

Legal Migration Statement 4th December 2023

Estimated Immigration Impacts

December 2023



© Crown copyright 2023

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit <u>nationalarchives.gov.uk/doc/open-government-licence/version/3</u> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: <u>psi@nationalarchives.gsi.gov.uk</u>.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at <u>https://www.gov.uk/government/publications/legal-</u> migration-statement-estimated-immigration-impacts

Any enquiries regarding this publication should be sent to us at public.enquiries@homeoffice.gov.uk

Contents

Ove	erview		2				
	Term	s used in this document	4				
Bas	Baseline / Counterfactual inflow volumes						
	Skille	d Worker and Health and Care visa	5				
	Family visa						
	Stude	ent visa	6				
Policy Impact							
	(A)	Student policy – May package of measures	7				
	(B) and s	Care and senior care workers (i) – removing eligibility for new inflows of care enior care workers to bring dependants	9				
	(C) CQC	Care and senior care workers (ii) - requiring social care firms in England to be registered to sponsor visas.	10				
	(D) remov	Skilled Worker visa – Increasing salary thresholds to be set using medians, an ving the 20% going rate salary discount for shortage occupations	id 11				
	(E)	Family Policy – increasing the Minimum Income Requirement (MIR)	13				
	(F)	Immigration Health Surcharge increase	14				
Illus	Ilustrative Volume Impacts of Policy on Inflows 16						

Overview

- This document provides illustrative estimates of impacts on volumes of inflows on the relevant visa products from the measures outlined in the Legal Migration statement in the House of Commons on 4th December 2023. This is not an assessment of the net migration impact of these changes.
- 2. The document outlines the baseline inflows used for comparison, methods and calculations for estimating impacts of policies, and the resulting illustrative estimated reduction in baseline inflows as a result of policy changes.
- 3. The document applies the estimated policy impacts to the year ending September 2023 HO immigration statistics visa inflow volumes, assuming policy impacts as if the policies were in place in that year.
- 4. All impacts contained within this document are subject to uncertainty and should be considered as illustrative estimates only.
- 5. The policy impacts discussed refer to the following policies, noting transitional arrangements are still being worked through and final policy details remain under development:
 - a. Students (i) removing the right for international students to bring dependants unless they are on postgraduate courses currently designated as research programmes¹ and (ii) removing the ability for international students to switch out of the student route into work routes before their studies have been completed. These measures were announced as a package of measures for the Student Route in May to help deliver the Government's goal of falling net migration, while supporting the Government's priority of growing the economy.²
 - b. Care and senior care workers³ (i) removing eligibility for new inflows of care and senior care workers to bring dependants.

¹ Exceptions to this rule will include students who have received an award from a Government on a course of six months or more (including undergraduates) who will be allowed to bring dependants (such as those on Chevening, Commonwealth and Marshall scholarship schemes). The number of students on these scholarships are low and the impact on net migration will be low as many scholarship requirements include a condition that scholars return to their home country at the end of their permission. Another exception to this rule will include students who give birth whilst on the Student Route, their dependant(s) will be allowed to stay.

² See: <u>https://questions-statements.parliament.uk/written-statements/detail/2023-05-23/hcws800</u>

³ Standard Occupational Classification (SOC) 2010 codes 6145 (Care Workers and Home Carers) and 6146 (Senior Care Workers).

