



A POINTS SYSTEM FOR WORK PERMITS?

Summary

1. There are currently three main entry routes for people from outside the EU who want to work in the UK - the work permit system, the so-called sector-based schemes covering agricultural workers, hospitality and food-processing workers and the highly skilled migrants programme.
2. The number of work permits issued has risen from 32,704 in 1995 to over 145,000 in 2003. Work permits are issued for terms of up to 5 years. After 4 years permit holders may apply to settle in the UK and the vast majority who apply are accepted.
3. In 2003 over 22,000 migrants (including their dependants) who had come to the UK to work settled here. It is likely that the number will rise to over 50,000 by 2005. This has therefore become a major route to permanent settlement in the UK. It is entirely employer driven and does not balance the benefits to the employer with the wider costs resulting from additional pressure of population on the infrastructure..
4. The sector-based schemes do not, in contrast, lead to permanent settlement in the UK. However, in the absence of embarkation controls they could well do so by the back-door.
5. The highly-skilled migrants programme allows migrants who have exceptional personal skills and experience to come to the UK without first obtaining employment.
6. All schemes also need to be assessed against the background of the recent expansion of the European Union to the East and the opening up of our labour market to the newcomers. 91,000 workers from these countries registered to work in the UK in the first 5 months after ten new countries acceded to the European Union on May 1st 2004.
7. The government's proposals for immigration and asylum system reform announced on 7th February 2005^[1] effectively repackage the existing arrangements for work permits and highly-skilled migrants. The government has, however, decided that the sector-based schemes will be phased out, over time, to take account of the expanded European Union workforce. The so-called points system will have little or no practical effect. A points system is pointless without a ceiling on numbers.

Overview of the work permit schemes

7. The main mechanism for managing labour immigration to the UK is the work permit system. In recent years this has expanded considerably and there are now four main elements to the scheme; the main work permits system, the Seasonal Agricultural Workers Scheme (SAWS); the Sectors Based Scheme (SBS); and the Highly Skilled Migrants Programme (HSMP). The first two of these have been in existence for many years but both have been expanded very rapidly in recent years. Over four times the number of work permits were approved in 2003 in comparison with 1995 (145,351[2] approvals compared with 32,704).[3] .

8. The quota for SAWS was 10,000 throughout the 1990's, rose to 15,200 in 2001 and was set at 25,000 in 2003. The quota under this scheme has subsequently been cut by 35% to 16,250 to allow for the accession to the EU of Eastern European countries, from where many SAWS workers were drawn.

9. The Sectors Based Schemes were introduced in May 2003 in food processing and hospitality - each with a quota of 10,000. The quotas for each scheme have subsequently been cut by 25% to 7,500 to allow for the entry of the accession countries to the EU.

10. The Highly Skilled Migrant Programme was launched in January 2002 to allow individuals with exceptional personal skills and experience to come to the UK to seek and to take work or self-employment. Between January 2002 and June 2004 nearly 20,000 applications had been submitted and 6,363 had been approved.[4]

11. These schemes are described in more detail in the following paragraphs.

The main work permits system

12. Work permits are required to enable most foreigners, apart from EU nationals, to work in the UK. Permits are granted for a period of up to 5 years. At the end of 4 years permit holders may apply for permanent settlement in the UK. The indications are that over 95% of such applications have been accepted in each of the years from 1997-2002.[5] This dipped slightly to 92.5% in 2003.[6]

13. There is no quota for the numbers of work permits issued - the system is driven entirely by demand from UK based employers who are responsible for making all work permit applications.

14. Following a review conducted in 2000, the Government determined to streamline the work permit system so that it could help to fulfil two objectives:

- a) to ensure that the UK has the people it needs to prosper in the world economy; and
- b) to open up opportunities to allow people who want to work here, and can contribute to our Society, to do so without attempting to use illegal routes.

15. The broad eligibility criteria for obtaining a work permit are:

- a) Employers need to demonstrate that they have a trading presence in the UK.
- b) There must be a genuine vacancy.
- c) The overseas national must be qualified and/or have experience to NVQ level 3 or above.
- d) There must be no suitable resident worker available. This test is waived for designated shortage workers - currently covering a list of engineering and medical occupations, teachers, vets, actuaries and Civil Aviation Authority (CAA) licensed aircraft engineers. It also included IT professionals until September 2002.
- e) The pay should be at least equal to that normally given for similar work.

