

Call for Evidence I

- Is pay a good measure of economic value?
- Impact of an increase in thresholds on demand for migrants.
- Alternative measures for determining the minimum salary thresholds?
- Alternative national pay scales or sources of salary data?
- Consider regional variations in pay.

Government Commission to review Tier 2

The MAC is asked to advise on changes to Tier 2 to address concerns about the rising number of migrants in that route and reliance on them to fill shortages. This should include advice on the following:

- (i) restricting Tier 2 (General) recruitment, compared with the current rules, to genuine skills shortages and highly specialist experts only.
- The MAC should consider how Tier 2 (General) and the shortage occupation list should be reformed to achieve this objective but with flexibility to include high value roles, key public service workers and those which require specialist skills. The MAC should advise on selection criteria such as, but not limited to, salaries, points for particular attributes, economic need and skills level, and whether such an approach should also operate in respect of intra-company transfers, and the position of those switching from Tier 4;

Call for Evidence II

- How should applications within Tier 2 (General) be restricted?
- How can the route be restricted to genuine skills shortages and highly-specialised experts only?
- Should there be exemptions, and if so, why?
- Should such restrictions apply to ICTs and migrants switching from the Tier 4 student route?

Government Commission to review Tier 2

- (ii) how to limit the length of time occupations can be classed as having shortages: what would be an appropriate maximum duration and should there be exceptions?
- (iii) applying a skills levy to businesses recruiting from outside the EEEA, the proceeds from which would fund apprenticeships in the UK. This should consider which businesses the levy should apply to and the impact of different levels of levy, balancing the need to maximise the incentive for employers to recruit and train UK workers with the ability of businesses to access the skilled migrants they need;

Call for Evidence III

Sunseting

- How long should occupations be able to be classified as in shortage?
- Should there be any exceptions?
- How often should the list of occupations be updated?

Skills levy

- What would be the impact of a skills levy?
- Should certain occupations or sectors be exempt?

Government Commission to review Tier 2

(iv) the impact, on Tier 2 numbers, the economy and the public finances, of restricting the automatic right of the dependants of Tier 2 visa holders to work on their Tier 2 dependant visa;

(v) the scope to tighten the Tier 2 intra-company transfer (ICT) provisions and the impact this would have on business and the economy. The MAC is asked to review any aspects of the rules and operation of the ICT route, including its usage by companies to service business process outsourcing contracts with third parties. In addition, the MAC is asked to consider the case for applying the immigration health surcharge to ICTs.

Call for Evidence IV

Dependants

- Would removing the right of dependants to work in the UK affect Tier 2 migrants' incentives to come to the UK?

ICTs

- What aspects of the rules and operation of the ICT route should be changed in order to restrict the route and why?
- Should there be tighter restrictions on companies using the ICT route to outsource contracts with third parties?
- What would be the impact of making ICT migrants pay the immigration healthcare surcharge?

What do we need from partners?

Evidence of the impact of restrictions on numbers, the economy and public finances.

Evidence of whether occupations/job titles are experiencing genuine skills shortages.

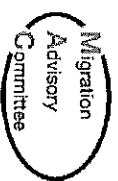
Alternative ideas around the design of Tier 2, supported by evidence and a clear rationale.

Call for Evidence

Call for Evidence

Minimum Salary Thresholds for Tier 2

Migration Advisory Committee
June 2015

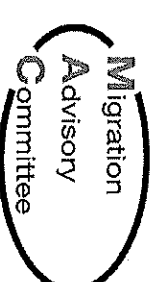


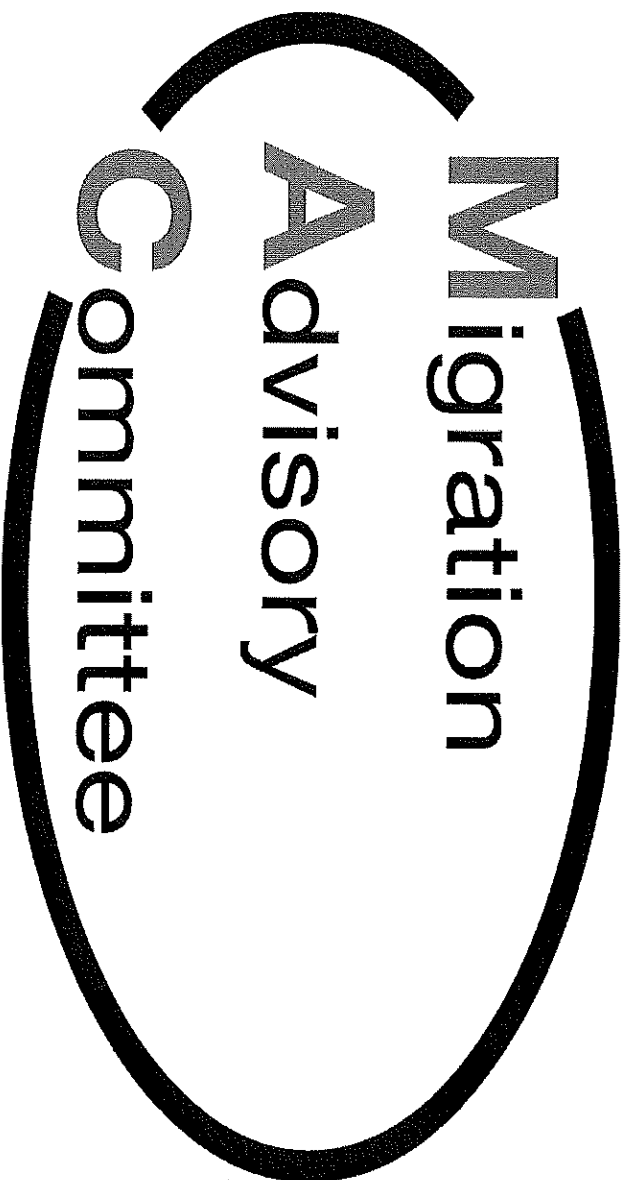
Call for Evidence for salary thresholds launched on **18 June**

