Impact Assessment, The Home Office

Title: 2024 Spring Immigration Rules Impact Assessment **IA No:** HO 0490 **RPC Reference No:** N/A **Other departments or agencies:** N/A	**Date:** 14 March 2024 **Stage:** FINAL **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 2024/25 prices)

Net Present Social Value NPSV (£m)[1]	3,322	Business Net Present Value BNPV (£m)	-38,464	Net cost to business per year EANDCB	0.3

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

This package of measures is aimed at reducing net migration levels following unprecedented levels of immigration since the pandemic. The changes will help achieve the government ambition of the UK becoming a high-wage, high-productivity, high-skill economy, and ensure that those wishing to come here and establish their lives make a net positive contribution to the public finances.

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

The changes to salary requirements are designed to protect against undercutting of resident workers and help reduce net migration. The changes in respect of care workers are designed to address the high levels of non-compliance, exploitation, and immigration abuse within the adult social care sector, whilst continuing to allow genuine care providers access to overseas recruitment. The changes to the Family Minimum Income Requirement will ensure that people only bring dependants to the UK they can support financially.

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

Option 1: 'Do nothing' make no changes. This option does not address the policy issues identified, detailed in Section B, and therefore does not fulfil the government's objectives.

Option 2: Enact the package of measures set out in Section D. **Option 2 is the government's preferred option as it best meets the strategic and policy 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). The analysis uses a 10-year appraisal period and considers administrative data with outcomes in 2023 used to inform estimates of impacts. Potentially significant impacts of this policy, including on the welfare of UK nationals and settled migrants from being restricted from bringing their family members over, have been considered qualitatively as it has not been possible to quantify these impacts.

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: ______________

[1] Definitions of NPSV, BNPV, EANDCB and Discount Rate can be found in paragraphs 298 and 306.

Summary: Analysis & Evidence

Policy Option 2

Description: Enact the package of measures set out in Section D.

FULL ECONOMIC ASSESSMENT

Year(s):	**Price Base**	2024/25	**PV Base**	2024/25	**Appraisal**	10	**Transition**	1
Estimate of Net Present Social Value NPSV (£m)						**Estimate of BNPV (£m)**		
Low:	**-8,014**	**High:**	**+26,005**	**Best:**	**+3,322**	**Best BNPV**	**-38,464**	

COSTS, £m	**Transition** Constant Price	**Ongoing** Present Value	**Total** Present Value	**Average/year** Constant Price	**To Business** Present Value
Low NPSV	£1m	£43,474m	£43,475m	£5,607m	£34,073m
High NPSV	£5m	£120,359m	£120,364m	£14,642m	£39,204m
Best Estimate	**£3m**	**£67,483m**	**£67,486m**	**£8,224m**	**£39,075m**

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

Change in Fiscal revenue (Society): **£24.14 billion (central)**
Change in Home Office fee and charging revenue (Public Sector): **£4.27 billion (central)**
Employer behavioural response - salaries (Business): **£39.07 billion (central)**
Other quantified costs (Mixed): **£0.01 billion (central)**

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

There may be potential small scale impacts on labour supply; and wider behavioural adjustments from employers aside from salary adjustments which may also influence employer costs. Changes to Family rules may also have an impact on the welfare and decision to remain in the UK for potential sponsors.

BENEFITS, £m	**Transition** Constant Price	**Ongoing** Present Value	**Total** Present Value	**Average/year** Constant Price	**To Business** Present Value
Low NPSV	N/A	£35,461m	£35,461m	£4,305m	£256m
High NPSV	N/A	£146,369m	£146,369m	£17,758m	£1,186m
Best Estimate	**N/A**	**£70,808m**	**£70,808m**	**£8,598m**	**£611m**

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

Change in Fiscal Pressure (Society): **£70.03 billion (central)**
Change in visa fee and charging processing costs (Public Sector): **£0.76 billion (central)**
Change in Family Home Office fee and charging revenue (Public Sector): **£0.01 billion (central)**

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

There are potentially limited benefits in terms of labour market opportunities/wages/training for resident labour, limited potential benefits in social and community impacts, and small potential business administrative savings from fewer interactions with immigration sponsorship systems. Potential positive GDP per capita impacts from reductions in dependant and family volumes.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m: 0.3					
Cost, £m	0.3	**Benefit, £m**	N/A	**Net, £m**	**0.3**
Score for Business Impact Target (qualifying provisions only) £m:					N/A

Is this measure likely to impact on trade and investment?					N			
Are any of these organisations in scope?	**Micro**	Y	**Small**	Y	**Medium**	Y	**Large**	Y
What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)	Traded:				N/A	Non-Traded:	N/A	

PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 21)

Are all relevant Specific Impacts included?	N	**Are there any impacts on particular groups?**	N

Evidence Base (for summary sheets)

A. Strategic objective and overview

A.1 Strategic objective

1. This package of measures is aimed at reducing net migration levels following unprecedented levels of immigration since the pandemic. Office for National Statistics (ONS) data[1] estimates long term international immigration in the year ending June 2023 was around 144 per cent of the level it was in the year ending June 2019. While estimates by reason for migration are only available for Non-EU nationals, the same ONS data highlights strong growth in migration for work and study reasons (including both main applicants and associated dependants) as drivers in this trend. The changes will help achieve the government ambition of the UK becoming a high-wage, high-productivity, high-skill economy, and ensure that those wishing to come here and establish their lives make a net positive contribution to the public finances.

A.2 Background

A.2.1 Care and Senior Care Worker Changes

2. The Health and Care visa[2] was introduced in August 2020, and it was a 2019 manifesto commitment to introduce a route which made it quicker, cheaper and easier for qualified medical professionals to come to the UK. The route was expanded in December 2020 with the launch of the Skilled Worker route which expanded the list of eligible occupations from the previous Tier 2 (General) route.
3. In December 2021, the Migration Advisory Committee (MAC) made an interim recommendation as part of their wider review into adult social care, that care workers should be added to the Shortage Occupation List (SOL) and added to the list of occupations eligible for the Health and Care Visa. The government accepted this recommendation and care workers became eligible in February 2022.
4. In the year ending December 2023, there were more than 105,000 visas granted for care workers and senior care workers. This contributed to a total number of Health and Care visas just over 145,000 with over 200,000 dependants. Therefore, it was necessary to take action to address the significant increases which have been seen since care workers became eligible.
5. In February 2024, changes were made limiting those care providers who are able to recruit care workers and home carers or senior care workers for roles in England. In addition to the usual requirement to hold a sponsor licence, from 11 March 2024, care providers wishing to recruit care workers or senior care workers for roles in England must be registered with the Care Quality Commission (CQC) and carrying out regulated activity[3]. These requirements do not apply to roles exclusively in Scotland, Wales or Northern Ireland where discussions are continuing on whether similar provisions are required with the relevant departments.
6. The changes which came into force on 11 March 2024 also included a ban on those arriving under Standard Occupational Classification (SOC) code 6145 (care workers and home carers) and 6146 (senior care workers) from bringing dependants. Whilst this may make the route less attractive to

[1] Long-term international immigration, emigration and net migration flows, provisional - Office for National Statistics (ons.gov.uk)
https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/datasets/longterminternationalimmigrationemigrationandnetmigrationflowsprovisional
[2] Health and Care Worker visa: Overview - GOV.UK (www.gov.uk) - https://www.gov.uk/health-care-worker-visa
[3] Regulated activities are detailed in Schedule 1 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014. See The Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 (legislation.gov.uk) - https://www.legislation.gov.uk/uksi/2014/2936/contents

those with families, the route remains a generous offer for health and care workers and it is expected significant numbers of care workers will continue to apply to come to the UK.

7. There are transitional provisions which allow those working here before these rules changed to continue to work for non-CQC regulated providers, however, those providers will not be able to recruit new workers unless they obtain CQC registration. The transitional provisions also enable dependants of care workers who were here before the rules changed to continue to stay including extending and ultimately to settle. Where a care worker arrived before the rules changed but did not bring their dependants with them at the time, the provisions also allow them to bring those dependants to the UK during the period of leave.

A.2.2 Sponsored Work Changes

8. Work visa routes form part of the government's Points-Based Immigration system, which is designed to select the workers of most benefit to the UK's economy and public services. The work routes covered by these changes are all based on the concept of sponsorship – that is, a worker has been offered a skilled job in the UK by an employing organisation licensed by the Home Office.

9. These sponsored routes all include minimum salaries that sponsors are required to pay. The purposes of the salary requirements are to act as a proxy for the economic contribution migrant workers will make to the UK, ensure that they receive fair pay for the skilled work they are doing, and ensure they are not used to undercut resident workers. The salary requirements vary by route, but a common feature is that sponsored workers must be paid the higher of either a general threshold for the route, or the "going rate" for the occupation they are working in.

10. The majority of the thresholds and going rates are currently based on the 25th percentile earnings of full-time UK workers in eligible occupations (according to Annual Survey of Hours and Earnings (ASHE) data, published by the ONS). The government considers the 25th percentile is too low to adequately protect against undercutting and is therefore raising the Skilled Worker thresholds and going rates to the median (as shown by the same data). For the Skilled Worker route, this means an increase in the general threshold from £26,200 to £38,700. Data used to set thresholds will be updated from using ASHE 2021 to ASHE 2023 data in other sponsored routes.

A.2.3 Family Changes

11. The Immigration Rules[4] contain a framework for considering family applications and also addressing claims where they engage Article 8 of the European Convention on Human Rights (ECHR)[5].

12. In an immigration context, family is a person, their partner (to whom they are married or in a civil or durable partnership) and any children who are aged under 18 years. To qualify for permission to enter or stay in the UK under the Family route a person is required to be in an immediate family relationship with a qualifying person.

13. A qualifying person is a person who is either:
    - a British Citizen in the UK;
    - present and settled in the UK;
    - in the UK with protection status;
    - in the UK with limited leave under Appendix EU[6], in accordance with paragraph GEN.1.3.(d);
    - in the UK with limited leave as a worker or business person under Appendix ECAA Extension of Stay[7], in accordance with paragraph GEN.1.3.(e); or

[4] Immigration Rules - Immigration Rules Appendix FM: family members - Guidance - GOV.UK (www.gov.uk): https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-fm-family-members
[5] European Convention on Human Rights (coe.int): https://www.echr.coe.int/documents/d/echr/convention_eng
[6] Immigration Rules - Immigration Rules Appendix EU - Guidance - GOV.UK (www.gov.uk): https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-eu
[7] Immigration Rules - Immigration Rules Appendix ECAA: Extension of Stay - Guidance - GOV.UK (www.gov.uk): https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-ecaa-extension-of-stay

- in the UK with permission as a Stateless person[8].

14. There are exceptions where specific family members only are detailed in a specific route, for example the rules for adult dependent relatives, which seek to allow the elderly or infirm relatives of a UK sponsor to enter the UK to be cared for by their family member.

15. Another exception is where a child is applying to enter and settle in the UK, as well as joining a settled parent or parents, the child can apply to join a relative (non-defined) provided there are compelling compassionate reasons which make exclusion of the child from the UK undesirable.

16. Core eligibility requirements are:

    - Relationship - an immediate family relationship with a qualifying sponsor.
    - Financial – most applicants in the 5-year partner and child routes must meet the minimum income requirement (MIR). All others in Family routes must show they have sufficient funds to adequately maintain themselves and their family without access to public funds.
    - Accommodation – must show evidence of adequate accommodation in the UK, without accessing public funds.
    - English language – applicant must demonstrate basic English to be granted entry and become more fluent over time.

17. Where the applicant does not meet all the core requirements, consideration is also given to whether the impact of a decision to refuse could or would breach the applicant's Article 8, ECHR[9] rights leading to overly harsh consequences. The Immigration Rules also contain key discretionary elements to facilitate assessments of any exceptional, compelling or compassionate elements in an application.

18. Permission is typically granted in periods of 30 months (33 months for entry clearance). Settlement is typically after 5 years (for those who meet the core requirements) or 10 years (for those who do not meet all the core requirements).

19. In the year ending December 2023, there were 81,203 family-related visas granted, an increase of 72 per cent from 2022 and the highest calendar year on record. Historic figures show that all family-related granted visas had been steadily increasing since 2013, averaging around 40,000 issued visas per year (September 2013 to 2019) before falling sharply in 2020, felt to be driven by COVID-19. The significant increase in grants of family-related visas in the last year may in part reflect the greater opportunities to travel now that the COVID-19 pandemic restrictions have been lifted, along with a delay in processing applications made in 2021 and 2022 as a result of the war in Ukraine. While application volumes are also at a record high of around 81,000 in the year ending December 2023, this is only up 22 per cent from applications made in the year ending December 2022. Historically applications for family-related visas have remained stable for a number of years up to 2020, before steadily increasing to the historic high seen in the latest year.

The Minimum Income Requirement

20. The MIR was introduced in 2012 as a way of assessing the level at which UK citizens and settled residents could demonstrate that their non-UK family members joining them in the UK (spouse, partner and children) would not become a 'burden on the state' (insofar as the interpretation of burden on the state refers to receipts of benefits but not consumption of public services). Following advice from the MAC in its 2011 report the MIR was set at £18,600 per year before tax for sponsoring a partner, increasing by £3,800 for also sponsoring a non-settled child and a further £2,400 for each further such child. This reflected the level of income at which a British family or a family settled in the UK generally ceased to be able to access income-related benefits.

---

[8] Immigration Rules - Immigration Rules Appendix Statelessness - Guidance - GOV.UK (www.gov.uk): https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-statelessness

[9] European Convention on Human Rights (coe.int): https://www.echr.coe.int/documents/d/echr/convention_eng

21. The MIR can also be met through personal savings, self-employment income and other non-employment income. If the applicant's partner is in receipt of certain benefits (including Personal Independence Payments or Disability Living Allowance), they do not need to meet the MIR and instead must demonstrate that they can adequately maintain themself and their family without relying on public funds. Further, the MIR is part of the Article 8, ECHR assessment (public interest/proportionality assessment) in the Family Immigration Rules[10]. In some cases, even where the MIR is not met, applicants will still be granted leave where it has been considered that it could or would be an Article 8, ECHR breach to refuse them. This is where refusal would result in unjustifiably harsh consequences for the applicant, their partner, a relevant child or another family member whose Article 8, ECHR rights it is evident from the information provided by the applicant would be affected.

22. The MIR has not been increased since it was introduced in 2012. On 4 December 2023 the Prime Minister and Home Secretary announced a package of measures to reduce net migration and curb immigration abuse[11], including the intention to raise the MIR in line with the new general salary threshold for skilled workers, which is currently £38,700.

23. To mitigate any risks in increasing the MIR too rapidly and provide certainty for families, the first step in reaching this threshold will come into force on 11 April 2024 when the MIR will be raised to £29,000, that is the 25th percentile of earnings for jobs which are eligible for skilled worker visas (Regulatory Qualification Framework[12] (RQF) 3+). The intention is to incrementally increase the threshold, moving to the 40th percentile (currently £34,500) and finally to the 50th percentile (currently £38,700, and the level at which the general skilled worker threshold is set) by early 2025.

A.3 Groups affected

24. The policy package impacts prospective new main applicants on affected visa routes (Skilled Worker, Health and Care, Global Business Mobility (GBM): Senior and Specialist, GBM: UK Expansion Worker, GBM: Graduate Trainee, Scale Up and Family) and their associated dependants and the potential sponsors (UK businesses, British and those settled in the UK) of those prospective applicants.

25. New worker and family applicants may also include those switching to these visas from other routes. Migrants and their dependants in scope to be affected would not hold settlement/indefinite leave to remain/UK citizenship at the point of application and so would not considered part of the UK resident population up to the point at which they would have done so.

26. For the Family route, the new MIR will not apply retrospectively. This means that all those who already hold leave under the 5 year route or 10 year route to settlement (and plan to remain on this route), hold a fiancé visa or who apply for it before the new MIR is introduced, will be subject to the current MIR. Partners and children of HM Armed Forces are provided for under different Immigration Rules (Appendix Armed Forces). These individuals will be subject to an MIR rate that aligns with basic pay, after training, for HM Armed Forces (£23,496). The impact of this tethered MIR on partners/children of HM Armed Forces is not captured in this IA however impacts are expected to be minimal as all fully trained service personnel are expected to meet this threshold.

27. Transitional arrangements are also being applied to the changes to work routes. This means individuals who are already in the routes before the changes take effect will not need to meet the new median salary thresholds, if they are making applications to extend their stay, change

[10] Immigration Rules - Immigration Rules Appendix FM: family members - Guidance - GOV.UK (www.gov.uk): https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-fm-family-members
[11] See Legal Migration - Hansard - UK Parliament - https://hansard.parliament.uk/commons/2023-12-04/debates/921A08A2-F615-48F2-8C56-423A29556F9F/LegalMigration
[12] See What qualification levels mean: England, Wales and Northern Ireland - GOV.UK (www.gov.uk) - https://www.gov.uk/what-different-qualification-levels-mean/list-of-qualification-levels for a guide to qualifications within each level

employment or settle before 4 April 2030. The government does, however, expect their pay to progress at the same rate as resident workers; therefore, they will be subject to updated versions of the pay requirements they entered under, using the latest pay data, when they make an application to change employment, extend their stay, or settle. This is in line with normal practice.

28. In addition, Health and Care visa applicants are exempt from the new median salary requirements, as are Skilled Worker applicants sponsored to work in occupations where going rates are set using national pay scales, for example teachers.

B. Rationale for intervention

29. The government intends to reduce migration, curb abuse of the system and ensure that those coming to the UK make a net positive contribution to the public finances. The latest official estimates show that net migration in the year to June 2023 was 672,000 – up significantly on pre-pandemic volumes but lower than the 745,000 who came in the year to December 2022.

Sponsored Work Changes

30. The changes to Skilled Worker salary requirements are designed to better protect against undercutting of resident workers and help reduce net migration. Additionally, the changes in respect of care workers are designed to address the high levels of non-compliance, exploitation, and immigration abuse within the adult social care sector, whilst continuing to allow genuine care providers access to overseas recruitment.

31. Updating data used to set salary thresholds in other routes is to ensure the salary thresholds and going rates in these routes reflect the latest 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. The impacts are expected to be smaller, given these changes reflect just updated data.

Family Changes

32. The MIR was introduced in July 2012. Its purpose was to ensure family migrants are supported at a reasonable level so they do not become a burden on the taxpayer, and they can participate sufficiently in everyday life to facilitate their integration into British society. The MIR has never been increased and no longer reflects the level of income required by a family to ensure they are self-sufficient and do not need to rely on public funds.

33. On 4 December 2023 the government committed to a package of measures to reduce net migration and curb immigration abuse. The MIR will be brought into line with the minimum general salary threshold for skilled workers. This will help ensure that people bring dependants to the UK they can support financially and will apply to all British and settled sponsors under the five year partner route.

34. The government needs legislation to increase the level of the minimum income requirement through changes to the Immigration Rules. The increase will apply to new relevant immigration applications made on or after the date that the new rate comes into force.

C. Policy objective

Sponsored Work Changes

35. The objectives are to:

- Reduce net migration to more sustainable levels.
- Ensure salary thresholds are set at a level which prevents undercutting of resident workers.

- Encourage employers to reduce their reliance on migrant workers and invest in the resident workforce, productivity improvements and automation.
- Address the high levels of non-compliance, exploitation, and immigration abuse within the adult social care sector, whilst continuing to allow genuine care providers access to overseas recruitment.

36. Success will be measured in terms of the impact on demand for and the economic impact of those on the Skilled Worker route.

Family Changes

37. To ensure that the MIR is set at a level that helps to safeguard the economic well-being of the UK. Those who choose to establish their family life in the UK by sponsoring a partner to settle here should have sufficient financial independence to be able to support themselves and their partner without relying on public funds. More than that, the sponsor should have the financial wherewithal to ensure that the migrant is able to integrate and play a full part in British society: The objectives are to:
    - Help ensure migrants within the spouse/partner make a net positive contribution to public finances.
    - Help integration of migrants into British society.
    - Contribute to the government ambition of making the UK a high-wage, high-productivity, high-skill economy.

38. Success will be measured in terms of the impact on demand for, and economic impact of those on, the Family route.

D. Options considered and implementation

39. Options Considered:
    a) **Option 1: ‘Do nothing’.** Make no changes. This option does not address the policy issues identified, detailed in Section B, and therefore does not fulfil the government’s objectives.
    b) **Option 2**: enact the package of measures outlined below:
        - Restricting the ability for care and senior care workers to bring dependants to the UK. This impacts care and senior care workers whose initial visa application as a care or senior care worker was on or after 11 March 2024.
        - Restricting sponsors of care and senior care workers in England to sponsor new care or senior care workers from 11 March 2024 only where the sponsor holds active registration with the CQC.
        - Updating the occupational classification framework used to define eligible occupations in sponsored work visa routes from SOC 2010[13] to SOC 2020[14]. Those extending initial visas applied for prior to 4 April 2024 will be able to extend visas in their current occupation regardless of whether the SOC 2020 equivalent of that SOC 2010 occupation meets the relevant skills threshold, and where for all applicants where a previously eligible SOC 2010 occupation has SOC 2020 equivalent occupation(s) that do not meet the relevant skills threshold but at least 50 per cent of that SOC 2010 occupation is related to a SOC 2020 occupation, the SOC 2020 occupation will remain eligible.

[13] For further information on SOC 2010 see SOC 2010 - Office for National Statistics (ons.gov.uk) - https://www.ons.gov.uk/methodology/classificationsandstandards/standardoccupationalclassificationsoc/soc2010
[14] For further information on SOC 2020 see SOC 2020 - Office for National Statistics (ons.gov.uk) - https://www.ons.gov.uk/methodology/classificationsandstandards/standardoccupationalclassificationsoc/soc2020

- Updating the underlying data used to set salary thresholds from ASHE 2021 to ASHE 2023 data, and for the Skilled Worker visa route increasing the percentile used to set thresholds from the 25th to the 50th (median). All applications in all routes will have to meet updated thresholds set using ASHE 2023 (or the relevant national pay scale where applicable) data, but those extending initial Skilled Worker visas applied for prior to 4 April 2024 will retain needing to meet the 25th percentile (not the 50th). Differences between different visa routes are outlined in the appraisal section.
- Increasing the Family 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 RQF 3+ (A-level and above). As part of a staged implementation, an initial increase to the 25th percentile of RQF3 jobs of £29,000 will be enacted initially in April 2024 with the aim of bringing the threshold into line with the 50th percentile of earnings for jobs which are eligible for skilled worker visas (currently £38,700, and the level at which the general skilled worker threshold is set) by early 2025.

40. **Option 2 is the government's preferred option as it best meets the strategic and policy objectives**.

Implementation

41. The changes are being given effect through changes to the Immigration Rules, made under the provisions of section 1(4) and section 3(2) in the Immigration Act 1971, that are used to regulate people's entry to, and stay in, the United Kingdom.

42. The Home Office will be responsible for the ongoing operation and enforcement of the new rules.

Sponsored Work Changes

43. The changes to work routes are being introduced in two packages of Rules changes. The changes specifically relating to adult social care were laid on 15 February 2024[15] and will be implemented on 11 March 2024. These changes are being implemented separately from the remainder of the package, due to the need to act quickly to deal with high volumes of applications of concern. In relation to those changes, if an application has been made before 11 March 2024, such applications will be decided in accordance with the rules in force on 10 March 2024.

44. The other changes are being laid on 14 March 2024 and will be implemented on 4 April 2024. In relation to those changes, if an application has been made using a Certificate of Sponsorship (CoS) issued before 4 April 2024 (or is an application as a partner or dependent child of a person who has made such an application), such applications will be decided in accordance with the Immigration Rules in force on 3 April 2024.

Family

45. The MIR will increase for new applicants to the routes on 11 April 2024. Those who already have a Family visa within the fiancé, proposed civil partner, or five year partner route, or who apply before the minimum income threshold is raised, will continue to have their applications assessed against the previous income requirement and will not be required to meet the increased threshold provided they are applying to remain with the same partner. This will also be the case for children seeking to join or accompany parents.

46. From 11 April 2024, the MIR will increase to £29,000, that is the 25th percentile of earnings for jobs which are eligible for skilled worker visas. This will increase incrementally, moving to the 40th percentile (currently £34,500) and finally to the 50th percentile (currently £38,700, and the level at which the general skilled worker threshold is set) by early 2025.

[15] Statement of changes to the Immigration Rules: HC 556, 19 February 2024 - GOV.UK (www.gov.uk) - https://www.gov.uk/government/publications/statement-of-changes-to-the-immigration-rules-hc-556-19-february-2024

E. Appraisal

47. The analysis presented in this IA builds on volumes analysis presented in "Legal Migration Statement 4th December 2023 - Estimated Immigration Impacts"[16] and is extended to include more recent data, account for further detail presented on policy options[17], and to include a fuller estimation of the appraisal impacts relating to these policy changes beyond volumes.

48. Given separate Immigration Rules have been, or are being, laid for the care and senior care worker changes, the sponsored work visa changes and the Family changes, this appraisal presents separate estimated impacts for each before aggregating into one assessment of the combined impact of the package of changes.

49. For Family changes, a decision was taken to increase the minimum income requirement (MIR) in line with the standard Skilled Worker general threshold of £38,700. As part of a staged implementation, an initial increase to the 25th percentile of RQF3 jobs of £29,000 will be enacted in Spring 2024, moving to the 40th percentile (currently £34,500) and finally to the 50th percentile (currently £38,700, and the level at which the general skilled worker threshold is set) by early 2025. The body of this IA addresses the impact of the initial implementation level of £29,000 but a wider assessment of the further increases is provided in Section E.5.4.

50. Analysis of sponsored work visas is presented for Skilled Worker and care and senior care worker elements within Health and Care only due to the limited nature of policy changes on wider sponsored work visas and the small shares of non-care or non-national pay scale occupations within Health and Care visas limiting the scale of impacts (see paragraph 131).

E.1 Framework

51. 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.

52. 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.

53. In line with previous Home Office analysis and following recommendations made by the MAC, this IA considers the impact of the options on the welfare of the UK resident population; considered to be UK nationals and migrants at the point of application for naturalisation as British Citizens.

54. The NPSV calculation therefore includes a fiscal impact, based on contributions to direct and indirect taxes, the effect on consumption of public services, but excludes foregone migrant 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 affects are highly uncertain and difficult to quantify, with a discussion of these impacts below.

55. 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

---

[16] Legal migration statement: estimated immigration impacts - GOV.UK (www.gov.uk) - https://www.gov.uk/government/publications/legal-migration-statement-estimated-immigration-impacts

[17] See Net migration measures – further detail - GOV.UK (www.gov.uk) - https://www.gov.uk/government/news/fact-sheet-on-net-migration-measures-further-detail

health; and the nature of what any proposal affects (for example, who may come to the UK and what they do whilst they are here).

56. This appraisal quantifies the following impacts:

- Transitional costs to business arising from familiarisation with Immigration Rules changes.
- Public administrative costs and benefits from changes in volumes of migrants affecting fee revenue and processing costs for visa fees, Immigration Health Surcharge (IHS), and Immigration Skills Charge (ISC) where relevant.
- Changes in fiscal revenues and pressures resulting from changes in volumes and characteristics of migrants estimated to use the impacted visa routes.
- Estimated indirect costs to business, specifically adjustment costs for employer sponsors who are estimated to choose to increase wages to meet new salary thresholds in sponsored work visas. It should be noted that rational employers would only be expected to undertake such actions where the returns from employment at higher costs to employers are better than the next best alternative.

57. This appraisal is unable to quantify, but discusses, the following impacts:

- Indirect employer impacts – including the cost of potential adjustment to changes in migrant labour aside from adjustment to meet new salary thresholds.
- Indirect family sponsor impacts – including the impact on the welfare of UK national and settled migrants who do not meet the income requirement to sponsor family members, including any potential behavioural response, as this is unknown and therefore too uncertain.
- Macroeconomic impacts – such as productivity and innovation impacts. Section J discussing trade impacts may also fall within this category.
- 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.
- Spill over impacts – such as discussion of social and cultural impacts of migration.
- Any other potential impacts – such as impact on other visa routes.

58. Analysis is presented across a 10-year appraisal period, from the start of 2024/25 onwards, though implementation dates of individual policies may not perfectly align, as set out in Section D, and are modelled from their implementation date. Information is presented in 2024/25 prices and where discounted, a 3.5 per cent discount rate is applied in line with HMT Green Book[18] guidance. GDP deflators have been used to adjust price years where needed, alongside uplifting salary information by real productivity growth where needed – both data used are from Office for Budgetary Responsibility analysis in Economic and Fiscal Outlook, November 2023[19].