16. There is relatively little post-entry control on the type of work that permit holders actually do, nor on switching between jobs.

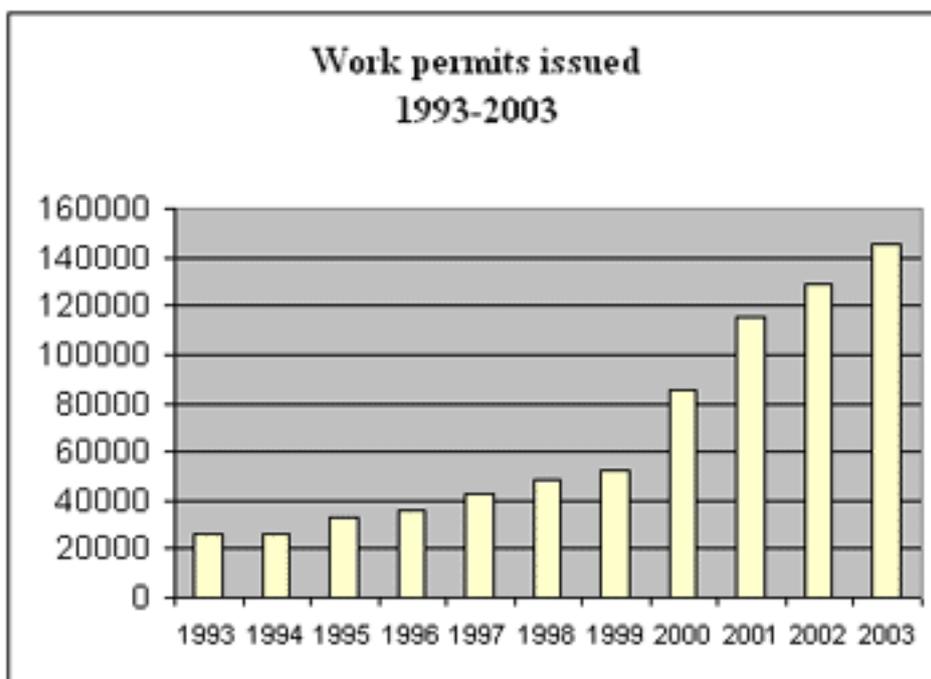
17. Applications for work permits are considered by Work Permits (UK) which is part of the Home Office. The turn round standard for processing applications is that 90% of complete applications will be decided within one day of receipt. Until January 2001, 70% of complete applications were decided within one week of receipt. However, it is possible that the standard of checking is not as rigorous as it once was - despite the very large rise in the numbers of applications the percentage of applications refused declined steadily from 12.5% in 1995 to 5.4% in 2000. It did, however, rise again to 8.9% in 2002. [7]

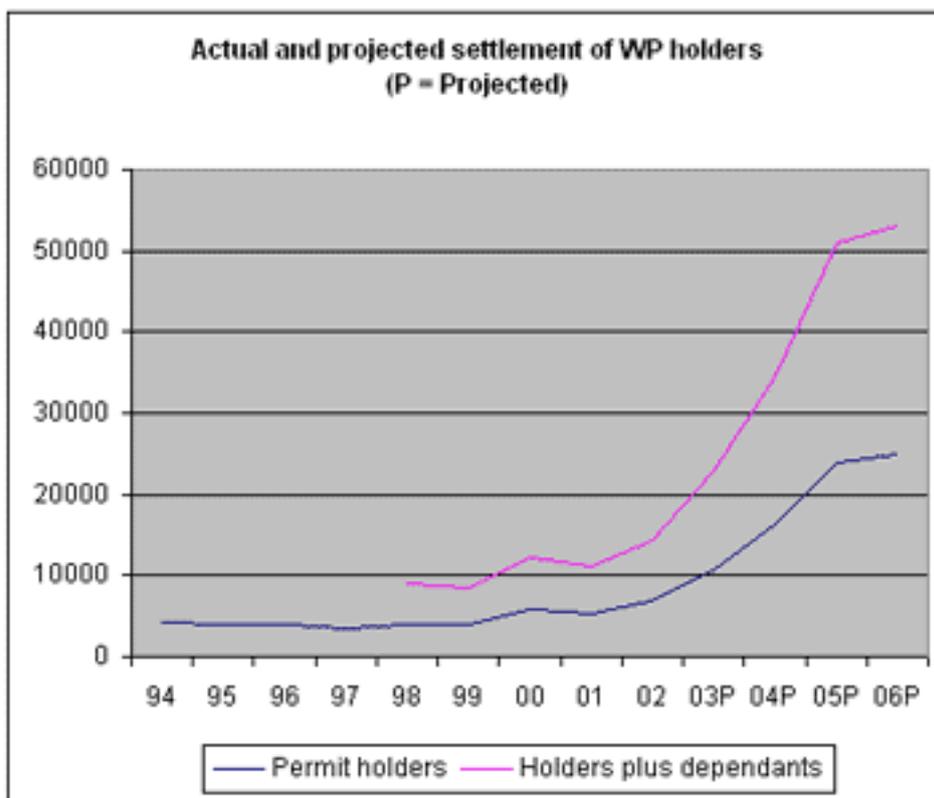
18. In the 3 years 2000-2002, and in 2002 alone, the main occupational groups of those granted work permits were: [8]

