

Changes to UK Immigration Policy

Impacts and Implications for London

December 2023

On December 4, 2023, Home Secretary James Cleverly announced a series of changes to the UK's immigration policy. These changes are intended to reduce net migration into the UK, which the most recent immigration statistics (according to the Office for National Statistics) show has reached 745,000 people in 2022. The changes aim at reducing net migration.

Changes announced

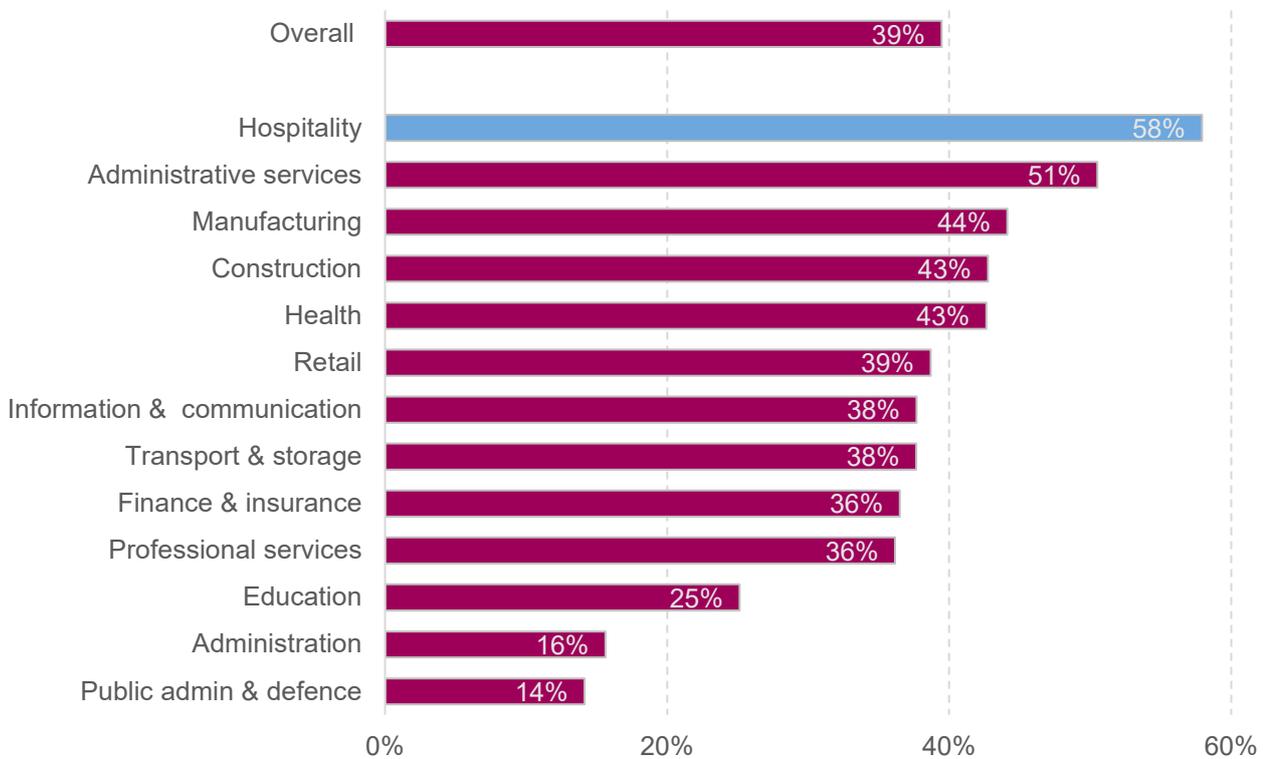
- Increasing the salary threshold for skilled migrants coming to the UK for work from £26,200 to £38,700. Those coming on the Health and Care visa route will be exempted from this increase, and so will those on national pay scales (for example, teachers).
- Ending the 20% going rate salary discount for shortage occupations and replacing the Shortage Occupation List with a new Immigration Salary List, which will retain a general threshold discount.
- Increasing the minimum income required (to £38,700 from £18,600) for British citizens and those settled in the UK to bring in dependants to join them.
- Increasing the Immigration Health Surcharge (IHS) by 66% - from £624 to £1,035 per annum per migrant.
- Preventing overseas care workers from bringing their dependants to the UK.

