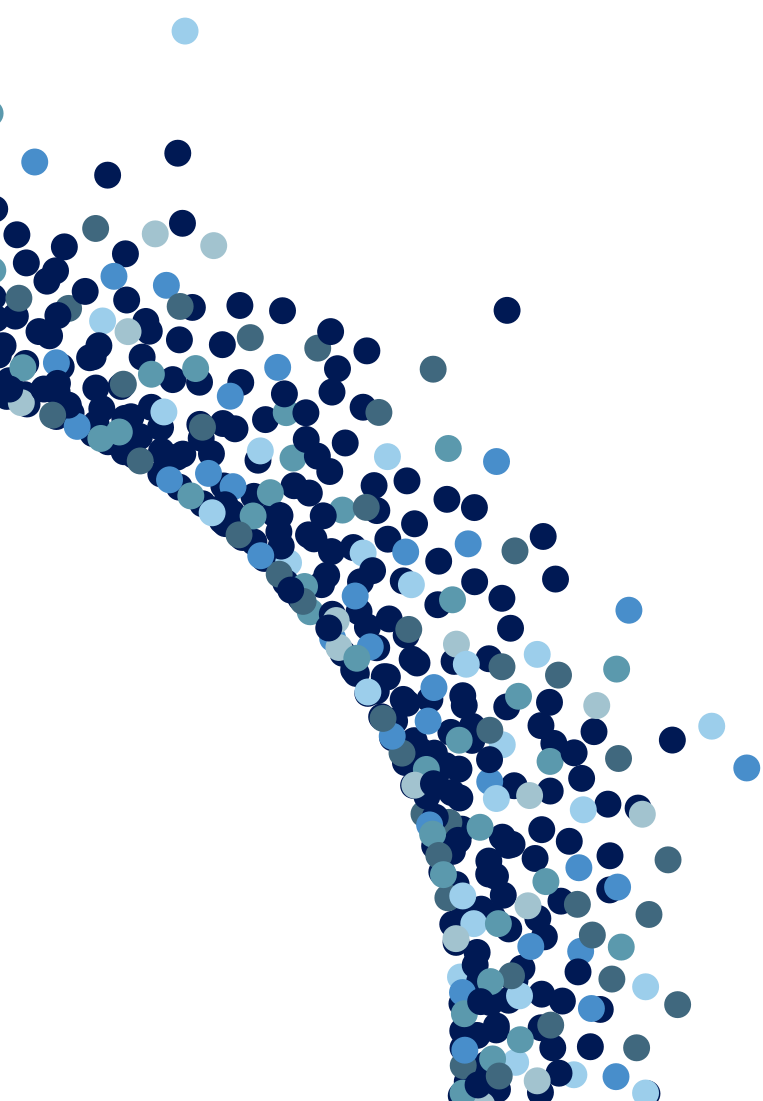




POLICY PRIMER

The UK's 2021 points-based immigration system



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On 1 January 2021, the United Kingdom rolled out a new immigration system: the “Points-Based Immigration System”. This followed the end of the UK’s participation in EU freedom of movement on 31 December 2020.

In one sense, the new system is transformational. For the first time in decades, the country’s immigration system will treat EU citizens in the same way as citizens from the rest of the world.

In other respects, the new policy is ‘more of the same’. With the major exception of applying equally to EU- and non-EU citizens, the new system is broadly similar to the one it replaced (which was similarly known as the “Points-Based System”).

This Policy Primer outlines the main features of the UK’s new immigration system, focusing primarily on migration for work. It examines the most important changes made to the previous system, and answers some frequently asked questions:

1. What is the purpose of the new system?

2. The Skilled Worker visa

Is the Skilled Worker route an ‘Australian-style’ points system?

- Which jobs are considered skilled?
- Why is the general salary threshold set at £25,600?
- Which workers are likely to meet the £25,600 salary threshold?
- Which jobs face lower salary thresholds because they are in shortage occupations?
- How easily can migrant workers settle in the UK under the post-Brexit immigration system?
- What are the costs of work visas under the new system?
- What about NHS workers and carers – do they get a special visa?
- What about ‘low-skilled’ jobs?

3. Impacts of the new system

- Will the new system reduce immigration?
- Which sectors will be most affected?
- Which parts of the UK will be most affected?
- What impacts will the new system have on the economy?

1. What is the purpose of the new system?

The new immigration system marks an important departure from previous government policy on work-related migration. After the 2010 election, the UK government’s main stated goal of migration policy was to reduce net migration to under 100,000 a year. As such, the government introduced several policies to restrict migration. These included restrictions on skilled workers, whose numbers were capped and who faced increased skill and salary requirements (see The Migration Observatory commentary, [The net migration target and the 2017 election](#)). The net migration goal was [never reached](#) and was publicly abandoned under Boris Johnson’s government in 2019.