E.2 Baseline Volumes

59. This section outlines the volume of applicants under each of the affected routes that are projected to come to the UK in the absence of the policy changes. Discussion of estimated volumes within policy scenarios are compared to these baselines.

60. The baseline volumes are internal Home Office estimates of applications up to the end of 2028/29 and the IA assumes that the baseline volumes remain constant at 2028/29 levels until the end of the appraisal period. These volumes are reduced by 25 per cent in the low scenario and increased

[18] The Green Book: appraisal and evaluation in central government - GOV.UK (www.gov.uk) - https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-governent
[19] Economic and fiscal outlook – November 2023 – OBR (www.obr.uk) -www.obr.uk) - Economic and fiscal outlook – November 2023 - Office for Budget Responsibility (obr.uk)

by 25 per cent in the high scenario to provide an illustrative range to account for uncertainty in future volumes.

61. Projections are very uncertain and are using recent trends in volumes to estimate future volumes. For example, growth in entry clearance visa grants since 2022 are expected to feed through to increases in future in-country applications, however the degree to which such trends continue are uncertain and should they not, may influence projected future volumes towards being overestimates. Projections are revised on an ongoing basis.

62. Grant rates, based on outcomes observed in the year to September 2023 within Home Office management information, are applied to these application projections to estimate granted visa projections. Assumed grant rates are set out within Annex B. 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.

E.2.1 Care and Senior Care and wider Sponsored Work

63. Projected central baseline application volumes for Skilled Worker, and care and senior care workers (on Health and Care visas), as routes of sufficient scope to be affected by the changes to care and senior care[20], increases to salary thresholds and updates to SOC 2020 are included in Table 1 below.

64. As noted in the preceding paragraphs these are based on internal Home Office projections of visa applications and research commissioned by the MAC highlights that "migration is very susceptible to shock events which are, by their very nature, hard to predict, such as economic cycles, military conflict and policy changes. Changes in migration flows can be subject to extreme short-term fluctuations"[21]. As such any estimates of future migration flows are subject to high levels of uncertainty, with the illustrative +/- 25 per cent range around central estimates included to help account for this uncertainty.

[20] Note, given the announcement of changes in the Legal Migration Statement on 4th December 2023, projected care and senior care dependants are based on estimated dependants per main applicants for Health and Care visa applicants in September – November 2023, to avoid any potential influence of announced policy on volumes. Other routes do not amend projected volumes in such a way.
[21] Migration Advisory Committee (2015) 'Evaluation of existing migration forecasting methods and models' - https://www.gov.uk/government/publications/evaluation-of-existing-migration-forecasting-methods-and-models

Table 1: Home Office internal projections of baseline applications, sponsored work visa routes, main applicants and dependants, 2024/25 - 2033/34 (thousands, rounded to nearest 5,000)

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Out of Country										
Skilled Worker										
Main	90	95	95	100	105	105	105	105	105	105
Dependant	65	65	70	70	75	75	75	75	75	75
Health and Care (Care and Senior Care Workers)										
Main	70	80	80	80	80	80	80	80	80	80
Dependant	120	130	135	135	135	135	135	135	135	135
In Country										
Skilled Worker										
Main	105	155	225	325	340	340	340	340	340	340
Dependant	55	85	120	180	195	195	195	195	195	195
Health and Care (Care and Senior Care Workers)										
Main	70	80	90	100	90	90	90	90	90	90
Dependant	90	105	120	130	120	120	120	120	120	120

65. The Health and Care visa is open to a range of occupations but quantified analysis for this visa route focuses on care and senior care workers only. This is as the package of changes is estimated to have negligible impacts for occupations aside from care and senior care. For more detail on why impacts outside of care and senior care on this route are estimated to be negligible, see paragraph 131.

66. Table 1 sets out the central scenario of projected applications for each visa route. Low and high scenarios can be derived by applying plus or minus 25 per cent from these figures. Granted applications can be estimated by applying the grant rate in Annex B to these figures, and are also set out in Annex B.

67. There is evidence that a degree of baseline activity of care and senior care may not be compliant with visa eligibility criteria. The Independent Chief Inspector of Borders and Immigration[22] highlights whilst not fully quantifying the extent of abuse, that illegal working was observed in 2 out of 8 enforcement visits observed between August and October 2023. Skills for Care data[23] highlights 32 per cent of care workers – including 23 per cent of international recruits - and 8% of senior care workers in 2022/23 were estimated to be on zero hours contracts – whilst this data is not specific to those employed visa the Health and Care visa it should be noted zero hours contracts are fundamentally incompatible with eligibility criteria for that visa. That same Skills for Care report also states "Skills for Care is also aware of instances of non-ethnical recruitment. One of the key risks that Skills for Care hears anecdotally is ensuring the wellbeing and pastoral care of international recruits and their families. Some employers have told us they are fearful of this risk, and some have even reported hearing of, or witnessing, exploitation by other employers and agencies, and of agencies arranging for international recruits to come to the UK even though there is not enough work for these recruits." The CQC highlight in their '*The state of health care and adult social care in*

[22] See An inspection of the immigration system as it relates to the social care sector (August 2023 to November 2023) - https://www.gov.uk/government/publications/an-inspection-of-the-immigration-system-as-it-relates-to-the-social-care-sector-august-2023-to-november-2023

[23] Skills for Care '*The state of the adult social care sector and workforce in England 2023*' - https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/State-of-the-adult-social-care-sector/The-State-of-the-Adult-Social-Care-Sector-and-Workforce-2023.pdf

England 2022/23' report[24] that "there is a growing trend of unethical international recruitment practices, which sees the international worker being controlled and coerced through their immigration visa or through debt bondage" and The Association of Directors of Adult Social Services have stated "the need to urgently stop the exploitation and illegal practice carried out by some unscrupulous companies recruiting care workers from abroad"[25].

68. As such, a degree of baseline activity is assumed to be non-compliant. Whilst some of the non-compliance may be addressed via the genuine role requirement and genuineness requirement[26] which are being applied with an enhanced understanding of how the sector operates since October 2023[27], requiring sponsors to hold active CQC registration is seen as an additional step towards addressing these issues. In the same statement as above where they state the need to address these issues the Association of Directors of Adult Social Services have stated they "are pleased that the recent statement on international recruitment from the Government introduced checks to ensure providers are registered with the Care Quality Commission before licences are issued", and stakeholders responding to the Independent Chief Inspector of Borders and Immigration call for evidence for their inspection of the immigration system as it relates to the social care sector[28] also highlights support for registration with the CQC as a way to "limit the ability of domiciliary care agencies, which provide care to clients in their homes, often on a casual basis, to obtain workers without subjecting themselves to inspection and regulation".

69. Whilst evidence of non-compliant activity is clear on its existence, no data on which to fully quantify the extent to which it exists is known. As such illustrative assumptions are made on this for the purposes of this appraisal. Given the statements in the previous paragraph highlighting support for CQC registration as a measure to address non-compliance an illustrative assumption is made that the extent to which non-compliance exists may be limited to organisations not holding active CQC registration – for the purposes of this appraisal only, this is not to be interpreted as saying non-compliance in organisations holding active CQC registration. Secondly, given the scale of non-compliance is not fully quantified, a wide range of illustrative assumptions are used in this appraisal to quantify the potential scale - in the low scenario, 25 per cent of baseline volumes assumed to be associated with non-active CQC registered organisations will be assumed to be non-compliant, rising to 50 per cent in the central scenario and 75 per cent in the high scenario. Table 2 below separates Health and Care (Care and Senior Care Workers) volumes from Table 1 into volumes assumed to be compliant and non-compliant. Note this draws from assumptions explained in Section E.4.2. on the share of activity assumed to be associated with non-active CQC registered sponsors.

70. The policy objective includes addressing the high levels of non-compliance, exploitation, and immigration abuse within the adult social care sector. The appraisal does not include within NPSV estimates of benefits to the resident UK population derived from non compliant activity such as fee revenue and fiscal revenue, but the scale of such non counted activity will be estimated where possible and presented alongside the NPSV. When comparing policy impacts to the baseline when considering the impacts of requiring sponsors to hold active CQC registration in all scenarios there will be a degree of baseline activity with fiscal revenue, visa fee revenue, Certificate of Sponsorship (CoS) revenue, or Immigration Skills Charge (ISC) revenue which will not be included within NPSV estimates. Similarly, no beneficial activity that could influence unquantified GDP or GDP per capita,

---

[24] CQC 'The state of health care and adult social care in England 2022/23' - https://www.cqc.org.uk/publications/major-report/state-care/2022-2023

[25] See https://www.adass.org.uk/adass-comment-on-exploitation-and-illegal-practice-in-the-recruitment-and-employment-of-international-care-workers

[26] Paragraphs SK3.8 to SK3.10 and SK 3.16 of Home Office 'Workers and Temporary Workers: guidance for sponsors - Sponsor a Skilled Worker' - https://www.gov.uk/government/publications/workers-and-temporary-workers-sponsor-a-skilled-worker

[27] It is too early to accurately assess the scale of impact on volumes, but would be expected to work in the direction of reducing baseline volumes. As such this would suggest impacts on care and senior care assessed in this appraisal may be overestimates.

[28] See An inspection of the immigration system as it relates to the social care sector (August 2023 to November 2023) - https://www.gov.uk/government/publications/an-inspection-of-the-immigration-system-as-it-relates-to-the-social-care-sector-august-2023-to-november-2023

labour supply or wider employer adjustment impacts from reduced access to non-compliant activity would be assumed were they to be included within the NSPV. Costs to the resident population associated with non-compliant activity will be assumed, leading to benefits should this activity be reduced. As some dependants will be associated with non-compliant activity, this will affect appraisal of impacts of both policies in February 2024 Immigration Rules.

Table 2 –Home Office internal projections of baseline applications (central scenario) for Health and Care (care and senior care workers) by assumed compliant and non-compliant activity, main applicants and dependants, 2024/25 - 2033/34 (thousands, rounded to nearest 5,000)

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Out of Country										
Health and Care (care and senior care workers) – assumed compliant										
Main	65	70	75	75	75	75	75	75	75	75
Dependant	105	115	120	120	120	120	120	120	120	120
Health and Care (care and senior care workers) – assumed non-compliant										
Main	10	10	10	10	10	10	10	10	10	10
Dependant	15	15	15	15	15	15	15	15	15	15
In Country										
Health and Care (care and senior care workers) – assumed compliant										
Main	60	70	80	85	80	80	80	80	80	80
Dependant	80	90	110	115	110	110	110	110	110	110
Health and Care (care and senior care workers) – assumed non-compliant										
Main	10	10	10	10	10	10	10	10	10	10
Dependant	10	10	15	15	15	15	15	15	15	15

E.2.2 Family MIR

71. Out of country, entry clearance volumes reflect the ‘Settlement’ (Other) and ‘Settlement (Other relative dependent)’ cohorts while in-country baseline volumes for those on the five year route to settlement are based on estimates for ‘Spouse/Partner Leave to Remain (LTR) – main’ and ‘Spouse/Partner LTR – dependant’. In the absence of a bespoke set of internal projections for family on the 10 year route to settlement, average volumes over the last nine years (2015 to 2023), based on immigration statistics[29] are used where volumes are assumed to remain broadly constant. The estimates for these cohorts are set out in Table 3 below.

Table 3: Home Office internal projections of baseline applications in the central scenario, Family route, main applicants and dependants, 2024/25 - 2033/34 (thousands, rounded to nearest 5,000)

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Out of Country										
Family: Settlement (Other) and Settlement (Other dependent relative)										
Main	70	70	75	75	75	75	75	75	75	75
Dependant	0	0	0	0	0	0	0	0	0	0
In Country										
Family: Spouse/Partner LTR – main and Spouse/Partner LTR – dependent (five year route)										

[29] Immigration statistics ‘Extensions detailed datasets’ here: Immigration system statistics data tables - GOV.UK (www.gov.uk)

Main	60	65	65	65	65	65	65	65	65	65
Dependant	5	5	5	5	5	5	5	5	5	5
Family: 10 year route to settlement (average of 2015 to 2023 applications)										
Main	40	40	40	40	40	40	40	40	40	40
Dependant	10	10	10	10	10	10	10	10	10	10

72. Table 3 sets out the central scenario of projected applications for each visa route. Low and high scenarios can be derived by applying plus or minus 25 per cent from these figures. Granted applications can be estimated by applying the grant rate in Annex B to these figures, and are also set out in Annex B.

73. Estimated out of country application projections are slightly lower than the latest published immigration stats for the year ending December 2023 (81,000). As previously noted, estimates of future migration flows are subject to high levels of uncertainty and so may not fully reflect actual volumes. Further, applications in the latest year were at a historic high and as such projections of future volumes also account for historically lower figures.

E.3 Scenarios

74. Across all changes, baseline volumes are varied in low and high scenarios as illustrative -/+ 25 per cent changes in volumes compared to central estimates. These per cent changes are purely illustrative adjustments to provide a range around central projections to help illustrate uncertainty in future migration flows. Estimates of constituent elements of fiscal revenue and fiscal pressures also vary between low, central and high scenarios – see paragraphs 204 to 218 for further details on components within the different fiscal scenarios.

E.3.1 Care and Senior Care specific changes

75. Low, Central and High scenarios for all sponsored work visas are driven by assumed variation in estimated baseline volumes and variation in assumed constituent elements of fiscal revenue and fiscal pressures. As noted in paragraph 69, assessment of care and senior care worker changes also vary the degree to which baseline non-CQC regulated activity is assumed to be non-compliant with visa eligibility criteria.

76. Combined, for these changes, the scenarios are defined as follows so as to represent a wider range, reflecting the breadth of uncertainty:

- Low Scenario: 25 per cent reduction to central baseline volumes, fiscal impacts with the lowest number of constituent elements of fiscal pressures and fiscal revenue, and 25 per cent of baseline non-CQC regulated activity assumed to be non-compliant.
- Central Scenario: Central baseline volumes, central fiscal assumptions, and 50 per cent of baseline non-CQC regulated activity assumed to be non-compliant.
- High Scenario: 25 per cent increase to central baseline volumes, fiscal impacts with the highest number of constituent elements of fiscal pressures and fiscal revenue, and 75 per cent of baseline non-CQC regulated activity assumed to be non-compliant.

E.3.2 Sponsored work – Occupational classification and salary threshold changes

77. In addition to variation in baseline volumes and constituent elements of fiscal analysis, Low, Central and High scenarios also include a range of behavioural response assumptions (whether employers respond to the increased cost of labour by adjusting salaries to maintain demand) across scenarios.

These assumptions are informed by a review of literature on elasticities related to the immigration system[30].

78. The range of elasticities used reflects the review of literature relating to elasticities of employer demand for labour – when a firm is looking to sponsor a foreign worker to come to work in the UK, an increase in the salary thresholds can be treated as an increase in the total cost of hiring that new worker. The central elasticity assumption is informed by Lichter, Peichl, and Siegloch (2013)[31] which found in a meta-analysis of 82 different micro-level studies published between 1993 and 2013 across Europe that the mean labour demand elasticity was around -0.56, while the UK/Ireland specific mean was slightly more elastic at -0.57.

79. Whilst the evidence reviewed suggested that the behavioural response of employers to changes in expected wages varies considerably across countries, time period and industry, a central scenario would need to consider the best available evidence for the UK specifically across all industries. Therefore, a central elasticity of -0.6 based on the study by Lichter, Peichl and Siegloch (2013) is most appropriate, and is in line with the mean and median values across all the studies considered. A high scenario uses a value of -1.2 while a low scenario assumes no behavioural response.

80. Combined, for these changes, the scenarios are defined as follows so as to represent a wider range, reflecting the breadth of uncertainty:

- Low Scenario: 25 per cent reduction to baseline volumes, fiscal impacts with the lowest number of constituent elements of fiscal pressures and fiscal revenue, and a high behavioural response (a high level of adjustment from employers to increases in salary thresholds which means the fewest jobs remain below the threshold) with an elasticity of 0.
- Central Scenario: Central baseline volumes, central fiscal assumptions, and a central behavioural response of -0.6.
- High Scenario: 25 per cent increase in baseline volumes, fiscal impacts with the highest number of constituent elements of fiscal pressures and fiscal revenue, and a low behavioural response (that is, a low level of adjustment from employers to increases in salary thresholds which means the greatest number of jobs remain below the threshold) with an elasticity of -1.2.

E.3.3 Family MIR

81. For the Family route, low, central and high scenarios differ by the assumed impact on volumes deterred and, for in-country applicants only, the proportion of individuals that may qualify under the 10 year route to settlement. As the policy is assumed to impact out of country and in-country applicants differently, low, central, high scenarios are outlined separately for these cohorts.

82. Combined, for these changes, the scenarios are defined as follows:

Out of country

- Low Scenario: 25 per cent reduction to baseline volumes, fiscal impacts with the lowest number of constituent elements of fiscal pressures and fiscal revenue, and a low impact on volumes deterred of 16 per cent
- Central Scenario: Central baseline volumes, central fiscal assumptions, and a central impact on volumes deterred of 29 per cent
- High scenario: 25 per cent increase in baseline volumes, fiscal impacts with the highest number of constituent elements of fiscal pressures and fiscal revenue, and a high impact on volumes deterred of 41 per cent

---

[30] Home Office (2020) "A review of evidence relating to the elasticity of demand for visas in the UK". See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/872608/review-evidencerelating-to-elasticity-horr114.pdf

[31] Lichter, A., Peichl, A. & Siegloch, S. (2013) *'Labor demand elasticities in Europe: a meta-analysis'*. In NEUJOBS Working Paper. NEUJOBS.

In-country

- Low Scenario: 25 per cent reduction to baseline volumes, a low impact on volumes deterred of 1 per cent and a high proportion of applicants qualifying under to the 10 year route to settlement.
- Central Scenario: Central baseline volumes, a central impact on volumes deterred of 14 per cent and a central proportion of applicants qualifying under the 10 year route to settlement.
- High Scenario: 25 per cent increase in baseline volumes, a high impact on volumes deterred of 29 per cent and a low proportion of applicants qualifying under the 10 year route to settlement.

E.4 Policy impact on volumes for the Care and Senior Care specific changes, SOC 2020 and Salary threshold updates

83. The policy impacts are considered in order of implementation as, particularly for care and senior care workers which is affected by several changes, it is important to consider the impact of the changes against the baseline of changes that have already been implemented.

E.4.1 Sponsored-work specific assumptions

84. Analysis focuses on time spent on relevant visas only. No consideration of switching onto other routes/settlement is assumed. As such fee revenue and processing cost impacts may be biased towards underestimates where additional applications outside of relevant visa routes may occur but given the route to settlement offered via these routes may limit benefits of switching to other routes and time needed to qualify for settlement (at least five years) the scale of any underestimates may be limited.

85. Other assumptions such as fee levels and waivers, length of stay in the UK, length of visas, elasticity assumptions, disaggregation of in country applications / grants into switchers and extensions are set out in the relevant sections below, alongside discussion of elasticity assumptions set out in Section E.3.2 above.

E.4.2 Care and Senior Care

Restricting eligibility for care and senior care workers to sponsor dependants

86. This change impacts dependants of care and senior care workers whose initial visa as a Care or Senior Care Worker is applied for after the policy implementation date. As with the previous published assessment[32], impacts are assumed to be limited to dependants only. The analysis does not assume impacts on in country main applicants for reasons as explained for out of country applicants in previous analysis but given in country applicants are already in the UK with dependants there may be a higher level of uncertainty in this assumption.

87. A number of factors underpin the assumptions – for example the high volumes of applications to work as a care worker since being added to the SOL in February 2022 suggest a high level of potential supply, so volumes of main applicants may remain resilient even if some were to be discouraged; some potential dependants may apply as main applicants in their own right, and as other changes discussed in this Impact Assessment (requirements to hold active CQC registration for example) may reduce demand for international care workers relative to the counterfactual which may help counterbalance any potential fall in supply. In addition, for out of country applicants in particular, some may adapt behaviour and come to the UK without dependants (whilst on this visa route).

88. All new out of country dependant applications are estimated to be impacted. All estimated projected out of country care and senior care worker dependants in Table 1 above are assumed to be ineligible to come to the UK as a result of this policy change.

[32] Legal migration statement: estimated immigration impacts - GOV.UK (www.gov.uk) - https://www.gov.uk/government/publications/legal-migration-statement-estimated-immigration-impacts

89. The impact of the policy on in-country applications is less clear cut as those who are switching into the route for the first time are assumed to have the same impact as above, in that all projected dependants are assumed to be ineligible. However, those extending on the route who were already on the route prior to the implementation date are assumed not to be impacted.

90. Based on estimated shares of main applicant 'switchers' and 'extensions' within the in-country baseline data – which information on CoS data enables identification of if the applicant is applying to extend a current visa in the relevant route or switching into the route - around 81 per cent of in country dependants in appraisal years one to two, around 90 per cent in years three to five, and 100 per cent from year six onwards are assumed to be ineligible come to or remain in the UK[33].

Requiring sponsors of new care and senior care workers to hold active CQC registration

91. As above, this change impacts care and senior care workers whose initial visa is applied for after the policy implementation date. Estimates of impacts follow the same methods, datasets and have similar limitations as set out in the previous published analysis.[34]

92. For this appraisal the scope of sample data has been extended from a January to June 2023 sample, to a January to December 2023 sample. As baseline characteristic data does not have sufficient geographical granularity to carve out England from the rest of the UK, the proportionate impact of those covered by CQC registration is scaled up to apply to UK wide data. This means the estimated impact as previously published – around 22 per cent of applicants in England estimated to be for non-CQC registered sponsors and around 96 per cent of applicants being in England based on January to June 2023 data – is updated to around 23 per cent of applicants in England estimated to be for non-CQC registered sponsors and around 95 per cent of applicants being in England based on January to December 2023 data.

93. Combining these elements leads to an estimated around 22 per cent impact applied to out of country main applicants in the UK wide baseline data. For in country data, impacts scale up as additional main applicants are assumed to come into scope of the new immigration rules – in appraisal years one to two around 18 per cent of in country main applicants are estimated to be impacted, rising to around 20 per cent in years three to five and around 22 per cent from year six.

94. As those in country main applicants coming into scope would be the same cohorts seeing in country impacts from dependant restrictions, no additional impact on dependants is assumed.

95. As noted in paragraph 69, low, central and high scenarios illustratively assume non-active CQC registered activity results in 25 per cent, 50 per cent, or 75 per cent of that activity being non-compliant with visa requirements in both the baseline and when considering impacts of restricting non-active CQC registered activity. Table 4 below separates out main applicant volumes in the central scenario by whether assumed compliant or non-compliant. Note dependants of assumed non-compliant main applicants are also considered non-compliant.

Cumulative impact on inflow and in country application and grant volumes from changes to Immigration Rules laid in February 2024

96. The cumulative impact on out of country and in country applications and grants in the central case of these two changes are set out in Table 4 below. Note given the small difference between application and grant volumes, further tables presented for sponsored work visas will focus on grants only.

[33] Dependants are assumed to follow the same profile in extending/switching as their main applicant

[34] Legal migration statement: estimated immigration impacts - GOV.UK (www.gov.uk) - https://www.gov.uk/government/publications/legal-migration-statement-estimated-immigration-impacts

Table 4: Change (relative to baseline) in out of country and in country applications and grants for care and senior workers and associated dependants estimated from changes laid in Immigration Rules in February 2024, 2024/25 to 2033/24 (thousands, rounded to nearest 5,000)

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Out of Country										
Health & Care (Care & Senior Care) – Change to Baseline (Central) - Applications										
Main - Compliant	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10
Main – Non-Compliant	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10
Dependant - Compliant	-105	-115	-120	-120	-120	-120	-120	-120	-120	-120
Dependant – Non-Compliant	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15
Health & Care (Care & Senior Care) – Change to Baseline (Central) - Grants										
Main - Compliant	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10
Main – Non-Compliant	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10
Dependant - Compliant	-100	-110	-110	-110	-110	-110	-110	-110	-110	-110
Dependant – Non-Compliant	-10	-15	-15	-15	-15	-15	-15	-15	-15	-15
In country										
Health & Care (Care & Senior Care) – Change to Baseline (Central) - Applications										
Main - Compliant	-5	-5	-10	-10	-10	-10	-10	-10	-10	-10
Main – Non-Compliant	-5	-5	-10	-10	-10	-10	-10	-10	-10	-10
Dependant - Compliant	-65	-75	-100	-105	-95	-110	-110	-110	-110	-110
Dependant – Non-Compliant	-10	-10	-10	-15	-10	-15	-15	-15	-15	-15
Health & Care (Care & Senior Care) – Change to Baseline (Central) - Grants										
Main - Compliant	-5	-5	-10	-10	-10	-10	-10	-10	-10	-10
Main – Non-Compliant	-5	-5	-10	-10	-10	-10	-10	-10	-10	-10
Dependant - Compliant	-60	-70	-90	-100	-90	-100	-100	-100	-100	-100
Dependant – Non-Compliant	-10	-10	-10	-10	-10	-15	-15	-15	-15	-15

Source: Home Office analysis of policy impacts (estimated as set out in paras 86 to 95) applied to baseline projected volumes (see Section E.2.)

E.4.3 Other changes to Sponsored Work visas

97. This section discusses other changes affecting sponsored work visas:

- Updating the occupational framework underpinning the classification of eligible jobs in visa routes from SOC 2010 to SOC 2020.
- Updating the data underpinning salary thresholds from ASHE 2021 to ASHE 2023.
- For new out of country entrants and in country switchers into Skilled Worker, visas moving from the 25th percentile to the 50th percentile (median) to set going rates.
- Updating from the SOL to the Immigration Salary List (ISL).

Estimated eligibility within all policy option scenarios

98. Assessing eligibility under policy options requires information on the characteristics of applications. These characteristics – such as occupation and earnings – come from Internal Home Office management information CoS data for the year ending September 2023.

99. This baseline data with characteristics closely aligns to published data on entry clearance visa grants and in country visa grants in the year to September 2023. Of relevant visa routes at least 96 per cent of published visa grants have been matched to internal Home Office management information to enable identification of characteristics in each route.

100. These characteristics combine to estimate eligibility within each policy as set out in the following paragraphs. As CoS data is based on information provided by sponsors and applicants, it requires accurate data to be input. Some data cleaning steps such as amending stated salary payment periods to hourly where stated salaries are less than £20 or amending stated daily rates to annual rates if stated as over £20,000 to correct for assumed data entry errors is applied, but it cannot be guaranteed that all imperfections have been removed.

101. Building on previous analysis,[35] which offered insight on potential out of country impacts from those impacted, impacts on in country volumes have been added into this appraisal. In country impacts would occur for those whose initial visa in the relevant visa route was applied for after the relevant policy implementation date.

102. A simplified set of assumptions has been made to illustratively account for this.

    - Switchers: All those assumed as in country ‘switchers’ (those applying to a visa route for the first time whilst in the UK on a different visa product) in any appraisal year is assumed to be subject to the new Immigration Rules. For Skilled Worker and Health and Care visas, information on CoS data enables identification of if the applicant is applying to extend a current visa in the relevant route or switching into the route. Around 58 per cent of baseline in country applicants in the Skilled Worker route are identified as Switchers (and so 42 per cent extensions), as are 81 per cent of care and senior care workers (and so 19 per cent extensions). The high share of switchers in care and senior care is unsurprising given eligibility for care workers to apply for the route was opened in February 2022 and so only a small share may be in the position of needing to extend a visa.
    - Extensions: Those assumed to be ‘extensions' (those making an additional application to extend a stay in the UK on the same visa route) are assumed to see differing shares eligible for impacts across the appraisal period. In appraisal years 1 and 2 all those extending visas are assumed to be from initial visa applications prior to the implementation date of new immigration rules. From appraisal year six onwards – given the maximum initial visa length of 5 years on relevant visa routes – none of those extending visas are assumed to be from initial visa applications prior to the implementation date of new immigration rules, and for appraisal year three to five an illustrative 50 per cent of those extending visas are assumed to be from initial visa applications prior to the implementation date of new immigration rules.

