, from the universities, but what is the method by which we know that?

Robert Goodwill MP: The stats that we have demonstrate that the majority of students are going back.

Lord Burns: The majority. You started off by saying "almost all of them".

Robert Goodwill MP: The majority of students go back. That is why we are not concerned. Mr Simmons may want to add to that.

Jon Simmons: You are right, my Lord; the statistics do not provide a complete picture yet. We are doing work with the Office for National Statistics now. We are looking at the exit checks data that we have and trying to understand how we can interpret that in the light of the international passenger survey data. It is work in progress, so I am not able to give you chapter and verse on it right now, but we will do so once the work has come to a conclusion.

Lord Burns: Could you not work with higher education institutions to try to improve the quality of the data? Many of them know exactly what has happened to their students.

Jon Simmons: We were very happy to do that. We have offered to do it in the past, but it has not been taken forward. It is worth emphasising that quite often there are two debates going on, which often contrast. There is a debate within the higher education sector, with vice-chancellors, lecturers and so on talking about the people they see, who appear before them in their lecture halls. They are the good ones. They are studying, they come and they go home again. There is another group of people we often deal with, who are not of that nature. Maybe they do not turn up at university, or they come in through some of the dodgier colleges and overstay. That comes into the Home Office statistics, because we issue visas to every student. The IPS data covers only long-term students staying for over 12 months and the higher education statistics data covers only those going to higher education. There are contrasting statistics. We have to pull that picture together somehow and try to make sense of it, which is the work we are trying to do with ONS at the moment.

Q64 **Lord Sharkey:** I want to ask you briefly about the ONS. The ONS has been around for a very long time. It has been notorious for a very long time among commercial enterprises for being entirely unreliable. It is assessed as unreliable for various reasons, and one of the most important is that you can say no. It is self-selecting, in other words. If I were up to something I did not want the Government to know about, I do not think that I would stop and tell a person with a clipboard exactly who I was and what I was doing. You and the ONS have known about these defects for a very long time. Is it not vital that you replace your reliance on the IPS with something that gives you confidence that you are getting the right number?

Robert Goodwill MP: I hope we can help the ONS to make its figures even more accurate. The introduction of exit checks will help us to do that. They have been in place for nearly two years. There are still one or two gaps—for example, the common travel area. If an American tourist arrives at Heathrow and leaves via Shannon, we do not pick them up on our exit checks.

Lord Sharkey: I accept that there are things that can make it better. I am talking about the flaws in the IPS itself, which, as I understand it, is your main tool at the moment for measuring these things. We have heard evidence to the effect that it is deeply flawed in its structure. It seems to me that, as it is your main tool and this is a sensitive area, you need to have a better handle on what the numbers are. I am surprised that you are still reliant on the IPS.

Robert Goodwill MP: We are comparing like with like. The IPS figures have been published every quarter.

Lord Sharkey: You may be comparing wrong with wrong.

Jon Simmons: The IPS has a long history. It is overseen by both the Office for National Statistics and the UK Statistics Authority, which checks its validity. It is checked every decade, of course, with the census data.

At the last census, a gap of 500,000 people was found. That is 500,000 people out of the 65 million people in the population, so it is a relatively small proportion—not insignificant, but relatively small. For the part of the IPS that we can compare with the visa statistics on non-EU migration, every quarter we publish comparisons in our Home Office statistical outputs, comparing comparable visa trends with the IPS data. Broadly speaking, over the longer term, the trends are very similar. The direction of travel is almost identical. You can see that; it is all in the public domain. It is something that we do every quarter, because we know that people ask these questions. We ask the question ourselves and we want to be able to check that the picture we are getting from the visas seems valid and seems to be reflected in the IPS. As far as we can tell, broadly it is.

Q65 Lord Sharkey: Let us consider the situation post Brexit. After Brexit, do you expect the immigration of EU nationals to be governed by something like the existing system for non-EU nationals? In particular, do you think that under any new system EU nationals should be given preferential treatment, on the grounds of proximity and familiarity?

Robert Goodwill MP: It would be unwise to speculate on what the post-Brexit situation might be, given that we have not even started the negotiations. I have heard lots of speculation that we could have a Swiss system, an Australian system or whatever. I think that the negotiations will deliver an arrangement that is good for Europe and good for us.

There will be a number of parallel negotiations in play, not just on the immigration issue. I suspect that it will be one of those cases where nothing is agreed until everything is agreed, although it would be very helpful if we could get an agreement for the 4 million EU citizens—those who are living here and the 1 million Brits living abroad. The Prime Minister has made it very clear that we would like to get that agreement. Unlike the position that some of your Lordship's colleagues may have taken in this place, it is very important that we get assurances for Brits living abroad at the same time as we get assurances for EU nationals living here. It would be irresponsible not to have a deal that caters for the 4 million European citizens living in a country other than their country of birth or the country where they hold their passport.

Lord Sharkey: Could I press you a little on preferential treatment? Given the proximity and familiarity of our friends in the rest of Europe, would it not make sense to give those people favourable or preferential treatment, at least in some transitional period, as regards entry to the UK labour market?

Robert Goodwill MP: As long as we remain a member of the European Union, EU nationals can continue to exercise their treaty rights. We already have differential arrangements in place for different countries. For example, there are some states around the world where you need a visa to come here. There are other states where you can come on a visa waiver scheme. We already have different arrangements for different countries. No doubt, as the negotiations proceed, all these matters will be

considered. If you expect me to go further than that, you will be very disappointed indeed.

Lord Kerr of Kinlochard: I want to make two points about migration and EU nationals. First, I should say for the record that one of the reasons why the House of Lords was very keen on a unilateral guarantee of the rights of EU citizens resident here was that representatives of the associations of expatriate Brits living in every EU country wrote to us saying that they thought that their acquired rights would be more likely to survive if we did that. Secondly, when you talked about a negotiation—presumably, the Article 50 negotiation—you seemed to me to be talking not just about acquired rights but about future migratory flows. It seems to me that, when we leave the European Union, the treaty rights of UK citizens migrating elsewhere in the European Union to establishment, residence, employment and welfare will all lapse and they will have the status of third-country nationals in those countries.

