



REPORT

Exploiting the Opportunity? Low-Skilled Work Migration After Brexit

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Executive Summary

Over the past 15 years, free movement has been the main legal channel through which migrant workers have come to the UK to work low-skilled jobs. In 2017, an estimated 500,000 people born in EU countries were employed in low-wage jobs such as cleaning, waiting tables, warehousing and food processing. Under current government plans, free movement will come to an end in 2021 and so this route will no longer exist, raising the question what—if anything—will replace it.

There is no consensus on whether dedicated labour migration routes into low-skilled jobs are necessary at all, at least outside of the agricultural sector which relies overwhelmingly on seasonal workers from EU countries.

Low-skilled work permits and the Youth Mobility Scheme (YMS)

Nonetheless, it is likely that at least some new form of labour migration permitting low-skilled work will be introduced after Brexit. A work-permit scheme for seasonal agricultural workers existed for over 60 years before its closure in 2013, and closure of the programme was explicitly linked to the availability of EU workers coming under free movement.

The government has already said that it wants to extend the Youth Mobility Scheme (YMS) to EU countries—a scheme which currently allows citizens of Australia, New Zealand, Canada and a few other countries to take work in jobs at any skill level. This is potentially a very significant decision, although government has not said how big such a scheme might be.

This report looks at the implications of relying on a larger Youth Mobility Scheme or a work-permit scheme—or both—to meet demand for migrant workers in low-skilled jobs after Brexit. The programmes operate in very different ways and have different advantages and disadvantages.

Youth Mobility Scheme as a labour migration programme

The Youth Mobility Scheme was not originally designed to be a labour migration programme, but rather to promote cultural exchange. Workers come on their own initiative and can choose to work in any job, which makes it difficult to use the scheme to channel people towards particular kinds of work that the government wishes to prioritise. In this respect, YMS has some conceptual similarities with free movement, but in reality it is very different.

- Perhaps most importantly, YMS is strictly temporary. A majority of long-term EU migrants currently stay for more than 2 years, and often remain with the same employer for many years.
- Over the medium to long term, the shape of the migrant population living in the UK would be quite different under YMS vs. free movement, mostly likely involving smaller and less ‘settled’ population with lower levels of integration.
- Just over half of newly arriving EU migrants in recent years would have met an 18–30 age restriction. The reliance on workers in this age bracket varies by industry, with some (e.g. hospitality) relying more heavily on young workers than others (e.g. construction).

The YMS has caps for each participating country, although the caps have mostly exceeded the number of applicants and so have not been binding. The size of any caps would be important in determining whether YMS is a major source of labour migration in the future (as free movement from the EU has been in the past) or a relatively minor feature of the immigration system (as youth mobility has been until now).

Work-permit programmes for low-skilled jobs

Work-permit programmes, on the other hand, operate very differently from YMS. They can be designed in many different ways, but usually involve relatively detailed regulation of the types of jobs that are eligible and the conditions of work.

The major policy rationale for using a work-permit scheme rather than an open-ended route like youth mobility is this ability to regulate the work:

- Work-permit schemes require employer sponsorship and link workers to specific jobs. The government may be concerned primarily with labour supply in just a few areas of the labour market, such as agriculture or perhaps social care, for example. If so, it can use work permits to target those positions without opening the rest of the low-wage labour market to labour migration.
- The government can use work-permit schemes to require employers to offer more favourable conditions to workers than might otherwise be available in those jobs under normal employment laws (e.g. higher wages or benefits).

However, work permit schemes also have drawbacks:

- The government must do a certain amount of ‘central planning’, deciding which industries are eligible rather than making employers compete with each other for staff in a normal labour market setting.
- Many employers see sponsorship as a burden due to the cost and paperwork it involves.
- The same feature that enables work-permit schemes to target particular parts of the labour market—the fact that a worker is tied to a specific job—makes it harder for workers to leave exploitative employers in cases where the terms of participation in the scheme have not been successfully enforced.

Risks of exploitation in low-skilled worker programmes

Exploitation is a concern across the low-wage workforce and not just for migrant workers, although migrants are generally assumed to be at higher risk due to factors such as language barriers, lower local knowledge and immigration status. Addressing the risk of exploitation in any future low-skilled work route is likely to be extremely difficult. On one hand, there is some evidence that the ‘employer tie’ in work permit schemes can lead to lower wages for some workers and may increase the risk of exploitation for the more vulnerable. On the other hand, the fact that work-permit programmes are heavily regulated could in theory improve life for some participants, by setting minimum requirements for pay or employer-provided accommodation. But this, of course, depends on effective enforcement of labour standards—something to which the UK has traditionally dedicated relatively limited resources.

Understanding the Evidence

In most cases, the report defines ‘migrants’ as those who are born abroad. This will include people who have naturalised as UK citizens and some people who were born with UK citizenship abroad. Using country of birth allows us to understand the long-term effect of migration on the composition of the workforce, even after migrants become UK citizens. For EU citizens, the differences in the figures by country of birth vs. nationality are not large because naturalisation rates are low; the choice between the two variables makes more difference for non-EU citizens. For more discussion on how to define migrants, see the Migration Observatory briefing, *Who Counts as a Migrant? Definitions and their Consequences*.

There is no single definition of the skill level a job requires, and different analyses classify skill levels in different ways. The main two ways of classifying high-skilled vs. low or middle-skilled work are based on (1) the amount of training an occupation generally requires and (2) how much workers in the occupation generally earn.

This paper relies on a four-part classification for the skill level of different jobs in the UK, based on the amount of training required, which has been developed by the Office of National Statistics (ONS). The lowest level (henceforth ‘low-skilled jobs’) requires only school education plus basic on-the-job training or induction, and includes jobs such as cleaners and catering assistants. The second level (henceforth ‘lower-middle skilled jobs’) requires school plus longer work-related training, and includes jobs such as driving or caring occupations. The third (henceforth ‘upper-middle skilled jobs’) requires vocational training beyond compulsory schooling but not to degree level, and includes jobs such as skilled trades and some managerial positions. The fourth level (henceforth ‘graduate jobs’) requires a degree or equivalent experience and includes professional and high-level managerial positions (ONS, 2010).

Other classifications may produce slightly different results. For example, the current classification of skilled ‘graduate jobs’ for the purposes of the immigration system is slightly different from the fourth ONS skill level, with a few jobs that are classified as ‘graduate’ in one system not classified in the other, and vice versa (see below in Section 2.1).

The workforce data in this report come from the Annual Population Survey (APS) for 2017 unless otherwise indicated. The APS is based on a sample of UK households, and has some limitations. The survey does not capture those who live in communal establishments, such as in hotels, caravan parks. Its response rate has declined over time, and is now below 50% (ONS, 2016); this means that people who are more likely not to respond to the survey may be undercounted, and ONS analysis based on the Census suggests that non-response is a greater problem among people born outside of the UK (Weeks et al, n.d.).

The estimates of the EU-born or EU-national population may differ slightly from official ONS estimates because the data made available for researchers to use does not classify certain overseas territories in the same way as the ONS published figures. The differences are small and do not affect the overall picture presented. Some figures in the report are calculated from the Labour Force Survey (LFS) rather than the APS, where variables are not available in the APS public use files. LFS and APS estimates will differ slightly because they include slightly different samples of survey respondents.

Technical note on statistical significance: public use APS files provided by ONS do not include the information required to compute confidence intervals that account for clustering at the household level. Significance tests conducted for this analysis may thus slightly understate standard errors.

1. Introduction

The government has said that free movement will come to an end after Brexit, although decisions have not yet been taken about what rules for EU citizens will replace it. One of the key questions for migration policy post-Brexit is whether and how to facilitate migration into jobs that are not considered sufficiently skilled to qualify for work permits under the work-permit system currently in place for non-EU citizens.

When the architecture of the current work-visa system was put in place in 2008, a route for low-skilled labour migration, known as Tier 3 was created 'in principle'. However, this route has never been made operational, on the basis that there has been sufficient supply of labour in low-skilled jobs following the 2004 and 2007 EU enlargements. In 2010–2012, skill requirements for non-EU citizens coming to work in the UK were increased, with the closure of the post-study work programme and the exclusion of many middle-skilled jobs from "Tier 2" work permits.

As a result, the current UK work visa system for non-EU citizens is designed primarily for graduate jobs. Most employee jobs in the UK labour market do not meet this criterion, and a substantial share of migration into these non-graduate positions has been from EU countries (Vargas-Silva 2016). There are few work visas for non-EU citizens that permit low-wage work, with notable exceptions including the Tier 5 Youth Mobility Scheme for nationals of Australia, New Zealand, Canada and 5 other countries.

However, it is likely that there will be at least some new options for labour migration in low-wage jobs after free movement comes to an end, which is currently expected to happen at after the post-Brexit transition period ends in December 2020.

In its July 2018 White Paper, the government said that it hopes to negotiate a UK-EU 'youth mobility' scheme modelled on the existing Tier 5 scheme, which permits low-skilled work (HM Government, 2018). It would also not be surprising to see dedicated work permits for low-skilled jobs in certain industries. Dedicated work permits existed in agriculture and food processing until 2013, when they were closed because the government considered that there were sufficient numbers of workers available from EU countries under free movement (Home Office, 2013). This raises the question whether equivalent schemes will be reintroduced in the absence of free movement.

