**Potential implications of admission criteria for EU nationals coming to the UK**

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**Executive Summary**

In the debate over the UK’s membership of the European Union (EU), the question of how EU exit could affect migration levels has been a major point of contention. However, it is not possible to know how exactly a vote to leave the EU would affect migration to the UK, both because forecasting migration under any policy regime is difficult, and because the policies that would follow a vote to leave the EU are not known in advance.

EU exit could mean tighter controls on the migration of EU nationals, but free movement could also remain largely unaffected if the UK were to follow a model such as that of Norway, which is not a member of the EU but has access to the EU single market as part of the European Economic Area (EEA). If the UK did introduce admission requirements for EU nationals after leaving the EU, however, the requirements for work visas would be particularly significant since a majority of EU nationals coming to the UK report doing so for work.

There is no reason to assume that any admission requirements imposed on EU citizens after a vote to leave the EU would be the same as the ones that currently apply to non-EU nationals. These policies were designed to regulate non-EU migration in a very different environment, in which EU nationals did not face restrictions on migration for work. Nonetheless, even if we do not know exactly which criteria would be in place if the UK imposed admission requirements on EU citizens, it is reasonable to assume that the skill level of the job would continue to be an important part of any selection scheme in the future. As a result, it is possible to draw broad conclusions about the industries, occupations and regions in which the implications of introducing admission requirements would be more significant.

The UK’s current labour immigration policies for non-EU nationals place a strong emphasis on the skill level of the job when determining their eligibility for an employer to sponsor them to come to the UK for work. With narrow exceptions for occupations deemed to face a shortage of workers, Tier 2 visas are currently available to workers in graduate-level jobs that pay at least £20,800. In 2015, most employee jobs in the UK labour market did not meet the criteria for skilled work visas. Specifically, this report finds that about 25% of all employees in the UK labour market were in graduate jobs paying at least £20,000 per year—a threshold which is close to the current Tier 2 work visa requirements. Examining differences between industries and UK regions, the report finds that:

* Skill-based selection criteria would affect employers’ ability to sponsor EU workers in some industries much more than others. The “agriculture, forestry and fishing” industry category and the “distribution, hotels and restaurants” sector had the lowest shares of employees in graduate jobs paying at least £20,000 in 2015 (4% and 6%, respectively), while the shares were highest in “public administration, education and health” (33%) and “banking and finance” (34%) industry categories.
* Some of the occupations and industries in which employers have relied most on workers from EU countries in recent years are those in which the smallest shares of jobs are currently eligible for work visas. Most notably, the distribution, hotels and restaurants industry category is the largest employer of EU born workers, but only 6% of all employees in this sector were in graduate jobs paying at least £20,000 in 2015.
* The implications of skill-based selection for UK regions would also vary. Employee jobs in London and the South East are most likely to be graduate occupations paying at least £20,000, while Wales and the North East regions had lower shares of these jobs.

Despite uncertainty about future immigration policies, it is clear that there are scenarios in which admission requirements for EU nationals would represent a substantial departure from the status quo. It is also clear that in any selection system based on earnings and proposed occupation, there would be large differences in the implications for different industries, occupations and, to a lesser extent, regions.

**Understanding the Evidence**

The labour market data used in this report are taken from the 2015 UK Labour Force Survey (LFS) quarters 1 to 4. The LFS, which is conducted by the UK Office for National Statistics (ONS), is the largest household survey in the UK and is designed to be representative of the population of the country. However, it undercounts some groups; for example, it does not sample people living in certain types of communal accommodation, such as hostels.

The analysis of earnings in this paper is limited to employees (i.e. the self-employed are excluded). Earnings data are collected in two out of five waves in the LFS, corresponding to about 40% of the respondents of the LFS who are employees in any given quarter. Annual earnings include earnings from up to two jobs and are based on annualisation of weekly earnings.

In this paper, migrants are defined by country of birth. This definition will include people who became UK nationals after moving to the UK and people who were born abroad to UK national parents.

**Introduction: What can we say about EU migration after a vote to leave the European Union?**

EU membership affects migration to the UK in multiple ways, but the most significant is the fact that EU nationals have the right to work and live in the UK without having to meet admission requirements such as a skilled job or a qualifying family relationship.