Are you telling us—it is very interesting if you are—that, in addition to safeguarding the acquired rights of UK nationals now living in continental Europe, you intend to secure, on some sort of reciprocal basis, new rights for new UK citizens migrating to the European Union? If so, tell us about the reciprocity. Are you prepared to concede to the EU any say in how we handle migration policy here? I would be very surprised if you were, because I thought that your aim was to take back control.

Robert Goodwill MP: You have possibly misunderstood what I was trying to say, my Lord.

Lord Kerr of Kinlochard: Possibly.

Robert Goodwill MP: I was talking about EU citizens who are here, exercising their treaty rights, and British citizens who are abroad—the vast majority of whom, I suspect, are not members of an organisation representing their rights. The offer that we made to the European Commission was that we would like to secure their status and that, in return, it would be helpful if the status of Brits abroad was also secured. I think that was a reasonable offer. The reply was, basically, “We cannot start negotiations until Article 50 has been triggered”, so unfortunately that did not happen. It would have been irresponsible unilaterally to have protected or defined the status of EU citizens already here without getting similar assurances for British citizens. The arrangement that will take place once we have left the European Union will be subject to negotiations. No doubt those negotiations will take account of Brits wanting to live and work abroad, and vice versa, but I cannot speculate about what they may be.

Lord Kerr of Kinlochard: I understand the Government’s position on acquired rights. It has been stated many times in this discussion. In giving evidence to our EU Committee’s Home Affairs Sub-Committee, you said, “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". You are envisaging a negotiation about the future: future movement of people into this country from the EU and into the rest of the EU—the EU that we have left—from the UK. Is that right?

Robert Goodwill MP: I think that is self-evident. The negotiations will need to take into account people who may wish to travel and work here and British people who may want to work there. The precise arrangements that are agreed will be dependent on the negotiations. I do not think that I said anything that would not be seen as perfectly logical as we approach the Brexit negotiations. Of course, fundamental to the implementation of the result of the referendum is that we must be able to control the numbers that come here, which is something we have not been able to do in the past and something we can do for non-EEA countries.

Q66 **Lord Forsyth of Drumlean:** I do not want to lead you into territory where you may be speculating about what will happen in the negotiations, but presumably the new immigration system will have an overall target. Do you anticipate it operating on a first come, first served basis, or will the characteristics of the people coming be taken into account?

Robert Goodwill MP: You tempt me to speculate, which I will not do. I will say that we intend during the summer to carry out a widespread consultation with business in the UK to get people's views on what sort of immigration system would work for them. It would not be wise to speculate about what that consultation may throw up. It will certainly shed light on the way the negotiations are carried forward.

Lord Forsyth of Drumlean: Have you had a chance to look at or to be briefed on the evidence we have had in this Committee?

Robert Goodwill MP: I have scanned some of it. My colleagues have given me briefings based on the evidence. I know you have heard from a number of industry groups.

Lord Forsyth of Drumlean: You will have seen that there is great pressure to have sector-based quotas and things of that kind.

Robert Goodwill MP: No doubt that will come through the consultation. We will bear that in mind as we set out our stall for the negotiation.

Lord Forsyth of Drumlean: You do not have a view on whether there is a case for a sector-based immigration scheme.

Robert Goodwill MP: It would be premature to speculate about that. The current situation for non-EU immigration, where we have control, is that we have a number of measures in place—for example, the shortage occupation list. Those are all ways in which we can ensure that the needs of industry are met by immigration. We have policies in place for intracompany transfers, for example. There are a number of areas outside the EU where we have policies in place to enable industry, but I

am not going to speculate about whether those will relate to the new settlement with our EU partners. We are in new territory. Although you tempt me to speculate, I think it would be unwise, not least because we need to see the detailed consultation results during the summer before we come to a position on how the negotiations will be carried forward. We have not seen the opening bid from the European Commission and the other member states, so it is difficult to—

Lord Forsyth of Drumlean: The logic of what you said about the treatment of non-EU and EU is that you have not ruled out having a different system for EU immigrants, as compared with non-EU immigrants.

Robert Goodwill MP: It would be unwise to speculate about what that arrangement might be.

Lord Forsyth of Drumlean: But it is logical. If you are saying that you cannot confirm whether there would be a sector-based view for people who have previously come from Europe, but you have one for non-EU people, the implication is that you must be considering having different systems for non-EU and EU.

Robert Goodwill MP: I hope we can come to an arrangement that is satisfactory both for the European Union and for ourselves and that addresses the concerns and aspirations that industry may raise during the consultation. It would be unwise to speculate further about what a UK-EU immigration system might look like. Immigration is not just people coming here to work. It is spousal visas and people coming to study. We have a youth mobility scheme that operates with other countries. There is a variety of immigration routes, all of which, I suspect, will be part of the negotiation. I hope we will come to a conclusion that is good for the UK economy and for the economies of the other member states but that addresses the fundamental reason why many people voted to leave the European Union—that we will be able to control the numbers coming here. The Government are determined to deliver on that.

Lord Forsyth of Drumlean: If you decided, for example, to have caps for different sectors, would they be determined centrally or by the market?

Robert Goodwill MP: We need to see what the consultation says during the summer. I am being very careful not to set any hares running.

The Chairman: Let me try to be helpful. When he appeared before us in September, the Chancellor said, without any qualifications or conditions attached, that the financial services sector would be allowed to continue to recruit the best and the brightest from around the world. Indeed, that sentiment is echoed in the White Paper. It seems that one part of the Government is absolutely committed to allowing immigration, to make sure that the great pillars of our economy can continue to flourish. How does that sit alongside a rather tentative approach regarding other sectors of the economy and an attempt, which I am sure we will come on

to later, to separate skilled and unskilled?

Robert Goodwill MP: The financial sector, the IT sector and the biotech sector can all—

The Chairman: The Chancellor talked only about the financial sector.

Robert Goodwill MP: They can all recruit the brightest and best from around the world. However, there are immigration rules in place. They need to pay a certain level of salary, the jobs need to be graduate level and employers need to carry out a local market test to demonstrate that they cannot recruit locally. Those are the situations in place for outside the EU. It would not be helpful to speculate ahead of the consultation about what the new arrangements with the rest of the EU might be, but we will take into account the way businesses engage with us to express their concerns. Let us not forget that British people may want to go and work in Frankfurt, too. It is a two-way process.