Updating the occupational classification framework used to define eligible occupations in sponsored work visa routes from SOC 2010 to SOC 2020

[35] Legal migration statement: estimated immigration impacts - GOV.UK (www.gov.uk) - https://www.gov.uk/government/publications/legal-migration-statement-estimated-immigration-impacts

103. ONS update the occupational classification framework – which provides classifications for ‘jobs’ in the UK labour market – every 10 years. Given eligibility for sponsored work visa routes includes occupational skill level requirements which are determined by the job (or occupation) being applied to work, in a change to the occupational classification framework can affect eligibility for visa routes through requiring an update to the estimated skill level of each occupation within the occupational classification framework.

104. The updated classification framework can have impacts in both directions, one restricting where previously eligible occupations under the previous framework relate to occupations in the updated framework estimated not to meet the eligibility criteria for visa routes, and one potentially widening eligibility where the opposite is true and occupations within the updated framework estimated to meet eligibility criteria for visa routes relate to occupations previously ineligible in the previous framework.

SOC 2010 to SOC 2020 Classification – potential restricting of eligibility

105. An occupation under the previous SOC 2010 framework may have been eligible for a certain visa route but the occupation it is related to under the SOC 2020 framework may not be estimated to meet the required skill level for a route[36] so the associated people may no longer be eligible for route.

106. However, protections have been chosen to be implemented limiting the impact of the occupational classification framework:

- For all applicants: where at least 50 per cent of an eligible SOC 2010 occupation is assessed to be related to a SOC 2020 occupation below the relevant skills threshold, that SOC 2020 occupation will retain eligibility.
- For those extending initial visas granted prior to policy implementation date all related SOC 2020 occupations of previously eligible SOC 2010 occupations – including those where below 50 per cent of the SOC 2010 occupation ends up in the SOC 2020 occupation assessed to be below the relevant skills threshold – remain eligible.

107. As such impacts in this appraisal are limited to out-of-country and in country switcher main applicants and associated dependants where an eligible SOC 2010 occupation the main applicant works in in the baseline data has small share(s) – below 50 per cent - related to SOC 2020 occupations below the relevant skill level.

108. This results in negligible estimated impacts – below 1 per cent - of out of country and in country (regardless of the appraisal year) of main applicants and associated dependants in any of the visa routes analysed (Skilled Worker or Health and Care) previously being employed in an occupation deemed suitably skilled under SOC 2010, but no longer considered suitably skilled under SOC 2020. These occupations are set out in Table 5 below – where the estimated skill level of the related SOC 2010 was (RQF[37]) 3 or above this influences eligibility as new out-of-country and in country switcher main applicants for Skilled Worker or (where relevant) Health and Care visas.

[36] Assignment of occupational skill levels follows the established Migration Advisory Committee methodology -see Para 2.32 of https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/257243/analysis-of-the-pbs.pdf
And Paras 2.4 to 2.18 of https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/927352/SOL_2020_Report_Final.pdf for details. Note data used in applying this methodology was Annual Population Survey Jan – Dec 2022 and Annual Survey of Hours and Earnings 2022.

[37] See What qualification levels mean: England, Wales and Northern Ireland - GOV.UK (www.gov.uk) - https://www.gov.uk/what-different-qualification-levels-mean/list-of-qualification-levels for a guide to qualifications within each level

Table 5: List of SOC 2020 Occupations estimated at Below RQF 3 skill level, drawing from previously eligible SOC 2010 occupations where below 50 per cent of the SOC 2010 occupation ends up in the SOC 2020 occupation assessed to be below the relevant skills threshold

SOC 2020	Estimated Skill Level of related SOC 2010
3214: Complementary health associate professionals	RQF 3+
6116: Nannies and au pairs	RQF 3+
6232: Caretakers	RQF 3+
6250: Bed and breakfast and guest house owners and proprietors	RQF 3+
7115: Vehicle and parts salespersons and advisers	RQF 3+
7125: Visual merchandisers and related occupations	RQF 3+
7129: Sales related occupations n.e.c.	RQF 3+
8115: Metal making and treating process operatives	RQF 3+
9252: Warehouse operatives	RQF 3+

Source: Home Office analysis of ONS SOC 2010 to SOC 2020 relationship tables and estimated RQF levels of occupations using methods as set out in footnote 38.

109. Care and senior care workers do not meet the relevant skills thresholds (RQF 3 or above) but as the SOC 2010 care and senior care worker occupations are related to only a single SOC 2020 occupation each, that means as at least 50 per cent of those previously eligible occupations are seen in related SOC 2020 occupations they retain eligibility and see no impacts from this policy change.

SOC 2010 to SOC 2020 Classification – potential widening of eligibility

110. However, these changes do not only remove eligible for previously eligible individuals. Where SOC 2020 occupations assessed to be above the relevant skills threshold are related to previously ineligible SOC 2010 occupations, there may be a widening of eligibility following the move from SOC 2010 to SOC 2020. The identified SOC 2020 occupations this affects, and the shares of these occupation drawing from previously ineligible SOC 2010 occupations are set out in Table 6 below.

Table 6: List of SOC 2020 Occupations Drawing From Ineligible SOC 2010 Occupations

SOC 2020	Share of SOC 2020 drawing from ineligible SOC 2010
1131: Financial managers and directors	0.5%
1241: Managers in transport and distribution	0.2%
3222: Child and early years officers	100.0%
3319: Protective service associate professionals n.e.c.	19.7%
3429: Design occupations n.e.c.	10.7%
3554: Marketing associate professionals	0.1%
4112: Local government administrative occupations	100.0%
4113: Officers of non-governmental organisations	0.2%
4121: Credit controllers	100.0%
4122: Book-keepers, payroll managers and wages clerks	100.0%
4124: Finance officers	100.0%
4129: Financial administrative occupations n.e.c.	100.0%
4132: Pensions and insurance clerks and assistants	100.0%
4159: Other administrative occupations n.e.c.	100.0%
5321: Plasterers	9.8%
6132: Ambulance staff (excluding paramedics)	100.0%
6311: Police community support officers	100.0%
7124: Market and street traders and assistants	100.0%
8113: Chemical and related process operatives	100.0%
8143: Routine inspectors and testers	100.0%
8144: Weighers, graders and sorters	100.0%
9249: Elementary sales occupations n.e.c.	100.0%

Source: Home Office analysis of ONS SOC 2010 to SOC 2020 relationship tables and estimated RQF levels of occupations using methods as set out in footnote 38.

111. As impacts on volumes are subsequently affected by changes to the relevant salary thresholds, as in eligibility is also influenced by the relevant salary thresholds, further discussion of estimates of this impact are set out in the following section (paragraphs 123 to 127).

Updating the underlying data used to set salary thresholds from ASHE 2021 to ASHE 2023 data, and increasing the percentile used to set thresholds from the 25th to the 50th (median)

112. This section covers two separate but related changes. One updates the underlying data used to set salary thresholds from ASHE 2021 to ASHE 2023 data – this affects all those using the route irrespective of if newly applying to a visa route from abroad, switching into a visa route from another in country, or extending an existing visa in a sponsored work visa route. The other changes the percentile used to set salary thresholds from the 25^{th} percentile to the 50^{th} (median). This second change is enacted only in the Skilled Worker visa route, and where is enacted in routes affects new applicants from abroad or those switching into an affected visa route only.

113. In addition, the update from the SOL to the ISL can also impact the effective salary threshold faced - some who may have previously benefitted from reduced salary thresholds and reduced visa fees will no longer be eligible to do so as the ISL now only applies where occupations see their going rate be below the general threshold for a visa route compared to including those with higher going rates previously.

114. Impacts of the update from SOL to ISL are not separately presented from wider changes to salary thresholds, and to publish in time for the laying of Spring Immigration Rules, analysis had to progress prior to the publication of the MAC's recommendations for occupations to be included on

the ISL. As such a set of assumptions were made on the occupations that could potentially be included on the ISL. The MAC's recommendations have since been published[38] which closely matched the illustrative list created for modelling purposes, and the small differences are unlikely to be substantial enough to significantly influence outcomes[39]. As a result, the analysis has not been updated.

115. As with previous updates of underlying salary data[40], in this case from 2021 to 2023, salary thresholds are updated using the methodology[41] previously outlined by the MAC. ASHE 2023 is used in this update, noting two differences to MAC published methods:

- An additional method is needed to set going rates where previous methods as set out in the MAC methodology note do not. An additional method[42] which uses the published ASHE data for hourly earnings at the occupational level, which is multiplied the assumed weekly hours worked to estimate an annual threshold.
- The introduction of the SOC 2020 occupational classification system in data from 2021 onwards mean only two previous editions to 2023 data has been released using the SOC 2020 framework. As such where the MAC methodology note recommends using data in the three years prior to the most recent ASHE publication, only two additional years of data are available to use.

116. Updated ASHE 2023 data does alter the assumed median full-time working week for those in RQF 3+ roles estimated at 37.5 hours.

117. In addition to the data update, for new out-of-country and in country 'switcher' main applicants (and their associated dependants), the general threshold and occupation-specific going rates in Skilled Worker are to be set using the median, rather than the 25th percentile. For those extending initial visas applied for prior to policy implementation, the thresholds will continue to be set using existing percentiles to set thresholds but use updated ASHE 2023 data to set these thresholds.

118. The specific thresholds applicable for each route following these policy changes using ASHE 2023 data are set out in Annex A.

119. The methodology to assess the impact of changes in salary thresholds builds on the previously published analysis[43]. Earnings as stated by the sponsor in the baseline CoS data are compared against the relevant thresholds in the policy option scenario. Where above or equal to the relevant threshold in the policy option scenario the case is assessed to remain eligible in the policy option.

120. Where below the relevant threshold, an additional step to estimate potential employer behavioural response in adaptation to new thresholds is taken. Total employer costs of hiring labour for a year,

---

[38] Rapid review of the Immigration Salary List - GOV.UK (www.gov.uk) - https://www.gov.uk/government/publications/rapid-review-of-the-immigration-salary-list

[39] Assumed ISL included 2 occupations not on the final recommended list, and excluded 1 occupation on the final recommended list.

[40] See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1146120/Home_Office_Impact_Assessment_HO0443_-_Immigration_Rules_April_2023_-_Salary_changes.pdf for example

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

[42] This is method is needed to set going rates for SOC 2020 occupations 5111, 5112, 5113 and 5114

[43] See: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1146120/Home_Office_Impact_Assessment_HO0443_-_Immigration_Rules_April_2023_-_Salary_changes.pdf and https://www.gov.uk/government/publications/legal-migration-statement-estimated-immigration-impacts for examples

comprised of salary costs[44], non-wage costs[45], ISC[46] and CoS fees,[47] are estimated in both the baseline and policy option scenarios. Visa fees and IHS 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.

121. The assumed elasticities of labour demand[48] set out earlier in Section E.3.2 provide an estimated percentage change in demand resulting from a one percentage change in the total costs of labour. The percentage change in total costs of employing labour for a year between baseline and policy option scenarios are used to scale these assumed elasticities of labour demand. For example, central cases assume a -0.6 per cent reduction in demand for labour from a one percent change in total costs of labour, and so for example if the change in the total cost of labour is estimated at 3 per cent then the scale of reduction in demand would be estimated at -1.8 per cent (3 x -0.6 per cent).

122. The analysis assumes salaries as stated on the year to September 2023 CoS data are reflective of salaries from the implementation date, and does not account for possible changes to starting salaries that may have happened in isolation from this policy change since CoS used in the baseline data were used. In addition, employer behaviour in relation to adjustments to salary changes is particularly uncertain. Whilst assumptions used represent the best possible evidence, there may be risks employers do not respond as assumed, for example there may be variations by sector, region, employer size or other factors not explicitly outlined in the literature.

123. As set out in the section above (paragraphs 110 to 111), an additional factor can influence the impacts of moving from SOC 2010 to SOC 2020 – where SOC 2020 occupations estimated to meet relevant skill level requirements are related to SOC 2010 occupations previously ineligible for relevant visas there may be some extension of eligibility for visa routes. The methodology used to assess this impact firstly estimates the stock of total workers aged 16+ in eligible jobs for the Skilled Worker visa using Annual Population Survey July 2022 to June 2023 analysis. These are then scaled using ASHE analysis to estimate shares of full time employees in the UK earning above the percentile required to meet the salary threshold for each SOC 2020 occupation. This provides an estimated representation of the stock of resident workers in the UK who may be working in eligible occupations for the Skilled Worker visa and earning above required thresholds.

124. These estimates are then apportioned into shares of SOC 2020 occupations drawing from previously ineligible SOC 2010 occupations using the respective percentages as outlined in Table 6 above. This enables the estimated stock of resident workers in the UK who may be working in eligible occupations for the Skilled Worker visa and earning above required thresholds to be split into two sub totals.

   a) the estimated volume of resident workers in eligible jobs which draw from previously ineligible SOC occupations,

   b) the estimated volume of resident workers in eligible jobs which do not draw from previously ineligible SOC occupations.

125. Summing a) and b) and dividing by b) results in an uplift factor of 1.036, which is the estimated increase in potential application volumes as a result of potential widened eligibility for the Skilled Worker route.

126. Estimated eligible SOC 2020 jobs meeting Skilled Worker and Health and Care skill level requirements and drawing from previously ineligible SOC 2010 occupations are heavily dominated by jobs eligible for the Skilled Worker visa, and as such this element analysis is only undertaken

---

[44] Based on the value as stated in the CoS in the baseline, and the new threshold in the policy option scenario
[45] Estimated at around 18% based on ONS 'Index of Labour Costs per Hour, UK: July to September 2020' - https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/indexoflabourcostsperhourilch/julytoseptember2020
[46] See https://www.gov.uk/uk-visa-sponsorship-employers/immigration-skills-charge. Fees are £1,000 a year for medium and large firms, and £364 for small, micro and charitable firms. CoS data provides information on estimated business size of sponsors.
[47] See https://www.gov.uk/uk-visa-sponsorship-employers/certificates-of-sponsorship, fee is currently set at £239.
[48] See paragraphs 72 to 75 for assumed values and their source

for Skilled Worker visas. Application of the estimated uplift factor is applied to out of country estimates only – as those extending visas would not be able to benefit from this – and application of the uplift factor is limited if applying the full uplift factor would increase volumes above estimated baseline volumes.

127. Analysis is only based on one year of APS and ASHE data; therefore, the volume of total eligible jobs may be more or less than the estimated amount. Another limitation is that APS data is based on UK residents and are not migrant and route specific. This is due to the nature of the question – if migrant specific and route specific data was available then the eligibility criteria would already reflect proposed extensions. An assumption is made that this element will not change volumes of sponsors as a result of extended eligibility.

E.4.4 Cumulative impact on inflow and in country grant volumes from changes to Immigration Rules laid in March 2024

128. Relative to the baseline, percentage changes in out of country and in country grants following estimated impacts from changes to Immigration Rules laid in March 2024 in the range of scenarios are estimated at:

Out of Country

- *Skilled Worker*: -4.9 per cent (Central), range of 0 per cent to -13.1 per cent in low to high scenarios. Note impacts not estimated to differ for main applicants and dependants.
- *Health and Care (care and senior care workers)*: Relative to the baseline these changes increase the impact on top of February 2024 Immigration Rules by an additional 2.9 percentage points (to a cumulative total of -25.2 per cent) in the central scenario for main applicants. An additional 0 to 5.8 percentage points relative to estimated impacts of February 2024 Immigration Rules are estimated in low to high scenarios. As no out of country dependant applications/grants are assumed following the February 2024 Immigration Rules, no additional impacts on dependants are feasible.

In-Country

- *Skilled Worker*: -7.4 per cent to -8.9 per cent (Central) noting impact increases up until appraisal year six after which it stabilises at upper end as all extensions from that point are assumed to be subject to the updated Rules. Range of -0.1 per cent to -0.2 per cent in low scenario and –14.5 per cent to -17.3 per cent in high scenario. Note impacts are not estimated to differ for main applicants and dependants.
- *Health and Care (care and senior care workers)*: Relative to the baseline these changes increase the impact on top of February 2024 Immigration Rules by an additional 3.1 to 3.2 percentage points (to a cumulative total of -21.1 per cent to -25.4 per cent) in the central scenario for main applicants. Estimated impact increases up until appraisal year six after which it stabilises at upper end as all extensions from that point are assumed to be subject to the updated Rules. An additional 0 in the low scenario to 5.9 to 6.1 percentage points in the high scenario relative to estimated impacts of February 2024 Immigration Rules are estimated. Following February 2024 Immigration Rules changes some dependant's applications/grants are assumed up to appraisal year six. March 2024 Immigration Rules are estimated to increase impacts on this group by around 0.6 to 1.3 percentage points in the central scenario, and 0 to around 1.1 to 1.6 percentage points in low and high scenarios.

129. The cumulative impact on out of country and in country grants in the central scenario are displayed in Table 7 below.

130. The impacts for care and senior care workers are presented inclusive of reductions to the baseline of changes laid in February 2024 (restrictions on bringing dependants and limiting sponsorship of new care and senior care workers to sponsors holding active CQC registration) with the additional impact from these SOC 2020 and salary threshold changes laid in March 2024 outlined in brackets.

Table 7: Estimated Change (relative to baseline for all, and additionally relative to Feb 2024 changes in brackets for care and senior care workers in the central scenario) for out of country and in country grants for main applicants and associated dependants estimated as a result of changes laid in Immigration Rules in March 2024, 2024/25 to 2033/24 (thousands, rounded to nearest 5,000)

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Out of Country										
Skilled Worker Grants										
Main	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5
Dependant	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5
Health & Care - Care & Senior Care Grants (Changes on top of Feb 2024 impacts – Grants)										
Main	-15 (< 5)	-20 (< 5)	-20 (< 5)	-20 (< 5)	-20 (< 5)	-20 (< 5)	-20 (< 5)	-20 (< 5)	-20 (< 5)	-20 (< 5)
Dependant	-110 (0)	-120 (0)	-125 (0)	-125 (0)	-125 (0)	- 125 (0)	- 125 (0)	- 125 (0)	- 125 (0)	-125 (0)
In Country										
Skilled Worker Grants										
Main	-10	-10	-20	-25	-25	-30	-30	-30	-30	-30
Dependant	-5	-5	-10	-15	-15	-15	-15	-15	-15	-15
Health & Care - Care & Senior Care Grants (Changes on top of Feb 2024 impacts – Grants)										
Main	-15 (< 5)	-15 (< 5)	-20 (-5)	-20 (-5)	-20 (-5)	-20 (-5)	-20 (-5)	-20 (-5)	-20 (-5)	-20 (-5)
Dependant	-70 (< 5)	-80 (< 5)	-105 (< 5)	-110 (< 5)	-105 (< 5)	-115 (0)	-115 (0)	-115 (0)	-115 (0)	-115 (0)

Source: Home Office analysis of potential policy impacts as set out in paragraphs 97 to 130 applied to baseline projected volumes (see Section E.2.)

131. Tables presented for Health and Care visas consider care and senior care workers within Health and Care visas only. This is as the cumulative impact of changes for on Health and Care visa applicants (excluding care and senior care) is estimated to be negligible – with less than one percent of out of country and in country applicants estimated to be impacted in any given year – no further quantified analysis for this group is considered in this appraisal. The limited scope of impacts derives from two factors:

- The vast majority of non-care Health and Care visa main applicants are for roles where going rates are set via national pay scales. In the year ending September 2023, 41,266 entry clearance visas were issued to main applicants in the Health and Care visa in occupations with going rates set using national pay scales, of a total of 41,533 entry clearance visa grants with identified occupations in the visa excluding care and senior care[49]. The NHS pay review body is due to report in May 2024 on recommendations for 2024/25 national pay scales[50]. In the interim the only identified relevant existing national pay scales[51] set below the new salary floor of £23,200 are for NHS Band 3 positions in England, Wales and Northern Ireland and NHS Band 4 positions in Northern Ireland. Whilst future pay is yet to be decided an assumption has been made that for the majority of the appraisal period it may be unlikely

[49] Home Office ‘Immigration system statistics, year ending September 2023’, Table Occ_D02 - https://assets.publishing.service.gov.uk/media/65574b3b046ed4000d8b9ab8/occupation-visas-datasets-sep-2023.xlsx
[50] See https://www.gov.uk/government/publications/nhs-pay-review-body-remit-letter-2024-to-2025/nhs-pay-review-body-remit-letter-2024-to-2025-pay-round
[51] See https://www.gov.uk/government/publications/national-pay-scales-for-eligible-healthcare-jobs/national-pay-scales-for-eligible-healthcare-occupation-codes

NHS pay scales in relevant positions remain below the new salary floor. As a sense of scale, an estimated around 4,000 (rounded to nearest 1,000) entry clearance visa grants in the baseline data for the year ending September 2023 were to NHS Band 3 roles in the Health and Care visa[52].

- As such, impacts are limited to those non-care Health and Care visa main applicants (and their associated dependants) working in roles where going rates are set using ASHE data. Only 267 of a total 41,533 entry clearance visa grants with identified occupations in the visa excluding care and senior care[53] in the year ending September 2023 were to such occupations. This places a natural limitation on the potential scale of impacts.

E.4.5 Estimated 'stocks' for fiscal impact analysis

132. In addition to flows, stocks of migrants in baseline and policy option scenarios are estimated as an input into fiscal analysis. These are estimated using an updated length of stay profile based on similar data, methods and assumptions and with similar limitation as discussed in paragraphs 45 to 50 of Home Office Impact Assessment HO0440 'Impact Assessment to accompany salary updates in April 2023 Immigration Rules'[54].

133. Compared to this IA, data has been updated to include an additional year, meaning analysis is informed by 2013 – 2018 arrival cohorts as opposed to 2012 – 2017. Tables 8 to 10 below set these assumptions out. Dependants are assumed to have the same length of stay as associated main applicants. These profiles mean 48 per cent of Skilled Worker / Health and Care migrants are assumed to remain in the UK indefinitely[55].

Table 8 – Estimated outflow profile of Skilled Worker and Health and Care, based on 2013-2018 arrivals on predecessor visas and estimated presence in the UK up to March 2023

	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	1%	4%	8%	18%	4%	13%	3%

Source: Home Office analysis of Migrant Journey data

134. These length of stay assumptions are applied to estimated out of county visa grants in each scenario, which also accounts for length of stay for in country extensions from this group. As such, when applying length of stay assumptions to in country cohorts an adjustment to the in country flows presented in Table 8 above are made to avoid double counting extensions from those already included in out of country data. Application of length of stay profiles to in country grants assumes their length of stay behaviour aligns with that of out of country migrants, which adds a layer of uncertainty in both directions (those switching / extending in country may be as likely, less likely, or more likely to leave the country and leave the country at the same time as out of country applicants). The application of these assumptions leads to estimated changes in the stock of migrants in each appraisal year in the central scenario as outlined in Tables 9 (for care and senior care workers) and 10 (for the Skilled Worker visa) below.

52 This is based on Home Office analysis of Internal Home Office management information Certificate of Sponsorship data for the year ending September 2023, where totals closely align to the published data cited in this paragraph.

53 Home Office 'Immigration system statistics, year ending September 2023', Table Occ_D02 - https://assets.publishing.service.gov.uk/media/65574b3b046ed4000d8b9ab8/occupation-visas-datasets-sep-2023.xlsx

54 Home Office (2023) 'Impact Assessment to accompany salary updates in April 2023 Immigration Rules' - https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1146120/Home_Office_Impact_Assessment_HO0443_-_Immigration_Rules_April_2023_-_Salary_changes.pdf

55 Note this appraisal does not account for interactions from these groups in terms of applications for settlement / citizenship.

135. Within these stock estimates the uncertainty noted around estimated future volumes, and uncertainty in estimating policy impacts is compounded by uncertainty in lengths of stay. As noted above length of stay assumptions are based on previous cohorts arriving on visas subject to different Immigration Rules and potentially with wider economic and other factors that can affect decisions to stay differing to future cohorts.

Table 9 – Estimated change in stock of care and senior care workers (and associated dependants) in central policy option scenarios relative to baseline, 2024/25 to 2033/34 (thousands, rounded to nearest 5,000)

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Health and Care visa (care and senior care), Estimated Stock (Main Applicants)										
Feb 2024 changes – assumed compliant	-15	-25	-40	-55	-65	-75	-85	-90	-100	-105
Feb 2024 changes – assumed non-compliant	-15	-25	-40	-55	-65	-75	-85	-90	-100	-105
Mar 2024 changes – additional (all assumed compliant)	-5	-10	-10	-15	-20	-20	-25	-25	-30	-30
Total	*-30*	*-65*	*-95*	*-125*	*-150*	*-170*	*-190*	*-205*	*-225*	*-240*
Health and Care visa (care and senior care), Estimated Stock (Dependants)										
Feb 2024 changes – assumed compliant	-160	-325	-500	-650	-775	-880	-975	-1,065	-1,155	-1,245
Feb 2024 changes – assumed non-compliant	-20	-40	-60	-80	-95	-110	-120	-135	-145	-160
Mar 2024 changes – additional (all assumed compliant)	<5	<5	<5	-5	-5	-5	-5	-5	-5	-5
Total	*-175*	*-370*	*-565*	*-730*	*-880*	*-995*	*-1,100*	*-1,200*	*-1,305*	*-1,410*

Source: Home Office analysis as set out in paragraphs 132 to 135. Totals may not sum due to rounding.

136. Table 9 above again illustrates the primary impact of the policy package for care and senior care workers estimated to derive from changes in February 2024 Immigration Rules, and primarily impact dependants.

Table 10 – Estimated change in stocks of Skilled Worker (and associated dependants) in central policy option scenarios relative to baseline, 2024/25 to 2033/34 (thousands, rounded to nearest 5,000)

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Skilled Worker, Estimated Stock										
Main Applicants	-10	-25	-45	-65	-85	-95	-105	-115	-125	-135
Dependants	-10	-15	-25	-40	-50	-60	-65	-70	-80	-85

Source: Home Office analysis as set out in paragraphs 132 to 135

137. Table 10 above illustrates of changes to sponsored work visas in March 2024, impacts may be relatively larger in the Skilled Worker visa route compared to care or senior care.

E.5 Policy impact on volumes for the Family MIR changes

138. Increasing the minimum income requirement (MIR) on the Family route is expected to reduce volumes of applicants applying out of country and those switching onto the Family route from another visa type in-country. There are also expected to be impacts on in-country extensions, driven by volumes of applicants who were not able to come in Year one of the appraisal period and thus do not extend their family visa in subsequent years. A simplifying assumption is made that no out of country applicant will qualify under the 10 year route to settlement whereas a proportion of those who do not meet the MIR may qualify in-country where a refusal would result in a breach of Article 8, ECHR[56] rights. As such, the impact on volumes in-country is expected to be lower than out of country. Further, it is expected that there will also be an impact on the number of applicants eligible to apply for a fee waiver as more in-country applicants are considered under the 10 year route to settlement. This is expected to have a knock-on effect on fee revenue.

139. There are uncertainties surrounding the wider behavioural decisions by both sponsors and family migrants, which could affect volumes and estimates of impacts. For example, the increased minimum income requirement may encourage potential sponsors to enter employment or seek better paid jobs or some migrants may seek entry through other routes. Further, some sponsors whose family can no longer come to the UK may choose to leave the UK themselves. For family applicants – beyond assumptions for those who currently qualify under the five year route but might, in the future, need to be considered under the 10 year route to settlement – unless clearly stated, these second-order behavioural changes have not been modelled due to significant uncertainties.

E.5.1 Family route specific assumptions

Estimating baseline switchers and extensions on the Family route

140. As set out above in Section A.2.3, the increase in the MIR to £29,000 will apply to new applicants to the routes on 11 April 2024, including for new in-country applicants switching onto the Family route. However, as transitional arrangements are applied, those extending an existing visa granted prior to the implementation are not impacted. As such, in-country baseline volumes set out in Section E.2.2 need to be split into those that are switching into the route for the first time and those extending an existing Family visa.

141. The proportion of switchers and extensions on the Family route are based on the average immigration statistics[57] from 2015 to 2020[58] and are set out within Annex B. Further proportions are included for those switching and extending into either the 5 year or 10 year route to settlement.

