

# Impact Assessment, The Home Office

**Title:** Impact Assessment to accompany salary updates in April 2023 Immigration Rules

**Date:** 7 March 2023

**IA No:** HO 0443

**RPC Reference No:** NA

**Stage:** FINAL

**Other departments or agencies:** NA

**Intervention:** Domestic

**Measure:** Secondary legislation

**Enquiries:** Migration and Citizenship Policy, Home Office

**RPC Opinion:** N/A

**Business Impact Target:** Not a regulatory provision

## Cost of Preferred (or more likely) Option (in 2023/24 prices)

Net Present Social Value NPSV (£m)		Business Net Present Value BNPV (£m)		Net cost to business per year EANDCB (£m)	
-£862m		-£794m		0	

### What is the problem under consideration? Why is government intervention necessary?

The government periodically update going rates for skilled occupations based on the Annual Survey of Hours and Earnings data compiled by the Office for National Statistics (ONS). Updating the salary thresholds and going rates, using the most recent usable data ensures salaries for migrant workers keep pace with wider sectors. In this update, it also ensures rates are not below the National Living Wage which will be increased to £10.42 from 1 April 2023.

### What is the strategic objective? What are the main policy objectives and intended effects?

The objective is to ensure salaries offered by companies who are sponsoring migrant workers are in keeping with those of resident workers and that migrant labour is not being used to undercut domestic workers. It is necessary to update these regularly to ensure these requirements are based on the most recent usable data.

### What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Option 1: Do nothing. This would mean existing salary thresholds remain in place, reflecting the picture in ASHE data in 2019; and the hourly rates continue to reflect a picture based on a 39 hour week.

Option 2: Uprate salary thresholds in line with updated ASHE data. **This is the preferred option** as it meets the Government's objectives

### Main assumptions/sensitivities and economic/analytical risks

**Discount rate (%)**

3.5%

All estimates should be seen as indicative - future use of the affected routes and migrant/employer behaviour are the most uncertain elements of analysis – these are varied in low, central and high scenarios (and some further tested in sensitivities) alongside fiscal assumptions to test for impacts. Analysis uses a 10-year appraisal period, administrative data with outcomes in 2022 used to inform estimates of impacts, and main analytical risks tested in scenarios. Analysis to be considered in the context of wider economic/labour market dynamism and adaptation to evolving environments.

**Will the policy be reviewed?** It will not be reviewed. **If applicable, set review date:** N/A

*I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits, and impact of the leading options.*

Signed by the responsible Minister



Date: 23.03.23

# Summary: Analysis & Evidence

# Policy Option 2

Description: Uprate salary thresholds in line with updated ASHE data

## FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2023/24	PV Base	2023/24	Appraisal	10	Transition	1
Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)		
Low:	-£752m	High:	-£1,130m	Best:	-£862m	Best BNPV	-£794m	

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	0	-£892m	-£892m	-£106m	-£633m
High	0	-£2,486	-£2,486	-£297m	-£1,021m
Best Estimate	0	-£1,407	-£1,407	-£168m	-£834m

### Description and scale of key monetised costs by 'main affected groups'

Public Sector – Reduction in Visa fee revenue: £-93m (£-65m to £-133m)

Public Sector – Reduction in IHS revenue: £-173m (£-124m to £-233m)

Business – Additional labour costs (if salary adjustment assumed): £-834m (£-633m to £-1,021m)

UK Exchequer – Net reduction in tax revenue: £-307m (£-71m to £-1,100m)

### Other key non-monetised costs by 'main affected groups'

Indirect cost to business for potential adjustment costs aside from raising wages to meet new thresholds. However, given the estimated small changes in volumes estimated to be ineligible for new thresholds and not adjust, these impacts may be small

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	0	£139m	£139m	£17m	£17m
High	0	£1,356m	£1,356m	£163m	£96m
Best Estimate	0	£545m	£545m	£65m	£41m

### Description and scale of key monetised benefits by 'main affected groups'

Public Sector – Reduction in Visa and CoS processing costs: £15m (£9m to £26m)

Public Sector – Reduction in IHS and ISC processing costs: £5m (£3m to £6m)

Business – Reduction in administrative costs: £17m (£7m to £40m)

UK Exchequer – Reduction in fiscal expenditure: £509m (£120m to £1,285m)

### Other key non-monetised benefits by 'main affected groups'

None identified

## BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m: 0										
Cost, £m	N/A		Benefit, £m	N/A		Net, £m	N/A			
Score for Business Impact Target (qualifying provisions only) £m:							N/A			
Is this measure likely to impact on trade and investment?							(N/A)			
Are any of these organisations in scope?			Micro	(Y)	Small	(Y)	Medium	(Y)	Large	(Y)
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)					Traded:	N/A	Non-Traded:	N/A		

## PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 2)

Are all relevant Specific Impacts included?	N	Are there any impacts on particular groups?	N
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# Evidence Base (for summary sheets)

## A. Strategic objective and overview

### A.1 Strategic objective

1. The updates to the salary thresholds and going rates for skilled workers – those applying under sponsored work immigration routes where these thresholds and going rates apply (Skilled Worker, Health and Care, Global Business Mobility and Scale Up routes) - supports the wider Home Office objective of enabling the legitimate movement of people and goods to support economic prosperity. Skilled workers play an important role in supporting UK businesses and organisations. It is important that the Points-Based Immigration system<sup>1</sup> does this in a way which ensures migrant labour is not being used to undercut the domestic labour and also ensures migrant workers are paid a fair wage for the work they are undertaking.
2. For many years, the Home Office has updated the salary requirements for skilled workers in line with the most recent usable data contained in the Annual Survey of Hours and Earnings (ASHE)<sup>2</sup> compiled by the Office for National Statistics (ONS). Although the salary thresholds have not been updated since they were introduced in December 2020 as part of the Points-Based System, it is planned that the salaries and thresholds will be updated regularly to ensure they keep pace with the wider labour market.

### A.2 Background

3. The Points-Based system was introduced in December 2020 which included routes for skilled workers. There have been routes for skilled workers under previous immigration systems, but the current system expanded the skills threshold and lowered the salary requirements from the previous system. The skills and salary thresholds were based on advice provided by the independent Migration Advisory Committee (MAC).
4. Even before the current system was introduced, the Government used the ASHE to set thresholds and going rates as it was considered the most reliable data on labour market salaries.
5. In addition, as under the previous system, salaries for some occupations are based on national payscales (largely those in health and care and education). It is also important to update these figures to ensure those people working in sectors covered by these payscales are also being paid according to the latest available data.

### A.3 Groups affected

6. These updates will affect anyone applying to work in the UK as a skilled worker and organisations sponsoring those workers. Individuals must be at least 18 years of age to apply for a skilled worker visa. The most recent Immigration Statistics, covering the year ending December 2022<sup>3</sup>, highlight that the top three nationalities for granted skilled worker visas in 2022 were Indian nationals (33%), United States nationals (6%) and Filipino nationals (4%). The nationalities vary when looking at those who apply under the Health and Care visa where the top three nationalities were Indian nationals (32%), Zimbabwean nationals (16%) and Nigerian nationals (15%). Overall

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<sup>1</sup> For an introduction, see The UK's points-based immigration system: an introduction for employers (accessible version) - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/government/publications/uk-points-based-immigration-system-employer-information/the-uks-points-based-immigration-system-an-introduction-for-employers>

<sup>2</sup> [Annual Survey of Hours and Earnings \(ASHE\) - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/surveys/informationforbusinesses/businesssurveys/annualsurveyofhoursandearningsashe) - <https://www.ons.gov.uk/surveys/informationforbusinesses/businesssurveys/annualsurveyofhoursandearningsashe>. ASHE is an ONS run survey based on a 1% sample of employee jobs taken from HM Revenue and Customs' (HMRC's) Pay As You Earn (PAYE) records providing information on the structure and distribution of earnings in the UK.

<sup>3</sup> Immigration system statistics, year ending December 2022 - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/government/statistics/immigration-system-statistics-year-ending-december-2022>

Indian nationals were the top nationality granted long-term sponsored work visas, accounting for 36 per cent of the total.

## B. Rationale for intervention

7. The rationale for making these updates is to ensure the salary thresholds and going rates for skilled workers reflect the latest usable labour market data. If the Government did not seek to update these rates on a regular basis, this could result in migrant skilled workers being paid less than the going rate for their occupation amongst domestically employed workers. This could result in migrant workers being employed at lower rates and undercutting domestic workers, undermining the original policy intent. The updates do not alter that policy; they merely ensure the underlying data remains up to date.
8. In some cases, the ASHE data results in the going rates for some occupations being lowered. If the Government does not take action this could require businesses to pay unrealistically high wages making it much more difficult for businesses to recruit skilled workers.
9. As such the rationale for intervention is to minimise distortionary impacts of salary requirements within Immigration Rules for the routes affected relative to the current going rates for eligible occupations on these routes, aside from where distortionary impacts help prevent undercutting in the resident labour market.

## C. Policy objective

10. The objective is to ensure that the immigration system sets realistic salary thresholds and going rates which prevents migrant labour being used to undercut the domestic workforce whilst at the same time allowing business to bring in migrant labour where necessary
11. The approach to setting salary thresholds and going rates has been a long-standing approach supported by the independent MAC.

## D. Options considered and implementation

12. Non-regulatory options such as information provision would not meet the stated objectives as salary thresholds are set out in the Immigration Rules<sup>4</sup> and caselaw (particularly *Alvi v SSHD*, UKSC 2011/0182<sup>5</sup>) dictates there is a legal requirement to do so. Whilst legislation, such as that governing National Living Wage will ensure people cannot be paid less than this, the salaries for skilled migrant workers are set above this and so it is necessary to update the Immigration Rules to ensure they reflect latest usable data.

### ***Option 1 - Do Nothing***

13. Do nothing would mean existing salary thresholds remain in place, reflecting the picture in ASHE data in 2019; and the hourly rates continue to reflect a picture based on a 39 hour week.
14. This would mean policy objectives as stated above would not be met, as in some cases the going rates for occupations would be below the National Living Wage. The Skilled Worker route, as the name suggests, is for skilled occupations where workers would typically be paid a premium above the National Living Wage, as a reflection of the skills involved. It increases in April 2023 to £10.42 per hour. Failing to update the salary thresholds and going rates would erode the additional pay for these occupations, which could apply downwards pressure on pay for resident

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<sup>4</sup> Immigration Rules - Immigration Rules: Index - Guidance - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/guidance/immigration-rules/immigration-rules-index>

<sup>5</sup> *R (on the application of Alvi) (Respondent) v Secretary of State for the Home Department (Appellant)* - The Supreme Court - <https://www.supremecourt.uk/cases/uksc-2011-0182.html>

workers, removing incentives for them to develop their skills and potentially exacerbating labour shortages.

### **Option 2 – Uprate salary thresholds in line with updated ASHE data (Preferred Option)**

15. This option uprates the overall salary thresholds and going rates in operation for sponsored work visa routes in line with ASHE 2021 data, reflecting an updated position for labour market salaries compared to the baseline, and updates hourly rates to be set in line with ASHE data on median hours worked in relevant occupations.
16. This helps achieve policy objectives as stated above in paragraph 10 through ensuring the salary thresholds and going rates are based on the most recent usable data. It would not be possible for skilled workers to be employed at the lowest rate which is legal to pay in the UK (National Minimum Wage).

### **Preferred option and implementation date**

17. The preferred option would be to update the salary thresholds and going rates in line with the ASHE data. This would be implemented by changing the Immigration Rules in Spring 2023. The new rates would apply to those making applications using Certificates of Sponsorship issued after the new rules come into force.

## **E. Appraisal**

18. Where a distinction is necessary, assumptions and impacts have been split by route affected, however where no such distinction has been made, assumptions and analysis apply to all routes affected by the proposed updates to the underlying data underpinning existing policy changes.

### **E.1 General assumptions and data**

#### **All Routes**

19. Analysis is presented across a 10 year appraisal period, assumes a policy start date from the start of 2023/2024, presents information in 2023/2024 prices and where discounted applies a 3.5 per cent discount rate, in line with HMT Green Book<sup>6</sup> guidance. Latest GDP deflators<sup>7</sup> have been used to adjust price years where needed, alongside uplifting salary information by real productivity growth where needed<sup>8</sup>.
20. An analytical framework is used to assess the impact of policy changes. This starts by considering a counterfactual ('baseline') against which policy options can be assessed – estimating potential future migrant flows in the absence of any policy intervention. Building on this 'baseline', policy proposals are modelled to estimate how migrant flows may change as a result. These results are then compared to the counterfactual to assess the population impact, which is the basis for estimating the wider economic impacts. These principles apply both to where impacts can be, and cannot be, quantified. Analysis assumes compliance from both migrants and employers. As such all discussion of flows and impacts do not consider illegal or irregular activity.
21. In line with previous Home Office analysis and following recommendations made by the MAC<sup>9</sup>, this IA considers the impact of the options on the welfare of the UK resident population. The NPSV calculation therefore for example includes a fiscal impact, based on contributions to direct and indirect taxes, the effect on consumption of public services, but excludes foregone migrant

<sup>6</sup> The Green Book: appraisal and evaluation in central government - GOV.UK ([www.gov.uk](http://www.gov.uk)) -

<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

<sup>7</sup> GDP deflators at market prices, and money GDP December 2022 (Quarterly National Accounts) - GOV.UK ([www.gov.uk](http://www.gov.uk)) -

<https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-december-2022-quarterly-national-accounts>

<sup>8</sup> Estimated productivity growth information taken from Economic and fiscal outlook - November 2022 - Office for Budget Responsibility ([obr.uk](http://obr.uk)) - <https://obr.uk/efo/economic-and-fiscal-outlook-november-2022/>, Table 1.6, Supplementary Economy tables

<sup>9</sup> Migration Advisory Committee reports: analysis of the impacts of migration - GOV.UK ([www.gov.uk](http://www.gov.uk)) -

<https://www.gov.uk/government/collections/migration-advisory-committee-reports-analysis-of-the-impacts-of-migration>

wages (net of taxes), and does not measure overall Gross Domestic Product (GDP) changes, as the impact is primarily attributable to migrants. There may be impacts on GDP per head of the resident population as a result of changes in migration, through dynamic effects on productivity and innovation, but these effects are highly uncertain and difficult to quantify, with discussion of these impacts in the Appraisal section below.

22. The impact of arrangements which affect the number of migrants coming to or leaving the UK will be dependent on which migrants are in scope; their characteristics such as their age, income, and health; and the nature of any proposal (for example, who may come to the UK and what they do whilst they are here). These factors combine to determine the size of the impact on the UK economy. The impacts on the resident population and UK economy are assessed, quantified where possible but discussed unquantified where not possible, under the following broad categories:
  - a. *Macroeconomic impacts* – such as fiscal impacts, productivity and innovation impacts, and GDP per head impacts. Section J discussing Trade impacts may also fall within this category.
  - b. *Labour Market impacts* – such as the distributional impacts of migrants employed on the particular visa routes affected by occupations/sectors and how these relate to overall employment in these dimensions. Impacts on training, employment opportunities and wages are also discussed.
  - c. *Spill over impacts* – such as discussion of social and cultural impacts of migration.
  - d. *Policy design impacts* – such as impacts on businesses from processes and fees that may be required if choosing to employ migrants under the affected visa routes, and impacts on public administration as a result of estimated changes in volumes of applications.
23. A baseline scenario (Option 1) is presented where estimated baseline volumes and fiscal assumptions are varied to provide low, central and high cases, and policy option (Option 2) scenarios varying fiscal and behavioural response assumptions to provide low, central and high cases. Sensitivity policy options (Option 2) are presented in the risks section (Section F) further varying behavioural response assumptions – one not applying any behavioural response, and one applying 100 per cent behavioural response (so no volume impacts relative to the baseline as all migrants in scope to be impacted are assumed to see salary increases to meet new thresholds). For more detail on assumed behavioural response please refer to section E.1.6. Given estimated volumes in scope to be impacted are substantially larger for Skilled Worker and Health and Care routes relative to Global Business Mobility (GBM) routes - see Section E.2.1 Volumes – sensitivity analysis is undertaken for Skilled Worker and Health and Care routes only.
24. Baseline volumes are varied in low and high scenarios as illustrative +/- 25 per cent changes in volumes compared to central estimates. 25 per cent changes are purely illustrative adjustments to provide a range around central projections to help illustrative uncertainty in future migration flows.
25. High and low fiscal scenarios include different components spend and revenue estimates in the estimated low, central, and high scenarios:
  - a. fiscal revenue includes estimated income tax, national insurance, indirect tax, council tax and corporation tax in all scenarios. Business rates are added in the central scenario, and gross operating surplus and other taxes are added in the high scenario.
  - b. Fiscal spend includes estimated health, education, personal social services, wider public services, and core congestible public goods in all scenarios. Non-core congestible public goods are added in the central scenario and pure public goods are added in the high scenario.
26. Low, Central and High scenarios include a range of behavioural response assumption (whether employers respond to the increased cost of labour by adjusting salaries to maintain demand) s

across scenarios as set out in Section E.1.6 – assuming an elasticity of labour demand of -0.3 per cent in low scenarios, -0.6 per cent in central scenarios, and -1.2 per cent in high scenarios.