It is not possible to know how exactly a vote to leave the EU (popularly known as “Brexit”) would affect migration to the UK, for two main reasons. First, forecasting migration under any policy regime is difficult and [cannot be done with confidence](http://www.cpc.ac.uk/publications/cpc_briefing_papers/pdf/BP28_How%20to%20forecast%20international%20migration.pdf). Second, the policies and agreements that would follow a vote the leave the EU are not known in advance.

Any restrictions on EU migration in a post-Brexit scenario are likely to apply only to future migrants coming to the UK after the establishment of those rules, not to EU nationals already living in the country. EU exit could mean tighter controls on new migration of EU nationals, but free movement could also remain largely unaffected if the UK were to follow a model such as that of Norway, which is not a member of the EU but has access to the EU single market as part of the European Economic Area (EEA). Migration would certainly be one of the issues under discussion in any negotiation with the EU on a post-exit trading relationship.

Despite the uncertainty about post-Brexit policies towards EU nationals, it is still possible to examine the general nature of the changes to migration that might take place if the UK *did* impose restrictions on the movement of EU nationals—while bearing in mind that this is just one of the possible post-Brexit scenarios. Specifically, it is likely that imposing admission requirements would have quite different impacts in different UK regions, occupations, and industries, as well as for different profiles of migrants themselves. This report examines some of these differences.

**What are the current requirements for non-EU citizens coming to the UK?**

If the UK introduced admission requirements for EU nationals after leaving the EU, the requirements for work visas would be particularly significant since a majority of EU nationals coming to the UK report doing so for work (71% in the year ending September 2015). The shares of EU nationals coming for study and family reasons are smaller, making up 16% and 8% respectively, in the [year ending September 2015](http://www.ons.gov.uk/file?uri=/peoplepopulationandcommunity/populationandmigration/internationalmigration/datasets/migrationstatisticsquarterlyreportprovisionallongterminternationalmigrationltimestimates/current/provisionalestimatesoflongterminternationalmigrationyeseptember2015.xls).

The current UK immigration system for non-EU nationals places a strong emphasis on the skill level of the job the applicant is due to occupy when determining their eligibility to come to the UK for work. The main visa category for labour migration from outside of the EU is known as Tier 2 (General), henceforth ‘Tier 2’ for simplicity. Tier 2 work visa holders must by sponsored by a UK employer and must usually have a job offer in a graduate-level occupation, which is an occupation classed as skilled to National Qualifications Framework Level 6 (NQF6) or above. The overall minimum salary required for a non-EU national to get a Tier 2 work visa is currently £20,800. The minimum earnings required for a Tier 2 visa are higher than £20,800 for many occupations, however. The government [has also announced](http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-03-24/HCWS660/) it will raise the main salary threshold to £30,000 by April 2017, following a recommendation from the Migration Advisory Committee. The higher threshold will apply only to ‘experienced hires’; ‘new entrants’ (i.e. graduate recruits and people aged 25 or under) will continue to face the £20,800 threshold for the first three years of their Tier 2 employment. Certain public-sector jobs will also be exempt from the £30,000 threshold until 2019. A Tier 2 worker must have an employer who is a licensed sponsor and is willing to pay all relevant fees, including the £1,000 Immigration Skills Charge that has also recently [been announced](http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-03-24/HCWS660/).

The requirement of working in a graduate level occupation, combined with the earnings thresholds, mean that most jobs in the UK labour market do not currently qualify for Tier 2 visas.

Table 1 shows the share of jobs in each major occupation category that are classified as ‘graduate level’ in the UK immigration system. This includes an estimated 63% of jobs in managerial occupations, close to 100% of jobs in professional occupations and 23% of jobs in the “associate professional and technical” occupations category. By way of example, nurses and dentists are [classified as](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/303033/CoP_-_Apr_14_V0_6.pdf) graduate-level occupations, while paramedics and dental technicians are associate professional/technical occupations that are not classified as graduate level. Skilled tradespeople, such as plumbers, electricians and bricklayers are not classified as graduate occupations even if average earnings in this category are above £20,800.

