Deloitte welcomes the opportunity to contribute to the Migration Advisory Committee’s inquiry on the economic and social impacts of the UK’s exit from the European Union and the future of the UK’s immigration system.

This response from Deloitte is drawn from both our own experiences as a major employer and as a business advisor.

Deloitte employs 18,465 people in the UK. Around 25% of the workforce of the UK business are non-UK nationals (10% EU, 15% non-EU), and our work involves servicing client needs across multiple countries.

We advise a wide range of clients across all sectors of the economy on issues around talent, human capital and mobility of people. This gives us additional insight into the ways in which businesses interact with the immigration system and their requirements in terms of access to skills.

We have also recently published research examining the sentiment among non-EU workers, both in the UK and outside, that we have reflected in this submission.

We would be delighted to discuss our response with the Committee and share further insights, both from our perspective as an employer and as a trusted advisor to a wide range of private and public sector organisations.

1. Please provide evidence on the characteristics (e.g. types of jobs migrants perform; skill levels, etc) of EEA migrants in your particular sector/local area/ region. How do these differ from UK workers? And from non-EEA workers?

Deloitte’s experience of EEA migrants within our own firm, and across the broader professional services sector, has focused on those that are highly-skilled, highly mobile and adaptable in how and where they work, in line with the characteristics of our broader UK workforce.

Jobs recruited from the EEA are primarily within our client-facing, fee earning service lines with half being at manager grade and above. Half of our EEA recruits are also internal moves either within Deloitte UK or from other Deloitte member firms.

One difficulty relates to professional qualifications of EEA workers, some of which are not recognised in the UK. This can make it difficult for a worker from the EEA to provide services such as tax advice and audit in the UK. We have suggested to government that this is an area that needs to be addressed as the UK leaves the EU.

2. To what extent are EEA migrants seasonal; part-time; agency-workers; temporary; short-term assignments; intra-company transfers; self-employed? What information do you have on their skill levels? To what extent do these differ from UK workers and non-EEA workers?

Project work and intra-company transfers are very much in the nature of Deloitte’s business and, as such, we tend to move staff across borders and projects as per our clients’ needs. Our estimate is that we move over 1,000 people each year to service client projects either to the UK from other countries or vice versa.

Typically these are in the form of short-term, late-notice visits to clients overseas, through to longer-term stays of three or more months, on client assignments with other Deloitte member firms.
Such movement occurs across all employee grades but is more common among our manager grade and above employees. Some junior grades do undertake training courses overseas with employees from other Deloitte member firms.

Deloitte employs a number of contractor workers who, depending on their skillsets, may be sent on overseas assignments. These contractors are required to arrange the relevant permits themselves before agreements are signed.

Some Deloitte employees have moved permanently for client work reasons, but this does not occur in large numbers.

3. Are there any relevant sources of evidence, beyond the usual range of official statistics, that would allow the MAC to get a more detailed view of the current patterns of EEA migration, especially over the last year?

In June 2017, Deloitte published a report including the findings of a survey of 2,242 EU and non-EU workers, half living in the UK and half living outside, assessing their views on the attractiveness of the UK as a destination to live and work, and the factors that they consider when choosing to migrate.

Survey respondents were represented equally across nine economic sectors, and split evenly between higher and lower skills respondents and between EU nationals (from Germany, France, Italy, Ireland and Poland) and non-EU nationals (from the US, South Africa, Australia and India).

This work found that:

