



The British Chambers of Commerce believes a flexible, well informed migration policy is essential to supporting economic growth in the UK.

Summary

One in four businesses in the UK use migrant labour, rising to nearly three in four for large businesses¹. The reasons that businesses use migrant labour can be broken down into two categories: problems with domestic labour and the benefits that using migrant labour can bring.

Over one third of businesses state that they employ migrant workers because of a shortage of domestic candidates with the requisite skills and/or experience². Yet unemployment among 16-24 year olds in England alone has risen from 700,000 in February 2008 to 928,000 this June³. In 2008, 65% of pupils aged 16 gained five good GCSE grades, meaning that one third did not. Many UK companies use migrant workers because of concerns about both 'hard' and 'soft' skills among domestic applicants.

Many employers also believe that migrants have a better work ethic and are more productive than their domestic counterparts. They also value their language skills and evidence shows that there are many gains in having a diverse workforce. Migrants are a self-selecting group: they tend to be young, driven and enterprising, all skills that an employer values.

Problem

- Domestic candidates do not have the skills and experience that employers require;
- Not all employers who use migrant labour are aware of, and understand, the Points Based System (PBS);
- The Government is under constant pressure to restrict migration;
- Even in a recession, some businesses still struggle to get the personnel they need to thrive and grow.

Recent Government Policies

- In February 2008, the Government launched the PBS to limit the number of economic migrants coming to the UK. The PBS aims to make migration flows more responsive to the UK's economic needs;
- In April 2008, the Government created the United Kingdom Border Agency (UKBA). Later that year, HMRC border staff were also brought under the auspices of UKBA;
- A new route to citizenship is being launched, which has tightened and lengthened the process. Part of this is a new citizenship test that immigrants will have to pass in order to become UK citizens;
- DCLG launched a Migrant Impact Fund to raise £70m over two years from migrants to contribute towards council services.

¹ BCC Workforce Survey April 2009

² Ibid.

³ ONS



Opposition Position

- The Conservatives would place an annual cap on the number of migrants allowed into the UK. This would only affect non-EU migrants as EU rules would not allow such a cap;
- Transitional controls would be applied to the populations of all new countries joining the EU;
- A new border police force would be created to include the police, which the current Border Agency does not.
- There is no economic justification for a cap on population in the UK. It is not viable whilst the UK is a member of the EU as EU citizens have a right to migrate within the Union. However, infrastructure development must keep pace with population growth – otherwise there will be costs to business;
- There is no advantage of an automatic restriction on migration from new EU member states. Each country should be dealt with on a case by case basis. An automatic restriction gives the wrong message about the UK. Any controls on non-EU migrants must be flexible and based on evidence;

Evidence

- The UK population now stands at 61.4m⁴. In 2008, the population grew by 408,000, the biggest increase in nearly 50 years. However most of this increase was due to an increased number of births, especially to women living in the UK but born abroad;
- The BCC Workforce Survey shows that highly skilled migrants are more likely to be non-EU migrants than from within the Union;
- Just under a quarter of UK businesses employ migrant workers, with this figure rising to 71% for large businesses;
- Almost a third of businesses are dependant on migrant labour to some extent.
- The PBS started over a year ago. The Government must work with business and Chambers of Commerce to ensure all businesses understand how it works, and how it can benefit a business if there is a skills shortage in a particular area;
- Employers should have to look for a candidate in the UK before declaring that none are available. This ‘search’ period has recently been extended to four weeks but should not be extended further;
- However; forcing businesses to advertise a role in a Jobcentre Plus (JCP) for four weeks to satisfy the resident labour market test is onerous, especially for smaller businesses who are unlikely to use JCP currently;

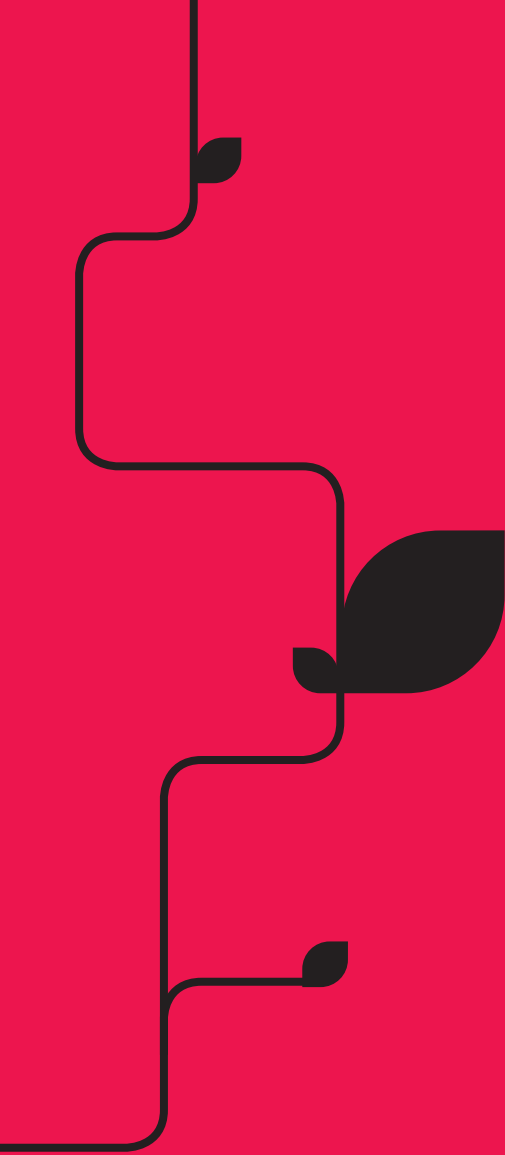
BCC Policy Position

Migrants make a valuable contribution to local economies across the UK, and thus to the country as a whole. The BCC favours a flexible migration system that allows British businesses to recruit efficiently and meet skills needs.

- Even in a recession, there are still skills shortages that businesses need to plug;
- EU migrants are proportionally more likely to fill low-skilled positions than non-EU labour. Thus the PBS must ensure that Britain can still get the higher-skilled non-EU migrants it needs;
- The PBS is a useful tool to ensure the UK has a responsive migration policy which contributes to business growth;
- We support the Intra-Company Transfer route under Tier two but recognise that it needed to be strengthened to prevent displacing of national workers. The Migration Advisory Committee (MAC) recommendation that the qualifying period for an overseas worker be extended from six to twelve months should do this.

⁴ ONS





Applicability

Immigration and border control are reserved matters. Thus the briefing above applies to England, Scotland, Wales and Northern Ireland.

In Scotland, there are some policy variations designed to help attract highly-skilled workers. For more on this, please contact the Scottish Chambers of Commerce.

Contacts

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