- c. Care and senior care workers (ii) requiring social care firms in England to be Care Quality Commission (CQC) registered to sponsor visas.
- d. Skilled Worker visa Increasing salary thresholds to be set using medians, and removing the 20% going rate salary discount for shortage occupations. Note this updates to use latest (2023) Annual Survey of Hours and Earnings (ASHE) data to set the general threshold⁴ resulting in an estimated general salary threshold of £38,700, in line with the median full-time wage for equivalent⁵ jobs. Health and Care visa occupations and national payscale occupations in education will be exempted from these changes. Alongside removing the 20% going rate salary discount, the Migration Advisory Committee (MAC) will be asked to review the composition of a revised Immigration Salary List in line with the increased salary thresholds. Analysis for this option focusses on removing the 20% going rate salary discount only and does not pre-judge MAC recommendations on reviewing the composition of the list.
- e. Family (i) Increasing the Minimum Income Requirement (MIR) on the family migration route to align with the standard Skilled Worker general threshold of £38,700 with an initial increase to the 25th percentile of RQF3 jobs of £29,000.
- f. Immigration Health Surcharge (IHS) increasing the full rate to £1,035 and the discounted rate to £776 per person per year on IHS-liable routes.
- 6. This document discusses high-level direct volume impacts only, wider costs and benefits would be discussed in a Regulatory Impact Assessment (RIA or IA). An IA has been produced for changes affecting the student route⁶ and the IHS increase.⁷ An IA for other changes will be produced in due course.

⁴ The move to set going rates at median levels currently uses ASHE 2021 data due to it providing the latest available data using SOC 2010 classifications.

⁵ RQF 3+ jobs. See Glossary of terms for definition of RQF.

⁶ The Impact Assessment is still awaiting final Departmental clearances.

⁷ The Immigration (Health Charge) (Amendment) Order 2023 (legislation.gov.uk)

Terms used in this document

7. Box 1 below provides a glossary to define some of the terminology used in this document.

Box 1 – Glossary of terms

- Inflows HO immigration statistics inflow visa grants in the year ending September 2023 on the relevant visa routes. Inflows focus on immigration - i.e. those arriving to the country - and is not the same as net migration. Net migration is inflows minus outflows (those leaving the UK).
- Baseline / Counterfactual A scenario prior to any policy changes, i.e. what would be assumed in the absence of policy intervention. As the focus of this paper is looking at impacts in the year ending September 2023, the baseline is known as it is in the past.
- Regulatory Impact Assessment (RIA or IA) Regulatory impact assessments (RIA or IA), also known as 'final stage IAs' (or often 'final IA'), are used to support the appraisals of new primary or secondary legislation. The IA is an assessment of the anticipated impacts of the proposal. An IA summarises the rationale for government intervention and the impacts of the intervention, as well as quantifying expected costs and benefits.
- Regulatory Qualifications Framework (RQF) RQF levels refer to the level of a qualification. The immigration system includes routes (such as Skilled Worker, which includes the Health and Care visa) where eligible jobs are based on the estimated levels of training and experience required to do a job based on the RQF level of relevant qualifications. Skilled Worker and Health and Care visa jobs generally are open to RQF 3+ level jobs, equivalent to jobs estimated to require training and experience pitched at least A level or equivalent qualifications.

Baseline / Counterfactual inflow volumes

8. Baseline inflow volumes are based on the latest year of entry clearance visa grants, for the year ending September 2023.⁸

Skilled Worker and Health and Care visa

- 9. Published immigration statistics for the year ending September 2023 suggest baseline volumes of:
 - a. Skilled Worker (Total): 66,322 main applicants and 50,874 dependants. These volumes provide an estimated 0.77 dependants per main applicant.
 - b. Health and Care (Total): 143,990 main applicants and 173,896 dependents. These volumes provide an estimated 1.21 dependents per main applicant.
 - c. Of Health and Care care and senior care workers:⁹ 101,316 main applicants. Assuming the route average dependants per main applicant ratio applies, estimated 122,359 dependants.
 - d. Of Health and Care Non care and senior care workers: 42,674 main applicants. Assuming the route average dependants per main applicant ratio applies, estimated 51,537 dependants. No policy changes announced on 4th December 2023 apply to this group.

Family visa

- 10. Published immigration statistics for the year ending September 2023 suggest baseline volumes of:
 - Family (Total): There were 82,395 family-related visas granted in the year ending September 2023. 65,278 (79%) of these were granted to the 'Partner' category, 10,397 (13%) to the 'Children' category and 6,720 (8%) to the 'Other' category.¹⁰

⁸ Home Office, 'Immigration system statistics, year ending September 2023', Tables Vis_D02 and Occ_D02

⁹ 44 main applicants (and associated dependants) were granted entry clearance visas in the Skilled Worker visa. Due to the small volumes these have not been separated from the Skilled Worker volumes presented.