Responses by **Friday 3 July** to MAC@homeoffice.gsi.gov.uk

Call for evidence on the full review of Tier 2 published on **2 July**

Responses by **Friday 25 September** to MAC@homeoffice.gsi.gov.uk





Tier 2 Review

Stephen Earl, MAC Secretariat



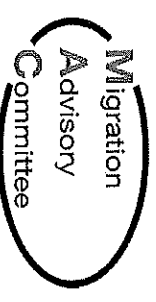
020 7035 8163

Content

- About the MAC
- The Tier 2: Highly Skilled Work Migration
- Government Commission
- Key issues
- Discussion

The Migration Advisory Committee

- Non-departmental public body set up in 2007;
- Provides evidence-based advice to Government on immigration issues;
- Immigration experts and economists;
- Supported by secretariat of economists, researchers and policy officials;
- Has advised in the past on migration from the EU and through the Points Based System, including limits on Tiers 1 and 2.
- MAC advises. Government decides

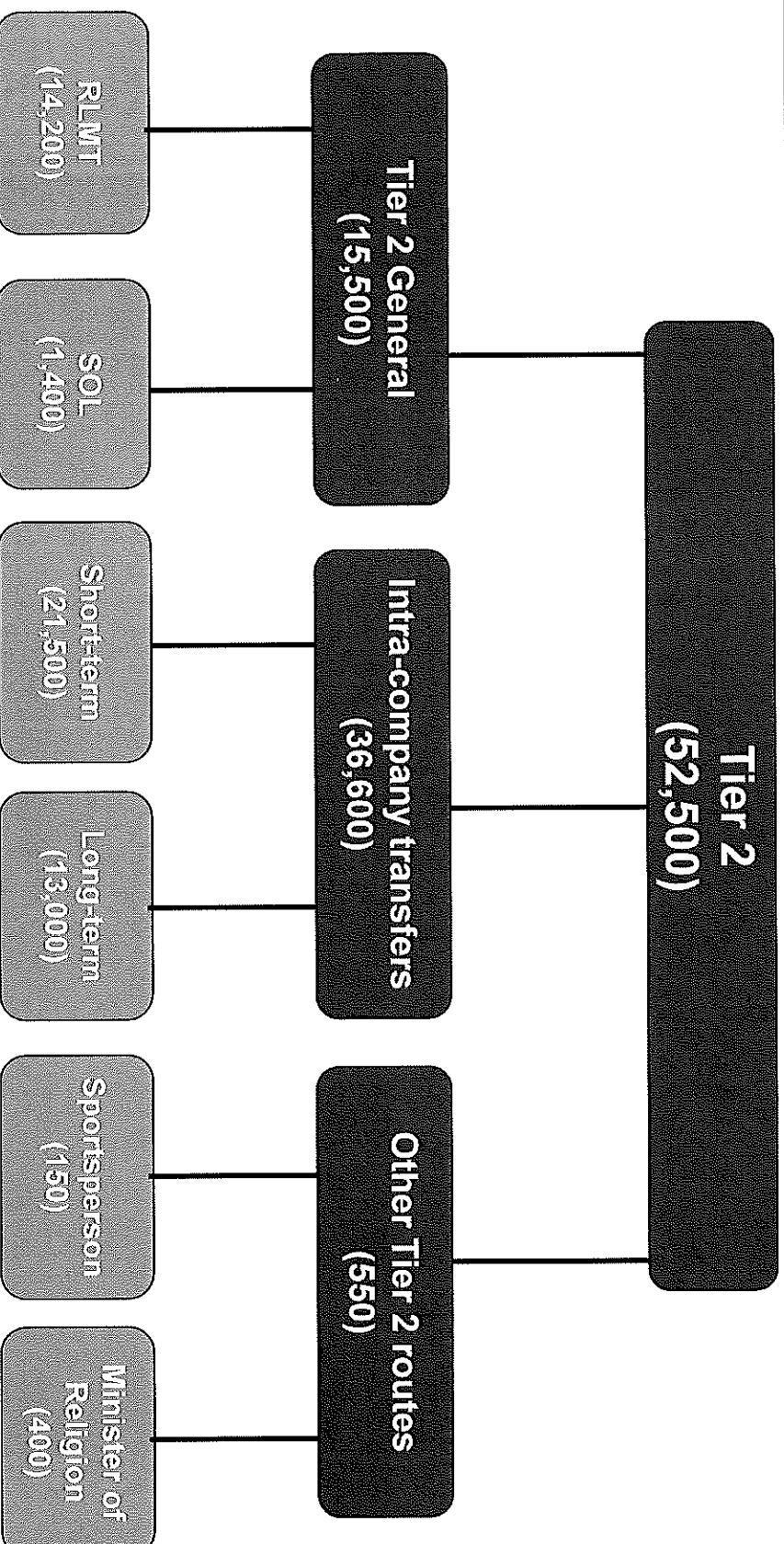


Tier 2

- Tier 2 is for skilled non-EEA nationals with a definite job offer in the UK.
- Routes include Tier 2 (General) (resident labour market test (RLMT) and shortage occupation routes) and intra-company transfer route.
- The skill requirement for Tier 2 is now NQF6+ with exceptions for certain creative and shortage occupations.
- Annual limit of 20,700 out-of-country Tier 2 (General) main applicants. The monthly cap was hit in June 2015.

Tier 2: Highly Skilled Work Migration

Entry clearance main applicant visa allocation breakdown within the Tier 2 route of the Points Based System, year ending December 2014.



Tier 2: Highly Skilled Work Migration

Table 1: Entry clearance visas issued and granted extensions of stay for Tier 2, 2009 to 2014

	2009	2010	2011	2012	2013	2014
Entry clearance visas						
Main applicants	36,287	39,922	38,088	39,171	45,636	52,478
Tier 2: General	8,556	9,914	7,764	9,420	11,779	15,255
Intra company transfers	22,029	29,170	29,708	29,255	33,240	36,635
Other	5,661	835	614	496	617	588
Dependants	26,982	28,268	28,344	28,933	34,346	38,247
Granted extensions of stay						
Main applicants	27,851	21,269	18,205	29,524	37,656	35,266
Tier 2: General	12,900	14,306	11,295	20,185	28,377	26,700
Intra company transfers	6,624	6,149	6,377	8,656	8,546	8,045
Other	7,898	789	531	681	733	521
Dependants	23,007	16,194	13,525	20,668	25,499	25,668