This report examines some of the main policy decisions the government will need to make when deciding whether and how to create new routes for labour migration into low-skilled jobs after Brexit. The main focus of the report is on the two models mentioned above: work permit programmes and a youth mobility scheme. While there are other possible models, such as modified variants of free movement or free movement for the self-employed, these have not been prominent in the debate and so in interests of space we do not cover them here.

In particular, the report examines:

- What counts as 'low-skilled' work;
- Whether it is necessary to have low-skilled work routes for migrant workers at all;
- How a UK-EU youth mobility scheme might work and what its implications would be for employers and migrant workers.
- How a work-permit scheme would work and whether such schemes exacerbate risks of exploitation, including by tying workers to a particular employer.
- The overall advantages and disadvantages of the different policy options.

2. What is low skilled, what is high skilled, and what is in between?

Most workers in the UK labour market are not in high-skilled or low-skilled work but are in the middle-skilled groups, i.e. jobs requiring training beyond secondary school but not a degree. The same applies to migrants. In 2017, 57% of EU-born workers were in middle-skilled jobs, compared to 55% of the non-EU born and 63% of the UK born (Table 1).

The skill distribution for UK vs. non-UK born people is roughly similar. However, it is different for EU vs. non-EU migrants, with EU-born workers overrepresented in low-skilled jobs and non-EU born workers overrepresented in graduate jobs. By 2017, a majority (56%) of foreign-born workers in low-skilled jobs were from EU countries. Non-EU workers outnumbered EU workers in the three other skill levels (Table 1).

Table 1: Skill level of main jobs held, by place of birth, 2017

Duration of residence in the UK	EU	No-EU	All non-UK	UK	Total
Low-skilled , e.g. cleaning and waiting	503,000 (21%)	391,000 (12%)	895,000 (16%)	2,461,000 (9%)	3,356,000 (11%)
Lower-middle , e.g. drivers and care workers	781,000 (32%)	1,058,000 (33%)	1,838,000 (32%)	8,837,000 (34%)	10,676,000 (34%)
Upper-middle , e.g. building trades and chefs	616,000 (25%)	729,000 (22%)	1,344,000 (24%)	7,567,000 (29%)	8,912,000 (28%)
High-skilled , e.g. teachers and managers	537,000 (22%)	1,063,000 (33%)	1,600,000 (28%)	7,297,000 (28%)	8,899,000 (28%)
Total	2,437,000 (100%)	3,240,000 (100%)	5,677,000 (100%)	26,161,000 (100%)	31,842,000 (100%)

Source: Migration Observatory analysis of 2017 APS. Note: examples provided are the occupations within the skill group that employ the largest number of EU-born workers. Small differences between percentages may not be statistically significant; all comparisons cited in the main text are statistically significant. Includes both employees and self-employed

2.1. Which jobs qualify for skilled work visas under the current immigration system for non-EU citizens?

The Tier 2 work visa system for non-EU citizens requires migrants to be in a graduate job paying at least £30,000. The definition of a graduate job is similar to the ONS one. A few occupations that ONS considers graduate jobs (e.g. retail managers) are excluded from Tier 2, and some that ONS considers upper-middle skilled non-graduate jobs (e.g. sales managers and finance analysts) are included. Overall, however, the share of graduate or high-skilled jobs in both classifications is similar, at roughly 30% (Table 2).

Jobs that are ineligible for Tier 2 visas cannot necessarily be described as 'unskilled' or 'low-skilled', since most non-graduate jobs are in the 'middle-skilled' classification and many require substantial training.

Table 2: Jobs classified as skilled to RQF level 6 and above, by country of birth, 2017

	EU	Non-EU	All non-UK	UK	Total
Not skilled to RQF6	1,820,000 (76%)	2,130,000 (66%)	3,950,000 (70%)	18,543,000 (71%)	22,496,000 (70%)
Skilled to RQF 6+	579,000 (24%)	1,119,000 (34%)	1,698,000 (30%)	7,781,000 (29%)	9,480,000 (30%)
Total	2,399,000 (100%)	3,249,000 (100%)	5,648,000 (100%)	26,325,000 (100%)	31,976,000 (100%)

Source: Migration Analysis of LFS 2017, average of four quarters. Note: totals differ slightly from table 1 because data are from LFS not APS. 'Total' category includes those with unknown nationality. Small differences between percentages may not be statistically significant. Includes both employees and self-employed. Note: Figures for jobs skilled to RQF 6 include small numbers positions that are ineligible for Tier 2 visas for reasons other than skill level, i.e. elected politicians, clergy and armed forces

Table 3 shows the largest occupations employing EU citizens at different skill levels. All of the jobs in the first two sections of the table are currently ineligible for Tier 2 skilled work visas, as are most of those in the third section (see note under table for exceptions). If the same rules currently applying to non-EU citizens were introduced for EU citizens, therefore, this would exclude a range of occupations ranging from cleaning to care work to building trades.

The reliance on EU-born workers has increased substantially across the UK workforce over the past 15 years (MAC, 2018) but varies by occupation. For example, EU workers substantially outnumber non-EU workers in building trades, cleaning and processing jobs (mostly food processing). Seasonal workers are not well represented in the survey on which Table 3 is based, but a separate survey from the National Farmers Union (NFU) has estimated that 99% of seasonal agricultural labour is provided by EU workers (ONS, 2018)—although these figures may overstate the share of EU workers because they only include those sourced through agencies. By contrast, non-EU workers make up a majority of the foreign born in care work and road transport jobs (e.g. taxi drivers).

Table 3: Largest Occupations by Skill Group and Place of Birth, 2017

	EU	Non-EU	UK	Total	Share EU	Share Non-EU	Share Non-UK
Low-skilled jobs (requires only compulsory schooling)	503,000	391,000	2,461,000	3,356,000	15%	12%	27%
Elementary Cleaning Occupations	132,000	91,000	484,000	707,000	19%	13%	32%
Elementary Services Occupations (primarily hospitality)	120,000	123,000	806,000	1,050,000	11%	12%	23%
Elementary Storage Occupations	96,000	32,000	304,000	431,000	22%	7%	30%
Elementary Process Plant Occupations	91,000	36,000	141,000	268,000	34%	13%	47%
Elementary Construction Occupations	26,000	9,000	137,000	172,000	15%	5%	20%
Lower-middle skilled jobs (school plus some training)	781,000	1,057,000	8,837,000	10,676,000	7%	10%	17%
Road Transport Drivers	89,000	145,000	703,000	936,000	9%	16%	25%
Caring Personal Services	82,000	198,000	1,053,000	1,333,000	6%	15%	21%
Process Operatives (primarily food processing)	74,000	31,000	160,000	264,000	28%	12%	40%
Sales Assistants and Retail Cashiers	68,000	145,000	1,213,000	1,427,000	5%	10%	15%
Other Administrative Occupations	54,000	66,000	772,000	893,000	6%	7%	14%
Upper-Middle skilled (school plus substantial training)	616,000	729,000	7,567,000	8,912,000	7%	8%	15%
Construction and Building Trades	96,000	42,000	715,000	853,000	11%	5%	16%
Food Preparation and Hospitality Trades	67,000	103,000	308,000	478,000	14%	22%	36%
Sales, Marketing and Related Associate Professionals*	63,000	66,000	832,000	961,000	7%	7%	13%
Business, Finance and Related Associate Professionals*	46,000	80,000	616,000	742,000	6%	11%	17%
Artistic, Literary and Media Occupations*	32,000	33,000	349,000	414,000	8%	8%	16%

High-skilled jobs (degree or equivalent)	537,000	1,063,000	7,297,000	8,899,000	6%	12%	18%
Teaching and Educational Professionals	76,000	135,000	1,344,000	1,555,000	5%	9%	14%
Functional Managers and Directors	65,000	117,000	904,000	1,087,000	6%	11%	17%
IT and Telecommunications Professionals	59,000	168,000	707,000	935,000	6%	18%	24%
Business, Research and Administrative Professionals	49,000	104,000	575,000	729,000	7%	14%	21%
Natural and Social Science Professionals	28,000	33,000	159,000	219,000	13%	15%	28%
Total (all occupations)	2,437,000	3,240,000	26,161,000	31,842,000	8%	10%	18%

Source: Migration Observatory analysis of APS, 2017. Note: includes both employees and self-employed; occupations shown are the top 5 employers of EU-born workers in absolute numbers, within each occupation, plus the occupation with the highest share of EU born if not otherwise included. Occupations marked with * include some occupational sub-categories that are eligible for Tier 2 visas, e.g. marketing and business sales associates and musicians

Figures for London are shown in Appendix Table 1. Overall the patterns are similar except that in London, EU-born and UK-born workers are in more skilled jobs—and thus more likely to be in jobs eligible for skilled work visas—than their counterparts outside of London.