The government has said that its new policy aims to select migrants who will [contribute the most](#) to the UK’s economy. While the previous system aimed to restrict immigration across the board, the new system is more open to skilled migration.

2. The Skilled Worker visa

The most important changes introduced by the UK’s new immigration system are the end of free movement and the changes to the main long-term work route. In the previous system, this route was known as *Tier 2 (General)*. The main long-term work route is now the *Skilled Worker* route.

To get a Skilled Worker visa, most people will need a job offer for a middle-skilled or high-skilled job that meets certain salary thresholds: the higher of £25,600, or the 'going rate' for the occupation that the migrant will do, which is set at the 25th percentile of earnings in that occupation. Under the previous immigration system, non-EU citizens could only come to the UK to work in graduate jobs that had a salary of at least £30,000.

Applicants can qualify on slightly lower salaries under certain circumstances:

- If the occupation the worker will take up is on the Shortage Occupation List, the salary requirement falls by 20%;
- If they are 'new entrants' to the labour market, they can qualify on a salary that is 30% lower than the going rate for the occupation, or if the general threshold applies, at least £20,480 (which is a 20% discount on the general salary threshold of £25,600);
- If they hold a PhD that is relevant to the job they will be doing in the UK, the salary requirement falls by 10-20%, depending on whether it is a STEM PhD;
- If they are working in one of 24 public service occupations – such as doctors, nurses, pharmacists, dentists, paramedics, and primary and secondary school teachers – they must be paid according to nationally agreed pay scales.

However, every applicant will need to receive a salary of at least £20,480. Unlike before, there is no cap on the number of skilled workers who can migrate to the UK, and employers no longer have to demonstrate that their jobs could not be done by the resident workforce. Moreover, a skilled worker can live indefinitely in the UK if they keep extending their work visa. They do not have to meet a higher salary threshold for settlement, as they did under the previous system.

Overall, the new system is substantially more expensive and restrictive for EU citizens, who previously enjoyed freedom of movement rights, and could therefore move freely to the UK to live, work, or study. EU citizens, including skilled workers, now require a visa to live or work in the UK, and must pay substantial costs, such as the NHS surcharge of £624 per person per year, which must be paid up-front when applying for the visa. By contrast, for citizens from the rest of the world, the policy reflects a notable liberalisation.

Another liberalisation of skilled work migration is the reintroduction of a post-study work visa, which was first introduced in 2008 and closed in 2012. This has been rebranded as the 'Graduate' route. It will allow students who have completed a degree in the UK to stay in the country for two years – or three years if they are a PhD graduate – to live and work at any skill level, and to switch into skilled work routes if they find a suitable job.

Finally, various other work visas are offered, such as the Global Talent route (on which more here), which allow some migrants to qualify without a job offer if they are considered exceptionally skilled. Notably, the number of migrants admitted through this route's predecessor, 'Tier 1 (Exceptional Talent)', has been relatively small (see the series "High value (Tier 1)" in Figure 1, which comprises the Exceptional Talent route and other unsponsored routes).

Is the Skilled Worker route an 'Australian-style' points system?

No. The UK's new points-based system (or 'PBS') was advertised as "Australian-style". But [Australia's main PBS](#), the Skilled Independent route, is very different from the Skilled Worker route.

Australia's PBS is not employer-led. That is, it does not require applicants to have a job offer (although some applicants for Australia's PBS do have job offers). Nor does it tie applicants to a specific job. Instead, it focuses primarily on the individual's characteristics (e.g., their age, and work experience), rather than the job they plan to do. It also offers much more flexibility in how the points can be gained, across many attributes.

In contrast, the UK's points-tested route requires a job offer, and applicants must do the specific job for which they are sponsored. This makes it a relatively conventional employer-led system of the kind that operated in the UK before Brexit. The Skilled Worker route includes a points test, but this is largely presentational. Its main function is to specify cases in which employer-sponsored workers can receive a salary below the usual thresholds. This is illustrated by the Home Office guidance for its immigration caseworkers, which dispenses with tallying points and instead lists the six possible scenarios, A–F, in which someone can score twenty “tradable” points.

The Skilled Worker route offers little flexibility in how the threshold of points can be met. An applicant must score 70 points to qualify for the visa. But 50 of these are mandatory and awarded for (1) speaking English at the required level (10 points); having a job offer by an approved sponsor (20 points); and for that job to be middle-skilled or higher (20 points). In the UK government's points terminology, these 50 points are not “tradable”. They therefore function more like tick boxes: meet all the criteria, or do not qualify.

