

# WLGA RESPONSE TO THE CONSULTATION ON CHANGES TO FREEDOM OF MOVEMENT AFTER BREXIT – THE IMPLICATIONS FOR WALES



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## About Us

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, and the three national park authorities and the three fire and rescue authorities are associate members.
2. The WLGA is a politically led cross-party organisation, with the leaders from all local authorities determining policy through the Executive Board and the wider WLGA Council. The WLGA also appoints senior members as Spokespersons and Deputy Spokespersons to provide a national lead on policy matters on behalf of local government.
3. The WLGA works closely with and is often advised by professional advisors and professional associations from local government, however, the WLGA is the representative body for local government and provides the collective, political voice of local government in Wales.

## Introduction

4. As one of the largest employers in a local area, either directly or through commissioned services, ensuring councils continue to deliver high-quality public services is an absolute priority. But as leaders of place, councils also have a unique insight and interest in ensuring that the needs of employers in the wider local economy – both large and small, public and private – are understood, and met. Fundamental to this is a steady supply of skills, including European Economic Area nationals, where appropriate. Ensuring a steady skills supply is critical to business continuity for the sustainability of essential public services and for local employers to thrive and grow. Getting the skills supply right for both national and local economies is not a new problem, but Brexit adds an additional challenge.
5. Notwithstanding Brexit and the potential reduced reliance on EU workers, we face a range of skills challenges which affect people and places in different ways. These include large numbers of adults with poor basic skills and capabilities; shortages of higher-skilled technical and vocational workers; and geographical differences contributing to reduced local growth, poor productivity and low pay in many areas.

6. Councils, looking across their local economies, continue to highlight potential areas where recruitment may become more challenging post-Brexit. This is within local government and the wider public sector including social care and health, as well as across local industries such as agriculture, catering, hospitality, construction, retail and tourism. It is clear that the effects of Brexit and changes to freedom of movement will vary within and across places.
7. Given these challenges and the unique position of local authorities we welcome the opportunity to respond to the External Affairs and Additional Legislation Committee's consultation into changes to freedom of movement after Brexit – the implications for Wales. In relation to the UK Government's White Paper proposals on immigration after Brexit it is also worth noting that WLGA have endorsed the recent Welsh NHS Confederation Policy Forum's response to the UK Government's Future Skills Based Immigration System White Paper which was focused on the health and social care sector.

### **Implications of policies proposed in the Immigration White Paper**

8. Free movement has enabled EU migrants to live and work across Wales, including through routes that begin elsewhere in the UK. The flexibility of free movement has facilitated the emergence of migrant networks, as family and friends move to join previous migrants, and such networks facilitate integration and settlement. At the same time, access to social security and public services has enabled EU migrants to sustain often low-paid and precarious jobs.
9. Local authorities in Wales, as well as employers and third sector organisations, have actively supported the recruitment and settlement of EU migrants. Many areas have invested in infrastructure to support language learning and have developed tailored support services. Local authorities have also played an active role in recruiting and retaining EU staff working in public services such as teaching and social care. EU nationals have made an important contribution to sustaining such services, in turn helping to retain existing populations in these areas, both UK and foreign-born.
10. The proposals to end free movement and restrict immigration to Tier 2 and temporary routes could seriously disrupt current patterns of mobility and settlement across Wales. As we will discuss in more detail later there are a number of sectors in Wales where the £30,000 salary threshold would not be met. The proposed seasonal agricultural workers programme and transitional temporary scheme would involve short-term stays of single migrants, without access to public funds and with no pathway to settlement and integration. This would prohibit the retention of staff in many local areas, with serious consequences for the sustainability of local services.
11. The proposals also imply a diversification of migrants in terms of countries of origin. This is not a problem in itself, and could make a positive contribution to local communities. However, the presence of migrants from a wider range of countries, alongside changes to existing patterns of

migration with regard to length of stays, gender, age and family profiles, would require existing services to adapt in order to support newer groups and their social integration. Smaller communities will also lack existing migrant networks in local areas, implying less informal support for integration. The potential consequences for local support services require further analysis.