Overall impact on London in brief

Some of these changes (notably increasing the skilled worker salary threshold and ending the 20% going rate salary discount) are likely to hit sectors that are very important to London's economy - including Hospitality and Construction - as these have a higher share of non-UK national payrolled employees (Figure 1).

Health and Social Care also has a higher share of non-UK national payrolled employees, although the impact may be softened by the exemption to the salary threshold on the Health and Care visa route.

Figure 1. Non-UK national payrolled employments by industry (%)
London residents, December 2022



Source: HMRC PAYE-RTI

In particular, data from the 2021 Annual Population Survey would suggest that women, younger job holders, and workers from BAME communities will be disproportionately impacted by these changes. For example:

- In London's Hospitality sector, 38% of workers are aged 16-29, with 48% of them being women and 43% from BAME backgrounds.
- In London's Health and Social Care sector, 71% of job holders are women, 30% are over 50 years old, and nearly half (47%) are from BAME backgrounds.
- London's Construction sector, meanwhile, is less diverse (only 21% of job holders are from BAME backgrounds).

Overall, there are over 1,000,000 jobs in these sectors in London, of which around 47% (at least 500,000) are held by non-UK nationals.

- The changes proposed (as a whole) are likely to impact all of these individuals to varying degrees. For example, all of them will be facing higher IHS fees unless they already secured indefinite leave to remain (ILR). Moreover, as many non-nationals have protected characteristics and either earn far less than the revised skilled worker threshold of £38,700 or are dependents of individuals who do not meet that threshold, they risk losing the right to remain in the UK.

Analysis and reactions from the broader sector

In October, the Migration Advisory Committee (an advisory non-departmental public body sponsored by the Home Office) [advised the government](#) to end the Shortage Occupation List due to concern it was being used to hire cheap foreign labour.

- **The amendment of the list proposed in the Home Secretary’s announcement does not address these concerns.**

[Reunite Families UK](#) (RFUK) supports and advocates for couples and families affected by the UK spouse/family visa rules. They issued the following statement:

"British Family Values" just took a nosedive today...By doubling the minimum income threshold to an amount that around 75% of this country do not earn. It seems being a family here is only valued if you are wealthy #priceonlove #haveaheart #CostOfLovingCrisis The situations and feelings being expressed by our members is truly heart-breaking. This is about family life and how innocent citizens - and CHILDREN - of this country are having their lives torn apart for no justifiable reason. [\[source here\]](#)

The [Migration Observatory](#) also issued the following in response:

"The decision to raise the family income threshold to £38,700 is the biggest surprise of the day, and one of the parts of the package announced today that could have the most significant impacts on individuals. This threshold determines whether British citizens can bring a foreign partner to live with them in the UK, and the level has been more than doubled. Family migration makes up a small share of the total, but those who are affected by it can be affected very significantly. The largest impacts will fall on lower-income British citizens, and particularly women and younger people who tend to earn lower wages. The income threshold will also affect people more if they live outside of London and the South East, in areas of the country where earnings are lower."

Impact on children, meanwhile, cited the following case study to highlight the potential effect (see [Refugee Children’s Consortium case study](#))

Case study: Andrew, aged 23, came to the UK from Guyana and has lived in the UK for 12 years:

"The fee cost has made it almost impossible for me to make an application. My mother was forced to save up for several years to actually be able to pay both the application fee and lawyer fee for my brother and I. Paying for the fees as well as the NHS Surcharge and lawyer fees is too much and very overwhelming... The application fees have burdened our family on numerous occasions. We were forced to not pay rent which therefore caused us to be evicted from our home. After saving money towards the fees my mother was never able to become financially stable again which led to various other evictions later. The impact the current immigration fees have on me and my family is something I wish on no one because it’s a devastating place to be."

There was also a response from **UNISON and its General Secretary**:

The government has put the final hammer blow to our crumbling social care system. The home secretary’s announcement of new immigration plans will sacrifice migrant care workers and risk a total collapse of the UK’s care system, just to appease extremist Tory backbenchers.