## **E.1.1 Salary Thresholds and Hours Worked**

### **All Routes**

27. Salary thresholds have updated using the methodology previously published by the MAC<sup>10</sup>. The update replaces use of ASHE data for 2019 with 2021 data, and where required updates the use of previous years of ASHE data to the most recent versions. ASHE 2021 data is used as it provides the most recent dataset where analysis by Standard Occupational Classification (SOC) 2010 – aligning with the current classifications used in the visa routes<sup>11</sup> - is available.
28. When updating to ASHE 2021 data, median hours worked for the routes were also updated by applying the same filters and classifications as for calculating the updated general salary threshold. This provides an updated estimate of median hours worked for those in RQF3+<sup>12</sup> occupations of 37.5 hours a week. This is used to update calculations of hourly earnings thresholds for going rates and hourly rates in minimum salary floors, moving from the current stated 39 hour working week.
29. The updated general thresholds from using the updated ASHE 2021 data are (rounded to nearest £100):
  - a. Skilled Worker and some occupations in Health and Care<sup>13</sup> - £26,200, compared to £25,600 currently (around a 2.3% change).
  - b. Health and Care (aside from occupations noted above) and minimum salary floor in Skilled Worker - £20,960, compared to £20,480 currently (around a 2.3% change).
  - c. Scale Up - £34,600, compared to £33,000 currently (around a 4.8% change).
  - d. Global Business Mobility (Senior and Specialist and UK Expansion Worker) – £45,800, compared to £42,400 currently (around an 8.0% change).
  - e. Global Business Mobility (Graduate Trainee) - £24,220, compared to £23,100 currently (around a 4.8% change).
30. Updated going rates and their hourly equivalents for each eligible occupation will be available on the gov.uk website<sup>14</sup>. Note, where a minimum hourly rate of £10.10 applies this will be updated to £10.75 an hour reflecting the updated ASHE data<sup>15</sup>.

## **E.1.2 Data**

### **Skilled Worker and Health and Care**

31. Analysis draws on internal Home Office management information on Certificates of Sponsorship (CoS) used and visa grants to inform estimates. A baseline is constructed using CoS used in

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<sup>10</sup> Calculating salary thresholds: technical note - GOV.UK ([www.gov.uk](https://www.gov.uk)) - <https://www.gov.uk/government/publications/calculating-salary-thresholds-technical-note/calculating-salary-thresholds-technical-note>

<sup>11</sup> Data issues prevent updates to SOC 2020, for more details see The impact of miscoding of occupational data in Office for National Statistics social surveys, UK - Office for National Statistics ([ons.gov.uk](https://www.ons.gov.uk)) - <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/theimpactofmiscodingofoccupationaldatainofficeforationalstatisticsocialsurveysuk/2022-09-26>

<sup>12</sup> As set out by the MAC, occupations are defined a skill level corresponding to a level of qualifications based on the methodology outlined by the MAC. For example see Migration Advisory Committee - Review of the Shortage Occupation List 2020 ([publishing.service.gov.uk](https://publishing.service.gov.uk)) - [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/927352/SOL\\_2020\\_Report\\_Final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/927352/SOL_2020_Report_Final.pdf). The Regulatory Qualification Framework (RQF) and its equivalents in Devolved Nations sets out the levels of qualifications. The minimum skill requirement for the Skilled Worker route is RQF3+.

<sup>13</sup> Occupations set out in [Health and Care Worker visa: If you'll need to meet different salary requirements](https://www.gov.uk) - GOV.UK ([www.gov.uk](https://www.gov.uk)) - <https://www.gov.uk/health-care-worker-visa/different-salary-requirements>

<sup>14</sup> Skilled Worker visa: going rates for eligible occupation codes - GOV.UK ([www.gov.uk](https://www.gov.uk)) - <https://www.gov.uk/government/publications/skilled-worker-visa-going-rates-for-eligible-occupations/skilled-worker-visa-going-rates-for-eligible-occupation-codes>

<sup>15</sup> Estimated as the annual £20,960 divided by (52 weeks multiplied by 37.5 hours)

2022, matched to data on visa grants. This data is cleaned to only select cases for the relevant routes where matched data suggests the outcome was issuing a visa, account for current policy eligibility (for example earnings requirements and eligible occupations), and potential data entry errors. As this is based on live operational databases, the data reflects the picture at the point data was downloaded (in January 2023) and is subject to change. Assumptions to clean data of data entry errors are made, but it cannot be certain all errors are removed. Not all cases in CoS data could be matched to visa outcomes data – and unmatched cases were dropped from final analysis - but this is thought to have minimal impact on results as a very low rate of non-matches were seen.

32. This baseline data is used in modelling to test the impact of policy levers – in this case updating salary thresholds based on ASHE 2021 data – on shares of Skilled Worker and Health and Care visa holders who may or may not meet changes to these levers, by characteristics such as occupation, earnings and age for example. These distributions of characteristics are applied to estimated volumes to provide assessments of distributional impacts; and where thresholds change in policy option scenarios, shares in the baseline estimated to meet new thresholds are used to apply to baseline volumes to estimate eligible volumes in the policy scenario. Uncertainty in how far these distributions reflect ‘average’ use of these routes would be reduced if more years of data were used in establishing a baseline but to enable the extension of eligibility for the Health and Care route to Care Workers from early 2022<sup>16</sup> to be reflected in data, the use of single calendar year of data for 2022 is thought to most accurately represent ‘average’ use of these routes.

### ***Global Business Mobility***

33. As above, analysis uses internal management information on Certificates of Sponsorship (CoS data) used and visa grants to inform estimates, so is subject to the same caveats, with data also accessed in January of 2023 and matched to data on visa grants. As in the analysis of updates to the Skilled Worker and Health and Care visa threshold, not all cases in CoS data could be matched to visa outcomes data and unmatched cases were dropped from final analysis, but similarly a very low rate of non-matches were seen.
34. The main data source for the GBM analysis is the 2022 CoS data, which contains information on sponsor size and sector, migrant nationality, occupation, salary, working hours, application outcome, and whether their application was made inside or outside the UK. Due to internal data access limitations the 2022 CoS data did not include information on the length of visa issued.

### **E.1.3 Baseline Volumes**

#### ***Skilled Worker and Health and Care***

35. The future volume of applications for main applicants in each visa product are based on Home Office internal planning assumptions. These are Home Office internal estimates of expected applications up to the end of 2024/2025 and the IA assumes that the baseline volumes remain constant at 2024/2025 levels until to the end of the appraisal period. These volumes are reduced by 25 per cent in the low scenario and increased by 25 per cent in the high scenario to provide an illustrative range to account for uncertainty in future volumes.
36. Grant rates for these applications are taken from internal management information for the financial year 2021/2022 and applied to projected application volumes to estimate visa grants. Projected in country applications are distributed into ‘extension’ (a new application/grant for continuing on the same visa as already held) and ‘switching’ (a new application/grant for moving from an existing visa onto a Skilled Worker/Health and Care visa). Further disaggregation of totals into ‘up to 3 years’ and ‘more than 3 years’ visa products and estimated visa lengths are based on internal Home Office data for 2020/2021.

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<sup>16</sup> Statement of changes to the Immigration Rules: HC 1019, 24 January 2022 - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/government/publications/statement-of-changes-to-the-immigration-rules-hc-1019-24-january-2022>



37. As the figures are based on Home Office internal estimates, they should be considered as indicative, due to the uncertainty around estimates of future visa applicants' behaviour; and in future longer time periods may be used to improve certainty in assumptions where currently based on a single year of data.
38. Annex A sets out the values for these assumptions and estimated baseline volumes are included in the volumes section below.

### ***Global Business Mobility***

39. 2022 CoS data is used to estimate the baseline volumes, however because GBM routes opened in April 2022, an adjustment based on historical volumes of migrants using the old Intra-Company Transfer (ICT) and Intra-company Graduate Trainee (ICGT) visas has been applied to annualise the volumes observed from April to December 2022. This suggested that in the years from 2009 to 2021, excluding 2020 due to the impact of Covid-19, on average around 24 per cent of ICT migrants were granted extensions or entry clearance between January and April each year. As such the volumes observed between April and December 2022 have been scaled accordingly.
40. The future volume of applications for main applicants in each visa product are partially based on the Home Office internal planning assumptions discussed above. Due to the short period for which GBM has been open, future volumes are estimated by applying the rates of change used in internal planning assumptions to the annualised 2022 volumes. The IA assumes that the baseline volumes remain constant at 2024/2025 levels until to the end of the appraisal period. These volumes are then reduced by 25 per cent in the low scenario and increased by 25 per cent in the high scenario to provide an illustrative account for uncertainty in future volumes.
41. Annex B sets out the values for these assumptions and estimated baseline volumes are included in the volumes section below.

### **E.1.4 Dependants**

#### ***Skilled Worker and Health and Care***

42. Estimates of volumes of dependants accompanying Skilled Worker and Health and Care main applicants are based on internal Home Office data matching. The volume of dependants assigned to each salary band are based on the salary band of the main applicant and only out of country applications made in 2021/2022 are considered. As such, in all scenarios, for in and out of country applications, the volumes of assumed dependants are based on estimated main applicant volumes within the earnings bands in Table 1 below. Limitations of the analysis provide uncertainty in using these assumptions – as analysis is focussed on a single financial year looking only at out-of-country applications. Impacts from updating salary thresholds are expected to be more concentrated at the lower end of the earnings distribution where as well as updates to occupation specific going rates, changes to the general salary threshold (moving from £25,600 to £26,200) and minimum floor (moving from £20,480 to £20,960) may also have an impact. Where the current going rate is above £26,200, only updates to going rates will affect people applying for the relevant visas in those occupations.
43. As an illustrative example, if in the baseline there were an estimated 1,000 main applicants in the Skilled Worker route in the baseline earning up to £25,000, there would be an estimated 0.18 dependants per main applicant resulting in an estimated 180 accompanying dependants; and if in the policy scenario the number of Skilled Worker main applicants in that earnings brackets was estimated at 900, the same proportion of dependants per main applicant would be assumed leading to an estimated 162 accompanying dependants. For the Health and Care route, also making an illustrative example assumption of 1,000 main applicants earning up to £25,000, there would be an estimated 0.92 dependants per main applicant resulting in an estimated 920 accompanying dependants; and if in the policy scenario the number of Skilled Worker main applicants in that earnings brackets was estimated at 900, the same number of dependants per main applicant would be assumed leading to an estimated 828 accompanying dependants.

*Table 1 – Estimated dependants per main applicant based on main applicant earnings, Skilled Worker and Health and Care routes, based on 2021/2022 data.*

Main Applicants Earnings Band	Estimated dependants per main applicant – Skilled Worker	Estimated dependants per main applicant – Health and Care
Up to £25,000	0.18	0.92
£25,000 to £35,000	0.42	0.74
£35,000 to £45,000	0.58	0.87
£45,000 to £55,000	0.59	1.23
£55,000 to £75,000	0.78	1.66
£75,000 to £95,000	0.84	1.63
£95,000 plus	1.01	1.33

### **Global Business Mobility**

44. Based on internal Home Office MI since the launch of GBM in April 2022 the ratio of dependants per issued GBM visa is estimated to be around 0.89 dependant per migrant with an average ratio of 0.51 child dependants to 0.49 partner dependants per main applicant. Home Office data does not allow dependants on GBM routes to be broken down by sub-route.

### **E.1.5 Length of Stay**

#### **Skilled Worker and Health and Care**

45. Macroeconomic impacts in particular are influenced by the length of visa holder’s presence in the UK. Estimates of length of stay in the UK are based on Home Office data underpinning Migrant Journey<sup>17</sup> analysis. This considers cohorts of main applicant arrivals between 2012 and 2017 on predecessor visas of the Skilled Worker and Health and Care routes, noting behaviour from these previous routes may not fully reflect behaviour on the current visas, to estimate the share of the cohort with expired leave to remain where no further applications for leave to remain, indefinite leave to remain, or citizenship<sup>18</sup> were made and so are assumed to have left the UK. Applications made by the cohort up to March 2022 were assessed, and dependants’ profiles are assumed to mirror that for main applicants. This produces a profile of shares of arrival cohorts assumed to have left the UK as in Table 2 below. This profile is applied to estimated inflows in the baseline and policy scenarios to estimate outflows across the appraisal period, enabling volumes of stocks present in the UK to be estimated as presented in the volumes section below. Those here for less than a year are assumed to be in the UK for most of the year, and so included as present for that year when estimating fiscal impacts.

46. There are several limitations to the profiles developed to model outflows for the Skilled Worker and Health and Care routes. The analysis assumes migrant behaviour for the 2012 to 2017 cohort of migrants is representative of future behaviour and intentions regarding staying in the UK. The profiles developed look at the non-European Economic Area<sup>19</sup> (EEA) cohort of migrants only, given EEA nationals have only recently been subject to the immigration rules following the ending of freedom of movement, and there is uncertainty as to how far the profiles can generalise to the EEA cohort of migrants. The analysis does not adjust for those who may leave before the end of their visa.

<sup>17</sup> Migrant journey: 2021 report - GOV.UK (www.gov.uk) - <https://www.gov.uk/government/statistics/migrant-journey-2021-report>

<sup>18</sup> As some do make further applications and are granted leave to remain, indefinite leave to remain or citizenship at point following their arrival the sum of those estimated to leave the UK are not expected to equal 100%.

<sup>19</sup> Countries in the EU and EEA - GOV.UK (www.gov.uk) - <https://www.gov.uk/eu-eea>

*Table 2 – Estimated outflow profile of Skilled Worker and Health and Care, based on 2012-2017 arrivals on predecessor visas and estimated presence in the UK up to March 2022*

	Less than 1 year	At least 1 and less than 2 years	At least 2 and less than 3 years	At least 3 and less than 4 years	At least 4 and less than 5 years	At least 5 and less than 6 years	6 years or more (assumed to leave in year 7)
% of arrival cohort assumed to have left the UK in that year	2%	4%	8%	18%	4%	15%	6%

### **Global Business Mobility**

47. Time in the UK is normally estimated using data from Migrant Journey Analysis, however since the GBM routes were launched in April 2022 there has not been enough time to understand the full profile of extensions, settlement, or switching. As such, and because 2022 CoS data did not contain information on visa grant lengths, the length of stay of migrants (and their dependants) on the GBM: Senior or Specialist route is estimated based on the average length of visa grants on ICT routes over the years from 2016 to 2021. There is uncertainty in this assumption as not all migrants may stay for the full length of their visa grant, and analysis does not account for extensions of visas which may prolong stays in the UK. Some may also switch to other routes (including routes to settlement, which would extend their stay in the UK indefinitely). The distribution of ICT visa grant lengths is given below.

*Table 3 – Estimated outflow profile of GBM, based on 2012-2017 arrivals on ICT visas and estimated presence in the UK up to March 2022*

	Less than 1 year	At least 1 and less than 2 years	At least 2 and less than 3 years	At least 3 and less than 4 years	At least 4 and less than 5 years	5 years or more
% of arrival cohort assumed to have left the UK in that year	55%	19%	17%	2%	0%	6%

48. Graduate Trainee visas are not issued for more than a year, so it is assumed that all migrants on this route leave the UK at the end of their visa, this is subject to the same uncertainty mentioned above, as although migrants may not extend their visa they may switch to other routes and remain in the UK.

49. UK Expansion worker visas are also not issued for more than one year, but migrants on this route may extend their visa for up to one additional year. Data are not yet available on the number or length of extensions made by UK expansion workers, but due to very low volumes impacts are shown to be negligible and no assumed length of stay is required.

50. GBM routes are flexible on the required amount of time migrants are required to spend in the UK. Therefore, some migrants may spend little time in the UK to fulfil the role on their visa, limiting their impact on the UK economy. Data on the exact time spent in the UK is not collected by the Home Office, so it is assumed they remain in the UK, working full time for the length of their visa. This likely over-estimates fiscal impacts as time spent outside of the UK limits the ability of visa holders to impact the resident population of the UK.

## E.1.6 Policy detail and behavioural elasticities

### **All Routes**

51. Impacts in policy option scenarios account for a potential behavioural response of employers in response to salary updates – where a proportion of employers who see potential visa holders on affected routes in the baseline earn below the relevant new thresholds are assumed to increase salaries to meet new thresholds and continue to hire that migrant labour. Where such a behavioural response is assumed, no knock-on effects on wage differentials are assumed of those employed in the same firm/occupation/sector (there is no assumption that wage increases for affected migrant labour has wider impacts). As outlined in paragraph 124 the MAC has reviewed evidence and concluded that “immigration is not a major determinant of the wage growth experienced by existing residents. There is some suggestion that the impact on lower skilled groups may be more negative than for higher-skilled groups, but again these estimates are imprecise and subject to uncertainty”.<sup>20</sup>
52. Where no salary adjustment is assumed, it assumed that affected migrant labour will no longer apply for and be granted a visa. No assumption on alternative expenditure of resource that otherwise would be employing this migrant labour is assumed, but adjustment impacts are discussed in paragraphs 116 and 117 below.
53. Low, central and high cases in policy option (option 2) analysis apply behavioural response assumptions for employers adjusting behaviour and raising salaries to the required levels to meet new thresholds. This is based on applying the findings from the publication “A review of evidence relating to the elasticity of demand for visas in the UK”<sup>21</sup> on the price elasticity of labour demand, and treating increases in salary thresholds as an increase in the cost of employing labour. The high case applies the largest assumed elasticity of demand for labour (-1.2 per cent) to produce a higher change in estimated volumes, the central case uses the central estimated elasticity (-0.6 per cent) and the low case halves that central estimate of elasticity to assume an elasticity of demand of -0.3 per cent. The paper noted in footnote 21 can provide further detail on the evidence underpinning these elasticity assumptions. In all scenarios, it is assumed that there will be no changes to the number of sponsors.

