

# *Britain's immigration offer to Europe*

*How could a new preferential system work?*

Sunder Katwala, Jill Rutter and Steve Ballinger

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British  
Future...

The logo for British Future, featuring the text "British Future..." in a dark blue font. The word "British" is on the top line and "Future..." is on the bottom line. A thin dark blue line starts from the bottom left of the text and extends horizontally to the right, then turns vertically upwards to meet the bottom left of the word "Future".

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Kean House  
6 Kean Street  
London  
WC2B 4AS

Authors:  
Sunder Katwala, Jill Rutter and Steve Ballinger

Editor:  
Steve Ballinger

Design:  
Michael Hough

British Future is an independent, non-partisan thinktank engaging people's hopes and fears about integration and migration, opportunity and identity, so that we share a confident and welcoming Britain, inclusive and fair to all.

[www.britishfuture.org](http://www.britishfuture.org)  
Tel. + 44 (0)20 7632 9069  
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## Contents

1. Introduction	4
2. Six Tests of an offer to Europe	6
3. What could the UK put on the table in Brexit negotiations?	8
4. Competing Reform Options	12
5. An offer in future trade relationships?	15
6. Conclusion	16
Appendix	18
Notes	21

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## I. Introduction

Leaving the EU will lead to significant changes to UK immigration policy. Retaining the right to freedom of movement in its current form is not politically feasible, given the results of a referendum in which immigration was a central theme. The UK Government will have to make decisions about the direction of immigration policy, and the offer it wants to make to the EU27, as part of a broader post-Brexit relationship.

The trade-off between markets and EU movement lies at the heart of the current policy debate. To date this has been characterised as the meeting of an unstoppable force – the public desire to control immigration – with an immovable object, the barriers to accessing European markets without conceding full freedom of movement. Yet maintaining that we can only have everything or nothing represents a failure of imagination. Keeping free movement unchanged is impossible in the UK - but a constructive new partnership deal with the EU, that works in the interests of both our politics and our economy, may not be.

While immigration was a major factor in ballot box decisions made on 23 June, the referendum result was not a vote for an indiscriminate immigration crackdown. British Future's post-referendum research found that only a fifth of people want to cut immigration of skilled workers: more people would prefer the numbers of migrant doctors, engineers and scientists to increase. And while two-thirds of people would like fewer low-skilled workers in future, that is not the case across the board: only one in four would cut the number coming to work in care homes, for example.

There is public support for a pragmatic immigration deal. The challenge is to devise a new approach to EU labour migration - which comprises the vast majority of EU immigration into the UK - that has the support of the public and is fair to local communities and migrants themselves; which works for British business; and is both practically deliverable and politically viable in Westminster and for the EU and its member states.

The UK would increase its ability to secure a mutually beneficial deal on market access and tariff-free trade if it was able to make an offer on immigration which gives preferential access for EU nationals to the British labour market, while meeting the public's desire for greater UK control. This paper looks a policy framework that might achieve these aims – arguing for a preferential migration system for EU nationals. There is ample precedent for such a preferential system: post-1945 labour migration regimes in the UK have shown a high degree of preferential treatment, favouring migration from specific countries for political reasons – whether from neighbouring Ireland, from the Commonwealth or, more recently, from the EU.

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We are proposing a three tiered system where highly-skilled EU migrants retain their rights to free movement. The first tier would comprise a global talent route that would enable the brightest and best from any country to move to the UK. The second tier would consist of a reciprocal free movement route with an income or a skills threshold. This would enable EU nationals to move to work in the UK without a visa, providing the jobs they took were sufficiently well-paid or required sufficient skills.

The third tier is also a preferential system and would comprise sector-based quotas to fill low-skilled and semi-skilled jobs. Here EU nationals would be offered preferential access to set quotas of jobs. The three-tier system would operate alongside reciprocal visa-free travel across the UK and EU, and a deal to secure the rights and status of EU nationals already living in the UK.

We argue that a Brexit offer to European governments has to meet six ‘tests’ in order to be a viable offer in negotiations. Crucially, the policy offer must be capable of commanding public and political confidence in the UK and winning support within the EU and its member states.