The remaining 20 points are awarded for meeting a salary threshold for the future job, which can be lowered if the applicant is a new entrant to the labour market; the job they will do is in a shortage occupation; or they have a PhD in a subject that is relevant to the job.

Therefore, eligibility for the Skilled Worker visa is perhaps more easily understood without counting points, but instead by looking at the conditions under which applicants can qualify. This reveals that the route is based on employer sponsorship in which most applicants will have to earn at least £25,600, but some can get in on salaries that are lower.

Table 1: Points criteria for Skilled Worker route, 1 January 2021

Mandatory points criteria	Points awarded
1. Job offer from approved sponsor	20
2. Job at appropriate skill level (middle-skilled or above)	20
3. English language skills at level B1	10
Tradable points criteria	
4. Salary (per year)	
£20,480 or at least 80% of the going rate for the profession (70% if new entrant) OR	0
£23,040 or at least 90% of the going rate for the profession OR	10
£25,600 or at least the going rate for the profession OR	20
£20,480 in an eligible health/education job that meets the relevant national pay scale	20
5. Other	
Non-STEM PhD in subject relevant to the job OR	10
STEM PhD in subject relevant to the job OR	20
Job in a shortage occupation OR	20
Applicant is a new entrant to the labour market	20
<i>Maximum points available</i>	90
Threshold to qualify	70

Source: Migration Observatory analysis of Statement of changes in Immigration Rules, HC 813, p. 221–222.

The Australian PBS does not include salary as a criterion. One surprising consequence of the UK's use of salary as the most important factor in its PBS is that being more qualified means the person can be paid less—because they earn points for their qualification instead of salary. Indeed, an [update](#) to the Immigration Rules in March 2021 gives employers the opportunity to [reduce an employee's salary](#) to a lower threshold if, for example, the person has acquired a PhD since starting their job.

Which jobs are considered skilled?

To qualify for the Skilled Worker route, the applicant must be going into an occupation that is classed by the Government's 'Regulated Qualifications Framework' (RQF) as being at least middle-skilled, – or RQF 3 or above. These jobs typically require at least A-level education. However, the applicant does not actually need A-level or equivalent qualifications to take up the job. In the UK system, *skill level is a property of the job, not the worker*.

Broadly speaking, skill levels are based on how much training most people in the job require, so that a job which requires only short-term on-the-job training, such as many of those in retail and hospitality, would generally be classified as low-skilled, whereas jobs that require more substantial vocational training, such as the skilled trades (e.g., plumbers, carpenters, electricians), would be classified as middle-skilled. Occupations requiring university degrees, such as scientists or doctors, are classed as high-skilled.

The skill requirement means that some workers, regardless of their pay, do not qualify. This includes most care workers, for example. The new system also excludes many workers in retail and hospitality, such as waiters and waitresses. Retail and hospitality employ a substantial share of EU workers in the UK. For information on the jobs that migrant workers in the UK perform, see the Migration Observatory briefing, [Migrants in the UK Labour Market: An Overview](#).

The government provides a [list](#) of the occupations that are eligible and ineligible for the Skilled Worker route, and their going rates. This list could be changed in the future.

Why is the general salary threshold £25,600?

The £25,600 salary threshold was recommended by the Migration Advisory Committee (MAC) in its [report](#) of January 2020. The MAC suggested lowering the general salary threshold from £30,000 to £25,600 because the skill threshold was also being lowered to admit workers in middle-skilled jobs.

The threshold is set at the '25th percentile' of full-time earnings in skilled jobs in the UK. This is the threshold that 75% of workers in skilled jobs in the UK would meet. The figures are to be updated annually so over time the general salary threshold will increase. Choosing the 25th percentile aims to [strike a reasonable balance](#) between limiting immigration while providing businesses with access to migrant labour.

High-paying occupations will typically face a salary threshold that is higher than £25,600 because of the additional, occupation-specific threshold, known as the 'going rate'. For example, mechanical engineers must currently meet a salary threshold of £32,952, and airline pilots £60,800 (Table 2).

Part of the rationale for salary thresholds is to discourage employers from using the visa system to bring in workers on salaries that are significantly lower than what they would pay British or other already-resident workers. The MAC also [argued](#) that a much lower general threshold would be bad for public finances, because then work migrants might cost the state more than they pay in taxes, especially if they have children or a non-working partner.

Which workers are likely to meet the £25,600 salary threshold?

The more skilled an occupation, the less likely it is that the general salary threshold of £25,600 will apply. Instead, the 'going rate' – the 25% percentile for earnings in the occupation – will need to be met. For example, the 25th percentile of earnings for pilots is £60,800. This is considerably higher than the general salary threshold of £25,600.