### **Skilled Worker and Health and Care**

54. Before adjusting for behaviour, the policy option scenarios look purely at the baseline data to assess whether if outcomes did not change from the baseline scenario, what proportions of the baseline would/would not meet updated thresholds and how those meeting/not meeting the new thresholds affect estimated distributional impacts relative to the baseline. This scenario is included as a sensitivity in section F, as is a scenario accounting for the low elasticity of demand as published (0 per cent) seeing 100 per cent behavioural response where all in scope to be impacted are assumed to see increases in salaries to meet new thresholds.
55. A limitation in analysis is that it does not account for possible changes to starting salaries in these occupations since CoS used in the baseline data were used. ONS Labour Market Overview<sup>22</sup> data published in February 2023 states “Growth in average total pay (including bonuses) was 5.9 per cent and growth in regular pay (excluding bonuses) was 6.7 per cent among employees in October to December 2022” suggesting on average nominal salaries may differ in the labour market currently compared to early data in the baseline.

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<sup>20</sup> Migration Advisory Committee (MAC) report: EEA migration - GOV.UK ([www.gov.uk](http://www.gov.uk)) -

<https://www.gov.uk/government/publications/migration-advisory-committee-mac-report-eea-migration>

<sup>21</sup> A review of evidence relating to the elasticity of (publishing.service.gov.uk) -

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/872608/review-evidence-relating-to-elasticity-horr114.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/872608/review-evidence-relating-to-elasticity-horr114.pdf)

<sup>22</sup> Labour market overview, UK - Office for National Statistics ([ons.gov.uk](http://ons.gov.uk)) -

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/february2023>

56. These elasticities are not applied to occupations subject to National Payscale<sup>23</sup>, as changes to ASHE data do not impact the going rates for these occupations. Salaries for these jobs are based on the national pay scales set by the relevant independent body pay and may be less subject to behavioural response and are assumed to be exempt from impacts in modelling.
57. Employer costs of labour in the baseline are calculated summing the wage cost (the median wage cost within an occupation under Option 1 where baseline cases are not assumed to meet salary thresholds under Option 2), uplifted for non-wage costs (18.04 per cent for 2019/2020) based on latest available ONS data, and Certificate of Sponsorship (CoS) and Immigration Skills Charge (ISC) fees assumed to be borne by the employer when sponsoring a migrant under Skilled Worker or Health and Care visa routes<sup>24</sup>. Fee levels are taken from published information<sup>25</sup>, visa lengths are assumed as described in paragraph 36, and assumptions on shares of sponsored migrants in these routes from small/micro and large/medium businesses – subject to different ISC fee levels - are based on their estimated shares of migrants not estimated to meet updated salary thresholds prior to applying behavioural response estimated. Where cases are identified as meeting the relevant threshold for annual rates but not that for the relevant hourly rate, it is assumed employers may adjust (for example hours worked) to meet thresholds.
58. Changes in costs of employing labour and resultant elasticity impacts for each case are modelled in the dataset individually. As an illustration of the impact for the route as a whole - in the central scenario, the median<sup>26</sup> estimated total costs (wage costs, non-wage costs, and estimated ISC and CoS fees) of employing labour not estimated to meet new thresholds prior to applying behavioural response is estimated to move from £32,900 in the baseline to £33,500 in the policy option for the Skilled Worker route (increase of around 1.7 per cent) and from £25,100 to £25,700 for the Health and Care route (increase of around 2.2 per cent)<sup>27</sup>.
59. Changes in labour costs are used to scale the estimated elasticity impacts to estimate changes in demand for labour as in Table 4 below. However, as applied at the row level of data in aggregate, and given the exemptions noted in paragraph 56 following the application of behavioural response estimated changes in volumes of in and out of country visa grants for these routes are up to around 1 per cent in each year in low, central and high scenarios.

*Table 4 – Estimated labour elasticity of demand and illustrative resultant estimated change in demand (based on median labour costs), Skilled Worker and Health and Care routes*

Scenario	Labour demand elasticity	Illustrative estimated change in demand
<b>Skilled Worker</b>		
Low	-0.3	-0.5%
Central	-0.6	-1.0%
High	-1.2	-2.0%
<b>Health and Care</b>		
Low	-0.3	-0.7%
Central	-0.6	-1.3%
High	-1.2	-2.6%

<sup>23</sup> For details of National Payscale occupations see National pay scales for eligible teaching and education leadership occupation codes - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/government/publications/national-pay-scales-for-eligible-teaching-and-education-jobs/national-pay-scales-for-eligible-teaching-and-education-leadership-occupation-codes> and National pay scales for eligible healthcare occupation codes - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/government/publications/national-pay-scales-for-eligible-healthcare-jobs/national-pay-scales-for-eligible-healthcare-occupation-codes>

<sup>24</sup> Visa fees and Immigration Health Surcharge costs are assumed to be borne by the migrant, although it is noted some employers may choose to pay these fees on behalf of migrants.

<sup>25</sup> Visa fees transparency data - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/government/publications/visa-fees-transparency-data> for CoS fees, UK visa sponsorship for employers: Immigration skills charge - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/uk-visa-sponsorship-employers/immigration-skills-charge> for ISC

<sup>26</sup> Median used to minimise impacts from outlier cases.

<sup>27</sup> These figures are in nominal terms

## **Global Business Mobility**

60. The impact of the increase in salary thresholds on the volumes of migrants on the GBM: Senior or Specialist Worker and GBM: Graduate Trainee routes are estimated by taking the mean of those whose stated salaries on their CoS are within the current minimum (£42,400 and £23,100, respectively) and the proposed new minimum (£45,800 and £24,220). These migrants are identified as in scope to be impacted.
61. The impact of the increase in salary thresholds on the volumes of migrants on the GBM:UK Expansion Worker route is estimated in the same way, however due to the nature of the route as a facilitation for established overseas businesses to expand to the UK, any resulting change in costs are expected to fall to overseas, not British businesses, so are out of scope of the NPSV, BNPV or EANDCB<sup>28</sup> in this impact assessment.
62. Around (35 per cent) of 2022 visa holders were in scope to be impacted by the increased salary threshold. Of those sponsored in 2022, whose salaries were below the proposed new minimum the mean salary was around £43,400. The impact of this change has been modelled assuming employers will raise the pay of some employees up to the new minimum, while decreasing the number migrants they would have employed had the minimum salary threshold remained the same.
63. The scale of these impacts is estimated using the labour demand elasticities discussed above, applied to the effective percentage change in the mean cost of an employee currently earning less than the new minimum salary. This cost is estimated using the mean salary plus other employer costs, such as the Immigration Skills Charge (ISC)<sup>29</sup>, Certificate of Sponsorship fee and non-wage costs (18.04 per cent for 2019/2020) based on latest available ONS data. The use of the mean salary represents a deviation from the methodology employed in analysis of the Skilled Work Health and Social care visas, which uses the median wage to account for outliers (for example deriving from impacts at specific going rates), for which none were identified in the affected cohort of GBM migrants.
64. The ISC is currently required to be paid by sponsors on work routes and is set at £182 per six months stay for micro, small and charitable sponsors<sup>30</sup> and £500 per six months stay for medium or large sponsors. The ISC is not required to be paid for EEA nationals on the GBM routes whose grant lengths are less than three years, migrants coming to the UK to work in PhD occupations, those switching from study into work, or those coming to the UK under the UK Expansion worker or Graduate Trainee routes.
65. The average ISC estimated to have been paid by Medium/Large (50+ employees) and Micro/Small (<50 employees) sponsors for all eligible ICT migrants is estimated using 2016-2021 data on visa grant lengths in the ICT routes. This therefore assumes that the length of stay granted to GBM migrants is similar to the average on the ICT route. The average ISC costs for eligible GBM migrants are then adjusted to account for the proportion of exempt migrants in the 2022 Cos data, and the size of the sponsoring organisations.
66. The estimated change in employer costs are given in table 5 below and the estimated additional cost this represents and the percentage change in cost to the employer is given in table 6 below.

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<sup>28</sup> The net direct cost to business is defined as the Equivalent Annual Net Direct Cost to Business (EANDCB) and is a measure used by the Regulatory Policy Committee (RPC) to assess the regulatory burden on business

<sup>29</sup> UK visa sponsorship for employers: Immigration skills charge - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/uk-visa-sponsorship-employers/immigration-skills-charge>

<sup>30</sup> You're usually a small sponsor if at least 2 of the following apply: your annual turnover is £10.2 million or less, your total assets are worth £5.1 million or less; you have 50 employees or fewer

You're a charitable sponsor if you're: a registered charity in England or Wales, a registered charity in Scotland, a registered charity in Northern Ireland - if you're not on the register, you must provide proof of your charitable status for tax purposes from HM Revenue and Customs (HMRC) an excepted charity, an exempt charity, an ecclesiastical corporation established for charitable purposes.

Table 5: *Estimated proportion of inflows below the updated threshold for GBM routes*

	Proportion of inflows below new threshold	Mean salary below new threshold	New threshold
<b>Salary</b>			
Senior or Specialist Worker	35%	£43,393	£45,800
UK Expansion Worker	15%	£43,650	£45,800
Graduate Trainee	2%	£23,703	£24,220
<b>Salary + Non-wage costs</b>			
Senior or Specialist Worker	35%	£51,221	£54,062
UK Expansion Worker	15%	£51,524	£54,062
Graduate Trainee	2%	£27,979	£28,589
<b>Immigration Skills Charge</b>			
Senior or Specialist Worker	-	£1,540	£1,540
UK Expansion Worker (Exempt from ISC)	-	£0	£0
Graduate Trainee (Exempt from ISC)	-	£0	£0
<b>Visa Fee</b>			
Senior or Specialist Worker	-	£199	£199
UK Expansion Worker	-	£199	£199
Graduate Trainee	-	£199	£199
<b>Total</b>			
Senior or Specialist Worker	35%	£52,961	£55,802
UK Expansion Worker	15%	£51,723	£54,261
Graduate Trainee	2%	£28,178	£28,788

Table 6: *Estimated total additional cost to the employer in absolute terms and as a percent of the total cost to the employer if increasing salaries to the updated threshold for GBM routes*

	Additional cost to employer	Percentage change in cost to employer
Senior or Specialist Worker	£2,841	5.36%
UK Expansion Worker	£2,538	4.91%
Graduate Trainee	£610	2.17%

67. These changes in employer costs are then multiplied by the labour demand elasticities to give the impact of the salary threshold change on labour demand – in table 7 below. The resulting change in future volumes captures the main impact of the change, which can then be used to estimate the resulting impacts on the British economy, fiscal position, labour market and government operations.

Table 7 – Estimated labour elasticity of demand and illustrative resultant estimated change in demand (based on median labour costs), GBM routes

Scenario	Labour demand elasticity	Estimated change in demand
<b>Senior or Specialist Worker</b>		
Low	-0.3	-1.6%
Central	-0.6	-3.3%
High	-1.2	-6.5%
<b>UK Expansion Worker</b>		
Low	-0.3	-1.5%
Central	-0.6	-2.9%
High	-1.2	-5.8%
<b>Graduate Trainee</b>		
Low	-0.3	-0.6%
Central	-0.6	-1.3%
High	-1.2	-2.6%

### E.1.7 Scale Up analysis

68. The latest immigration statistics<sup>31</sup> state, in relation to the Scale Up visa which launched in August 2022, “there have been no visa applications up to the end of 2022 in this route. This is because the route requires individuals to be sponsored in the first instance, and so there will be a period before individual applications can be made, given the need for companies to apply for a licence and meet the high-growth requirements for the route. The Scale-up route is also just one part of the offers available to businesses in the points-based system, and therefore there may be a delay before existing sponsors decide to utilise this route”. The register of licensed sponsors<sup>32</sup> (as of 23 Feb 2023) highlights 18 registered licensed sponsors for the Scale Up route.

69. Given the uncertainty in future volumes, and current low volumes using the route, an assumption has been made that impacts from updating salary thresholds may be covered within the ranges of impacts presented and are not specifically analysed.

### E.1.8 Seasonal Workers analysis

70. While thresholds are also being updated for seasonal workers, the volume of seasonal workers in scope to be impacted by the updated salary thresholds are thought to be minimal and so are not considered further in this IA

## E.2 Appraisal

### E.2.1 Volumes

#### **Skilled Worker and Health and Care**

71. Volumes of applications and grants under the visa routes (out of country and in country), estimated resultant of inflows during the appraisal period are presented in the following tables for each scenario. Estimates are based data and methodology as described in Section E.1. These illustrate that assuming behavioural response from employers in relation to salary updates may see limited impacts on volumes from changes.

<sup>31</sup> Why do people come to the UK? To work - GOV.UK (www.gov.uk) - <https://www.gov.uk/government/statistics/immigration-system-statistics-year-ending-december-2022/why-do-people-come-to-the-uk-to-work>

<sup>32</sup> Register of Worker and Temporary Worker licensed sponsors - GOV.UK (publishing.service.gov.uk) - [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1138247/2023-02-23\\_-\\_Worker\\_and\\_Temporary\\_Worker.csv/preview](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1138247/2023-02-23_-_Worker_and_Temporary_Worker.csv/preview)



*Table 8 - Estimated projected Out of Country (OOC) and In Country (IC) Applications and Grants (Applications/Grants) for Skilled Worker and Health and Care visas - Baseline and Policy (Low, Central and High) - 2023/2024 - 2032/2033 (rounded to nearest 1,000)*

	2023/2024	2024/2025 Onwards	2023/2024	2024/2025 Onwards
	Baseline		Policy	
<b>Skilled Worker – Main Applicant</b>				
Low	OOC: 62,000 / 58,000 IC: 89,000 / 89,000	OOC: 63,000 / 58,000 IC: 119,000 / 118,000	OOC: 62,000 / 58,000 IC: 89,000 / 59,000	OOC: 63,000 / 58,000 IC: 119,000 / 118,000
Central	OOC: 83,000 / 77,000 IC: 119,000 / 118,000	OOC: 84,000 / 78,000 IC: 159,000 / 158,000	OOC: 83,000 / 77,000 IC: 119,000 / 118,000	OOC: 83,000 / 77,000 IC: 158,000 / 157,000
High	OOC: 104,000 / 96,000 IC: 149,000 / 148,000	OOC: 104,000 / 97,000 IC: 198,000 / 197,000	OOC: 103,000 / 96,000 IC: 148,000 / 147,000	OOC: 104,000 / 97,000 IC: 197,000 / 196,000
<b>Skilled Worker – Dependant</b>				
Low	OOC: 41,000 / 37,000 IC: 57,000 / 57,000	OOC: 41,000 / 38,000 IC: 76,000 / 76,000	OOC: 41,000 / 37,000 IC: 57,000 / 57,000	OOC: 41,000 / 38,000 IC: 76,000 / 76,000
Central	OOC: 54,000 / 50,000 IC: 76,000 / 76,000	OOC: 55,000 / 50,000 IC: 102,000 / 101,000	OOC: 54,000 / 50,000 IC: 77,000 / 76,000	OOC: 55,000 / 50,000 IC: 102,000 / 101,000
High	OOC: 68,000 / 62,000 IC: 96,000 / 95,000	OOC: 68,000 / 63,000 IC: 127,000 / 127,000	OOC: 68,000 / 62,000 IC: 95,000 / 95,000	OOC: 68,000 / 63,000 IC: 127,000 / 126,000
<b>Health and Care – Main Applicant</b>				
Low	OOC: 87,000 / 81,000 IC: 58,000 / 57,000	OOC: 87,000 / 81,000 IC: 77,000 / 76,000	OOC: 87,000 / 81,000 IC: 58,000 / 57,000	OOC: 87,000 / 81,000 IC: 77,000 / 76,000
Central	OOC: 116,000 / 108,000 IC: 78,000 / 77,000	OOC: 116,000 / 108,000 IC: 103,000 / 102,000	OOC: 116,000 / 108,000 IC: 78,000 / 76,000	OOC: 116,000 / 108,000 IC: 103,000 / 101,000
High	OOC: 145,000 / 135,000 IC: 97,000 / 96,000	OOC: 145,000 / 135,000 IC: 129,000 / 127,000	OOC: 144,000 / 134,000 IC: 97,000 / 95,000	OOC: 144,000 / 134,000 IC: 128,000 / 126,000
<b>Health and Care – Dependant</b>				
Low	OOC: 77,000 / 70,000 IC: 53,000 / 53,000	OOC: 77,000 / 70,000 IC: 70,000 / 70,000	OOC: 76,000 / 70,000 IC: 53,000 / 53,000	OOC: 76,000 / 70,000 IC: 70,000 / 70,000
Central	OOC: 102,000 / 93,000 IC: 71,000 / 71,000	OOC: 102,000 / 93,000 IC: 94,000 / 94,000	OOC: 102,000 / 93,000 IC: 71,000 / 70,000	OOC: 102,000 / 93,000 IC: 94,000 / 93,000
High	OOC: 128,000 / 117,000 IC: 89,000 / 88,000	OOC: 128,000 / 117,000 IC: 117,000 / 117,000	OOC: 127,000 / 116,000 IC: 88,000 / 88,000	OOC: 127,000 / 116,000 IC: 117,000 / 117,000

72. Whilst the assumed behavioural response is estimated to lead to small changes in volumes of applications and grants, there is an estimated larger population where employers are assumed to choose to adjust behaviour and raise salaries to continue recruiting Skilled Worker and Health and Care visa holder labour. These estimated volumes are set out in Table 9 below, illustrated for the central scenario, and the estimated indirect cost to employers from adjusting behaviour and increasing salaries is set out in paragraph 109 below.