British Future believes that a preferential labour migration scheme for EU nationals is most likely to lead to a trade deal with the European Union. Under such an approach, highly skilled migrants might keep their right to freedom of movement but low- and semi-skilled workers from the EU would have preferential access to sector-based quotas. Such a system gives the UK Government control over low-skilled migration, but gives EU member states considerably more access to the UK labour market than if Brexit negotiations end in failure.

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## 2. Six tests of an offer to Europe

If securing the strongest-possible trade deal is a desired outcome, a logical starting point for examining policy options would be to identify the principles for a post-Brexit immigration system which can work for the UK and for Europe too. We propose the following six tests which would need to be met in a Brexit offer to Europe.

### **Fair to migrants and receiving communities**

Labour migration reforms need to treat migrants who work in the UK fairly, offering them routes to settlement and citizenship for example. It must also be fair to receiving communities, by managing and mitigating impacts on public services and housing, and avoiding negative impacts on employment opportunities and wages.

### **Work for the economy**

The system should work for employers and the economy, in all sectors and in all parts of the UK and be as administratively simple as is possible in order to meet this aim.

### **Deliverable as policy**

Reforms should avoid imposing unnecessary burdens on employers, the Home Office or other parts of government, or on migrants themselves. Labour migration regimes also need to be enforceable so as not to lead to additional irregular working in the informal economy, under-cutting tax-paying employers and employees and leaving migrants at risk of exploitation. Policy that is not seen to be enforceable also risks damaging public trust in the immigration system.

### **Able to secure public confidence and consent**

Although many factors determined ballot box decisions in the EU referendum, the Leave vote was in large part a vote of no confidence in how UK Governments have managed migration policy. Public concerns about immigration range from anxieties about numbers and the pace of cultural change in communities, to worries about the impact of large scale migration on public services, housing, employment opportunities and wages. The referendum result was also about sovereignty and who should control immigration policy, with voters preferring that control rest with the UK Government rather than the EU.

While the Leave vote reflected concerns about immigration, it was not a vote for an indiscriminate immigration crackdown. The overwhelming majority of the British public want to keep highly-skilled migration that is good for the economy, with ICM polling for British Future finding that 88% of people would prefer it to increase (46%) or stay the same (42%).

Only 13% of the public want the numbers of migrant scientists and researchers to be reduced and just 17% want to reduce the number of migrant engineers<sup>1</sup>. There is a stronger desire to reduce low-skilled and semi-skilled migration, although even here there is an instinct towards moderation for some specified types of work, with just a quarter (25%)

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of the public wanting to reduce the numbers of care workers for the elderly, for example<sup>2</sup>.

It is now essential that the Government takes steps to rebuild public confidence in immigration policy. This is not just a question about electoral politics, but also about our future as an inclusive society where we live well together. Though the immigration debate has often been noisy and polarised, we believe that there is majority support for pragmatic reform which strikes an effective balance between pressure for reductions and the need for migration that is good for the economy. Such a common ground policy would meet the desire for greater UK control, introduce greater political scrutiny, transparency and accountability and give the public a voice in how choices get made. A key test for future immigration is the extent to which it is capable of securing public confidence and consent.

### **Political viability in the UK**

Proposals for immigration reform need to be able to secure sufficient political support in the UK to be implemented. The Government will need a policy that it can adopt, and which addresses competing

political, economic and diplomatic pressures. An enduring reform should aim to secure broad support in Parliament, across the mainstream party political spectrum, and across the different regions and nations of the UK, too. To do this, we think it is important that a new immigration policy should seek to command the support of many of those who campaigned and voted for both Leave and Remain in the referendum.

### **A positive offer that could win support within the EU too**

The UK cannot tell European governments what is in their interests. It should make proposals that the UK seeks, and that it believes could be negotiable.

Some commentators have argued that the EU will reject any deal that separates free movement in full from single market access. But think tanks based outside the UK are now coming up with proposals that do this, to enable a positive Brexit that benefits the UK and the EU27. For example, the influential Bruegel think-tank recommended a Continental Partnership comprising a core EU with freedom of movement surrounded by European partners whose relationship with the core nations is considerably less deep than EU membership, but rather closer than a simple free trade agreement<sup>3</sup>.

Striking a deal on immigration that retains freedom of movement for the highly-skilled, while still taking some low- and semi-skilled workers seems preferable to a so-called “hard” Brexit, with better outcomes for would-be migrants, British business and future good relations.