UNISON had just released findings of appalling abuse of the migrant workers propping up social care, in its report *Expendable Labour*. These new plans will leave migrant care workers vulnerable to more abuse, as they can only come to the UK isolated, with no close family with them- [Christina McAnea](#)

Below are more reactions:

It [the announcement] is an attack on mixed-nationality families. The govt. increased the minimum amount a spouse must make by £20k to £38.7k for a family visa. 75% of Brits don't make £38.7k. 75% of Brits are now unable to live w. the person they love if they happen to have a different passport. Yet more knee-jerk performative cruelty. This cruelty has caused uncertainty about the future for thousands of families overnight. Each instance of scapegoating, dehumanising, and Othering of people who migrate here enables more and more hostile policies, just like this one - [Praxis](#)

The previous minimum income requirement of £18,600 was already tearing families apart, and leaving children without a parent. Hiking it to £38,700 will destroy more families. No-one should be denied the ability to marry, or be with their children, based on what they earn. We already see families ripped apart by minimum income requirements. This means unless you earn more than double the national minimum wage you can't be with your family, even if you are a Brit married to a migrant. This will leave children without parents - [Migrant Voice](#)

It is an unfair tax on falling in love with a foreigner and any children will feel the effects as much or more than the adults. I really, really object to very high fees being charged once migrants have already entered the country, though. Affording these fees, particularly for families, can be financially and emotionally punishing and it seriously disadvantages those families compared to others. It actually holds them back from integrating, which is the opposite of good social policy. And I really, really, really object to increasing the fees after the migrant has arrived. These sorts of unpredictable increases make it impossible for a migrant family to budget for the future.

It is unlikely to force many to leave the country but it will without doubt make their lives much harder and it may force some into illegality. Imagine you cannot afford a settlement visa after five years of residence because the fee has increased beyond your means. You now have two children as well as a partner. You aren't going to leave or uproot the whole family; you'll just stay and hope for the best. These fee increases are cheap for the government, both financially and politically. Migrants and their families will find it very expensive indeed - [Colin Yeo, Freemovement](#)

At the fourth-cycle Universal Periodic Review of the UK at the UN Human Rights Council, the UK accepted the USA's recommendation that the UK takes 'steps to ensure migrant workers are not left vulnerable to abuse and exploitation from employers and the UK visa system'. We are yet to see any serious attempts to take such steps. Instead, we are seeing a government that continues to expand such routes, and put forward policies that will actively put migrant workers at risk of exploitation, such as the increase in immigration fees and the 'Illegal' Migration Act - [Peter Wieltchnig, Focus on Labour Exploitation](#)

There have also been early reactions from business representatives. For example:

*"At a time when businesses in London and across the country are struggling with acute skills shortages, raising the salary threshold at which workers can be recruited from abroad would make it much harder for firms to access the talent they need to drive growth. The Government should put the economics before the politics by working with businesses on building an immigration system which is flexible, fair and responsive, while also implementing long-term measures that help to boost the domestic pipeline of talent like reforming the apprenticeship levy." - **Mark Hilton, Policy Delivery Director, BusinessLDN***

“The Government seem to be running out of answers to fix the UK’s long-running labour market shortages. These changes will further shrink the talent pool that the entire economy will be recruiting from, and only worsen the shortages hospitality businesses are facing. There were 8,500 hospitality visas issued last year, which helped bring in talented chefs and managers of the future. Around 95% of those would no longer be eligible under these plans, despite being offered competitive salaries. We urgently need to see an immigration system that is fit-for-purpose and reflects both the needs of business and the labour market. The system at the moment does none of that.” - **Kate Nicholls, Chief Executive, UKHospitality**