Table 9 - Estimated projected grants for main applicant visas and associated policy impacts in the central scenario –2023/2024 - 2032/2033 (rounded to nearest 1,000, totals may not sum due to rounding).

	Estimated total 2023/2024	Estimated total 2024/2025 Onward
<b>Skilled Worker</b>	<b>195,000</b>	<b>236,000</b>
Volume estimated to meet new threshold - prior to applying behavioural assumptions	167,000	201,000
Volume below new threshold	29,000	35,000
- Of whom: Volume estimated to drop out	Fewer than 1,000	Fewer than 1,000
- Of whom: Volume estimated to receive pay increase	28,000	34,000
<b>Health and Care</b>	<b>185,000</b>	<b>210,000</b>
Volume estimated to meet new threshold - prior to applying behavioural assumptions	127,000	147,000
Volume below new threshold	58,000	63,000
- Of whom: Volume estimated to drop out	Fewer than 1,000	Fewer than 1,000
- Of whom: Volume estimated to receive pay increase	57,000	62,000

73. Estimates of fiscal impacts – set out in paragraphs 84 to 87 and 120 to 121 below – are estimated based on changes in the stock of visa holders present in the UK in each given year. Making an illustrative assumption that all visa holders estimated to make short term flows and leave the UK within a period of less than a year following their arrival to the UK are present in the UK for at least 6 months and so counted as present for that year in stock estimates, stocks are estimated as adding inflows in a given year minus outflows from the previous year to the previous year's estimated stock. Estimated stocks are presented in Table 10 below.

*Table 10 – Estimated stocks of Skilled Worker and Health and Care visa holders present in the UK (based on estimated arrivals from 2023/2024 onwards) – Baseline and Policy (Low, Central and High) 2023/2024 - 2032/2033 (rounded to nearest 1,000)*

	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033
<b>Skilled Worker – Main Applicant</b>										
<b>Baseline</b>										
Low	58,000	115,000	170,000	220,000	259,000	297,000	325,000	350,000	375,000	400,000
Central	77,000	153,000	226,000	293,000	346,000	395,000	434,000	467,000	500,000	534,000
High	96,000	191,000	283,000	366,000	432,000	494,000	542,000	584,000	625,000	667,000
<b>Policy</b>										
Low	58,000	150,000	169,000	219,000	259,000	296,000	325,000	350,000	375,000	400,000
Central	77,000	153,000	226,000	292,000	345,000	395,000	433,000	466,000	499,000	533,000
High	96,000	191,000	281,000	365,000	430,000	492,000	540,000	581,000	623,000	664,000
<b>Skilled Worker – Dependant</b>										
<b>Baseline</b>										
Low	37,000	74,000	110,000	142,000	168,000	192,000	210,000	227,000	243,000	259,000
Central	50,000	99,000	146,000	189,000	224,000	256,000	280,000	302,000	324,000	345,000
High	62,000	124,000	183,000	237,000	280,000	320,000	351,000	378,000	405,000	432,000
<b>Policy</b>										
Low	37,000	74,000	110,000	142,000	168,000	192,000	210,000	226,000	243,000	259,000
Central	50,000	99,000	146,000	189,000	224,000	256,000	280,000	302,000	324,000	345,000
High	62,000	123,000	182,000	236,000	279,000	319,000	350,000	377,000	404,000	430,000
<b>Health and Care – Main Applicant</b>										
<b>Baseline</b>										
Low	81,000	160,000	237,000	306,000	361,000	413,000	453,000	488,000	523,000	558,000
Central	108,000	214,000	315,000	408,000	482,000	551,000	604,000	650,000	697,000	743,000
High	135,000	267,000	394,000	511,000	602,000	689,000	755,000	813,000	871,000	929,000
<b>Policy</b>										
Low	81,000	160,000	236,000	305,000	360,000	412,000	452,000	487,000	521,000	556,000
Central	108,000	213,000	314,000	407,000	480,000	549,000	601,000	648,000	694,000	740,000
High	134,000	265,000	391,000	507,000	598,000	684,000	749,000	807,000	865,000	922,000
<b>Health and Care – Dependant</b>										
<b>Baseline</b>										
Low	70,000	139,000	205,000	265,000	313,000	357,000	392,000	422,000	452,000	482,000
Central	93,000	185,000	273,000	353,000	417,000	477,000	522,000	563,000	603,000	643,000
High	117,000	231,000	341,000	442,000	521,000	596,000	653,000	703,000	754,000	804,000
<b>Policy</b>										
Low	70,000	139,000	204,000	265,000	312,000	357,000	391,000	421,000	451,000	481,000
Central	93,000	184,000	272,000	352,000	415,000	475,000	520,000	560,000	600,000	640,000
High	116,000	230,000	339,000	439,000	518,000	592,000	649,000	699,000	749,000	798,000

## Global Business Mobility

74. As above, the estimated resultant inflows of GBM migrants are presented in the following tables for each scenario. These illustrate that assuming behavioural response from employers in relation to salary updates may see limited impacts on volumes from changes.
75. Unlike the equivalent for the Skilled Worker and Health and Care visa, low volumes and high grant rates mean that only granted volumes are given in the tables below. Similarly due to very low volumes, in-country applications to UK expansion worker and Graduate Trainee visas are not included.

*Table 11 - Estimated projected Out of Country (OOC) and In Country (IC) Applications and Grants (Applications/Grants) for GBM visas - Baseline and Policy (Low, Central and High) - 2023/2024 - 2032/2033 (rounded to nearest 1,000)*

	2023/2024	2024/2025 Onwards	2023/2024	2024/2025 Onwards
	Baseline		Policy	
<b>Senior and Specialist Worker</b>				
Main Applicant	OOC: 17,500 IC: 7,100	OOC: 18,000 IC: 9,500	OOC: 17,300 IC: 7,000	OOC: 17,800 IC: 9,400
Dependant	OOC: 17,300 IC: 5,600	OOC: 17,800 IC: 7,300	OOC: 16,400 IC: 5,600	OOC: 16,900 IC: 7,200
<b>UK Expansion Workers</b>				
Main Applicant	OOC: <100	OOC: <100	OOC: <100	OOC: <100
Dependant	OOC: <100	OOC: <100	OOC: <100	OOC: <100
<b>Graduate Trainee</b>				
Main Applicant	OOC: 300	OOC: 300	OOC: 300	OOC: 300
Dependant	OOC: 200	OOC: 200	OOC: 200	OOC: 200

76. The change in applications between the baseline and central policy options are very small in almost all cases, for UK expansion workers and Graduate trainees the change in inflow volumes is considered negligible and assumed to be zero. Although the impact on inflow volumes for GBM: Senior or Specialist workers is also very small, the proportion of businesses expected to raise their salaries to meet the new threshold is higher. The estimated change in volumes is summarised in the table below.

Table 12 - Estimated projected grants for main applicant visas and associated policy impacts in the central scenario –2023/2024 - 2032/2033 (rounded to nearest 1,000, totals may not sum due to rounding).

	Estimated total 2023/2024	Estimated total 2024/2025 onward
<b>Senior or Specialist</b>	<b>24,600</b>	<b>27,500</b>
Volume estimated to meet new threshold - prior to applying behavioural assumptions	15,900	17,700
Volume below new threshold	8,700	9,700
- Of whom: Volume estimated to drop out	300	300
- Of whom: Volume estimated to receive pay increase	8,400	9,400
<b>UK Expansion Worker</b>	<b>100</b>	<b>100</b>
Volume estimated to meet new threshold - prior to applying behavioural assumptions	100	100
Volume below new threshold	0	0
- Of whom: Volume estimated to drop out	0	0
- Of whom: Volume estimated to receive pay increase	0	0
<b>Graduate Trainee</b>	<b>300</b>	<b>300</b>
Volume estimated to meet new threshold - prior to applying behavioural assumptions	300	300
Volume below new threshold	0	0
- Of whom: Volume estimated to drop out	0	0
- Of whom: Volume estimated to receive pay increase	0	0

77. As discussed above, estimates of fiscal impacts are estimated based on changes in the stock of visa holders present in the UK in each given year. Analysis of the stock of GBM: Senior or Specialist workers makes a slight change to the assumption made in the estimation of the stock of migrants on the Skilled Worker Health and Social care visas. Rather than assuming that all visa holders who remain in the UK for less than a year are present in the UK for at least 6 months, those remaining in the UK for less than six months are identified and only those migrants remaining in the UK for more than six months are counted towards the first year's stock. The reason for this is that the proportion of GBM: Senior or Specialist workers remaining in the UK for short periods of time is considerably higher than that of Skilled Work Health and Social Care visa.
78. As can be seen in Tables 2 and 3 above, the proportion of migrants remaining in the UK on the Skilled Work Health and Social Care visas is around 2 per cent, whereas the same figure for GBM routes is estimated to be around 55 per cent. Following this, stocks are estimated in the same way, by adding inflows in a given year minus outflows from the previous year to the previous year's estimated stock. Estimated stocks are presented in Table 13 below. Stocks for Graduate Trainee and UK Expansion workers are not estimated due to the low impact of the policy changes.

*Table 13 – Estimated stocks of GBM: Senior or Specialist Worker main applicant visa holders present in the UK (based on estimated arrivals from 2023/2024 onwards) – Baseline and Policy (Low, Central and High) 2023/2024 - 2032/2033 (rounded to nearest 100)*

	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033
<b>Senior or Specialist – Main Applicant</b>										
<b>Baseline</b>										
Low	15,000	25,000	30,700	32,800	34,100	35,300	35,400	35,400	35,400	35,400
Central	20,000	33,400	40,900	43,700	45,400	47,100	47,200	47,200	47,200	47,200
High	25,000	41,700	51,100	54,600	56,800	58,800	59,000	59,000	59,000	59,000
<b>Policy</b>										
Low	14,900	24,900	30,500	32,600	33,900	35,100	35,200	35,200	35,200	35,200
Central	19,800	33,000	40,400	43,200	44,900	46,500	46,700	46,700	46,700	46,700
High	24,400	40,800	50,000	53,300	55,500	57,500	57,700	57,700	57,700	57,700
<b>Senior or Specialist – Dependant</b>										
<b>Baseline</b>										
Low	13,600	22,400	27,400	29,200	30,300	31,400	31,500	31,500	31,500	31,500
Central	18,100	29,900	36,500	38,900	40,400	41,900	42,000	42,000	42,000	42,000
High	22,600	37,300	45,600	48,600	50,600	52,400	52,500	52,500	52,500	52,500
<b>Policy</b>										
Low	13,500	22,300	27,200	29,000	30,200	31,200	31,300	31,300	31,300	31,300
Central	17,900	29,500	36,100	38,400	40,000	41,400	41,500	41,500	41,500	41,500
High	22,100	36,500	44,600	47,500	49,400	51,200	51,300	51,300	51,300	51,300

## **E.2.2 COSTS**

### **Transitional costs**

#### **All Routes**

79. Transitional impacts are assumed to be negligible. No capital investment is required to implement the preferred option, and familiarisation costs are assumed to be negligible as result from changing the stated salary in guidance, and guidance length would not be affected by the preferred option. As such it is assumed to be a negligible time commitment for current sponsors, immigration lawyers and immigration advisors to familiarise that where for example guidance previously stated £25,600, it will now state £26,200 and the rules to which the stated salary apply remain unchanged and so do not require any additional familiarisation. The guidance for sponsoring a Skilled Worker<sup>33</sup> and sponsoring someone under GBM<sup>34</sup> each include fewer than 100 instances (fewer than 100 words assuming a number counts as one word) referencing a specific salary threshold or the stated weekly hours used to estimate hourly rates, as such familiarisation costs are deemed negligible.

#### **Ongoing and total costs (Private and Public)**

#### **All Routes**

<sup>33</sup> Sponsor a Skilled Worker (publishing.service.gov.uk) -

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1116205/Sponsor-a-Skilled-Worker-11-22.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1116205/Sponsor-a-Skilled-Worker-11-22.pdf)

<sup>34</sup> Sponsor a Global Business Mobility worker (publishing.service.gov.uk) -

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1120724/Sponsor-a-Global-Business-Mobility-worker-11-22.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1120724/Sponsor-a-Global-Business-Mobility-worker-11-22.pdf)

80. Costs relating to each of the types of impact outlined in the appraisal framework as set out in paragraph 22 are discussed in this section, with fiscal and fee revenue costs to government, and an indirect cost to business where choosing to increase wages to continue to hire visa holders are quantified. Potential distributional impacts in the labour market, potential wider adjustment costs, and potential impacts on productivity, innovation are discussed qualitatively. Impacts on GDP per capita of the resident population are discussed, but HMT Green Book guidance stating “changes to Gross Domestic Product (GDP), or Gross Value Added (GVA) or the use of Keynesian type multipliers arising from different options cannot provide useful information for choosing between options”<sup>35</sup> is noted and these would not form part of a NSPV calculation.

## **Macroeconomic costs**

### ***All Routes***

81. Costs can arise in scenarios where salary thresholds reduce volumes of granted visas on these routes and so volumes of migrant visa holders working in the UK.

82. Research has suggested inflows of skilled labour may have positive impacts on productivity and innovation, with the MAC<sup>36</sup> summarising these impacts as “high-skilled immigrants make a positive contribution to the levels of innovation in the receiving country” and “there is a lot of uncertainty about the impact of immigration on productivity, although most studies conclude there is a positive impact”. The MAC review of evidence also highlights quantification of productivity impacts is an area requiring further research as current methods have not resulted in reliable quantification. As such these impacts are not quantified but given the relatively low volumes of affected visa holders in scenarios may be expected to be relatively small-scale impacts.

83. Similarly, research suggests impacts on GDP per capita are assumed to be small. From the House of Lords<sup>37</sup> (2008) stating “the overall conclusion from existing evidence is that immigration has very small impacts on GDP per capita, whether these impacts are positive or negative” to the MAC (2020) summarising that “for high-skilled immigrants, it is likely that GDP per capita is raised but for lower-skilled immigrants it is much more debatable” and “regardless of the direction of the impact on GDP per capita the magnitudes are generally small”<sup>38</sup>, research has consistently highlighted the small scale of these impacts. A previous Home Office<sup>39</sup> estimate of the impact, looking at a cumulative change in stocks of EEA national migrants of the scale of between 200,000 and 400,000 over five years estimated an impact on GDP per capita of between 0.1 per cent and 0.2 per cent in that fifth year. Given the estimated cumulative reduction in stock over the first five years estimated in low to high scenarios in this analysis is between 6,000 and 33,000 (14,000 in central case) for Skilled Workers and Health and Care visa holders and between 200 and 1,300 for GBM, even accounting for higher shares of those impacted being in higher skilled occupations compared to that previous analysis, impacts are assumed to be negligible.

84. Fiscal impacts are quantified using the methodology and assumptions broadly follows the approach set out in previous Home Office Fee Regulations IAs<sup>40</sup>, with assumptions updated to reflect data updates since that publication. Differences in methods reflect use of the estimated earnings distributions of migrants<sup>41</sup> in each scenario rather than averages, and a simplifying assumption has been made to assume no welfare expenditure on migrants (as opposed to

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<sup>35</sup> The Green Book: appraisal and evaluation in central government - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

<sup>36</sup> Migration Advisory Committee (MAC) report: EEA migration - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/government/publications/migration-advisory-committee-mac-report-eea-migration>

<sup>37</sup> Microsoft Word - Immigration Report Toc.doc (parliament.uk) - <https://publications.parliament.uk/pa/ld200708/ldselect/ldconaf/82/82.pdf>

<sup>38</sup> A Points-Based System and Salary Thresholds for Immigration: report (publishing.service.gov.uk) - [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/873155/PBS\\_and\\_Salary\\_Thresholds\\_Report\\_MAC\\_word\\_FINAL.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873155/PBS_and_Salary_Thresholds_Report_MAC_word_FINAL.pdf)

<sup>39</sup> The UK's future skills-based immigration system - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/government/publications/the-uks-future-skills-based-immigration-system>

<sup>40</sup> The Immigration and Nationality (Fees) (Amendment) (No. 3) Regulations 2020 (legislation.gov.uk) - [https://www.legislation.gov.uk/ukia/2020/48/pdfs/ukia\\_20200048\\_en.pdf](https://www.legislation.gov.uk/ukia/2020/48/pdfs/ukia_20200048_en.pdf)

<sup>41</sup> Earnings distribution based on data reflecting estimated outcomes using salaried in baseline (Jan – Dec 2022) data and potential behavioural response, as such do not account for potential salary changes for individuals across the appraisal period.

making that assumption only in the first five years of presence in the UK). Fiscal costs would arise from a reduction in volumes of visa holders being present in the UK and so reducing fiscal contributions via direct and indirect taxation. As such fiscal revenue is assumed to be a function of estimated changes in volumes of those in employment in the UK and tax revenue resulting from their earnings (indirect tax revenue from non-working dependants is assumed to derive from the main applicants' earnings and so not calculated separately).