- 89% of non-British workers found the UK either quite attractive or highly attractive as a work destination and, of those currently based outside the UK, 87% would consider moving to the UK if the right opportunity presented itself.
- Highly-skilled non-EU citizens were more likely to choose moving to the UK, 94% say they would move to the UK if they could, with 83% of highly-skilled EU citizens saying the same.
- Among less-skilled workers, 79% of EU nationals and 93% of non-EU nationals would consider moving to the UK.
- For respondents based outside the UK, the UK ranked as the most desirable place to work with 57% of respondents placing it in their top three destinations, ahead of the US (30%), Australia (21%) and Canada (19%).
- Respondents already in the UK were asked what attracted them here. 51% cited job opportunities in their top three choices, followed by cultural diversity (34%), better lifestyle (30%) and work-life balance (27%).
- For those outside the UK, 54% cited job opportunities as a strength for the UK, followed by cultural diversity (43%) and work-life balance (40%). London was also cited by 37% of respondents as a strength, as were the UK’s global connections (30%).
- 48% of migrant workers already in the UK saw the country as being a little or significantly less attractive as a result of Brexit, compared to only 21% of workers outside the UK. Highly-skilled workers reported the largest drops in the attractiveness of the UK. Of those currently living in the UK, 65% of highly-skilled EU workers and 49% of highly-skilled non-EU workers said that the country is now less attractive.
- Among lower-skilled workers, 42% of EU nationals and 25% of non-EU nationals say the UK is now less attractive. 30% of less-skilled non-EU workers say the UK is actually now more attractive.

1 Power up - the UK workplace (June 2017) - https://www2.deloitte.com/uk/en/pages/global-markets/articles/power-up.html
Overall, 36% of non-British workers in the UK said they are considering leaving the UK within the next five years, with 26% said they are considering leaving within three years.

Highly-skilled workers from EU countries were the most likely to consider leaving the UK, with 47% considering leaving within in the next five years, versus 38% of highly-skilled non-EU workers. Among less-skilled workers, 27% of EU nationals and non-EU nationals said they were likely to leave in the next five years.

Overall, 58% of non-British workers said it will be difficult or very difficult to find a UK worker to replace them. This rose to 70% of highly-skilled EU workers and 56% of highly-skilled non-EU workers. Among less-skilled workers, 61% of EU workers, but only 33% of non-EU workers, say it will be difficult to replace them.

4. Have the patterns of EEA migration changed over time? What evidence do you have showing your employment of EEA migrants since 2000? And after the Brexit referendum? Are these trends different for UK workers and non-EEA workers?

The below table shows our EU/non EU split for the last seven years at the end of each financial year. For the latest financial year, the split in our workforce was 75% British, 10% EU and 15% non EU workers and, since 2011, growth in the number of EEA migrants we employ has been higher than that for British nationals.

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<tr>
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<td>14886</td>
<td>16238</td>
<td>17645</td>
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7. Please provide evidence on the methods of recruitment used to employ EEA migrants. Do these methods differ from those used to employ UK and non-EEA workers? What impact does this have on UK workers? Have these methods changed following the Brexit referendum?

Our recruitment methods are the same for all workers and do not differ according to the nationality of the applicant. We do not believe our recruitment methods have any impact on UK workers and our methods have not changed following the Brexit referendum.

On a broader point, we face a shortage of skilled workers along with a business need to recruit over 2,500 experienced workers per year. This means that looking to the EU and other parts of the world for skilled workers is essential, for example qualified accountants from South Africa.

There is a need for our workforce to reflect the diversity and needs of our clients, and in some instances skills such as fluency in different languages are needed. This often requires workers from outside the UK.

9. What are the advantages and disadvantages of employing EEA workers? Have these changed following the Brexit referendum result?
From Deloitte’s perspective as a major employer, we see the EEA as a valuable source of highly-skilled, mobile and diverse talent. Recruiting graduates from the EEA provides us with access to a much greater talent pool than just recruiting UK nationals.

Under the current regime it is also relatively easy to move workers from the EEA to the UK, and vice-versa, and our people can travel to service international clients at relatively short notice with minimal administration required.

In the aftermath of the referendum, as evidenced by our survey of non-UK workers, the uncertainties around the future status of EU workers in the UK and future ease of movement is adding some extra complexity to the process of moving staff internationally. We believe that, given the important role it plays in ensuring the UK is an attractive place to live, work and invest, the mobility of people should be a priority in the government’s Brexit negotiations.