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### 3. What could the UK put on the table in the Brexit negotiations?

The political and policy challenge of the Brexit negotiations is to devise an immigration system which is viable with regard to British political and public opinion, and is negotiable as part of a positive post-EU new partnership with Britain's European neighbours. We believe that the preferential labour migration system meets our six tests, set out above; that it offers the best approach for a positive UK negotiating position and is most likely to result in a successful immigration and market access deal with the European Union.

We set out the framework for such a system, which needs to be offered alongside visa free travel and a fair deal for those EU nationals already living in the UK. While the official Leave campaign committed to giving Indefinite Leave to Remain to this group, the UK Government has yet to confirm their status, leaving EU nationals feeling insecure, their employers uncertain and their national governments resentful. Securing the status of this group would promote goodwill in the Brexit negotiations.

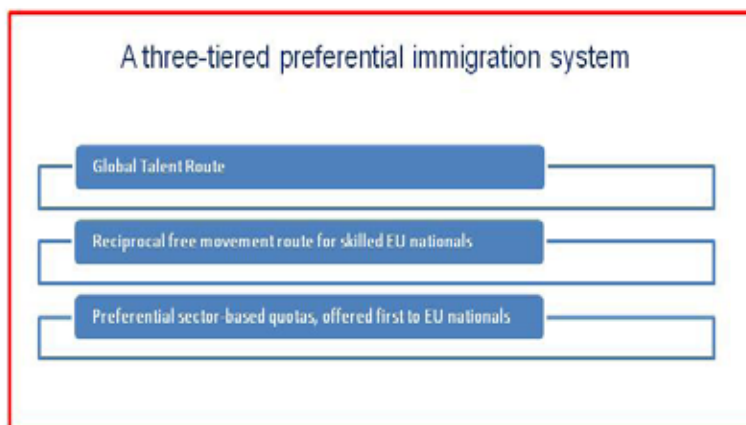
Keeping mutual visa-free travel after Brexit will also form part of the negotiations between the UK and the EU. Front-page news stories have suggested that visa-free travel may end after Brexit, but the UK should certainly propose continued visa-free travel on a reciprocal basis. The suggestion that it would be contradictory or politically contentious for the UK to maintain this without free movement does not stand up to scrutiny. After all, the UK has agreements for visa-free travel with over 50 non-EU countries at present, including Australia and Canada.

Should both sides enter the Brexit negotiations in a constructive and pragmatic spirit, then agreement on the status of EU nationals currently living in the UK and the continuation of visa-free travel ought not to take long. There is no doubt that the future of economic migration, and its impact, will be much more difficult. It is not unreasonably thought to be among the most challenging and perhaps intractable issues of the Brexit negotiations.

#### **A three tiered system**

The UK has been clear about its red lines – including that it does not want free movement to continue in its present form – so might reasonably be expected to make the first move in suggesting a constructive alternative for the negotiations. British Future's analysis suggests that a three-tiered system comprising (i) global talent routes, (ii) reciprocal free movement for skilled EU nationals and (iii) preferential sector-based quotas stands the best chance of passing the six tests, including political viability in Westminster and European capitals.





The first tier would comprise a global talent route that would enable the brightest and best from any country to move to the UK, be they leading scientists, NHS professionals, IT specialists or other highly-skilled workers and entrepreneurs. There are many ways that the Government might administer such a route, but it must be flexible enough to enable UK employers and universities to recruit and keep the brightest and best international talent. Post-study routes to remain in the UK after university might be included in such a tier. The point of this globally-open tier is to not exclude highly-skilled migrants on the basis of their nationality.

The second tier would consist of a route enabling reciprocal free movement for skilled workers from Europe, with an income or a skills threshold. This would enable EU nationals to move to work in the UK without a visa, providing the jobs they took exceeded a minimum income or skills threshold – and also, hopefully to enable UK nationals to work in the EU on a reciprocal basis.

Again, there are many ways in which such a system should be designed, and the precise system design would be open to domestic policy and political debate, and to negotiation with EU countries. Salary thresholds could be used for the reciprocal free movement and are already used within the existing Tier 2 work visa system for non-EU nationals, which we describe in the appendix. The minimum salary thresholds for sponsoring experienced workers have recently increased to £25,000 per annum and will rise to £30,000 in April 2017, although nurses, radiographers, paramedics and secondary school teachers of maths, science and IT are exempt until July 2019. But salary thresholds have disadvantages: regional and sectoral variations in pay would mean that such a system risks excluding highly-skilled but low-paid groups of workers. Salary thresholds would also create challenges for agreeing pan-EU or pan-national reciprocity. More nuanced systems could be designed, by region or by sector, but with a trade-off of greater administrative complexity.