¹⁰ Refers to adult relatives of persons who are settled in the UK.

Student visa

- 11. Published immigration statistics for the year ending September 2023 suggest baseline (grant) volumes of:
 - a. Student: 486,107 sponsored study visas granted to main applicants and 152,980 to dependents. These volumes provide an estimated 0.31 dependents per main applicant, though not all main applicants are eligible to bring dependents.

Policy Impact

12. This section outlines estimated methods and data used to estimate the impacts of policy. Transitional arrangements are still being worked through and once finalised may influence impacts presented, and final policy details remain under development.

(A) Student policy – May package of measures

- 13. The most significant of the six measures in the student package announced in May has been quantified: removing the right for international students to bring dependants unless they are on a postgraduate research programme.
- 14. The change to remove the ability for international students to switch out of the Student route into work routes before their studies have been completed whilst maintaining some flexibility for PhD students is assessed to be small, and while discussed, has not been quantified in this paper.
- 15. The IA for the package of student changes is still to be finalised and is subject to final Departmental clearances and will be published in due course. The sections below outline the impact of the above two measures from the May package of measures for the Student Route. The figures in this document include first round direct impacts and do not include any adjustment for a potential behavioural response of students dissuaded from studying in the UK (as they can no longer bring dependants) or the impact on main applicants from removing the ability for international students to switch out of the Student Route into work routes before their studies have been completed. Any impact on the Graduate Route (an in-country extension) is also not considered here.

Student policy – (i) removing the right for international students to bring dependants unless they are on postgraduate courses currently designated as research programmes

- 16. To assess the impact of removing the right for international students to bring dependants unless they are on a postgraduate research programme, information on the level of study of main applicants is required and information on dependants associated with the main applicant.
- 17. The Home Office has developed an experimental methodology to assign course titles (provided as part of visa applications) to derive a level of study. The methodology assigns level of study in a matching process which uses HESA data at the first stage to assign level of study to main applicants (higher confidence matching) and then text within course titles at the second stage to assign level of study to those not already matched (lower confidence matching). It should be noted that course titles are recorded in a free text field by Home Office caseworkers.

- 18. This exercise found that the majority (92 per cent) of dependants were associated with a study visa main applicant on a postgraduate (taught) course.
- 19. Estimates have been compared with published Home Office immigration statistics and the number of main applicants and dependants identified through this exercise is lower than published statistics. Part of this can be explained by the fact in country applications are not counted but it also suggests that not all dependants have been identified and linked to main applicants. It has been assumed that the unlinked applications are unbiased and the linked applications form a representative sample of students and dependants.
- 20. When applied to the 152,980 student dependant application in the year ending September 2023, this analysis suggests around 140,000 student dependants would not have been eligible to come to the UK.
- 21. There may also be a subsequent impact on the number of students choosing to study in the UK (because they can no longer bring dependants) and subsequently switching into other routes. Home Office management information, in conjunction with a number of assumptions, indicates that 19% of study visa main applicants on a postgraduate (taught) course are accompanied by one or more dependants.
- 22. The behavioural response of main applicants is uncertain and there is a lack of evidence to determine how many students (who bring dependents) will be dissuaded, as such, this impact has not been included in this paper.

Student policy – (ii) removing the ability for international students to switch out of the student route into work routes before their studies have been completed

- 23. To assess the impact of removing the ability for international students to switch out of the student route into work routes before their studies have been completed, information on the proportion of students who switched out of their course early in the absence of any policy change is required.
- 24. The Home Office has used study visa expiry as a proxy for course end date and estimated the difference in time between the expiry date of the first study visa and the subsequent worker visa application. Given visa length can sometimes be relatively longer than course length, this may be an overestimate of the proportion of students affected by the policy change.
- 25. The analysis estimates 2.8 per cent of total students with an expired study visa between December 2020 and June 2023 switched onto worker routes more than 3 months before the expiry date of their initial student visa.
- 26. The analysis estimates 1.1 per cent of total students with an expired study visa between December 2020 and June 2023 switched onto worker routes more than 6 months before

the expiry date of their initial student visa, capturing that the visa expiry date might not align with course end date.