There are also some differences in the types of occupations performed in London vs. the rest of the country because of the way different industries are spread across the UK. For example, food processing is not a significant employer of EU migrants in London, where there is a significantly higher concentration of workers in the construction and building trades.

3. Is it necessary to provide routes for EU citizens to take up low-wage work after Brexit?

There is no objective, 'optimal' amount of migration into low-skilled jobs, and arguments exist on either side of the debate as to whether policy should allow this type of labour migration at all. Arguments in favour of low-skilled labour migration generally fall into two main categories. First, that employers cannot attract sufficient workers from the domestic labour force to get the work done, usually because the job is too low-paid or too undesirable. And second, that without legal options for recruiting migrant workers, there may be more demand for illegal employment. Both of these arguments, and particularly the second one, are difficult to verify empirically.

By contrast, there are two main arguments against facilitating labour migration into low-skilled jobs. First, the economic evidence in favour of low-skilled migration is much weaker than for high-skilled migration, for example because migration in low-wage jobs is more likely to have negative fiscal or labour market impacts or perpetuate low-productivity business models (Vargas-Silva, 2018; MAC, 2014). Second, the migrants who participate in low-skilled worker programmes may—like other workers in low-skilled occupations—be vulnerable to exploitation.

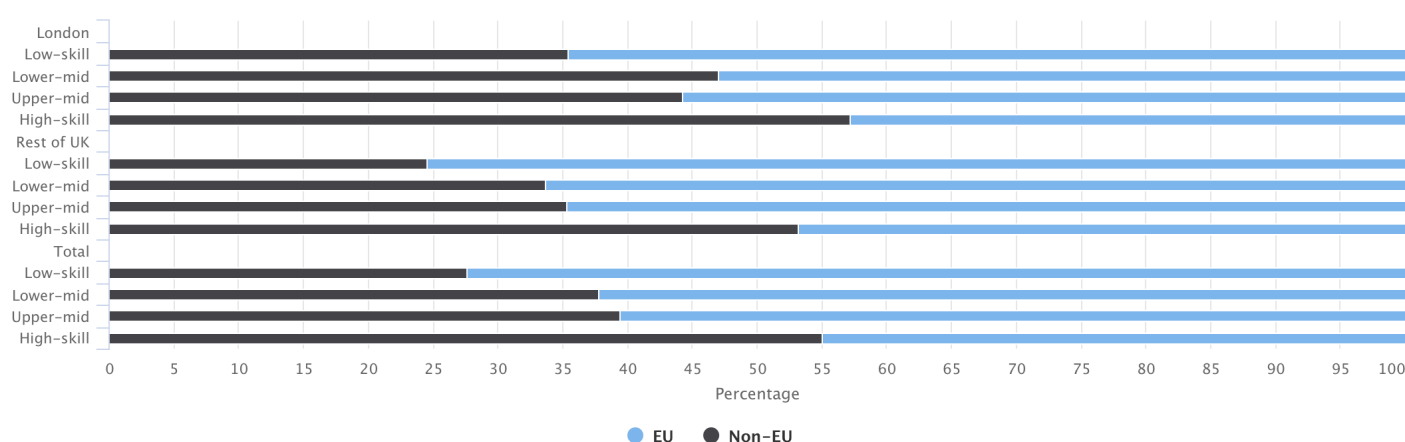
As the Migration Observatory has pointed out in the past, deciding what kind of labour migration to facilitate is a complex exercise that requires the government to weigh up different policy objectives, such as the desire to reduce migration levels overall vs. the perceived costs and benefits of boosting the workforce in particular industries and the available alternatives to migration (Sumption, 2017). Political judgments about whether the UK needs to facilitate migration in order to support an industry like social care, for example, will be different from judgments about whether it is necessary to do the same for hospitality.

3.1. Non-work routes

This report is about labour migration and options for providing work visas. However, it is important to remember that even if there was no explicit work permit route for low- or middle-skilled work, there would still be some migrants entering the labour market in these jobs. Family migrants and recognised refugees have full work rights and can work in jobs at any skill level, while international students studying for degrees at publicly funded higher education institutions can work up to 20 hours per week during term time and full time during vacations.

Non-EU migrants have provided a non-trivial share of the migrant workforce in low-skilled jobs in recent years, despite the absence of a dedicated route for labour migration into these positions. In 2017, an estimated 85,000 non-EU born workers who had arrived in 2012 or later were working in low-skilled jobs, making up 28% of recent arrivals in those jobs. A further 137,000 were working in lower-middle skilled jobs, where they made up 38% of recent arrivals (Figure 1).

Figure 1: Recently arrived migrants (arrived since 2012) by place of birth and skill level of job 2017



Source: Migration Observatory analysis of APS.

Note: year of arrival is year of first arrival to the UK, not including any absences. Includes employees and self-employed

Nonetheless, free movement remains the most important legal channel for migrants currently taking up work in non-graduate jobs. EU-born workers now make up a majority (56%) of the foreign-born in low-skilled jobs, and this share rises to 72% if only migrants who arrived in the past 5 years are included. This is particularly the case outside of London (Figure 1).

3.2. Inflows into low-skilled jobs?

Future policies are likely to govern new arrivals of workers in low-wage jobs, rather than the population of people already here. As a result, it would be useful to understand the magnitude of annual inflows of EU workers into low-skilled jobs. This cannot be calculated reliably using currently available statistics, however.

Inflows of both long-term and short-term EU migrants for work purposes have fluctuated over time. In the year ending June 2011, the combined number of short-term and long-term arrivals by migrants coming for employment purposes was 152,000 and this rose to 350,000 in the year ending June 2016, when EU migration was at its pre-referendum peak (Table 4).

Table 4: Long-term and short-term migration of EU citizens, 2011 and 2016 (year ending June)

	Long-term (12+ months)	Short-term (1-12 months)	Total
YE June 2011	90,000	62,000	152,000
YE June 2016	190,000	157,000	347,000

Source: IPS Table 3 and STIM.01a. Note: includes IPS 'work-related' migration and STIM 'employment' migration only (i.e. excludes STIM business visits and work for an existing employer). Long-term and short-term figures are calculated in different ways, so these figures provide only an approximate picture. Short-term migration data will include repeated moves by individuals who moved more than once during the year

It is not known what share of these people worked in low-skilled jobs, because statistics on people entering the country, not all of whom yet have a definite job, cannot give us their occupational breakdown after they arrive. Only some of these migrants (i.e. those staying for longer periods) are expected to be identified in surveys that do contain occupational information, and it is likely that the labour-market characteristics of long-term vs short-term migrants are different.

We can, however, estimate net increases in the size of the EU workforce at different skill levels. From 2012 to 2017, the total number of EU-born people working in the UK increased by approximately 160,000 per year, with an increase of about 30,000 per year in low-skilled jobs and a further 100,000 per year in middle-skilled jobs (see Appendix Table 3 for calculations). This net increase should not be confused with immigration inflows. It will be affected by immigration, emigration, *and* changes in employment rates of EU migrants (e.g. as a result of those who are already here entering or leaving employment).

4. What are the policy options for labour migration into low- or middle-skilled jobs, other than free movement?

Absent free movement, there are two main models for selecting and admitting migrants who will work in low- or middle-skilled jobs:

- Worker-driven programmes where authorisation is given directly to the individual, who can then find a job of their own accord. In its July 2018 White Paper, the UK government proposed a UK-EU Youth Mobility Scheme (YMS) modelled on the programme that currently admits young people from certain non-EEA countries to work for up to 2 years.
- Employer-driven work permits, where people come to fill specific vacancies and are sponsored by an employer or another sponsoring organisation to do this. Precedents in the UK include the Seasonal Workers Agricultural Scheme (SAWS), the Sectors Based Scheme (SBS) for hospitality and food processing.

These options are not mutually exclusive—for example, there could be an expanded YMS for EU citizens and also a new SAWS or other kind of employer-sponsored work permit scheme.

The next sections briefly explain how these two types of labour migration work and outline some policy decisions that would need to be taken in each case.

5. What are the implications of an EU-UK Youth Mobility Scheme?

The most relevant worker-driven model in the debate about post-Brexit migration policy is the Tier 5 Youth Mobility Scheme (YMS). This route is already in operation for certain non-EU citizens and the government proposed in its July 2018 White Paper on Brexit that a similar UK-EU Youth Mobility scheme should be developed (HM Government, 2018). This model has also been proposed by some employers (see MAC, 2018 evidence responses) and think tanks (e.g. Goodhart, 2018; Migration Watch 2017).

5.1. Youth mobility: cultural exchange or labour migration programme?

YMS and similar schemes in other countries are not designed primarily to provide a supply of labour but rather to promote cultural exchange through a reciprocal programme. In other countries they are often known as ‘working holiday’ visas, on the basis that work is considered to be a way of funding travel and cultural experience rather than as the sole purpose of the programme. Some countries, such as Australia, explicitly discourage its use as a source of labour for employers, by limiting participants to 6 months with each employer. That said, youth mobility programmes are clearly used in many cases to provide a source of workers, often in low-skilled jobs (OECD, 2008).