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On balance, our own preference would be for using a skills threshold rather than a salary threshold to determine access to the second tier of reciprocal freedom of movement. Linking the skills threshold to the job being done in the UK, rather than to the qualifications or skills of the individual coming to Britain, avoids graduates and highly-skilled workers coming in to take low-skilled work – a trend that may corrode public trust in the system. The existing National Qualification Framework (NQF) codes and the Standard Occupational Classification codes<sup>4</sup> could be used to determine the jobs that qualify for this second tier. These occupational codes classify jobs according to their skill level and content and are already integral to many labour migration systems in the UK, elsewhere in the EU and internationally. To secure a Tier 2 (General) visa to work in the UK, for example, a job must require skills at NQF level 6 or above, unless it is included on the shortage occupation list. This allows in civil engineers, teachers, nurses and web designers, but excludes plumbers, hotel managers and senior care workers. The person applying for this visa needs a sponsoring employer who must show that the post cannot be filled by a resident worker<sup>5</sup>.

There are some arguments for setting the skills threshold for reciprocal freedom of movement lower than the current Tier 2 requirement, to enable groups such as care and nursery managers and electricians to qualify. Indeed, there is likely to be public support for such a move, as there is greater consent for continued migration when migrants are identified as coming to do particular named jobs which are understood to need doing<sup>6</sup>. There would undoubtedly be some challenges in designing effective, fair and not excessively bureaucratic systems. But it ought not be too difficult to do this, given that the occupational classification codes we use are comparable across the EU.

Our third tier is also a preferential system and would comprise sector-based quotas to fill low-skilled and semi-skilled jobs that employers cannot fill through local recruitment. Here EU nationals would be offered the first chance to fill these quotas. If these quotas could not be filled by those from the EU, they could be offered to other nationals, perhaps also on a preferential basis. Jobs that might be covered by sector-based quotas might include routine agricultural and horticultural jobs, as well as those in hospitality and food processing.

This tier enables the UK to continue to take low-skilled and semi-skilled migration, where needed, but at a level which is subject to British political control. This addresses one of the most significant public concerns about immigration: the inability to control the pace or level of unskilled migration under the EU's free movement rules.

In many countries low-skilled and semi-skilled sector-based visas have been time-limited and offered few routes to settlement and citizenship. The Seasonal Agricultural Workers Scheme, which operated in similar form between 1990 and 2013 in the UK, only offered six month visas and prevented those who held these visas

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from bringing their immediate family<sup>7</sup>. We think that it is important that migrant workers do have routes to settlement and citizenship, as well as the opportunity to live with their immediate family and would urge any future sectoral schemes to afford these rights. While some sectors experience peaks and troughs in their demand for labour, most employers need a continuous labour supply. Neighbourhoods which host large numbers of short-term migrants often experience high levels of population churn, preventing the settled community from forming meaningful links with new arrivals. Indeed, research suggests that the public has a preference for migrant workers who stay and have a stake in their communities over temporary migrant workers<sup>8</sup>.

In other aspects, the Seasonal Agricultural Workers Scheme had much to be recommended. In particular, it obliged employers to organise housing and transport, thus addressing some public concerns. We believe that conditions should be placed on some employers – particularly those in rural areas – to organise housing and transport for migrants admitted through sector-based quotas. Migrant workers offered jobs through this sector based quota must have the same protections and rights to a safe workplace and working conditions as everyone else in the UK. It is also essential that the new Controlling Migration Fund<sup>9</sup> is seen to fulfil its aim of addressing the local impacts of migration on housing and public services. To secure public support, this three-tiered approach must be part of a bigger immigration and integration reform package: including much greater public involvement in the choices that are made, together with funding to manage the impacts of migration on local services and to promote integration effectively.