Total	114,127	105,653	98,162	118,296	143,137	151,659

Source: Home Office Immigration Statistics, May 2015

Tier 2: Highly Skilled Work Migration

Salary Thresholds

Tier 2 (General): £20,800

Intra-company transfers (short-term): £24,800

Intra-company transfers (long-term): £41,500

In addition, the salary must be at the 10th percentile for that occupation for new entrants and the 25th percentile for experienced workers.

Some exceptions e.g. pay bands within NHS

Government Commission to review Tier 2

The commission is split into two parts:

- i. Early advice on Tier 2 salary thresholds by 21 July 2015
- ii. Wider review of Tier 2 by mid-December 2015

The deadline for submitting evidence to the MAC in response to the salary threshold call for evidence is **3 July 2015**. Evidence submitted beyond this date could still be considered in the wider Tier 2 report to be delivered by mid-December 2015.

Government Commission to review Tier 2

The MAC has been asked to provide early advice on the economic rationale for and the impact on net migration of setting new minimum salary thresholds to ensure that Tier 2 migrants are not undercutting the resident labour force. The MAC is asked to consider the impact of:

- (i) increasing the Tier 2 (General) minimum salary threshold of £20,800 and the Tier 2 (ICT) minimum salary thresholds of £24,800 for the short-term category and £41,500 for the long-term category to a level that better aligns with the salaries paid to highly-specialised experts or individuals filling skills shortages skilled to NQF level 6 or higher;

Government Commission to review Tier 2

- (ii) increasing the Tier 2 minimum salaries per occupation for experienced workers from the 25th percentile to the 50th or 75th percentiles, or other appropriate measure;
- (iii) increasing the Tier 2 minimum salaries per occupation for new entrant workers from the 10th percentile to the 25th or 50th percentiles, or other appropriate measure.

Call for Evidence I

- Is pay a good measure of economic value?
- Impact of an increase in thresholds on demand for migrants.
- Alternative measures for determining the minimum salary thresholds?
- Alternative national pay scales or sources of salary data?
- Consider regional variations in pay.