For middle-skilled occupations, which are generally lower-paid than high-skilled ones, it is more likely that the general salary threshold will apply. People in middle-skilled jobs will also be less likely to meet the general threshold than those in higher-skilled jobs. For example, 70–75% of plumbers earned at least £25,600 in 2020.

Table 4 shows what share of workers in selected occupations meet the skill and salary thresholds of the Skilled Worker route. This is based on 2020 data for workers of *all nationalities* in the UK, and not just migrants.

Table 2: What share of workers earn enough to meet the salary and skill thresholds of the Skilled Worker route?

Skill classification	Occupation	Estimated number of full-time jobs in the UK (all nationalities)	25th percentile for annual salary, full-time workers(1)	Estimated % of full-time workers meeting salary and skill thresholds
High-skilled (RQF 6 & PhD)	Accountants	85,000	£26,321	Going rate applies: 75%
	Aircraft pilots	Unknown	£60,800	Going rate applies: 75%
Middle-skilled (RQF 3–5)	Plumbers and heating and ventilating engineers	49,000	£25,432	70–75%
	Office managers	166,000	£20,605	60–70%
	Roofers, roof tilers, and slaters	11,000	£22,778	50–60%
Low-skilled (RQF 1–2) – <i>not eligible regardless of pay</i>	Waiters and waitresses	96,000	£3,704	0%
	Sales and retail assistants	799,000	£7,664	0%
	Care workers and home carers	600,000	£10,284	0%

Source: Migration Observatory analysis of ASHE data (2020), Earnings and hours worked, occupation by four-digit SOC, ASHE Table 14.7a; and Home Office, Immigration Rules Appendix Skilled Occupations.

Notes: (1) The 25th percentile of earnings in the occupation is the ‘going rate’. If this is higher than the general salary threshold of £25,600, then it is the salary threshold that skilled workers must meet.

Data include only employees who have been in their job for at least a year. The going rates in this chart are based on 2020 ASHE data and differ from the figures provided by the government in Immigration Rules Appendix Skilled Occupations.

Which jobs face lower salary thresholds because they are in shortage occupations?

Under the new system, applicants a 20% discount on the relevant salary threshold if they are going to do a job that is on the Shortage Occupation List (SOL). The SOL is published by the government on the advice of the MAC. SOL applicants also benefit from a lower visa application fee: for a three-year visa, £464 rather than £610; and for a visa for more than three years, £928 rather than £1,220. However, these fees are only a small part of the total cost to the applicant, which also includes the Immigration Health Surcharge of £624 per person per year, to be paid up-front when applying for the visa.

The SOL currently contains only graduate-level jobs. The MAC published an [updated list](#) of its recommended shortage occupations in September 2020, which comprised 55 categories of UK-wide occupations, and included *middle-skilled* as well as high-skilled jobs. The government decided not to implement most of the MAC’s recommendations, [citing](#) the need to “pause and assess how the UK labour market develops” after the COVID-19 pandemic and the introduction of the new immigration system. In March 2021, it added a small number of the roles that the MAC had recommended by adding some health, science, and social care occupations. This included pharmacists, laboratory technicians, senior care workers, care managers, nursing assistants, audiologists, dental hygiene therapists, and modern foreign language teachers. The latest SOL is viewable [here](#).

In having a lower salary threshold for shortage occupations, the government departed from the MAC’s January 2020 report, which said that lower salaries were not an appropriate way to address shortages.

How easily can migrant workers settle in the UK under the post-Brexit immigration system?

The post-Brexit immigration system makes it easier for migrants on work visas to remain in the UK long-term or permanently.

Under the previous Tier 2 (General) route, a worker could remain in the UK for a maximum of six years. If they wished to stay for longer, they had to apply for settlement. To qualify for settlement, they had to meet a *settlement salary threshold*, which in 2020 was £35,800. If they were not able to meet this threshold, they would have to leave the UK, and would not be able to return on a Tier 2 visa for another year. This was known as the 12-month “cooling off period”.

Under the Skilled Worker route, there is no maximum period of stay and no cooling off period. This means that a person can work indefinitely under this route if they keep extending their visa.

The salary threshold for settlement has also been lowered. If a Skilled Worker wishes to apply for settlement after five years, they no longer need a salary of £35,800. Instead, they must simply earn the same rates that apply at entry. (The exception to this is ‘new entrants’, who must meet the mainstream salary requirements to apply for settlement.)

These changes are a notable liberalisation on the previous system, and mean that some Skilled Workers can settle in the UK on salaries as low as £20,480.

What are the costs of work visas under the new system?