Lord Tugendhat: I have a point of clarification. I understand what you say about reciprocity, but do you accept that the great majority of the EU citizens in this country are economically active and therefore of considerable importance to our economy, whereas a high proportion of the UK citizens in a number of other countries are no longer economically active and therefore of much less significance to the economies of the countries where they live?

Robert Goodwill MP: The Brits living on the Costa del Sol who are spending their retirement money in the hotels and restaurants and procuring other services, engaging in the Spanish property market and employing pool cleaners and others, would probably argue that they are very economically active and have made a great contribution to the economy of that country.

Lord Tugendhat: You would say that you are comparing like with like. When you look at the people contributing in financial services, IT, agriculture and myriad activities in this country and at the retired people on the costas, you are not saying that you are comparing like with like, are you?

Robert Goodwill MP: I am saying that we need to put arrangements in place to secure the status of the 4 million EU citizens who are either Brits living abroad or other EU citizens living here. That needs to be recognised, which is why we need to get an early arrangement that does not unilaterally secure the rights of EU citizens living here; we need to take into account the status of Brits abroad.

I would be the first to recognise the tremendous contribution that EU citizens living and working here make in a number of sectors, not least the health service. We have a large number of doctors. We have vets in our slaughterhouses. We have people working in a number of areas where we cannot recruit ourselves. Of course, as I mentioned earlier, the challenge is to upskill our own people to take those jobs, but we

recognise the contribution that EU citizens make to our economy. That is why we were very keen to secure their status. It is disappointing at this early stage that we could not have a reciprocal agreement across the channel.

Lord Turnbull: The word you used when describing the fundamental rationale for all this is “pressure”—pressure on schools, social services, et cetera. The latest figures are that immigration is about 330,000, divided almost half and half between the two, but you cannot tell the difference between the pressure that comes from a Latvian and his family and from a Serbian or a Somali and his family. You also said, “It must be a priority to regain more control of the numbers of people who come here from Europe ... nothing would change in terms of the people coming in from outside of the EEA”. In other words, the figure of 165,000 coming in from outside the EEA would just be what it is, under present rules, and all the effort to reduce the numbers would be placed on the EU. If pressure is really what you are trying to alleviate, why are you trying to reduce the numbers on only half the total?

Robert Goodwill MP: With respect, the most recent figures that were published showed a fall of 49,000, which was almost exclusively from the non-EU groups.

Lord Turnbull: Can you tell me what the latest figure is? The figure that we have here is 165,000 from each category.

Robert Goodwill MP: The net migration figure for the year ending September 2016 was plus 273,000, which was a fall of 49,000 on the previous figure published for the 12 months to—

Lord Turnbull: In what way is that divided between the two categories?

Robert Goodwill MP: For non-EU countries, it was 164,000, which was down 28,000. For the EU, it was 165,000, which was down by only 6, but there was an increase of 16,000 in the figure for the EU 2—Bulgaria and Romania.

Lord Turnbull: The total was 273,000. The non-EU figure was 164,000. Therefore, the EU figure was—

Robert Goodwill MP: It was 165,000. Does that add up?

Jon Simmons: There are also British emigrants.

Robert Goodwill MP: There was a minus figure of 56,000 Brits. We had Brits leaving. For the Brits, there was immigration of 71,000 and emigration of 128,000.

Lord Turnbull: This tells us that we will be saved by whether or not the Brits stay here. Why is there all this pressure on the EU? That is why I think that taking the movement of our own citizens in and out is essential to improving clarity. My other point goes back to the passenger survey. Am I right in saying that this is basically a survey of a sample of people

coming through Heathrow?

Robert Goodwill MP: Not just Heathrow; it covers other airports.

Jon Simmons: All the major airports are sampled by the Office for National Statistics. There are a few regional airports that it does not cover. It gets passenger numbers from the airports themselves, so it can judge the sample, how much is missing and whether it should weight the sample in particular ways.

Robert Goodwill MP: Brits returning put pressure on public services. If somebody has retired to the Costa del Sol and cannot look after themselves, they may come back to be closer to family here. They will put considerable pressure on public services, not least the health service. It is important that returning Brits and Brits leaving are fed into the figures, because all of it sets the scene for the level of pressure on the health service, education and social services—all the matters that the Government have to provide for their citizens. That is why many people felt that we were being overloaded, in some communities, with large numbers of migrants arriving in a short time.

Lord Turnbull: I offer one minor observation. The constituencies that were most likely to vote remain were largely university towns, so I do not think that students are really part of that pressure.

I come back to the question of the people who are already here—their citizens here and our citizens there. This House argued that that should be taken in advance, as a separate negotiation. The response we got was, “We are not going to talk to you until you have triggered it, so that we know that you are really serious”. Within a day or so, we will have triggered it, so that reason has fallen away. The obvious response is, “Okay, we have met that condition. Now will you talk to us?” Do you still want to deal with the existing stock of exchange of nationals ahead of and separately from everything else?

Robert Goodwill MP: As I understand it, that offer is still on the table. It would be good to see it taken up when negotiations start. Many EU citizens here are unnecessarily concerned about their status. We would like to reassure them, particularly those who have established themselves for some time. Some EU citizens who have been here for five years will be able to apply for residency and indeed, a year after that, they will be able to apply for citizenship; but we are trying to reassure people that we do not think that there is a need for them to get documentation. There is a facility for people who have been here for less than five years to get documentation, but it is not something they need to do. We have streamlined the system and made the form easier to deal with. We have given people the opportunity to take their documents to the local town hall, rather than submitting them, so we have made it easier. The message to EU citizens living here is that, as long as we remain part of the European Union, they have nothing to worry about, and we will be very keen to get the sort of agreement that we have put on the table to secure their rights.

Lord Turnbull: We are taking these things into a separate part of the negotiation. The difference between your House and our House is over whether we would act unilaterally on their citizens here, even if we had not yet agreed how our citizens there were going to be treated. It seems to me that if you decide, "No, we are not going to do that", you are saying that we have leverage: by not agreeing the rights of Spanish citizens here, we will get a better deal there. I am taking Spain as an example, because it will probably cut up rough over Gibraltar. Do you really think it is likely that we will say to a Spanish family, "You must take your children out of school. You cannot use our hospitals. You have to go home, because we have not agreed how our citizens there are going to be treated"? I do not think that is realistic. It is not what people want or feel. The argument that it reduces our negotiating rights is based on a threat that is empty. Therefore, we should not really attempt to play that card.