85. Fiscal revenue estimates are affected by two factors impacting in opposite directions in low, central and high scenarios; estimated reductions in fiscal revenue resulting from estimated changes in stocks, outlined in Section E.2.1, and for the volumes estimated to receive a pay increase, an increase in fiscal revenue.
86. These factors, alongside the variation in fiscal components included in scenarios (as outlined in paragraph 25) lead to estimated net reductions in fiscal revenue of around £62 million to £819 million over the appraisal period in low to high scenarios in the policy option, and £234 million in the central case for Skilled Worker and Health and Care visa holders, and a net reduction of around £9 million to £281 million, and £73 million in the central case for Global Business Mobility (discounted, £2023/2024).
87. As these figures are influenced by both changes in volumes and assumed wage increases for those where elasticity assumptions are assumed to lead to employer behavioural response comparisons to fiscal expenditure estimates will not yield evidence of the net fiscal impact of migrant visa holders on these routes overall and reflect only the estimated impacts in relation to estimated outcomes as a result of updates to the salary data underpinning thresholds in these immigration routes.

## **Labour Market costs**

### ***Skilled Worker and Health and Care***

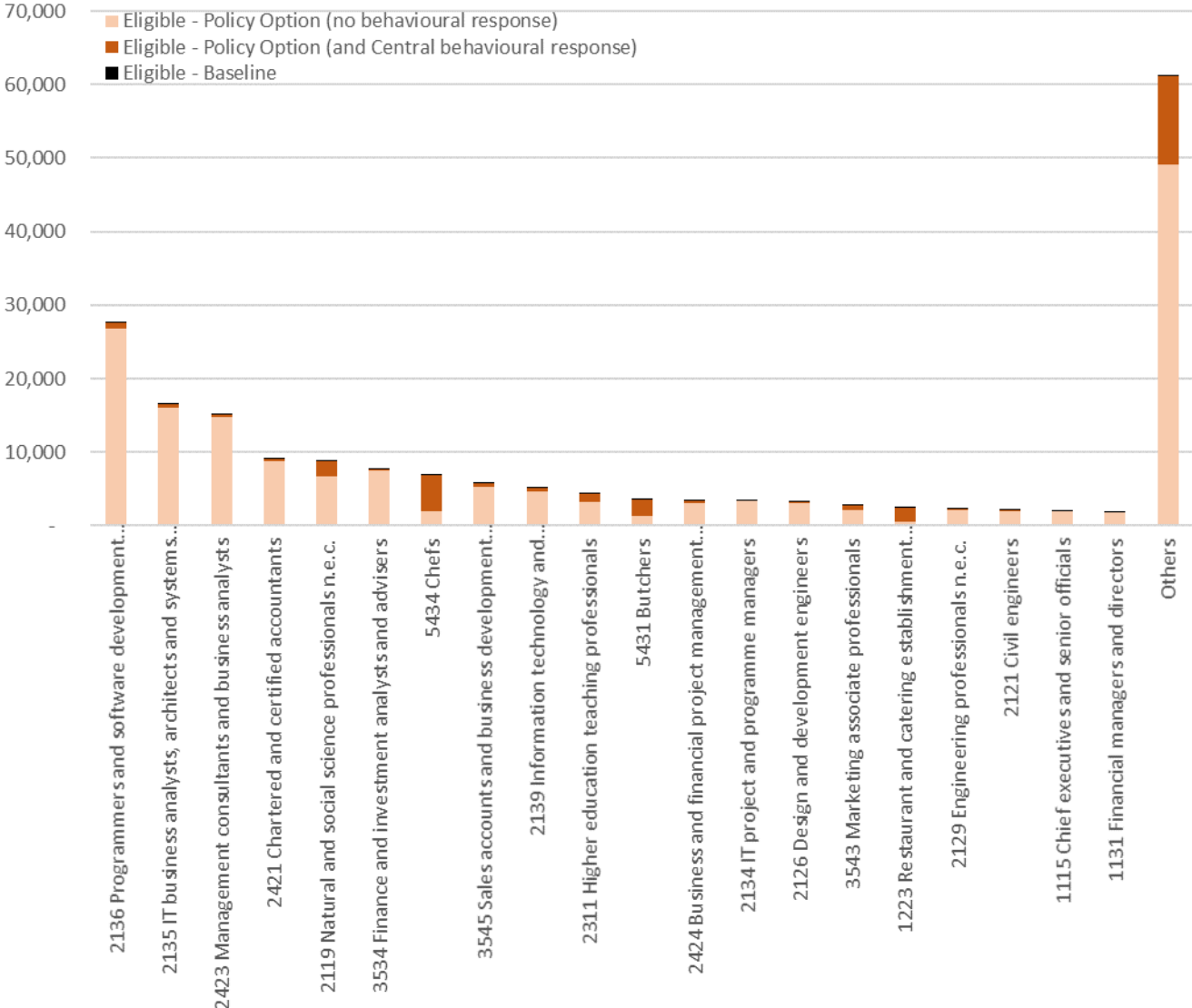
88. Costs can accrue to the labour market should the policy substantially affect labour supply. However non-UK nationals remain a minority in the labour market accounting for around 1 in 10 people in employment<sup>42</sup> in latest ONS data covering October to December 2022, and given the ONS definition (non-UK nationals) is broader than just counting Skilled Worker and Health and Care visa holders and their dependants in employment, the scale of impacts from the preferred option would be expected to affect a smaller share of the resident workforce.
89. Distributional impacts of those in scope to be affected can be presented for regions, occupations, and sectors of main applicants on Skilled Worker and Health and Care visas. As Health and Care visas are concentrated in the Health and Social work sector, sector analysis assumes all visa holders work in that sector, whereas some third parties (NHS suppliers) may not necessarily be in that sector. Impacts are presented for the central scenario but are not expected to differ significantly in low and high scenarios – given shares eligible in low and high scenario within the policy option scenarios are not estimated to differ substantially from the central case.
90. The 20 occupations in the central baseline data for the Skilled Worker route are presented in Figure 1 below – alongside the volume of those in scope to be affected by the salary updates and highlighting those remaining eligible in the central scenario. Use of occupations in the Health and Care route is more concentrated in a few occupations which is unsurprising given the fewer eligible occupations for the route and discussed below.

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<sup>42</sup> A12: Employment, unemployment and economic inactivity by nationality and country of birth - Office for National Statistics (ons.gov.uk) - <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/a12employmentunemploymentandeconomicinactivitybynationalityandcountryofbirth>



Figure 1 – Estimated Top 20 most used occupations in Skilled Worker visa central baseline data, and estimated shares eligible in central policy option scenario and sensitivity with no employer behavioural response (based on estimated 2023/2024 volumes).



91. The occupations most represented in the baseline data for Health and Care visas are Nurses, Care Workers, Medical Practitioners, and Senior Care Workers. Nurses and Medical Practitioners are occupations subject to national pay scales, and as such assumed to be exempt from impacts as discussed in paragraph 56. An estimated 49,000 Care Workers and 30,000 Senior Care Workers are estimated in projected central baseline volumes in 2023/2024, of whom well over 9 in 10 are estimated to remain eligible in the central policy option scenario where employer adjustment to new salary thresholds is assumed. Assumed employer adjustment can play an important role in estimating impacts of salary updates. In these occupations fewer than 1 in 5 are estimated to be eligible prior to applying behavioural response assumptions.
92. These figures highlight in low, central and high scenarios, the occupations more represented in the Skilled Worker route see only minimal impacts from the policy option, where applying elasticities would suggest only minimal non-adjustment to new salary thresholds. Should the behavioural response from employers not adjust as estimated within these scenarios, larger shares of the top 20 occupations estimated in the baseline data such as chefs, butchers, restaurant and catering managers, higher education teaching professionals, and natural and social science professionals not otherwise specified may see larger shares of baseline volumes in scope to be impacted. Within the Health and Care visa, care workers and senior care workers similarly are estimated to see potential small-scale reductions in use of the route in the central

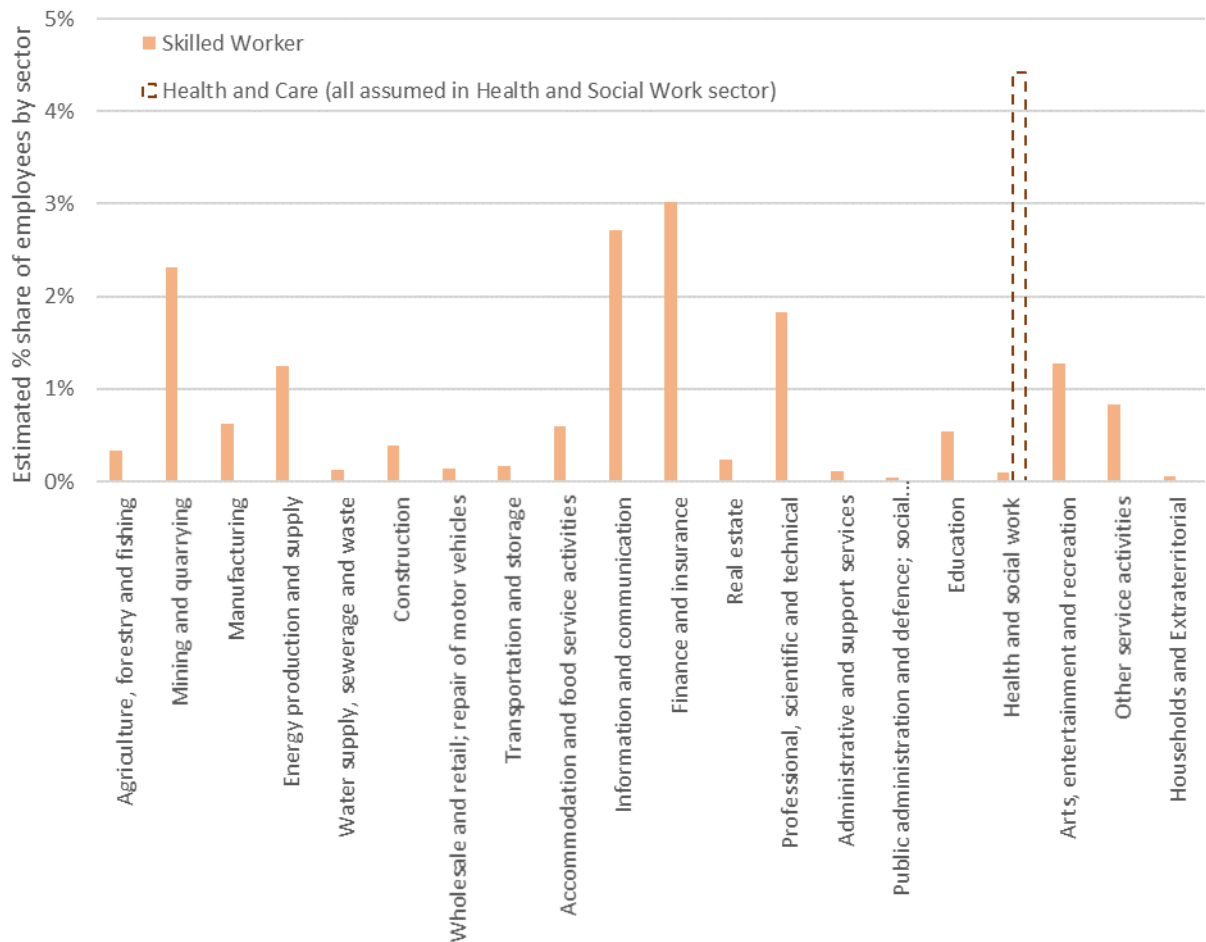
scenario and are in scope to see larger impacts should behavioural response from employers not adjust as estimated within the central scenario.

93. Given the design of the route in all scenarios, Health and Care main applicant visa holders are almost exclusively (over 95 per cent) employed in the Human Health and Care Sector. As such all main applicants in that route are estimated to be employed in that sector.
94. To provide a sense of scale, in the central baseline, three sectors account for over half of estimated Skilled Worker visa grants to main applicants: professional, scientific and technical activities, information and communications, and financial and insurance activities. These sectors are estimated to see over 90 per cent of estimated Skilled Worker main applicants remain eligible in the policy scenario even before adjusting for employer behaviour. Of sectors estimated to account for at least 5 per cent of visa grants in the Skilled Worker route in the baseline, accommodation and food services is estimated to see the largest share of baseline grants become potentially ineligible as a result of salary updates prior to behavioural responses. This may suggest that within low, central and high scenarios the sectors making most use of the Skilled Worker route may be relatively unaffected by the preferred option, and accommodation and food services may in scope to be most affected. In the central scenario, all sectors are estimated to see negligible impacts (less than 1 per cent) accounting for employer behavioural response.
95. However, it is important to note that Skilled Worker labour makes up only a small share of employment in sectors. Looking at the estimated total central baseline shares of Skilled Worker visa grants by sector (and assuming all Health and Care visa main applicants are in the Health and Social Care sector), applying these shares to the total estimated volumes of in and out of country estimated Skilled Worker main applicant visa grants in the first appraisal year, and comparing these to published ONS and HMRC data on stocks of employees<sup>43</sup> in January 2023 highlights that given any impacts would result from only a share of baseline volumes being affected, and given the small shares total baseline volumes of Skilled Worker migrants account for of employees by sector it is assumed any impacts, if seen, would not be large in the context of the sector as a whole. (see Figure 2 below).
96. Assuming all Health and Care main applicants are employed in the Health and Care sector impacts may be larger should behavioural response not occur as estimated – in the central scenario estimated grants in the Health and Care visa are estimated to see around 4 in 10 out of country, and 3 in 10 in country grants in scope to be impacted prior to employer behavioural response, reducing to negligible amounts when accounting for potential employer behavioural response.

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<sup>43</sup> Earnings and employment from Pay As You Earn Real Time Information, seasonally adjusted - Office for National Statistics (ons.gov.uk) - <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/realtimereferenceinformationstatisticsreferencetablesseasonallyadjusted>

Figure 2 – Estimated baseline grants of Skilled Worker main applicants (and assuming all Health and Care main applicants are in health and social work sector) by sector as a share of total employees by sector (Baseline data for estimated grants of main applicant Skilled Worker visas based on internal Home Office management information, 2022, Home Office ONS/HMRC RTI data on employees by sector, January 2023)



97. CoS data provides indicative information on region of employment, although this sponsor-level data may not fully reflect the location of employment where, for example, multiple locations of work may be covered within the same sponsor license. This data suggests of estimated projected central baseline volumes of visa grants in the respective routes in 2023/2024 around two thirds of Skilled Worker main applicants may be London and South East based compared to around a third of Health and Care visa holders.

98. Similar to sector analysis, these visa holders make up small shares of employment in regions. These estimated central baseline volumes of Skilled Worker main applicants' holders are estimated to account for around 1.5 per cent of January 2023 employee volumes<sup>44</sup> in London and the South East, and less than 0.5 per cent of employment in other regions; and Health and Care main applicants between 0.5 per cent and 1.0 per cent of January 2023 employee volumes in London and the South East and other regions.

99. It remains important to note that following the estimated behavioural response, volumes in low, central and high policy scenario are estimated to see only small changes compared to their baseline. Regional impacts on labour supply are therefore estimated to be negligible given the small changes in volumes seen in low, central and high scenarios.