### **Democratic scrutiny**

The Government would decide on the jobs and the quotas that would qualify for the two preferential routes. But it would be important to have greater political scrutiny and public involvement in the process, so that citizens and stakeholders could see how decisions are being made, and how they have the opportunity to influence them. An annual Migration Day in Parliament, analogous to the Chancellor's Budget, would report on future policy choices and provide an important practical and symbolic moment of political scrutiny and accountability for migration policy – including decisions about the proposed levels for particular quotas. The decisions announced would draw on the expert advice of the independent Migration Advisory Committee, but would also take into account public and stakeholder opinion.

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## 4. Competing reform options: potential alternatives to a preferential system

Outside a preferential system, the UK Government has a range of other policy options to put on the table within Brexit negotiations. Several alternative proposals have been discussed in the media, reforms within free movement, free movement with a job offer, an emergency brake, a regional immigration system or using the present points based system to cover EU nationals. Our analysis, however, suggests that alternative reform options have significant disadvantages and as such will not pass the six tests.

Nevertheless, it is worth reviewing them as it may well take more than two years to get the right long-term deal and the discussion about the phases of Brexit may open up again in 2017 and 2018. If there is an interim stage between the UK leaving the EU and a final long-term deal, then there may well also be merit in interim ‘safeguard’ measures: modest changes to free movement or an emergency brake. However, the important question is then what the long-term vision is beyond the interim phase: we propose that a new preferential system would be a strong settlement for both the UK and the EU.

### Reforms within free movement

A possible approach that has been suggested by a number of Remain supporters is to keep free movement as it currently stands, but impose registration requirements or restrictions on migrants access to welfare benefits, other public services or social housing<sup>10</sup>. Such measures tend to have little impact on numbers, as the primary motive for migration is economic and to find work. Rather, they are often criticised as being symbolic measures designed to sound deliberately tough in order to address concerns about immigration. Potentially, such measures might address concerns about the impact of migration on housing and public services, but most research shows that the public is rarely convinced by tough-sounding symbolic measures<sup>11</sup>.

### Free movement with a job offer

This would comprise a stripped down version of present freedom of movement rights where EU nationals would not have a right to reside in the UK if they arrived without a job offer. It would be difficult to enforce while maintaining visa free travel, as it would require that employers check the location of EU nationals before they hire them<sup>12</sup>. As many EU migrants rely on transnational social networks<sup>13</sup> and online job application systems to find work in the UK, such a policy would be unlikely to increase the UK Government’s control over immigration flows. It would thus be unlikely to secure public consent and hence would be politically unviable.

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## **An emergency brake**

Discussion of an ‘emergency brake’ has been a consistent feature of debates about the reform of free movement, often without much clarity as to which of many shifting, possible policy changes were being proposed. Lichtenstein, a member of the European Economic Area, has managed to negotiate an absolute cap – an upper brake - on residency. This sets a precedent and shows that the EU can agree to restrictions. Switzerland, which is also covered by free movement rules, is trying to negotiate a deal with the EU to set in place regional and sectoral brakes. However, neither Lichtenstein nor Switzerland has the political weight and symbolic importance to the EU as a Brexiting Britain, so it is hard to see these precedents having a significant impact on EU-UK negotiations.

In the pre-referendum summit in Brussels in February 2016, David Cameron came away with an emergency brake on in-work benefits for EU migrants. This would have been brought in when EU migration was of ‘exceptional magnitude’ and with the support of a European Parliament vote. Such versions of an ‘emergency brake’ which offer the possibility of being invoked in some hypothetical future scenario where future flows increase dramatically, appear politically counter-productive. Their messaging explicitly associates migration with crisis conditions, and generally offers just a temporary period of respite. As such, emergency brakes do not appear to build greater confidence in a government’s ability to manage and control immigration, so do not pass our tests.

## **A regional immigration system**

A number of interest groups have looked at regional immigration systems, arguing for regional visas or suggesting that freedom of movement might be allowed into certain areas. The Scottish Government is among those who have argued for devolving labour migration policy to the four nations of the UK. But it would be difficult to devise a regionally-based or devolved immigration system for the UK which did not fail the tests of practicability, political viability and public confidence, and the current UK Government is firmly opposed.