Robert Goodwill MP: You are possibly in danger of misrepresenting the offer that was made in good faith. This was not about holding people hostage; it was about making a reasonable offer. We need an agreement for the 4 million. As the Brexit Secretary said in the House this week, "We need a deal for the 4 million—the 3 million EU citizens here and the 1 million or more UK citizens abroad". I do not think that is unreasonable.

Lord Turnbull: You are saying, "If we do not get agreement for the 1 million, we will keep the 3 million in limbo".

Robert Goodwill MP: I have every reason to believe that once negotiations start, this is something that we can agree amicably and quickly. It is in everyone's interest to get an agreement. I can understand the point that some of your Lordships made about wanting to guarantee unilaterally the rights of EU citizens here, but that is not something I would subscribe to. I know that a number of your Lordships did not agree with that. That is the position of the Government. It is reassurance for British people living abroad that we need an agreement that applies to them as well. Our primary concern is the welfare of British citizens. It is important that we do not give them the uncertainty of being told, "Yes, we have a deal for the EU citizens here, but we will have to wait and see what you get for yourselves". Despite what we heard about some of the groups of EU citizens abroad, I do not think that would be a responsible thing to do in respect of our commitment and responsibility to our own citizens living elsewhere in the European Union.

Q67 **Lord Burns:** I have noticed that sometimes our discussions have been bedevilled a lot by the distinction between the flows, both in and out, and the stock of EU long-term migrants who are here. I understand that there are something like 3.3 million long-term migrants from the EU to the UK. Do you envisage post Brexit that, over a period of time, that number will go up or down?

Robert Goodwill MP: That will depend on a number of economic factors that are not only beyond our control but difficult to forecast—for example, the performance of the Bulgarian economy in creating jobs or

the performance of the British car industry in the future. It is difficult to speculate on that issue.

Lord Burns: The difference between the number of long-term migrants in this country this year and last year is net migration. If we try to control net migration, it implies that we are also trying to control the total number of long-term migrants who are here in the UK. A lot of the misunderstanding—well, I think it is misunderstanding—is that people, particularly employers, think that we are aiming to get that number of 3.3 million to go down quite rapidly over a period of time and they are therefore worried about what is going to happen to their industry. If some of the people who are here go home, does it mean implicitly that we are prepared to take an equivalent number of new people into the UK in order to hold the figure at 3.3 million? Are we happy to see the 3.3 million figure go down, or are we content to see it go up over a period of time?

Robert Goodwill MP: When we return net migration to the tens of thousands, which we believe is a sustainable level that the UK economy and public services can deal with, it will mean, of course, that there will still be increases in the number of citizens from outside the UK who are here. It is just that those increases will be at a sustainable level that public services and the UK economy can deal with.

Lord Burns: That implies that the 3.3 million figure will go up over a period of time.

Robert Goodwill MP: Yes, that follows. For it to go down, we would have to have a target of reducing net migration to negative figures, which is not the Government's target.

Lord Burns: If people who are in the 3.3 million go home, and they are from particular industries, will we seek to give visas to people who are going to those industries in order to keep something like the present balance? What will be the method of deciding which industries get the visas that relate to the people who are substitutes, in a sense, for the people who are now going home?

Robert Goodwill MP: For non-EU citizens, we already give visas—

Lord Burns: No, I am talking about EU.

Robert Goodwill MP: We do not know what the arrangement will be for EU workers coming here. You have speculated that there may be a visa system, but it is pure speculation. Until we get around the negotiating table, it will be difficult to determine what the system will be.

Lord Darling of Roulanish: Can I ask you a question arising from what Lord Burns said? We have talked about your overall target of reducing immigration to the tens of thousands, which applies now, but essentially to non-EU immigrants, because that is all you can control. You have just said—at least, I think you have just said—that the figure of tens of thousands will apply post Brexit. That will have very big implications for

the labour market in this country, because there are 3 million people from the European Union here, most of whom we think are economically active. It seems to me that the number you have picked, which, as you said at the start, was a political judgment, is going to trump the economic effect that this might have on the number of people who are available in skilled and unskilled jobs right across the piece. That seems to be a massive difference in approach from the one the Chancellor set out when he came to see us last autumn and said what he said about the financial services industry. Am I right that it is the Government's view—not just the Home Office view—that that number, tens of thousands, will trump everything else?

Robert Goodwill MP: The first point to be made is that this is a long-term target. We have always made that clear.

Lord Darling of Roulanish: It is your present target. It is not a long-term target.

Robert Goodwill MP: That target will not be achieved in the next two or three years. Indeed, only when we have left the European Union will we have the capacity to control the numbers coming here.

Lord Darling of Roulanish: So it will be your target when we have left.

Robert Goodwill MP: It is our target currently. The point that I have tried to make is that currently we have no mechanisms to control numbers from the EU.

Lord Darling of Roulanish: I got that. My question concerned the amount of evidence that we have received about the number of EU nationals who are employed in this country, in every sector across the board, and their economic importance. You are saying that this number—the “tens of thousands”—will trump any economic need that the Government might think there is. It is so absolute that it is the thing that will trump everything.

Robert Goodwill MP: Let us not forget that other factors are in play, particularly the determination of this Government to upskill our people by ensuring that apprenticeships and technical skills are rolled out. All those things will ensure that British people will be in a better position to take jobs that in some cases are taken by better-skilled people from outside the EU. In some cases, businesses have found it easier to recruit from outside the EU than to upskill a person in this country. I believe that measures such as the apprenticeship levy and the immigration skills charge, which applies to non-EU workers coming here, will contribute to a sustainable level of migration and at the same time deliver the skills that British business needs to enable it to continue to grow.