**Table 1 – Occupational categories, skilled jobs and salaries of employees in the UK**

|  |  |  |
| --- | --- | --- |
| **Occupational category** | **Mean salary**  **(£)** | **Share in graduate level occupations** |
| Managers, Directors and Senior Officials | 44,000 | 63% |
| Professional | 37,000 | 100% |
| Associate Professional and Technical | 32,000 | 23% |
| Administrative and Secretarial | 19,000 | 0 |
| Skilled Trades | 25,000 | 0 |
| Caring, Leisure and Other Service | 14,000 | 0 |
| Sales and Customer Service | 13,000 | 0 |
| Process, Plant and Machine Operatives | 23,000 | 0 |
| Elementary | 12,000 | 0 |
| All occupations | 26,000 | 30% |

Notes: based on analysis of the LFS 2015: Q1-Q4. Includes both full-time and part-time employees working in the UK (all nationalities and countries of birth). Graduate-level jobs are defined using the 4-digit Standard Occupational Classification (SOC) from the government’s [Codes of Practice for](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257273/Tier2-codesofpractise.pdf) Tier 2 visas.

A small number of non-graduate level jobs—such as paramedics—are classified as “shortage occupations” and thus can qualify for Tier 2 visas. The [shortage occupation list](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/486107/Shortage_Occupation_List_-_November_2015.pdf) is a list of occupations for which the government considers that there are not enough EEA workers to fill current vacancies. However, the number of non-graduate occupations on the shortage list is small and usually limited to particular job titles rather than whole occupations (for example, high-integrity pipe welders and certain skilled or specialist chefs).

Figure 1 shows the share of workers in the UK labour market who were in graduate-level jobs *and* were also earning above two different earnings thresholds in 2015. The first threshold is £20,000, or approximately the level of the current earnings requirement for Tier 2 visas. The second threshold is £30,000, which is the planned future earnings requirement described above.

Close to 25% of employees in the UK labour market earned more than £20,000 and were in graduate level occupations in 2015. This share decreases to 19% if we look at those in graduate level occupations who earned more than £30,000. None of the jobs that are not in the managerial or professional categories in Table 1 meet the graduate-level job classification. As noted earlier, a small number of skilled-trades positions currently appear on the shortage occupation list, but we do not include shortage occupations in the data analysis in this report; this is because they are subject to change over time and because most are specific job titles rather than whole occupations that can be analysed using the Labour Force Survey.

**Figure 1 – Share (%) of employees in the UK labour market who are working in graduate level occupations and earning at least £20,000 or £30,000, 2015.**

Notes: based on analysis of the LFS 2015: Q1-Q4. Includes both full-time and part-time employees. Graduate-level jobs are defined using the 4-digit Standard Occupational Classification (SOC) from the government’s [Codes of Practice for](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257273/Tier2-codesofpractise.pdf) Tier 2 visas.

There are also other forms of work-related migration that are not considered further in this report. People working for multinational companies abroad can come to the UK to work for the same company under the Tier 2 (intracompany transfer) category. Small numbers of self-employed people can also get visas as entrepreneurs, investors, or on the basis of having ‘exceptional talent’.

In order to stay permanently in the UK, non-EU nationals on work visas must earn at least £35,000, unless they are in a shortage occupation or a PhD-level job. This report examines the implications of salary thresholds *at entry*. A salary threshold for settlement in the UK could also play a key role in shaping the jobs in which employers could sponsor overseas workers in the context of a UK exit from the EU. It is difficult to understand the potential effect of settlement requirements without analysing earnings growth of workers in particular jobs over time; we do not attempt such an analysis in this report.

**Would admission requirements for work visas remain the same after a vote to leave the EU?**

If admission requirements were imposed on EU citizens following a vote to leave the EU, there is no reason to assume that migration policies would be the same as the ones that currently apply to non-EU nationals. The skills required for Tier 2 (general) visas have [gradually increased](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257241/mac-report.pdf) over the past decade. These policies were designed to regulate non-EU migration in a very different environment, in which restrictions were not imposed on EU nationals.

Ending free movement would be a significant change to the UK immigration system, and it is likely that any move to impose admission requirements on EU nationals would be accompanied by a wholesale review of the immigration system overall, rather than simply applying to EU nationals the rules that currently exist for non-EU nationals. This might involve less restrictive criteria for skilled work visas.

In addition, in the past there have been programmes which provided non-EU nationals with access to the UK labour market for work in certain low-skilled occupations such as agriculture and food processing. These schemes are currently not operational but it is possible that such programmes would be reintroduced as part of a new post-Brexit immigration policy.

Nonetheless, even if we do not know exactly which criteria would be in place if the UK imposed admission requirements on EU nationals, it is reasonable to assume that the skill level of the job would continue to be an important part of any selection scheme. As a result, it is possible to draw broad conclusions about where the implications of introducing admission requirements would be more significant.