Occupational group	2000-2002	2002 alone
Health and medical services	24.1%	25.1%
Computer Services	17.2%	14.1%
Administration, business and management services	12.7%	12.6%
Education and cultural activities	8.4%	9.2%
Financial services	8.0%	5.7%
Hospitality, hotels, catering and other services	6.9%	11.4%
Entertainment and leisure services	5.6%	5.0%

19. The source countries for work permit holders have changed significantly over recent years. In 1995 to 1998 the Old Commonwealth countries, the United States and Japan accounted for at least 53% of applications in each year. By 2002 their share of work permits issued had fallen to 34%. There has been a corresponding increase in the number of permits issued to third world countries - with work permit grants from India rising from 8.3% of all grants in 1995 to 21.4% in 2002 and grants from the Philippines rising from 0.3% to 7.7% of all grants in this period [9]. This is likely to affect the eventual rates of permanent settlement in the UK. A recent Office for National Statistics (ONS) study [10] has found that during the 1970's, 1980's and 1990's between half and two-thirds of migrants to the UK who were born in the EU, North America and Oceania emigrated from the UK within 5 years compared with only 15% of those born in the Indian sub-continent.

20. Below we show graphically how the number of work permits issued has risen over the period 1993 to 2002[11] and the corresponding, but delayed, increase in settlement of work permit holders in the UK. (The data for work permits issued excludes dependants). The numbers in the settlement chart from 2003 onwards show projections of the numbers likely to settle if the trends of 1990-2002 continue[12]. (The 2003 settlement figure for work-related migration was 22,390[13] compared with the projected total using this method of 22,700) The data on grants of settlement made as a result of four or more years of work permit employment also excludes those who came to work but were able to settle here under a different category, e.g. by getting married whilst in the UK.





The Seasonal Agricultural Workers Scheme (SAWS)

21. SAWS originated immediately after the Second World War to allow for the movement of people across Europe to provide an additional source of labour in peak seasons. Participants are mainly students age 18 to 25. The scheme allows applicants to stay in the UK for up to 6 months. The scheme uses 'operators' (currently 7 in number) who recruit participants, allocate them to farms and ensure that they receive appropriate wages and conditions. As indicated in paragraph 1 the quota for SAWS was 10,000 throughout the 1990's, rose to 15,200 in 2001 and was set at 25,000 in 2003. The quota under this scheme has subsequently been cut to 16,250 to allow for the accession to the EU of Eastern European countries, from where many SAWS workers were drawn. In 2002, 19,372 came to work in the UK under SAWS. Just over 10,000 (51% of all participants) came from the countries which have recently acceded to the EU - so the cut in quotas is illusory - that is there will be a greater allowance in future years for people from outside the expanded EU than there was previously.

The Sectors Based Schemes (SBS)

22. The SBS was introduced in May 2003 to address perceived shortages in lower skilled occupations, initially in the food processing and hospitality sectors of the economy. The quotas for each scheme initially were 10,000 a year but this has now been cut to 7,500. Employers are invited to apply for permits on a first come first served basis. Permits are issued for up to 12 months to overseas employees who are aged 18 to 30. Permit holders are not allowed to bring their spouses or dependants and must leave the country when the permit expires. There is no effective check on their departure.