One criticism that has been made of high levels of migration is that they have kept some lower-skilled wages lower, which has reduced the incentive for companies to invest in better productivity. I am sure the Committee is aware that the UK is determined to improve the

productivity of our workers. Giving incentives to invest in better productivity, particularly in some of the areas where investment in innovation has not been driven, because of the easy and in some cases unlimited supply of migrant labour, will help the British economy to become more developed, and will enable wage levels to be improved. I am sure everybody is in favour of that.

Lord Darling of Roulanish: I am sure that you will find that Ministers going back for several decades have said exactly that. I assume that the answer to my question—that this absolute number trumps the needs of the economy—must be yes, from what you are saying.

Robert Goodwill MP: The consultation this summer will determine what industry's views are. It will feed into that. As I have said already, we do not want some sort of cliff edge. This is a target that we intend to deliver on, but we understand that a number of other factors are in play, particularly the time it takes to bring doctors and nurses through for training, for example. There are a whole number of skills that we need to deliver to our people, but some of those skills are not delivered in a very short time. We understand that, but our aim is to reduce net migration to the tens of thousands.

Indeed, prior to 1997, immigration and emigration were pretty much in balance. It is a fairly new phenomenon that the UK economy has had to rely on such large amounts of inward migration. It may be one of the reasons why we have not invested in the type of technologies that would improve productivity in this country—technologies in which other countries around the world are possibly ahead of us. I have seen figures for the average productivity of a German, French or even US worker. We are lagging behind. This is something that we need to deal with by upskilling our workforce and investing in those technologies in order to improve the productivity of our workforce.

Q68 **Lord Layard:** One of the really puzzling things that we have discussed in the Committee is how non-EU net migration is still so high. You have reduced it somewhat, but it is still very high. In the light of your target, one would have thought that it would have come down more. It suggests that it is quite difficult to reduce net migration. Given that experience, how much do you think you could reduce the net migration of EU citizens after Brexit?

Robert Goodwill MP: As I said, both the EU route and the non-EU route will contribute to our target of reducing net migration. A number of factors I talked about are in play. One of the biggest factors has been the way the UK economy has created jobs in the last seven or eight years. We have created more jobs than the rest of Europe put together. If I were a Spanish Immigration Minister, I would probably be concerned about the exodus from my country. Eight per cent of the Lithuanian population are here in the UK, because we have been creating jobs and showing the enterprise that many other EU economies have not been able to deliver. That is one reason why levels of migration have come in.

There are British citizens who have been left out of that fantastic economic performance, because they have not been able to get the skills. That is why we need to continue with our apprenticeship programme and continue getting people with technical skills. The UTC in my home town is building skills among the local population that in the past employers may have seen as available overseas, and they may have brought them in as the easy way of doing it.

Lord Burns: When I was going through the issue of the 3.3 million and how we might control that number post Brexit, I mentioned possible visas and whether they would replace the people who were leaving. You said that I was speculating on the subject of visas. I was speculating on it, because, as I understand it, that is the method that we use to control the net migration figures from non-EU countries. What other methods are there of controlling the numbers? If we are taking back control, what non-visa-route method of control could be used?

Robert Goodwill MP: I am not going to speculate about what might come out of the negotiations.

Lord Burns: Are there any? What is the field? What is the category of other methods of doing it? Most other countries use either points-based systems or visa systems. I would be interested to know what some of the other methods of doing it are.

Robert Goodwill MP: I could speculate, but I will not.

Lord Burns: Is it speculating simply to say what the category of possibilities is? I am puzzled that you pushed back on me about the visas.

Robert Goodwill MP: I said that that would be speculating about what the settlement and the arrangement might be. It might be different for different sectors. It might reflect shortages in our economy. That is a speculation that it would be unwise to enter into ahead of the negotiations. I am sure that the conclusions of this Committee will be an important input to the way you think we might want to move forward, but it is not wise to speculate, not least because we have not seen what the opening gambit of the European Commission and the other member states might be in the negotiations. It would be very unwise for me to try to speculate at any length about what the final solution we come up with for this situation might be, or indeed what our opening positions might be.

Baroness Bowles of Berkhamsted: I am trying to get my head around this. I always get stuck on the problem that the Government have had targets to reduce migration to much smaller numbers for quite a long time, and where they have control—for non-EU countries—they have not had much success, although there has been some recently. We now seem still to be in the situation that you will try to nudge it down. You are not going to say, "Right, there are only so many visas, and then there is a cut-off". We will upskill our workforce, impose some kind of financial

penalties on businesses so that they look to the British worker, instead of always seeking to go for—

Robert Goodwill MP: I have not said that that is on the table for the EU at all. It is something that we already have coming into play for non-EU, but it is not on our agenda for the EU.

Baroness Bowles of Berkhamsted: Okay. There will be two different systems. There will be something we have yet to negotiate for the EU, and the rest.

Robert Goodwill MP: It remains to be seen what the settlement with the EU is. Industry will probably feed in what it feels is the best settlement. The negotiations will deliver a system that addresses the needs of the UK economy but at the same time enables us to meet our target of net migration in the tens of thousands.

Q69 **Baroness Bowles of Berkhamsted:** We have dealt with various other drivers to do with lack of training and skills. Is the cost of housing, particularly in London, one of the drivers for people to come as migrants, because they are prepared to put up with things for a short period of time? They are hoping to work their way up into better jobs, so they come here to low-skilled jobs, even though they are quite highly skilled, and put up with poor housing, but work themselves up in a way that British people do not want to do. Do you think that is a factor?

Robert Goodwill MP: We have not had a route for low-skilled jobs into the United Kingdom from outside the EU, because jobs in catering, agriculture and many other low-skilled areas have been taken by EU citizens. Where those people go to work depends on where the jobs are being created. The Government are determined to ensure that we can build an economy that works for everybody, particularly in the north. You have the northern powerhouse. In my previous job, it was about building HS2, to ensure that we can get economic activity in the north. For example, in my constituency, a £3 billion investment is being made, starting this year, which will create 1,000 jobs. People may wish to come and work in my part of the world, because that is where jobs are being created. The challenge for the Government is to ensure that our economy becomes more evenly balanced, through investment in infrastructure in the north, and that through enterprise zones, the northern powerhouse and different types of policies, the economy develops. North of the border, the Scottish Government now have many levers that they can pull to try to ensure that their economy develops and creates jobs, instead of spending their time doing things that are less productive.

