FRAGOMEN



UK Election 2024 and Immigration

Updated 13 June 2024

The recent announcement calling for a General Election set for 4 July, took most by surprise.

Rishi Sunak hopes figures showing some tentative growth and a falling rate of inflation combined with falling migration numbers, could give him an edge at the polls – highlighting that yet again, immigration will be an important electoral issue.

The Conservative Party published their manifesto on 11 June and Labour published theirs on 13 June. We have distilled the manifesto pledges plus other statements made on immigration in the past year and more to build a picture of what we can expect from either party.

On the face of it, there is little to distinguish the Conservatives and the Labour Party in terms of their approach to immigration policy. Both are messaging an intent to reduce net migration, to focus on developing the domestic labour pool, and to get a grip on irregular migration.

Recap

The Conservatives have set out to reduce migration by 300,000. Since the start of the year they have introduced the following policies which have all contributed to lower migration figures overall in 2024:

Most students and care workers can no longer bring dependants.

The Immigration Health Surcharge has risen to £1035 per person, per year for most people on the back of visa fee increases of between 15-20% last year.

The Shortage Occupation list has been replaced with an Immigration Salary List which discontinues going rate discounts and reduces the number of occupations which benefit from general salary threshold discounts.

The Skilled Worker threshold has risen to £38,700 and going rates for the route are based on 50th percentile figures for most applicants (discounts and transitional provisions apply).

The minimum earning thresholds for family members of British nationals have increased.

These policies have made the UK less attractive both for individuals and for companies looking to sponsor workers and we are starting to see the impact in terms of application numbers. However, there were spikes in sponsorship before the changes were made which was expected.

What to expect

We set out in the following table what we know so far to be the policy positions of the Conservative and Labour Parties in relation to migration for work and what we consider to be their impact and risk to businesses, as well as our recommendations to prepare.

Policies

| 🌉 Conservatives | Manifesto pledge | <i>R</i>Labour | Manifesto pledge |
|--|---------------------|---|---------------------|
| Reduce net migration by 300,000 plus an annual reduction each year | \bigcirc | Reduce net migration figure, but no figure specified | \bigcirc |
| Binding, legal cap on migration for work and family routes taking into account costs and benefits of migration (via MAC recommendations although this is not stated in the manifesto). The cap will be voted on in Parliament each year. | \bigcirc | MAC to review impact of increased general salary thresholds and banning of care worker dependents (manifesto only refers to proposal to strengthen the MAC) | \bigotimes |
| Increases to sponsored worker salary thresholds and income thresholds for family applications are in place and will be automatically increased in line with inflation | \bigcirc | New conditions to be imposed on employers to secure sponsor licences and sponsor workers on the ISL, including a link between visa usage and obligation to demonstrate efforts to train domestic workers. Manifesto refers to creating workforce and training plans in sectors like health, social care, and construction. | \bigcirc |
| High fees to assist public sector costs including a 25% fee hike to fund extra police officers (amount of fee raises and commitment to spending on police officers was not in the manifesto). | \bigcirc | Stronger penalties for sponsors who flout fair pay and labour rules. Establishing a framework for collaboration with skills bodies, the Industrial Strategy Council, and the Department for Work and Pensions. | \bigcirc |
| Stricter regulation to address abuse and exploitation | \bigcirc | Abolishment of going rate discounts and banning of student dependents to be retained | \bigotimes |
| Graduate Route to be retained | \otimes | Suspension of Resident Labour Market test to be reviewed | \bigotimes |
| Expansion of EU Youth Mobility Scheme based on bilateral agreements not collective negotiation with EU | \otimes | No comment of retention of Graduate Route | \otimes |
| No return to freedom of movement | \bigcirc | No plans for Youth Mobility Scheme with EU | \bigotimes |
| System subject to MAC Reviews – Expected Call for Evidence in the Autumn for a deeper dive on roles to be included on the Immigration Salary List | \otimes | No return to freedom of movement | \bigotimes |
| Health check required in advance of travel. Increase the Immigration Health Surcharge or require individuals to buy health insurance if they are likely to be a burden on the NHS. | \bigcirc | MAC to review higher income thresholds for family applications | \bigotimes |