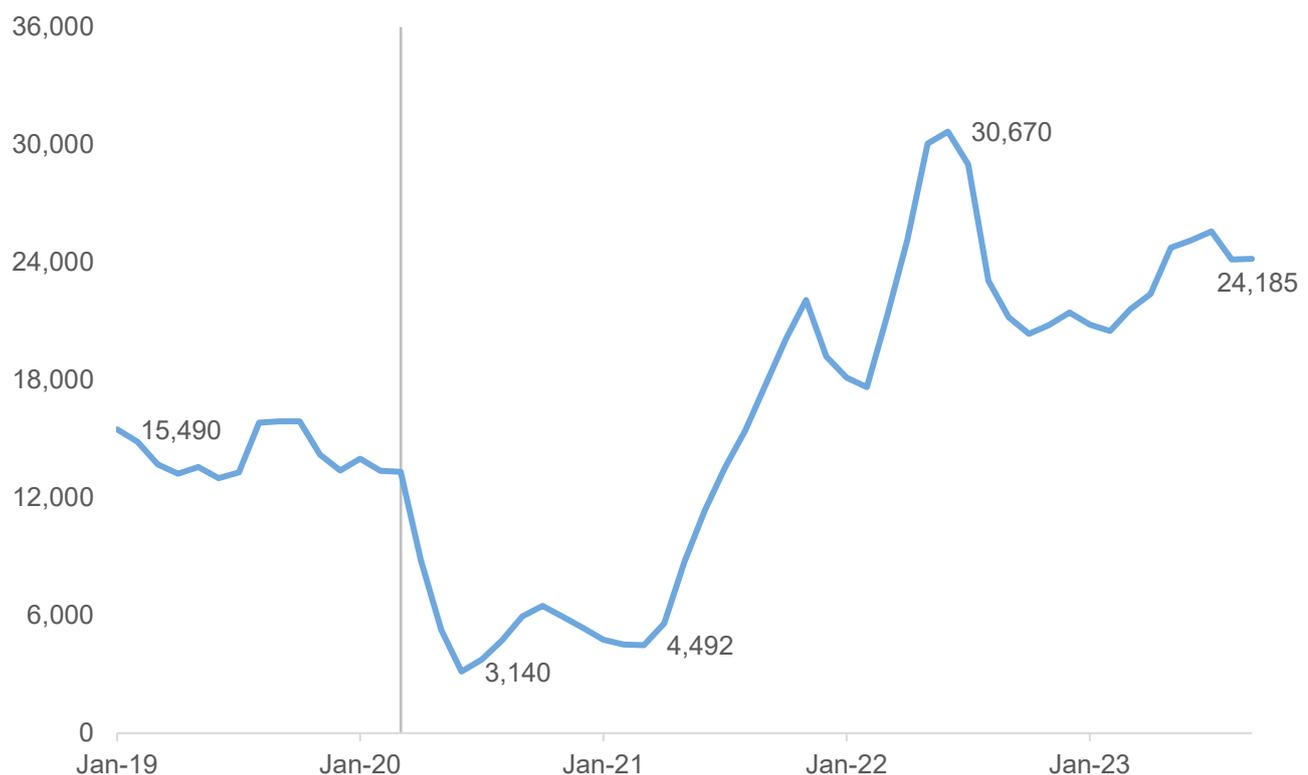
GLA Economics analysis – Sector by sector estimated impacts

Hospitality

The number of newly posted online job advertisements for the hospitality industry continues to be at an elevated level relative to pre-pandemic levels (Figure 2); restricting the entry of migrants is likely to exacerbate this, for a sector that is worth at least £25bn annually to London’s economy and one that is inextricably linked to other sectors with an even larger economic size such as wholesale and retail trade.