Baroness Bowles of Berkhamsted: Does that mean that you would contemplate regional immigration policies, so that people can come in as long as they are going to Scotland or to the northern powerhouse?

Robert Goodwill MP: No. Regional immigration does not work. People follow the jobs. The way to get people to go to the north is to create jobs in the north. The way to get people to go to Scotland is to create jobs in

Scotland. Indeed, previous schemes aimed at bringing people into Scotland saw quite a lot of leakage, with people going to Scotland and then moving south, where there may have been more opportunities. That is certainly the case for a country the size of the UK. The average income in the Scottish economy is better than in the north-east or Yorkshire and the Humber. With the exception of the south-east and London, there are not such major differences that you might want to use immigration as a tool for economic growth. In my view, if you create the jobs, people will go to take them. It is our challenge to ensure that British people have the skills and the initiative that they need to take those jobs when they become available.

Baroness Bowles of Berkhamsted: You are saying that there will not be regional immigration policies—

Robert Goodwill MP: Exactly.

Baroness Bowles of Berkhamsted: But you hope to engineer a similar effect by virtue of the fact that that is where the skills shortages and the jobs are. Obviously, that means that in finance people will still go to London, and that is how it will all work out.

Robert Goodwill MP: Leeds and Edinburgh are also great financial centres. If you look at the price of housing in Leeds and the price of housing in London, there are many good arguments to come and invest in my region. HS2 will make Birmingham closer to London, so there will be more reasons to invest there; for example, we have already seen HSBC invest in Birmingham. A regional immigration policy does not work in a country of this size. It might work in places such as Canada, but even there they have seen leakage. People have been put into communities that needed people and subsequently, if the job opportunities are not there, they have moved to centres of population.

Lord Kerr of Kinlochard: Minister, you are declining to speculate about the future regime for migration from the EEA or the EU because you are engaged in consultations sectorally in this country and because of forthcoming negotiations with our EU partners.

Robert Goodwill MP: We have not commenced the negotiations.

Lord Kerr of Kinlochard: It is the second thing that surprises me. You referred to it in the letter that you sent us yesterday. Thank you very much for that. I did not understand the reference, but I think I do now. You envisage that the Article 50 discussions and negotiations, as well as being about money and the acquired rights of EU citizens in our country and our citizens elsewhere in the EU, will be about future migration policy. Is that correct?

Robert Goodwill MP: We are certainly aiming to come to an agreement that enables us to control numbers coming from Europe. Yes, there will be an agreement on the way movement of people can be controlled. It remains to be seen how those negotiations progress and what the final

position is. There are a number of issues that will need to be discussed in parallel.

Lord Kerr of Kinlochard: In Brussels, they do not think that. They think that the acquired rights are about the effect that Brexit automatically has on citizens who are there at the moment when we leave, because their legitimate expectation was that we would not leave—their citizens in our country and our citizens there. After we leave, our citizens in continental Europe will be third-country nationals, with the same rights as an American, a Canadian or an Australian, but not the same rights that other EU nationals have. Are you negotiating to try to change that in respect of migration policy?

Robert Goodwill MP: There will be an end to freedom of movement as we know it, but that will depend on a number of ways in which the negotiations progress. We are absolutely determined to use the Brexit negotiations as a way of controlling numbers that come here from the rest of Europe. That is something the Government have been clear about right from the outset.

Lord Kerr of Kinlochard: Forgive me; I am very worried now. If the rights of the EU nationals here are being held up behind not just reciprocity on acquired rights but a postulated agreement on the future regime for people who move in future, after we have left the European Union, I think we will have to wait for a very long time. To me, this is a revelation, and a very scary one. I know no one in Brussels who envisages that the acquired rights discussion will be about new people, moving after Brexit. That is not how they understand acquired rights.

Robert Goodwill MP: You may be misunderstanding me.

Lord Kerr of Kinlochard: It is perfectly possible. I hope so.

Robert Goodwill MP: There are two distinct matters that need to be agreed. The first is the one about the 3.2 million EU citizens here and the 1 million Brits abroad. That is something that I hoped we could have agreed already. Our offer was put on the table, but it was not picked up by the European Commission and the member states. I hope that once the negotiations start it is something we can agree quite quickly, because I want to reassure EU citizens living here and British citizens working abroad about their status.

That is a completely separate issue from what our future immigration policy will be like post Brexit. That is an entirely different thing, which will be subject to negotiations. It is impossible to speculate about what that arrangement will be, but it will allow us to control numbers coming from Europe. A fundamental aspect of the fact that we are leaving the European Union is that it will give us the ability to control numbers. How we do that—how we react to the needs of industry and how long it will take to get to our target—will depend on a number of factors, many of which are outside our control.

Please do not confuse the two matters. I hope that we can quickly solve that issue, which will put everybody's mind at rest. Having spoken to one or two of my opposite numbers, I really think that they are in the same place as us. I hope we can do that quickly in order to reassure the people it affects. If we had unilaterally given those rights to EU citizens here, it would have left our people abroad out on a limb and possibly not sure where they were going to be. They might have found that their status was agreed only when we got to the end of the negotiations, which would not be acceptable to the British Government.

Q70 Lord Tugendhat: You will perhaps be relieved to hear that I want to move away from the EU. Which other countries has your department been looking at closely in trying to develop ideas for a post-Brexit immigration system?

Robert Goodwill MP: Countries outside the European Union?

Lord Tugendhat: Wherever.

Robert Goodwill MP: As regards countries outside the European Union, we already have arrangements with—

Lord Tugendhat: I am not asking about whether we have arrangements. We will be starting in a brave new world. We are going to introduce a new system. Which other countries' systems have you looked at in order to get inspiration for what we might do here?

Robert Goodwill MP: We want a bespoke British-EU system. I do not think that there is any read-across from a points-based Australian system, a Swiss system or a Norwegian system. We need a bespoke system. Indeed, the nature of the negotiations will mean, by definition, that whatever agreement is there at the end will be a unique arrangement between the UK and the rest of the European Union. It would not be helpful to go around the world to try to see arrangements. The American green card system would not be applicable.

