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## **Toughening the points based system**

### **Summary**

1 With unemployment climbing fast, it is no longer acceptable that jobs which have never been advertised in Britain should be offered to economic migrants. Nor should migrants be admitted without a job to go to. The total of these categories is at least 75,000 jobs a year and probably a good deal more. These arrangements should be suspended while the recession lasts.

### **Introduction**

2 It is not generally realised that a significant number of work permits are issued to foreign economic migrants without the job being advertised in Britain or in the EU and that a considerable number of economic migrants are admitted without a job to go to.

### **The work permit system**

3 The Points Based System, being introduced on 27 November 2008, includes three categories of worker who can take a job in Britain without it having been advertised locally. They are as follows:

#### **(a) Shortage occupations**

Where the government declares that an occupation is "a shortage occupation" sponsoring companies can import foreign labour without advertising the jobs first. There is no limit on numbers. Nor is there any reliable way of the government knowing when the shortage has been filled. The Migration Advisory Committee has listed occupations which account for approximately 700,000 employees in the UK. This compares to 1m on the previous list but they have identified a risk that the take up may be higher.

#### **(b) Intra-company transfers**

Multi-national companies are allowed to transfer their employees to the UK provided they have worked for the sponsoring company for at least six months. They are supposed to have knowledge specific to that company but there is no requirement for the job to be advertised first in Britain. A report by the Trade Union, Amicus, in 2006 found that, of the 30,000 work permits issued in 2005 for IT occupations, 75% were for Intra Company Transfers and 80 % of the total were from India. [1]

(c) International students

Students who have studied for a full-time degree in the UK are entitled to stay and work for two years without sponsorship. After two years they must switch into work permit employment, but if they have been working for at least six months, the employer will not have to advertise the job. To qualify they need only be aged under 28 and earning 23,000 a year. As the average salary for a UK graduate is about 21,000, this is not a high hurdle. These international graduates will be in direct competition with British graduates who will have incurred heavy debts in acquiring their degrees.

4 There are also two categories who can work having arrived without a job offer:

(a) Tier 1

Permits are granted on the basis of age, qualifications, previous earnings and previous work experience. The applicant must also satisfy English language and maintenance requirements. However, they can, and do, arrive without a job to go to, and there is not even a requirement that the job they take should be skilled.

(b) Dependants

The dependants of all the previous four categories can apply for a National Insurance number and can then work in Britain.

**Numbers**

5 The number of workers admitted under these categories in 2007 was as follows:

- Shortage occupation 8,400
- Intra-company transfer 38,100
- Students Not known
- Tier 1 30,250
- Dependants of the above Not known

6 In the first nine months of 2008 about 48,500 applications were granted for Tier 1 or its predecessor the Highly Skilled Migrant Programme, two thirds of the applications were in country, allowing the holder to stay on even if made redundant by the present employer. 43% went to Indian nationals. The government do not appear to know how many dependants are working. [2]

7 On a longer time frame, an investigation by the Statistics Commission, an independent watchdog, in December 2007 found that:

The number of people in employment increased between 1997 and 2007 by 2.7 million (counting all over 16s) The actual proportion of the employment increase accounted for by foreigners/migrants ranges from just over 50% when looking at foreign nationals and the 16+ age group to just over 80% when looking at country of birth and excluding workers who are over state pension age. [3]

## **Proposals for toughening the points based system**

8 The Balanced Migration Group believe that, in present economic circumstances any job offered to an economic migrant should first be properly advertised in Britain and the EEA. Furthermore, workers should no longer be allowed to enter Britain on spec without a job to go to. To achieve this we propose the following:

(a) Suspend the shortage occupation category.

There is no means of knowing when the shortage has been filled. Nor is there any reason why such jobs should not be advertised first. This would allow British workers to switch into these occupations.

(b) Intra-company transfers.

This needs tightening. Six months previous employment is far too short. It should be two years. There should also be a ceiling on individual companies, taking account of the size of their existing work force. Recent research by the Trades Union, Amicus, found that one UK company with its headquarters in India had sponsored over 10,000 such transfers in five years. [4]

(c) Students.

Foreign students should be required to seek a work permit if they wish to stay on and work. This would mean that the job had first to be advertised locally.

(d) Suspend Tier 1.

With unemployment climbing, there is no case for admitting economic migrants "on spec".

(e) Dependants.

Dependants who wish to work should apply separately for a work permit.

## **The resident labour market test**

9 This test, applied to all other work permit applications, is far too loose for present circumstances. It requires that the job be advertised, for example in a trade journal, for only two weeks. If the salary is over 40,000, then one week is deemed sufficient.

10 The system also has some bizarre outcomes. Provided the job has been advertised for two weeks, an applicant who is offered a salary of 24,000 a year needs no qualifications at all to obtain a work permit. (The job has to be skilled but it is hard for the authorities to know what work an employee is actually doing). The applicant also has to have funds of 800 and speak rudimentary English to the lowest international standard. This also needs to be tightened to ensure that genuine skills are always a requirement.

## **The English language test**

11 The English language test for Tier 2 is A1 of the Council of Europe Scale. A1 sounds impressive but it is, in fact about the lowest possible international standard. There is a strong case for setting a higher standard if economic migrants are to be able to integrate effectively in our society.

10 November, 2008

**NOTES**

- 1 The impact of the work permit scheme on IT professionals in the UK. July 2006
- 2 Hansard 23 Oct 2008 Questions 227448 and 227450. Information not available.
- 3 Statistics Commission. Foreign workers in the UK Briefing note. December 2007.
- 4 See footnote 1