The Highly Skilled Migrant Programme (HSMP)

23. This scheme was launched in January 2002 to allow individuals with exceptional personal skills and experience to come to the UK - initially for one year with the expectation of permission to remain for a further 3 years after which right of settlement may be granted. No offer of employment is required before coming to the UK. The scheme operates on a points score system and applicants must be able to demonstrate that they will be able to continue their chosen career in the UK and also provide evidence that they score 75 points or more in five areas. Four of the areas are educational qualifications, work experience, past earnings and achievement in the chosen field. The fifth area of points is given to HSMP designated priority applications which is currently limited to GP's. Between January 2002 and June 2004 nearly 20,000 applications had been submitted and 6,363 had been approved.[14] As at 6 February 2005 Work Permits UK advise on their web-site that they are currently working on applications received on the 7th June 2004.

The Government's new proposals.

24. In its policy document issued on 7th February 2005 the Home Office proposes that the various strands of student and work migration are brought together in a single framework. Within this there will be 4 tiers of work and study related migration.

25. Tier 1 covers the highly skilled - including doctors, engineers, finance experts and IT specialists. People in these categories will be able to come to Britain without a prior job offer.

26. Tier 2 covers the skilled which is defined as those who are educated to NVQ level 3 (A level) standards (the same standard as for the current work permits system). People within this category will require a job offer before coming to the UK and the sponsoring employer will have to demonstrate that they cannot fill the vacancy from the UK and EU. This latter requirement will be waived (as it is now) for shortage occupations.

27. Tier 3 covers the low-skilled. The government envisage that the current sector-based schemes will be phased out over time in the light of the additional workforce now available in Europe. New schemes may be introduced if additional needs are identified in future.

28. Tier 4 covers students and specialists such as visiting workers representing international companies who do not want to stay in the UK. It will also include the working holidaymakers scheme where 'the criteria will be tightened'.

29. Only tier 1 and tier 2 migrants will be allowed to settle in the UK. The qualifying period for this is to be extended from 4 to 5 years.

30. The government has announced that they will introduce a series of measures to try to ensure that the scheme is not abused by people staying in the country beyond their permitted time. For example:

- . migrants or employers will be required to deposit a financial bond if they are coming from a higher risk country. The bond would be forfeited if they do not leave at the end of their stay.
- . migrants from countries requiring visas will be finger-printed prior to coming to the UK by 2008.
- . migrants will be issued with resident permits which will act as ID cards.

31. It is proposed that visa applicants from high risk countries will be screened for tuberculosis prior to entry into the UK.

Critique of existing system

32. The Seasonal Agricultural Workers Scheme (SAWS) and Sector Based Scheme (SBS) arrangements are for unskilled labour and should have no long-term migration implications in so far as people admitted under these schemes only have limited (maximum 12 months) permission to stay in the UK. However, there are strong arguments against continuing with these schemes in the current environment:

- . There are no effective exit controls so, having become familiar with the UK, it would be possible, and quite likely, that migrants entering under these schemes will slip into the black economy and stay in the UK.
- . There should already be a pool of labour available to carry out these seasonal tasks in the expanded EU.
- . There is a pool of unskilled unemployed people, particularly in London where the hospitality sector is particularly strong, who should be able to fill the vacancies on offer.
- . Access of employers to a larger pool of unskilled labour is likely to drive down wages for UK unskilled workers - the most vulnerable section of the workforce.
- . Migrants who come to the UK for under six months will not pay UK tax. Generally they will not be entitled to benefit but they may use emergency medical services.
- . As the source of migrants moves further away from Europe there may be some health risks from migrants originating in countries with high rates of HIV, TB, Hepatitis and other communicable diseases.
- . There are 2 million economically inactive people in the UK who say that they wish to work. This includes 1 million currently on incapacity benefit.

33. The two other schemes, the Highly Skilled Migrants Programme (HSMP) and the main work permit system are intended to attract skilled migrants to the UK. HSMP attracts relatively few migrants and aims to select highly skilled migrants who will be of economic benefit to the UK. It therefore represents the basis for the type of scheme which Migration Watch believes could be beneficial to the UK. However, the very long timescales involved in processing cases points however to a system which is not working well in practice.