Lord Tugendhat: You are saying, "Here we are—the United Kingdom". I did not intend this to be a hostile question, but I am a bit perplexed. We are leaving the EU. Immigration was an important factor in the decision to leave. We are going to set up a new immigration system. Maybe there is something that we might conceivably be able to learn from other countries. Do we have embassies in other countries that, under your guidance, are looking at systems from which we might be able to learn, or is the Home Office going to do it all itself?

Robert Goodwill MP: With respect, I do not think there is a read-across between the situation that may exist between Canada and the United States, countries in the Balkans or China and its neighbours. I just do not think that there is an off-the-peg immigration system where you can say, "Let us do what they have done. That will work exactly for us". Immigration is very complex. You have student routes, work routes, unskilled work routes, spousal routes and youth mobility-type schemes. Immigration is not one size fits all, even if you try to look at a system

between two countries that have a good agreement. It would be quite complex.

We also need to ensure that the rights of people in Gibraltar are recognised, because they have some concerns about the border with the rest of Europe, in Spain. We need to reassure our colleagues in Gibraltar that we will make sure that they are not left out of any arrangement.

Lord Tugendhat: I am sure that we should reassure them. However, I would feel happier if we were looking at the way in which other countries do things and seeing whether there is anything that we might be able to learn. I am slightly distressed that clearly you have such confidence in the Home Office that we do not need such assistance.

Jon Simmons: As a Home Office official, I can assure you that we are constantly looking at other countries' systems. However, we have an immigration system. As that has been developed, we have constantly been looking at other countries' systems, so I do not think that a big change is necessarily envisaged here. We are always open to new ideas and are always looking overseas to see what other countries are doing. That is a constant. I do not see it necessarily as a new world, in that sense.

Robert Goodwill MP: By the way, we also need to recognise the common travel area, which is a priority, to ensure that that can continue to allow free movement between the Republic of Ireland and the United Kingdom, as well as our and their islands. There may not be the same nuances and complexities in other countries around the world. I think that we will need a bespoke deal. If there was something around the world that we could just take off the peg and apply, that would be very easy, but I do not see any situation that bears enough similarity to the situation that we will face as we go into the negotiations for us to say, "Let us do what they are doing".

Q71 **Lord Kerr of Kinlochard:** I have a quick question—not about the EU, I promise, but about statistics. In your letter to us, you say very firmly and fiercely, "The Home Office has no current plans to integrate DWP or HMRC data with immigration statistics". Our Chairman had asked you whether there were any plans to improve statistical cover by drawing on other data held by government. A number of our witnesses suggested that there is a lot of data about that is not being used. We worry a little about the margins of error in the statistics that we see. I see that the latest net migration statistics gave net migration at 273,000, subject to a margin of error of 49,000 either way. It would be nice to reduce that, if one is really talking targets. Why are we not using other data available elsewhere in government? Are there any plans to do that?

Robert Goodwill MP: By wonderful coincidence, I have a Home Office statistician sitting right next to me.

Jon Simmons: You will excuse us, but, when people ask that question directly of the Home Office, sometimes it feels like a bit of a loaded

question. The Home Office has no plans to use DWP and HMRC data to inform our own visa statistics directly at the moment, but there is a lot of work going on across government on sharing data and data integration. The Office for National Statistics has some great plans. The Digital Economy Bill will further enhance the opportunities for it to explore how it can use lots of different departments' data and bring it together to try to get a better and richer statistical picture. That will help it to check whether the IPS is asking the right questions, but also, importantly, help us to answer questions that we have not been able to answer so far with the systems that we have.

I know that the ONS has written to this Committee with quite a detailed plan for the sorts of things that it would like to do, some of which are already under way. One issue is understanding the European population. We have a really good understanding of the non-European population from the visa statistics. Of course, we know nothing about the European population from our Home Office visa statistics, but there is other data around government from which we could learn an awful lot. If HMRC's and DWP's data, for example, could be linked with information that the Office for National Statistics might hold on nationality, it would suddenly become a really rich data source that could tell us things that we were not able to know previously.

There is work going on across government in the statistical community to try to explore these options and to understand the degree to which we can do this. You will have seen last year the emergence, on a small scale, of some of that in the work that was done on the NINOs question. Last May, the ONS published a report looking at what we could tell about the rise in NINOs, compared with the trends in the IPS, and using HMRC data to probe that problem. Essentially, it showed that the NINO data was covering an awful lot of people who were here only short term and were not intending to stay long term.

That plays a little to Baroness Bowles's question about people coming here and looking to move up and remain. Actually, quite a lot of people are not doing that. Quite a lot of people who come here do so just for short-term purposes. They may be very highly educated and quite highly skilled, but they may still be willing to work in a coffee shop for a couple of years just to get some money or to enjoy life in the UK for a bit, before they go back to continue their careers or to build a family in the place they have come from. Quite a lot of people who come over are of that nature. We have not really been able to understand that picture very well. We have some information.

Lord Kerr of Kinlochard: Might this joining up be prioritised, given the importance to the Government of—

Jon Simmons: I know for certain that it is a strong priority of the National Statistician. It is something that he really wants to take forward, as a matter of priority. There are clauses in the Digital Economy Bill that is going through the House at the moment that will allow ONS to do a lot more on merging and sharing data. I think it offers a lot of promise.

Q72 The Chairman: Can I come to a final question, which I touched on earlier, about skilled and unskilled? A lot of the sectors we have spoken to do not draw that distinction. I mentioned that the Chancellor talked about the best and the brightest, but there are an awful lot of other people who work in the financial services. I was probably one of them. I was not necessarily the best or, indeed, the brightest, but I made my contribution. That is true right across the board.

The White Paper uses some rather better wording when it talks about “those with ... skills and expertise”. It was clear from the various sectoral representatives we spoke to—agriculture was one—that there are people with particular expertise. Indeed, Pret A Manger and Wetherspoon would say that there are people with particular expertise—a particular attitude and things like that—who work in their shops. Those people are absolutely vital to the economy. The point is underlined by the fact that, of the 2.1 million EU nationals employed in the UK, 46% are employed in jobs that the ONS considers to be low skilled and that would not pass the tier 2 test. As you design this policy going forward, with the needs of the economy in mind, it is possible that you will have to reconsider the high skill-low skill distinction and the earnings level in tier 2.