Impact

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Conservatives

- Fee increases
- Health check requirement which could delay applications and potential increased expense for health insurance or additional IHS payment
- Reduced access to overseas labour pool
- Possible ability to hire nationals from EU countries dependant on bi-lateral agreements
- Potential lack of certainty about who business can hire dependant on annual cap number

Risk

🌺 Conservatives

- Expense makes UK unattractive destination to hire overseas talent
- Longer end to end processing times to take account of the health check.
- Wages are inflated to allow sponsorship or roles/ projects/graduate schemes which are housed outside of the UK
- Workforce planning becomes complex, particularly at early stage careers where new entrant rates are relied upon as the business needs to consider at what point individuals will meet the full thresholds
- Long term strategic workforce planning will be difficult without certainty of who will qualify for work permission

Preparation

🌺 Conservatives

- Identify roles that cannot be sponsored and consider strategy
- Report internally on expected costs
- Consider gathering data ready to respond to the MAC call for evidence
- Ensure appropriate budgets are in places for hires
- Speak to Graduate Teams ahead of recruitment activity
- Consider contingencies if overseas talent cannot be recruited due to caps
- Prepare to engage with the MAC on business needs ahead of any cap

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Resident Labour Market Test could be reintroduced

Possible transparency and levies to upskill

Greater regulatory burdens

Higher financial penalties

- Risks under the Conservative Party may remain even after reviews
- Increased processing time and recruitment processes if the Resident Labour Market Test is introduced

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- Ensure appropriate budgets are in places for hires
- Speak to Graduate Teams ahead of recruitment activity
- Inform Talent Acquisition teams about the potential for longer processing times and consider training requirement.

Whilst, we await much of the detail of the policies of the two main parties, whoever takes power on 5 July faces significant challenges and will need to ensure that the UK has access to talent. Therefore, despite the rhetoric we hear in the next few weeks, there could be more business-friendly immigration policies that emerge in the next government which ensure UK businesses have access to wider overseas talent. Read more about it <u>here</u>.

How Fragomen can guide you across the UK election cycle

Now (and at all times)

- Fragomen is on hand to provide real-time responses and analysis as policy announcements emerge and to assist businesses monitor immigration programmes.
- Fragomen can also help with preparing communications, including to your senior leadership and/or migrant population who may have questions about what to expect going forwards.

Manifestos published

- Join Fragomen's UK Elections Horizon Part 2 (Election Day Exploration) for a discussion of the manifestos – 25 June 2024*
- Fragomen can also provide bespoke support and guidance on the contents of published manifestos.

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Results

- Join Fragomen's UK Elections Horizon Part 3 (Post-Vote Perspectives) date to be announced*
- Fragomen can identify which business sectors and groups of migrant workers will be affected by the winning Party's policy and give bespoke advice.



Parliament resumes (and the future)

- Fragomen can help sectors develop engagement programmes and lines of communication with the next government and their policy teams, as well as the MAC.
- Fragomen will run an EMEA benchmarking survey in Summer 2024 to allow business to learn from each other. Please consider participating to be sure to have access to the results.

*In preparation of the General Election, Fragomen is hosting a three-part series, together with experienced thought-leaders, exploring predictions and providing practical guidance on the future of UK work migration policy – follow this <u>link</u> to register for the event.

Elections round the globe

The UK elections are amongst a record number of government elections this year all invoking debate on potential policy direction changes- see time-line below. Fragomen's latest World Immigration Trends Report is available on June 12 2024 <u>here</u> providing commentary on the factors influencing policy directions in other jurisdictions.



Fragomen continues to provide full support and analysis to clients in the region and globally on the potential impact of this significant election year around the world – including relevant advisory and strategic pivots to ensure the ongoing efficiency of your mobility program.

Please get in touch with your Fragomen contact or Louise Haycock, Charlotte Wills or Shuyeb Muquit.



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