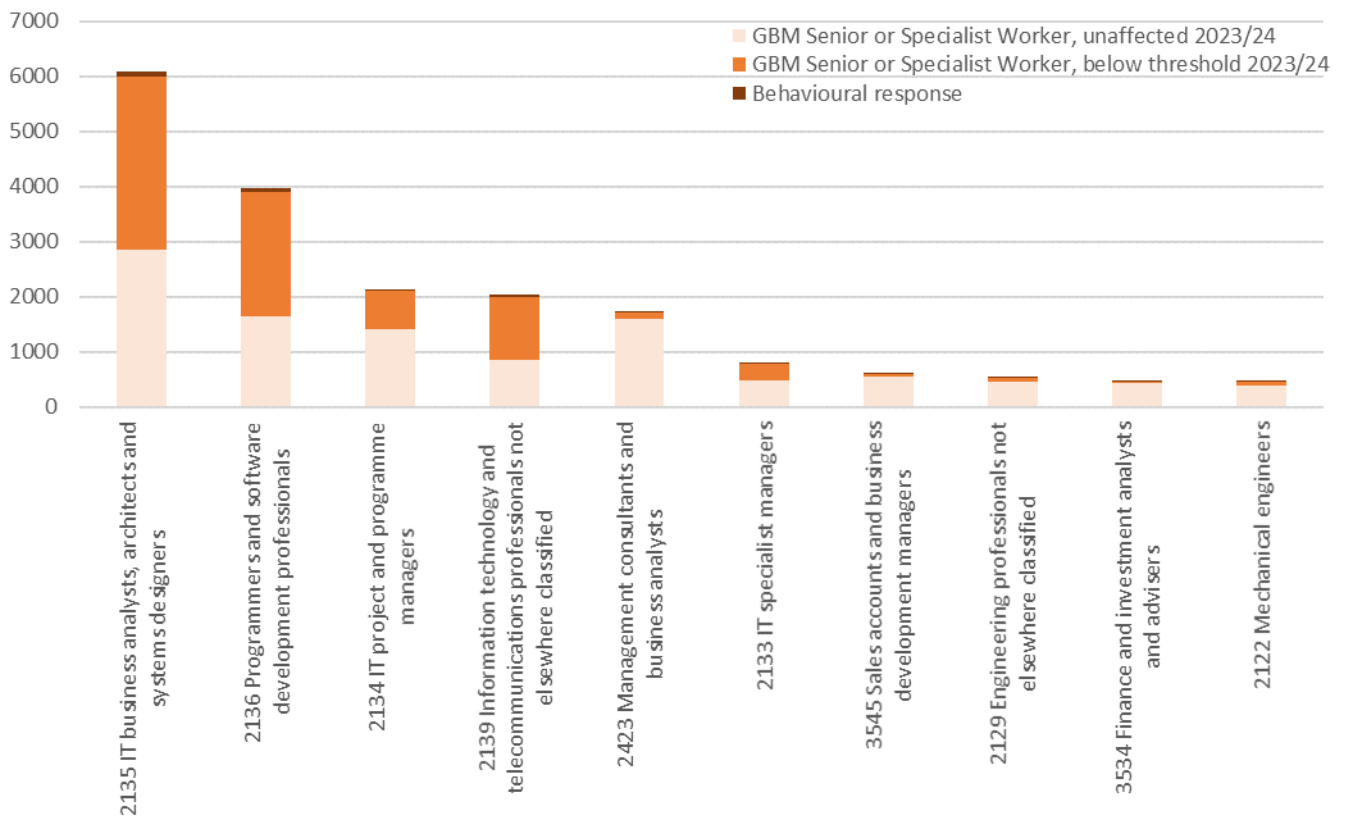
<sup>44</sup> Earnings and employment from Pay As You Earn Real Time Information, seasonally adjusted - Office for National Statistics (ons.gov.uk) - <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/realtimeinformationstatisticsreferencetableseasonallyadjusted>

## Global Business Mobility

100. As discussed above, costs can accrue to the labour market should the preferred option substantially affect labour supply. The distributional impacts of those in scope to be affected can be presented for occupations and sectors of main applicants on the GBM: Senior or Specialist Worker visa. The distributional impacts of the GBM: UK Expansion Worker and Graduate Trainee visas are not examined as volumes are extremely small.

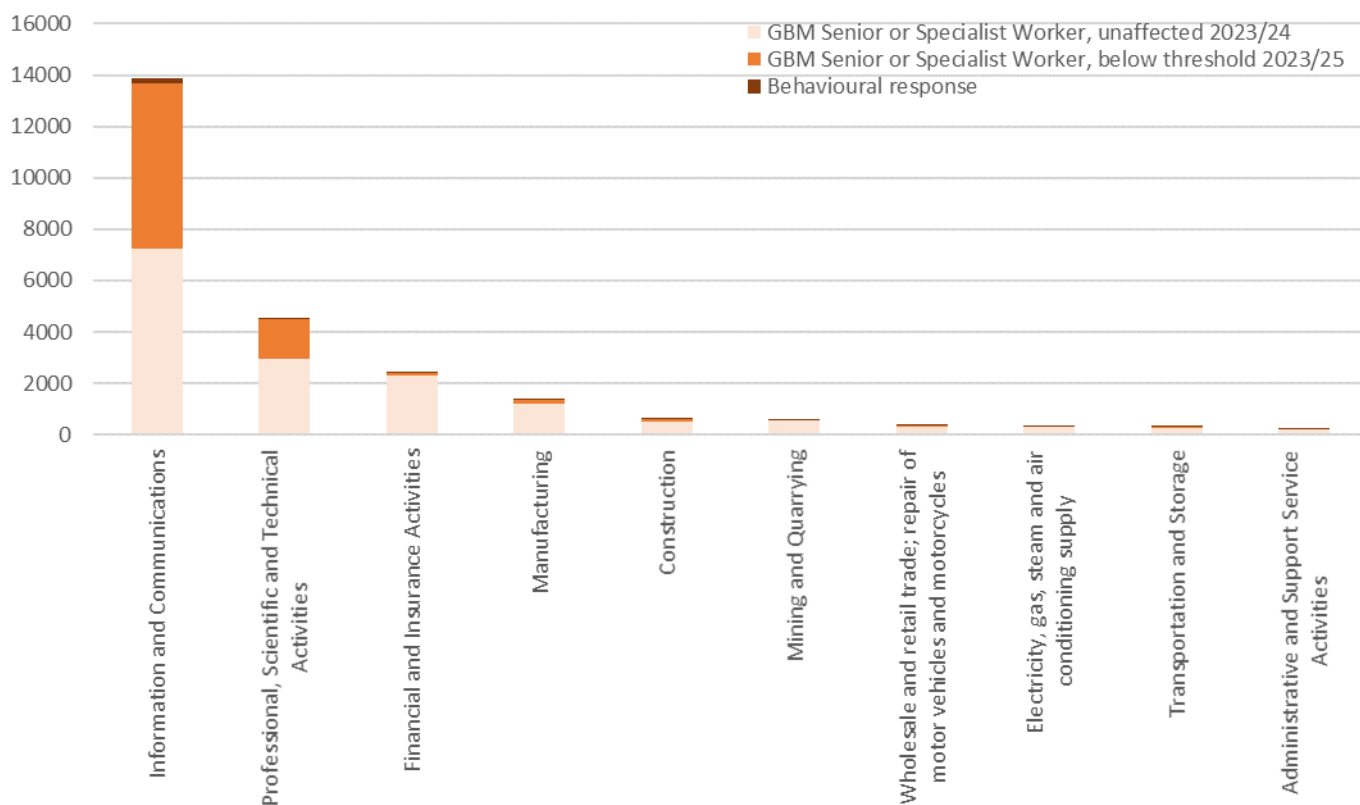
101. The 10 most used occupations in the central baseline data in the GBM: Senior or Specialist Worker route are presented in Figure 3 below – alongside highlighting those falling below the new salary threshold in the central scenario and the estimated employer behavioural response to salary updates.

*Figure 3 – Estimated Top 10 most used occupations in GBM visa central baseline data, and estimated shares eligible in central policy option scenario and sensitivity with no employer behavioural response (based on estimated 2023/2024 volumes).*



102. The most common occupation is IT business analysts, architects and systems designers, with an estimate baseline inflow volume of around 6,000 migrants in 2023/2024, of these slightly more than half are estimated to fall below the new salary threshold. Similarly, slightly more than half of 4,000 migrants working as programmers and software development professionals and around 2,000 Information technology and telecommunications professionals not elsewhere classified are also estimated to fall below the new salary threshold.

Figure 4 – Estimated Top 10 most used sectors in GBM: Senior or Specialist worker central baseline data (based on estimated 2023/2024 volumes).



103. The two most affected industry sectors are estimated to be information and communications and professional, scientific and technical activities.

104. CoS data provides indicative information on region of employment, although this sponsor-level data may not fully reflect the location of employment where, for example, multiple locations of work may be covered within the same sponsor license. For GBM: Senior or Specialist Worker in 2022, around 63 per cent of all sponsors were based in London and the South East, and a further 13 per cent based in the Midlands and East of England, around 8 per cent were based on Scotland and Northern Ireland, with the remaining 15 per cent reasonably evenly split between the North East, Yorkshire and the Humber, North West, and Wales and the South West. These same estimates varied very little when limited to only those falling below the new salary threshold, with only a slightly lower proportion, around 60 per cent in London and the South East and a slightly higher proportion based in the Midlands and East of England, at around 15 per cent.

### **Policy Design Costs**

#### ***Skilled Worker and Health and Care***

105. Costs from changes in the volumes of migrants applying for, and granted, Skilled Worker and Health and Care visas can accrue to the public sector through a reduction a visa fee, CoS fee, Immigration Health Surcharge (IHS) and Immigration Skills Charge (ISC) revenue. These costs accrue to the public sector, though CoS fee and ISC fee revenue is assumed to be a transfer from sponsors and so not included in NPSV estimates.

106. These costs are estimated by multiplying the difference in volumes of applications (for visa and CoS fees) and grants (for IHS and ISC) in the policy option by the relevant fee as set out in

published data<sup>45</sup>, <sup>46</sup> and <sup>47</sup>; accounting for length of visa and size of sponsor where relevant. Estimates of visa lengths are based on assumptions as set out in paragraph 36, and estimates of shares of ISC liable applications accounted for by large/medium sponsors and small/micro sponsors vary between the baseline and policy option scenarios, but are assumed to be constant across the low, central and high scenarios within each of the baseline and policy options. Shares by sponsor size reflect the estimated shares in the central baseline scenario (Skilled Worker: 70 per cent large/medium businesses, Health and Care: 75 per cent large/medium businesses) and these remain similar in the policy option scenarios when accounting for behavioural response.

107. These assumptions combine to estimate a central reduction in fee and charge revenue as presented in Table 14 below.

*Table 14 - Estimated reductions in visa application and CoS fee revenue and IHS and ISC charge revenue in low, central and high cases relative to baselines (2023/2024 to 2032/2033, summed across appraisal period, discounted, £2023/2024 rounded to nearest £1 million). Negative sign indicates reduction (cost) in comparison to baseline*

<i>Impact</i>	<i>Estimate (Central Scenario)</i>	<i>Estimate (Low to High Scenario)</i>
Visa fee revenue – Skilled Worker and Health and Care main applicants and dependants	-£89 million	-£63 million to -£123 million
CoS fee revenue - Skilled Worker and Health and Care main applicants (Transfer)	-£3 million	-£1 million to -£6 million
ISC revenue - Skilled Worker and Health and Care main applicants (Transfer)	-£17 million	-£7 million to -£39 million
IHS revenue - Skilled Worker main applicants and dependants	-£169 million	-£123 million to -£227 million

108. The application of behavioural response from employers in low, central, and high scenarios are indications of businesses potentially choosing to incur higher costs and choose to continue to hire Skilled Worker/Health and Care main applicants. This is an estimated indirect cost to business and is quantified through comparing the estimated total costs of employing someone in the policy option relative to the baseline using the methodology as set out in Section E.1.6, and multiplying by estimated additional volumes as a result of employer behavioural response in low, central and high policy option scenarios.

109. This results in an estimated median increase in costs of labour of between around £600 to £700 a year to meet new thresholds where baseline salaries would not, and multiplying by additional volumes after accounting for potential behavioural response relative to the sensitivity where no behavioural response occurs. This estimates costs at around £489 million (£2023/2024, uplifted using assumed real productivity growth, rounded to nearest £1m) in the central scenario, discounted over the appraisal period and ranges from £369 million to £603 million in low and high scenarios.

<sup>45</sup> Visa fees transparency data - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/government/publications/visa-fees-transparency-data>. Note visa fees are subject to change.

<sup>46</sup> UK visa sponsorship for employers: Immigration skills charge - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/uk-visa-sponsorship-employers/immigration-skills-charge>

<sup>47</sup> Pay for UK healthcare as part of your immigration application: How much you have to pay - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/healthcare-immigration-application/how-much-pay>

## **Global Business Mobility**

110. As explained above, costs are estimated by using the difference in volumes of applications (for visa and CoS fees) and grants (for IHS and ISC) in the policy option by the relevant fee as set out in published data, accounting for length of visa and size of sponsor where relevant. Estimates of visa lengths are based on assumptions as set out in paragraphs 47 to 50.
111. Estimates of shares of ISC liable applications only apply to the GBM: Senior or Specialist worker visa and are estimated by accounting for the rate at which migrants below the new minimum salary threshold are employed by large/medium sponsors and small/micro sponsors, while also taking into account exemptions for EEA nationals whose grant lengths are less than three years, migrants coming to the UK to work in PhD occupations.
112. These assumptions combine to estimate a central reduction in fee and charge revenue as presented in Table 15 below.

*Table 15 - Estimated reductions in visa application and CoS fee revenue and IHS and ISC charge revenue in low, central and high cases relative to baselines (2023/2024 to 2032/2033, summed across appraisal period, discounted, £2023/2024 rounded to nearest £1 million). Negative sign indicates reduction (cost) in comparison to baseline*

<i>Impact</i>	<i>Estimate (Central Scenario)</i>	<i>Estimate (Low to High Scenario)</i>
Visa fee revenue – Global Business Mobility: Senior or Specialist Worker main applicants and dependants	–£3.8 million	–£1.4 million to –£9.4 million
CoS fee revenue - Global Business Mobility: Senior or Specialist Worker main applicants (Transfer)	–£0.5 million	–£0.2 million to –£1.3 million
ISC revenue - Global Business Mobility: Senior or Specialist Worker main applicants (Transfer)	–£4.1 million	–£1.5 million to –£10.2 million
IHS revenue - Global Business Mobility: Senior or Specialist Worker main applicants and dependants	–£3.4 million	–£1.3 million to –£6.3 million

113. As above, the application of behavioural response from employers in low, central, and high scenarios are indications of businesses potentially choosing to incur higher costs and choose to continue to hire main applicants on the GBM routes. This is an estimated indirect cost to business and is quantified through comparing the estimated total costs of employing someone in the policy option relative to the baseline using the methodology as set out in Section E.1.6, and multiplying by estimated volumes below the new salary threshold, taking into account the behavioural responses of employers in low, central and high policy option scenarios.
114. This analysis, unlike analysis of fiscal, fee or sectoral impacts did consider the impact of changes in indirect business costs across all three GBM routes, and similarly found the impact on the UK Expansion and Graduate trainee routes to be negligible when compared to the impact of senior or specialist worker.
115. This analysis estimates a mean increase in costs of labour of around £2,900 a year (after uprating in line with real productivity growth) to the volumes below the current income threshold. This results in an estimated costs of around £346m (£2023/2024 rounded to nearest £1 million) in the

central scenario, discounted over the appraisal period and ranges from £264 million to £418 million in low and high scenarios.

### **All Routes**

116. Where the threshold is increased relative to the baseline, increasing salaries to meet new thresholds and continuing to hire migrant labour are not the only option available to employers. The labour market is dynamic and, as with any change in environment, markets are expected to adjust and reallocate resources to their most productive use – at least in sectors where output and wages are primarily influenced by market forces. How employers choose to adjust, the relative ease and length of time taken to do so will depend on the specific characteristics of an occupation and firms (in particular, whether they are influenced predominately by market forces) as well as wider factors. Adjustment could happen in various ways including:

- Adjusting hours worked of available labour;
- Adjusting production methods – for example; altering the ratio of labour to capital within the firm’s production, such as automating the production line where possible, and substituting capital for labour;
- Substituting visa holder labour with other available migrant/domestic labour - including potentially altering pay/conditions to attract substitute labour;
- Changing production levels or changing what is produced to maximise use of available resources;
- Changing location of production or outsourcing parts of the production process.

117. The ability of an employer to respond through each of these avenues is highly firm-specific. As such these potential indirect adjustment costs are not quantified. For example, if a firm’s production process is more labour-intensive, it may struggle to substitute to capital and would be left with fewer adjustment options, and firm specific factors mean adjustment options may not only vary between location, sector, firm size but within these dimensions too. It is noted that wider labour market factors can also influence adjustment options, and it is noted in the short term labour market statistics and commentary highlight tightness in the labour market persisting, although some indicators suggest there may be easing in this tightness<sup>48</sup>. Labour market tightness would be expected to work in the direction of limiting potential adjustment options, but as highlighted in paragraphs 88 to 99 and 100 to 104, the scale of any adjustment required, if seen, would be expected to be small.

## **E.2.3 BENEFITS**

### **Set-up benefits (Private and Public)**

118. None identified.

### **Ongoing and total benefits (Private and Public)**

#### **All Routes**

119. Benefits relating to each of the types of impact outlined in the appraisal framework as set out in paragraph 22 are discussed in this section, with fiscal benefits to government from a reduction in visa application and fee revenue processing costs quantified. Impacts relating to potential labour market displacement and training are discussed and assessed as negligible, as are potential community impacts. A potential indirect benefit to business from a reduction visa applications reducing sponsor time interacting with sponsorship systems is also quantified.

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<sup>48</sup> For example, see Labour market overview, UK - Office for National Statistics (ons.gov.uk) - <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/february2023> highlighting the unemployment rate remains low but vacancies and inactivity rates declining, trends that could suggest easing of labour market tightness.



## **Macroeconomic Benefits – Reductions in fiscal expenditure**

### ***Skilled Worker and Health and Care***

120. Changes in volumes and characteristics of migrants can also affect expenditure on public services. As with the fiscal costs' methodology, assumptions are largely based on fiscal analysis undertaken for previous fees analysis, as set out (and updates/divergence noted) in paragraph 84. Estimated reductions in volumes may be expected to reduce expenditure on services such as healthcare, waste disposal/recycling, and education for example.
121. The changes in stocks as outlined in Section E.2.1 above alongside changes in fiscal components included in scenarios (as outlined in paragraph 25) lead to estimated reductions in fiscal expenditure of around £67 million to £816 million over the appraisal period in the low and high scenarios in the policy option, and £283 million in the central case (discounted, £2023/2024). As noted in paragraph 87, the assumed wage increases where employer behavioural response to updates to thresholds is assumed means comparisons between estimates of fiscal revenue and fiscal spend impacts in this IA do not offer insight into the net fiscal impact of Skilled Worker and Health and Care migrants overall.

