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AT THE UNIVERSITY OF OXFORD

COMMENTARY

What would UK immigration policy look like after Brexit?

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The **UK** in a
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In the debate over the UK's membership of the European Union, the question of how EU exit could affect migration levels has been a major point of contention. One of the main reasons for this is that it is simply not possible to know exactly how a vote to leave the EU would affect migration to the UK. Migration is inherently difficult to forecast, and - crucially - there is enormous uncertainty about what policies would apply to EU citizens seeking to move to the UK after an EU exit.

Indeed, it is clear that a vote to leave the EU would raise fundamental questions about the design of immigration policies in the UK. Options for how the immigration system would be managed after Brexit range from keeping free movement in place to applying existing non-EU immigration rules to EU citizens, as well as the idea of an 'Australian-style points-based system' proposed by Vote Leave.

This commentary examines some key questions about immigration policy that the UK government would need to address in the event of 'Leave' vote on the 23rd of June.

Will free movement come to an end if the UK votes to leave the EU?

Perhaps the most important question about a post-Brexit immigration policy is to what extent policies towards EU citizens seeking to live and work in the UK would continue to be shaped by our relationship with the EU or individual EU member states.

Following a vote to Leave, the UK would need to work with the European Union to negotiate the terms of the UK-EU relationship. Free movement would undoubtedly be on the table for discussion, and it is possible that the UK might agree to continue to allow free movement in return for access to the single market by joining the European Economic Area (EEA). Predicting how this negotiation would unfold is, naturally, difficult.

If the future EU-UK relationship did not include free movement, bilateral immigration agreements with specific EU countries might also be possible. The most obvious candidate for a new bilateral agreement is Ireland, whose citizens have had a special status in the UK for decades.

Would there be an Australian-style points system and what would this mean?

If free movement did not remain in place after Brexit and the UK introduced admission criteria for EU nationals, there are many different ways these criteria could be designed, making it hard to judge beforehand exactly how they would affect immigration to the UK.

One proposal that has attracted attention is the 'Australian-style points system'. The debate about whether the UK should introduce such a system after Brexit can be confusing because it is not always clear what aspects of Australia's immigration policy are being proposed for the UK.

A points system is a way of selecting labour migrants based on their characteristics, such as their educational qualifications, language proficiency, work experience and occupation. The best known examples of points systems are from Canada, Australia and New Zealand. Traditionally, the main feature of a points system has been that it admits migrants based on their qualifications rather than because an employer has selected them to fill a specific job (although some points systems do require or strongly prioritise people with a job lined up).

From this perspective, it is surprising to hear discussion of the points system as a tool to reduce migration. It has traditionally been used by countries with liberal migration policies seeking to admit more people than would come to the country through employer-sponsored migration alone. (Australia also has an employer-sponsored work permit

system similar to the one the UK currently operates for non-EU citizens.) In Australia and New Zealand, which both have points systems, the share of the population that was born abroad had reached 28% by 2013 - roughly double the UK share.

Does this mean that a new points system would increase migration in the UK? Not necessarily. For EU citizens, who currently have free movement rights, any new set of selection criteria - points system or not - would be more restrictive than the status quo. If a new selection system for EU citizens were accompanied by less restrictive policies for non-EU citizens, then overall migration could, in theory, rise. However, this would depend entirely on how the selection system was designed, and the government could design a points system that admitted only small numbers of people if it wished.

It is possible that the term 'Australian-style points system' is simply being used more loosely as shorthand for a system that involves selection based on skills and perceived economic need, with the same rules applied to EU and non-EU citizens. One feature of the Australian immigration system that some may find attractive (and that others will dislike) is that it involves more central planning than in many employer-sponsored labour migration systems. The Australian government decides the relative value of different types of skills and sets limits on the number of people it will admit in different occupations. For example, in the 2015-16 fiscal year, the Australian government determined that in addition to any workers sponsored by employers, it would be desirable to admit up to 1000 childcare centre managers, 1092 medical imaging professionals, and 1230 electrical engineers (among many others).

This leads to a common criticism of points systems, which is that they rely on the government's perception of which migrants have the most valuable skills rather than on the views of the employers who are to recruit them. Employer-driven work-permit systems like the one that selects non-EU citizens coming to work in the UK set minimum standards but rely on employers to identify the specific individuals to bring to the UK.