Figure 2. Online job postings for top 10 occupations in Hospitality in London

3-month moving average, January 2019 - September 2023



Source: Lightcast

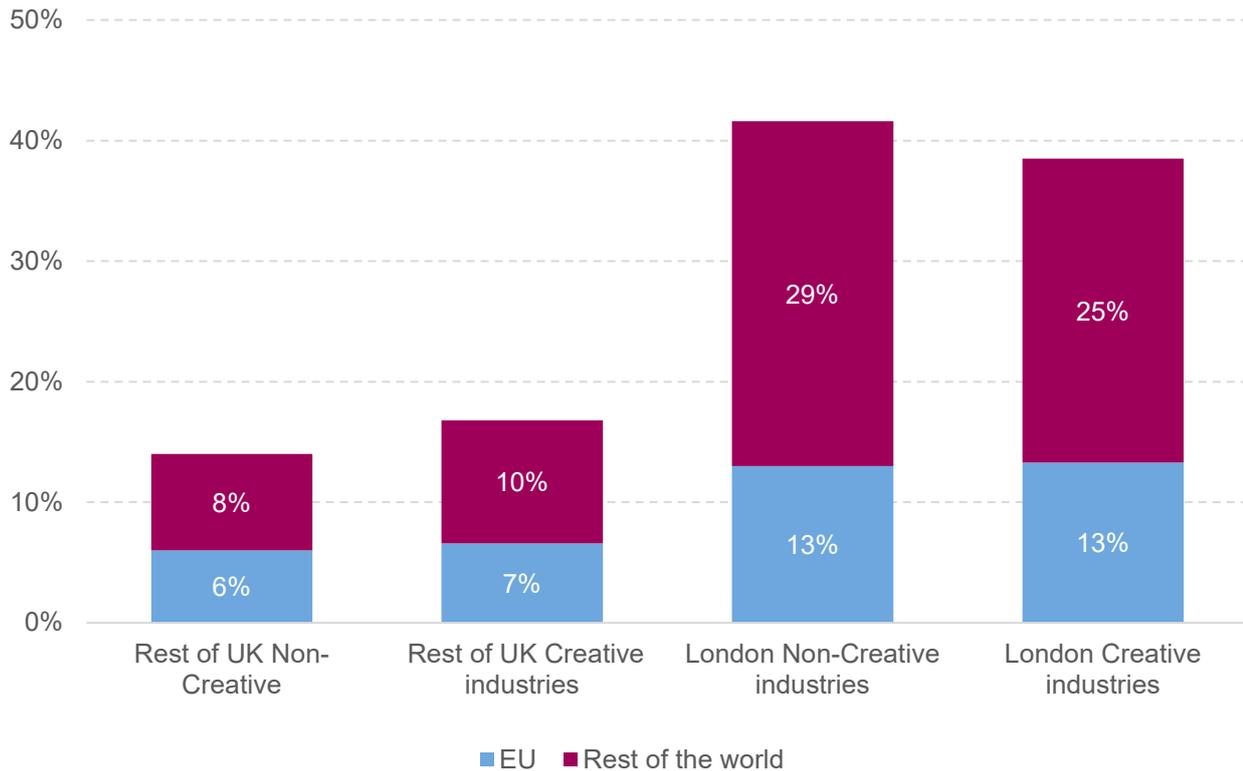
Note: Based on new unique postings for top 10 occupations in sector in terms of number of jobs, not seasonally adjusted. Grey line coincides with start of COVID lockdowns

Non-UK nationals comprise 58% of London’s hospitality workforce. This indicates the importance of these workers to employment in a sector that already experiences substantial labour tightness. Raising the salary threshold, increasing the Health Surcharge, and making it difficult for UK nationals to bring their non-UK spouses to the country is **likely to impact approximately 250,000 hospitality workers in London.**

Arts, Entertainment, and Recreation (AER)

People born outside of the UK make a large contribution to employment in the AER sector in London. In 2021, around two out of five (38.5%) jobs in the creative industries sector in London were held by workers born outside the UK (25.2% from non-EU countries and 13.3% from EU countries). This compares to 17% of the sector’s workforce in the rest of the UK (Figure 3). Meanwhile, there are just under 13,000 online job postings in the creative industry sector in London at present (Figure 4).

Figure 3. Job holders by country of birth, London and the UK, creative and non-creative sector (2021)



Source: ONS, Annual Population Survey (APS)

Figure 4. Online job postings for top 10 creative industries occupations in London
3-month moving average, January 2018-September 2023



Source: Lightcast

Note: based on new unique postings for top 10 occupations in sector in terms of number of jobs. Note: Grey line coincides with start of COVID lockdowns

There are just under 40,000 non-UK nationals working in London’s AER (including creative industries) and they are likely to be impacted by the changes, with many earning below the £38,700 revised threshold (given that the median salary for this sector currently stands at under £24,000; see Table 1).

Construction

Non-UK nationals also constitute around 40% of employees in London’s construction industry. **The proposed changes are estimated to impact approximately 60,000 workers accordingly.**

The labour market in this sector also remains incredibly tight, as can be seen from the online job postings data (Figure 5) - something that is very likely to be exacerbated by the reduced flow of foreign workers. Moreover, the percentage of non-EU nationals working in the sector continued to increase since the COVID-19 pandemic, as the share of EU nationals in payrolled employment in the industry dropped from mid-2021 onwards (Figure 6).

