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WORLDWIDE

**Migration Advisory Committee's
review of immigration after Brexit:
What does it mean for employers?**

Table of contents

The headline	3
Your elevator pitch	4
The key players	5
Timeline	6
Key quotes	7
Questions for the MAC	9

The headline

The Home Office has commissioned a review of EU immigration that will lead to a new temporary immigration system from March 2019 and another new and permanent immigration system probably from March 2021.

What is happening?

The UK's Home Secretary, Amber Rudd, has asked the Migration Advisory Committee (MAC) to provide advice on current patterns of European migration and the wider role of migration in the UK economy and society. The MAC will report to the Home Secretary before September 2018 and their findings will inform the design of a new immigration system for the UK after Brexit.

What is changing?

Nothing will change in the short term, but from 29 March 2019 the free movement rights of EU nationals are expected to end and a temporary immigration system will be introduced. A permanent immigration system will then be introduced shortly after, most likely 29 March 2021. We do not know how either system will work, but the MAC's report will inevitably inform their design.

What does it mean for me?

The consultation will directly influence the shape of a future UK immigration system. It will help the Government define when a European national should qualify to work, study or otherwise live in the UK. For workers, we expect it will assess how and when immigration should be used to fill labour and skills gaps. It will also have some bearing on how long a person can stay in the UK.

What should I do now?

You do not necessarily need take any action just yet. The MAC are considering the Home Secretary's commission and we expect that they will publish a call for evidence over the next month. That consultation document will set out the information they need from employers to help answer the questions posed by the Home Secretary. Many employers will want to wait for the call for evidence before taking any action.

If your organisation employs a high number or proportion of European nationals it may make sense to take a few preliminary steps. To begin with, you might want to let colleagues in HR, recruitment or the business know that the MAC will be undertaking the review. You can put them on notice that your business ought to engage with the MAC directly, through a trade or local business body or with Fragomen. You can also let them know that the MAC rely heavily on data and, once the call for evidence is published, you may need to gather useful information on employee nationality, skill level and job role (among other factors).

You may not have a lot of time to pass on that message. Our elevator pitch on page four should help.

What do I need to know?

This briefing contains the key information that can help you now. We have provided:

- A summary of the key players
- Your elevator pitch
- A timeline that incorporates the MAC review alongside other Brexit milestones
- Key quotes from the Home Secretary's letter to the MAC, providing an insight on tone
- The questions being asked of the MAC to help you understand the scope of the exercise

Your elevator pitch

We realise you might not have a great deal of time to put the issue to your colleagues or management. These would be our lines, if we needed to explain the issue very quickly.



Free movement is expected to end from 29 March 2019.



This means our existing European staff will need to register their status and new entrants will probably need visas.



The Home Secretary has asked her independent advisors and officials to look at how the new immigration systems should work.



We do not need to do anything yet, but we will need to understand and respond to consultations that will be published over the summer.



Responses to those consultations will ultimately shape policy and dictate how simple, fast and expensive it will be to recruit and retain European people after Brexit.

The key players



Amber Rudd



Appointed Home Secretary on 13 July 2016.



Elected Conservative MP for Hastings and Rye in 2010.



Worked in investment banking in the City of London and New York, before moving into venture capital.



Set up a freelance recruitment business and wrote for financial publications, before being elected to Parliament in May 2010.



Alan Manning



Appointed by the Home Secretary as the Chairman of MAC in March 2015 for a term of 3 years.



Professor of Economics at the London School of Economics.



His research focuses on labour markets in general, imperfect competition (monopsony), minimum wages, job polarisation, immigration and gender.

Timeline



Key quotes

The questions being posed to the MAC are important, but so is the content and tone of the surprisingly long covering letter from the Home Secretary.



The opening

"I am attaching to this letter a commission for advice from the Migration Advisory Committee (MAC). It covers both the impacts on the United Kingdom labour market of the UK's exit from the European Union and also, since the two issues are clearly closely linked, how the UK's immigration system should be aligned with a modern industrial strategy."



We still want talented people to come here

"We will remain a hub for international talent and our departure from the EU must be seen in this context."



But increasing migration creates concern

"Sharply increased levels of net migration since 1997, from both the EU and beyond, have given rise to public concern about pressure on public services and wages."



Be honest, did they have a choice ... ?

"I am grateful for the indications that I have been given of the MAC's willingness to take on this work."