International evidence casts doubt on how well regional systems work. In particular, issuing geographically-restricted employment visas will often lead to a significant amount of internal migration, as people go to live and work in the area they would prefer to live in instead. Regional immigration systems can be difficult to enforce, which in turn risks increasing illegal working, the exploitation of migrants and damage to public confidence in the management of migration. The geographic demarcation required by regional immigration systems would also risk distorting fair competition. Employers in suburbs and towns in outer London have similar labour market needs, inside and outside London’s boundaries. However, a London visa would see employers in Dartford face recruitment restrictions that did not apply in Bexley; firms in Pinner would be eligible but their neighbouring competitors in Elstree and Borehamwood would not.

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### **Using the non-EU systems for EU migrants**

A further approach would be to have an immigration system in which EU and non-EU migration immigration were treated in the same manner. Under such an approach, both EU and non-EU migrants might compete for Tier 2 visas, with a debate over how far to increase the current quota. The Government would also need to decide how to open up a route for some low- and semi-skilled migration, currently excluded from Tier 2: this might be through the never-used Tier 3 system. Alternatively, future immigration reforms could overhaul the system, while giving EU and non-EU nationals similar opportunities and access to the UK labour market. UKIP's proposed Australian-style, points-based system would be one of many models for such a reform, though the Prime Minister has doubts about its relevance to the UK and it only covers job-seekers, not employers who have access to other work visa routes to find staff.

Whatever policy is decided, treating EU and non-EU nationals in the same way is unlikely to be attractive to the EU27. Instead, to command the support of the EU and its member states, we believe the UK Government must offer visa free travel alongside preferential labour market access to EU nationals.

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## 5. An offer in future trade relationships?

The European Union is not the only potential future trading partner for the UK – indeed, the UK Government has made securing trade deals with other countries, once we leave the EU, a priority, and has placed a new Secretary of State, Liam Fox, in charge of making it happen.

This model, offering preferential migration arrangements as part of a trade deal, might also apply to such future negotiations with trading partners other than the EU. Obviously, any migration offers the UK chooses to make later to non-EU partners through trade deals would be informed by what deal is made with the EU; but at a future date and in a post-Brexit world, preferential labour migration routes could be placed on the table in trade negotiations with key partners such as India and China.

For a number of important trading partners, such as Australia, Brazil, Canada and China, the UK might well focus on opening up skilled migration opportunities as part of future trade deals, for example through post-study visas and other skilled routes. (The Australian government has already indicated it wants migration to be considered in future trade talks with the UK. Moreover, the World Trade Organization GATS 4 provisions contain clauses which cover the temporary movement of persons<sup>14</sup>).

Where jobs fall above the skills threshold for the new European skilled free movement offer, there would be no impact or trade-off for Britain's European partners. It would simply be an issue for British policy and politics, determined by the need and appetite for more skilled migration, generally, or for specific sectors.

If the preferential deal with the EU was successful, it would be perfectly sensible for the UK to constrain its future trade and migration offers in this way, and to focus on skilled routes in other trade and migration deals with non-European partners. In the absence of a deal with the EU, the UK should then consider whether there were any economic partners with whom a broader offer - skilled free movement and preferential access to low-skilled and semi-skilled quotas - might make economic, policy and political sense in a post-EU world. The leading candidates for such a deal would probably be Australia, New Zealand and Canada, while Brazil, India and China could also be interested in considering versions of a trade-and- tiered-mobility pact of this kind in the future.

The UK could also seek to make considerably narrower preferential migration offers, such as offering first opportunities for particular quotas in specific low-skilled and semi-skilled sectors – in agriculture, care homes or food-processing, for example – if it made sense to include such offers within future trade or development negotiations.

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## 6. Conclusion: Meeting the tests

Over the next four years, the Government will be forced to make decisions about the future direction of immigration policy. Setting in place a system that secures access to the free market and is fit for purpose in the post-Brexit world is a priority. The referendum result means that such a system must have public support. We believe our three tier system has the potential to do this and to meet the six tests we set for an effective labour migration policy.

It enables employers to have access to highly-skilled workers, both from within the EU and elsewhere. It also it enables those sectors that need low-skilled workers and cannot fully recruit them from the local workforce – hospitality, food and farming for example - to secure additional staff.

Setting out routes to settlement and citizenship and making the system administratively simple ensures fairness to migrants themselves. A system that guarantees preferential access to some groups of migrants might be perceived as discriminatory, but in modern times no European immigration system has treated all countries equally. The UK has different rules for the Irish nationals and later adopted preferential rules for those from the Commonwealth and the EU. Over the last 15 years, European states have signed over 220 bilateral migration agreements or memoranda of understanding<sup>15</sup>.