### ***Global Business Mobility***

122. Similarly, changes in volumes and characteristics of migrants on the GBM: Senior or Specialist worker route also affect expenditure on public services. This also follows the fiscal cost methodology and assumptions undertaken for previous fees analysis, and explained above.
123. The changes in stocks as outlined in Section E.2.1 above alongside changes in fiscal components included in scenarios (as outlined in paragraph 25) lead to estimated reductions in fiscal expenditure of around £53 million to £469 million over the appraisal period in low to high scenarios in the policy option, and £226 million in the central case (discounted, £2023/2024). As noted in paragraph 87, the assumed wage increases where employer behavioural response to updates to thresholds is assumed means comparisons between estimates of fiscal revenue and fiscal spend impacts in this IA do not offer insight into the net fiscal impact of GBM migrants overall.

## **Labour Market benefits – displacement, wage and training impacts**

### ***All Routes***

124. The MAC reviewed evidence<sup>49</sup> on the impact of migrant workers on displacement, wages and training of resident labour. Their review findings stated:
- Displacement: On average “the majority of studies find no or little impact of immigration on the employment and unemployment outcomes of the UK-born workforce” whilst distributionally “there is evidence of differential impacts across different UK-born groups, with more negative effects for those with lower levels of education and more positive effects for those with higher levels of education. However, as our robustness checks show, these findings are subject to a significant degree of uncertainty”
  - Wages: “Immigration is not a major determinant of the wage growth experienced by existing residents. There is some suggestion that the impact on lower skilled groups may be more negative than for higher-skilled groups, but again these estimates are imprecise and subject to uncertainty”
  - Training: “There is no evidence that migration has reduced the training of UK-born workers”.
125. Given these findings, the small estimated changes in volumes in low, central and high scenarios relative to the baseline, and the concentration of any changes in GBM, Skilled Worker and Health and Care routes (potentially a ‘higher-skilled group’) these impacts are thought to be negligible.

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<sup>49</sup> All quotes in this paragraph are taken from Migration Advisory Committee (MAC) report: EEA migration - GOV.UK (www.gov.uk) - <https://www.gov.uk/government/publications/migration-advisory-committee-mac-report-eea-migration>

## **Spill-over benefits – community and social impacts**

### ***All Routes***

126. Similar to labour market impacts, the MAC also reviewed evidence on social and community impacts and suggested “there is no evidence that migration has affected crime. There is no evidence that migration has reduced subjective well-being though some suggestion that this varies with attitudes to migration. Overall, there is no evidence that people are less satisfied with their neighbourhoods than in the past.” but also that “the impacts of migration on communities is hard to measure due to their subjective nature which means there is a risk they are ignored “.
127. As such, and again alongside the small estimated changes in volumes in low, central and high scenarios relative to the baseline these impacts are thought to be negligible.

## **Policy Design benefits – reduction in processing costs and administrative time for businesses**

### ***Skilled Worker and Health and Care***

128. A reduction in volumes applying for and granted visas as a result of updates to salary thresholds, can result in a benefit to the public sector as a result of savings on processing costs of applications and revenue collection<sup>50</sup>. These are estimated by multiplying changes in volumes in low, central and high scenarios relative to the baseline by the estimated processing costs<sup>51</sup>, and are outlined in Table 16 below

*Table 16 – Estimated reductions in public sector processing costs in low, central and high cases relative to baselines (2023/2024 to 2032/2033, summed across appraisal period, discounted, £2023/2024 rounded to nearest £1 million). Negative sign indicates reduction (savings) in comparison to baseline.*

<i>Impact</i>	<i>Estimate (Central Scenario)</i>	<i>Estimate (Low to High Scenario)</i>
Reduction in visa application and CoS processing costs – Skilled Worker and Health and Care Main Applicants and Dependants	-£14 million	-£8 million to -£23 million
Reduction in ISC and IHS revenue processing costs – Skilled Worker and Health Care main applicants (ISC), Skilled Worker main applicants and dependants (IHS).	-£4 million	-£3 million to -£6 million

129. Should there be a reduction in volumes, there may also be indirect administrative savings for businesses from time interacting with sponsorship systems. An illustrative estimate of administrative costs of sponsoring a main applicant was included in the ‘Impact Assessment for changes to the Immigration Rules for Skilled Workers’<sup>52</sup> in 2020, estimated at £1,018 per main applicant (£2020/2021). This has been updated to £2023/2024 using the GDP deflator, to £1,094

<sup>50</sup> The ISC and IHS are both collected via a third-party private company which charges a percentage of the value of surcharge income handled. The revenue transferred from the Home Office to the third-party is expected to cover the cost to the third-party private company in collecting this revenue. As such, this is considered as the Home Office indirectly covering the cost of processing the payments, and so is included in the NPSV of this policy.

<sup>51</sup> Visa fees transparency data - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/government/publications/visa-fees-transparency-data>. Note visa processing costs are subject to change.

<sup>52</sup> Impact Assessment ([publishing.service.gov.uk](http://publishing.service.gov.uk)) - [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/936121/Revised\\_Impact\\_Assessment\\_for\\_the\\_Skilled\\_Worker\\_Route\\_signed.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/936121/Revised_Impact_Assessment_for_the_Skilled_Worker_Route_signed.pdf)

and multiplied by the estimated change in volumes of applicants between policy option and baseline scenarios. This yields an estimated indirect benefit to businesses of around £14 million in the central scenario (£2023/2024, discounted across the appraisal period), ranging from £6 million to £32 million in low and high scenarios.

### **Global Business Mobility**

130. As above, a reduction in volumes applying for and granted visas as a result of updates to salary thresholds, can result in a benefit to the public sector as a result of savings on processing costs of applications and revenue collection. These are estimated by multiplying changes in volumes in low, central and high scenarios relative to the baseline by the estimated processing costs<sup>53</sup>, and are outlined in Table 17 below

*Table 17 – Estimated reductions in public sector processing costs in low, central and high cases relative to baselines (2023/2024 to 2032/2033, summed across appraisal period, discounted, £2023/2024 rounded to nearest £0.1 million). Negative sign indicates reduction (savings) in comparison to baseline.*

<i>Impact</i>	<i>Estimate (Central Scenario)</i>	<i>Estimate (Low to High Scenario)</i>
Reduction in visa application and CoS processing costs – GBM: Senior or Specialist Worker, main applicants and Dependants	-£1.0 million	-£0.4 million to -£2.4 million
Reduction in ISC and IHS revenue processing costs – Skilled Worker and Health Care main applicants (ISC), Skilled Worker main applicants and dependants (IHS).	-£0.2 million	-£0.1 million to -£0.3 million

131. As discussed above, reduction in volumes may provide indirect administrative savings for businesses from time interacting with sponsorship systems. An illustrative estimate of administrative costs of sponsoring a main applicant was included in the ‘Impact Assessment for changes to the Immigration Rules for Skilled Workers’<sup>54</sup> in 2020. As above the adjusted estimate of £1,094 is multiplied by the estimated change in volumes of applicants between policy option and baseline scenarios. This yields an estimated indirect benefit to businesses of around £3 million in the central scenario (£23/24, discounted across the appraisal period), ranging from £1 million to £7 million in low and high scenarios.

### **E.2.4 NPSV, BNPV, EANDCB**

132. Under central assumptions the estimated net present social value across the appraisal period is estimated at -£862million (£2023/2024, discounted), ranging from -£752 million to -£1,130 million in low and high scenarios.

<sup>53</sup> Visa fees transparency data - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/government/publications/visa-fees-transparency-data>. Note visa processing costs are subject to change. Visa fees transparency data - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/government/publications/visa-fees-transparency-data>. Note visa processing costs are subject to change.

<sup>54</sup> Impact Assessment (publishing.service.gov.uk) - [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/936121/Revised\\_Impact\\_Assessment\\_for\\_the\\_Skilled\\_Worker\\_Route\\_signed.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/936121/Revised_Impact_Assessment_for_the_Skilled_Worker_Route_signed.pdf) Impact Assessment (publishing.service.gov.uk) - [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/936121/Revised\\_Impact\\_Assessment\\_for\\_the\\_Skilled\\_Worker\\_Route\\_signed.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/936121/Revised_Impact_Assessment_for_the_Skilled_Worker_Route_signed.pdf)

133. The main drivers in all scenarios relate to additional indirect costs to employers from raising salaries under assumed behavioural response to updated salary thresholds, net fiscal impacts, and net negative impacts from the small estimated change in volumes on IHS revenue impacts. As employers are estimated to increase salaries for the majority of those in scope to be impacted, this larger fiscal contribution helps mitigate the net fiscal loss from reductions in volumes. As a result, when combined with assumed reductions in fiscal expenditure associated with a reduction in volumes, the net fiscal impacts of this policy change are positive in low, central and high scenarios.
134. Table 18 sets out estimated NPSV in low, central and high scenarios, and to whom the impact accrues.
135. Non-quantified, potential non-negligible impacts are indirect impacts to business for potential adjustment costs aside from raising wages to meet new thresholds. However, given the estimated small changes in volumes estimated to be ineligible for new thresholds and not adjust, these impacts may be small.

*Table 18 – Estimated Net Present Social Value (NPSV) in low, central and high cases relative to baselines (2023/2024 to 2032/2033, summed across appraisal period, discounted, £2023/2024 rounded to nearest £1 million)*

	Low	Central	High
<b>COSTS</b>			
Public Sector – Reduction in Visa fee revenue	-£65 million	-£93 million	-£133 million
Public Sector – Reduction in IHS revenue	-£124 million	-£173 million	-£233 million
Business – Additional labour costs (where behavioural response assumed)	-£633 million	-£834 million	-£1,021million
Societal – Net reduction in tax revenue	-£71 million	-£307 million	-£1,100 million
<b>TOTAL COSTS</b>	<b>-£892 million</b>	<b>-£1,407 million</b>	<b>-£2,486 million</b>
<b>BENEFITS</b>			
Public Sector – Reduction in Visa and CoS processing costs	£9 million	£15 million	£26 million
Public Sector – Reduction in IHS and ISC processing costs	£3 million	£5 million	£6 million
Business – Reduction in administrative interaction with sponsorship system	£7 million	£17 million	£40 million
Societal – Reduction in fiscal expenditure	£120 million	£509 million	£1,285 million
<b>TOTAL BENEFITS</b>	<b>£139 million</b>	<b>£545 million</b>	<b>£1,356 million</b>
<b>NSPV</b>	<b>-£752 million</b>	<b>-£862 million</b>	<b>-£1,130 million</b>

136. The Business Net Present Value (BNPV) accounts for estimated quantified impacts that affect businesses. Aside from those identified in the NSPV above, the BNPV also reflects changes in the incidence of transfers where that has a net impact on business. As such an additional business benefit resulting an estimated reduction in transferred CoS and ISC fee revenue from business to the public sector is included in the BNPV, but not the NPSV. As with the NSPV, the main driver relates to additional indirect costs to employers from raising salaries under assumed behavioural response to updated salary thresholds.

Table 19 – BNPV in low, central and high cases relative to baselines (2023/2024 to 2032/2033, summed across appraisal period, discounted, £2023/2024 rounded to nearest £1 million)

	Low	Central	High
<b>COSTS</b>			
Business – Additional labour costs (where behavioural response assumed)	-£633 million	-£834 million	-£1,021 million
<b>TOTAL COSTS</b>	<b>-£633 million</b>	<b>-£834 million</b>	<b>-£1,021 million</b>
<b>BENEFITS</b>			
Business – Reduction in CoS and ISC fee transfers to public sector	£10 million	£24 million	£57 million
Business – Reduction in administrative interaction with sponsorship system	£7 million	£17 million	£40 million
<b>TOTAL BENEFITS</b>	<b>£17 million</b>	<b>£41 million</b>	<b>£96 million</b>
<b>BNPV</b>	<b>-£616 million</b>	<b>-£794 million</b>	<b>-£924 million</b>

137. No non-negligible direct business impacts have been identified and as such the estimated direct costs and benefits to business, and the net cost to business per year (EANDCB) is 0.
138. Familiarisation costs for businesses are estimated to be negligible given the small changes to guidance these changes require as discussed in paragraph 79.
139. All other business impacts discussed in this Impact Assessment are indirect, as they result from employer decisions around hiring a migrant via the relevant visa routes or not.

### **E.2.5 Value for money (VfM)**

140. Benefit Cost Ratios are estimated at -0.16 in the low scenario, -0.39 in the central scenario, and -0.55 in the high scenario.

### **E.2.6 Place-based analysis**

141. Distributional impacts by area of changes affecting the Skilled Worker and Health and Care routes are discussed in paragraph 99 and for GBM: Senior or Specialist Worker in paragraph 104.

### **E.2.7 Impact on medium, small and micro-businesses**

#### **All Routes**

142. Shares of people sponsored in policy option scenarios at medium<sup>55</sup> (51 – 250 employees), small (10 – 50 employees) and micro (0 – 9 employees) sponsors are not estimated to change as result of the preferred policy option in any of the visa routes considered. Around 43 per cent of people sponsored under the Skilled Worker route, 38 per cent of people sponsored under the Health and Care route and 22 per cent of people sponsored under the GBM route are estimated to be sponsored by medium, small or micro businesses in both the central baseline and policy option scenarios.
143. Given the small total changes in volumes (as highlighted in Section E.2.1 above estimated at only around 1,000 main applicants each year in Skilled Worker and Health and Care routes, and 300 main applicants a year in GBM are estimated to be ineligible and not see employers adjust salaries to continue hiring them) and that existing provisions for small and micro businesses

<sup>55</sup> Data was not aligned to account for a category in business sizes of 50 to 499 employees.

(such as lower ISC fees<sup>56</sup> and lower sponsor licence fees<sup>57</sup>) reducing the costs of sponsoring a worker no new provisions for these organisations have been applied.

144. The BNPV is set out in Paragraph 136 above, a share of which will be borne by micro, small, and medium businesses.

## F. Proportionality

145. The approach taken in this IA is considered proportionate. Uncertainty in the main assumptions (baseline volumes, fiscal components, and behavioural response) have been tested within the range of scenarios presented and further testing of behavioural response assumptions has considered within the sensitivities in section F.
146. The analysis uses a methodological framework based on previous assessments<sup>58</sup>, uses the most appropriate data available via the use of administrative data showing outcomes of current users of the relevant routes. Estimates of impacts remain uncertain, but the testing of contributions of significant assumptions to this uncertainty in scenarios presented helps demonstrate uncertainty. Imperfect information means not all impacts are quantified, but all identified impacts are discussed and senses of scale of impacts provided where possible.

## G. Risks

147. All estimates presented are indicative to provide a sense of scale and should be read in that context; estimated future behaviour and outcomes are particularly uncertain and uncertainty in the main assumptions have been tested in low, central and high scenarios.
148. Analysis should also be considered in the context of the labour market and wider economy being dynamic and evolving and adapting to change. Modelling is not fully dynamic to reflect all possible paths of adjustment and identify most likely paths of adjustment (due to data limitations as noted in paragraph 117); but some accounting for employer behavioural response in terms of adjusting salaries to continue to hire migrant labour in scope to be impacted and resultant impacts are included within all scenarios considered.

### *Volumes*

149. Estimating future migration flows is subject to high levels of uncertainty, as such baseline projected estimates of inflows and in country applications/grants have been decreased and increased by an illustrative 25 per cent in low and high scenarios.

### *Fiscal estimates*

150. The fiscal methodology makes use of a variety of assumptions across scenarios as outlined in paragraph 25. It is noted that no welfare expenditure has been assumed and this may lead to a small undercount of potential impacts where if granted indefinite leave to remain/citizenship some individuals in the baseline and policy scenarios may become eligible for welfare expenditure towards the end of the appraisal period. As the assumption is made in both baseline and policy scenarios, this assumption is thought to have minimal impact when comparing relative fiscal estimates between scenarios.

### *Employer behavioural response*

151. Assumptions on employer behaviour in response to the updated salary thresholds is also uncertain and have been varied in low, central and high scenarios. Additional sensitivities following same methods as outlined in rest of IA but accounting for 0 per cent and 100 per cent elasticities are also included below for Skilled Worker and Health and Care routes.

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<sup>56</sup> UK visa sponsorship for employers: Immigration skills charge - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/uk-visa-sponsorship-employers/immigration-skills-charge>

<sup>57</sup> UK visa sponsorship for employers: Apply for your licence - GOV.UK ([www.gov.uk](http://www.gov.uk)) - <https://www.gov.uk/uk-visa-sponsorship-employers/apply-for-your-licence>

<sup>58</sup> For example, Impact Assessment (publishing.service.gov.uk) - [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/936121/Revised\\_Impact\\_Assessment\\_for\\_the\\_Skilled\\_Worker\\_Route\\_signed.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/936121/Revised_Impact_Assessment_for_the_Skilled_Worker_Route_signed.pdf) and The Immigration and Nationality (Fees) (Amendment) (No. 3) Regulations 2020 (legislation.gov.uk) - [https://www.legislation.gov.uk/ukia/2020/48/pdfs/ukia\\_20200048\\_en.pdf](https://www.legislation.gov.uk/ukia/2020/48/pdfs/ukia_20200048_en.pdf)

### *Estimates of earnings*

152. The use of administrative data to inform baselines and estimate who in the baseline may or may not meet new thresholds reflects actual outturn use of the routes in 2022, and as such is thought to provide an accurate picture of use of the routes in that year. However, as noted in paragraph 37 uncertainty would be reduced were more than a single year of data reflecting latest policy eligibility available for the Skilled Worker and Health Care routes, and this uncertainty is increased for GBM analysis where data reflects the months between April and December 2022, since the route opened.