The YMS currently admits non-EU citizens aged 18 to 30 from Australia, New Zealand, Canada, South Korea, Taiwan, Japan, Hong Kong and Monaco. YMS visa holders can stay in the UK for up to two years. They can work in jobs at any skill level, change employers as they wish, move between work and study, and experience unemployment. Their employers do not have to follow specific regulations (e.g. specified wage rates or labour market tests that are common in work-permit schemes), and only need to follow normal employment laws. YMS visa holders can be self-employed but cannot set up a business with employees.

Will YMS visa holders fill ‘unattractive’ jobs?

Because YMS visa holders can choose to work in any job, the programme provides limited ability for the government to channel workers into specific kinds of work where it considers access to migrant workers to be a priority. When it comes to low-wage work, an argument frequently cited in favour of labour migration is that it can help to fill jobs where employers struggle to attract UK workers, such as seasonal agricultural work or social care (see e.g. Goodhart, 2018; Global Future, 2018). Work-permit schemes, discussed further below, can easily be used to push migrant workers towards otherwise unattractive jobs because they limit migrants’ choices to ‘approved’ jobs.

There is no guarantee that YMS can be used to fill less attractive roles in this way, by contrast. YMS visa holders have many options, which means that employers in industries such as agriculture, meat processing or social care must compete against those offering potentially more desirable or less difficult jobs, such as bars and restaurants. While free movement—which also gives workers a choice of jobs—has in practice provided a significant supply of labour into ‘less attractive’ jobs (MAC, 2018), this is likely to be in part because the overall number of EU citizens coming to work in the UK was large enough to accommodate employer demand across all industries. It is not clear that this would continue to be the case in the event that the proposed EU-UK YMS were relatively small.

How large is the Youth Mobility Scheme?

In 2017, YMS admitted 21,600 people (Table 5), and because it does not allow workers to stay for more than two years, its contribution to net growth in the migrant workforce is expected to be close to zero over the long term.

There are caps on the number of YMS visa holders from each country. In the three largest origin countries—Australia, New Zealand and Canada—the caps are not binding. Places are often allocated by lottery where the cap is exceeded.

What the caps would be under an EU-UK YMS is not known and may depend on negotiation with the EU or individual member states. This is an important question as the size of the programme would determine whether it was a major source labour migration (as free movement from the EU has been) or a relatively minor feature of the immigration system (as the current Tier 5 youth mobility scheme has been).

Table 5: Youth Mobility Scheme entry clearance visas issued and caps, 2017

	Places available	2017 visas issued
Australia	34,000	10,500
New Zealand	14,000	3,851
Canada	6,000	3,228
Japan	1,000	1,005
Hong Kong	1,000	1,186
Taiwan	1,000	868
South Korea	1,000	945
Monaco	1,000	6
Total	59,000	21,589

Source: Immigration Rules Appendix G and Home Office Immigration Statistics table vi_06_q_w. Note: entry clearance visas will not always be granted in the same calendar year as applications are submitted or invitations to apply issued, which may account for visa grants being slightly higher or lower than cap level

No reliable data exist on what kind of work YMS visa holders currently do in the UK, because visa applicants do not need to have a job lined up when they apply. In principle data could be obtained by linking HMRC and visa data, which—at least for those required to declare earnings to HMRC—would make it possible to understand much better the likely labour market impacts of the programme.

Is YMS similar to free movement?

In some respects, YMS has conceptual similarities with free movement—particularly the fact that visa holders can work in any job and do not require an employer sponsor. However, YMS is very different from free movement, in crucial ways:

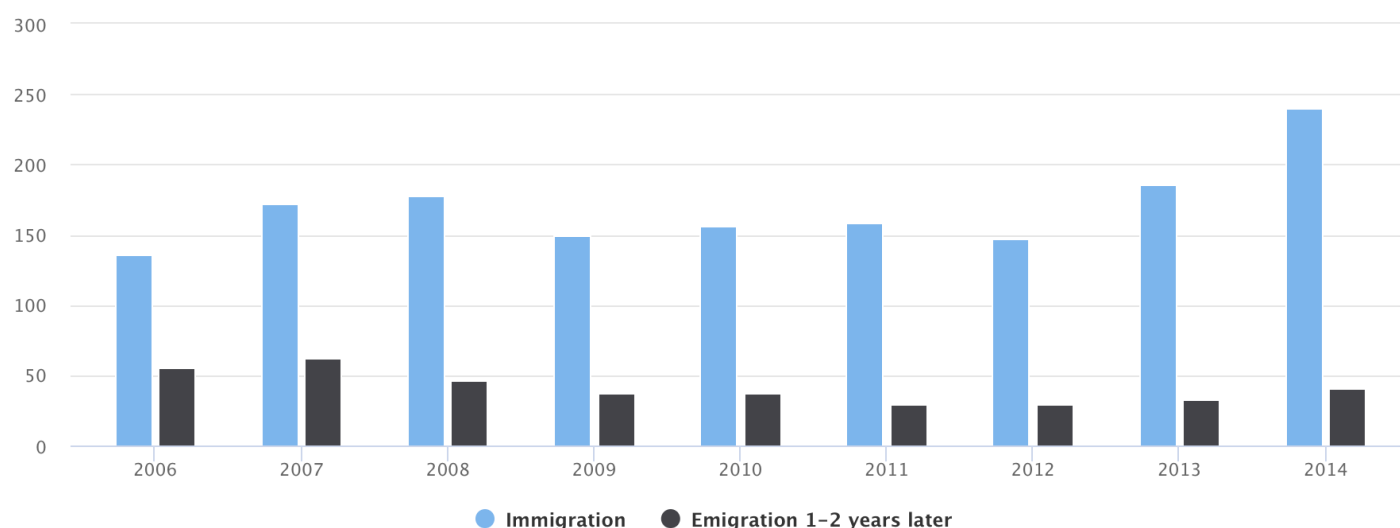
- It is strictly temporary. YMS visa holders must leave after 2 years and can only receive the visa once in their lifetime.
- There is an age restriction that excludes a substantial number of new migrants to the UK.
- Workers cannot bring dependants and lack other rights provided under free movement, such as access to benefits.

The next sections address some of the implications of these differences.

5.2. Strictly temporary programme

Arguably the most important difference between free movement and YMS is that the latter is strictly temporary (2 years). For some prospective migrants, this would not be a binding constraint because they spend less than 2 years in the UK anyway. Official estimates of short-term and circular migration remain a work in progress so it is difficult to calculate the precise share of EU migrants who currently stay less than 2 years. However, ONS figures suggest that most long-term EU migrants (i.e. those coming for at least a year) ultimately stay for more than 2 years. Figure 2 shows the estimated long-term inflows of EU citizens from 2006 to 2014, alongside the number of people who arrived in each year who were subsequently estimated to have left 1–2 years later. In 6 of the 9 years for which the data are available, the estimated outflow 1–2 years later is between 20% and 40% of the original entry cohort.

Figure 2: Immigration and subsequent emigration by year of arrival



Source: IPS table 3 and ad hoc data on emigration requested from ONS.

Note: Immigration figures are the estimated long-term inflows for that year. Emigration figures are the estimated long-term departures of people who arrived in that year (i.e. for year 2006, the estimated number of people who arrived in 2006 and left in 2007 or 2008); this means that the 1–2 year category may include people who stayed for close to 3 years, i.e. – in the example given here – who arrived in January 2006 and left in December 2008

Similarly, it is not uncommon for EU migrants to remain in the same job for several years, given the option. By 2017, 68% of EU-born employees living in the UK who had been in the country since 2014 or earlier said that they had been with the same employer for at least 2 years (Table 6). In other words, moving from free movement to a programme with a 2-year restriction is a significant change to the status quo. The distribution is similar in London (data not shown).

Table 6: Length of time with current employer, by country of birth, for UK born and non-UK born arriving before 2015, as of 2017

	EU	Non-EU	UK	Total
Less than 2 years	32%	29%	27%	28%
At least 2 years	68%	71%	73%	72%
Total	100%	100%	100%	100%

Source: Migration Observatory analysis of APS 2017. Note: year of arrival defined as year of *first* arrival to the UK

What are the implications of temporariness?

Relying on a strictly temporary programme like YMS in order to provide additional labour brings significant trade-offs. On one hand, proponents of strictly temporary migration see it as a way for the government to satisfy employer demand for workers without adding to the long-term growth of the migrant population and without taking responsibility for workers' long-term prospects for integration (Ruhs and Martin 2008). Temporary migration schemes that do not allow dependants may have lower fiscal costs because education of children is a significant factor affecting the fiscal impact of migration (George et al, 2001; Dustmann et al, 2014).

However, strictly temporary migration also has costs, mostly related to the fact that migrants are not expected to integrate. In particular:

- Migrants present in the country under the programme at any one time are all recent arrivals, and thus are expected to have lower levels of the kinds of skills or knowledge that are acquired over time within the country—such as language ability, networks or country-specific work experience.
- Relying on a rotating pool of temporary workers also implies higher 'churn' within the communities where migrants live. Practitioners in local government often point to negative impacts of churn on communities and the capacity to deliver local public services (see e.g. Griffith and Halej, 2015).
- Higher turnover implies costs for employers taking on new migrant recruits (Davies and Rolfe, 2017), and reduced incentives to invest in training them if they have only a short time horizon over which to recoup their investment (Dustmann and Gorlach, 2016).