Importantly, such a system may well secure public consent. Some 73% of immigration from the EU in 2015 was for work<sup>16</sup>. Although the proposal does not cover family and student migration, it brings low-skilled immigration from the EU migration under UK government control, while still taking some low-skilled workers from Europe under the new rules. It would reflect popular support for skilled migration and is an alternative to the current broken, one-size-fits-all net migration target. By giving choice and control to the UK Government, it enables it to increase or decrease the levels of low- and semi-skilled migration as required. This preferential system is compatible with policies to reduce immigration moderately, or to try to make much deeper cuts, or to maintain high levels of immigration if the Government chose to do so.

The proposal is also capable of securing support from Leave and Remain voters. While a minority of Leave voters do oppose migration entirely, most take a more balanced view and will find much to agree with in the design of the preferential migration system. By providing control in choosing the level and rate of low-skilled migration, while welcoming skilled migration, the scheme fits closely with their priorities for immigration reform. Some Remain voters will be disappointed that freedom of movement has not been retained unaltered, but the majority are pragmatic. Research for the TUC shows a majority of Remain voters also want changes to free movement,



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particularly including more say over the level of low-skilled immigration<sup>17</sup>.

David Cameron's February 2016 attempt to secure reforms failed - the UK was unable to have different free movement rules for Britain while remaining within the club. The UK is now leaving – so this is a proposal for a different, constructive relationship from outside that club. Although it is not freedom of movement in its present form, it gives significant and preferential access to the UK labour market for EU citizens. The alternative to this system will not, in any event, be continued free movement. And if there is no deal at all, it would be a lose-lose situation - bad for both British and European economies. That would represent a failure on the part of both sets of negotiators. Instead, the UK should place on the table a deal for which it could win support at home, and which is also capable of securing support from our future trading partners in the European Union.

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## Appendix: How a preferential deal fits in the context of Britain's history of immigration policy

Throughout the developed world, governments use controls on labour migration to fulfil both economic and political objectives. Measures such as sectoral specific work visas can be used for economic purposes, for example, to fill vacancies in particular parts of the economy. Controls on labour migration are also used for political purposes, such as to quell public concerns about immigration numbers and to cement diplomatic and trading relationships.

Modern UK labour migration regimes date back to the post-1945 period. There have never been work restrictions placed on Irish nationals and there was substantial migration from Ireland to the UK after 1945<sup>18</sup>. Between 1946 and 1949 some 220,000 Polish ex-combatants and other eastern European displaced persons were admitted to the UK and billeted to work in industries experiencing shortages of labour<sup>19</sup>. The British Nationality Act 1948 afforded the status of 'citizen of the United Kingdom and colonies' to a number of the UK's remaining territories and colonies, giving those with this form of citizenship the right to live and work in the UK. At the same time, the UK Government issued employment vouchers to workers who were mostly recruited in India, Pakistan and European countries. Commonwealth ties and Cold War considerations informed a labour migration policy which was strongly preferential in its recruitment of those of European and Commonwealth origin.

By the late 1950s the acute post-war labour shortages had ended and there was no longer such a great need for migrant workers. The Commonwealth Immigrants Act 1962 changed nationality law and ended freedom of movement between the Caribbean<sup>20</sup> and the UK. The legislation permitted only those with government-issued employment vouchers to work, with an overall annual cap on the numbers. Nevertheless, the Government still offered preferential treatment to labour migrants from Commonwealth countries and Ireland.

The Immigration Act 1971 later replaced employment vouchers, which had no upper time limit on stay, with work permits which were restricted to a named job and lasted for a specific time period. Some types of work permit also required specified qualifications and they also ceased to be offered for low-skilled and semi-skilled jobs, outside some small sector-specific initiatives covering groups such as seasonal agricultural workers. Instead, the UK relied on EEC nationals to fill vacancies in sectors such as hospitality, food and farming as the decision was to offer EEC nationals the right to work in the UK without a work permit in 1973 when Britain joined the EEC.