142. For in-country 'extensions' (those making an additional application to extend a stay in the UK on the same visa route) these applicants are assumed to see differing shares eligible for impacts

[56] European Convention on Human Rights (coe.int): https://www.echr.coe.int/documents/d/echr/convention_eng

[57] Immigration statistics 'Extensions detailed dataset' here: https://www.gov.uk/government/statistical-data-sets/immigration-system-statistics-data-tables#extensions

[58] 2020 data on switchers vs extensions in the Family route is the latest available data. There are plans to update the data but figures were not available in time for this Impact Assessment.

across the appraisal period. In appraisal years one and two, there is assumed to be no impact of the policy change on extensions as all of those extending their family vias are assumed to be from initial visa applications made prior to the new immigration rules. From appraisal year four onwards, where it is assumed that the applicant has already been in the UK for 2.5 years, the impact of the policy change is assumed to affect the full volume of extensions as all those extending visas are assumed to be from initial visa applications post the implementation date of the new immigration rules. In appraisal year three, an illustrative 50 per cent of those extending visas are assumed to be from initial visa applications post the implementation date of new immigration rules.

Fee levels and fee waivers

143. Fee waivers are available for certain specified human rights applications where a migrant is exercising the right to enter or remain in the UK based on family or private life, where to require payment of the fee would be incompatible with their rights under the ECHR. A fee waiver must be granted if the applicant and sponsor have credibly demonstrated they cannot afford the fee or that their income is not sufficient to meet their child's needs.

144. Fee waivers on the Family route are only applicable to those granted under the 10-year route to settlement or those on the 5-year route receiving disability-related benefits or a carer's allowance. These individuals are also exempt from meeting the MIR.

145. A fee waiver can either be granted in full (where both the visa fee and payment of the IHS are waived), partial (where only the payment for the IHS is waived, while the immigration fees are still applicable) or rejected. For simplicity, this IA assumes that fee waivers, where granted, are granted in full.

146. Annex B summarises the historic number of FHR visa applications, applications for fee waivers and granted fee waiver applications from in-country applicants for the year ending March 2023 – the latest point at which most waiver applications have been processed. The six-monthly rolling average fee waiver uptake across the in-country FHR route indicates that 35 per cent are granted a fee waiver. This figure is used as the baseline granted fee waiver rate throughout this IA. The above data only considers the impact of in-country FHR applications. Home Office evidence suggests that the number of out of country fee waiver applications is very small, in the order of magnitude of hundreds of applications. Due to this, and an absence of historic data on out of country fee waiver applications and decisions, only in-country fee waiver applications have been considered further.

147. There remains uncertainty as to the impact of an increase in the MIR on granted fee waiver volumes. Currently, it is assumed that for applicants, staying on the 5 year route acts as an incentive not to apply for a fee waiver as an application would automatically shift applicants onto a longer 10 year route to settlement.

148. As discussed in paragraph 173 and 185 below, it is assumed that a proportion of in-country applicants will move from the 5 year route to 10 year route on account of the policy changes. As such, the incentive not to apply for a fee waiver is removed and fee waiver applications are expected to increase as a result. While the impact on fee waiver grant rates is more ambiguous, these are also expected to increase. Scenario analysis has been used to assess the potential impact on fee waiver grants owing to the policy change where assumptions are laid out in Section E.6, paragraph 258.

Estimating the proportion of applicants that would qualify under the 10 year route to settlement

149. As noted, in some cases, even where the MIR is not met, applicants will still be granted leave where it has been considered that it would be an Article 8, ECHR breach to refuse them. This is where refusal would result in unjustifiably harsh consequences for the applicant, their partner, a relevant child or another family member whose Article 8, ECHR rights, evident from the information provided by the applicant, would be affected. Where this is the case, applicants will qualify under the 10 year route to settlement.

150. The baseline number of in-country applicants that are assumed to be on the 10 year route to settlement is based on immigration statistics[59]. For the year ending September 2023, 58 per cent of in-country applications into Family routes were on the 10 year route to settlement. The majority (68 per cent) of these were from those that have switched onto the 10 year route from another visa type, whilst a smaller 9 per cent were from those whose initial visa was on the family 5 year route but who then subsequently moved onto the 10 year route. The remaining 23 per cent are those who were already on the 10 year route.

151. This IA therefore assumes a baseline of 9 per cent of in-country extensions on the 5 year route move onto the family 10 year route to settlement, whilst a baseline of 68 per cent of in-country switchers are for the family 10 year route to settlement.

152. It should be noted that those granted under the 10 year route to settlement is not solely driven by not meeting the MIR; applicants can be granted if they don't meet any of the eligibility requirements, for example, not meeting the English language requirement. As such, the baseline figures above do not reflect the sole impact of the MIR on 10 year route volumes.

153. The above data only considers the volume of in-country applicants on the 10 year route to settlement. Internal management information suggests that the proportion of out of country applicants on this route is very low and as such, no further assessment is made of the impact of the increase in the MIR on out of country 10 year route to settlement volumes.

154. There remains considerable uncertainty as to the impact of an increase in the MIR on the proportion of applicants granted under the 10 year route to settlement and would require in-depth analysis into individual applications to assess whether a refusal would result in unjustifiably harsh consequences. Scenario analysis has been set out in Section E.5.2 in this IA to illustrate the potential impact.

E.5.2 Impact on volumes

155. A lack of specific and detailed information on family migrants and their sources of income, along with obligations under Article 8, ECHR[60] mean expected impacts are uncertain and only very broad estimates of impact can be made. As set out in Section A.2.3, individuals can meet the MIR through a combination of income, cash-savings and other 'non-employment income' such as income from property rental or dividends from shares. Further, where the applicant is in receipt of disability-related benefits or carer's allowance they become exempt from the MIR and only must demonstrate that they meet 'adequate maintenance'.

Out-of-country

156. The methodology to assess the impact of changes in salary thresholds builds on the previously published analysis[61]. This analysis assessed the proposed minimum income requirement (MIR) of £29,000 against UK annual gross earnings for all employees as reported by the ASHE dataset[62]. 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. For out of country applications, only the sponsor's employment earnings (plus any non-employment income and savings) can be considered.

157. 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,

---

[59] Immigration Statistics 'Extensions detailed dataset' here: https://www.gov.uk/government/statistical-data-sets/immigration-system-statistics-data-tables#extensions

[60] European Convention on Human Rights (coe.int): https://www.echr.coe.int/documents/d/echr/convention_eng

[61] See: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1146120/Home_Office_Impact_Assessment_HO0443_-_Immigration_Rules_April_2023_-_Salary_changes.pdf and https://www.gov.uk/government/publications/legal-migration-statement-estimated-immigration-impacts for examples

[62] Annual Survey of Hours and Earnings: April 2023 here: Employee earnings in the UK - Office for National Statistics (ons.gov.uk): https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2023

75 per cent to 80 per cent 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 per cent to 60 per cent of the UK working population could meet the threshold based on earnings alone.

158. Assuming the proportion of individuals who wish to sponsor a family member is equally distributed across the salary distribution, and noting that not all those eligible to sponsor an applicant will do so, a reduction in out of country family applications of between 16 per cent and 41 per cent with a central estimate of 29 per cent is derived. This approach suggests that before accounting for other income, an estimated range of between 10,000 to 40,000 people who may otherwise have qualified for entry to the UK via the Family route would be unable to do so, based on earnings alone.

159. To provide further assurance on this estimate of those eligible, a small sampling exercise of 300 family applicants, between July 2023 and September 2023, using Home Office internal management information was undertaken on sponsor earnings to assess the validity of using the ASHE distribution above. The results of this exercise are summarised in Annex B but suggest around 55 per cent to 60 per cent of sponsors in the sample may meet the higher MIR level of £29,000 per year. This compares with 50 per cent to 60 per cent of the total UK working population, the pool from which sponsors are assumed to be drawn. As such, estimated impacts based on ASHE data are deemed to broadly reflect actual family eligibility and thus are used throughout the remainder of this IA. However, the casework sample data suggest that impacts may fall closer to the lower end of the range as they suggest a slightly higher proportion of applicants would still be eligible under the new MIR.

160. The use of savings to offset shortfalls in income, and the inclusion of the sponsor's non-employment income, will mean it is possible that a proportion of those deemed to no longer be eligible would still qualify. This could include being in receipt of a disability-related benefit or carer's allowance which exempts them from the threshold where they can demonstrate adequate maintenance. Casework sample data of applicants between January 2023 and December 2023 suggests that 60 per cent of applicants met the MIR through employment earnings, 8 per cent meet it through cash-savings, 7 per cent through adequate maintenance and the remaining 25 per cent through self-employment and Other[63].

161. Internal management information suggests that applicants looking to meet the MIR through cash-savings alone would need to demonstrate savings of £88,500. A 2013 OECD study[64] on the distribution of household savings suggests that only the top 20 per cent of households would have sufficient savings to meet this threshold. While now considerably out of date and does not necessarily reflect latest saving levels, it remains likely that the majority of UK saving pools are not large enough cover the threshold for most households. Even where applicants can combine cash-savings with income, they would still need to demonstrate a minimum amount of £16,000 in savings for it to count towards the MIR and a minimum amount of £42,000 in savings for income contribution to remain at £18,600. The proportion of those exempt from the MIR on account of receiving a disability-related benefit or carer's allowance is expected to remain constant as eligibility is not correlated to the MIR. Estimates of the impact for those who are self-employed or currently meeting the MIR through non-employment income are not available, but it is assumed that these individuals would broadly have similar impacts to those in employment as captured by ASHE data.

162. A simplifying assumption is made that for out-of-country applicants, none are assumed to qualify under the 10 year route to settlement. As previously noted, the main consideration under Article 8, ECHR for partners will be whether refusal would result in unjustifiably harsh consequences for the applicant or their family. This is a hard test to meet, especially if applicants are not already in the UK, where it can be argued that they have fewer family and/or residency ties to the UK, making grounds for refusal easier. In out of country cases the consequences of a refusal maintain the

---

63 There are various other ways the applicant can meet the MIR which is often categorised as non-employment income such as income from property rental or dividends from shares. See the 'Financial requirements' for reference: . https://assets.publishing.service.gov.uk/media/6511a4dc2f404b0014c3d89e/1.7+-+Financial+requirement.pdf

64 'Distribution of Household Income, Consumption and Savings': https://www.ons.gov.uk/economy/nationsalaccounts/uksectoraccounts/articles/thedistributionofhouseholdincomeconsumptionandsavingsanoecdstudy/2015-11-30

status quo whereas the consequence of a refusal from applicants already in the UK would be that they would be required to leave the UK. This does not mean that no one out of country will be granted under the 10-year route, the assumption is solely made for simplicity as the proportion of those who would qualify is extremely uncertain. Sensitivity analysis in Section G is applied to address this uncertainty.

163. Given the evidence set out above, estimates provided in the previous analysis, based on ASHE earnings, are assumed to remain the best indicator of impact for out of country applicants where an increase in the MIR is expected to reduce visa volumes by between 16 per cent to 41 per cent per year, with a central estimate of 29 per cent.

164. These out-of-country applicants will be referred to in Table 11 as **Cohort A**

In-country

165. In country impacts were not assessed in the previously published analysis but are considered as part of this appraisal. An increase in the MIR is expected to impact 'switchers' (those applying to a visa route for the first time whilst in the UK on a different visa product) and 'extensions' (those making an additional application to extend a stay in the UK on the same visa route).

166. As extensions for people on the route prior to the implementation of this policy are not subject to the increased MIR, much of the impact on in-country extension volumes will be from applicants who were not able to come in Year one of the appraisal period - as they either weren't able to apply out of country or weren't able to switch onto the route in-country – and as such are no longer extending their family visa 2.5 years after their initial visa application. A further small proportion of in-country extension impacts are for those who met the MIR on their initial application but are no longer be able to meet the MIR at the point of extension due to circumstantial change.

167. For in-country applications, applicants will be able to contribute their own employment earnings in the UK towards the income threshold, as well as their sponsor's. Internal Home Office evidence estimates that the employment rate of adults on the Family route is around 44 per cent and average earnings are around £27,200 per year. The inclusion of the migrant partner's earnings, as well as those of the sponsor, suggests around 80 per cent to 90 per cent of the total UK and migrant partner working population, based on ASHE distributions, currently meet the MIR while 70 per cent to 75 per cent are expected to meet the higher threshold of £29,000.

168. Applying the same assumptions as for out of country, this represents between 1 per cent to 28 per cent with a central estimate of 14 per cent of people who would previously have been able to meet the MIR in-country would no longer be able to do so equivalent to zero to 6,000.

169. It has not been possible to obtain a bespoke casework sample for in-country applicant income due to data availability and accuracy. This IA therefore assumes an impact in the range derived by ASHE earnings data, outlined above, as it's the best available proxy of eligibility for reasons set out in the out of country section.

170. As discussed in paragraphs 165 and 166, in-country impacts can be broadly split into three groups.

<u>Switchers</u>

171. These are assumed to be applicants applying to switch onto the Family route for the first time whilst in the UK on a different visa. All those assumed as in country 'switchers' in any appraisal year are assumed to be subject to the new MIR immediately. Estimates of volumes deterred for this cohort are based on an in-country impact range of 1 per cent to 28 per cent, applied to baseline volumes of switchers on the 5 year route to settlement as those already applying for the 10 year route are assumed to not be impacted by the policy.

172. These applicants who are unable to switch onto the family 5 year route to settlement and who are assumed not to remain in the UK on a family visa are referred to in Table 11 as **Cohort B.**

173. As set out in paragraph 154, a proportion of in-country applicants that do not meet the MIR may be successful in instead applying under the 10 year route to settlement. Immigration statistics[65] data suggests that the split of switchers between the 5 year and 10 year route is 32 per cent and 68 per cent respectively. As such, a high scenario assumes the current proportion (68 per cent) of switchers assumed to be on the 10 year route to settlement. A low scenario assumes the maximum of switchers are granted under the 10 year route to settlement (100 per cent) whilst the central scenario is based on the midpoint between the low and high scenarios (84 per cent).

174. Those who are unable to switch into the 5-year route as a result of the increased MIR but instead apply for the 10-year route to settlement in-country are referred to in Table 11 as part of the **Cohort F** which encompasses all of those assumed to move to the 10-year route to settlement.

Extensions (never came or never switched)

175. As outlined in paragraph 166, much of the impact on in-country extension volumes will be from applicants who were not able to come as they either weren't able to apply out of country or weren't able to switch onto the route in-country. As such, they are no longer extending their family visa 2.5 years after their initial visa application. As estimates of these volumes consist of those who never came out of country and those who never switched in country, separate impact ranges are applied.

176. For those who never came out of country, estimates of volumes not extending apply out of country impacts (16 per cent to 41 per cent) to baseline extensions, multiplied by the proportion of new 5 year applications that are made out of country.

177. For those who never came in country, estimates of volumes not extending apply in-country impacts (1 per cent to 28 per cent) to baseline extensions, multiplied by the proportion of new 5 year applications that are made in-country and the proportion assumed to not qualify under the 10 year route to settlement as only impacts of those who don't come are captured here.

178. Immigration statistics data[66] suggests that the split of extensions between the 5 year and 10 year route is 91 per cent and 9 per cent respectively. As this cohort captures those that 'never came', no behavioural change is assumed for this group and as such the proportion who, had they come, would have qualified under the 10 year route mirrors the current proportion who qualify under the 10 year route across all scenarios (9 per cent).

179. Those out of country applicants and in-country switchers assumed to have, in the absence of these policy changes, made their extension on the 5-year route to settlement and remain on the route are referred to in Table 11 as part of **Cohort C.**

180. Those out of country applicants and in-country switchers assumed to have, in the absence of these policy changes, moved onto the 10-year route to settlement and remain on the route are referred to in Table 11 as part of **Cohort D.**

181. These cohorts differ only in terms of how many applications the deterred applicant would have made. Those that would have remained on the 5-year route to settlement would have made one further application to extend, while those moving onto the 10-year route to settlement would have made three further applications to extend. This is not a new cohort of people on the 10-year route to settlement like those in Cohort F, but a reflection of those who, in the absence of policy changes, would have been on the 10 year route.

Extensions (circumstantial change)

182. The remaining impact on in-country extensions is assumed to be for those who met the increased MIR threshold of £29,000 at the point of their initial application but who, upon extension of their visa, are assumed to no longer be able to meet the higher threshold due to circumstantial change. This may occur as a proportion of applicants either move from the 5 year route to no visa or onto the 10 year route at the point of extension. As noted in paragraph 178 above, immigration statistics suggest that 91 per cent of extensions are currently made onto the 5 year route whilst evidence

[65] Immigration statistics 'Extensions detailed dataset' here: Immigration system statistics data tables - GOV.UK (www.gov.uk)

[66] Immigration statistics 'Extensions detailed dataset' here: Immigration system statistics data tables - GOV.UK (www.gov.uk)

from the Migrant Journey Analysis[67] suggests that 7 per cent of the 2017 family cohort had expired leave at the point of their extension.

183. Estimates of volumes deterred for this cohort are based on in-country impacts (1 per cent to 28 per cent) applied to baseline volumes of those extending on the 5 year route, excluding those defined in the cohort above, who either never switched or never came. An average UK turnover rate of 35 per cent as of December 2018[68] is applied to proxy circumstantial change, reflecting those who may no longer be able to meet the MIR on account of no longer working or moving to a lower paid job. Whilst this is not a perfect proxy, it is assumed to be the best estimate for those who may no longer be able to meet the MIR however anecdotal evidence from internal management suggests that impacts are expected to be towards the lower end of the range.

184. These applicants to who are unable to extend and who are assumed to no longer remain in the UK will be referred to in Table 11 as **cohort E**.

185. As set out in paragraph 154, a proportion of in-country extensions that do not meet the MIR may be successful in instead applying under the 10 year route to settlement. A high scenario assumes the current proportion of extensions on the 10 year route (9 per cent). A low scenario is assumed to be double of this proportion (18 per cent) whilst a central scenario is based on the midpoint between the low and high scenarios (14 per cent).

186. Those who are unable to extend onto the 5-year route as a result a change in circumstances and so no longer meet the increased MIR but instead apply for the 10 year route to settlement in-country are referred to in Table 11 as part of the **Cohort F** which encompasses all of those assumed to move to the 10-year route to settlement.

Combined impact on Family applications

187. The cumulative impact on out of country and in country applications and grants per year in the central scenario are displayed in Table 11 below.

188. In summary, an increase in the MIR has had two key impacts with different subsequent effects on fee revenue, processing costs and fiscal impacts across the appraisal period. The first is an impact on those who can no longer apply under the Family route as they are unable to meet the minimum income requirement. This implies a reduction in volumes on the Family route. The second is an impact on those who are unable to meet the MIR but, on Article 8, ECHR grounds, qualify under the 10 year route to settlement and thus remain on the Family route but under a longer time to settlement. For this cohort there has been no change in volumes on the Family route but impacts are driven through fee revenue and processing costs.

[67] Migrant Journey: 2022 report here: Migrant journey: 2022 report - GOV.UK (www.gov.uk)

[68] ONS 'Employee turnover levels and rates by Industry': https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/adhocs/10685employeeturnoverlevelsandratesbyindustrysectionukjanuary2017todecember2018

Table 11: Estimated impact (central scenario) of the increased MIR to £29,000 on the number of applicants applying on the five year route to settlement for out of country and in country visa grants and applications per year, 2024/25 to 2033/34 (thousands)

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Out of Country										
Family - Applications										
Cohort A - Change in applications	-20	-21	-21	-21	-22	-22	-22	-22	-22	-22
Family – Grants										
Cohort A - Change in grants	-17	-18	-18	-19	-19	-19	-19	-19	-19	-19
In Country										
Family - Applications										
Cohort B – Change in those switching onto the Family route	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5
Cohort C – Lagged change in extensions for those that never came (A) or switched (B) and would **not** have moved onto the 10 year route.	0	0	-8	-16	-16	-16	-16	-16	-16	-16
Cohort D – Lagged change in extensions for those that never came (A) or switched (B) but would have moved onto the 10 year route.	0	0	-1	-2	-2	-2	-2	-2	-2	-2
Cohort E – Change in those not able to extend due to a change in circumstances	0	0	-1	-2	-2	-2	-2	-2	-2	-2
Cohort F – Change in those on the 5-year route due to moving onto the 10 year route	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
Family – Grants										
Cohort B – Change in those switching onto the Family route	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5
Cohort C – Lagged change in extensions for those that never came (A) or switched (B) and would **not** have move onto the 10 year route.	0	0	-7	-15	-15	-15	-15	-15	-15	-15
Cohort D – Lagged change in extensions for those that never came (A) or switched (B) and would have moved onto the 10 year route.	0	0	-1	-2	-2	-2	-2	-2	-2	-2
Cohort E – Change in those not able to extend due to a change in circumstances	0	0	-1	-2	-2	-2	-2	-2	-2	-2
Cohort F – Change in those on the 5-year route due to moving onto the 10-year route	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2

Source: Home Office analysis as set out in paragraphs 155 to 188 preceding this table. Rounded to nearest 1,000 except where below 1,000 where rounded to nearest 500

Impact on Settlement applications

189. Those on a family visa are eligible to apply for indefinite leave to remain (ILR) after a minimum of 5 years or a longer period of 10 years for those on the 10 year route to settlement. An increase in the MIR means that a proportion of applicants who would typically have reached settlement in 5 years, now no longer come and thus fee revenue and processing costs are no longer collected for these migrants. (Migrants applying for indefinite leave to remain (ILR) do not pay the IHS)

190. Home Office research, the Migrant Journey Analysis[69], provides evidence on spouses and other family members entering the family route and estimates of how many remain in the UK and how many reach settlement. The majority of those who start their journey on the family route remain on the family route until either their leave expires, or they go on to get ILR. This report shows that of the 2017 'family cohort' around 8 per cent had expired leave after 3 years (2020) - the point of initial extension - whilst 12 per cent had expired leave after 5 years (2022) – the earliest point of settlement. This suggests that a very small proportion (4 per cent) of family migrants leave the family route after their first point of extension. It is assumed that the propensity of migrants to remain in the UK on the family route would remain the same in the absence of any policy change.

191. Of the cohorts discussed above, the impact on settlement applications is assumed to be for **Cohorts C, D and E**. Impacts on settlement are captured at a further lag of 2.5 years from the applicants first extension, when they would have been eligible to apply for settlement. For example, those who would have applied in the first year of the appraisal period would first extend their visa between years 3 and 4 and first apply for settlement between years 6 and 7. Impact on settlement for those that qualify under the 10 year route, captured in **Cohort F,** are not quantified in this IA as their settlement application is assumed to occur at the end of the appraisal period.

Table 12: Estimated change in settlement applications and grants per year in central policy option scenarios relative to baseline, 2024/25 to 2033/34 (thousands, rounded to nearest 5,000)

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Settlement - Applications										
Main & Dependant	0	0	0	0	0	-15	-25	-25	-25	-25
Settlement Grants										
Main & Dependant	0	0	0	0	0	-15	-25	-25	-25	-25

Source: Home Office analysis as set out in paragraphs 189 to 191 preceding this table

E.5.3 Estimating stocks for fiscal impact

192. In addition to flows, stocks of migrants in baseline and policy option scenarios are estimated as an input into fiscal analysis. These are estimated using the fact that all family visas are issued for 2.5 years at a time, and that around 4 per cent of those who remain past extension drop out. Those who have reached settlement are not considered further as they become part of the UK resident population.

193. There is no change to the stock of family migrants in the UK for those who qualify under the 10 year route – as the only impact is an increase in length of their time on the route prior to settlement as opposed to not being able to come – so these individuals are not assessed here.

[69] Migrant Journey: 2022 report: https://www.gov.uk/government/statistics/migrant-journey-2022-report/migrant-journey-2022-report

Table 13: Estimated change in stocks of Family in central policy option scenarios relative to baseline, 2024/25 to 2033/34 (thousands, rounded to nearest 5,000)

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Family, Estimated Stock										
Main & Dependants	-20	-35	-55	-75	-90	-95	-95	-95	-95	-95

Source: Home Office analysis as set out in paragraphs 192 to 193 preceding this table

E.5.4 Further increases to the MIR

194. The body of this IA has assessed the impact of an initial increase in the MIR to £29,000; the 25th percentile of earnings for jobs which are eligible for skilled worker visas (RQF3+). The intention is to incrementally increase the threshold, moving to the 40th percentile (currently £34,500), and finally to the 50th percentile (currently £38,700, and the level at which the general skilled worker threshold is set) by early 2025. A wider assessment of the further increases is provided below where the assumptions and methodology applied throughout this IA is assumed to stay constant.

195. An assessment of ASHE earnings data suggests that 50 per cent to 60 per cent of the total UK working population could meet a threshold of £29,000, based on earnings alone. Assuming the proportion of individuals who wish to sponsor a family member is equally distributed across the salary distribution and noting that not all those eligible to sponsor an applicant will do so, a reduction in out of country family applications of between 16 per cent and 41 per cent with a central estimate of 29 per cent is derived.

196. Similarly, an estimated 70 per cent to 75 per cent of the total UK and migrant working population could meet a threshold of £29,000 with an assumed reduction in in-country applications of between 1 per cent and 28 per cent with a central estimate of 14 per cent. This approach suggests that an estimated range of between 10,000 to 40,000 out of country applicants and zero to 6,000 in-country applicants who may otherwise have qualified under the family route would be unable to do so.

197. All else constant, at a threshold of £34,500, around 30 per cent to 40 per cent of the total UK working population could meet the threshold. This compares with an estimated 60 per cent to 70 per cent in-country (when including migrant employment and earnings). This suggests an impact of between 42 per cent and 67 per cent for out of country applicants, and an impact of between 7 per cent to 39 per cent for in country applicants. An estimated range of between 20,000 to 65,000 out of country applicants and zero to 7,000 in-country applicants (before accounting for those who qualify under the 10 year route to settlement) who may otherwise have qualified under the family route are assessed to no longer be able to do so.

198. £38,700 falls into the same grouping in the ASHE earnings data as £34,000. While impacts and volume reductions are therefore assessed to be in the same range of uncertainty as outlined above, it is expected that impacts for a threshold of £34,500 fall closer to the lower end of the range whilst those for a threshold of £38,700 fall closer to the higher end of the range.

199. The cumulative impact of these higher thresholds on out of country and in country applications and grants per year in the central scenario, for **Cohorts A, B and E** are displayed in Table 14 below. A wider assessment of second order impacts of these threshold, reflected by **Cohorts C, D and F** are not captured in this IA.

200. All further increases to the MIR are expected to be completed by Spring 2025 and as such, impacts are captured from 2025/26 onwards.

Table 14: Estimated impact of thresholds of £34,500 on out of country and in country visa grants and applications per year under the central scenario, 2024/25 to 2033/34 (thousands, rounded to nearest 1,000 except where below 1,000 where rounded to nearest 500)

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Out of Country										
Family – Applications										
Cohort A – Change in applications	0	-39 +(86%)	-40 +(90%)	-41 +(95%)	-41 +(86%)	-41 +(86%)	-41 +(86%)	-41 +(86%)	-41 +(86%)	-41 +(86%)
Family – Grants										
Cohort A – Change in grants	0	-34 +(89%)	-35 +(94%)	-35 +(84%)	-36 +(89%)	-36 +(89%)	-36 +(89%)	-36 +(89%)	-36 +(89%)	-36 +(89%)
In Country										
Family – Applications										
Cohort B – Change in those switching onto the Family route	0	-0.5 (0%)	-0.5 (0%)	-0.5 (0%)	-0.5 (0%)	-0.5 (0%)	-0.5 (0%)	-0.5 (0%)	-0.5 (0%)	-0.5 (0%)
Cohort E – Change in those not able to extend due to a change in circumstances	0	0 (0%)	-1.5 (50%)	-2.5 (25%)	-2.5 (25%)	-2.5 (25%)	-2.5 (25%)	-2.5 (25%)	-2.5 (25%)	-2.5 (25%)
Family – Grants										
Cohort B – Change in those switching onto the Family route	0	-0.5 (0%)	-0.5 (0%)	-0.5 (0%)	-0.5 (0%)	-0.5 (0%)	-0.5 (0%)	-0.5 (0%)	-0.5 (0%)	-0.5 (0%)
Cohort E – Change in those not able to extend due to a change in circumstances	0	0 (0%)	-1.5 (50%)	-2.5 (25%)	-2.5 (25%)	-2.5 (25%)	-2.5 (25%)	-2.5 (25%)	-2.5 (25%)	-2.5 (25%)

*Percentage changes are based on rounded figures

Source: Home Office analysis as set out in paragraphs 194 to 200 preceding this table

201. The percentage changes set out in Table 14 above represent the proportionate increase in people estimated to be able to apply for the Family route under an MIR of £34,500 as compared to an MIR of £29,000 (the percentage change between the impacts in Table 11 and Table 14).

