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## **Assessment of the Points Based System**

The Government are introducing a Points Based System for economic migration to Britain. It is intended to select those most useful for the economy while balancing any such benefit against the impact of additional numbers on public services.

The proposals are, to some extent, a simplification of the present system, reducing 80 immigration routes to 5 categories, although each will have some sub-categories. The scheme also adds transparency in the sense that the requirements are more clearly set out. A potentially valuable reform is the introduction of "sponsorship" whereby the employer (or educational institution) will be responsible for ensuring the departure of a work permit holder or student when their visas expire. The introduction of electronic checks on arriving and departing foreigners, when implemented, will further strengthen the system.

The new regime does, however, have some very serious weaknesses which are set out below:

### **1. It is fundamentally misconceived.**

There is no significant economic benefit to the host community from large-scale immigration as the recent House of Lords enquiry made plain.<sup>[1]</sup> This scheme assumes that there is. Its main effect will be to open the skilled section of our labour market to cut price competition from overseas, thus reducing the incentive for employers to train British staff.

### **2. No limit on numbers.**

This scheme does not limit work-related migration in any way, and is not intended to. The Australian system which it is said to resemble is, in fact, entirely different; it starts with a limit and selects within that total. The government stress that low skilled immigrants will no longer be accepted but this has been the case for a long time. The only low skilled category that can settle are domestic servants of whom 12,500 entered the UK in 2007.

### **3. All can apply for settlement.**

By staying on for 5 years and making an application, all work permit holders will be qualified to apply for settlement in Britain and, later, for citizenship. This, of course, will apply whether or not their skills are needed beyond the short term.

### **4. It is not a long-term answer to skills shortages.**

Professor Metcalf, Chair of the Migration Advisory Committee told the House of Lords Economic Committee that "the whole notion of shortages was a bit of a slippery concept" (Q557), since,

over time, wage increases should deal with the shortages, although that might take time. With a workforce of 30 million, the only long-term answer is to train and re-train British workers. The CBI themselves acknowledged, in their evidence to the House of Lords, that immigration is not a long-term solution to skills shortages. Despite this, the Highly Skilled Migrant Programme is open to any foreign student who has obtained a bachelor degree in the UK, is under 28, has stayed on under the International Graduate Scheme and is earning £23,000 a year. As the *average* starting salary for a graduate is about £21,000 this is not a high hurdle. These graduates will be in direct competition with British graduates who will have run up substantial debts acquiring their degree. Their availability will reduce the incentive for British employers to upskill their own staff. The same considerations apply to the "Fresh Talent" scheme in Scotland.

#### **5. It does not fill gaps in the labour force.**

This Government claim is completely contradicted by the facts. In the last seven years there has been net immigration of nearly one and a half million but, by March 2008, vacancies at 690,000 were slightly *higher* than in the same quarter of 2001[2]. This is because immigrants fill some jobs but also create new demand which means new jobs.

#### **6. Scope for abuse.**

There is no guarantee that those granted work permits will actually do the jobs that they were recruited for. Canadian experience confirms that it is often difficult for such immigrants to find work at their own skill level as employers attach more importance to previous experience in Canada rather than in the source countries.

#### **7. Absence of embarkation controls.**

This scheme is being brought into effect before border checks on individuals are fully in place. The Home Office are, therefore, in no position to know whether someone granted a work permit has left at the end of it.

#### **8. Difficulties of removal.**

Quite apart from the extensive legal and practical difficulties of removing people against their will, the Government has almost no capacity to remove people who are neither foreign prisoners at the end of their sentence nor failed asylum seekers.

#### **9. Probability that it will increase immigration significantly.**

The publicity surrounding this scheme is bound to attract a large number of applications. The "resident labour market test", a key element, is notoriously difficult to enforce. Furthermore, employers will be able to structure their businesses so that they employ people overseas for an initial six months; they can then call it an "intra company transfer" and circumvent the requirement to advertise the job in the EEA before recruiting overseas. (In 2005, 80% of work permits in the ICT sector were so described.) The Committee structure intended to assess labour market "shortages" will, inevitably, lag behind developments in the labour market. It will also be slow to identify problems. There is every risk that the numbers will spiral upwards. Most will acquire a right to settle in the UK.

#### **10. A conveyer belt to chaos.**

This will be huge and complex scheme. There are potentially 26,000 job titles. Furthermore, firms are now likely to apply for accreditation as sponsors for precautionary reasons as they see their competitors in a position to import cheap skilled workers. There could well be half a million applications a year but, on past form, the Home Office will not have the staff to check on the

authenticity of the applications. • It could be only a matter of time before they are simply going through the motions for the sake of appearances, as we have seen in the past.

## **NOTES**

1 House of Lords, Select Committee on Economic Affairs, HL Paper 82-1

2 House of Lords, Select Committee on Economic Affairs, HL Paper 82-1 paragraph 103.