Government Commission to review Tier 2

The MAC is asked to advise on changes to Tier 2 to address concerns about the rising number of migrants in that route and reliance on them to fill shortages. This should include advice on the following:

- (i) restricting Tier 2 (General) recruitment, compared with the current rules, to genuine skills shortages and highly specialist experts only. The MAC should consider how Tier 2 (General) and the shortage occupation list should be reformed to achieve this objective but with flexibility to include high value roles, key public service workers and those which require specialist skills. The MAC should advise on selection criteria such as, but not limited to, salaries, points for particular attributes, economic need and skills level, and whether such an approach should also operate in respect of intra-company transfers, and the position of those switching from Tier 4;

Call for Evidence II

- How should applications within Tier 2 (General) be restricted?
- How can the route be restricted to genuine skills shortages and highly-specialised experts only?
- Should there be exemptions, and if so, why?
- Should such restrictions apply to ICTs and migrants switching from the Tier 4 student route?

Government Commission to review Tier 2

- (ii) how to limit the length of time occupations can be classed as having shortages: what would be an appropriate maximum duration and should there be exceptions?
- (iii) applying a skills levy to businesses recruiting from outside the EEA, the proceeds from which would fund apprenticeships in the UK. This should consider which businesses the levy should apply to and the impact of different levels of levy, balancing the need to maximise the incentive for employers to recruit and train UK workers with the ability of businesses to access the skilled migrants they need;

Call for Evidence III

Sunsetting

- How long should occupations be able to be classified as in shortage?
- Should there be any exceptions?
- How often should the list of occupations be updated?

Skills levy

- What would be the impact of a skills levy?
- Should certain occupations or sectors be exempt?

Government Commission to review Tier 2

- (iv) the impact, on Tier 2 numbers, the economy and the public finances, of restricting the automatic right of the dependants of Tier 2 visa holders to work on their Tier 2 dependant visa;
- (v) the scope to tighten the Tier 2 intra-company transfer (ICT) provisions and the impact this would have on business and the economy. The MAC is asked to review any aspects of the rules and operation of the ICT route, including its usage by companies to service business process outsourcing contracts with third parties. In addition, the MAC is asked to consider the case for applying the immigration health surcharge to ICTs.

Call for Evidence IV

Dependants

- Would removing the right of dependants to work in the UK affect Tier 2 migrants' incentives to come to the UK?

ICTs

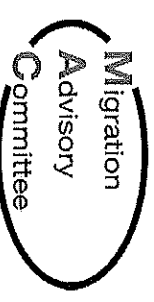
- What aspects of the rules and operation of the ICT route should be changed in order to restrict the route and why?
- Should there be tighter restrictions on companies using the ICT route to outsource contracts with third parties?
- What would be the impact of making ICT migrants pay the immigration healthcare surcharge?

What do we need from partners?

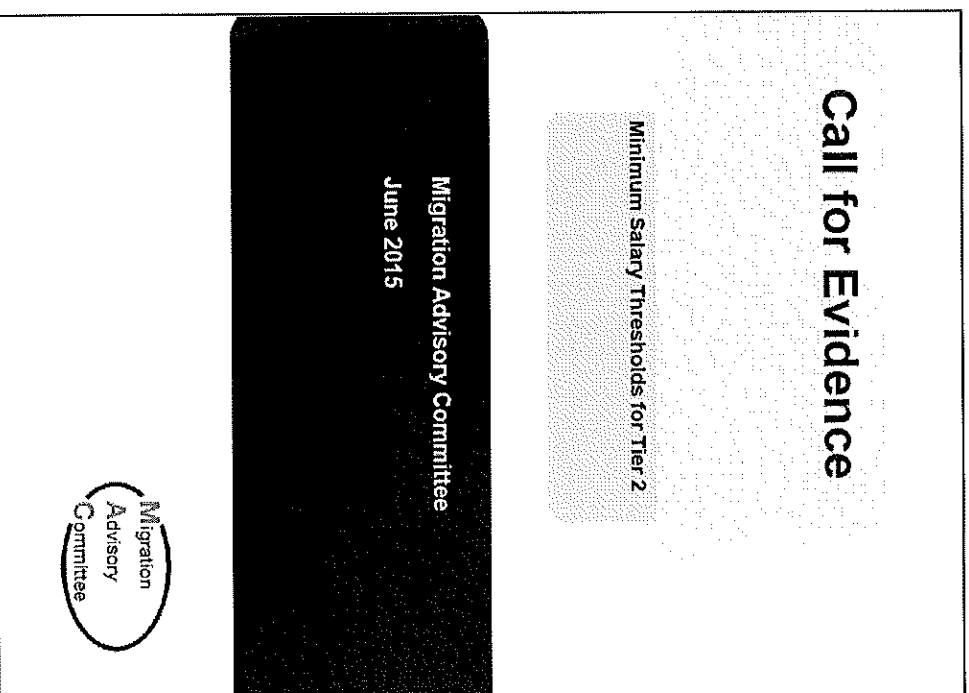
Evidence of the impact of restrictions on numbers, the economy and public finances.