- 27. The midpoint between the two estimates set out above finds that 2.0 per cent of total students with an expired study visa between December 2020 and June 2023 switched onto worker routes and therefore could be affected by the policy change.
- 28. The likely impact of this measure on volumes is therefore small, and not considered further in this paper.

(B) Care and senior care workers (i) – removing eligibility for new inflows of care and senior care workers to bring dependants

- 29. This policy is assumed to affect dependants of care and senior care workers only, and only those potential dependants of main applicants who arrive after implementation of the policy. Analysis of policy impact has been developed with the Department of Health and Social Care.
- 30. As the policy intention is to remove eligibility for care and senior care workers arriving after implementation of the policy to sponsor dependants, a reduction of 100% in the number of dependants who would be expected to accompany care and senior care workers arriving after implementation relative to the counterfactual. However, it should be noted that as some care and senior care workers holding valid leave to remain prior to implementation of this policy may remain in the UK and eligible to sponsor dependants after implementation, there may be a residual flow of dependants to the UK.
- 31. No additional impacts on main applicants are assumed as:
 - a. The high level of applications to work as a care worker since being added to the shortage occupation list in February 2022 suggest a high level of global labour supply that could mean volumes remain resilient even if some potential main applicants were discouraged.
 - b. Some potential applicants may adapt behaviour and come to the UK without dependents (at least whilst on this visa route).
 - c. Some adults who would otherwise have come to the UK as dependants may apply as main applicants
 - d. Restrictions on employers sponsoring visas for care workers and senior care workers (see below) are expected to reduce the demand for international workers compared to the counterfactual, and this effect would help counterbalance any potential fall in labour supply.

(C) Care and senior care workers (ii) - requiring social care firms in England to be CQC registered to sponsor visas.

- 32. This policy is assumed to affect care worker main applicants arriving after the implementation of the policy only (given the assumed impact on dependants in the section above means no further dependant impacts for care and senior care workers are possible). Analysis of policy impact has been developed with the Department of Health and Social Care.
- 33. Estimated impacts are based on Home Office data matching of internal management information datasets to the external CQC regulated provider dataset (which covers regulated care activities in England). Internal visa application data for care and senior care workers main applicants applying between January to June 2023 is matched to internal Certificate of Sponsorship (CoS) data, appending information relating to the applicant's sponsor. The obtained sponsor name for each visa is then matched by name to the published register of CQC regulated providers and locations (using exact matching). This work cleaned organisation names in both datasets to improve match rates (given that business names can vary between sources). Analysis suggests around 96% of the care and senior care worker main applications made in the period were from sponsors located in England,¹¹ with this figure used to amend baseline inflow volumes (see paragraph 9.c.) from UK level figures to estimated England level inflow volumes prior to applying policy impacts to estimate changes in inflows.
- 34. A non-match rate of around 22% for care and senior care workers main applicants was obtained from this work meaning around 22% of care and senior worker main applicants in that period were for sponsors unable to be matched to the register of CQC regulated businesses. However, data imperfections and potential differences in the organisational level data captured by each dataset could bias this match rate downwards. The six-month period used may also not reflect the non-match rate over a longer time-period. Additionally, the analysis focussed on both in and out of country applicants, whereas inflows would be expected to be out of country applicants only.
- 35. The assumed policy impact is nevertheless a 22% reduction in care and senior care worker main applicant inflows to sponsors in England, compared to the counterfactual.
- 36. No behavioural adjustment by sponsors to become CQC regulated to be able to continue to hire care or senior care workers via sponsored work visas is assumed. Providers in England must register with the CQC if providing regulated activities.¹² As such, it is assumed a provider in England not currently registered with the CQC would not be providing services within the regulated activities requiring registration with the CQC, and

¹¹ Denominator based on those with estimated location only (i.e. ignoring the <1% with no estimated location).