Evidence from Canada has suggested that highly educated migrant workers selected without a job offer were less likely to find skilled work after arrival compared to those selected by employers. Indeed, in the mid-2000s the UK had a points system that admitted non-EU migrants without a job offer (known as Tier 1 [General]), and the government announced its closure in 2010 citing the concern that some of the migrants it selected were unemployed or only found work in low-skilled occupations.

Putting aside the question of whether there could or should be a points-based system in the UK, it is clear that the design of the work visa rules would be a major issue to be resolved in a post-Brexit scenario without free movement.

Would there be a new low-skilled worker programme?

Current immigration policy requires most non-EU labour migrants be in graduate level employment, and provides very limited options for non-EU citizens to come to the UK for the purpose of low-skilled work. However, many of the EU citizens working in the UK under free movement are in low-skilled jobs (even if the individuals themselves often have relatively high levels of education).

If free movement came to an end, another question about the future immigration system is whether and how the government would mitigate the potential impacts on UK employers who have come to rely on EU workers by introducing a low-skilled worker programme.

In the past, there have been programmes which allowed employers to recruit non-EU nationals for work in certain low-skilled occupations, such as agriculture and food processing. From 2007-8, participation in these programmes,

known as the Seasonal Agricultural Workers Scheme and the Sectors Based Scheme, was limited to Romanian and Bulgarian nationals. They were closed entirely at the end of 2013, when nationals of these two countries gained unrestricted access to the UK labour market.

The closure of the two schemes was explicitly linked to the fact that EU workers were available to meet labour demand in low-skilled jobs. Announcing their closure, the Immigration Minister stated that the unskilled and low-skilled labour needs "should be satisfied from within the expanded EEA labour market". This raises the question whether such programmes would be reintroduced as part of a new post-Brexit immigration policy that did not involve free movement.

What would happen to EU citizens already living in the UK, and to Brits overseas?

Many of the EU migrants living in the UK have been here for some time. By early 2015, an estimated 39% of citizens of EEA countries had been in the UK for ten years or more, and a further 32% had lived in the UK for 5-9 years. A majority have therefore been in the UK long enough to qualify for permanent residence, which can be gained after 5 years of residence (although this period can be broken by significant absences or periods of unemployment).

EEA nationals can apply for a permanent residence card certifying their right to permanent residence, although they are not required to do so. They can also apply for UK citizenship after one further year. In practice, the numbers of grants of permanent residence or citizenship are low as a share of the EEA national population. Permanent residence grants to EEA nationals have fluctuated between 15,000 and 23,000 per year since 2011, while citizenship grants to EU nationals have been between 7,000 and 18,000. Both peaked in 2013.

Despite widespread reports of greater interest in permanent residence and citizenship, the most recent data for 2015 do not show an increase in grants to EU nationals. However, these figures do not cover decisions made in 2016. Quarterly data show an increase in the total number of citizenship grants (to people of all nationalities) in the first quarter of 2016, although a breakdown of the 2016 data by nationality - separating EU from non-EU migrants - is not due to be published until May 2017.

There remains some uncertainty about how the status of EU citizens who have been in the UK for less than 5 years would be determined, although legal analysts suggest that EU citizens already living here would not lose their rights. It is possible they might do so if they became unemployed, however, and it is unclear what rules would apply to very recent arrivals (such as people arriving after the date of the referendum but before new immigration rules were developed). These questions might be clarified as part of an agreement with the EU on the future UK-EU relationship.

Would Brexit mean net migration could be reduced to the 'tens of thousands'?

A recurring question in the referendum debate has been whether leaving the EU would enable the government to reduce net migration to the 'tens of thousands' as promised in the 2010 Conservative manifesto, and whether it is the only way to do so.

The Office for National Statistics estimates that non-EU net migration stood at 188,000 and EU net migration at 184,000 in 2015. Subtracting net British emigration of 39,000, net migration would not have been below 100,000 even if net EU migration were zero – unlikely even in a Brexit scenario.

There is therefore no reason to believe that the 'Australian-style' system or any other set of policies introduced to regulate EU migration could guarantee such reductions. Indeed, some post-Brexit policy options discussed above involve less restrictive policies on non-EU migration, which would offset the impact on numbers resulting from any new restrictions on EU citizens.