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A major review of the work permit system was implemented in 1991 and resulted in a two tier system. Those with the highest skills or qualifications able to secure a work permit through a simplified process. But by the late 1990s the British economy had picked up and many employers were lobbying for greater access to migrant labour. Additionally, there was greater international competition for skills, particularly from North America, Australasia and other EU countries. These economic realities, as well as the desire to prevent illegal work or unfounded asylum applications prompted an overhaul of labour migration routes by then Home Secretary, David Blunkett<sup>21</sup>. While overall caps on work permits were discussed, the Government decided not to introduce quotas for the main labour migration route into the UK. Instead, any person with a job offer from a sponsoring employer could apply for a UK Work Permit, with 66,214 of them issued outside the UK and 61,692 extended in the UK in 2005<sup>22</sup>. The Government also brought in the Highly Skilled Migrant Programme, which was a points-based system where applicants did not need a UK job offer, but were selected on the basis of their age, qualifications, language skills, past earnings and UK work experience.

By 2005, there were over 80 work visas routes to the UK, mostly for skilled migrants. At the same time the UK decided not to impose transitional labour market controls on nationals from the EU's newest member states, although there was a requirement to sign on to the Workers Registration Scheme for those in employment. There are now an estimated 3.2 million EU nationals living in the UK, with 55% of migrant workers from the states that joined the EU in 2004 employed in low-skilled jobs<sup>23</sup>.

The most recent large-scale changes to labour migration policy were implemented in 2008 with the introduction of a points based system. Replacing most of the previous routes to the UK, it is still the main labour migration route into the UK, comprising five broad tiers with some subdivisions:

- Tier One – for highly-skilled migrants. Changes to this tier were introduced in 2012 and 2015, effectively shutting this route down apart from a small number of investors and those with 'exceptional talent'.
- Tier Two –for skilled workers
- Tier Three – for low-skilled temporary workers, although this scheme has never been opened.
- Tier Four – student migration.
- Tier Five – youth mobility and other schemes
- Other smaller schemes covering groups such as domestic workers, Turkish workers and entrepreneurs and those with UK ancestry.

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There are five sub-categories to the Tier 2 visa which now represents the main labour migration route into the UK, with 92,062 visas granted in 2015. The Tier 2 (General) visa requires an offer of work from a licensed employer who has to show that job exceeds a skills threshold and cannot be filled by a worker who is settled in the UK – the resident labour market test. However, where a job is included on the Migration Advisory Committee’s shortage occupation list, there is no obligation for this resident labour market test or to pass a skills threshold, although no low-skilled jobs are currently included in the list<sup>24</sup>. Applicants have to accrue a minimum number of points that are awarded for having sufficient maintenance funds, English language skills, a certificate of sponsorship and passing a salary threshold.

Reviewing the evolution of today’s labour migration system, it can be seen that the Government has used a range of methods to manage labour migration which include quotas, selection by migrants’ skills and characteristics and selection by domestic labour market characteristics, for example the requirement for an offer of employment or job offer which exceeds a minimum skills or salary threshold. There is also a precedent of placing stronger controls on low-skilled migration. These methods form the basis of the ‘cards in the hand’ – the policies that the Government will look at to manage labour migration after Brexit. Significantly, post-1945 labour migration regimes have shown a high degree of preferential treatment, favouring migration from specific countries for political reasons.

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## Notes

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  24. Jobs classified as ‘sales, processing and elementary’ in the Labour Force Survey Q1-4, 2015.
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## About British Future

British Future is an independent, non-partisan thinktank engaging people's hopes and fears about integration and migration, opportunity and identity, so that we share a confident and welcoming Britain, inclusive and fair to all.

The organisation did not take a position on which way people should vote in the EU referendum.

Since British Future's founding in 2012 we have conducted research on public attitudes to these issues in the UK, projecting our findings publicly to inform national debate.

Our attitudinal research has contributed to national discussions on issues including how attitudes to immigration affected the 2015 General Election; ethnic minority voting behaviour; immigration from the European Union; attitudes to international students in the UK; Englishness and what it means to the English; the hopes and fears of first-time voters; and racism, discrimination and national identity in modern Britain.

# British Future...

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non-partisan thinktank*

British Future  
Kean House  
6 Kean Street London, WC2B 4AS  
Tel: 020 7632 9069  
Fax: 020 7632 9061  
[www.britishfuture.org](http://www.britishfuture.org)  
[info@britishfuture.org](mailto:info@britishfuture.org)