¹² Regulated activities are detailed in Schedule 1 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014. See <u>The Health and Social Care Act 2008 (Regulated Activities) Regulations</u> <u>2014 (legislation.gov.uk)</u>

an assumption is made that this policy change will not lead to a change in the services provided to include regulated activities in order to register with the CQC and continue to hire via sponsored work visas.

(D) Skilled Worker visa – Increasing salary thresholds to be set using medians, and removing the 20% going rate salary discount for shortage occupations

- 37. This policy is assumed to impact inflows after policy implementation for both main applicants and dependants on the Skilled Worker route, noting main applicants in national pay scale occupations and their dependants will be exempt.
- 38. Analysis for this policy draws from similar data and methods as 'Impact Assessment to accompany salary updates in April 2023 Immigration Rules',¹³ which can provide further detail on methods and assumptions used in analysis.

Estimating new salary thresholds

- 39. A proposed change to the general salary threshold is estimated using the methodology previously outlined by the MAC,¹⁴ noting that the MAC document is focussed on the baseline / counterfactual scenario (i.e. 25th percentile) and to model the intended policy change that aspect changes to using the 50th percentile (median) to set thresholds, and the ASHE data used is for 2023 and not 2019 as stated in the MAC document.
- 40. ASHE 2023 data is based on Standard Occupation Classification 2020 (SOC 2020)¹⁵ occupations. As SOC 2020 differs to the current Standard Occupation Classification 2010 (SOC 2010) list of occupations currently used to determine eligible occupations in the immigration system, an additional step is required to be able to set a general threshold using ASHE 2023 data. This is to identify SOC 2020 occupations at the relevant skill level (RQF 3+) on which to base a threshold. This is done following previous MAC methodology.¹⁶
- 41. Using the identified list of occupations at RQF 3+ skill level, and following the methods as referenced in paragraph 39, a general threshold of £38,700 is estimated. This reflects estimated full time median earnings in RQF 3+ skilled occupations.
- 42. Estimated median going rates use ASHE 2021 data, as the latest available data using SOC 2010 classifications. Should going rates be set using ASHE 2023 data, the expectation would be that policy impacts will be slightly underestimated in this note due

¹³ See Immigration Rules salary impact assessment (publishing.service.gov.uk)

¹⁴ See paragraphs 3 and 4 of <u>https://www.gov.uk/government/publications/calculating-salary-thresholds-technical-note/calculating-salary-thresholds-technical-note</u>

¹⁵ See <u>SOC 2020 - Office for National Statistics (ons.gov.uk)</u>

¹⁶ See paras 2.4 to 2.18 of <u>Migration Advisory Committee - Review of the Shortage Occupation List 2020</u> (<u>publishing.service.gov.uk</u>) for example

to the expectation that, in general, salaries for occupations may have increase between 2021 and 2023. Going rates are set using the methodology as previously set out by the MAC,¹⁷ again noting the intention to change from using the 25th percentile to using the median to set thresholds, and that ASHE data used is ASHE 2021 and not ASHE 2019 as stated in the MAC document.

Estimating Policy Impacts

- 43. Analysis follows similar methods as outlined in paragraphs 31, 32 and 51 to 59 of 'Impact Assessment to accompany salary updates in April 2023 Immigration Rules',¹⁸ updating to use CoS data for 2022/23 not 2022 as specified in the previous IA, and using the full range of labour elasticity of demand as published in the review of evidence,¹⁹ not amending the low elasticity scenario as in the previous IA.
- 44. As a brief summary of methods, impacts are estimated through:
 - a. Using CoS information matched to data on visa grants in 22/23 to provide information on characteristics such as earnings, sponsor business size and occupation of likely grants;
 - b. Estimating potential total costs of employing labour²⁰ in the baseline, and with proposed changes in salary thresholds. Where there is a difference between the two and total costs of employing labour are higher with proposed changes in salary thresholds relative to the baseline the percentage difference is estimated;
 - c. Applying the published elasticities of labour demand to that percentage differential in total costs of employing labour to estimate a change in labour demand for Skilled Worker main applicants resulting from proposed changes in salary thresholds.
- 45. Removing the Shortage Occupation List going rate discount is treated similarly to a change in required salaries. The MAC will be asked to review the composition of a revised Immigration Salary List in line with the increased salary thresholds, and the acceptance of any future MAC recommendations may also affect inflow volumes. Analysis presented in this document does not pre-judge MAC recommendations on reviewing the composition of the list and so focuses on the impact of removing the going rate salary discount only.