### *Wider assumptions*

153. Some assumptions, for example length of stay, are based on outcomes under previous eligibility criteria and predecessors to current route names, and behaviour of current visa holders may not mirror those in the past. An assumption that national payscale occupations will not be impacted by the preferred option is made. Varying fiscal, baseline and behaviour assumptions may help account for some of the wider uncertainties from data.

## **Sensitivity Scenarios for Skilled Worker and Health and Care**

### *Sensitivity – 100 per cent Behavioural Response*

154. In this sensitivity labour demand is estimated to be perfectly inelastic and so no changes in volumes using the relevant routes occur. The only impact in this scenario would be the indirect impact to business from raising salaries to meet new thresholds. Assuming the same relative increase in total estimated labour costs between the baseline and policy option scenario, the estimated volumes assumed to see employers adjust salaries to continue hiring migrants on the visa routes in question is estimated to increase by around 1,000 a year for Skilled Worker and Health Care visas. In the central scenario relative to the baseline this is estimated to see an impacts of £496 million in Skilled Worker and Health and Care routes (compared to £489 million in the central policy option scenario). As such the estimated central NPSV and BNPV in this sensitivity is equal to that -£496 million impact (relative to estimated NPSV of -£657 million for Skilled Worker and Health and Care in the central policy option scenario, and BNPV of -£455 million). The net direct cost to business per year remains estimated at 0 in all scenarios.

### *Sensitivity – 0 per cent Behavioural Response*

155. In this sensitivity the elasticity of labour demand is estimated to be perfectly elastic and so no employer behavioural response is assumed. This means all those estimated to be below the new thresholds are assumed to remain ineligible and not use the routes. This removes the additional cost to employers from assumed behavioural response, but the impacts discussed in paragraphs 116 and 117 may be larger in this sensitivity and for the reasons set out in paragraph 117 remain unquantified. All other impacts become larger in scale as they result largely from changes in volumes. The increase in scale of fiscal estimates is the largest factor affecting impacts in this sensitivity, derived from the increase of volumes of main applicants estimated to be cut out from around 1,000 a year to around 90,000 – 100,000 a year.
156. The estimated quantified elements (noting the unquantified potential indirect cost to business from adjustment to reduced availability of labour holding visas from affected routes) NPV and BNPV are assumed to adjust as outlined below in the central sensitivity relative to the central baseline (for comparison, central policy option impacts also included). The direct net cost to business per year remains estimated at 0.

*Table 20 – Estimated Net Present Social Value (NPSV) in 0 per cent behavioural response sensitivity relative to central baseline, and central policy option relative to Central baseline – Skilled Worker and Health and Care (2023/2024 to 2032/2033, summed across appraisal period, discounted, £2023/2024 rounded to nearest £1 million)*

	Sensitivity	Central Policy Option
<b>COSTS</b>		
Public Sector – Reduction in Visa fee revenue	-£698 million	-£89 million
Public Sector – Reduction in IHS revenue	-£765 million	-£169 million
Business – Additional labour costs (where behavioural response assumed)	£0 million	-£489 million
Societal – Reduction in tax revenue	-£34,273 million	-£234 million
<b>TOTAL COSTS</b>	<b>-£35,736 million</b>	<b>-£981 million</b>
<b>BENEFITS</b>		
Public Sector – Reduction in Visa and CoS processing costs	£404 million	£14 million
Public Sector – Reduction in IHS and ISC processing costs	£36 million	£4 million
Business – Reduction in administrative interaction with sponsorship system	£890 million	£14 million
Societal – Reduction in fiscal expenditure	£25,394 million	£283 million
<b>TOTAL BENEFITS</b>	<b>£26,723 million</b>	<b>£315 million</b>
<b>NSPV</b>	<b>-£9,013 million</b>	<b>-£666 million</b>

*Table 21 –BNPV in 0 per cent behavioural response sensitivity relative to central baseline, and central policy option relative to Central baseline – Skilled Worker and Health and Care (2023/2024 to 2032/2033, summed across appraisal period, discounted, £2023/2024 rounded to nearest £1 million)*

	Sensitivity	Central Policy Option
<b>COSTS</b>		
Business – Additional labour costs (where behavioural response assumed)	£0 million	-£489 million
<b>TOTAL COSTS</b>	<b>£0 million</b>	<b>-£489 million</b>
<b>BENEFITS</b>		
Business – Reduction in CoS and ISC fee transfers to public sector	£1,251 million	£14 million
Business – Reduction in administrative interaction with sponsorship system	£890 million	£19 million
<b>TOTAL BENEFITS</b>	<b>£2,141 million</b>	<b>£33 million</b>
<b>BNPV</b>	<b>£2,141 million</b>	<b>-£455 million</b>



## H. Direct costs and benefits to business calculations

157. No non-negligible direct business impacts have been identified and as such the estimated direct costs and benefits to business, and Equivalent Annualised Net Direct Cost to Business (EANDCB) is 0.
158. Familiarisation costs for businesses are estimated to be negligible given the small changes to guidance these changes require as discussed in paragraph 79.
159. All other business impacts discussed in this Impact Assessment are indirect, as they result from employer decisions around hiring a migrant via the relevant visa routes or not.

## I. Wider impacts

160. Section E above discussed potential distributional impacts in the labour market (see paragraphs 88 to 99 and 100 to 104), highlighted impacts accruing to public and private sectors (see Section E.2.4), and discussed how the intervention could impact wider incentives such as GDP (see paragraph 83), innovation (see paragraph 82) and training (see paragraph 124). This section highlights further distributional impacts of potential impacts within the preferred option relative to the baseline on the around 1,000 Skilled Worker and Health and Care main applicants (and their dependants) estimated to be impacted in the central scenario – by age and gender. As a result of the GBM routes being open for less than a year, similar analysis is not yet possible for these routes.
161. Of the around 1,000 main applicants a year estimated to be impacted in the central scenario around 62 per cent of those in the Skilled Worker route are estimated to be male and around 38 per cent female; compared to around 34 per cent of those in the Health and Care route estimated to be male and 66 per cent female. In the baseline these shares were estimated at 65 per cent male and 35 per cent female in the Skilled Worker route, and 34 per cent male and 66 per cent female in the Health and Care route. As such, whilst broadly reflecting baseline outcomes there may be a slightly proportionately higher share of female Skilled Worker main applicants estimated to be impacted in the central scenario relative to the baseline, but the small volumes of those estimated to be impacted may limit impacts.
162. In the baseline, around 7 in 10 main applicants on both Skilled Worker and Health and Care routes are estimated to be aged up to 35. Of the around 1,000 main applicants a year estimated to be impacted in the central scenario around 8 in 10 of those in the Skilled Worker route are estimated to be aged up to 35, as are around 7 in 10 of those in the Health and Care route. As such whilst broadly reflecting baseline outcomes there may be a slightly proportionately higher share of 18-35 Skilled Worker main applicants estimated to be impacted in the central scenario relative to the baseline, but the small volumes of those estimated to be impacted may limit impacts.
163. Dependants of main applicants estimated to be impacted may be indirectly impacted. Estimates of dependant's characteristics do not vary from baseline outcomes in any scenario as dependant volumes are estimated as a function of main applicant volumes as set out in section E.1.4. As such of those in both baseline and estimated to be impacted in the central policy scenario:
  - a. Around 50 per cent of dependants in the Skilled Worker route and 54 per cent of dependants in the Health and Care route are estimated to be aged under 18; around 16 per cent of those in the Skilled Worker route and 12 per cent of those in the Health and Care route are estimated to be aged between 18-30; around 27 per cent of those in the Skilled Worker route and 23 per cent of those in the Health and Care route are estimated to be aged between 31-40; and around 8 per cent of those on the Skilled Worker route and 10 per cent those in the Health and Care route are estimated to be aged 41 or over.

- b. Around half of child dependants on both routes are estimated to be female and half male, whereas of adult dependants around 66 per cent are estimated to be female (and 34 per cent male) on the Skilled Worker route compared to around 27 per cent estimated to be female (and 73 per cent male) on the Health and Care route.

## **J. Trade Impact**

164. There are a number of channels through which immigration may affect trade and, in general, the external literature finds a positive relationship between the stock of immigrants and trade. At a macro-level high immigration to the UK increases the UK population and consequently aggregate demand and the demand for imports. UK exports may also increase if immigration can enhance the international competitiveness of the UK. For example, Gould (1994)<sup>59</sup> argues that immigrants have individual-specific knowledge of home-country markets which could enhance trading opportunities. For example, immigrants may have a greater a knowledge of foreign languages which helps improve communication in trading relationships, and immigrants may have a greater understanding of legal arrangements which may help lower the fixed costs of trade. Other mechanisms through which immigrants may affect trade include a preference for home-country goods, which could increase the demand for UK imports through an increase in consumption.
165. As outlined above (see Section E.2.1) – while not negligible, the expected reduction in visas granted as a result of the preferred option is small compared to the total number of visas granted. Therefore, any trade impacts are be expected to be small.

## **K. Monitoring and evaluation plan**

166. The policy will be implemented from April 2023, following changes to the immigration rules in March 2023.
167. While there will be no formal evaluation of this policy in isolation as it represents a routine update to the relevant thresholds, there are ongoing evaluations of the wider Skilled Worker, Health and Care and GBM routes.
168. However, the impact will be monitored by the Home Office, with support as appropriate from other government departments. The Home Office will maintain open lines of communication with applicants via email and may also receive feedback as part of its normal visa issuing processes, through its public enquiry lines, and through formal correspondence with interested parties.

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<sup>59</sup> Gould (1994) 'Immigrant Links to the Home Country: Empirical Implications for U.S. Bilateral Trade Flows'.

## L. Annexes

### Annex A – Assumptions used for volumes analysis for Skilled Worker and Health Care visa routes

*Table A.1. Assumptions from internal Home Office data used in Skilled Worker and Health and Care visa analysis*

<i>Visa Route</i>	<i>In/Out of Country</i>	<i>Area of Assumption</i>	<i>Data Period</i>	<i>Assumption Value – Main Applicant</i>	<i>Assumption Value – Dependants</i>
Skilled Worker	Out of Country	Grant Rate	2021/2022	92.9%	91.9%
Skilled Worker	In Country	Grant Rate	2021/2022	99.4%	99.5%
Health and Care	Out of Country	Grant Rate	2021/2022	93.0%	91.5%
Health and Care	In Country	Grant Rate	2021/2022	98.4%	99.8%
Skilled Worker	Out of Country	Share assumed to apply for up to 3 year visa	2020/2021	68%	68%
		Share assumed to apply for more than 3 year visa	2020/2021	32%	32%
Skilled Worker	In Country	Share assumed to apply for up to 3 year visa	2020/2021	81%	81%
		Share assumed to apply for more than 3 year visa	2020/2021	19%	19%
Health and Care	Out of Country	Share assumed to apply for up to 3 year visa	2020/2021	100%	100%
		Share assumed to apply for more than 3 year visa	2020/2021	<1%	<1%

Health and Care	In Country	Share assumed to apply for up to 3 year visa	2020/2021	100%	100%
		Share assumed to apply for more than 3 year visa	2020/2021	<1%	<1%
Skilled Worker	Out of Country	Visa Length - up to 3 year visa	2020/2021	1.99 years	1.99 years
		Visa Length - more than 3 year visa	2020/2021	3.96 years	3.96 years
Skilled Worker	In Country	Visa Length - up to 3 year visa	2020/2021	2.00 years	2.00 years
		Visa Length - more than 3 year visa	2020/2021	3.96 years	3.96 years
Health and Care	Out of Country	Visa Length - up to 3 year visa	2020/2021	1.88 years	1.88 years
		Visa Length - more than 3 year visa	2020/2021	3.96 years	3.96 years
Health and Care	In Country	Visa Length - up to 3 year visa	2020/2021	2.00 years	2.00 years
		Visa Length - more than 3 year visa	2020/2021	3.96 years	3.96 years
Skilled Worker	In Country	Shares assumed to be switching applications	2022	49%	NA
		Shares assumed to be extension applications	2022	51%	NA

Health and Care	In Country	Shares assumed to be switching applications	2022	24%	NA
		Shares assumed to be extension applications	2022	76%	NA

Annex B – Assumptions used for volumes analysis for Global Business Mobility visa routes

- Table B.1. Assumptions from internal Home Office data used in Global Business Mobility visa analysis

<i>Visa Route</i>	<i>In/Out of Country</i>	<i>Area of Assumption</i>	<i>Data Period</i>	<i>Assumption Value – Main Applicant</i>	<i>Assumption Value – Dependants</i>
Global Business Mobility: Senior or Specialist Worker	Out of Country	Grant Rate	2022	96%	96%
Global Business Mobility: Senior or Specialist Worker	In Country	Grant Rate	2022	99.6%	99.6%
Global Business Mobility: Senior or Specialist Worker	In Country	Share assumed to apply for up to 3 year visa	2016-2021	95%	95%
		Share assumed to apply for more than 3 year visa	2016-2021	5%	5%
Global Business Mobility: Senior or Specialist Worker	Out of Country	Share assumed to apply for up to 3 year visa	2016-2021	90%	90%
		Share assumed to apply for more than 3 year visa	2016-2021	10%	10%
Global Business Mobility: Senior or Specialist Worker	Out of Country	Share assumed to be EEA nationals applying for up to three years	2022	2%	N/A
Global Business Mobility: Senior or Specialist Worker	Out of Country/In country	Share of sponsors assumed to be medium or	2022	91%	N/A

Specialist Worker		large (>50 employees)			
Global Business Mobility: Senior or Specialist Worker	Out of Country/In Country	Share of migrants assumed to be granted in Quarter 4 of 2022/2023	2009-2021, excluding 2020	24%	24%

## Impact Assessment Checklist

Mandatory specific impact test - Statutory Equalities Duties	Complete
<p><b>Statutory Equalities Duties</b></p> <p><i>Equalities considerations have formed part of policy development advice in respect of the updates to salary thresholds within, and estimated impacts by age and sex have been presented within this IA for Skilled Worker and Health and Care routes (see section I).</i></p> <p><i>As the proposed changes are only a data update, and do not significantly change policy, any equality impacts are expected to be minimal. Proposed changes do not amount to unlawful direct discrimination on the basis of a protected characteristic – due to reflecting a data update and not a significant change in policy.</i></p> <p><i>Assessment of wider equalities impacts in relation to changes in salary thresholds have identified possible indirect impacts in relation to:</i></p> <ul style="list-style-type: none"> <li><i>• <b>Age:</b> Evidence in Section I of this Impact Assessment highlights the estimated small volumes impacted and that relative to baseline outcomes there may be slightly proportionately higher shares of 18-35 Skilled Worker visa holders estimated to be impacted by changes.</i></li> <li><i>• <b>Sex:</b> Evidence in Section I of this Impact Assessment highlights the estimated small volumes impacted and that relative to baseline outcomes there may be slightly proportionately higher shares of female Skilled Worker visa holders estimated to be impacted by changes.</i></li> <li><i>• <b>Disability:</b> Within the UK disability employment rate<sup>60</sup> and pay gaps<sup>61</sup> exists, should this be reflected in those applying to use these visa routes this suggests people with a disability may find it disproportionately more difficult to meet an increased salary threshold.</i></li> <li><i>• <b>Pregnancy/Maternity:</b> Those on maternity leave will not usually receive full pay which could impact their earnings and their ability to meet an increased salary threshold. While pay reductions during maternity leave itself are provided for, there is no current allowance for phased return or reduced hours.</i></li> <li><i>• <b>Race:</b> Latest data suggests in 2022 Indian nationals were the top nationality granted long-term sponsored work visas, accounting for 36% of the total<sup>62</sup>. Therefore any changes to these routes will affect Indian nationals more than other nationals (assuming the intake trend remains similar).</i></li> <li><i>• <b>Religion:</b> There may be a correlation between nationality and religion. Given the limited nature of changes and estimated small volumes affected, any indirect impacts are considered to be justified as a proportionate means of achieving the policy aim of ensuring employers are offering their sponsored workers an appropriate wage, and some of the impacts may reflect pay differentials which are beyond the scope of the immigration system to solve.</i></li> </ul> <p><b>The SRO has agreed these summary findings.</b></p>	<p>Yes</p>

<sup>60</sup> Employment of disabled people 2022 - GOV.UK (www.gov.uk) - <https://www.gov.uk/government/statistics/the-employment-of-disabled-people-2022/employment-of-disabled-people-2022>

<sup>61</sup> Disability pay gaps in the UK: 2021 - Office for National Statistics (ons.gov.uk) - <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/disability/articles/disabilitypaygapsintheuk/2021>

<sup>62</sup> Why do people come to the UK? To work - GOV.UK (www.gov.uk) - <https://www.gov.uk/government/statistics/immigration-system-statistics-year-ending-december-2022/why-do-people-come-to-the-uk-to-work>