202. Costs and benefits have not been estimated for these further increases, as an assessment will be made to accompany those increase. However, as an illustrative example, the costs and benefits of the initial increase in the MIR to £29,000 can be scaled up in line with Table 14 above. For example, if 100 per cent fewer people were expected to come out of country under an MIR of £34,500 as compared to an MIR of £29,000, the impacts on fee revenue and processing costs could be, illustratively, expected to be approximately 100 per cent larger.

E.6 Costs and Benefits

203. All quantified costs and benefits in this section follow the rounding convention set out below, unless otherwise stated:

- Values over £1 billion are rounded to the nearest £0.01 billion
- Values between £100 million and £1 billion are rounded to the nearest £5 million
- Values between £1 million and £100 million are rounded to the nearest £1 million
- Values below £1 million are rounded to the nearest £0.01 million

Fiscal Impacts

204. Migrants are assessed to both contribute to the UK Exchequer through their fiscal contribution, and make use of UK public services, which come at a cost to the UK Exchequer. The net fiscal contribution of an individual reflects the difference between their fiscal revenue contribution and their contribution to fiscal pressure. This will differ between different cohorts, based on the characteristics of each cohort, including employment rate, salary, age, and likelihood to consume different types of public services.

205. These fiscal impacts are quantified using the methodology and assumptions that broadly follows the approach of the previous Impact Assessment on updates to salary thresholds for sponsored work visas[70]. Changes reflect updated assumptions to reflect data updates since that publication and the announced policy to reduce Class 1 National Insurance contributions to 8 per cent from April 2024.

Fiscal Revenue

206. 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).

207. Where care and senior care workers – and associated dependants – are assumed to be employed by sponsors in ways that are non-compliant with visa conditions, their fiscal revenue is not included within NSPV estimates but the scale of revenue from non-complaint activity will be outlined.

208. 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.

209. To estimate these components, for main applicants on the Sponsored Work routes, this IA makes use of the estimated earnings distributions of migrants in each scenario and assumes all main applicants are in employment.

210. For dependants, evidence from the Labour Force Survey and ASHE suggest an average employment rate for adults of around 46 per cent and average earnings of around £31,800 (uprated to £24/25 prices). For the family route, a slightly lower employment rate of around 44 per cent and average earnings of around £27,700 (uprated to £24/25 prices) is used.

211. Home Office internal management information estimates of dependant applicants on the Skilled Worker route in 2023 around 53 per cent of out of country and 52 per cent of in country applicants were aged 18 or over, as were 48 per cent of out of country and 47 per cent of in country Health and Care visa dependants. The proportion of adults to children for both out of country and in country on the family route is assumed to be 87 per cent and 13 per cent respectively.

[70] See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1146120/Home_Office_Impact_Assessment_HO0443_-_Immigration_Rules_April_2023_-_Salary_changes.pdf

212. Broadly speaking, combining the share of adult dependants with the estimated employment rate of adult dependants leads to around 1 in 4 of all dependants on sponsored work visas being estimated to be in employment.

Fiscal Pressure

213. Changes in volumes and characteristics of migrants can also affect expenditure on public services, such as healthcare and education. The cost of providing public services can differ across different nationality groups due to demographic differences. Fiscal pressures include estimated spending on 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.

214. The scenarios above do not include components for welfare expenditure on migrants as the vast majority of migrants on visas in scope of this IA have 'No Recourse to Public Funds' (NRPF) conditions attached to their leave to remain. In effect this restricts their access to direct welfare payments.

215. Excluding welfare payments from the IA in their entirety represents two simplifying assumptions:

- For the family route, it is possible for applicants to have the condition lifted where they are destitute or have exceptional circumstances affecting finances. In this instance, these individuals would then be able to claim welfare. Whilst the exact number of ‘change of condition’ applications to lift the NRPF conditions for those on the 5 year route has not been possible to obtain for this IA, volumes are anecdotally considered to be low and so this risk is considered minimal.
- While the significant majority of migrants have NRPF conditions applied while on their visa, at the point of making an application for Indefinite Leave to Remain (ILR) after at least 5 years in the UK on an eligible route, individuals have the same access to welfare as any other UK resident. The simplifying assumption to assume no welfare expenditure on migrants (as opposed to making that assumption only in the first five years of presence in the UK), may lead to a small undercount of potential fiscal savings, but this would only affect the latter years of the appraisal period.

Net Fiscal Position

216. Before considering the impact of the policy measures, the above assumptions on fiscal revenue and fiscal pressure produce the following net fiscal contribution, in the central scenario, for one average individual in the first year of the appraisal period for each of the cohorts affected by this package of policy measures[71]:

- Skilled Worker Main Applicants: +£27,600
- Skilled Worker Dependants: -£3,400
- Care and Senior Care Main Applicants: +£8,400
- Care and Senior Care Dependants: -£4,300
- Family Adult: +£700
- Family Child: -£10,700

217. It can therefore be assumed that, broadly, changes that restrict the volumes of dependants and Family children could have a net positive fiscal impact over the appraisal period, while policies that affect Skilled Workers, Care and Senior Care Workers and adult Family applicants could have a net negative fiscal impact.

218. The quantified fiscal costs and benefits of this package of measures, when applied to the changes in volumes set out in Sections E.3, E.4 and E.5 are set out in paragraphs 228 to 237 for fiscal revenue and paragraphs 278 to 285 for fiscal pressure.

[71] In this context a positive figure represents a net benefit to the exchequer of having this person in the country, and a negative figure represents a net cost to the exchequer.

COSTS

Set-up costs (Private and Public).

219. Set up costs arise from familiarisation with changes to Immigration Rules. These costs fall to Immigration Lawyers, Immigration Advisors, and where relevant sponsors of workers on relevant visa routes. Costs are assumed to arise from reading changes to Immigration Rules and are limited to transitional costs as the extent of changes are assumed to be marginal for new sponsors / advisors / lawyers familiarising with Immigration Rules given the change in guidance amounts to around 2 per cent of the total volume of words guidance documents on the family route, and around 16 per cent for each of the February 2024 and March 2024[72] sponsored work visa changes.

220. The Office of the Immigration Services Commissioner (OISC) annual report[73] indicates there were just over 3,600 regulated immigration advisors. In addition to this, the number of solicitors likely to become familiar with the changes has been estimated as 2,600 based on solicitors registered with the Law Societies of England & Wales, Scotland and Northern Ireland[74]. Gross hourly wage estimates for immigration lawyers were taken from the ASHE 2023[75] and multiplied by 18 per cent[76] to account for non-pay associated costs such as national insurance contributions and uprated to 2024/25 prices for the following occupation group:

- Solicitors and Lawyers (SOC 2412): **£33.08**

221. The ASHE occupation 2419 'Legal Professionals N.E.C' is not considered to be specific enough to account for wages of Immigration Advisors. As such National Careers Service data is used instead. The top end of the quoted salary range is used to illustrate high potential impacts. The top end average salary is assumed to be £40,000. Assuming average hours worked in a week is 37, an hourly rate of £20.79 is derived. As with the estimates for immigration lawyers, adjusting for non-pay costs and uprating to 2024/25 prices implies an hourly rate of **£24.54.**

222. Current registered sponsors of work are also estimated to need to familiarise with guidance changes affecting work visas. Human Resources (HR) staff are assumed to represent those who familiarise with changes. Based on analysis undertaken for a previous Impact Assessment[77] an estimated 1 person per small or micro sponsor, 3 people per medium sponsor, and 17 per large sponsor are assumed to be HR staff in sponsors who may be assumed to be required to familiarise. In baseline data for the year ending September 2023 an estimated around 40,000 firms sponsored at least one Skilled Worker or care or senior care worker migrant – noting if firms have sponsored across multiple visa routes they may be double counted in that estimate - with around 72 per cent of those firms estimated as small or micro sponsors, 28 per cent as medium sized sponsors, and around 11 per cent as large sponsors[78]. Applying the estimated volume of HR professionals per firm provides a weighted average estimate of 3.1 employees per sponsor required to familiarise with changes to guidance. The ASHE occupation 3571 'Human Resources and Industrial Relations Officer' is assumed to be representative of these staff and after adjusting for non-pay costs and uprating to 2024/25 prices implies an hourly rate of **£18.26**.

[72] Changes to guidance resulting from March 2024 changes affecting sponsored work visa was yet to be finalised at the point of analysis, an illustrative assumption has been made that a similar scale of changes to words in guidance will be seen as for February 2024 changes.
[73] OISC 'Annual Report and Accounts 2021/22': https://assets.publishing.service.gov.uk/media/6385c3c38fa8f54d5950d06d/OISC_2021-22_Annual_Report_and_Accounts_final_version.pdf
[74] See the Law Society of England & Wales: https://solicitors.lawsociety.org.uk/?Pro=True , the Law Society of Northern Ireland: https://www.lawsoc-ni.org/ and the Law Society of Scotland: . https://www.lawscot.org.uk/
[75] ONS 'Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14': https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashetable14
[76] ONS 'Index of Labour Costs per Hour, seasonally adjusted': https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/indexoflabourcostsperhourilchseasonallyadjusted
[77] See Table 10 of Home Office HO0376 'Impact Assessment for changes to the Immigration Rules for Skilled Workers' - https://www.gov.uk/government/publications/supporting-documents-for-skilled-worker-immigration-rules
[78] Total may not sum due to rounding

223. A simplifying assumption is made that all registered work sponsors – regardless of route or if/when they last sponsored a migrant worker - familiarise with both sets of changes. This will potentially overestimate impacts as a) for February 2024 changes only sponsorship of care and senior care workers is affected, and b) total registered work sponsors will include some for routes unaffected by changes. Based on year ending September 2023 data[79], around 76,000 registered sponsors on work visa routes were seen. Multiplying by the assumed weighted average 3.1 HR staff per sponsor provides the estimated number of people in work sponsors assumed to be required to familiarise with February 2024 and March 2024 changes affecting sponsored work visas.

224. The analysis for familiarisation costs for family changes uses a central estimate of 1,000 words, with a low and high range of 900 and 1,100 words based on internal Home Office estimates. Estimates for reading speeds are based on standard reading tables[80] and it is assumed immigration advisors and lawyers (and HR staff in sponsors where relevant) can read 300 words per minute, with a low and high range of 200 and 700 words per minute. Because of lower comprehension, a slow reader will need more time to re-read the guidance (re-read time). An allowance has been made for people who may be dyslexic or where English is not their first language.

Table 15 – Reading Speed Assumptions for Family changes

Cost Scenario	Length (words)	Speed (wpm)	Time (mins)	Comp.	Re-read time	Allowance	Total time (hrs)
Low	900	700	1.3	85%	0.2	0.0	0.0
Central	1,000	300	3.3	80%	0.7	0.5	0.1
High	1,100	200	5.5	60%	2.2	1.0	0.2

Source: Home Office analysis as set out in paragraphs 219 to 224 preceding this table

Table 16 – Reading Speed Assumptions for Sponsored Work changes (assumed to be the same for February and March 2024 changes)

Cost Scenario	Length (words)	Speed (wpm)	Time (mins)	Comp.	Re-read time	Allowance	Total time (hrs)
Low	3,500	700	5.0	85%	0.0	0.0	0.1
Central	3,500	300	11.7	80%	2.3	0.5	0.3
High	3,500	200	17.5	60%	7.0	1.0	0.5

Source: Home Office analysis as set out in paragraphs 219 to 224 preceding this table

225. The familiarisation cost is calculated as:

volume of employees x gross hourly wage x time spent = £ millions

226. The private sector familiarisation costs for the family route are estimated to be between **zero and £0.03 million** (PV), with a central estimate of **£0.01 million**. Costs are expected to be incurred in 2024/25 only. These estimated costs are larger for changes to sponsored work visas due to the assumption that registered sponsors, in addition to Immigration Lawyers and Immigration advisors, familiarise with guidance. They are estimated at around **£1.50 million** (£2024/25, transitional impact in year 1 only) in central scenarios relating to each of February 2024 and March 2024 changes affecting sponsored work visas and range from around £0.48 million to around £2.52 million in low and high scenarios.

[79] Table CoS_01 from Home Office 'Immigration system statistics, year ending September 2023' - https://assets.publishing.service.gov.uk/media/65d8864b87005a001a80f8c6/sponsorship-summary-dec-2023-tables.ods
[80] See https://readingsoft.com/

Ongoing and total costs (Private and Public)

Quantified Costs

Macroeconomic Costs

227. Costs can arise in scenarios where the policy changes reduce volumes of granted visas on these routes and so volumes of migrant visa holders in the UK.

<u>*Fiscal Revenue*</u>

Sponsored Work Changes

228. For the sponsored work changes, 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.4.4 and for March 2024 changes to Immigration Rules the volumes estimated to receive a pay increase, an increase in fiscal revenue (see 'Policy Design Costs' below for further information on this group).

229. For care and senior care workers, these factors, alongside the variation in fiscal components set out above lead to estimated changes in fiscal revenue that will be included in NSPV estimates of around -£28.88 billion in central estimates across the appraisal period (£2024/25, discounted, as are all figures stated in this section) relating to February 2024 changes, with an additional impact estimated at around +£0.96 billion from March 2024 changes. Impacts are inclusive of both impacts relating to main applicants and dependants. In February 2024 changes, an additional change of around -£10.61 billion in central estimates across the appraisal period would relate to potential fiscal revenue were total baseline volumes assumed to be 100% compliant. However, that -£10.61 billion change is excluded from NSPV estimates due to assumed non-compliance and accounting for potential benefits from non-compliant activity not being in alignment with policy objectives to address the high levels of non-compliance, exploitation, and immigration abuse within the adult social care sector.

230. Ranges of -£24.70 billion to -£35.58 billion apply for February 2024 changes – with these ranges driven by changes in estimated stocks resulting from changes in baseline volumes and components of fiscal revenue changing between scenarios; and additional impacts of March 2024 changes range from +£2.31 billion to -£9.21 billion. For March 2024 changes, ranges are also affected by variation in assumed employer behavioural response driven by elasticity of labour demand assumptions (see Section E.3.2). For February 2024 changes, an additional range of -£3.83 billion to -£24.37 billion would apply were total baseline volumes assumed to be 100% compliant, as noted in the preceding paragraph, this is not the case and these additional impacts are not included within NSPV estimates.

231. For care and senior care workers, impacts are primarily driven by reductions relating to February 2024 changes. In these changes the loss in revenue derives from reducing volumes of main applicants and working dependants. For the comparatively small additional impacts seen for March 2024 changes, impacts from reduced volumes are partially counterbalanced by behavioural response of employers increasing salaries (and so associated fiscal revenue) to continue to hire some main applicants.

232. For Skilled Worker visas, impacts have a larger scope to be impacted by assumed employer behavioural response relative to care workers. In particular in low scenarios, where minimal changes in main applicant volumes are seen due to employers assumed to be more inelastic in demand for labour in response to price changes, this factor sees revenue assumed to increase as a result of changes. The combination of factors affecting fiscal revenue estimates see an estimated change in fiscal revenue of around +£7.13 billion for Skilled Workers (and associated dependants) in central estimates across the appraisal period (£2024/25, discounted, rounded to nearest £10 million, as are all figures stated in this section. The estimated changes in fiscal revenue are around +£15.58 billion for Skilled Workers in low scenarios, and around -£19.82 billion in high scenarios.

233. In total, February 2024 changes – for changes in revenue included within NSPV estimates[81] - are estimated to result in estimated change in fiscal revenue of around **-£28.88 billion** in the central scenario across the appraisal period (£2024/25, discounted, rounded to nearest £10 million, as are all figures stated in this section), with a range of -£24.70 billion to -£35.58 billion in low to high scenarios. Additional impacts from March 2024 changes are estimated to result in estimated change in fiscal revenue of around **+£8.09 billion** in the central scenario across the appraisal period, with a range of +£17.88 billion to -£29.03 billion in low to high scenarios.

234. Only in the high scenario for March 2024 changes does the influence of estimated reductions in volumes outweigh the estimated impact of employer adjustment to new salary thresholds – as such low and central scenarios estimate a benefit and not a cost from changes to fiscal revenue.

235. These changes are considered small as it is across a 10-year appraisal period and in the financial year 2022/2023, according to the OBR, current receipts (tax revenue) were £1,029 billion[82].

Family Changes

236. For Family, the only impact is derived from the estimated reductions in fiscal revenue resulting from estimated changes in stocks, outlined in Section E.5.3. Alongside the variation in fiscal components set out above lead to estimated net change in fiscal revenue of around -£1.30 billion to -£7.65 billion over the appraisal period in low to high scenarios in the policy option, and -**£3.35 billion** in the central case. (discounted, £2024/2025).

Total Impact

237. Combining impacts across February and March 2024 Rules changes in all policies would comprise (in the central scenario) summing the -£28.88 billion and +£8.09 billion as set out in paragraph 233, and the -£3.35 billion from changes in Family policy as set out in paragraph 236. This sums to a change of around **-£24.14 billion** (£2024/25, discounted, rounded to nearest £10 million) across the appraisal period.

Labour Market Costs

Sponsored Work Changes

238. 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 8 people in employment in latest ONS data covering October to December 2023[83], and given the ONS definition (non-UK nationals) is broader than just counting migrants affected by these policy changes in employment, the scale of impacts from the preferred option would be expected to affect a much smaller share of the resident workforce.

239. Changes to care and senior care worker main applicants, should it prove the case that activity deterred as a result of changes would have been non-compliant or exploitative then deterring such activity would not be counted as a cost in this appraisal. Around 760,000 care workers and 100,000 senior care workers were estimated to be residents in the UK and employed in those occupations in the year ending September 2023[84], but data has not been identified to estimate the volume of

[81] See paragraphs 229 to 230 for scale of changes in fiscal revenue not included in NSPV estimates were 100% of baseline volumes assumed to be compliant.

[82] See Table A.5: Current receipts, OBR Economic and fiscal outlook – March 2024, available at: https://obr.uk/docs/dlm_uploads/E03057758_OBR_EFO-March-2024_Web-AccessibleFinal.pdf

[83] See 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

[84] Nomis Web Query of Annual Population Survey October 2022 to September 2023 data - https://www.nomisweb.co.uk/query/construct/submit.asp?menuopt=201&subcomp=

new starters as care or senior care workers in a year[85]. The estimated scale of impacts in the central scenario are around 15,000 – 20,000 (rounded to nearest 5,000) out of country main applicants a year, plus a similar scale of in country main applicants, of whom around half are assumed to be compliant with visa conditions in the central scenario and so represent a level of reduction in labour who would be counted within appraisal. In addition, it should be noted this is a reduction in potential future flows into the occupations and does not equate to a reduction in the stock and this IA estimates around 75 per cent of future baseline flows will remain eligible in the central scenario to continue to provide new inflows of labour to these occupations,. Levels of non-compliant or exploitative activity deterred will influence impacts on the sector.

240. Analysis is presented by sector for Skilled Worker – focusing on main applicants in those sponsored work visas only as information on sector derives from the associated CoS for main applicants on sponsored work visas and as such similar information is not available for dependants or family visa holders. Note as the uplift for SOC 2020 described in paragraphs 123 to 127 is sector agnostic. It does not estimate the sectors to which additionally eligible migrants may flow to. Analysis presented in this section for Skilled Worker visas is based on estimated eligibility prior to applying that uplift and as such may slightly overestimate impacts in terms potential reductions in eligibility.

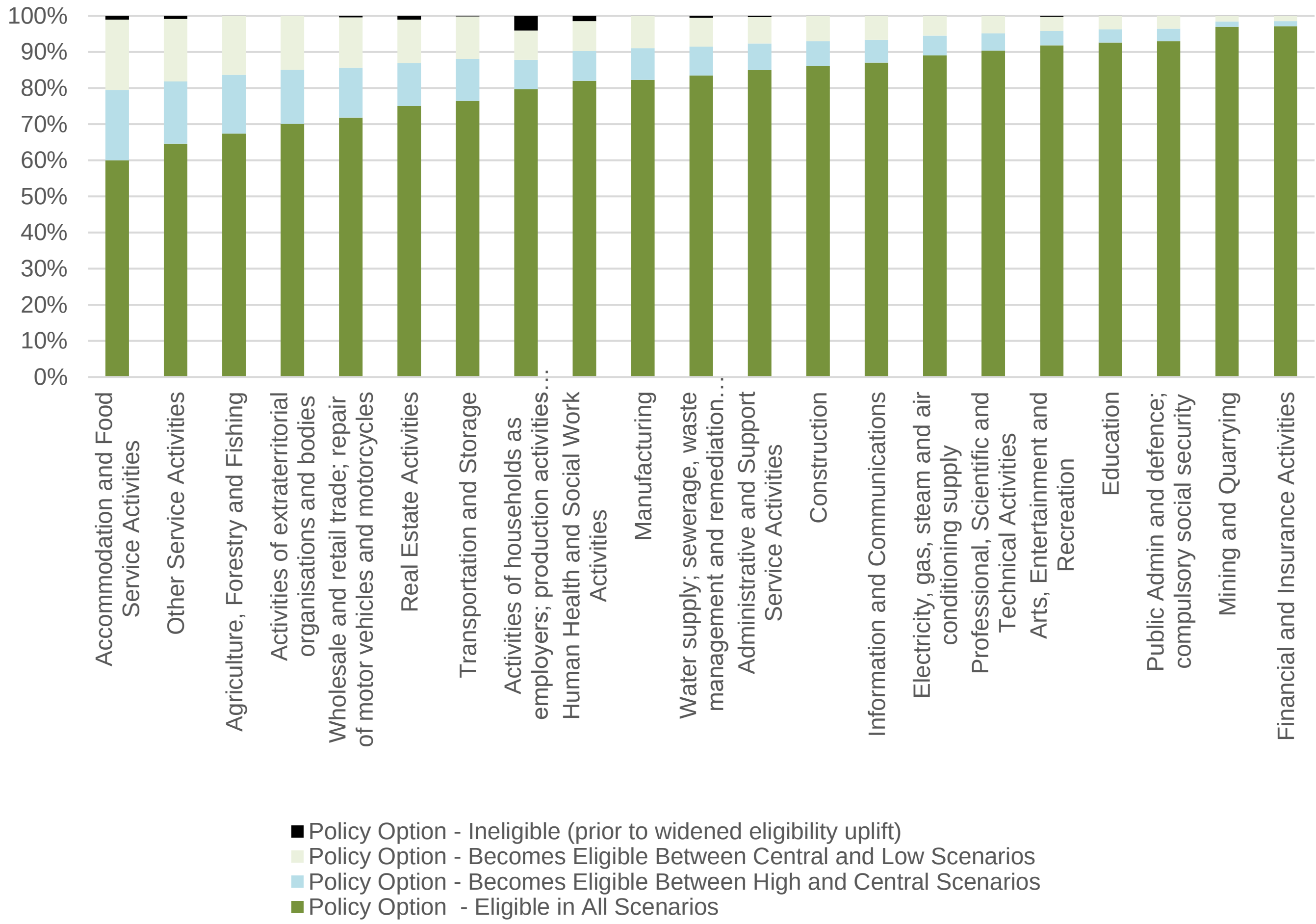
241. Analysis presented in the charts below highlight the shares of out of country main applicants in Skilled Worker visas estimated to remain eligible in low, central and high scenarios. The dark green bars illustrate the shares estimated to remain eligible in all scenarios, the light blue and light purple bars the shares estimated to become eligible between high and central and central and low scenarios based on assumed employer behavioural response to changes to salary thresholds and black bars illustrate shares estimated to be ineligible in all scenarios (again noting the limitations in analysis outlined in the previous paragraphs).

242. Within baseline data for out-of-country Skilled Worker main applicant visa grants, the sectors seeing the largest shares of grants (the five below account for around two-thirds of total grants in baseline out of country data), and Figure 1 illustrates estimated shares remaining eligible in scenarios are:

- *Professional, Scientific and Technical Activities*: accounting for 19 per cent of baseline data – estimated to see around 90 per cent to 100 per cent of out of country Skilled Worker main applicants remain eligible in high to low scenarios;
- *Financial and Insurance Activities*: accounting for 13 per cent of baseline data – estimated to see around 97 per cent to 100 per cent of out of country Skilled Worker main applicants remain eligible in high to low scenarios;
- *Information and Communications*: accounting for 12 per cent of baseline data – estimated to see around 87 per cent to 100 per cent of out of country Skilled Worker main applicants remain eligible in high to low scenarios;
- *Accommodation and Food Service Activities*: accounting for 12 per cent of baseline data – estimated to see around 60 per cent to 99 per cent of out of country Skilled Worker main applicants remain eligible in high to low scenarios;
- *Manufacturing*: accounting for 11 per cent of baseline data – estimated to see around 82 per cent to 100 per cent of out of country Skilled Worker main applicants remain eligible in high to low scenarios.

[85] Skills for Care data provides an estimated 15,000 job starts in 2023 in direct care roles but this is for the Local Authority sector within care only. See The workforce employed by adult social services departments in England (skillsforcare.org.uk) - https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/national-information/The-workforce-employed-by-adult-services-departments-in-England.aspx

Figure 1: Shares of out-of-country Skilled Worker visa main applicant grants estimated to remain eligible after changes to Immigration Rules in March 2024 in low, central and high scenarios in an any single year in the appraisal period (2024/25 to 2033/34)



243. To help illustrate the sense of scale, the total estimated change in main applicant out of country[86] grants across all policy changes (inclusive of both February 2024 and March 2024 Immigration Rules changes) affecting sponsored work visas in appraisal year 1 is estimated at around 20,000 (rounded to nearest 5,000). ONS estimates total inflows into employee work in January to December 2023 were around 7,966,000[87] – meaning in the central case the estimated impact on main applicants affects around 0.3 per cent of estimated new employees in a year. Noting – as stated in paragraph 210 - around 1 in 4 dependants are estimated to be in employment, of the total estimated 115,000 (rounded to nearest 5,000) around an additional 30,000 dependants potentially in employment may also be affected, equivalent to an additional 0.4 per cent of total inflows into employee work in January to December 2023. Data by sector does not identify new inflows into employee work by sector, however given the relatively limited impacts on new inflows combined with the potential proportional scale by sectors illustrated above may mean sectoral impacts may be limited.

Family Changes

244. As noted in paragraph 240 above, information on sector derives from the associated CoS for main applicants on sponsored work visa routes and as such, similar information is not available for family

[86] Focus is on out of country as in country applicants would be expected to already be part of the labour stock within the UK, and not new additions to the workforce and so not comparable to inflows into employee work.
[87] Earnings and employment from Pay As You Earn Real Time Information, seasonally adjusted - https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/realtimeinformationstatisticsreferencetableseasonallyadjusted

visa holders. Given this, no specific labour market analysis has been undertaken for family changes.

Policy Design Costs

Fee and Charge revenue

245. Costs from changes in the volumes of migrants applying for, and granted, relevant visas can accrue to the public sector through a reduction in visa fee, CoS fee, IHS and 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 and are set out in Section E.6, paragraphs 299 to 304. Not all these charges apply in all visa routes and relevant elements are outlined when discussing each visa category.

Sponsored Work Changes

246. Visa fee revenue is primarily estimated using the difference in volumes of applications multiplied by the stated visa fee and no fee waivers are assumed for these routes. However, as within the Skilled Worker route differentials in fees[88] exist for those using what was previously known as the SOL but now to be known as the ISL and for all routes by length of visa the distribution of these factors can also affect impacts. Visa fees apply to both main applicants and dependants. Note limitations of analysis of SOL/ISL as set out in Section E.2 will affect estimates of fee revenue. Visa fee levels for the relevant routes are:

- Skilled Worker (not eligible for SOL /ISL) – Out of Country – Up to 3 Years: £719
- Skilled Worker (eligible for SOL /ISL) – Out of Country – Up to 3 Years: £551
- Skilled Worker (not eligible for SOL /ISL) – In Country – Up to 3 Years: £827
- Skilled Worker (eligible for SOL /ISL) – In Country – Up to 3 Years: £551
- Skilled Worker (not eligible for SOL /ISL) – Out of Country – More than 3 Years: £1,420
- Skilled Worker (eligible for SOL /ISL) – Out of Country – More than 3 Years: £1,084
- Skilled Worker (not eligible for SOL /ISL) – In Country – More than 3 Years: £1,500
- Skilled Worker (eligible for SOL /ISL) – In Country – More than 3 Years: £1,084
- Health and Care – In / Out of Country – Up to 3 Years: £284
- Health and Care – In / Out of Country – More than 3 Years: £551

247. Visa fee revenue is also affected by shares applying for priority or super priority services[89] – these applicants pay an additional £500 per application for priority service or an additional £1,000 per application for super priority service to receive quicker decisions on visa applications. Projected volumes informing baseline volumes (see Section E.2.1) provide assumptions on the shares of applicants assumed to apply for these services, outlined in Table 17 below, and assumed to hold consistently across all baseline and policy option scenarios.