Can temporary migration be enforced?

A final question about strictly temporary migration is whether it can be enforced or whether visa holders are likely to end up staying permanently, whether legally or illegally. Some analysts contend that 'there is nothing more permanent than temporary workers' (Martin, 2001), since both employers and workers themselves have an incentive to prolong the duration of stay. A Home Office (2005) evaluation of the Sectors Based Scheme in the mid-2000s pointed to 'inherent tensions' in the scheme, since the (mostly Bangladeshi) workers willing to perform low-status, low-pay work in particular in the ethnic cuisine industry were often unable to show that they had any intention to leave at the end of the 12-month visa, not least because of poor economic opportunities back in their country of origin. This was particularly of concern where workers had paid very high recruitment fees and needed to stay long enough to recoup the investment (ibid).

That said, the limited picture currently available from ‘exit check’ statistics suggests relatively high levels of compliance with existing temporary visas in the UK, such as Tier 5 and student visas (Home Office, 2017). Currently, Tier 5 YMS is dominated by people from Australia, New Zealand and Canada, and it is difficult to know whether and how compliance might change if the scheme were broadened to cover more nationalities. Studies in other countries have found that some countries have been able to enforce return in temporary schemes if administered effectively, for example in Canada (Basok, 2000) and Switzerland (Ellerman, 2015).

5.3. Age restriction (18 to 30)

The Youth Mobility Scheme is open to people between the ages of 18 and 30. This age restriction is common in similar programmes around the world, and may be related to the fact that the schemes are designed for cultural exchange and may explicitly discourage participants from ‘pursuing a career’ (OECD, 2004), as other labour migration visas are available for this purpose.

If a youth mobility programme after Brexit were designed instead to provide labour supply in low-skilled jobs, it raises the question what the function of an age restriction would be. Regardless of the rationale, however, it is possible to identify some specific implications of an age restriction for the type of work that YMS visa holders under any expanded EU-UK scheme might do.

In 2017, just under two thirds (65%) of EU-born adults who came to the UK in 2004 or later had been between the ages of 18 and 30 when they first arrived, suggesting that in general, an 18–30 age requirement accommodates a majority of newly arriving migrants from EU countries. Because migrants often stay many years, however, a majority of the total EU-born population was no longer in this age group by 2017 (Table 7).

Table 7: EU-born adults (age 18+) who arrived since 2004, by age at arrival and current age, 2017

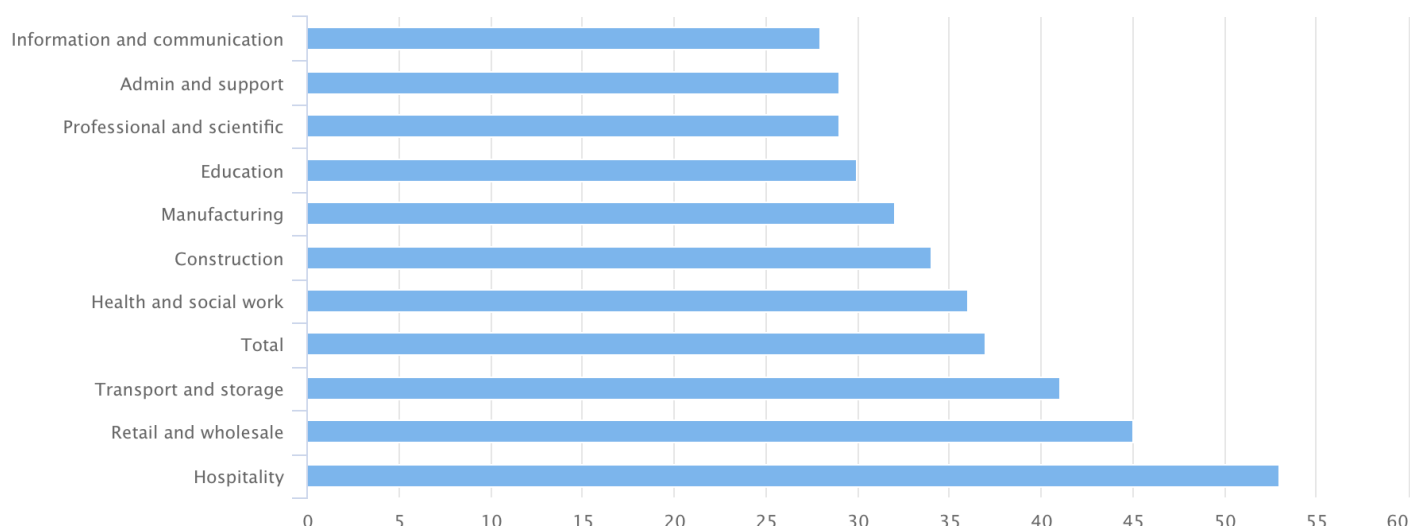
	18–30 inclusive	Over 30	UK
Age at arrival	1,363,000 (65%)	743,000 (35%)	2,106,000 (100%)
Age in 2017	851,000 (40%)	1,255,000 (60%)	2,106,000 (100%)

Source: Migration Observatory analysis of APS 2017. Note: total by age at arrival is slightly smaller than for age in 2017 due to missing responses on year of arrival; age at arrival is calculated from current age and year of arrival

This is broadly consistent with figures from the International Passenger Survey, which in 2016 suggested that 62% of EU citizens age 17 and above were between the ages of 17 and 29 (IPS table 4.07A).

Impacts of an age restriction by industry

An age restriction would affect some industries more than others. The model may be more attractive for hospitality, for example, where—looking at the cohort of people who arrived in 2004 or later—just over half of EU-born adults were age 18 to 30 in 2017. By contrast, other industries relied more on relatively older workers, including in education, manufacturing and construction.

Figure 3: Share of EU-born adults who are 18-30, arrived 2004+, by industry, 2017

Source: Migration Observatory analysis of APS 2017.

Note: includes all working adults age 18+ who arrived in 2004 or later, including both employees and self-employed. Small differences may not be statistically significant; comparisons mentioned in text are statistically significant, however, comparisons mentioned in the text are statistically significant.

The age profile and age at arrival for EU migrants arriving in 2004 or later is relatively similar across regions, with London almost identical to the UK average and few statistically significant differences between UK regions (Appendix table 5).

5.4. Restrictions on dependants

In its current format, YMS does not allow visa holders to bring partners or children, although dependants can apply for a visa in their own right if they meet the criteria. (People who have children while they are in the country can obtain limited leave to remain for the child until their own visa expires.)

If the YMS were available to all EU nationals, the restriction on bringing partners would in theory not be a constraint for most participants, since the large majority of EU citizens in the UK are either single or have partners who are citizens of the UK or another EEA country (95% in the year ending June 2017) (Sumption, 2017). Whether EU nationals could bring other EU national partners with them in practice, however, would depend on the size of the programme and whether there were binding caps. If there were, it is possible that both members of a couple would be eligible but only one would receive a place.

A majority of EU-born adults in the UK in 2017 were not living with dependent children, and this share was higher for those aged 18 to 30 as well as for those who had been in the UK for 2 years or less (Table 8). This suggests that the restriction on dependants would be relevant for a minority of EU citizens in the context of a strictly temporary 2-year programme.

Table 8: EU-born adults (18+) with or without dependant children in the household, 2017

	No children present	Children present	Total	Percent with no children present
All EU born	1,675,000	1,351,000	3,025,000	55%
All age 18-30	513,000	274,000	787,000	65%
Age 18-30, arrived in UK in 2015-2017	245,000	128,000	373,000	66%

Source: Migration Observatory analysis of LFS 2017, average of 4 quarters. Note: excludes adult children living with their parents

6. Work permit programmes for low-skilled jobs

Work permit programmes can also be used to provide a source of labour in low-skilled jobs, although they operate in a very different way. Unlike YMS, work-permit programmes bring workers to the country to carry out specific jobs under given terms and conditions, and the whole process is more heavily regulated. This has several important implications, including that:

- Compared to either free movement or YMS, work-permit programmes can be more narrowly targeted at specific perceived labour market needs (e.g. in agriculture or other industries).
- Employers must usually follow detailed regulations in return for the right to sponsor and employ a foreign worker.
- Workers themselves tend to be linked to specific jobs, which means that the process of switching jobs is not straightforward.

There is currently no major work-permit scheme for low-skilled jobs in the UK, although there are recent precedents. Until 2013, the Seasonal Agricultural Workers Scheme (SAWS) admitted workers for up to six months to work on farms. The quota for SAWS workers was 21,250 in 2013, which made up around one third of agricultural seasonal workers (MAC, 2013). While the programme was strictly temporary with no route to permanent residence, employers reported that many of the workers returned year after year (*ibid*).