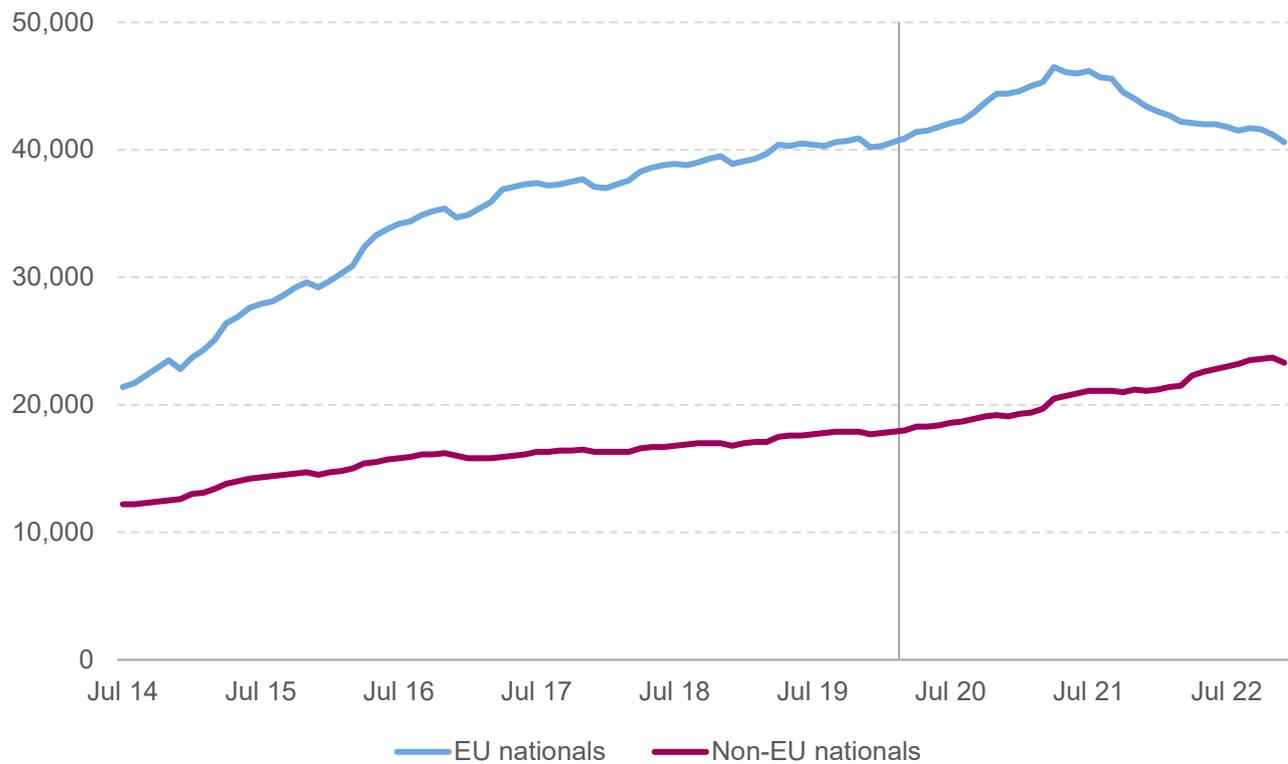
Figure 5. Online job postings for top 10 construction occupations
3-month moving average, London, January 2018-September 2023



Source: Lightcast

Note: based on new unique postings for top 10 occupations in sector in terms of number of jobs. Grey line corresponds with start of COVID lockdowns

Figure 6. Construction payrolled employment by nationality
London residents, July 2014–December 2022