**Where are the jobs that are eligible for Tier 2 visas under the current immigration system?**

Figure 2 shows the share of employees in the UK labour market that earned more than £20,000 and worked in graduate level occupations, by industry, in 2015. A minority of employee jobs are graduate level positions that pay at least £20,000. The share is highest in the “Banking and Finance” (34%) and “Public Administration, Education and Health” (33%) industry categories. The “Banking and Finance” category includes a range of professional services such as financial services, advertising and management consultancy; workers in this industry include professional as well as lower-skilled jobs like cleaning for companies within professional services industries. The “Public administration” category also includes workers in a range of occupations such as teachers, nurses and care home workers.

On the other end of the spectrum, only 6% of employees in the “Distribution, Hotels and Restaurants” (6%) industry category were in graduate-level jobs paying at least £20,000. This category comprises retail trade as well as accommodation and food service, including shop sales assistants, kitchen staff and waiters/waitresses. The agriculture, forestry and fishing industry comprised only 4% graduate jobs paying £20,000 or more, although it should be noted that the Labour Force Survey [may not capture](https://www.researchonline.org.uk/sds/search/download.do%3Bjsessionid=B8F5D490363B64052BC2400530827BDB?ref=B13276) employment in this industry accurately, due to seasonal variation in labour demand and the use of temporary labour.

**Figure 2 – Share (%) of employees who are working in graduate level occupations and earning at least £20,000 or £30,000, by industry category, 2015**

Notes: based on analysis of the LFS 2015: Q1-Q4. Includes both full-time and part-time employees. Graduate-level jobs are defined using the 4-digit Standard Occupational Classification (SOC) from the government’s [Codes of Practice for](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257273/Tier2-codesofpractise.pdf) Tier 2 visas.

Figure 3 shows the share of employee jobs meeting the same thresholds, by region of the UK. The regional analysis suggests that just over a third of employees in London (34%) were in graduate level occupations and earned over £20,000. This contrasts with the cases of most other regions in which less than a quarter of workers were in graduate level occupations and earned over £20,000.

**Figure 3 – Share (%) of employees who are working in graduate level occupations and earning at least £20,000 or £30,000, by UK region, 2015**

Notes: based on analysis of the LFS 2015: Q1-Q4. Includes both full-time and part-time employees.

**How does this compare with the current distribution of EU migrants in the UK labour market?**

As shown in Table 2, about one third of EU workers were in managerial, professional, or technical occupations in 2015 (lines 1-3). All jobs that are classified as ‘graduate level’ are in one of these three categories. About a quarter of EU nationals are in elementary occupations (line 9), which is the lowest occupational skill category. By way of comparison, about 36% of the non-EU born were in managerial, professional, or technical occupations (1-3). This will include many people who came as family migrants rather than workers, or who arrived in previous years when policies permitted migration from outside of the EU into non-graduate jobs.

**Table 2 – Distribution of workers across occupations, by place of birth, 2015**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Occupational category** | **EU** | **Non-EU** | **UK** | **All** |
| 1 Managers, Directors and Senior Officials | 7% | 10% | 11% | 10% |
| 2 Professional | 17% | 25% | 19% | 20% |
| 3 Associate Professional and Technical | 11% | 11% | 14% | 14% |
| 4 Administrative and Secretarial | 8% | 8% | 11% | 11% |
| 5 Skilled Trades | 12% | 8% | 11% | 11% |
| 6 Caring, Leisure and Other Service | 9% | 11% | 9% | 9% |
| 7 Sales and Customer Service | 4% | 7% | 8% | 8% |
| 8 Process, Plant and Machine Operatives | 12% | 7% | 6% | 6% |
| 9 Elementary | 22% | 13% | 10% | 11% |
| All occupations | 100% | 100% | 100% | 100% |

Notes: based on analysis of the LFS 2015: Q1-Q4. Percentages are rounded. Includes both full-time and part-time employees.

Table 3 provides information on the industries in which the EU born work. The “Distribution, Hotels and Restaurants” industry category employs the largest number of EU born workers. This is notable because, as shown above, it is one of the industries in which the lowest share of workers are in jobs that meet the current Tier 2 visa requirements.

“Public administration, Education and Health” and “Banking and Finance” are also major employers of EU nationals. These are industries in which larger shares—albeit still a minority—of the workforce are in graduate-level jobs paying at least £20,000.