From 2003 to 2013, another work-permit programme—the Sectors Based Scheme (SBS)—admitted workers in low-wage positions outside of agriculture. The scheme was initially for hospitality and food processing, although the hospitality component was ended in 2005 due to concerns about abuse (particularly in the ethnic cuisine sector) and a perception that sufficient numbers of workers were available from the EU (McNulty, 2005). The SBS quota started was reduced over time from 20,000 in 2003 to 3,500 in 2012, although the scheme was significantly underused for most of this period (MAC, 2013).

Like YMS, low-skilled work-permit programmes are often temporary visas with no straightforward pathway to permanent residence—although they do tend to allow users to leave the country and come back after a given period of time, which YMS does not (OECD, 2008). While there are exceptions, such as Sweden, countries across the world tend to take a more restrictive approach towards permanent settlement for workers in low-skilled jobs and a more liberal approach for those in high-skilled jobs (Ruhs, 2013).

This section discusses the implications of these features of work permit programmes.

6.1. Regulations and eligibility criteria

Work-permit programmes are more heavily regulated than either free movement or YMS, in that the government specifies the types of work that are eligible and the conditions under which the work is performed. The major policy rationale for using a work-permit scheme rather than an open ended route like youth mobility is this ability to regulate the work.

For example, the government can decide that only certain high-priority occupations are eligible for work permits, reducing the number of workers entering occupations that are not considered a priority. This makes it possible to push workers towards particular occupations that are not particularly attractive (such as agriculture), should that be considered desirable. Similarly, if the government is concerned about low wages among sponsored workers in a particular occupation, it can require higher wages to be paid as a condition of the visa.

Employer-driven programmes can be designed in different ways. Common regulations that govern work-permits include administrative steps employers must go through before employing the worker, conditions of employment (e.g. salaries and other benefits), and fees. These are listed in Box 1.

Key questions about any future labour migration routes

What regulations apply to employers? Specifically:

- What occupations are eligible for work permits? Is any occupation eligible or are visas restricted to particular jobs (e.g. seasonal agricultural workers; those in particular industries such as social care, hospitality or construction; or those above a certain skill level)?
- Do employers need to become licensed sponsors and what does this process involve?
- Is it possible for a third party to be the sponsor, rather than the employer, in cases where employers cannot or do not want to take on sponsorship responsibilities?
- What regulations apply to the recruitment process, e.g. do employers have to conduct a 'labour market test', advertising the position to see if local workers are available? How prescriptive are the labour market test regulations?
- What fees are charged for sponsored workers (e.g. application fees and additional charges) and who pays them? Are there prohibitions against charging fees to workers at any point in the recruitment process?
- What salaries must employers pay? Are workers guaranteed a particular number of hours or weeks of work (particularly relevant e.g. in agricultural work). Are employers expected to provide accommodation and/or transport to the place of work?
- Is there a cap on the number of visas that can be issued, either in total or for specific subgroups? If so, are some employers or workers exempt from this cap?

Source: OECD (2014) and authors' analysis

Possible drawbacks of work-permit schemes

However, this level of control over the work comes with drawbacks from a policy perspective. First, the government must choose which occupations need migrant workers most, and this is a political and analytical challenge – the difficulty of 'picking winners' (Sumption, 2017). Work permit programmes in some respects 'exempt' employers from the normal rules of the labour market, in which they have to compete with each other for staff—something that is at least in theory expected to put upward pressure on wages and conditions. Employers, on the other hand, often complain about the bureaucracy associated with sponsorship duties (see section 6.2, below).

Second, the terms and conditions of the work-permit system must be enforced. Violations of the rules are a recurring concern in countries with low-skilled workers programmes, even if such risks are of course not found only in this type of programme. Problems identified in evaluations of low-skilled worker programmes include work permit applications motivated by the desire to get particular individuals entry visas rather than to fill a genuine vacancy (e.g. Home Office, 2005), workers not receiving the pay and conditions outlined in the contract (e.g. OECD, 2011), fraudulent job offers or high fees charged by recruitment agencies (e.g. GAO, 2015), or substandard accommodation and health and safety violations (Parliament of Australia, 2016, chapter 7). These problems are by no means limited to migrant workers or to migrant workers participating in work-permit programmes, although there is a risk that they could be exacerbated by work-permit conditions, as discussed in Section 7.

6.2. Are work permit systems burdensome for employers?

One reason employers have been very positive about free movement is that it is administratively easy for employers, who do not have to take on the responsibilities of sponsorship (MAC, 2018). For employers, the main drawback of employer sponsorship, by comparison, is the administrative process and programme regulations (see above in section 3 and Box 1). For example:

Responding to the MAC call for evidence on the impacts of EEA migration, employers across many different sectors complained that the current Tier 2 sponsorship and recruitment process for non-EEA workers was complex, bureaucratic and expensive, and should not be used as a model for EEA migration (MAC, 2018). This was seen as a particular problem for small employers and those who only occasionally sponsored hire non-EEA workers (ibid.). The fact that small employers find it more difficult to use work-permit schemes because of the cost and HR expertise required is widely recognised, and has been noted in countries across the world with different rules and regulations (see e.g. OECD 2013, 2014a, 2014b, 2014c, 2016, and 2017).

Evidence from the current Tier 2 scheme

Looking at the main employer-sponsored work-permit route in the UK – Tier 2 (general) – it is clear that a relatively small share of sponsored workers are going to smaller businesses.

Table 9 shows the share of workers employed with small employers (those with 50 or fewer employees) across the whole UK workforce vs. receiving Tier 2 (general) certificates of sponsorship in 2017. While the figures cannot be directly compared (one is a ‘flow’ and one is a ‘stock’, so the comparison will be affected by factors such as how frequently employers of different sizes recruit new staff), they do appear to indicate that relatively fewer Tier 2 work permits go to smaller businesses.

In 2017, 31% workers in the UK were in businesses with 50 or fewer employees, compared to 20% of non-EEA nationals being sponsored for Tier 2 (general) visas. Similarly, 71% of CoS went to large employers with 251 or more employees, but workers in these businesses made up only 56% of the workforce. This pattern is seen across most of the largest industries sponsoring Tier 2 (general) workers, with the exception of IT.

Table 9: Share of Tier 2 certificates of sponsorship to employers with 50 or fewer employees, 2017

Industry	Number of Tier 2 (general) CoS	Share of Tier 2 (general) CoS	Share of workers across all UK workforce	Share of Tier 2 (general) CoS	Share of workers across all UK workforce
		Small businesses: 50 or fewer employees		Large businesses: 251 or more employees	
Arts, Entertainment, Other Services	540	26%	49%	59%	36%
Education	7,490	3%	7%	90%	78%
Health and Social Work	12,210	6%	20%	91%	67%
Information and Communications	5,645	44%	42%	37%	44%
Manufacturing, mining, utilities	2,475	22%	28%	62%	49%
Professional, Scientific, Technical	7,760	25%	54%	59%	31%
All industries	46,705	19%	31%	71%	56%

Source: FOI requested data from Home Office and ONS Inter-departmental Business Register. Note: selected industries are those with more than 1,000 Tier 2 (general) CoS granted; totals include all industries except ‘households as employers’. Note: total number of CoS granted can exceed annual cap because not all CoS are subject to cap

Currently, the distribution of EU-born workers across employers by company size is similar to the distribution of the workforce as a whole, according to self-reported data from the APS (Appendix Table 4); this distribution is also similar in London (data not shown).

Third-party sponsorship

In some work-permit schemes, sponsorship duties are delegated to an organisation other than the employer. For example, before its closure in 2013, SAWS was run by 9 operators, four of which were labour providers who sourced labour for many different employers. Third-party sponsorship is also used in some higher-skilled positions, such as internship programmes under the Tier 5 (Government Authorised Exchange) programme; in these cases, an umbrella organisation oversees the placement and is also responsible for compliance, together with the employer. Some have proposed that the government should permit wider use of third-party sponsorship after Brexit including in less-skilled jobs, in order to make it easier for small employers to use the work-permit system (Davies and Rolfe, 2017).

7. What is at stake for migrant workers themselves?

Free movement offers extensive rights to workers, ranging from equal treatment to UK citizens in the labour market, access to benefits, rights of family unification, the ability to stay in the country permanently, and certain civic rights such as voting in local elections (Ruhs, 2013). In comparison to free movement, any new scheme not governed by EU law is likely to offer individuals fewer rights. In general, low-skilled worker programmes around the world tend to offer fewer rights to workers than programmes targeted at high-skilled workers (ibid.).

Some key questions about rights offered to workers under labour migration routes include (Ruhs, 2013):

- Can workers switch to another employer after they arrive? If so, how soon after they leave the first employer must they have lined up authorised employment with the next one?
- How long can workers stay and is there a pathway to permanent status (Indefinite Leave to Remain) for people who stay long enough?
- Particularly if there is no route to permanent status, is it possible to switch in-country to a visa type that does allow this?
- Can workers bring their partners or children, and if so are partners allowed to work?
- Do workers have access to unemployment insurance, tax credits or other benefits?

Table 10 shows the rights offered to workers in four relevant UK schemes: the Youth Mobility Scheme, the Seasonal Agricultural Workers Scheme and Sectors Based Scheme prior to their closure to non-EU nationals in 2007, and—by way of comparison—the Tier 2 (general) route for non-EEA skilled workers.