One significant advantage we have found in employing EEA workers is the higher rates of qualification in STEM subjects outside the UK. These are increasingly important, both to firms such as ours in growing client services in areas such as digital design and data analytics, and to the broader UK given the longer term shifts in the labour market. As a result, we particularly target graduates who have STEM qualifications.

Historically the UK has had a good track record in attracting STEM graduates. In 2008-09 for example 22% of all internationally-mobile EEA STEM students lived in the UK, compared to 32% in Germany, France and Austria combined. However, these numbers have declined in recent years.

In addition, the international outlook of these graduates helps us in our relationships with multinational clients and international contacts. Access to EEA student talent has also helped Deloitte and other firms to cement the reputation of their UK operations as Europe-wide leaders, attracting the most able students to help grow our businesses.

10. To what extent has EEA and non-EEA migration affected the skills and training of the UK workers?

Within our firm, training opportunities are open to all staff regardless of background, residency status or country of origin. We typically find there is significant benefit to our UK workforce from the opportunities to work with colleagues from a range of backgrounds. International workers bring different skills, knowledge and experiences to our UK colleagues, which we find enriches our people and our ability to serve clients.

11. How involved are universities and training providers in ensuring that the UK workforce has the skills needed to fill key roles/roles in high demand in your sector? Do you have plans to increase this involvement in the future?

Deloitte is among the UK’s largest recruiters, taking on (in the last financial year) 1,667 graduates, interns and school leavers.

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3 House of Lords Science and Technology Select Committee report “International Science, Technology, Engineering and Maths (STEM) Students” 2014
We work directly with a number of institutions to prepare young people for careers in sectors where we are seeing increased client demand, such as technology and cyber. This includes De Montfort University, where we help teach a cyber security MSc, Ada (the National College for Digital Skills) where we have played an instrumental role in its foundation, and Ulster University where we offer our school leaver recruits access to a fully-funded BSc in Business Technology.

As part of our social responsibility agenda we partner with Teach First to deliver our Deloitte Access programme and work with 18 schools in low-income communities to develop skills around innovation, teamwork and employability. We are delighted that over the last three years this has enabled nearly 4,000 Deloitte volunteers to support over 12,000 students. We also run a work experience scheme, Deloitte ASPIRE, which gives students at schools with high free school meal eligibility, or who would be the first in their family to go to university, insight into the world of work, access to professionals and opportunities to develop workplace skills.

12. How well aware are you of current UK migration policies for non-EEA migrants?

We are very well aware of existing policies around non-EEA migrants, whether it concerns those seeking settlement in the UK, or those specifically required for non-settlement purposes as well as visitors.

We have experts in our immigration practice who advise UK and global employers. We recruit workers from across the EU and outside of the EU and we therefore need to use various immigration routes.

12a. If new immigration policies restrict the numbers of low-skilled migrants who can come to work in the UK, which forms of migration into low-skilled work should be prioritised? For example, the current shortage occupation list2 applies to high skilled occupations; do you think this should be expanded to cover lower skill levels?

We believe a new immigration system that regulates EEA nationals should be sophisticated enough to be able to respond to practical difficulties that could arise for all types of employers. The basic provisions of Free Movement of Workers gives UK employers an exceptional advantage to source expert talent from the EEA without much difficulty, while young mobile EEA workers are currently able to help meet skill requirements in many different sectors. The UK is aided so much by the Free Movement directive that the government did not trigger the Tier 3 route of the Points Based System, and even introduced a net migration target and caps on how many non-EEA workers UK businesses could employ.

The basic principle of the Shortage Occupation List (SOL) is to understand where skills shortages are, and how best to address them, by recruiting non-EEA workers without having to carry out a resident labour market test. Furthermore, the SOL also helps the government understand where to concentrate funds to ensure that the skills we need for the future are sourced locally.

‘Low’ skilled workers are important to industries that source workers who often do not require vocational training but have specific programmes in place to help workers gain skills and diplomas to move on to more skilled roles. The SOL, however, currently groups workers together with specialised skills. It would be more desirable to maintain the SOL in its current form while reviewing the requirements of employers in sectors with acute shortages in workers.