12. We need a high performing and well-coordinated employment and skills system responsive to the needs of employers and local areas if we are to address skills gaps and shortage by investing adequately in, and targeting retraining and upskilling support of the current workforce and ensuring young people are trained for current and future jobs. Every place is different with a unique mix of people, jobs, economies and geography. This creates a varied picture with some places at or close to full employment and with skilled workforces, while others are still recovering from recession and facing challenges in employment, pay and productivity. Ultimately every area wants the power to match skills supply and demand, so residents can compete for current and future jobs. Yet despite the levers to achieve this being nationally rather than locally controlled, local intelligence on skills is absolutely critical in understanding what the skills levels of an area are, and what skills are needed where and when.
13. In order to help address these skills gaps and shortages it is essential that we have a fair and reasonable immigration system that supports all to be able to attract both EU and non-EU citizens to live and work in Wales. As recognised in the Welsh NHS Confederation Policy Forum's response it is likely that the proposals as currently set out in the UK Government's Immigration White Paper will have a detrimental impact on many parts of our workforce in Wales. For example, the report 'Research on the Implications of Brexit on the Social Care and Childcare Workforce in Wales' which considered the composition of the regulated social care sector, suggests that the immediate impact of the UK leaving the EU is likely to exacerbate existing workforce and retention pressures.
14. We recognise that the White Paper is a starting point for some of the proposals and there is still more work to be done to fully work through some of the detail. This is an evolving and shifting area of policy, for example the Prime Minister's recent announcement regarding commissioning the Migration Advisory Committee (MAC) to conduct a review into the potential implications of an Australian points-based immigration system. However, regardless of whether any future immigration policy is skills-based, points-based or a combination thereof, we need to ensure that the system in place is able to meet the needs of employers in Wales.
15. Both the MAC report and the White Paper argue that restricting EU migration of lower skilled or paid workers will improve the prospects of native workers, particularly those with lower skills, since it will increase the incentive of employers to invest in training or other measures to boost productivity. However, as recognised in the recent WCPP report, 'Migration in Wales: the impact of post-Brexit policy changes', the empirical evidence set out in the MAC report does not provide

much support for these propositions; the research commissioned by the MAC found no clear links between migration and training, and a positive one between migration and productivity, with little to suggest that reductions in migration would result in significant wage rises for low-paid workers. The distributional consequences of reduced immigration are therefore likely to be small, although it is possible that there might be bigger impacts in some sectors. There may also be negative distributional consequences if the reductions in government revenue result in less funding for public services.

16. Below we further consider some of the key areas and proposals contained within the White Paper in more detail.

#### **Level of salary threshold**

17. The MAC recommended that if in the skilled route the permitted skills level is expanded to include intermediate skills (RQF 3-5), the current minimum salary threshold of £30,000 should be maintained, to maximise economic contribution. The White Paper agrees with the MAC's view that the salary thresholds should ensure that migrants are raising the level of productivity in the UK, making a positive contribution to public finances and are not putting downward pressure on earnings. Whilst we welcome the fact that it goes on to say that, "before confirming the level of a future salary threshold we will want to engage extensively with businesses and employers, consider wider evidence of the impact on the economy and take into account current pay levels" [6.24 p.48], it seems inevitable that some level of salary threshold will be in place.
18. The recent WCPP report highlights some of the key challenges with setting a £30,000 threshold in Wales with eight out of the top ten sector-occupations having median earnings below the £30,000 threshold and in most cases well below. For these sectors a substantial majority of EU workers would not qualify for a Tier 2 visa. The most vulnerable sector is likely to be manufacturing, with three occupations (skilled workers, plant and process operatives, and unskilled workers) in the top 10 and with even most skilled manufacturing workers earning less than £30,000. It is also notable that EU workers are spread across occupations and are clearly not solely working in unskilled roles.
19. One area in particular that local authorities have highlighted significant concerns over in relation to the salary threshold is social care, where an increasing proportion of new entrants to the sector, in both the UK as a whole and Wales, are EU citizens. The findings from an independent study of the economic value of adult social care sector in Wales<sup>1</sup> found that social care creates jobs for 127,000 people. It also directly employs almost as many people as the NHS, which makes it one of the biggest employers in the country, with most employed in care homes and home care. The wider impact (which includes its effect on organisations that supply services to the