Compared to free movement, the new immigration system is considerably more expensive. The UK has one of [the most expensive immigration systems in the world](#), due to a combination of application fees and extra charges, such as the Immigration Health Surcharge. Table 3 provides a breakdown of the cost of a typical route to settlement for a Skilled Worker. This does not include dependent family members, such as partners or children. Partners pay the same as the Skilled Worker, while children under 18 enjoy a lower Immigration Health Surcharge of £470 per year rather than £624 per year.

Table 3: Total cost of a typical route to settlement for a Skilled Worker, as at 6 April 2021

Excludes legal fees and priority services

#	Item	Cost
1	Initial visa application(1) (from outside the UK)	£610
2	Extension visa (from inside the UK)	£704
3	Biometric enrolment	£19.20
4	Immigration Health Surcharge (for five years)	£3,120 (£624 x 5)
5	Settlement (“indefinite leave to remain”)	£2,389
6	Biometric enrolment	£19.20
7	<i>Life in the UK</i> test	£50
	Total	£6,911.40

Source: <https://www.gov.uk/government/publications/visa-regulations-revised-table/home-office-immigration-and-nationality-fees-6-april-2021#fn:2>

Notes: (1) This is for a visa for three years or less for a job that is not on the shortage occupation list. The visa fee is lower for shortage occupations.

In addition, employers face various costs to become a licensed sponsor. A Skilled Worker Sponsor Licence costs £536 for a small or charitable organisation, and £1,476 for a medium or large business. Employers must also pay the Immigration Skills Charge, which is a fee paid by a UK employer for each skilled migrant worker they employ. For large businesses, this is £1,000 per migrant worker per year. These costs exclude legal fees or the administrative costs of completing immigration paperwork.

One factor that previously created some administrative costs for employers has been removed: the Resident Labour Market Test (RLMT). Previously, if an employer wished to recruit migrant labour into a skilled job – under the Tier 2 (General) route – they first had to first advertise the job in the UK for at least 28 days, to demonstrate that the job could not be done by a settled resident.

The Home Office's Impact Assessment of the Skilled Worker route projected that the policy would bring a net cost to businesses of £1.4 billion over ten years. The removal of the Resident Labour Market Test brings a relatively small benefit. The biggest cost derives from the application of the Immigration Skills Charge to employers wishing to employ long-term EU workers.

Table 4: A comparison of Tier 2 (General) and the Skilled Worker route

	Tier 2 (General) [2020]	Skilled Worker [2021]
<i>Required for EU citizens to work long-term?</i>	No	Yes
<i>Skill threshold</i>	High-skilled (graduate level)	Middle-skilled (A-level or equivalent)
<i>Salary threshold</i>	£30,000 per year or the going rate for the occupation, whichever is higher	£25,600 per year or the going rate for the occupation, whichever is higher
<i>Maximum period of stay</i>	6 years	No maximum period.
<i>Cooling off period</i>	1 year	None
<i>Resident Labour Market Test</i>	Yes	No
<i>Cap</i>	Yes: £20,700 per year	None
<i>Settlement salary threshold</i>	£35,800	Usually £25,600 or the 'going rate'
<i>Total cost of typical route to settlement</i>	For more than 3 years: £5,791.40	For more than 3 years: £6,911.40
<i>Employer requires Sponsor Licence</i>	Yes	Yes
<i>Employer pays Immigration Skills Charge</i>	Yes	Yes

Source: Migration Observatory analysis

What about NHS workers and carers – do they get a special visa?

Sort of. NHS workers apply for Skilled Worker visas in much the same way as other workers. However, the government has branded the visa for certain NHS workers as the 'Health and Care Worker' visa. This was formerly known as the NHS visa.

The main difference between the Health and Care Worker visa and other visas in the Skilled Worker route is that the costs are much lower. The route exempts applicants from the Immigration Health Surcharge (IHS), which is currently set at £624 per person per year, to be paid up-front when applying for the visa. The initial application fee for a three-year visa is also lower: £232 rather than £610; and for a visa for more than three years, £464 rather than £1,220. For a five-year period of stay in the UK, the lower visa fees and exempted IHS produce a saving of £3,876 for a health and care worker.

The rebranding from NHS visa to Health and Care Worker visa took place amidst an outpouring of support for care workers during the COVID-19 crisis. This was acknowledged by the government in its [statement](#) introducing the visa: "The events of recent months have illustrated just what a crucial role the care sector plays in UK society." However, most care workers are not eligible for the visa. This is because the same skill and salary thresholds apply, and care workers usually do not meet them.