34. In contrast the main work permit system has serious flaws:

- . It is now a source of significant long-term migration to, and settlement in, the UK. It will therefore add to population and infrastructure pressures - particularly on housing, transport, hospitals and schools.
- . It is entirely employer driven. The benefits of the system accrue to the employer (and to the immigrant). The infrastructure costs are borne by the UK taxpayer.
- . The employers' incentive to train, re-train and develop their existing staff is diminished.
- . Employment needs can change rapidly from a situation where there are a large number of vacancies to one where there is a surplus of labour. Overseas recruitment can amplify these trends. For instance, there is considerable anecdotal evidence that the large scale recruitment of IT staff from overseas led to unemployment of UK born IT staff and contractors as the IT market slowed down.
- . There is at present a presumption that settlement will be allowed. The short-term needs of an employer therefore effectively dictate a major strand of the immigration policy for the UK with no input or control through the political system and with no consideration of the many issues surrounding population policy for the UK. The changes announced by the government do not appear to address this serious weakness in the system.
- . Checking of applications is extremely quick and, given the numbers of applications involved, must be fairly rudimentary. There is also little post-entry control. Overall we have a system which is a major route for immigration to the UK, and therefore of crucial importance, but which is treated as a relatively trivial administrative task.
- . Work permit holders do have access to the benefits system in the UK. In particular they may use the public health system fully but there is no health screening before they enter the country.

Critique of new proposals

35. The proposed winding-down of the sector-based schemes is sensible in light of the expansion of the EU. Such schemes did not allow participants to settle in the UK but there was a danger that, with the lack of embarkation controls, they may have stayed here illegally.

36. Pre-entry screening for tuberculosis for migrants from high-risk countries is welcome (and overdue). This screening should be extended to cover other infectious diseases - particularly AIDS.

36. The proposals to tighten up on overstayers by use of bonds, biometrics and resident permits is also sensible and should help to cut down on abuses of the system.

37. However, the rest of the new arrangements are, in essence, a repackaging of the current schemes. In particular, tier 1 and tier 2 migrants almost entirely replicate the current arrangements covered by the highly-skilled migrants programme (HSMP) and by the main work permits system. The system will still be employer driven, there will be no limits on numbers (a fact acknowledged by the Home Secretary on BBC Newsnight on 7th February, 2005) and there will be no restrictions on settlement for these tiers. Like his predecessor David Blunkett, the new Home Secretary, Charles Clarke, sees 'no obvious upper limit to migration' [15]

38. The proposals are extremely vague as to how a points system will be applied. It is hard to see that it will, in practice, make any difference at all. Furthermore, the absence of an overall limit means

that the system will have no bite. In a nutshell, a points system is pointless without a ceiling on numbers.

21 February, 2005

NOTES

- [1] Home Office: Controlling Our Borders: Making migration work for Britain
- [2] Source: Hansard 12 July 2004 Column 988W
- [3] Source: ONS: Labour Market trends November 2003 - Work Permits and foreign labour in the UK: a statistical review by James Clarke and John Salt, Migration Research Unit, UCL.
- [4] Hansard 16 November 2004 Column 1456W - some applications had not yet been decided at that stage.
- [5] Source: ONS Control of Immigration statistics UK 2002 table 5.2 percentages of work permit holders refused either extension of leave or settlement.
- [6] Control of Immigration statistics UK 2003 table 4.2
- [7] Source: ONS: Labour Market trends November 2003 - Work Permits and foreign labour in the UK: a statistical review by James Clarke and John Salt, Migration Research Unit, UCL.
- [8] *ibid*
- [9] *ibid*
- [10] Source ONS: Focus on People and Migration, issued 24 June 2004, available at <http://www.statistics.gov.uk/cci/nugget.asp?id=767>
- [11] Source: ONS: Labour Market trends November 2003 - Work Permits and foreign labour in the UK: a statistical review by James Clarke and John Salt, Migration Research Unit, UCL and Hansard 12 July 2004 Column 988W
- [12] Projected numbers for 2003 to 2007 are derived from the number of people who entered the UK on long-term work permits in 1990 - 2002 (From Control of Immigration Stats. UK) and the average ratio of settlement in the period 1994-2002 compared with the numbers long-term work permit entrants in 1990-1998. The comparison has been done by geographical region to account for varying likelihoods that work permit holders will settle permanently in the UK.
- [13] Home Office Statistical Bulletin 12/04 - table 3.1 - figures include permit free employment, businessmen and persons of independent means but exclude Commonwealth citizens with a UK-born grandparent.
- [14] Hansard 16 November 2004 Column 1456W - some applications had not yet been decided at that stage.
- [15] Newsnight 7 th February 2005.