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<sup>1</sup> Available at: [https://socialcare.wales/cms\\_assets/file-uploads/The-Economic-Value-of-the-Adult-Social-Care-Sector\\_Wales.pdf](https://socialcare.wales/cms_assets/file-uploads/The-Economic-Value-of-the-Adult-Social-Care-Sector_Wales.pdf)

sector and the spending power of those directly and indirectly employed in social care) means that social care contributes £2.2 billion to the Welsh economy overall, with £1.1 billion of this directly added by the social care sector. This makes adult social care the seventh largest contributor to the Welsh economy. The study also found that adult social care in Wales employs a larger proportion of the total workforce than any other UK country, but at a time when there are significant recruitment challenges and a need to recruit 20,000 more care workers by 2030<sup>2</sup> the average employee earns around £16,800 a year. This is well short of the potential threshold of £30,000 and so it is essential the threshold is reviewed and replaced with criteria that allows employers in Wales to be able to recruit and retain the workforce needed to provide the services needed, some of which will be providing care and support to the most vulnerable in our society. The value that public services bring to society should be a key factor in assessing the skill levels and entry requirements required within a future immigration system, not the amount people earn.

20. As the social care sector is largely dependent on women (the social worker women to men ratio in 2017 was roughly 4:1<sup>3</sup>), there are also concerns about women's rights post-Brexit. Any disproportionate impact on women, or any group with protected characteristics under the Equality Act, must be addressed. It would be helpful if there was an Equality Impact Assessment for the Immigration White Paper in order to help look at the impact the end of free movement and the proposals in the Paper would have on certain groups.
21. Having a single salary threshold level which does not take into account regional differences in pay could possibly make Wales less attractive to international talent compared to other regions in the UK who pay higher salaries. The recently commissioned work by the Home Secretary for the MAC to conduct a deeper examination into the proposed salary threshold to take into consideration regionalism, sectoral differences and entry level positions, is welcomed. However, we are cognisant of the conclusion drawn in the WCPP report that if the salary threshold were to be reduced to £20,000 then whilst this would mitigate modestly the impacts on Wales (and on the UK as a whole) they would still remain substantial.

### **Lowering skills threshold**

22. The UK Government has followed the MAC's recommendation to lower the skills threshold from RQF Level 6 (graduate level) to RQF Level 3 (A level or equivalent). However, the impact of this will largely be dependent on the level of the new salary threshold. We know for example that most roles within the health and social care sector with an RQF 3 level would not meet the £30,000 threshold; in the Welsh NHS the average annual salary for a full time (37.5 hours/week) post with an RQF 3 level qualification is £20,795. Many essential roles in the social care sector also would not meet the RQF 3 criteria and so would not be eligible to be sponsored by an employer. The inference made in the White Paper is that employers should be able to raise

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<sup>2</sup> <https://www.bbc.co.uk/news/uk-wales-47440774>

<sup>3</sup> Social Care Wales (2017). Social workers on the Register in Wales 2017

salaries to meet the threshold requirements under intermediate qualified jobs. However, given the significant financial pressures public services in particular are under, for many posts such as those in social care where local authorities are the main purchaser of services there is little prospect of raising salaries to a level that would attract greater numbers of UK workers. The proposed changes therefore run the risk of exacerbating existing labour shortages in many areas.