Care workers and home carers – the people who attend to the basic personal needs of the elderly or the disabled within their own homes or in care homes – are on the list of occupations that are *ineligible* for the route, because they are classified as low-skilled. Therefore, the people whom one might typically think of as carers will not be eligible for the Health and Care Worker visa. Instead, “qualified doctors, nurses and allied health professionals who have been trained to a recognised standard” are amongst a list of 28 broad categories of skilled professions that qualify. Senior care workers, who supervise carers, are eligible for the visa if they earn enough to meet the salary thresholds.

Table 5 lists the occupations that are currently eligible for the Health and Care Worker visa, as at 19 February 2021.

Table 5: Eligible occupations for the Health and Care Worker visa, as at 19 Feb 2021

1.	health services and public health managers and directors	15.	speech and language therapists
2.	residential, day and domiciliary care managers and proprietors	16.	therapy professionals that are ‘not elsewhere classified’, such as osteopaths and psychotherapists
3.	biological scientists and biochemists	17.	nurses
4.	physical scientists	18.	midwives
5.	medical practitioners (e.g., consultants, GPs, surgeons)	19.	social workers
6.	psychologists	20.	laboratory technicians
7.	pharmacists	21.	paramedics
8.	ophthalmic opticians	22.	dispensing opticians
9.	dental practitioners	23.	pharmaceutical technicians
10.	medical radiographers	24.	medical and dental technicians
11.	podiatrists	25.	health associate professionals not elsewhere classified
12.	health professionals that are ‘not elsewhere classified’, such as audiologists and occupational health advisers	26.	nursing auxiliaries and assistants
13.	physiotherapists	27.	dental nurses
14.	occupational therapists	28.	senior care workers

Source: [gov.uk, Health and Care Worker visa](https://www.gov.uk/health-and-care-worker-visa).

What about ‘low-skilled’ jobs?

Workers in low-skilled jobs are mostly ineligible for work visas under the new system. The new system offers no dedicated routes for people who wish to work in occupations that are considered by the government to be ‘low-skilled’, except for a programme for seasonal agricultural workers.

The term ‘low-skilled’ is contentious. Many jobs that are classified as low-skilled because they do not require a long period of training – such as those in care, retail, or food production – can be quite challenging and require a range of skills. During the coronavirus pandemic, people working in many such ‘low-skilled’ jobs have been classified as key workers (see The Migration Observatory report, [Locking out the keys?](#))

The government [says](#) that employers of migrant workers in occupations that do not meet the skill or salary requirements will have to adjust, such as by investing in labour-saving technologies like automation. It also points to the more than three million EU citizens already in the UK (as at 31 March 2021, there were [5.3 million](#) applications to the EU Settlement Scheme, though this includes repeat applications from the same person). Many EU citizens resident in the UK work in lower-skilled jobs, who have applied to the EU Settlement Scheme and will be able to stay and work in the UK.

There are some other work visa routes that allow people to take up low-wage work, but they are relatively limited. For example, the two-year Youth Mobility Scheme – the so-called ‘backpacker visa’ – allows citizens aged 18–30 from eight countries, including Australia, New Zealand and Canada, to move to the UK for two years and work in any

job if desired. This scheme has historically attracted around 20,000 people a year, and could in the future be [extended](#) to the citizens of additional (including EU) countries. Many non-EU migrants in low-wage work have over the past decade come through non-work routes, notably as family members of people who live in the UK.

3. Impacts of the new system

As with any policy, the likely effects are very difficult to forecast with any confidence. This is because migration flows can fluctuate a lot even in normal times, and do not necessarily respond to policy in a predictable way. The Covid-19 pandemic also greatly complicates any effort to understand the impacts of the post-Brexit immigration system, which has been introduced at a time of economic turmoil.

Will the new system reduce immigration?

The government has [said](#) that the new policy will reduce immigration. This is certainly plausible. But it is impossible to guarantee, because migration flows change for a variety of reasons that are unrelated to migration policy. These include the economic performance and labour market opportunities both in prospective migrants' countries of origin, and in the UK relative to other potential migrant destinations.

With that said, relative to what we would otherwise have seen if free movement had continued, it is reasonable to expect less EU work and study migration, and an increase in non-EU workers coming to the UK. The government's forecasts are consistent with this general prediction.

The government's [Impact Assessment](#) of the PBS projected that the inflows of long-term EU migrants would fall by between 80,000 and 90,000 per year over the first ten years of the policy. In contrast, inflows of non-EU migrants were projected to increase by around 30,000 per year over the next decade. These are the Home Office's central estimates. On balance, this means that after ten years of the new points-based system, the number of migrant workers in the UK is expected to have fallen by around 350,000 (p.8). These figures do not account for the impacts of Covid, which have significantly disrupted migration to the UK.

Which sectors will be most affected?