**Table 3 – Distribution of workers across industries, by place of birth, 2015**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Industry sectors** | **All EU** | **Non-EU** | **UK** | **All** |
| Agriculture, Forestry and Fishing | 1% | 0.3% | 1% | 1% |
| Energy and Water | 1% | 1% | 2% | 2% |
| Manufacturing | 15% | 6% | 10% | 10% |
| Construction | 8% | 4% | 8% | 7% |
| Distribution, Hotels and Restaurants | 22% | 22% | 18% | 19% |
| Transport and Communication | 10% | 13% | 9% | 9% |
| Banking and finance | 18% | 18% | 17% | 17% |
| Public administration, Education and Health | 21% | 30% | 31% | 30% |
| Other services | 5% | 5% | 6% | 6% |
| Total | 100% | 100% | 100% | 100% |

Notes: based on analysis of the LFS 2015: Q1-Q4. Percentages are rounded. Includes both full-time and part-time employees.

Overall, therefore, most EU-born workers—like most workers of all origins—are not in jobs that meet the criteria for Tier 2 visas. Because EU workers are underrepresented in high-paying graduate jobs, a lower share of those who are already living in the UK are working in jobs that meet the occupation and salary thresholds described in this report, compared to the average across the UK labour market. In 2015, 19% of people born in EU countries and working employees in the UK were in a skilled job earning more than £20,000. Many of these people had been living in the UK for several years and thus may have different skills and experience compared to people who are newly arriving. They have also had longer to enter skilled employment. The share of newly arriving EU born workers who had arrived in the UK in 2010 or afterwards and who were in graduate jobs earning £20,000 or more was lower, at 12%.

The implications of the data for the impacts of admission requirements on regions are less clear cut. The largest number of EU born live in London, where workers tend to earn more and thus are more likely to meet any pay-based threshold; that said, a majority of EU migrants live outside of London and the South East (Table 4).

**Table 4 – Distribution of population across regions of the UK, by place of birth, 2015**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **EU** | **Non-EU** | **All** |
| London | 30% | 41% | 13% |
| South East | 13% | 12% | 14% |
| Eastern | 10% | 8% | 9% |
| North West | 8% | 8% | 11% |
| West Midlands | 7% | 8% | 9% |
| East Midlands | 7% | 5% | 7% |
| South West | 6% | 5% | 8% |
| York | 6% | 6% | 8% |
| Scotland | 6% | 4% | 8% |
| Wales | 3% | 2% | 5% |
| Northern Ireland | 3% | 1% | 3% |
| North East | 1% | 2% | 4% |
| Total | 100% | 100% | 100% |

Notes: based on analysis of the LFS 2015: Q1-Q4.

**What are the implications for EU migration after Brexit?**

While the data point to important differences in how admission requirements might affect the employment of newly arriving EU nationals in different industries, is not possible to make a robust prediction of the number of EU migrants who would still come to the UK if they had to meet admission requirements, even if future policies were known. There are several reasons for this.

First, migration levels depend on many different [push and pull factors](http://www.migrationobservatory.ox.ac.uk/commentary/pulling-power-why-are-eu-citizens-migrating-uk), including economic growth in the UK and in countries of origin, which naturally change over time and are difficult to forecast. An exit from the EU would affect the UK economy in many different ways, and these effects could lead to either higher or lower demand for EU workers, regardless of the prevailing migration policies.

Second, the characteristics of prospective migrants and the ease with which they would meet admission criteria may change over time. EU migrants who are already living in the UK may have different skills and experience compared to people who might wish to move in the future.

Third, prospective migrants may respond to any new migration policies in different ways. For example, they might focus more on finding jobs that meet immigration requirements. For example, some EU nationals who did not qualify for work visas might be able to switch into the family route if they are married to someone who is settled in the UK and earning above the required income threshold for family migration.

Nonetheless, it is clear that there are scenarios in which admission requirements for EU nationals could represent a substantial departure from the status quo, particularly if work-visa rules similar to the current ones for non-EU citizens were put in place in place.

It is also clear that in any selection system based on earnings and proposed occupation, there would be large differences in the implications for different industries and, to a lesser extent, regions. Employers in industries with low shares of highly skilled jobs—such as the distribution, hotels and restaurants category which is now the largest employer of EU migrants—could find it particularly difficult to hire new workers from EU countries through the employer-sponsored Tier 2 system, while in other industries such as banking and finance, the effects would be smaller but potentially still significant.

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