Evidence of whether occupations/job titles are experiencing genuine skills shortages.

Alternative ideas around the design of Tier 2, supported by evidence and a clear rationale.



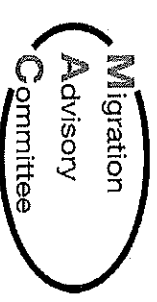
Call for Evidence

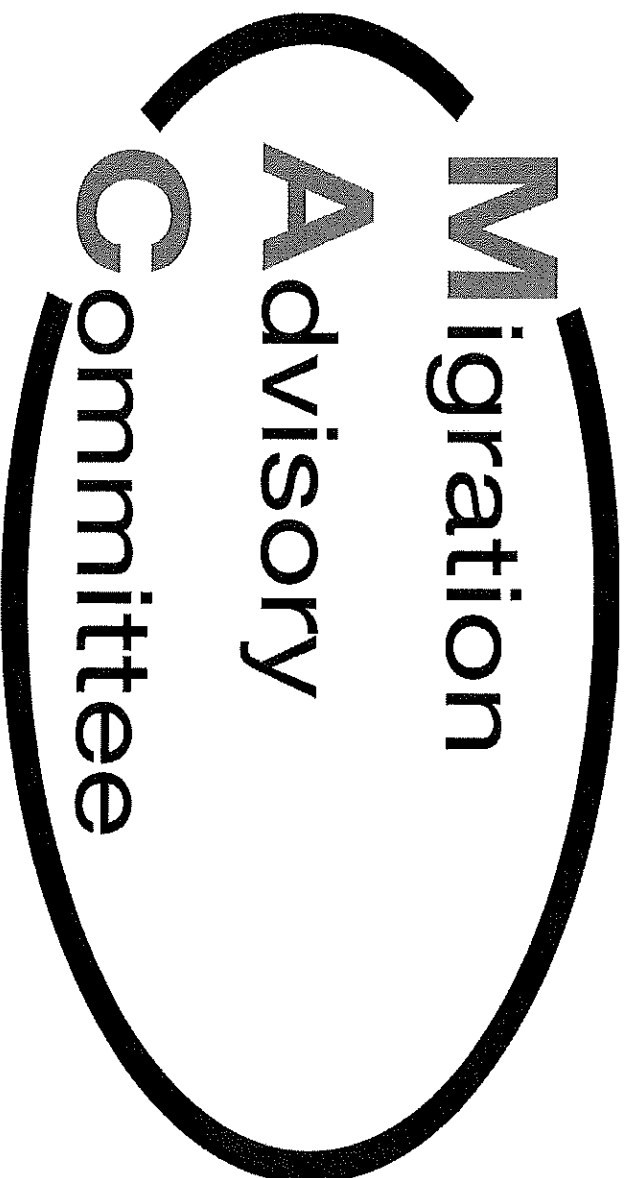


Call for Evidence for salary thresholds
launched on **18th June**

Responses by **Friday 3rd July** to
MAC@homeoffice.gsi.gov.uk

**The call for evidence on the full
review of Tier 2 will be published
late June/early July**





Tier 1: Entrepreneurs
Scotland 6 July 2015

Stephen Earl, MAC Secretariat



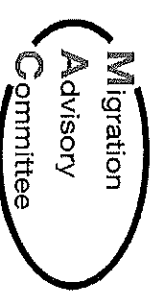
020 7035 8163

Content

- About the MAC
- The Tier 1: Entrepreneur route
- The Tier 1: Graduate Entrepreneur route
- Current trends
- Why might entrepreneurs want to come to the UK?
- Why might the UK want to attract entrepreneurs?
- How can the UK ensure it is attracting genuine entrepreneurs?
- Discussion

The Migration Advisory Committee

- Non-departmental public body set up in 2007;
- Provides evidence-based advice to Government on immigration issues;
- Immigration experts and economists;
- Supported by secretariat of economists, researchers and policy officials;
- Has advised in the past on migration from the EU and through the Points Based System, including limits on Tiers 1 and 2.
- MAC advises. Government decides



“The MAC is asked to consider whether the existing design of the Tier 1 (Entrepreneur) route is appropriate to deliver significant economic benefits for the UK and in particular whether:

a) the initial eligibility criterion of access to funds is a sufficient determinant of entrepreneurial ability and whether other criteria, for example, assessment of previous entrepreneurial activity and/or testing the purpose of the investment, should be applied;

b) the existing eligibility and extension criteria are aligned sufficiently with entrepreneurial and early stage business life-cycles, including consideration of the role angel investors and crowd-funding can play;

c) the route utilises international best practice. As part of this, the MAC is requested to consider route design and incentives to ensure competitiveness.”