### **Temporary worker route**

23. For overseas workers earning below the new salary and skills thresholds the UK Government proposes a temporary visa. This will allow migrant workers to carry out any role, with no salary or skill requirements, but it will be strictly limited to 12-months with a further year cooling off period before workers can return to the UK. There will be no ability to switch to other visa routes (even if the criteria are met), access public funds, bring dependants or have a route to permanent settlement. But it will not be linked to an employer sponsor, so workers under this route will be free to move between jobs. At this stage this route is intended as a transitional measure with a full review in 2025 to consider if this route should remain open.
24. In principle this scheme could help to alleviate pressures on specific sectors and occupations, in particular for unskilled and seasonal work. However, concerns have already been raised about having such an explicitly temporary route and how attractive this would be to either employers or workers, particularly those in skilled or semi-skilled jobs. Any role that requires any element of training means that the actual time an employer has a worker who is able to competently do their job is already reduced, knowing that that employee will also have to leave their role within 12 months and somebody else may need to be trained up to do the same job. There are also considerable potential downsides for those migrant workers coming in via this route where they would have fewer rights, the potential for abuse by unscrupulous employers would be greater, there would be little incentive to integrate with the rest of the workforce or the local community and the level of “churn” and any associated social costs would be higher. For those sectors that have relied on a steady stream of EU workers such as social care, hotel and catering and distribution sectors the effects could be significant.
25. As this route will not carry entitlements to access public funds we are concerned about the implications for migrants and our local communities to further restrict rights to access public funds. In addition, under this route individuals cannot bring dependants and it cannot lead to permanent settlement. We would argue that this completely ignores the wider contribution migrants bring in terms of demographic profiles and the benefits that they bring to communities.
26. This temporary worker route was an area considered in the WCPP report where they concluded that, “there is little reason to believe that the ‘temporary worker visa’ outlined in the UK would do much to mitigate the impacts either overall or in the specific sectors most at risk” and in fact there is the potential for significant unintended and undesirable consequences as a result. For areas such as social care where continuity of care is such a vital issue and has been a key

challenge in areas such as domiciliary care the suggestion that this temporary worker route may be able to alleviate some workforce pressures will not enable local authorities to be able to provide the assurances that service users and their families need.

### **Regional flexibility**

27. The White Paper acknowledges at the start that the new system has to “work for the whole of the UK – for Scotland, Wales, Northern Ireland and all parts of England” and that there is a need to “work with the Devolved Administrations to understand their unique perspectives and challenges and to ensure that employers have the flexibility they need to deploy staff and that individuals are able to visit, live and work in all parts of the UK.” However, with the exception of the possible expansion of the Shortage Occupation List (SOL) to Wales and Northern Ireland (and the continuation of the enhanced SOL in Scotland) there is not a great deal of consideration given to the specific interests of the devolved nations.
28. We welcome the UK Government’s acceptance of the MAC’s recommendation to consider whether the composition of the SOL needs to be different for Wales, as well as the inclusion of many health and social care roles. This could lead to salary thresholds which better reflect the needs of devolved nations.
29. The acceptance of a need for separate SOL lists by the UK Government for devolved nations suggests that there is a case for some degree of differentiation, and that a single, national-level policy may not in practice be appropriate for national or regional needs. The White Paper states that the Government accepts the MAC’s recommendation to “pay more attention to managing the consequences of migration at a local level”. Given that the effects of Brexit and changes to freedom of movement will vary within and across places there is a need for any future immigration system to better reflect the regional differences across the UK. This includes needing to acknowledge the demographic differences between the devolved nations – Wales’ population is aging and more reliant on net migration, with people aged over 65 years making up the largest share of the population. At the same time, there are fewer young and working aged people who can take care of the growing aging population in the future. It is therefore essential that a new immigration system includes the voice of devolved administrations which sit within a different context to that of the rest of the UK.

### **Settled Status Scheme**

30. Local authorities continue to promote the EU Settlement Scheme disseminating information both internally and to external providers / organisations in areas such as social care, hospitality and manufacturing. However, anecdotally we are aware of concerns from local authorities that not all EU nationals are aware of the scheme. Whilst the UK Government are intending to publicise the scheme more widely, as EU nationals will need to register for the scheme whether

or not there is a Deal, more publicity should be forthcoming to ensure that EU nationals living in Wales continue to feel welcome and valued.

31. One simple issue that has been encountered is access to hard copy information leaflets. While there are online resources made available by the Home office this in some cases is then reliant on local authorities having to print them off, which has both time and resource issues - feedback from some authorities is that local businesses might not have an all-staff email newsletter or online resource so authorities are asked whether they can provide leaflets that they can distribute instead.
32. There has been some positive feedback on the new Immigration Advice Service on [eusswales.com](http://eusswales.com), however some of the experiences reported from digital assisted services at libraries (managed and triaged by We Are Digital, commissioned by Home Office) has been less so. There is a suggestion that there may be benefits in looking at how Welsh Government might be able to support with alternatives to be able help more people unable to access or use a computer/phone/tablet to apply.