Table 10: Rights Workers Receive Under Selected Work Routes

Scheme	Right to freely switch employer with no new paperwork	Right to work in any occupation	Right to bring dependents	Access to permanent residence	Access to welfare benefits
Tier 5 Youth Mobility	✓	✓	✗	✗	✗
SAWS (pre-2007)	✗ (1)	✗	✗	✗	✗
SBS (pre-2007)	✗	✗	✗	✗	✗
Tier 2 (general)	✗	✗	✓	✓ (2)	✗

Note: (1) SAWS workers were sponsored by operators who then provided them to specific employers; they could move between employers only with the permission of the operator. (2) Not all Tier 2 (general) workers can access permanent residence; most must meet a salary threshold of £35,000

The two low-skilled work permit schemes, SAWS and SBS, offered few rights to workers. YMS gives more rights, the key advantage being the ability to move freely between employers and the fact that there are few restrictions on the jobs workers can do. However, YMS does not allow participants to bring family members and does not provide a route to permanent residence.

7.1. Does it matter if workers are tied to employers?

One feature of work-permit schemes is that they tend to tie workers to a particular employer, at least to some degree. Tying workers to a specific job is relatively uncontroversial in high-skilled visa schemes, but potentially more problematic in low-wage work where the risks of underpayment or labour exploitation are higher (Metcalf, 2018: 74).

The process of switching employers in practice

Even if work-permit holders can switch employer in country, there are typically some barriers to doing so. This is because to start a new job, the applicant generally requires permission to work in the new job, often via a new work-permit application. The new employer may be required to conduct a labour market test, and wait for a decision on a new application.

Under the current Tier 2 work-permit system, for example, non-EU workers who want to switch jobs must have an eligible job offer with another employer who is a licensed sponsor. A worker who stops working for their original employer sponsor will have their permission to remain in the UK curtailed, with a 60-day grace period during which they can look for a new job. However, this may not be enough time to line up work, e.g. if a labour market test must be conducted and especially if the new employer needs to apply for a sponsor license. In October 2017, there were approximately 25,300 licensed Tier 2 (general) sponsors (Home Office, 2018), equivalent to just 2% of the 1.3m businesses with at least one employee in 2017 (BEIS, 2017). In other words, the vast majority of employers are not already licensed sponsors.

Similarly, under the former SAWS programme, switching employer required the permission of the operator (i.e. the intermediary) that facilitated their recruitment to the UK. According to guidance provided to workers, they could 'only do so for exceptional reasons'; otherwise, if a worker left their employment they would have to wait for three months before being eligible for a new placement (UKBA 2007, cited in Scott (2017)).

Evidence on the impact of tying workers to employers

There is evidence that the 'employer tie' in many work-permit systems matters, for both employers and workers. Among employers:

- Several employers responding to the Migration Advisory Committee (2013) enquiry on seasonal agricultural workers, for example, compared seasonal workers from Romania and Bulgaria (who at that time were tied to employers as they did not yet have full free movement rights) favourably with A8 Eastern European nationals who had full freedom of movement. A8 workers are frequently praised by employers for their high work ethic and motivation (MAC, 2018), but SAWS employers described them as less reliable than SAWS visa holders, reluctant to remain on the farm for the full season because they were free to move elsewhere (MAC, 2013, p62).
- Similar employer views emerged in an earlier, Home Office (2005) evaluation of the sectors-based scheme (SBS) in food processing.
- In another study conducted before and after Eastern European workers gained free movement rights due to EU enlargement in 2004, several employers of Eastern European agricultural workers and au pairs said that workers' limited mobility rights brought advantages and that additional rights made workers less 'loyal' (Anderson et al, 2006, 84-85, 90-93).

From the workers' perspective, of course, the ability to leave a job is a clear benefit. While it is difficult to measure the concrete impacts of additional rights, a handful of studies have found that (particularly low-wage) workers start to earn more when they move out of a visa status that ties them to specific jobs.

- A US study found that science and technology work-permit holders in the US (a group dominated by IT-related occupations) saw a significant earnings boost once they became permanent residents and so are no longer dependent on their employer (Lowell and Avato, 2014).
- In Canada, another study found the same for low-skilled live-in caregivers, although not for high-skilled workers (Ci et al, 2018).
- An exploratory analysis based on a small sample of Eastern European workers before and after the 2004 EU enlargement found that those newly acquiring EU status/citizenship were more likely to switch employer than those who remained non-EU nationals, and that this led to higher earnings (Ruhs, 2017).

These findings suggest that limited rights to switch employers may be a disincentive for employers to offer higher pay. For some workers, it may also increase the risk of labour exploitation. For example:

- An independent review (Ewins, 2015) of the visa programme for overseas domestic workers in private households, which from 2012 to 2016 both linked workers to a specific job and prohibited them from changing employer, found that this strict employer tie exacerbated risks of abuse.
- Reviews of temporary work programmes in other countries have also identified dependence on employers as a factor increasing the risk of exploitation, including in Australia, the United States, New Zealand, Sweden and Finland (Parliament of Australia, 2016; GAO, 2015; Stringer, 2016 Mannon et al., 2012; Décosse, 2016).

Note that while employer-linked visas statuses may exacerbate the risk of exploitation, this does not mean that pay and conditions will be worse for all sponsored migrant workers, or even for workers on average. This is because employer-sponsored work permit schemes are also more regulated, and the regulations often include minimum salaries higher than the minimum wage, or other terms and conditions employers must offer. Indeed, a study on visa arrangements in Australia argues that the unregulated working holiday visa in Australia has led to more exploitation in the agricultural sector than the regulated visa programme for Pacific Islanders because the latter explicitly involves oversight of wages and working conditions (Curtain et al, 2017). Another study found that SAWS workers in the mid-2000s were more content with their accommodation than non-SAWS workers on farms, attributing this to success in the regulation of accommodation through this programme (Spencer et al, 2007).

Of course, this depends on how much regulation and monitoring actually takes place, what resources are dedicated to it, and therefore whether the benefits of regulation for workers outweighs the potential benefits of the freedom to switch between employers.

7.2. Do low-skilled worker programmes exacerbate the risks of exploitation?

Migrant workers are widely thought to be at greater risk of labour exploitation than UK-born workers, although UK-specific evidence quantifying the extent of any exploitation is lacking. Offences identified in qualitative research have included minimum wage violations, unpaid overtime, failure to follow conditions laid out in the contract, and failure to provide documentation such as payslips (e.g. Consterdine and Samuk, 2015; MAC 2014; Scott, 2017; Spencer et al., 2007).

While it is difficult to quantify to what extent migrants' risk of exploitation differs from that of other workers in low-wage occupations, specific risk factors may include: (1) lack of knowledge of their rights, including due to having previously worked in countries that have lower employment standards than the UK; (2) poor English language skills preventing workers from obtaining information about their rights and options for redress; (3) low

representation in unions; and (4) isolation, including living and working in rural areas, factories or on building sites where there is limited contact with the local population (Metcalf, 2018; MAC, 2014).

Some features of work permit schemes for low-skilled workers may exacerbate the risks of exploitation of migrant workers. These include:

- *Being tied to an employer*: the fact that workers are tied to their employer for their legal right to live and work in the country is frequently cited as a factor that could lead to labour exploitation, as discussed in the section 7.1.
- *Non-secure residence status*: the risk of deportation if unemployed, the risk of not having their working permit renewed and of not being hired again the following year in seasonal programmes have been identified as deterrents for workers filing complaints (LEAG, 2017: 2).
- *Reliance on recruitment agencies and other intermediaries*: migrants and employers may rely more on intermediaries if a job offer and immigration formalities need to be in place before they come to the UK (Davies and Rolfe, 2017: 44; Sporton, 2013), and indeed some models require them to do so (e.g. the SAWS scheme).

While many recruitment agencies are reputable businesses, reports of unethical or illegal practices at some point in the recruitment process, such as misinformation about the job working conditions or exorbitant recruitment fees, are common (Sporton, 2013; Ware-Barrientos, 2013; GAO, 2015).

Charging fees for workers to be recruited to a job is a criminal offence in the UK, but not necessarily in migrants' countries of origin, where many recruitment agencies operate that ultimately source workers to UK jobs. Subcontracting chains with multiple intermediaries are common in low-wage sectors, complicating the enforcement of regulations and penalties (Metcalf, 2018). An evaluation of the former Sectors Based Scheme in the UK, for example, noted reports of workers paying over £10,000 to secure a job and thus a work permit, which was more than they could realistically repay during the course of the 12-month stay (Home Office, 2005).