The Tier 1: Entrepreneur route

- The Tier 1 (Entrepreneur) category is for individuals who wish to invest in the UK, by establishing or taking over, and being actively involved in the running of, a business or businesses in the UK
- A minimum threshold for funding is in place of £200,000 or;
- £50,000 (approved venture capital, seed funding or the UK Government)
- Applicants must also pass a “Genuineness Test” and provide a business plan
- Grants an initial three year leave to remain

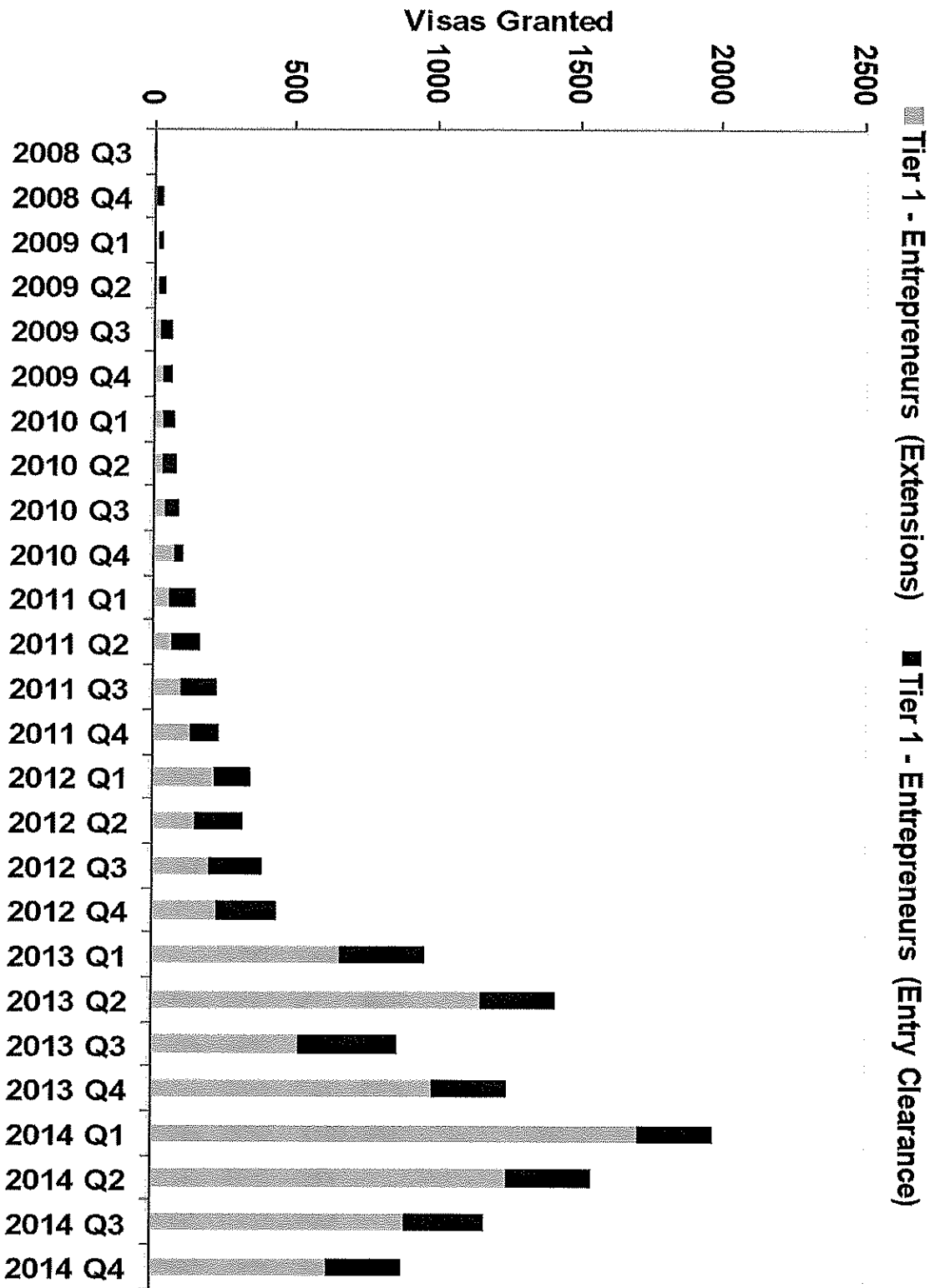
The Tier 1: Entrepreneur route

- **A two year extension can be granted if:**
 - Two full time jobs have been created for at least 12 months
- **Accelerated settlement can be granted if:**
 - 10 full time jobs have been created or;
 - The created business has an income of at least £5 million or;
 - The taken-over business has a net increase in income of £5 million