¹⁷ See paragraphs 5 to 9 of <u>https://www.gov.uk/government/publications/calculating-salary-thresholds-technical-note/calculating-salary-thresholds-technical-note</u>

¹⁸ See <u>Immigration Rules salary impact assessment (publishing.service.gov.uk)</u>

¹⁹ See <u>A review of evidence relating to the elasticity of demand for visas in the UK - GOV.UK (www.gov.uk)</u>

²⁰ See paragraph 57 of <u>Immigration Rules salary impact assessment (publishing.service.gov.uk)</u> for further details of constituent elements. Assumed constituent elements of total labour costs may differ in different cases – for example 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.

- 46. This approach assumes that in some cases employers change behaviour in response to changes in salary thresholds and increase wages in response to required higher salary thresholds to continue to be able to hire people via the Skilled Worker visa. This is an uncertain assumption, derived from a review of academic literature on elasticity of labour demand as referenced in footnote 1919. A range of elasticity assumptions are used in analysis, ranging from assuming a 1% increase in costs of labour results in a 0% change in demand to assuming a 1% increase in costs of labour results in a -1.2% change in demand. Analysis presented in this paper focusses on the high elasticity (-1.2%) scenario to illustrate impacts with the lowest assumed adjustment by employers. Actual behaviour is uncertain and may not align with assumptions.
- 47. Data used is imperfect. 2022/23 data may not be fully representative of current characteristics and outcomes. As CoS data and visa outcomes data are based on live operational databases, the data reflects the picture at the point data was downloaded 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.
- 48. This approach suggests up to 13% of Skilled Worker main applicants and their associated dependants are in scope to be impacted from the proposed policy after behavioural impacts have been considered.

(E) Family Policy – increasing the Minimum Income Requirement (MIR)

Estimating Policy Impacts

- 49. A decision was taken to increase the family Minimum Income Requirement (MIR) in line with the standard Skilled Worker general threshold. This would see the MIR increase to median earnings for jobs at the skill level of RQF3, currently £38,700. As part of a staged implementation, an initial increase to the 25th percentile of RQF3 jobs of £29,000 will be enacted initially and this initial implementation level is assessed in this paper.
- 50. A lack of specific information on family migrants and their sources of income, along with obligations under Article 8 ECHR, mean expected impacts are uncertain and only very broad estimates of impact can be made.
- 51. Analysis for this policy assesses the proposed MIR of £29,000 against UK annual gross earnings for all employees as reported by the Annual Survey of Hours and Earnings (ASHE) dataset.
- 52. ASHE data is used as a proxy for UK sponsor's income, providing an indication of the eligible cohort of individuals with sufficient earnings to meet the new MIR level.

Legal Migration Statement 4th December 2023 – Estimated Immigration Impact

- 53. Earnings data is compared with baseline inflows to estimate a ratio of the eligible cohort to actual family migrant applications in the year ending September 2023. At the current MIR level of £18,600, 75 to 80% of the UK working population (based on ASHE earnings data) meet the MIR level. At the higher MIR of £29,000, all else being constant, around 50 to 60% of the UK working population could meet the threshold based on earnings alone.²¹
- 54. This analysis does not account for other means of meeting the MIR such as savings and/or non-work income. Further, even where the MIR is not met, some applicants may still be granted permission if a refusal would result in a breach of Article 8 ECHR and they then meet an exceptional circumstances test. While currently only several hundred such claims are made a year it is likely a greater proportion of people will no longer meet the threshold based on earnings alone and rely on their Article 8 rights. The proportion of those that would be successful is uncertain. As such, volumes estimated using this methodology could be an over-estimate of actual impacts on volumes.
- 55. This approach suggests that before accounting for Article 8 claims and other income, an estimated range of between 10,000 to 30,000 people who may otherwise have qualified via the family route would be unable to do so, on the basis of earnings alone. This analysis assumes applicants under the Family route have an income distribution equivalent to the UK population as a whole. However, reflecting obligations under Article 8, even where the MIR is not met, it is assumed that some applicants may still be granted permission under the family route. As no exact estimate of eligibility through this route is possible, the overall impact of the change is uncertain.
- 56. Reflecting the uncertainty, this approach suggests increasing the MIR may have an impact on the number of family migrants deterred in the low tens of thousands.