That brings me on to a second point. You hinted at it earlier. Yes, your longer-term goal is for the flow to be less than 100,000, but there is quite a long transitional period. We cannot speculate about how long that will be, and we are not in the business of speculating, but it is possible that the numbers may have to go up before they go down, in order to meet the requirements of the economy. I am not trying to trap you into saying, “The numbers could go up”, but the reality is that over the next five or seven years, in order to meet the requirements of the economy, it may well be necessary that migration increases and that the approach to skills is rather more nuanced, to take into account the particular expertise that is needed in the food processing industry and things like that. Do you agree with that?

Robert Goodwill MP: We are certainly determined to make progress on achieving our target of net migration in the tens of thousands. We continue to make further progress, where we can, on the non-EU route. Further measures in the Immigration Act are coming in, particularly to make it difficult for people who are here with no legal status to function. I refer to getting bank accounts, getting driving licences and renting accommodation. New measures are coming in with regard to people getting licensed to serve alcohol or late-night food. A lot of pressure is still being put on those people who have no right to be here and who should seek to leave.

I am probably guilty of falling into a Home Office trap of seeing skilled and unskilled in terms of our tier 2 non-EU visa route, which means a graduate-level person earning more than about £32,600. We are increasing the threshold for intra-company transfers as well. That is what we see as a skilled person. As a farmer, I know that the guy who drives my tractor is very skilled. I hope that he is not listening to this, but he is certainly not earning £32,600. That is why, in immigration policy, we

have seen the non-EU route as the skilled tier 2 visa, which is for a person earning that sort of salary, with those sorts of graduate-level skills.

Other demand within the economy that could not be met domestically has been met from the rest of the EU, where there are a lot of people with skills—not necessarily people with graduate-level skills, but technicians or, famously, Polish plumbers. All those people came to the UK because jobs were there. As we deliver more nurses, plumbers and technicians from our UTC in Scarborough, we should see the pressure to recruit outside the UK lessen, as we can fill those jobs. It is absolutely fundamental to this Government's policies to ensure that we upskill our people to take those jobs and obviate the need to backfill using immigration.

There may well be situations where we need to bring people in. The NFU gave you evidence on seasonal workers; that may be one of the issues that need to be looked at. However, that will all be part of the settlement and the agreement that follow on from the triggering of Article 50 and those negotiations, which will deliver a deal that is good for the UK, but also good for the rest of Europe. As well as the immigration stream of negotiations, there are all the other areas that will be discussed, which may have knock-on effects on one another. I hope that those negotiations will come to sensible conclusions. There is no reason to believe that they should not. That is why I am looking forward to the start of the process.

Lord Burns: Does what you are saying imply that, after Brexit, there will be a different system of net migration controls for EU citizens, as compared with non-EU citizens?

Robert Goodwill MP: Almost certainly we will have a bespoke system.

Lord Burns: That is a yes.

Robert Goodwill MP: The non-EU migration routes depend on the countries people come from. A person coming to work in the UK from the United States will be in a different situation from a person coming to work in the UK from Bangladesh, for example. There are different rules in place with regard to free movement, tourists, et cetera. To portray the non-EU immigration system as one system, which will be transferred to the EU, is fundamentally to misunderstand how immigration works with the dozens of countries around the world that have different visa arrangements and different quotas on visas.

Lord Burns: I do not want to press this. They may be different, but there are some rather substantial common elements, as I understand it.

Robert Goodwill MP: I think we need a bespoke system. I hope that the negotiations, when they start, will try to push for that.

Lord Burns: Would you say that we have a bespoke system with the United States?

Robert Goodwill MP: We have a different arrangement with the United States, in both directions.

Lord Burns: Is it a bespoke system?

Robert Goodwill MP: Yes. It is a bespoke system, in so far as it is unique between the UK and the United States. They have a green card system, if you want to go and work in the United States. It is a different system if you want to work in Canada. We have a different system with Iran, for example, and are very keen to try to improve the way in which we issue visas there. There is a different system there and in the United States. Every country around the world will have a slightly different system.

Lord Burns: I am talking about our systems with them—the way in which we treat migration from them.

Robert Goodwill MP: Presumably, the agreement with Europe will be a two-way agreement. There will be needs in both directions, so that people can retire to Spain and go and work in Frankfurt. I hope that the arrangements in place will enable that to take place. Fundamentally, we will be in a position to control numbers here. That is the whole point of Brexit. We will no longer be a member of the European Union, and that will give us the power to control numbers. We will do so in a way that best suits the United Kingdom.

Lord Burns: I understand that. Therefore, it would be wrong of us to assume that the common elements of what is currently the non-EU system will be transferred to the way in which we control the EU system, after Brexit.

Baroness Bowles of Berkhamsted: It is what you said to me.

Robert Goodwill MP: I said that I hope that the negotiations will result in a bespoke system between ourselves and the European Union. I think that that is unlikely to be identical to any of the other systems that we have with countries around the world. We were talking about whether there was a system that we could transplant from Australia or somewhere else to the EU. I do not think that that is the situation. We will need a bespoke system. The negotiations will be the opportunity for us to get a settlement that is good for the United Kingdom and good for Europe.

The Chairman: I will take a very short final question from Lord Turnbull.

Lord Turnbull: The target of less than 100,000 applies to both main categories. The latest figure for the non-EU category is 164,000. Does that not imply that you will have to tighten up the non-EU category very substantially if we are going to be able to allow any immigration from the EU? If you cannot get the non-EU figure below 100,000, there is no room for any migration from the EU.

Robert Goodwill MP: Delivering on the result of the referendum will entail our being able to control numbers coming from the European

Union. We have our net migration target, which we are determined to reach. We are under no illusions about the timescale within which that can be delivered. It is not going to happen overnight. Only when we have left the European Union will we be in a position to control the numbers.

Lord Turnbull: I am talking about the other numbers. I am saying that you will have to tighten up the non-EU rules—the thresholds for how much you have to earn and so on—in order to create capacity to continue bringing in EU citizens.

Robert Goodwill MP: We will need arrangements on all the different visa routes—student, work, tourism and the rest—that enable us to deliver on the result of the referendum and our target of reducing net migration to below 100,000.

The Chairman: We must bring this to a halt. Thank you very much for this non-speculative session.