



Home Office

Home Secretary

2 Marsham Street
London SW1P 4DF
www.gov.uk/home-office

Professor Alan Manning,
Chair, Migration Advisory Committee

Sent via email only

27 July 2017

Dear Professor Manning,

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

I am sure you do not underestimate the significance of the task which we are asking the MAC to undertake and I thought the Committee might find it helpful if I were to set out some relevant background information.

The Government has been clear that it respects the outcome of the Referendum on the UK's membership of the European Union, and will make a success of the UK's exit from the EU. We are working towards the goal of achieving sustainable levels of net migration but we also want to ensure all economic impacts are well understood and prepared for.

The Government also said that after the UK leaves the EU, free movement will end but migration between the UK and the EU will continue. Migration benefits the UK, economically, culturally and socially. Our businesses, agriculture, public services, voluntary organisations and universities rely to a greater or lesser extent on migration for labour, skills and ideas. Britain is a

tolerant country, open for business and will stay that way. We will remain a hub for international talent and our departure from the EU must be seen in this context.

But sharply increased levels of net migration since 1997, from both the EU and beyond, have given rise to public concern about pressure on public services and wages. These concerns about the sustainability of unrestricted migration from the EU featured strongly in the debate surrounding the referendum on the United Kingdom's EU membership on 23 June 2016. The public must have confidence in our ability to control immigration from the EU. Although net migration from the EU has fallen over the last year, we cannot exercise control over the type and volume of EU migration at present, as free movement gives EU citizens extensive rights to reside.

As set out in the Government's Command Paper *Legislating for the United Kingdom's withdrawal from the European Union*, the Repeal Bill will convert EU-derived law into UK law as it stands at the moment at which we leave the EU. Without further change, that would mean that the free movement of EU citizens to the UK would continue, albeit as part of UK law. We have therefore committed to introduce to Parliament an Immigration Bill to repeal the current EU-derived free movement provisions so as to be able, on our exit from the EU, to bring EU citizens fully within the scope of UK law. This will mean that, in future, we will be able to apply different immigration rules and requirements according to the UK's economic and social needs at the time, and reflecting our future deep and special partnership with the EU, including on any implementation arrangements following the UK's departure.

We do not envisage moving to that future system in a single step when we leave the EU. It will be in the interests of migrants, employers and the UK authorities, to have a predictable, well understood process which moves gradually from the free movement regime to a new set of arrangements.

Our first priority is to safeguard the position of existing EU residents in the UK and UK nationals in the EU. So, the **first phase** of our immigration proposals was to publish our fair and serious offer on 26 June¹. This set out our proposals that qualifying EU citizens, arriving and resident before a specified date, would be able to apply for 'settled status' in UK law once they have accumulated five years' continuous residence – meaning that they would be free to reside in any capacity and exercise any lawful activity, and to access public funds and services. Those arriving and resident before the specified date but who had not yet accrued five years' residence would be able to remain until they accumulate those five years' residence. They would all have

¹ *Safeguarding the Position of EU Citizens Living in the UK and UK Nationals Living in the EU*, published on 26 June 2017.

adequate time to apply for their documentation after our exit as there would be a 'grace period' of up to two years.

EU citizens arriving after the specified date but before exit (if the specified date we agree with the EU is prior to withdrawal) would be allowed to remain in the UK for at least the temporary 'grace period', and, may subsequently become eligible to settle permanently depending on their status and the rules in place at the time.

As part of a smooth and orderly transition as we leave the EU, the second phase of our immigration proposals is based on a temporary implementation period to ensure there is no cliff-edge on the UK's departure for employers or individuals. This includes the 'grace period' during which those EU citizens who arrived before the specified date will have time to obtain their documentation from the Home Office. During this period there will also be a straightforward system for the registration and documentation of new arrivals (as well as for those who arrived after the specified date but before exit, if appropriate). A registration system that enables EU citizens to demonstrate their right to live and work in the UK is the basic requirement to be able to operate any system of immigration control.

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

The Government will want to ensure that decisions on the long-term arrangements are based on evidence. The commission that we are now asking the MAC to undertake is very much part of this. I very much hope that in undertaking its work the MAC will want to consult widely and that those affected will take the opportunity to make sure their voices are heard.

Alongside that, the Government will be undertaking its own extensive programme of engagement and evidence gathering with all interested parties including business, industry, trades unions, educational institutions and many others, to ensure we strike a balance on future EU migration arrangements. It is important that those affected contribute to the design of future arrangements and start to consider how they might adapt to a future immigration system.

Only when all of this concluded, and we have the MAC's advice, will we determine what the future long-term immigration rules for EU citizens should be. The Government will be able to set and adjust the successor arrangements to meet the needs of our wider immigration policy, our

economic circumstances and the deep and special partnership we seek to agree with the EU, as well as trade agreements with other countries. I would be grateful if the MAC could report by September 2018, though it would be helpful if you felt able to provide interim reports throughout the period that you are working on this commission.

I look forward to receiving the MAC's advice on these important issues and I shall be publishing this letter.

A handwritten signature in black ink, appearing to read 'Amber Rudd', written in a cursive style.

Rt Hon Amber Rudd MP

COMMISSION FOR THE MIGRATION ADVISORY COMMITTEE

The Government has made clear that part of its immigration policy is to continue to reduce net migration, towards sustainable levels and to end free movement as we leave the European Union. Against that background, and to support future policy development, the Government would welcome advice and evidence from the MAC in respect of current patterns of EU and European Economic Area (EEA) migration and the role of migration in the wider economy and society.

EU and EEA Migration

- Drawing on existing sources where appropriate, the MAC should set out current patterns of EU and EEA migration, looking at:
 - sectors,
 - regional distribution,
 - skill levels,
 - duration of assignments
 - self employment, entrepreneurs, part time, agency, temporary and seasonal workers; and
 - any other characteristics the MAC considers relevant;

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

- What are the methods of recruitment used by UK employers to employ EU and EEA migrants and how does this impact on UK workers?
- What are the economic and social costs and benefits, including fiscal impacts to the UK economy and impacts on public services and infrastructure of EU and EEA migration?
- Is it possible to estimate the potential impact of any future reductions in EU and EEA migration (whether occurring naturally or through policy), at a range of levels and how may these be felt differently across the economy and society? This may include a consideration of the impacts on the different parts of the UK, within the context of designing a UK-wide immigration system. How could business adjust if EU and EEA net migration was substantially reduced? What mitigating actions could be taken by employers and government and over what timescale?

Aligning the UK immigration system with a modern industrial strategy

- What is the current impact of immigration, both EU, EEA and non-EEA, on the competitiveness of UK industry, including on productivity, innovation and labour market flexibility?
- What impact does immigration have on skills and training?
- Is there any evidence that the free availability of unskilled labour has contributed to the UK's relatively low rate of investment in some sectors?
- Are there advantages to focussing migrant labour on highly skilled jobs or across the entire skills spectrum?
- Does the shortage occupation list need to be amended to include skills shortages at lower skills levels than NQF6?

Where relevant to the above, we would welcome detail of what lessons can be drawn from the approach taken by other countries.

The MAC is asked to report by September 2018. The MAC may wish to provide interim reports throughout that period.