(F) Immigration Health Surcharge increase

- 57. The Immigration Health Surcharge (IHS) is set to increase in January 2024 (subject to parliamentary process) in order to better reflect migrants' average use of NHS services during their stay in the UK. The full rate is set to rise from £624 to £1,035 per person per year. The discounted rate, applicable to students and their dependants, applicants on the Youth Mobility Scheme, and visa applicants under the age of 18 is set to increase from £470 to £776 per person per year. The increase will apply to relevant immigration applications made on or after the date the new IHS rates come into force.
- 58. The increase in the IHS level may lead to a small reduction in visas issued on IHS-liable routes due to migrants being dissuaded from applying to come to the UK or to extend their visa by the higher price of doing so.

²¹ See <u>Annual Survey of Hours and Earnings</u> – 2023 ASHE Table 1.7a

59. The IHS is not a policy instrument designed to impact migration numbers. The estimated fall in migration volumes is also unlikely to be significant - the published Impact Assessment accompanying the legislation estimates that any reduction in visa applications on IHS-liable routes is unlikely to exceed 1 per cent of annual demand.²²

²² See <u>The Immigration (Health Charge) (Amendment) Order 2023 (legislation.gov.uk)</u>

Illustrative Volume Impacts of Policy on Inflows

60. Assuming these policies had been in place for the year to September 2023, applying the estimated impacts from the policy impact section estimates they may have had illustrative impacts in terms of reducing inflows as in Table 1 below:

Table 1 – Estimated impact on inflows if policies had been in place in year ending September 2023

Policy	Group(s) Affected	% Group Affected	Estimated Inflow Impact (reduction)
TOTAL	NA	-	~300k
Students – dependant restrictions & switching restrictions	Student dependants	92%	Around 140k
Care and senior care workers – dependant restrictions	Care and senior care worker dependants	100%	Around 120k
Care and senior care workers – CQC restrictions	Care and senior care worker main applicants (England only)	22%	Around 20k
Skilled Worker – increase salary thresholds and remove SOL going rate discount	Skilled Worker main applicants and dependants	Around 13% of main applicants Dependant impacts estimated as per ratio in paragraph 9.a	
Family Policy – Increasing the MIR to £29,000	Family partner and children	-	Uncertain – possibly low tens of thousands
Immigration Health Surcharge – Increase	Investor, business development and talent; Sponsored skilled work (except Health and Care); Student; Graduate; Temporary work (except Seasonal Agricultural Worker); Family; Leave to remain; Other visas (such as Hong Kong BN(O))	-	Negligible impact on inflows

Estimated inflow impacts are rounded to the nearest 5k

- 61. These estimated impacts on volumes are illustrative, with uncertainties in both data and modelling assumptions set out in this document. Whilst estimated percentage impacts will remain constant, estimated inflow volume impacts may differ in future should future inflow volumes differ from the year ending September 2023.
- 62. Given estimated impacts within each policy are uncertain, the estimated approximately 300k impact on inflows if policies were in place in the year ending September 2023 is viewed as conservative estimate of the cumulative impact, illustratively helping to account for some potential uncertainties leaning towards lower estimates of impact being realised,²³ and not necessarily reflective as a sum of the constituent elements.

²³ This is not saying downside risks to estimates are necessarily larger than upside risks, but that if illustratively accounting for at least one downside risk to estimates being realised in any of the areas where they exist, a cumulative impact of approximately 300k may be assumed.