The Tier 1: Graduate Entrepreneur route

- Successful applicants in this category must be endorsed by a sponsoring Higher Education Institution or UKTI, and possess a recognised Bachelor's degree, Master's degree or PhD (not a qualification of equivalent level) from the UK
- There are 2,000 entry visas available per year and are valid for one year
- A further one year extension is available if the business has made “satisfactory progress”
- Tier 1: Graduate Entrepreneur visa holders may apply to switch into the Tier 1 (Entrepreneur) category for further leave to remain

Current trends

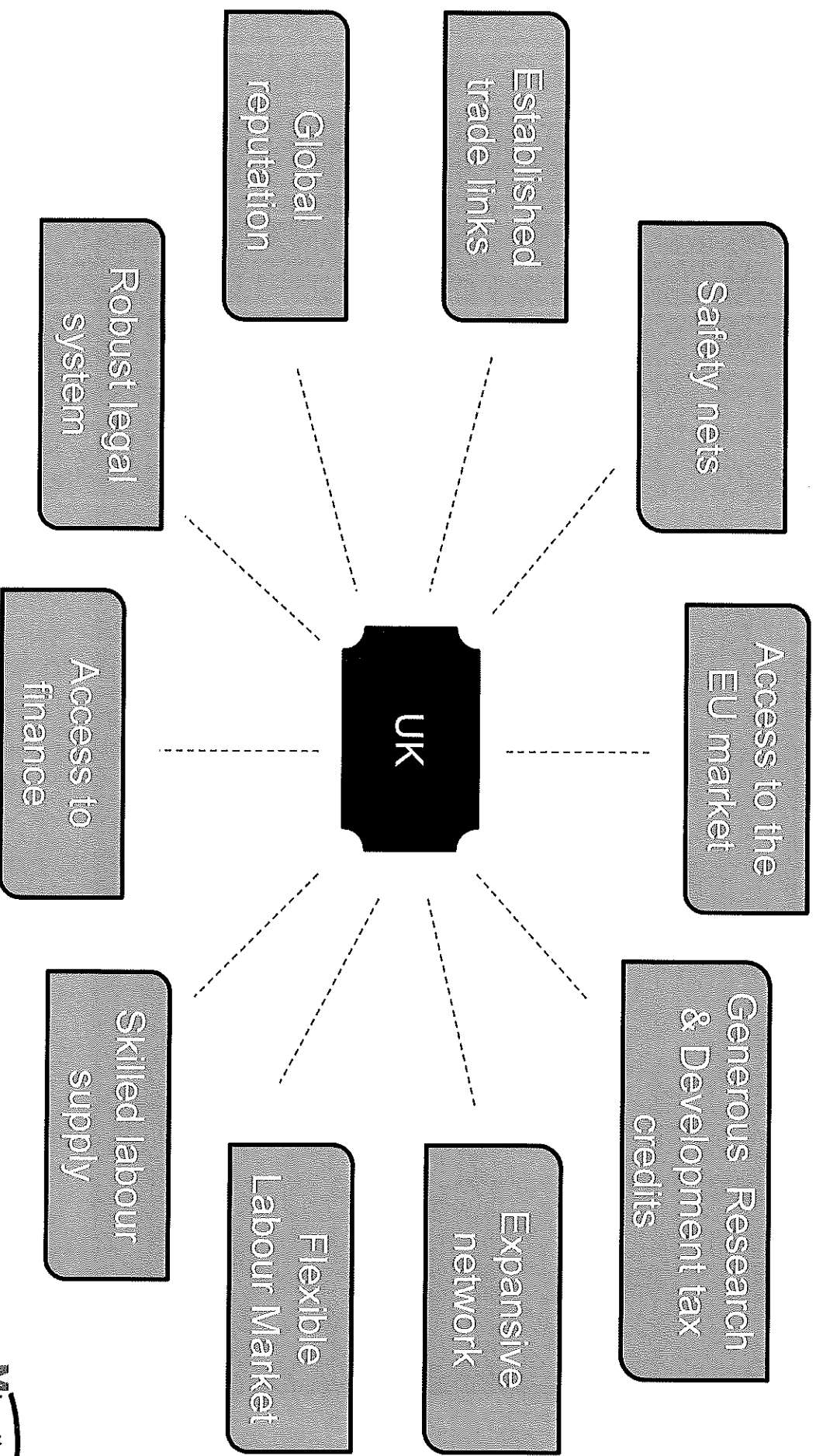


Current trends

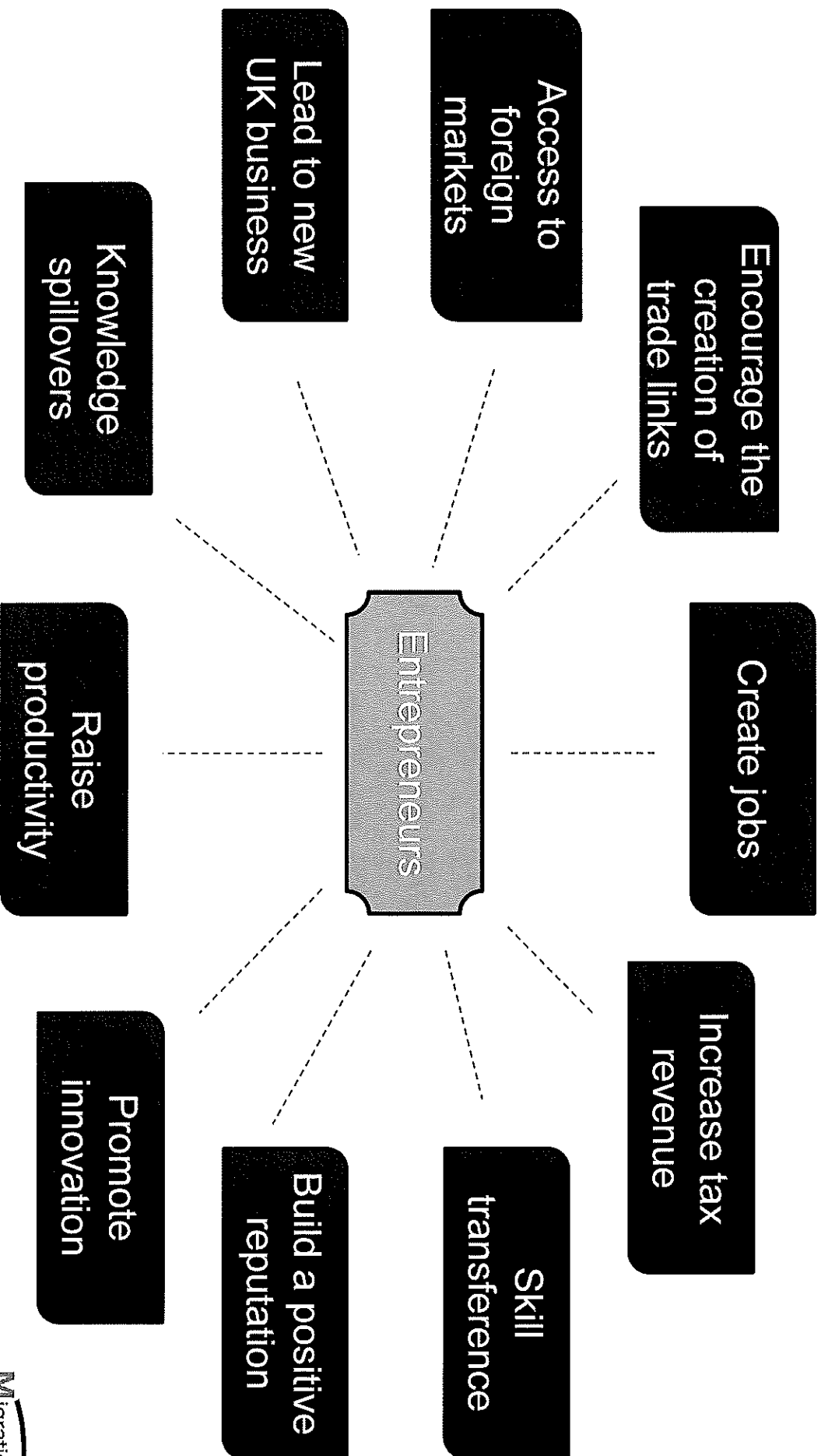
Entry clearance visas issued and granted extensions of stay for Tier 1 Entrepreneurs & Graduate Entrepreneurs in 2014

	Out-of-country entry clearances visa		In-country extensions of stay granted	
	Granted	Rejected	Granted	Rejected
Entrepreneurs	1,089	877	4,487	4,567
Graduate Entrepreneurs	175	11	390	18
Dependants	2,307		2,898	

Why might entrepreneurs want to come to the UK?



Why might the UK want to attract entrepreneurs?



Does the evidence match the theory?

- What types of business are being created by Tier 1 entrepreneurs?
- How successful are these businesses? How many fail?
- How many jobs are created? Are they highly skilled?
- How much turnover and tax revenue do they generate?
- What contribution to they make to the UK entrepreneurial environment? Are there spillover effects?

How can the UK ensure it is attracting genuine entrepreneurs?

Location restrictions?

Realistic potential to grow?

Viable business plan?

Venture capital or seed funding?

Expert panel?

Previous business experience?

Minimum investment?

Age restrictions?

Specific sector targeting?

Discussion

1. Does the UK benefit? How?
2. Are non-genuine entrepreneurs using the route?
3. Does the route work for genuine entrepreneurs?
4. How could the route be improved?
5. Open discussion