[88] See Visa fees transparency data - GOV.UK (www.gov.uk) - https://www.gov.uk/government/publications/visa-fees-transparency-data for latest visa fees and assumed processing costs. Fees and processing costs are assumed based on the 31 January 2024 publication.
[89] See Get a faster decision on your visa or settlement application: Applying for a faster decision - GOV.UK (www.gov.uk) - https://www.gov.uk/faster-decision-visa-settlement

Table 17 – Shares of sponsored work visa applicants assumed to apply for priority or super priority services

Visa Route	Service	Assumed Share of Main Applicants applying for service	Assumed Share of Dependants applying for service
Skilled Worker	Priority Service	46% Out of Country 47% In Country	32% Out of Country 24% In Country
	Super Priority Service	2% Out of Country 5% In Country	1% Out of Country 4% In Country
Health and Care	Priority Service	13% Out of Country 18% In Country	13% Out of Country 18% In Country
	Super Priority Service	1% Out of Country 1% In Country	1% Out of Country 1% In Country

Source: Home Office projections as outlined in section E.2.1

248. The change from the SOL to the ISL affects Skilled Worker visa fee revenue in particular as it will mean some who may have previously benefitted from reduced salary thresholds and reduced visa fees will no longer be eligible to do so - as the ISL now only applies where occupations see their going rate be below the general threshold for a visa route. This affects fee revenue where some behavioural adjustment to new salary thresholds is seen, as those assumed to adjust will now pay the non-discounted fee level. Particularly in the low scenario, where employers are assumed to fully adjust to new salary thresholds, this can affect estimated revenue impacts. As a result, this scenario sees visa fee revenue increase relative to the baseline. In the central and high scenarios, the estimated reductions in volumes have a larger impact than those previously using the SOL adjusting to pay higher fees if not eligible for the ISL and reductions in fee revenue are seen.

249. Fee and charge levels are also influenced by visa length - IHS charges are influenced by the length of visa rounded up to the nearest 6 months, while visa fee levels are influenced by whether a visa length is for up to three years or more than three years. The IHS does not apply to those using Health and Care visas and is assumed to be charged to and costs borne by the migrant (and dependants where relevant). Internal Home Office management information provides information on visa grant length – estimating median visa lengths of 3.2 years for out of country applicants and 3.0 years for in country applicants for Skilled Worker visas, and of 3.1 years for in and out of country care and senior workers. Dependants are assumed to have the same visa length as main applicants.

250. IHS revenue impacts are derived at a rate of £1,035 per year multiplied by the assumed volumes in each scenario[90]. However, charge levels are also affected by age of the applicant, with child dependants receiving a discounted charge level. Home Office internal management information estimates of dependant applicants on the Skilled Worker route in 2023 around 47 per cent of out of country and 48 per cent of in country applicants were aged under 18. These shares are assumed to be eligible for a reduced rate of £776 per year in all scenarios.

251. Where care and senior care workers – and associated dependants – are assumed to be employed by sponsors in ways that are non-compliant with visa conditions, no valid fee or charge revenue to include in appraisal is assumed as including revenue from non-compliant activity would not align with policy objectives around addressing abuse and non-compliance. Combining the assumptions leads to estimated impacts as outlined in Tables 18 and 19 below.

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

Table 18 - Estimated reductions in Health and Care (care and social care workers) visa application revenue in low, central and high cases for February 2024 changes relative to baselines and additional impact of March 2024 changes (2024/2025 to 2033/2034, summed across appraisal period, discounted, £2024/2025). Negative sign indicates reduction (cost) in comparison to baseline

Impact	Immigration Rules Change	Estimate (Central Scenario)	Estimate (Low to High Scenarios)
Visa fee revenue – Health and Care (care and senior care) – Main Applicants and Dependants Inclusive of estimated changes to super priority / priority service use	February 2024 (relative to baseline)	-£1.20 billion	-£0.99 billion to -£1.35 billion
	March 2024 (additional impact after Feb 2024 changes)	-£0.03 billion	£0 to -£0.16 billion

Source: Home Office analysis as detailed in paragraphs 246 to 251

Table 19 - Estimated reductions in Skilled Worker visa application revenue and IHS revenue in low, central and high cases relative to baselines (2024/2025 to 2033/2034, summed across appraisal period, discounted, £2024/2025). Negative sign indicates reduction (cost) in comparison to baseline

Impact	Estimate (Central Scenario)	Estimate (Low to High Scenarios)
Visa fee revenue – Skilled Worker – Main Applicants and Dependants Inclusive of estimated changes to super priority / priority service use	-£0.16 billion	+£0.33 billion to -£1.05 billion
IHS revenue – Skilled Worker – Main Applicants and Dependants	-£1.34 billion	-£0.02 billion to -£3.51 billion

Source: Home Office analysis as detailed in paragraphs 246 to 251

252. Totalling these impacts estimates a central change in fee / charge revenue of **-£1.2 billion** across the appraisal period (£2024/25, discounted rounded to nearest £0.1 billion) relating to February 2024 changes in Immigration Rules, with a range of around -£1.0 billion to -£1.4 billion; and additionally estimated impacts of a central change in fee / charge revenue of **-£1.5 billion** across the appraisal period (£2024/25, discounted rounded to nearest £10 million) relating to March 2024 changes in Immigration Rules, with a range of +£0.3 billion to -£4.7 billion. Changes in IHS revenue (where applicable) are the biggest driver of impacts. Were 100% of baseline activity be assumed to be compliant an additional change fee / charge revenue of around -£0.2 billion (range of -£0.1 billion to -£0.5 billion) would be estimated from February 2024 changes, but as noted above assumptions around non-compliance and alignment with policy objectives means this is not included in NSPV estimates.

Family Changes

253. A reduction in volumes applying for and granted visas as a result of an increase in the MIR, can result in a cost to the public sector owing to a loss in fee revenue and additional processing costs for those assumed to qualify under the 10 year route to settlement, who would have previously qualified under the 5 year route. A low, central, high scenario of granted fee waivers are applied for those who subsequently qualify under the 10 year route to settlement only.

254. Those on the family route do not pay the Immigration Skills Charge (ISC) or the Certificate of Sponsorship (Cos) and as such, fee impacts are only considered for visa fees and the Immigration Health Surcharge (IHS). Visa fee revenue for the family route is primarily estimated using the difference in volumes of applications, or granted applications, multiplied by the stated visa fee. Fees for adults and children are available on the gov.uk website[91] and are outlined below:

- Family application fee – Out of Country – Up to 2.5 Years: £1,846
- Family application fee – In country – Up to 2.5 Years: £1,048
- Family IHS fee – Out of country, child – Up to 2.5 Years: £2,328
- Family IHS fee – Out of country, adult – Up to 2.5 Years: £3,105
- Family IHS fee – In country, child – Up to 2.5 Years: £1,940
- Family IHS fee – In country, adult – Up to 2.5 Years: £2,588
- Family Settlement fee – In Country: £2,885

255. The IHS fee level is influenced by visa length and the age of the applicant, with child dependants receiving a discounted charge level. It should also be noted that IHS fee revenue is only collected for granted visa applications. This IA assumes a weighted IHS fee based on the proportion of adults and children assumed to be on the family route. Immigration statistics[92] for the year ending September 2023, estimates 87 per cent adults versus 13 per cent children on the family route. As such, weighted IHS fee levels are:

- Family IHS fee – Out of country – Up to 2.5 Years: £3,004
- Family IHS fee – In country – Up to 2.5 Years: £2,504

256. Visa fee revenue is also affected by shares applying for priority or super priority services[93] – these applicants pay an additional £500 per application for priority service or an additional £1,000 per application for super priority service to receive quicker decisions on visa applications. Projected volumes informing baseline volumes (see Section E.2.2) provide assumptions on the shares of

[91] 'Family visas: apply, extend or switch': https://www.gov.uk/uk-family-visa

[92] Home Office, 'Immigration system statistics, year ending September 2023' https://www.gov.uk/government/statistics/immigration-system-statistics-year-ending-september-2023/why-do-people-come-to-the-uk-for-family-reasons

[93] See Get a faster decision on your visa or settlement application: Applying for a faster decision - GOV.UK (www.gov.uk) - https://www.gov.uk/faster-decision-visa-settlement

applicants assumed to apply for these services outlined in Table 20 below and assumed to hold consistently across all baseline and policy option scenarios.

Table 20 – Shares of family visa applicants assumed to apply for priority or super priority services

Visa Route	Service	Assumed Share of applicants applying for service
Family Route	Priority Service	33% Out of Country 0% In Country
	Super Priority Service	0% Out of Country 21% In Country

Source: Home Office analysis as detailed in paragraphs 253 to 256

257. As noted, there are expected to be additional processing costs for applicants who would have previously qualified under the 5 year route to settlement but now qualify under the 10 year route to settlement. These costs are estimated at a lag of 5 years from the initial visa application, the point in time where the applicant would have reached settlement but is instead making a further visa extension. The relevant processing costs for all visa routes are outlined in the benefits section, paragraph 287 below where it is assumed that costs arise for processing the application fee, IHS fee and any granted fee waiver processing costs.

258. As those on the 10 year route are eligible for fee waivers, processing costs are expected to differ by those granted and not granted fee waivers. It is assumed that those on a fee waiver incur two processing costs; visa application and fee waiver application whilst those not a on fee waiver incur visa fee application and IHS processing costs.

259. Home Office internal management estimates the current proportion of granted fee waivers to be 35 per cent. As previously noted in paragraph 147, there remains uncertainty as to the impact of an increase in the MIR on granted fee waiver volumes.

260. For the purpose of this IA, low, central, high scenarios of fee waiver grants are modelled broadly in line with the assumptions made for those who move onto the 10 year route. This looks to capture the additional proportion of applicants who are assumed to now be eligible to apply for a fee waiver. Across all cohorts assumed to move to the 10 year route – **Cohorts B and E** - an increase of approximately 25 per cent and 50 per cent are assumed to move to the 10 year route in a central and high scenario. As such, fee waiver grant rates are assumed to increase proportionally from a low scenario of 35 per cent (reflecting the current fee waiver grant rate) to 44 per cent and 53 per cent in a central and high scenario respectively. It should be noted that fee waiver grant rates and the volume of applicants on the 10 year route are not intrinsically linked but may provide an indication of future fee waiver applications and grants.

261. Unlike the Sponsored Work Visa route, where no consideration of settlement is assumed as outlined in paragraph 79, the impact on fee revenue and processing costs for those who typically would have reached settlement in five years but now do not is included in cost estimates. These impacts are captured in Table 21 and Table 22 below.

Total change

262. When this central combined fee and charge impact of around -£1.5 billion from Family visa policy changes in March 2024 Immigration Rules is added to the estimated central scenario impacts for sponsored work visas of -£1.2 billion for February 2024 changes and -£1.5 billion relating to March changes, the combined central estimated impact on visa fee and charge revenue is -£4.27 billion (£2024/25, discounted, rounded to nearest £10 million) across the appraisal period. Note this does not include the additional beneficial impacts on fee and charge revenue from Family visa policy changes of around +£12 million as set out in Table 30 in a later section

Table 21 - Estimated reductions in Family visa application revenue and IHS revenue in low, central and high scenarios relative to baselines (2024/2025 to 2033/2034, summed across appraisal period, discounted, £2024/2025). Negative sign indicates reduction (cost) in comparison to baseline

Impact	Estimate (Central Scenario)	Estimate (Low to High Scenarios)
Visa fee revenue – Family Inclusive of estimated changes to super priority / priority service use	-£780 million	-£315 million to -£1.4 billion
IHS fee revenue – Family	-£760 million	-£310 million to -£1.4 billion

Source: Home Office analysis as detailed in paragraphs 253 to 262

Table 22 – Estimated additional processing costs for family visa applications, IHS applications and fee waiver applications in a low, central and high scenarios relative to baselines (2024/2025 to 2033/34, summed across appraisal period, discounted, £2024/2025). Negative sign indicates reduction (cost) in comparison to baseline

Impact	Estimate (Central Scenario)	Estimate (Low to High Scenarios)
Visa fee processing costs – Family Inclusive of estimated changes to super priority / priority service use	-£3 million	-£260,000 to -£6.2 million
IHS processing costs – Family	-£100,000	-£10,000 to -£160,000
Fee Waiver processing costs – Family	-£625,000	-£40,000 to -£1.4 million

Source: Home Office analysis as detailed in paragraphs 253 to 262

Employer adjustment – Increased Salaries to continue to hire on relevant visas

263. Sponsors assumed to respond to increased/updated salary thresholds may choose to bear an indirect cost of increased costs of employment from raising salaries to meet new thresholds. These impacts result from March 2024 changes to sponsored work visa Immigration Rules only.

264. The assumed behavioural response from employers in low, central, and high scenarios are indications of businesses potentially choosing to incur higher costs and choosing to continue to hire main applicants on relevant visas. 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.

265. Across the appraisal period, the median discounted estimated additional costs to employers to adjust to new salary thresholds (£2024/25, discounted, adjusted for assumed productivity growth over the appraisal period, rounded to the nearest £1,000) are estimated between around £7,000 and £8,000 a person for Skilled Worker main applicants, and around £2,000 a person for Care and senior care worker main applicants. These costs are influenced by two factors – baseline volumes and the degree of behavioural response from employers assumed in scenarios.

266. These factors combine to influence estimated impacts, for example:

- As the low scenario is based on the lowest baseline volumes, this element weights volumes assumed to the adjust in the low scenario towards the lower end – given the scale of baseline volumes being the lowest places a limitation on volumes who could adjust;

- However as the low scenario also has the lowest assumed elasticity (that is. the greatest degree of behavioural response from employers assumed) proportionally the highest share of volumes where employers would be assumed to adjust salaries would be within this scenario, weighting impacts towards the high end. The opposite would hold in the high scenario.

267. These combinations lead to estimated volumes in the estimated stocks assumed to adjust in each year as in Tables 23 and 24 below.

Table 23 - Estimated volumes – stocks - of Skilled Worker main applicants estimated to see employers adjust salaries to meet new thresholds in low, central and high cases, total both in and out of country (thousands, rounded to nearest 5,000)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Low	60	130	210	300	390	450	500	550	595	640
Central	65	150	235	340	440	505	560	615	665	720
High	65	145	235	335	430	495	550	605	655	705

Source: Home Office analysis of potential policy impact prior to assuming employer behavioural response, applied to baseline volumes (see Section E.2.)

Table 24 - Estimated volumes – stock - of Health and Care (care and senior care workers) main applicants estimated to see employers adjust salaries to meet new thresholds in low, central and high cases, total both in and out of country (thousands, rounded to nearest 5,000)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Low	60	125	185	240	285	315	345	375	405	435
Central	75	160	235	300	360	400	435	475	515	550
High	75	160	245	325	390	440	480	525	565	610

Source: Home Office analysis of potential policy impact prior to assuming employer behavioural response, applied to baseline volumes (see Section E.2.)

Source: Home Office analysis of potential policy impact prior to assuming employer behavioural response, applied to baseline volumes (see Section E.2.)

268. These volumes are multiplied by the median estimated increase in total employer costs from adjusting to new salary thresholds in each scenario. Note the combination of factors noted in paragraph 266 above can mean the highest impacts are sometimes seen in the central scenario. The range of potential impacts is estimated at:

- Skilled Worker: **£31.8 billion in the central scenario** (£2024/25, discounted across the appraisal period), £28.3 billion (£2024/25, discounted across the appraisal period) in the low scenario and £31.3 billion (£2024/25, discounted across the appraisal period) in the high scenario.

- Health and Care (care and senior care workers): **£7.3 billion in the central scenario** (£2024/25, discounted across the appraisal period), £5.8 billion (£2024/25, discounted across the appraisal period) in the low scenario and £7.9 billion (£2024/25, discounted across the appraisal period) in the high scenario.

269. Combined, the estimated impact is **£39.1 billion in the central scenario** (£2024/25, discounted across the appraisal period), £39.2 billion (£2024/25, discounted across the appraisal period) in the low scenario and £34.1 billion (£2024/25, discounted across the appraisal period) in the high scenario. To help illustrate a sense of scale, ONS and HMRC data estimated around 30.4 million employees in the UK in January 2024, and median monthly earnings of £2,334 – suggesting a total

annual UK wage bill for employees of around £850 billion[94]. As such the range of around £34billion to £39 billion over 10 years (and so an annual average of around £3.4 billion to £3.9 billion) of estimated indirect employer adjustment costs to new salary thresholds – which also includes elements in addition to salary costs - is a relatively small fraction of total UK employee wage costs.

Unquantified Costs

Productivity and Innovation

270. Research has suggested inflows of skilled labour may have positive impacts on productivity and innovation, with the MAC[95] 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 assumed impacts may be relatively small given migrants affected would be assumed to make up a small share of the stock of migrants in employment in the UK and given care and family changes include substantial volumes affected who may be assumed to be non-working dependants may also limit potential scales these impacts.

Wider Employer Adjustment

271. Increasing salaries is not the only behavioural adjustment employers could make in response to policy impacts, and in the case of response to changes requiring care and senior worker sponsors to hold active CQC registration will not be an option. 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.

272. 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

[94] ONS 'Earnings and employment from Pay As You Earn Real Time Information, UK: February 2024' - https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/earningsandemploymentfrompayasyouearnrealtimeinformationuk/latest
[95] 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

indicators suggest there may be easing in this tightness[96]. A looser labour market would be expected to help smooth potential adjustment.

273. In addition, migrant behaviour may also influence impacts. If not eligible for a visa / job they may have initially applied for if migrants applied for following policy option changes, some may look for work that complies with eligibility rules on these or other visas and continue to come to the UK. Such behaviour would be expected to help dampen potential impacts on employers.

274. Again, it should be noted that replacement of non-compliant activity would not be considered a cost within NSPV estimates in this appraisal, and as such levels of non-compliant or exploitative activity deterred will influence impacts, particularly in care and senior care work where, as outlined in paragraphs 67 to 69 evidence of non-compliant activity is clear on its existence.

Wider Impacts from the Family Route Changes

275. There are several potential unquantifiable wider behavioural impacts from the change to the Minimum Income Requirement. Families may choose to relocate abroad rather than move to the UK, or families may decide to live apart, which would incur an emotional cost. Where children are involved, single-parent families may be created which could have an economic, social and emotional impact on those children.

276. Other impacts could include an impact on sponsor behaviour, where that sponsor seeks out and obtains better paid employment to meet the increased MIR. It is not possible to estimate the scale of these impacts, as any behavioural impacts are hard to estimate. Also as stated in Section E.5.1 the extent to which applicants can choose to apply via alternative visa routes or apply for visa waivers is difficult to determine.

BENEFITS

Set-up benefits

277. No transitional benefits have been identified.

Ongoing and total benefits (Private and Public)

<u>Quantified Benefits</u>

Macroeconomic Benefits

<u>Fiscal Pressure</u>

Sponsored Work Changes

278. Fiscal pressures only see changes in volumes and changes in age profiles influence impacts – mean alongside the variation in fiscal components set out above estimates of changes to fiscal pressures are influenced primarily by changes in volumes between scenarios.

279. For care and senior care workers (and associated dependants), February 2024 changes are estimated to lead to estimated changes in fiscal pressure of around -£33.96 billion to -£102.57 billion over the appraisal period in low to high scenarios in the policy option, and -**£59.46 billion** in the central case (discounted, £2024/25, rounded to nearest £10 million). Impacts are primarily driven by estimated reductions in dependant volumes. Additionally, changes for this group in March 2024 are estimated to lead to estimated change in fiscal pressure of around £0 billion to -£8.57 billion over the appraisal period in low to high scenarios in the policy option, and -£0.92 billion in the central case (discounted, £2024/25, rounded to nearest £10m).

280. For Skilled Worker main applicants (and associated dependants) changes for this group in March 2024 are estimated to lead to estimated changes in fiscal pressure of around -£0.04 billion to -£23.79 billion over the appraisal period in low to high scenarios in the policy option, and -£5.93 billion in the central case (discounted, £2024/25, rounded to nearest £10 million).

[96] For example, see Bank of England '*Monetary Policy Report - February 2024*' - https://www.bankofengland.co.uk/monetary-policy-report/2024/february-2024

281. Total impacts on fiscal pressure from March 2024 changes (noting for Care and senior care workers these are the additional impact on top of February 2024 changes) are estimated to result in estimated changes in fiscal pressure of around -£0.04 billion to -£32.36 billion over the appraisal period in low to high scenarios in the policy option, and **-£6.85 billion** in the central case (discounted, £2024/25, rounded to nearest £10 million).

282. This reduction in fiscal pressure is considered small as it is across a 10-year appraisal period and in the financial year 2022/23, according to the OBR, total managed expenditure (government expenditure) was £1,151 billion.[97]

283. Note as the analysis contained within this appraisal is influenced by the assumed employer behavioural response from employers in adjustment to new salary thresholds comparisons between estimates of fiscal revenue and fiscal spend impacts in this IA do not offer insight into the net fiscal impact of those on sponsored work routes migrants overall.

Family Changes

284. For Family, the variation in fiscal components set out above lead to estimated net change in fiscal pressure of around -£1.07 billion to -£10.09 billion over the appraisal period in low to high scenarios in the policy option, and **-£3.73 billion** in the central case. (discounted, £2024/25).

Total changes

285. When adding the -£3.73 billion from Family changes to the Sponsored Work changes of -£59.46 billion and -£6.85 billion in central cases for sponsored work visas as outlined in paragraphs 279 and 281 above, the combined impact in the central case is estimated at around **-£70.03 billion** (discounted, £2024/25, rounded to nearest £10 million).

Policy Design Benefits

<u>Fee and Charge processing costs</u>

286. 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 rely on similar assumptions and methods as for analysis as for changes to fee and charge revenue – just noting where multiplied by an assumed fee/charge level in that previous section volumes are multiplied by assumed processing costs in this section.

287. Visa application and CoS processing costs are published[98]. The relevant processing costs are:

- Skilled Worker / Health and Care visa – Out of Country: £129
- Skilled Worker / Health and Care visa – In Country: £151
- Family application – Out of Country: £366
- Family application – In Country: £399
- Family fee waiver – In Country: £177
- Family settlement – In Country: £646
- CoS: £230
- Priority visa service: £14.88
- Super priority visa service: £48.80

288. ISC and IHS fee revenue and processing are delivered through a third party, with a percentage of revenue collected retained by the third party to cover processing costs. As the third party will need to process fewer applications, the change in revenue retained by the third party may represent the

[97] See Table A.7: Current receipts, OBR Economic and fiscal outlook – March 2024, available at: https://obr.uk/docs/dlm_uploads/E03057758_OBR_EFO-March-2024_Web-AccessibleFinal.pdf
[98] Visa fees transparency data - GOV.UK (www.gov.uk) - https://www.gov.uk/government/publications/visa-fees-transparency-data

value of the benefit in reduced processing requirements. Internal estimates suggest 1.79 per cent of ISC revenue, 2 per cent of IHS revenue if out of country, and 0.9 per cent of IHS revenue if in country may be representative of the revenue retained by the third party.

Sponsored Work Changes

289. Applying the estimated unit processing costs as outlined above to changes in volumes in policy option scenarios relative to baselines estimates impacts as outlined in Tables 25 to 26 below.

Table 25 - Estimated reductions in Health and Care (care and social care workers) visa application, CoS and ISC processing costs in low, central and high cases for February 2024 changes relative to baselines and additional impact of March 2024 changes (2024/2025 to 2033/2034, summed across appraisal period, discounted, £2024/2025). Negative sign indicates reduction (benefit) in comparison to baseline

Impact	Immigration Rules Change	Estimate (Central Scenario)	Estimate (Low to High Scenarios)
Visa fee processing costs – Health and Care (care and senior care) – Main Applicants and Dependants Inclusive of priority/super priority visa service	February 2024 (relative to baseline)	-£0.34billion	-£0.25 to -£0.42 billion
	March 2024 (additional impact after Feb 2024 changes)	-£0.01 billion	£0 to -£0.04 billion
CoS processing costs – Health and Care (care and senior care) – Main Applicants	February 2024 (relative to baseline)	-£0.07 billion	-£0.05 to -£0.09 billion
	March 2024 (additional impact after Feb 2024 changes)	-£0.01 billion	£0 to -£0.05 billion
ISC processing costs – Health and Care (care and senior care) – Main Applicants	February 2024 (relative to baseline)	-£0.01 billion	-£0.01 to -£0.01 billion
	March 2024 (additional impact after Feb 2024 changes)	< -£0.01 billion	< -£0.01 billion in all scenarios

Source: Home Office analysis as outlined in paragraphs 286 to 288 preceding this table

Table 26 - Estimated reductions in Skilled Worker visa application, CoS, IHS and ISC processing costs in low, central and high cases relative to baselines (2024/2025 to 2033/2034, summed across appraisal period, discounted, £2024/2025). Negative sign indicates reduction (benefit) in comparison to baseline

Impact	Estimate (Central Scenario)	Estimate (Low to High Scenarios)
Visa processing costs – Skilled Worker – Main Applicants and Dependants Inclusive of priority/super priority visa service	-£0.06 billion	< -£0.01 to -£0.16 billion
CoS processing costs – Skilled Worker – Main Applicants	-£0.06 billion	< -£0.01 to -£0.15 billion
ISC processing costs – Skilled Worker – Main Applicants	< -£0.01 billion	< -£0.01 to -£0.01 billion
IHS processing costs – Skilled Worker – Main Applicants and Dependants	-£0.01 billion	< -£0.01 to -£0.04 billion

Source: Home Office analysis as outlined in paragraphs 286 to 288 preceding this table

290. Totalling these impacts estimates a central change in fee / charge processing costs of around **-£0.42 billion** across the appraisal period (£2024/25, discounted rounded to nearest £10 million) relating to February 2024 changes in Immigration Rules, with a range of -£0.31 billion to -£0.52 billion; and additionally estimated impacts of a central change in fee / charge processing costs of **-£0.16 billion** across the appraisal period (£2024/25, discounted rounded to nearest £10 million) relating to March 2024 changes in Immigration Rules, with a range of less than -£0.01 billion to -£0.45 billion.

Family Changes

291. Processing cost recovery for family changes is assumed to be for those who are no longer able to apply under the family route including those that no longer settle within 5 years and thus don't incur settlement processing costs. Further, additional fee revenue is assumed for applicants moved onto the 10 year route to settlement but who are not granted a fee waiver. As outlined in paragraph 260 above, fee waiver grant rates are assumed to be 35 per cent, 44 per cent and 53 per cent in a low, central and high scenario respectively.

292. Applying the estimated unit processing costs and fees (outlined in section E.6, paragraph 287) to changes in volumes in policy option scenarios relative to baselines, estimates impacts as outlined in Tables 27 to 28 below.

Total Changes

293. Combining the estimated central cases as set out in Tables 25, 26 and 28 estimates a combined central impact of around -£0.76 billion on visa application and charge processing costs from the package of February 2024 and March 2024 Immigration Rules changes.

Table 27 - Estimated additional Family visa application revenue and IHS revenue in low, central and high scenarios relative to baselines (2024/25 to 2033/34, summed across appraisal period, discounted, £2024/2025).

Impact	Estimate (Central Scenario)	Estimate (Low to High Scenarios)
Visa fee revenue – Family Inclusive of estimated changes to super priority / priority service use	£6 million	£0.5 million to £9 million
IHS revenue – Family	£6 million	£0.5 million to £9 million

Source: Home Office analysis as outlined in paragraphs 291 to 292 preceding this table

Table 28 – Estimated reduction in processing costs for family visa applications, IHS applications and fee waiver applications in a low, central and high scenarios relative to baselines (2024/25 to 2033/34, summed across appraisal period, discounted, £2024/25).