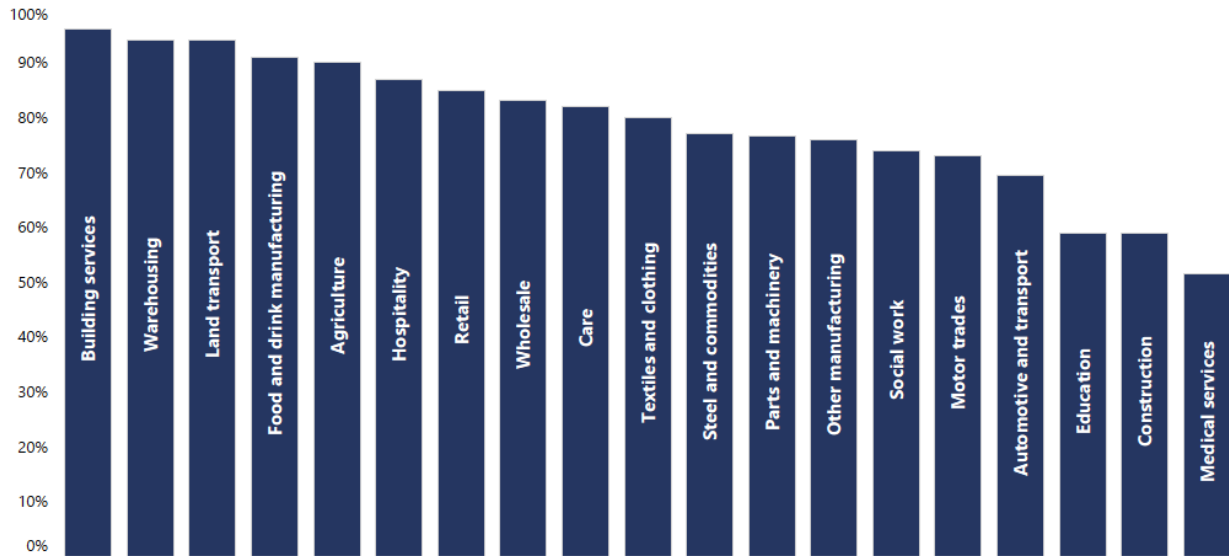
Many sectors can expect to see a significant reduction in the inflows of EU workers. Under freedom of movement, EU citizens could move freely to the UK to take up work of any skill level and salary. By contrast, under the new system, EU citizens face skill and salary requirements.

Sectors that rely more heavily on workers who do not meet the eligibility requirements are expected to be most affected. For example, the Home Office estimates that over 95% of *projected EU immigrants to the UK* (i.e., not those already in the UK with pre-settled or settled status) wishing to work in the building services sector would no longer be eligible due to their skills and salary, compared to around half of those in the medical services industry (Figure 1).

Some of these sectors include roles designated as *key workers* during the COVID-19 crisis. For more information about the impacts of post-Brexit migration policies on key workers, see The Migration Observatory report [Locking out the keys? Migrant key workers and post-Brexit immigration policies](#).

Figure 1

Estimated share of projected long-term EU inflows to the UK that would *no longer be eligible* due to new PBS skill and salary thresholds, by sector



Source: Home Office Impact Assessment for changes to Skilled Worker Immigration Rules, Figure 6, p. 35.
 Note: These projections are based on multiple assumptions and are highly uncertain.