The question of whether leaving the EU is the only way to reduce migration is complicated. In theory, there are several different ways to reduce migration, such as further restricting the options for non-EU workers or international students to come to the UK. Each of them have trade-offs. For example, the government's Migration Advisory Committee has argued that further restrictions to skilled work visas for non-EU citizens would bring a "significant risk [of] detrimental impacts on UK productivity, innovation and competitiveness [...]". Equally, there are trade-offs associated with policies to restrict EU migration - notably, the broader implications of leaving the European single market. This means that if reducing migration is the policy goal, there is no objective 'best' way to do it.
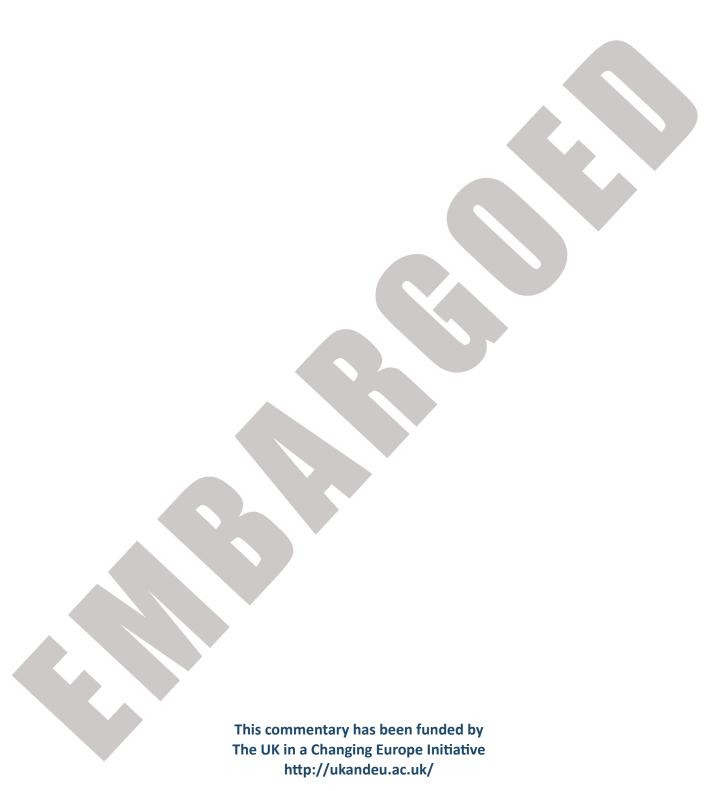
One factor that could - in theory - reduce both EU and non-EU migration in the medium term would be if the UK became a less attractive destination. In particular, if the UK economy performed less well economically relative to migrants' countries of origin, this would be expected to reduce migration even if it would, of course, be undesirable for other reasons.

In other words, it is correct that EU migration has contributed to recent high levels of net migration and that new restrictions on EU citizens could reduce overall flows. However, it is important not to overstate the impact of any such restrictions. On their own and under current economic circumstances they would not be adequate to reduce net migration to the 'tens of thousands'.

Conclusion

What would UK immigration policy look like after a vote to Leave? As with many questions in the EU referendum debate, there is enormous uncertainty. We do not know what kind of agreement the UK and EU might strike after Brexit, how the UK government of the day would design any new policies towards EU and non-EU migration, or how crucially important drivers of migration - notably the strength of the economy - would evolve.

What is clear is that if free movement came to an end, the task of designing a new immigration system would be hugely complex. Fundamental questions such as whether and how to satisfy demand for migrant labour in low- and middle-skilled jobs, as well as how to manage trade-offs between the costs and benefits of different types of migration, would need to be resolved.

The Migration Observatory

Based at the Centre on Migration, Policy and Society (COMPAS) at the University of Oxford, the Migration Observatory provides independent, authoritative, evidence-based analysis of data on migration and migrants in the UK, to inform media, public and policy debates, and to generate high quality research on international migration and public policy issues. The Observatory's analysis involves experts from a wide range of disciplines and departments at the University of Oxford.

COMPAS

The Migration Observatory is based at the Centre on Migration, Policy and Society (COMPAS) at the University of Oxford. The mission of COMPAS is to conduct high quality research in order to develop theory and knowledge, inform policy-making and public debate, and engage users of research within the field of migration.
www.compas.ox.ac.uk

Press contact

Rob McNeil
Head of Media and Communications
robert.mcneil@compas.ox.ac.uk
+ 44 (0)1865 274568
+ 44 (0)7500 970081