Impact	Estimate (Central Scenario)	Estimate (Low to High Scenarios)
Visa fee processing costs – Family Inclusive of estimated changes to super priority / priority service use	£176 million	£70 million to £326 million
IHS processing costs – Family	£14 million	£6 million to £25 million
Fee Waiver processing costs – Family	£435,000	£135,000 to £1 million

Source: Home Office analysis as outlined in paragraphs 291 to 292 preceding this table

<u>Unquantified Benefits</u>

Labour Market benefits – displacement, wage and training impact

294. The MAC reviewed evidence[99] 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".

[99] 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

295. Given these findings, these impacts are thought to be negligible. However, the impact on volumes of cohorts that could represent employment at lower skill levels (Care and Senior Care, dependants and Family), the impacts could be relatively more significant but on average still small.

Spill-over benefits

296. 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".

297. Research from the Migration Observatory[100] finds that 52 per cent of people surveyed in April 2023 thought that immigration numbers should be reduced, of which 37 percentage points felt they should be reduced by a lot. 32 per cent of respondents indicated that immigration was a bad or a very bad thing. However, in research undertaken by The National Centre for Social Research (NatCen) highlights[101], of survey respondents in 2022 over half gave a score between 7 and 10 (where 10 is most positive) when asked whether 'cultural life is generally undermined or enriched' and whether it makes the country a 'worse or better place to live'. As such benefits may be negligible as a result of changes discussed in this Impact Assessment in relation to social or community level impacts, noting estimated fiscal impacts account for use of public services.

Business administrative savings

298. Employers may benefit from reduced volumes of main applicants on sponsored work visas reduce time spent on interaction with the immigration system. A previous Impact Assessment[102] estimated unit costs of these actions based on two previous studies in 2019 based on users of the predecessor visa system to the current Points-Based Immigration system. No updated data to reflect current experiences has been sourced and as such this impact is not quantified. It would expect to result in an indirect benefit to sponsors of sponsored work visa main applicants from each forgone application.

[100] See UK Public Opinion toward Immigration: Overall Attitudes and Level of Concern – Migration Observatory - UK Public Opinion toward Immigration: Overall Attitudes and Level of Concern - Migration Observatory - The Migration Observatory (ox.ac.uk)
[101] See How are attitudes to Immigration in Britain changing? | National Centre for Social Research (natcen.ac.uk) - https://natcen.ac.uk/how-are-attitudes-immigration-britain-changing
[102] See Home Office (2020) HO0376 '*Impact Assessment for changes to the Immigration Rules for Skilled Workers*' - https://www.gov.uk/government/publications/supporting-documents-for-skilled-worker-immigration-rules.

TRANSFERS

Fee and Charging Revenue

Sponsored Work Changes

299. As set out above, CoS fee and ISC fee revenue are assumed to be a transfer from sponsors and so not included in NPSV estimates and are set out in more detail in this section. As with consideration of other fee revenue, where care and senior workers are assumed to be engaged in non-compliant activity, no revenue is considered within this appraisal. Note assumptions on the degree to which non-compliant activity is assumed (25 per cent of baseline non-CQC registered main applicants and associated dependants in the low scenario, rising to 50 per cent and 75 per cent in central and high scenarios) mean the difference in volumes – and so difference in transfer revenue – between compliant main applicants is largest in the low scenario and smallest in the high scenario.

300. CoS fee revenue is estimated by comparing the multiplication of volumes of main applicants by the CoS fee (£239[103]) within each scenario. CoS fees are charged to sponsors on the basis of main applicants only. CoS fees.

301. The ISC level is also influenced by the length of visa rounded up to the nearest 6 months and is levied on all relevant routes. As set out above, Internal Home Office management information provides information on visa grant length – estimating median visa lengths of 3.2 years for out of country applicants and 3.0 years for in country applicants for Skilled Worker visas, and of 3.1 years for in and out of country care and senior workers. Dependants are assumed to have the same visa length as main applicants.

302. ISC revenue are largely derived by comparing the multiplication of assumed volumes in each scenario, by fee levels[104], and accounting for length of visa. However, charge levels also differentiate between firm size of the employer sponsor with a charge of £1,000 per 12 months for large sponsors and £364 for small and medium sponsors. Baseline data for the year ending September 2023 provides this information, enabling estimates of eligibility by firm size to be estimated within policy option scenarios. Estimated baseline distributions by firm size are set out in the 'Impact on medium, small and micro businesses' section below, . ISC charges are charged to sponsors on the basis of main applicants only.

303. Combining the assumptions leads to estimated transfers as outlined in Tables 29 to 30 below. As a transfer, in the tables below, a negative value represents a reduction in cost to business, and in turn a reduction in revenue benefit to HMG.

Table 29 – Estimated reductions in Health and Care (care and social care workers) CoS and ISC revenue in low, central and high cases for February 2024 changes relative to baselines and additional impact of March 2024 changes (2024/25 to 2033/34, summed across appraisal period, discounted, £2024/25).

Impact	Immigration Rules Change	Estimate (Central Scenario)	Estimate (Low to High Scenarios)
CoS Revenue – Health and Care (care and senior care) – Main Applicants and Dependants	February 2024 (relative to baseline)	-£0.04 billion	-£0.04 to -£0.02 billion
	March 2024 (additional impact after Feb 2024 changes)	-£0.01 billion	£0 to -£0.05 billion

[103] See UK visa sponsorship for employers: Certificates of sponsorship - GOV.UK (www.gov.uk) - https://www.gov.uk/uk-visa-sponsorship-employers/certificates-of-sponsorship
[104] See UK visa sponsorship for employers: Immigration skills charge - GOV.UK (www.gov.uk) - https://www.gov.uk/uk-visa-sponsorship-employers/immigration-skills-charge

ISC Revenue – Health and Care (care and senior care) – Main Applicants	February 2024 (relative to baseline)	-£0.18 million	-£0.21 to -£0.09 billion
	March 2024 (additional impact after Feb 2024 changes)	-£0.08 million	£0 to -£0.16 billion

Source: Home Office analysis as outlined in paragraphs 299 to 303 preceding this table. Rounded to nearest £10 million.

Table 30 – Estimated reductions in Skilled Worker visa CoS and ISC revenue in low, central and high cases relative to baselines (2024/25 to 2033/34, summed across appraisal period, discounted, £2024/25).

Impact	Estimate (Central Scenario)	Estimate (Low to High Scenarios)
CoS fee revenue – Skilled Worker – Main Applicants (Transfer)	-£60 million	Less than -£5 million to -£150 million
ISC revenue – Skilled Worker – Main Applicants (Transfer)	-£250 million	Less than -£5 million to -£710 million

Source: Home Office analysis as outlined in paragraphs 299 to 304 preceding this table

304. Collating the impacts across policies estimates a reduction in transfers from business to HMG of around **£0.21 billion** (£2024/25, discounted, summed across appraisal period, rounded to nearest £10 million) in the central case resulting from February 2024 changes, ranging from a reduction of around £0.25 billion to a reduction of around £0.12 billion in low and high scenarios. For March 2024 changes affecting sponsored work visas these are estimated at a **£0.40 billion** reduction in the central case, ranging from around less than £0.01 billion to around £1.07 billion in low and high scenarios. Were 100% of baseline activity assumed to be compliant an additional reduction in transfers from business to HMG of around £0.24 billion (£2024/25, discounted, summed across appraisal period, rounded to nearest £10 million) in the central case would be estimated to result from February 2024 changes, ranging from a reduction of around £0.09 billion to a reduction of around £0.46 billion in low and high scenarios. However, given assumptions around non-compliance and alignment with policy objectives, these are not considered as quantified estimates to include when considering policy impact.

NPSV, BNPV, EANDCB

305. The Net Present Social Value (NPSV) captures the expected net economic benefit to society over the appraisal period and are the present value of the future costs and benefits to UK society discounted over the 10-year appraisal period by the appropriate Green Book[105] social time preference rate of 3.5%.

306. The overall economic and social impacts of changes in February 2024 and March 2024 Immigration Rules are summarised separately in Tables 31 and 32 below and combined in Table 33 below. The figures presented may not sum up due to rounding. All estimates are subject to uncertainty and should be treated as indicative of the scale of impacts, not precise predictions of actual impacts.

307. Within NSPV estimates, fiscal impacts are the largest costs and benefits, and may have largest influence on NSPV estimates alongside (for changes in March 2024 affecting sponsored work visas only) assumed indirect employer adjustment costs for sponsored work visas where some

[105] See The Green Book, Gov.uk, Available at: The Green Book (publishing.service.gov.uk)

behavioural adjustment from employers in terms of increasing salaries to meet new thresholds to continue to hire migrant workers on relevant visa routes.

308. The central estimate for the NSPV of the combined February and March 2024 policy changes is estimated at £+3.32 billion (PV, 2024/25 prices) over the 10 year appraisal period.

Table 31 – Costs, benefits and NSPV of changes in February 2024 Immigration Rules, in low, central and high scenarios relative to baselines (2024/25 to 2033/34, summed across appraisal period, discounted, £2024/25, £ billion)

	Low	Central	High
COSTS			
Transitional Familiarisation Cost	<0.01	<0.01	<0.01
Reduction in visa fee revenue	0.99	1.20	1.35
Reduction in Fiscal Revenue	24.70	28.88	35.58
TOTAL	**25.69**	**30.08**	**36.94**
BENEFITS			
Reduction in visa fee, CoS fee, and ISC processing costs	0.31	0.42	0.52
Reduction in fiscal pressure	33.96	59.46	102.57
TOTAL	**34.27**	**59.87**	**103.09**
NSPV			
TOTAL	**+8.58**	**+29.79**	**+66.16**

Source: Home Office analysis as outlined in this Impact Assessment. Rounded to nearest £10 million.

For changes in February 2024 a positive NSPV is estimated in all scenarios. This is influenced by the assumed level of non-compliance in each scenario, and that estimated reductions in fiscal pressure from fewer main applicants and dependants estimated to be larger than reductions in fiscal revenue from fewer main applicants and working dependants. Given care and senior care workers are relatively low earners when compared to Skilled Worker main applicants, and the relative scale of change in estimated volumes of dependants to main applicants this may help explain the estimates. As noted, the scale of net fiscal impact is small relative to total fiscal revenue and total fiscal spend.

Table 32 – Costs, benefits and NSPV of changes in March 2024 Immigration Rules, in low, central and high scenarios relative to baselines (2024/25 to 2033/34, summed across appraisal period, discounted, £2024/25, £ billion).

	Policy Area	Low	Central	High
COSTS				
Transitional Familiarisation Cost	Sponsored Work	<0.01	<0.01	<0.01
	Family	<0.01	<0.01	<0.01
Reduction in visa fee revenue	Sponsored Work	-0.33	0.19	1.21
	Family	0.31	0.78	1.44
Reduction in IHS revenue	Sponsored Work	0.02	1.34	3.51
	Family	0.31	0.76	1.39
Reduction in Fiscal Revenue	Sponsored Work	-17.88	-8.09	29.12
	Family	1.30	3.35	7.65
Indirect Employer Adjustment - Salaries	Sponsored Work	34.07	39.07	39.20
Additional visa fee and IHS processing costs	Family	<0.01	<0.01	0.01
TOTAL	**Sponsored Work**	**15.87**	**32.51**	**73.04**
	Family	**1.92**	**4.89**	**10.48**
	TOTAL	**17.79**	**37.40**	**83.43**
BENEFITS				
Reduction in visa fee, CoS fee, and IHS processing costs	Sponsored Work	<0.01	0.16	0.45
	Family	0.08	0.19	0.35
Reduction in fiscal pressure	Sponsored Work	0.04	6.85	32.36
	Family	1.07	3.73	10.09
Additional Fee Revenue	Family	<0.01	0.01	0.01
Additional IHS Revenue	Family	<0.01	0.01	0.01
TOTAL	**Sponsored Work**	**0.05**	**7.01**	**32.81**
	Family	**1.14**	**3.93**	**10.46**
	TOTAL	**1.19**	**10.93**	**43.28**
NSPV				
TOTAL	**Sponsored Work**	**-15.82**	**-25.51**	**-40.14**
	Family	**-0.77**	**-0.96**	**-0.02**
	TOTAL	**-16.60**	**-26.47**	**-40.15**

Source: Home Office analysis as outlined in this Impact Assessment. Rounded to nearest £10 million. Negative costs are assessed as benefits in a particular scenario. Note for care and senior workers elements of sponsored work visas impacts are additional impacts to February 2024 changes, £ billion.

309. March 2024 changes to sponsored work visas are estimated to result in net costs in all scenarios. The key drivers are the level of assumed behavioural response from employers in adjusting to higher salary thresholds resulting in increased salaries for some migrants leading to net increases in fiscal revenue and also larger costs to employers in increasing salaries for this labour, combined with estimated savings in fiscal pressures from migrants deterred. As noted in paragraphs 235 and 282, the scale of fiscal impact is small relative to total fiscal revenue and total fiscal spend, and as noted in paragraph 269 the relative scale of estimated salary increases is small relative to the total employee salary costs in the UK labour market.

Combined impact of February and March rules changes

310. Combined, the package of February 2024 and March 2024 changes results in estimated costs and benefits across the appraisal period as presented in Table 33 below.

Table 33: Costs, benefits and NSPV of changes in February and March 2024 Immigration Rules combined, in low, central and high scenarios relative to baselines (2024/25 to 2033/34), summed across appraisal period, discounted, £2024/25, £ billion

	Policy Area	**Low**	**Central**	**High**
COSTS				
TOTAL	Sponsored Work	41.56	62.59	109.88
	Family	1.92	4.89	10.48
	TOTAL	43.48	67.49	120.36
BENEFITS				
TOTAL	Sponsored Work	34.32	66.88	135.90
	Family	1.14	3.93	10.46
	TOTAL	35.46	70.81	146.37
NSPV				
TOTAL	**Sponsored Work**	**-7.24**	**+4.29**	**+26.02**
	Family	**-0.77**	**-0.96**	**-0.02**
	TOTAL	**-8.01**	**+3.32**	**+26.00**

Source: Home Office analysis as outlined in this Impact Assessment. Rounded to nearest £10 million

311. Tables 34 and 35 illustrate the estimated costs and benefits in the central scenario in each appraisal year for February and March changes separately.

Table 34 – Costs and Benefits in each appraisal year, Central Scenario, February 2024 changes to Immigration Rules (£2024/25, discounted, £ billion)

	Appraisal Year									
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Costs										
Transitional Familiarisation Costs	<0.1	0	0	0	0	0	0	0	0	0
Visa Fee Revenue Lost	0.11	0.12	0.13	0.13	0.12	0.13	0.12	0.12	0.11	0.11
Reduction in Fiscal Revenue	0.67	1.35	2.03	2.58	3.02	3.35	3.62	3.87	4.09	4.30
Benefits										
Reduction in visa/CoS/ISC processing costs	0.04	0.04	0.05	0.05	0.04	0.04	0.04	0.04	0.04	0.04
Reduction in Fiscal Pressure	1.47	2.95	4.36	5.45	6.32	6.92	7.40	7.82	8.21	8.56
NSPV										
Total	**0.73**	**1.52**	**2.24**	**2.79**	**3.22**	**3.49**	**3.70**	**3.88**	**4.04**	**4.18**

Source: Home Office analysis as outlined in this Impact Assessment. Rounded to nearest £10 million.

Table 35 – Costs and Benefits per year, Central Scenario, March 2024 changes to Immigration Rules (£2024/25, discounted £ billion)

	Appraisal Year									
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Costs										
Transitional Familiarisation Costs – Sponsored Work	<0.01	0	0	0	0	0	0	0	0	0
Transitional Familiarisation Costs – Family	<0.01	0	0	0	0	0	0	0	0	0
Visa Fee Revenue Lost – Sponsored Work	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Visa Fee Revenue Lost – Family	0.04	0.04	0.05	0.06	0.06	0.10	0.11	0.11	0.11	0.10
Reduction in IHS Revenue – Sponsored Work	0.07	0.08	0.16	0.15	0.15	0.16	0.15	0.15	0.14	0.13
Reduction in IHS Revenue – Family	0.05	0.05	0.07	0.09	0.09	0.08	0.08	0.08	0.08	0.07
Reduction in Fiscal Revenue – Sponsored Work	-0.17	-0.33	-0.49	-0.70	-0.76	-1.04	-1.06	-1.13	-1.14	-1.27
Reduction in Fiscal Revenue – Family	0.09	0.18	0.27	0.36	0.42	0.43	0.42	0.41	0.40	0.39
Indirect Employer Adjustment: Salaries – Sponsored Work	0.73	1.54	2.31	3.14	3.90	4.79	5.18	5.52	5.84	6.13
Additional Processing Costs - Family	0	0	0	0	0	<0.01	<0.01	<0.01	<0.01	<0.01
Benefits										
Reduction in visa/CoS/ISC/IHS processing costs – Sponsored Work	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01
Reduction in visa/IHS processing costs –Family	0.01	0.01	0.01	0.02	0.01	0.02	0.03	0.03	0.03	0.03
Reduction in Fiscal Pressure – Sponsored Work	0.13	0.27	0.43	0.60	0.76	0.84	0.89	0.94	0.98	1.02
Reduction in Fiscal Pressure – Family	0.10	0.21	0.31	0.40	0.47	0.48	0.46	0.45	0.43	0.42
Additional visa fee revenue – Family	0	0	0	0	0	<0.01	<0.01	<0.01	<0.01	<0.01
Additional IHS revenue - Family	0	0	0	0	0	<0.01	<0.01	<0.01	<0.01	<0.01
NPSV										
Total	**-0.57**	**-1.08**	**-1.63**	**-2.08**	**-2.62**	**-3.19**	**-3.51**	**-3.73**	**-3.98**	**-4.09**

Source: Home Office analysis as outlined in this Impact Assessment. Rounded to nearest £10 million.

312. 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. The main driver relates to additional indirect costs to employers from raising salaries under assumed behavioural response to updated salary thresholds - as outlined in paragraphs 263 to 269 the largest business impacts are estimated in the central scenario.

313. The central estimate for the BNPV of the policy changes is estimated at £-38.22 billion (PV, 2024/25 prices) over the 10 year appraisal period. In the low scenario, the BNPV is estimated at £-33.73 billion and in the high scenario, the BNPV is estimated at £-37.56 billion (both PV, 2024/25 prices).

Value for money (VfM)

314. For the of February and March changes, the Benefit Cost Ratios are estimated at 0.87 in the low scenario, 1.04 in the central scenario, and 1.22 in the high scenario.

Place-based analysis

315. There is no specific geographical dimension in the policy option, and no direct central government activity is being directed at a geographical dimension in the policy option. Nevertheless, the following information is provided for information on place-based impacts.

316. 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 the year ending September 2023 around:

- Skilled Worker: 56 per cent of out of country and 61 per cent of in country main applicants may be London and South East based
- Care and senior care workers: 36 per cent of out of country and 35 per cent of in country main applicants may be London and South East based

317. These visa holders make up small shares of employment in regions. As noted in paragraph 243 the estimated scale of impact equates to around 0.6 per cent (both main applicants and estimated working dependants, year 1 inflows) of an illustrative annual inflow of employees. Data by region does not identify new employee inflows by region but does identify the stock of employees by region. Taking the estimated baseline volumes, using the information set out in the paragraph above (on distribution of baseline volumes by region) and the paragraph below (on eligibility by region in central scenarios) an estimated around 40,000 main applicants and assumed working dependants in and out of country flows in year 1[107] in London and the South East may be impacted in the central scenario, as may 65,000 in other regions. These volumes equate to around 0.5 per cent of January 2024 employee volumes[108] in London and the South East, and around 0.3 per cent of employment in other regions. Whilst noting the imperfect comparison between the estimated impact on migrant flows and the stock of regional employees, in addition to the UK wide sense of scale impact on new employees to the labour market again suggests a potential limited impact on any one place.

318. Following estimated behavioural response in the policy option, within the central scenario after both February and March Immigration Rules changes:

---

[107] Note, based on Year 1 baseline volumes but Year 6-10 impacts to illustrate highest reduction in volumes estimated in the appraisal period.
[108] Earnings and employment from Pay As You Earn Real Time Information, seasonally adjusted - https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/realtimeinformationstatisticsreferencetableseasonallyadjusted

- Skilled Worker: around 94 per cent of out of country applicants in London and the South East are estimated to remain eligible compared to around 89 per cent in other regions, and 93 per cent - 94 percent of in country applicants in London and the South East are estimated to remain eligible compared to around 88 per cent - 90 per cent (range is dependent on appraisal year) in other regions.
- Care and senior care workers: around 75 per cent of out of country applicants in London and the South East are estimated to remain eligible compared as are 75 per cent in other regions, and 75 per cent - 78 per cent of in country applicants in London and the South East are estimated to remain eligible compared to around 75 per cent - 79 per cent (range is dependent on appraisal year) in other regions.

319. As such there may be small disproportional impacts on regions outside of London and the South East relative to London and the South East in terms of potential impacts on migrant labour eligibility following the policy options being introduced for the Skilled Worker visa, but these may not be seen for care and senior care changes.

320. However, immigration is reserved across the whole of the UK and outside of regional elements of ISLs the same rules and requirements apply regardless of location. The independent MAC has, in several reports, considered whether regionalised salary requirements should apply and has consistently rejected this approach, on the basis it would entrench regional pay differences. It would also complicate the system and cause difficulties for employers who needed to move migrant workers between regions, or place them in jobs based across regions. In addition to these policy reasons, there would be practical difficulties in identifying well evidenced salary data at a regional level, on which to base any differentiated requirements.

Impact on medium, small and micro-businesses

321. Impacts by business size are discussed within the differing groups affected by policy changes. Note data defines business size as:

- Micro: 0-9 employees
- Small: 10 – 50 employees
- Medium: 51 – 250 employees
- Large: 251+ employees

322. Prior to 4 October 2022 data on medium businesses was collected on those businesses with up to 249 employees. Since the medium sized business exemption has been extended and reclassified to include those businesses up to 499 employees[109], this means the data on the number of medium sized businesses affected by this policy change is likely to be imprecise.

Sponsored Work Visas

323. In the baseline data, around 89 per cent of those firms sponsoring a Skilled Worker in the year ending September 2023 were estimated to be a medium, small or micro business, as were around 93 per cent of firms sponsoring care or senior care workers – suggesting the small familiarisation costs estimated as the only direct business impact may be borne primarily by medium, small or micro sponsors (no data was identified to provide similar information for Immigration lawyers or Immigration advisors).

324. Indirect impacts to business were identified as through changes to labour availability as a result of policy changes. However, whilst accounting for relatively large shares of sponsors given the larger sizes of large firms they unsurprisingly account for larger shares of migrants sponsored. In baseline data around 48 per cent of migrants were estimated to be sponsored by large firms in the Skilled Worker route, as were around 14 per cent of care and senior care workers.

[109] See Medium sized business regulatory exemption assessment: supplementary guidance - GOV.UK (www.gov.uk) - https://www.gov.uk/government/publications/better-regulation-framework/medium-sized-business-regulatory-exemption-assessment-supplementary-guidance--2

325. The shares of sponsorships estimated to remain eligible under policy scenarios varies by business size. Focussing on the central case following both February and March Immigration Rules changes in the policy option:

- Micro Businesses:
  1) Skilled Worker: Around 85 per cent of out of country applicants, and 81 per cent to 83 per cent of in country applicants (with the in country range varying by appraisal year).
  2) Health and Care (care and senior care workers): around 75 per cent of out of country applicants, and 74 per cent to 78 per cent of in country applicants (with the in country range varying by appraisal year).
- Small Businesses:
  1) Skilled Worker: Around 90 per cent of out of country applicants, and 88 per cent to 90 per cent of in country applicants (with the in country range varying by appraisal year).
  2) Health and Care (care and senior care workers): around 75 per cent of out of country applicants, and 74 per cent to 78 per cent of in country applicants (with the in country range varying by appraisal year).
- Medium Businesses:
  1) Skilled Worker: Around 93 per cent of out of country applicants, and 93 per cent to 94 per cent of in country applicants (with the in country range varying by appraisal year).
  2) Health and Care (care and senior care workers): around 75 per cent of out of country applicants, and 75 per cent to 79 per cent of in country applicants (with the in country range varying by appraisal year).
- Large Businesses:
  1) Skilled Worker: Around 96 per cent of out of country applicants, and 96 per cent to 97 per cent of in country applicants (with the in country range varying by appraisal year).
  2) Health and Care (care and senior care workers): around 75 per cent of out of country applicants, and 76 per cent to 81 per cent of in country applicants (with the in country range varying by appraisal year).

326. As such there may be larger shares of those sponsored by small and micro businesses affected by policy changes, but as small and micro businesses sponsor fewer migrants on average compared to larger firms it is unclear if disproportionate impacts exist for small and micro firms. It would not be possible to apply differential requirements based on the size of business without complicating the system and undermining its policy objectives. It could also create perverse incentives, for example for larger organisations to structure their sponsor licensing as several smaller organisations, to benefit from preferential policies.

327. The Home Office does, however, provide support to smaller sponsors where possible – including through lower licence application fees and a reduced ISC. The evidence required from sponsors, and the systems which they must have in place to manage their sponsor duties, are also designed to be flexible – these can be appropriate to the size of the organisation, rather than "one size fits all".

F. Proportionality

328. The approach taken in this IA is considered proportionate. Uncertainty in the main assumptions (baseline volumes, fiscal components, behavioural responses and family eligibility) have been tested within the range of scenarios presented. Further sensitivity analysis on volumes affected as a result of some of the most important assumptions made in this IA are set out in Section G below.

329. The analysis uses a methodological framework based on previous assessments, and 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

330. Analysis presented in this Impact Assessment has set out the methods used to estimate potential impacts of the policy option, outlined assumptions used and the sources of assumptions, explained limitation of analysis and where well evidenced quantification of impacts has not proved possible has discussed impacts qualitatively.

331. Analysis presented has used ranges to illustrate the impact from varying important assumptions such as baseline volumes, elements of fiscal impacts, and (for analysis of sponsored work visas in relation to changes salary thresholds) potential employer behavioural response. The high and low scenarios presented helps to illustrate the risks around the central scenario derived from variation in those assumptions. Assumptions on non-compliance are also tested, with estimates from assuming 100% compliance also presented within Section E of this Impact Assessment.

332. As such, further consideration of analytical risk is limited. For analysis of sponsored work visas, the largest uncertainty remains potential behavioural response from both employers and migrants to changes. The range of elasticity assumptions used to illustrate potential employer response are the best available evidence, as set out in Section E.3.2, but behavioural response may still lie outside of the range presented.

333. To help illustrate the impacts, the volumes of main applicants set out in Tables 23 to 24 illustrate additional main applicants who are not be assumed to be eligible should no behavioural adjustment from employers occur in response to changes in salary thresholds. This is not thought to be a realistic scenario as the best available evidence suggests – on average – a degree of inelasticity from employers in response to changes in the cost of employing labour but help illustrate the sense of scale of volumes should such a scenario occur. It should be noted that associated dependants would also be expected to reduce in such a scenario, but these volumes have not been estimated.

334. Impacts would be expected to adjust in such a scenario – as no behavioural adjustment would occur none of the costs set out in the 'Employer adjustment – Increased Salaries to continue to hire on relevant visas' section would occur. The further reduction in volumes of migrant flows would also be expected to reduce fee and charge revenue and associated processing costs, and the lack of assumed adjustment in salaries alongside the reduction in migrant volumes would be expected to have negative influence on the estimated net fiscal impact. A wider unknown would be what employers do if facing a reduced supply of migrant labour – but it would not be expected that all investment in affected migrant labour does not get reinvested elsewhere and the relative success of that investment could help at least partially counterbalance the potential negative impacts discussed.

335. For analysis of family visas, the largest uncertainty not already captured in scenario analysis, remains the potential for out of country applicants to be granted under the 10 year route to settlement. This IA currently assumes that for out of country applicants, none would be granted under the 10 year route on account of having fewer ties to the UK making grounds for refusal easier. Further, volumes on this route are expected to be very low in comparison to all out of country applicants and as such, the above assumption was made for simplicity. As the proportion of out of country applicants granted under the 10 year route is expected to be low, two further scenarios are modelled, the first assuming 5 per cent of out of country applicants qualify under the 10 year route,

and the second assuming a higher proportion of 10 per cent. All remaining assumptions are held constant.