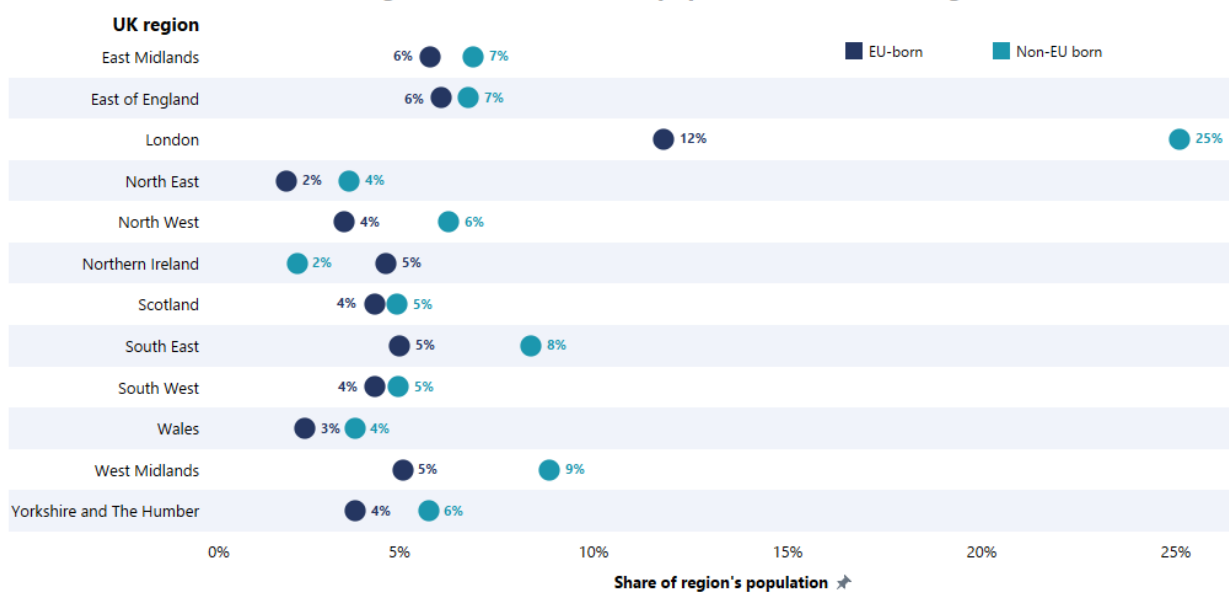


Which parts of the UK will be most affected?

The UK region in which EU migrants make up the largest share of the population is London (12%), which means that the effect of lower EU migration over the next decade is expected to be quite large even though salaries are higher in the capital, thus making prospective migrants more likely to meet salary requirements.

Figure 2

EU-born and non-EU-born immigrants as a share of the population of the UK's regions, 2019



Source: Migration Observatory analysis of Annual Population Survey, 2019.



The Migration Advisory Committee's 2020 report on salary thresholds [estimated](#) the impact on the number of people in employment – comprising both migrants and non-migrants – in each region of the UK since 2004, if instead of free movement the UK had operated an immigration system with salary thresholds at the 25th percentile (£25,600).

It found that the impact would be largest in London, despite its relatively high salaries, because of the high share of EU migrants in its population (Figure 3). Note that this analysis did not include the impacts of expected increases in the movement to the UK of non-EU migrants, who are also concentrated in London (Figure 3).

The next largest impacts on employment numbers were projected to be found in the East Midlands and East of England, due to the high shares of EU migrants in their populations.

Figure 3

How would lower skill and salary thresholds for EU workers have affected the size of the workforce if they had been in place since 2004?

MAC estimates of the impact of requiring EU migrants to be in middle skilled jobs paying at least £25,600



Source: Migration Observatory analysis of Migration Advisory Committee, A Points-Based System and Salary Thresholds for Immigration, p. 254.
 Notes: The MAC estimated the share of EU migrants arriving since 2004 that would not have met the requirements of the new immigration system based on their characteristics in 2016–18. The chart shows ineligible EU workers as a share of the region's total working population (migrant and non-migrant). The MAC's calculations used the Annual Population Survey 2016-18, and comprised all employed people, which included both employees and the self-employed.



What impacts will the new system have on the economy?

There have been various attempts to project the overall economic impact of migration policy changes after Brexit.

The government's Impact Assessment estimates that the new system would have a total economic cost of £2.6 billion over the first ten years of the policy. The calculations take into account a range of costs and benefits, including the fiscal cost of public service provision, fiscal benefit from tax revenue, revenue from visa fees, and the cost to the Home Office of administering the route. These costs are a small share of overall UK GDP, which is [approximately £2 trillion](#).

This overall cost results primarily from fewer EEA migrants being expected to come to the UK, reducing tax revenues (these losses exceed the projected savings of not providing public services or benefits to EEA migrants). Projected increases in non-EEA migrants offset some of these costs, but not enough to make the overall impact of the policy positive.

Other analysis also suggests that the aggregate impacts of the policy are likely to be relatively small. The Migration Advisory Committee [estimated](#) that if the new PBS had been in place since 2004, it would have increased GDP per capita by 0.5%. Similarly, an [analysis](#) by the UK in a Changing Europe, which does not model the precise policies ultimately introduced but looks at some broadly comparable scenarios, estimated that the impact on GDP per capita would be in the range of -0.6% to 0.6% depending on how much migration took place under the new policy.

Looking to the future, it will be difficult to disentangle the effects of the new immigration system from the impacts of the COVID-19 crisis. The pandemic can be expected to reduce immigration in the medium term as a result of economic disruption and increased unemployment – as seen with EU migration after the financial crisis of 2007–08.

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The Migration Observatory

Based at the Centre on Migration, Policy and Society (COMPAS) at the University of Oxford, the Migration Observatory provides independent, authoritative, evidence-based analysis of data on migration and migrants in the UK, to inform media, public and policy debates, and to generate high quality research on international migration and public policy issues. The Observatory's analysis involves experts from a wide range of disciplines and departments at the University of Oxford.



COMPAS

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