That is one of the reasons we are leaving the EU

"These concerns about the sustainability of unrestricted migration from the EU featured strongly in the debate surrounding the referendum on the United Kingdom's EU membership on 23 June 2016."



The Government wants to be ready for less immigration

"We are working towards the goal of achieving sustainable levels of net migration but we also want to ensure all economic impacts are well understood and prepared for."



So the UK will take back control over European immigration

"In future, we will be able to apply different immigration rules and requirements according to the UK's economic and social needs at the time..."



Free movement will end

"The Government also said that after the UK leaves the EU, free movement will end."



But maybe it will be a little easier for Europeans?

"...reflecting our future deep and special partnership with the EU."



But migration will not

"But migration between the UK and the EU will continue. Migration benefits the UK, economically, culturally and socially."



It will not happen overnight

"We do not envisage moving to that future system in a single step when we leave the EU."

And it will happen in three phases

Phase 1

Protecting EU nationals already living in the UK

“Our first priority is to safeguard the position of existing EU residents in the UK and UK nationals in the EU. So, the first phase of our immigration proposals was to publish our fair and serious offer on 26 June 2017.”

Phase 2

A temporary solution

“As part of a smooth and orderly transition as we leave the EU, the second phase of our immigration proposals is based on a temporary implementation period to ensure there is no cliff-edge on the UK’s departure for employers or individuals.”

People here will be able to confirm their residence

“This includes the ‘grace period’ during which those EU citizens who arrived before [a cut off date to be decided] will have time to obtain their documentation from the Home Office.”

And there will be a new, temporary system – but we don’t know the detail yet

“During this period there will also be a straightforward system for the registration and documentation of new arrivals (as well as for those who arrived after the specified date but before exit, if appropriate).”

Phase 3

Our new and permanent immigration system

“After this implementation period, we will move to the third phase which will be our long-term arrangements covering the migration of EU citizens, designed according to economic and social needs at the time, and reflecting our future deep and special partnership with the EU.”

The MAC will provide the evidence

“The Government will want to ensure that decisions on the long-term arrangements are based on evidence. The commission that we are now asking the MAC to undertake is very much part of this.”

The Government will provide the policy

“Alongside that, the Government will be undertaking its own extensive programme of engagement and evidence gathering with all interested parties including business, industry, trades unions, educational institutions and many others, to ensure we strike a balance on future EU migration arrangements.”

The MAC had better get cracking

“I would be grateful if the MAC could report by September 2018.”

Questions for the MAC

Ultimately employers do not need to focus on the questions being asked of the MAC, it is the questions the MAC ask employers that matter. But their commission gives an indication of the scale of the task ahead of them.



EU and EEA Migration

Drawing on existing sources where appropriate, the MAC should set out current patterns of EU and EEA migration, looking at:

- 1
 - sectors
 - regional distribution
 - skill levels
 - duration of assignments
 - self employment, entrepreneurs, part time, agency, temporary and seasonal workers; *and*
 - any other characteristics the MAC considers relevant;

- 2 The MAC should consider the evolution of EU and EEA migration since 2000 and possible future trends (absent new immigration controls).

- 3 What are the methods of recruitment used by UK employers to employ EU and EEA migrants and how does this impact on UK workers?

- 4 What are the economic and social costs and benefits, including fiscal impacts to the UK economy and impacts on public services and infrastructure of EU and EEA migration?

- 5 Is it possible to estimate the potential impact of any future reductions in EU and EEA migration (whether occurring naturally or through policy), at a range of levels and how may these be felt differently across the economy and society? This may include a consideration of the impacts on the different parts of the UK, within the context of designing a UK-wide immigration system. How could business adjust if EU and EEA net migration was substantially reduced? What mitigating actions could be taken by employers and government and over what timescale?



Aligning the UK immigration system with a modern industrial strategy

1

What is the current impact of immigration, both EU, EEA and non-EEA, on the competitiveness of UK industry, including on productivity, innovation and labour market flexibility?

2

What impact does immigration have on skills and training?

3

Is there any evidence that the free availability of unskilled labour has contributed to the UK's relatively low rate of investment in some sectors?

4

Are there advantages to focussing migrant labour on highly skilled jobs or across the entire skills spectrum?

5

Does the shortage occupation list need to be amended to include skills shortages at lower skills levels than NQF6?



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