Table 36 – Estimated visa application volumes of both sensitivity scenarios compared with the current scenario assumed in the IA, 2024/25 to 2033/34 (thousands, rounded to nearest 1,000)

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Out of Country – zero per cent qualify under the 10 year route										
Family - Applications										
Don't come	-20	-21	-21	-21	-22	-22	-22	-22	-22	-22
Move to 10YR	0	0	0	0	0	0	0	0	0	0
Family – Grants										
Don't come	-17	-18	-18	-19	-19	-19	-19	-19	-19	-19
Move to 10YR	0	0	0	0	0	0	0	0	0	0
Out of Country – 5 per cent qualify under the 10 year route										
Family – Applications										
Don't come	-19	-20	-20	-20	-21	-21	-21	-21	-21	-21
Move to 10YR	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Family – Grants										
Don't come	-16	-17	-17	-18	-18	-18	-18	-18	-18	-18
Move to 10YR	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Out of Country – 10 per cent qualify under the 10 year route										
Family – Applications										
Don't come	-18	-19	-19	-20	-20	-20	-20	-20	-20	-20
Move to 10YR	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
Family – Grants										
Don't come	-16	-16	-17	-17	-17	-17	-17	-17	-17	-17
Move to 10YR	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2

Source: Home Office analysis as set out in paragraph 335 preceding this table

336. Volumes of out of country applicants who are assumed to no longer meet the MIR under these assumptions decreases by 5 per cent and 10 per cent respectively. As such, it is assumed that the impact on fee revenue loss and processing cost recovery associated with these volumes would change at the same proportion.

337. Further, out of country applicants qualifying under the 10 year route will result in additional fee revenue and processing costs for these cohorts. However, as volumes qualifying under the 10 year route are still estimated to be low in these scenarios, impact on wider costs and benefits are estimated to be very low.

H. Direct costs and benefits to business calculations

338. The only direct impact to business identified relates to transitional costs arising from familiarisation. These were set out in paragraphs 219 to 226 above. In the central case these are estimated at a total of around £1.5 million (£2024/25, in year 1 only, rounded to nearest £0.5 million) where related to February 2024 Immigration Rules changes, and similar again where related to March 2024 Immigration Rules changes. As such an annual net direct cost to business of around £150,000 (£2024/25 rounded to nearest £10,000) is estimated for each of February 2024 Immigration Rules changes and March 2024 Immigration Rules changes. In total this equates an annual net direct cost to business of around £300,000 (£2024/25 rounded to nearest £10,000) for the combination of changes.

I. Wider impacts

GDP and GDP per capita

339. In line with HMT Green Book guidance[110], changes to GDP are not included within appraisal elements considered to feed into Net Present Social Value estimates but changes to migration may affect GDP and GDP per capita. Impacts on GDP would help illustrate impacts on the overall size of an economy, whereas GDP per capita (ideally GDP per capita of the resident population in line with MAC guidance)[111] help provide an indicator of an impact on living standards. As the OBR have recently published[112] "while additional (fewer) migrants generally boost (reduce) the level of aggregate output in the economy, the size of this impact and the effect on per person living standards is highly uncertain".

340. Impacts on GDP and GDP per capita may be thought through in stages.

341. First order impacts illustrate the initial composition effects from changes in migration through reductions in income, expenditure or contributions to production. Modelled reductions in working migrants would represent a reduction in income contribution, and therefore a commensurate reduction in overall GDP. Where there is an assumed salary adjustment to meet new thresholds this may in part offset the negative impacts from deterred working migrants.

342. In terms of GDP per capita, this first order impact would also be influenced by the estimated change in population size relative to the change in GDP. Given these policy changes are estimated to primarily impact dependants and family migrants, the majority of whom are not assumed to work (see paragraphs 210 to 212 above for estimates of economic activity of dependants and family migrants), this reduction in non-working migrants would be expected to play a substantial role in the estimated first order GDP per capita impact

343. These first order impacts are not quantified in this IA, in part due to considerable uncertainty in the alignment of information across the range of data needed to quantify such impacts. However, given the estimated scale of changes in the stock of dependants and family migrants relative to workers (see Tables 9, 10 and 13) alongside the degree to which employer adjustments to new salary thresholds are assumed to see some workers receive salary increases, an illustrative assessment would be a reduction in GDP, but that the scale of reduction in estimated non-working populations may represent an overall positive impact on GDP per capita when only considering these first order impacts.

---

[110] The Green Book: appraisal and evaluation in central government - GOV.UK (www.gov.uk) - https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-governent

[111] Analysis of the impacts of migration - GOV.UK (www.gov.uk) - https://www.gov.uk/government/publications/analysis-of-the-impacts-of-migration

[112] Net migration forecast and its impact on the economy - Office for Budget Responsibility (obr.uk) - https://obr.uk/box/net-migration-forecast-and-its-impact-on-the-economy/

344. Second order impacts would encompass how an economy reacts and adjusts to changes more widely than just employers' of sponsored work visa migrants adjustment to new thresholds. These impacts are highly uncertain.

345. HMT Green Book guidance states: "It is not generally possible to estimate objectively based, credible and statistically significant differences in macroeconomic variables arising from alternative options within a business case". This would equally apply to appraisal in this Impact Assessment. Whilst changes in labour supply or migrant workers would not be expected to significantly impact opportunities for resident workers (see paragraph 294 above) any adjustment could influence GDP and GDP per capita, as could the degree to which migrant labour provides spillover productivity impacts (see paragraph 270 above). As set out in paragraphs 271 to 274 above, wider employer adjustment to changes in labour supply are highly firm specific and uncertain and can further influence overall GDP and GDP per capita. Where reductions in the non-working population are seen second order effects would occur if, for example, changes in aggregate demand are of a scale to influence production decisions. Further, if main applicants still come to the UK but their dependants do not, diverted expenditure from within the UK to remittances can also impact overall GDP and GDP per capita. The complexity in accurately estimating these elements and data limitations mean second order impacts are not quantified.

346. Previous research suggests impacts on GDP per capita are assumed to be small. From the House of Lords[113] (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"[114], research has consistently highlighted the small scale of these impacts.

Gender

347. Analysis of sponsored work visas allows disaggregation by gender. Following estimated behavioural response in the policy option, within the central scenario:

- Skilled Worker: around 92 per cent of both out of country male and female main applicants are estimated to remain eligible, as are around 91 per cent to 92 per cent of in country main male applicants, and a similar share of around 92 per cent to 93 per cent of in country female main applicants (in country ranges are dependent on appraisal year).
- Care and senior care workers: around 75 per cent of both out of country male and female main applicants are estimated to remain eligible, as are around 75 per cent to 77 per cent of in country main male applicants, and a similar share of around 75 per cent to 80 per cent of in country female main applicants (in country ranges are dependent on appraisal year).

348. Analysis of dependants' characteristics does not vary from the baseline in any scenario, whilst volumes of dependants in scope to be impacted can be estimated, specific characteristics are not available to enable such granular analysis. However, within both in and out of country dependant applications between January and December 2023 gender distributions can be estimated. Gender data is available for 48 per cent of Skilled Worker dependents applications, of this around 61 per cent were female, and 39 per cent male. 33 per cent of Health and Care applications have gender data, of which 43 per cent were female and 57 per cent male.

Environmental Impacts

349. The estimated fall in visas granted under the package of changes, albeit proportionately small when compared to the wider immigration system, represents a reduction in the demand for travel to the

[113] Microsoft Word - Immigration Report Toc.doc (parliament.uk) - https://publications.parliament.uk/pa/ld200708/ldselect/ldeconaf/82/82.pdf

[114] 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

UK, resulting in fewer carbon dioxide equivalent (CO_2e) emissions. For simplicity, this wider analysis only considers changes in visas from applicants wishing to come to the UK (out of country) and assume those are equivalent to an equal number of fewer undertaken journeys.

350. This impact is estimated by considering the weighted average distance between visa applicants' home countries (deduced by their nationality) and the UK. Assuming that all journeys to the UK are completed by air travel, the weighted average distance per immigration category is multiplied by estimates of the average tonnes of CO_2e emitted per kilometre travelled per passenger on an international long-haul flight.[115] The resulting decrease in CO_2e emissions is monetised using the low, central, and high carbon prices set by the Department for Energy Security and Net Zero.[116]

Care and Senior Care Changes, and Sponsored Work Changes

351. The estimated future reduction in emissions from the reduction in volumes as a result of the February package of changes to Care and senior care workers could result in a net benefit of between around £120 million and £350 million (PV, 2024/2025 prices, rounded to nearest £10 million) over the appraisal period. Under the central carbon price, the estimated fall in CO2e emissions is valued at around £240 million (PV, 2024/2025 prices, rounded to nearest £10 million).

352. The additional estimated future reduction in emissions from the March changes to sponsored work routes could result in a net benefit of between around £10 million and £30 million (PV, 2024/2025 prices, rounded to nearest £10 million) over the appraisal period. Under the central carbon price, the estimated fall in CO2e emissions is valued at around £20 million (PV, 2024/2025 prices, rounded to nearest £10 million).

Family Changes

353. The estimated future reduction in emissions as a result of the reduction in Family inflows could result in a net benefit of between around £10 million and £40 million (PV, 2024/2025 prices, rounded to nearest £10 million) over the appraisal period. Under the central carbon price, the estimated fall in CO2e emissions is valued at around £30 million (PV, 2024/2025 prices, rounded to nearest £10 million).

Net Migration Impacts

354. The change in the stock of people in the UK on each of the routes set out in Sections E.4 and E.5 above does not equate to the change in net migration, as these estimates can capture movements between immigration routes, and extensions on the same route and not the movement of people in and out of the country. Net migration is defined as the difference between the number of people coming to live in the UK for a period of more than a year (immigration) and the number of people leaving to live elsewhere for a period of more than a year (emigration).[117]

355. This section reflects the net migration impacts of changes to out of country inflows only, for the three main routes affects by this package of policy proposals, the Skilled Work, Health and Care and Family routes. To estimate the out of country impact on net migration for the routes listed above, two things are required:

- The change in out-of-country inflows to the UK

[115] 2021 Government greenhouse gas conversion factors for company reporting: Methodology paper (publishing.service.gov.uk): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1049346/2021-ghg-conversion-factors-methodology.pdf
[116] Valuation of greenhouse gas emissions: for policy appraisal and evaluation - GOV.UK (www.gov.uk): https://www.gov.uk/government/publications/valuing-greenhouse-gas-emissions-in-policy-appraisal/valuation-of-greenhouse-gas-emissions-for-policy-appraisal-and-evaluation
[117] Further detail (and estimates) on net migration is available on the ONS website. See: https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/longterminternationalmigrationprovisional/yearendingdecember2022

- The change in outflows over time resulting from the change in out-of-country inflows, including those leaving within the same year.

356. Cohort analysis is undertaken to estimate for the inflows deterred in any given year, how many fewer would leave the UK over the subsequent years. For example, if 1,000 Skilled workers were deterred in year one, and 10 per cent leave every year for 5 years, this would represent a change in outflows from this cohort of 100 per year for 5 years. If a further 1,000 Skilled Worker were deterred in year two, the change in outflows from this cohort would also be 100 per year, but this would be in addition to the 100 per year from the Skilled Workers deterred in year 1 for a total change in outflows of 200.

357. It is for this reason that the net migration impact of the package of policies is greatest at the start of the appraisal period, because the full impact of people deterred from coming to the UK is realised in year one, while profile of people leaving the UK takes a number of years to feed through into a constant rate of outflows.

358. The change in out-of-country inflows is drawn from Tables 4 and 7 for the Skilled Worker, Health and Care routes, and 11 for the Family route respectively.

359. For the Skilled Worker and Health and Care routes, the outflow profile is drawn from Table 8. For those on Family visas, as set out in Paragraph 190, it is assumed that 88 per cent of Family visas complete their 5-year route to settlement and subsequently apply for settlement. As a simplifying assumption, it is assumed that the 12 per cent who do not apply for settlement have left the UK and do so in two groups, with 6 per cent leaving at the point of renewal (2.5 years after initial application) and the remaining 6 per cent leaving after 5 years.

360. Table 37 shows that the overall net migration impact from the reduction in out-of-country inflows in 2024/2025 in the central scenario is estimated at around -150,000, reflecting a reduction in out-of-country inflows of around 152,000 and a reduction in outflows in the same year of around 2,000.

361. By the final year of the appraisal period in 2033/2034, in the central scenario, the impact on net migration is expected to have fallen to around -92,000. While the impact on inflows remains relatively constant over the period from 2027/28 onwards, the impact on people outflowing is expected to rise to around 82,000 as people restricted from coming from earlier cohorts would have left the UK.

Table 37: Illustrative out of country net migration estimates from changes to Skilled Work, Health and Care and Family routes - Central Scenario

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Inflows										
Skilled Worker	-7,000	-8,000	-8,000	-8,000	-9,000	-9,000	-9,000	-9,000	-9,000	-9,000
Health and Care	-128,000	-141,000	-145,000	-146,000	-146,000	-146,000	-146,000	-146,000	-146,000	-146,000
Family	-17,000	-18,000	-18,000	-19,000	-19,000	-19,000	-19,000	-19,000	-19,000	-19,000
Total	**-152,000**	**-167,000**	**-171,000**	**-173,000**	**-174,000**	**-174,000**	**-174,000**	**-174,000**	**-174,000**	**-174,000**
Outflows										
Skilled Worker	-	-	-1,000	-2,000	-3,000	-4,000	-4,000	-4,000	-4,000	-4,000
Health and Care	-2,000	-7,000	-18,000	-42,000	-51,000	-69,000	-75,000	-76,000	-76,000	-76,000
Family	-	-	-1,000	-1,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000
Total	**-2,000**	**-7,000**	**-20,000**	**-45,000**	**-56,000**	**-75,000**	**-81,000**	**-82,000**	**-82,000**	**-82,000**
Net Migration										
Total	**-150,000**	**-160,000**	**-151,000**	**-128,000**	**-118,000**	**-99,000**	**-93,000**	**-92,000**	**-92,000**	**-92,000**

Source: Home Office analysis as set out in paragraphs 354 to 361 preceding this table

362. These estimates are purely indicative, and it is possible that any revisions to the ONS's methodology on net migration, as well as any changes to external factors which may have otherwise affected inflows will impact the level of net migration.

363. These estimates also do not include the impact of reductions in in-country applications on net migration. Those deterred from, or unable to, apply to switch onto a Skilled Work, Health and Care, or Family visa may leave the UK as a result. Uncertainty over baseline in country volumes, the behaviour of those deterred from, or unable to apply as a result of these changes and uncertainty over outflow profiles given the complex nature of many applicants previous time in the UK means this impact on net migration has not been quantified. However, this would represent an increase in outflows from the UK and therefore increase the reduction in net migration meaning Table 37 above likely represents an underestimate of the overall impact on net migration of these changes.

J. Trade Impact

364. 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)[118] 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.

365. 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. As outlined above – while not negligible, the expected reduction in the stock of migrants in any appraisal year as a result of the preferred option is small compared to the total stock of migrants resident in the UK[119]. Therefore, any trade impacts are be expected to be small.

K. Monitoring and evaluation plan

366. The changes to Care and senior care workers were implemented from 11 March following changes to the immigration rules in February 20244. The remaining policies will be implemented on 4 April 2024 for the sponsored work changed and 11 April for the increase to the MIR following the changes to the immigration rules in March 2024.

367. While there will be no formal evaluation of the increases to salary thresholds in isolation as it represents a routine update to the relevant thresholds, there are ongoing evaluations of the wider Skilled Worker and Health and Care routes.

368. 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

[118] Gould (1994) 'Immigrant Links to the Home Country: Empirical Implications for U.S. Bilateral Trade Flows'. Available at: https://www.jstor.org/stable/2109884

[119] As highlighted by Census 2021 data, around 5.9m usual residents in England and Wales held a non-UK passport at the time of Census in 2021. Changes in the population since then alongside the inclusion of Scotland and Northern Ireland may influence the use of this as a comparator, but nonetheless highlights the small nature of the estimated change in stock relative to the stock of migrants estimated to be in the UK. For Census data see International migration, England and Wales - Office for National Statistics (ons.gov.uk) - https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/internationalmigrationenglandandwales/census2021

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.

369. Any impact of family changes will be assessed across the entire implementation period (inclusive of all three planned MIR increases). This ensures a sufficient time period to be able to produce meaningful insights. Where available, indicative findings will be presented ahead of the next planned increase to £34,500.

Impact Assessment Checklist

Mandatory specific impact test - Statutory Equalities Duties	Complete
Statutory Equalities Duties *Family* The increase to the MIR will maintain the elements of direct discrimination on the basis of age currently within the Immigration Rules. Part 4 of Schedule 3 Equality Act 2010 permits discrimination in relation to age if it is authorised in legislation, including the immigration rules. Further, in accordance with section 13(2) of the Equality Act 2010, it is not unlawful to discriminate on the basis of age if it is a proportionate means of achieving a legitimate aim. Those under the age of 18 will not be required to meet the MIR as they are not able to apply under the partner route or act as a sponsor. This is in-line with UK law which requires both parties to be over the age of 18 for them to be able to marry and so protects vulnerable children from the damaging impact of forced marriage. The increase to the MIR may result in indirect discrimination on the basis of: age; disability; race; religion; and sex. This is because of pay gaps between particular groups so, for example, more men than women are likely to be able to meet the increased threshold. The potential impacts are mitigated as far as possible as those unable to meet the increased MIR will still be granted leave where to deny entry, or permission for further stay, would breach their and/or their family's Article 8, ECHR rights. The increase to the MIR is considered a proportionate means of achieving the legitimate aim of ensuring that those who seek to establish their family life in the UK provide a net positive contribution to the UK and are not a burden on the taxpayer. *Care and Senior Care* We do not assess that the changes to restrict dependents and introduce a CQC registration in England will directly impact any individual with protected characteristics within the care workforce. However, the Skills for Care report highlights 81% of people in Adult Social Care are female compared with 48% of the economically active population. This means, that when restricting visas for the care sector, we do not believe there are any specific barriers to males already resident in the UK working in the sector and this is representative of those who choose to undertake such roles. This is also reflective of other roles, such as nursing, which tend to be more highly populated by women. As women are often the primary carers for children it could be that they are more likely to be impacted by the policy to restrict bringing dependents. We consider this policy a proportionate means of controlling net migration. We will continue to monitor this and keep any impacts under review. We do not assess that the changes will directly impact any individual with protected characteristics who receive support from the care sector. However, the demographics of those receiving support from the care sector are primarily the elderly, but also includes disabled people. The decision to strengthen the rules around carers is intended to improve the quality of care in the UK (by introducing a regulatory requirement for future care workers recruited on visas) but also reduce net migration. These measures will likely see the number of migrant care workers available in the UK becoming static or reducing. This may affect the availability and quality of care for both the elderly and disabled people. We think there is a strong argument that trends illustrating a reduction of domestic labour working in care mean there may be domestic workers currently discouraged from working in care – if the sector could be made more	**Yes**

attractive to help retain and attract migrant and domestic workers then this could help mitigate impacts from this package. The care sector should have reasonable time to adjust and focus on recruiting from the resident labour market and provide a continuity of care for those who require it. Care providers will still be able to access migrant workers without dependants, the resident labour market and the pool of existing visa holders. Whilst these restrictions will limit potential future access to the system for overseas workers on a Health and Care visa, and we think this is justified on the policy aim of reducing net migration. In addition, we have a duty to put in place reasonable adjustments for disabled people where a policy puts a disabled person at substantial (i.e. more than minor or trivial) disadvantage in comparison to people who are not disabled. We anticipate that DHSC and DLUCH (who own the policy and levers for additional measures to organise the care sector) will be able to consider and put in place any reasonable adjustments if the impact on disabled people does meet this threshold. *Salary increases* We do not assess that the proposed changes to increase the salary requirements will directly impact any individual with protected characteristics. However, increasing salary thresholds may result in indirect discrimination on the basis of: **age; disability; pregnancy; race; religion; and sex**. This is because of pay gaps between particular groups so, for example, more men than women are likely to be able to meet the increased threshold. Any indirect impact is justified as skills and salary thresholds are an important feature in the points-based system to avoid undercutting the labour market and ensure that workers are paid at an appropriate level for the job. **The SRO has agreed these summary findings.**	

L. Annexes

Annex A – Overview of new salary thresholds and going rates for relevant Sponsored Work visa routes.

- Skilled Worker:

A. General Threshold for New Inflows and Switchers of £38,700 (up from £26,200), and going rates set at median full-time earnings in that occupation. Salary discounts[120] will apply:

I. Discount to 90 per cent of the general threshold (£34,830) and going rate for those eligible for PhD discount in non-STEM subjects.

II. Discount to 80 per cent of the general threshold (but no discount to going rate) for those working in occupations eligible for the ISL.

III. Discount to 80 per cent of the general threshold (£30,960) and going rate for those eligible for PhD discount in STEM subjects.

IV. Discount to 80 per cent of the general threshold (£30,960) and to 70 per cent of the going rate for those eligible to qualify as New Entrants (under 26, studying or a recent graduate, or in professional training)

V. Discount to 80 per cent of the general threshold (£30,960) and to 70 per cent of the going rate for those eligible to qualify as New Entrants (under 26, studying or a recent graduate, or in professional training)

VI. Discount to 80 per cent of the general threshold (£30,960) and to 70 per cent of the going rate for those working in postdoctoral position in science or higher education.

VII. Discount to the general threshold only set to 80 per cent of the 25th percentile of RQF 3+ full time earnings (£23,200) if working in occupations with going rates set using national pay scales. Applicants will not see a discount applied to the relevant national pay scale.

B. General Threshold for those extending initial visas on Skilled Worker route applied for prior to the policy implementation date of £29,000 (up from £26,200), and going rates set at 25th percentile full-time earnings in that occupation. Salary discounts[121] will apply:

I. Discount to 90 per cent of the general threshold (£26,100) and going rate for those eligible for PhD discount in non-STEM subjects.

II. Discount to 80 per cent of the general threshold (£23,200) and going rate for those extending work in occupations eligible for the previous SOL.

III. Discount to 80 per cent of the general threshold (£23,200) and going rate for those eligible for PhD discount in STEM subjects.

IV. Discount to 80 per cent of the general threshold (£23,200) and to 70 per cent of the going rate for those eligible to qualify as New Entrants (under 26, studying or a recent graduate, or in professional training)

V. Discount to 80 per cent of the general threshold (£23,200) and to 70 per cent of the going rate for those eligible to qualify as New Entrants (under 26, studying or a recent graduate, or in professional training)

VI. Discount to 80 per cent of the general threshold (£30,960) and to 70 per cent of the going rate for those working in postdoctoral position in science or higher education.

[120] For full details of criteria required to qualify for salary discounts, please see https://www.gov.uk/skilled-worker-visa/when-you-can-be-paid-less

[121] For full details of criteria required to qualify for salary discounts, please see https://www.gov.uk/skilled-worker-visa/when-you-can-be-paid-less

VII. Discount to 80 per cent of the general threshold (£23,200) if working in occupations with going rates set using national pay scales. Applicants will not see a discount applied to the relevant national pay scale.

- Health and Care:

  A. General Threshold for all in occupations with going rates set using national payscales of £23,200, and of £29,000 (up from £26,200) with going rates set at the 25th percentile of median full-time earnings in that occupation where going rates set using ASHE data. Salary discounts[122] will apply in occupations where set using ASHE data:

  I. Discount to 90 per cent of the general threshold (£26,100) and going rate for those eligible for PhD discount in non-STEM subjects.

  II. Discount to 80 per cent of the general threshold (£23,200) but no discount to going rate) for those working in occupations eligible for the ISL. Where extending a visa for work in occupations eligible for the previous SOL a discount to 80 per cent of the going rate will also apply.

  III. Discount to 80 per cent of the general threshold (£23,200) and going rate for those eligible for PhD discount in STEM subjects.

  IV. Discount to 80 per cent of the general threshold (£23,200) and to 70 per cent of the going rate for those eligible to qualify as New Entrants (under 26, studying or a recent graduate, or in professional training)

  V. Discount to 80 per cent of the general threshold (£23,200) and to 70 per cent of the going rate for those eligible to qualify as New Entrants (under 26, studying or a recent graduate, or in professional training)

  VI. Discount to 80 per cent of the general threshold (£23,200) and to 70 per cent of the going rate for those working in postdoctoral position in science or higher education.

- GBM – Senior and Specialist Worker and UK Expansion Worker: General Threshold of £48,500 (up from £45,800) and going rates set at 25th percentile of full-time earnings in that occupation.
- GBM – Graduate Trainee: General Threshold set at £25,430 (up from £24,220) and going rates set at 70 per cent of the 25th percentile of full-time earnings in that occupation.
- Scale Up: General Threshold of £36,300 (up from £34,600) and going rates set at 25th percentile of full-time earnings in that occupation.

[122] For full details of criteria required to qualify for salary discounts, please see https://www.gov.uk/health-care-worker-visa/different-salary-requirements

Annex B: Additional data / assumptions used in Appraisal

The following tables provide additional assumptions used and referenced in the Appraisal section

Table B1: Internal Home Office Grant Rates

	Main	Dependent
Skilled Worker	96.7%	97.9%
Health & Care	94.3%	94.0%

Source: Home Office Internal Management Data

Table B2: Home Office internal projections of granted applications (central scenario), 2024/25 to 2033/34

Out of Country										
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Skilled Worker										
Main	85,000	90,000	95,000	95,000	100,000	100,000	100,000	100,000	100,000	100,000
Dependant	60,000	65,000	70,000	70,000	75,000	75,000	75,000	75,000	75,000	75,000
Health & Care (Care & Senior Care)										
Main	70,000	75,000	75,000	80,000	75,000	75,000	75,000	75,000	75,000	75,000
Dependant	110,000	120,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
In Country										
Skilled Worker										
Main	105,000	150,000	215,000	315,000	330,000	330,000	330,000	330,000	330,000	330,000
Dependant	55,000	85,000	120,000	175,000	190,000	190,000	190,000	190,000	190,000	190,000
Health & Care (Care & Senior Care)										
Main	65,000	75,000	85,000	90,000	85,000	85,000	85,000	85,000	85,000	85,000
Dependant	85,000	95,000	115,000	120,000	115,000	115,000	115,000	115,000	115,000	115,000

Source: Home Office analysis as set out in Section E.2

Table B3: In-country and out of country grant rates – family

	In country	Out of country
Family	97.0%	87.0%

Source: Immigration statistics, 2023

Table B4: Home Office internal projections of granted applications, 2024/25 to 2033/34

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Out of Country										
Family: Settlement (Other) and Settlement (Other relative dependent)										
Main	60	60	65	65	65	65	65	65	65	65
Dependant	0	0	0	0	0	0	0	0	0	0
In Country										
Family: Spouse/Partner LTR – 5YR route										
Main	60	60	60	60	65	65	65	65	65	65
Dependant	5	5	5	5	5	5	5	5	5	5
Family: Spouse/Partner LTR – 10YR route										
Main	40	40	40	40	40	40	40	40	40	40
Dependant	9	9	9	9	9	9	9	9	9	9

Source: Home Office analysis as set out in Section E.2

Table B5: Historic proportion of In-country switchers vs extensions for the family route

Year	% Extended	% Switched	% Extensions that extend onto the 10YR	% Switchers that switch onto the 10YR
2015	49%	51%	8%	62%
2016	65%	35%	8%	57%
2017	66%	34%	10%	65%
2018	56%	44%	12%	72%
2019	57%	43%	12%	79%
2020	69%	31%	7%	74%
Average	60%	40%	9%	68%

Source: Immigration statistics, 2023

Table B6: In-country FHR applications and fee waiver applications

	Total FHR Applications	FHR paid applications	Fee Waiver applications	Granted Fee Waiver Applications
Year ending March 2023	79,000	51,000	42,000	28,000
Year ending March 2022	95,000	59,000	49,000	36,000
Year ending March 2021	79,000	49,000	38,000	30,000
Year ending March 2020	54,000	44,000	20,000	11,000

Source: Home Office analysis of Internal Management Information data rounded to the nearest thousand

Table B7: Internal Case Sample analysis, earnings outcomes of family route sponsors

Sponsor post-tax annual earnings (£)	Number of sponsors	Percent
15,000 to 20,000	28	9%
20,000 to 25,000	59	19%
25,000 to 30,000	47	15%
30,000 to 35,000	38	13%
35,000 to 40,000	28	9%
>=40,000	99	33%
Not known	5	2%
Total	**304**	

Source: Home Office Internal Management Information