Policy options for addressing the risk of exploitation

Addressing labour exploitation in low-skilled worker schemes (or in low-skilled occupations generally) is a complex problem with no single policy solution. Some of the measures intended to address labour exploitation are relevant across the workforce and not just for migrant workers or those on work visas. Specific proposals that are most relevant to low-skilled work visa schemes in particular include:

- Providing information in multiple languages directly to workers, at or before arrival, about rights such as wage rates and working conditions, and how to report breaches or request advice (OECD, 2013).
- Monitoring of workers' pay and conditions after arrival, to ensure that they match what was promised as part of the work permit application (OECD, 2011). Looking at the labour market as a whole and not just at migrant workers, the Director of Labour Enforcement has proposed requiring payslips to include hours worked and hourly rates so that it is easier to identify hourly wage violations (Metcalf, 2018).
- Making it easier for visa holders to change employer in-country, for example by permitting gaps between jobs, allowing workers to start work for a new employer after submitting but before receiving a decision on a new work-permit application, not requiring the new employer to conduct a labour market test (see section 7.2), or allowing workers to move freely after a given period of time, e.g. one year within a given sector or occupation (Ruhs, 2013).
- Regulation and supervision of migrant recruitment agencies, including cooperation with countries of origin where agencies or subcontractors in the recruitment chain operate (ILO, 2016), and ceilings on recruiter fees that can be charged to workers in other countries (recruitment fees are already illegal in the UK) (OECD, 2013).

- Proactive inspections of both employers and intermediaries, rather than relying too heavily on complaints, on the basis that low-wage migrant workers are more likely not to complain (Metcalf, 2018).

Will the rules be enforced?

In its review of low-skilled work, the Migration Advisory Committee (2014) expressed concern that enforcement of labour standards generally had been too limited, regardless of the origins of the workers. According to the Director of Labour Enforcement, the likelihood of being inspected is ‘low enough to have only a weak deterrence effect’ (Metcalf, 2018). In 2016/17, the average UK employer could expect an inspection from HMRC’s minimum wage enforcement function around once every 500 years and the average employment agency could expect an inspection from the Employment Agency Standards (EAS) Inspectorate once every 18 years (ibid).

For a diffuse scheme like youth mobility that does not involve employer sponsorship, enforcement of labour standards is likely to rely on bodies such as HMRC and EAS that operate across the whole labour market. Work-permit schemes can, in theory, have additional enforcement procedures because the employers have to apply to participate in the scheme. Under SAWS, for example, both farms and operators were also overseen by the (then) UK Borders Agency. Multiple operators were required to register with the Gangmasters Licensing Authority and were also responsible for inspecting farms to which they provided workers on an annual basis (MAC, 2013). The MAC (2013) described the programme as ‘properly regulated’, contrasting it to gangmaster labour recruited from A8 countries under normal free movement rules.

8. Conclusions

Without new provisions for work visas of some kind in low- and middle-skilled jobs after free movement comes to an end, the number of non-UK nationals entering these jobs would not fall to zero. This is because people would continue to enter low-skilled jobs through non-work routes (as well as through the youth mobility scheme for those nationals already eligible). However, numbers would decline significantly, since EU citizens have made up a majority of workers in low-skilled work.

The two most likely models for a labour migration route after Brexit—youth mobility and a low-skilled work-permit scheme—operate in very different ways. The government does not face a direct choice between them and the two schemes could operate side by side. However, it is useful to compare the advantages and disadvantages of each model against the other, since even if the government used both schemes it would face the question what their relative size should be. (For example, there could be a EU-UK YMS with generous caps and a small agricultural workers programme, or a larger work-permit open to a wider range of occupations coupled with a small, tightly capped YMS.) The advantages and disadvantages for the government, migrants and employers respectively are summarized in Table 11.

For the government, youth mobility is simpler to manage and involves a lower administrative burden. This is because the government does not have to police complex programme rules and can rely on the market to determine where demand lies, rather than engaging in the difficult and potentially politicised process of granting access to workers for some industries over others. However, youth mobility is not a targeted labour migration programme—indeed, it was originally not a labour migration programme at all. It cannot be used to target specific jobs, and the government has no involvement in how the terms and conditions of the work are set (such as wage rates or other benefits and conditions). It is therefore a way of increasing overall labour supply rather than responding to a particular perceived labour need.

The main policy advantage of work-permit systems is that they give government more control over the specific jobs and working conditions for visa holders. However, they have the drawback of giving employers more control over their workers and reducing the need for employers to compete with each other for staff. This is likely to leave some visa holders more vulnerable to exploitation unless enforcement of terms and conditions is very effective.

Table 11: Advantages and disadvantages of work-permit schemes vs. Youth Mobility

	Work-permit scheme	Youth Mobility Scheme
For the Government		
Advantages	Ability to target migration towards particular types of work. Ability to specify terms and conditions, e.g. wages higher than minimum wage.	No need to 'pick winners' since market determines who works where. Employers must compete for workers. Lower administrative and enforcement burden due to lighter regulation.
Disadvantages	Greater bureaucratic burden processing applications and ensuring compliance with terms and conditions of work.	Less influence over specific jobs migrant workers occupy.
For Migrants		
Advantages	Some workers may be paid more or get better working conditions due to programme regulations.	Can choose freely between employers and types of work, move into new job quickly with limited paperwork.
Disadvantages	Other workers may be at greater risk of poor working conditions due to inability to switch jobs. Job loss may mean worker has to leave the UK.	
For Employers		
Advantages	Higher retention because difficult for worker to move to another job.	No bureaucracy associated with sponsorship.
Disadvantages	Cost and paperwork of sponsorship, especially for small employers. May be restricted to certain industries or occupations.	May lose workers to other employers. Age restriction on YMS reduces possible candidate pool.

Source: authors' analysis

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Appendix

Appendix Table 1: Workers by occupation and place of birth, London, 2017

	EU	Non-EU	UK	Total
Low-skilled	114,000	161,000	133,000	408,000
Elementary Cleaning Occupations	41,000	42,000	19,000	101,000
Other Elementary Services Occupations	30,000	52,000	42,000	124,000
Lower-middle	193,000	426,000	677,000	1,297,000
Sales Assistants and Retail Cashiers	23,000	67,000	88,000	177,000
Road Transport Drivers	21,000	55,000	48,000	123,000
Upper-middle	229,000	313,000	761,000	1,304,000
Construction and Building Trades	55,000	18,000	43,000	115,000
Sales, Marketing and Related Associate Professionals	28,000	30,000	122,000	180,000
High-skilled	202,000	449,000	949,000	1,600,000
IT and Telecommunications Professionals	30,000	70,000	100,000	200,000
Functional Managers and Directors	30,000	62,000	146,000	237,000
Business, Research and Administrative Professionals	27,000	67,000	113,000	207,000
Total	738,000	1,350,000	2,520,000	4,609,000

Source: Migration Observatory analysis of APS 2017

Appendix Table 2: Skill level of job by place of birth, arrived in 2012-2017, London, 2017

Country of birth	Low-skill	Lower-mid	Upper-mid	High-skill	Total
EU	57,000	59,000	68,000	53,000	237,000
Non-EU	31,000	52,000	54,000	70,000	208,000
Total	88,000	111,000	122,000	123,000	445,000
% non-EU	35%	47%	44%	57%	47%

Source: Migration Observatory analysis of APS, 2017

Appendix Table 3: 2012-2017 change in migrant worker population by place of birth

	2012	2017	Increase 2012-2017	Increase/year
EU born				
Low-skilled	350,000	485,000	135,000	27,000
Lower-middle	467,000	763,000	296,000	59,000
Upper-middle	413,000	615,000	202,000	40,000
High-skilled	347,000	535,000	189,000	38,000
Total	1,577,000	2,399,000	822,000	164,000
Non-EU born				
Low-skilled	341,000	397,000	56,000	11,000
Lower-middle	863,000	1,072,000	209,000	42,000
Upper-middle	610,000	718,000	108,000	22,000
High-skilled	855,000	1,062,000	207,000	41,000
Total	2,669,000	3,249,000	579,000	116,000

Source: LFS 2012 and 2017, weighted average of four quarters. Note: includes both employees and self-employed. LFS figures are used instead of APS because APS public use data files for 2012 do not currently include necessary migration variables. This is the reason for small differences between these figures and those in Table 2, above

Appendix Table 4: Size of employer (number of employees) by place of birth, 2017

	EU		Non-EU		UK		Total	
Less than 25	629,000	31%	1,032,000	38%	8,071,000	36%	9,734,000	36%
25 to 49	235,000	12%	268,000	10%	2,982,000	13%	3,485,000	13%
50 to 500	801,000	39%	807,000	30%	7,485,000	33%	9,093,000	33%
500+	378,000	19%	608,000	22%	4,060,000	18%	5,045,000	18%
Total	2,043,000	100%	2,715,000	100%	22,598,000	100%	27,357,000	100%

Source: Migration Observatory analysis of APS. Note: includes both employees and self-employed respondents who have employees (i.e. excludes solo self-employed)

Appendix Table 5: Age at arrival for EU migrants arriving 2004+, by region, 2017

	Percent of EU-born adults arriving age 18 to 30
East Midlands	57%
North East	58%
West Midlands	63%
North West	63%
Wales	63%
Yorkshire & Humberside	63%
South West	64%
South East	66%
London	66%
East	67%
Northern Ireland	67%
Merseyside	69%
Scotland	69%
Total	65%

Source: Migration Observatory analysis of APS 2017. Note: percentages for most regions are not statistically different from London or the UK average

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