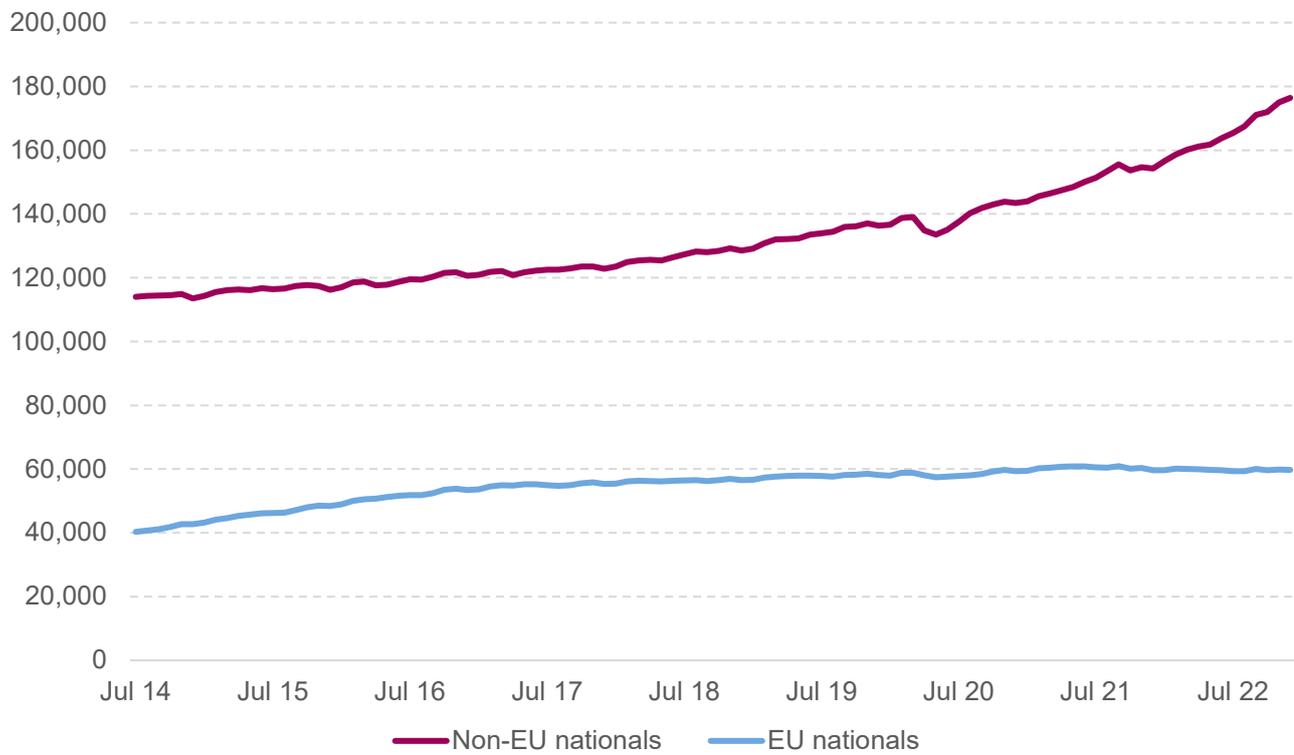
Source: HMRC PAYE-RTI (not seasonally adjusted) and Migrant Worker Scan
Note: Grey line corresponds to start of COVID lockdowns in early 2020

Moreover, we see that the median worker in the industry earns just under £25,000 (Table 1). **Therefore, foreign workers are less likely to meet the new salary threshold, meaning that the industry is likely to experience greater tightness at a time when London’s economy is slowing down.** Therefore, the sector will economically contract, with reverberations across London’s broader GVA growth.

Health and social care

Non-UK workers account for more than two out of five jobs in this sector in London (43%). Of those non-UK nationals working in the sector, non-EU nationals make up the largest share of employees, with numbers growing strongly in recent years following Brexit (Figure 7).

Figure 7. Health and social care payrolled employments by nationality
London residents, July 2014-December 2022



Source: HMRC PAYE-RTI (not seasonally adjusted) and Migrant Worker Scan

The number of online postings for jobs in key health and social care roles remains high, close to 2018 levels (Figure 8).

Figure 8. Online job postings for top 10 health and social care occupations in London
3-month moving average, January 2018 - September 2023



Source: Lightcast; grey vertical line corresponds to start of COVID lockdowns

Note: not seasonally adjusted and based on new unique postings for top 10 occupations in sector in terms of number of jobs. March 2020 indicated by dotted line.

The announced changes are expected to impact at least 200,000 non-UK nationals working in London’s health and social care sector. While the median employee wage in this sector is higher than in the previously listed sectors (£32,134), it still falls short of the new threshold for skilled worker visas (Table 1). That said, non-UK nationals working in the sector won’t be affected by the salary threshold increase as they would be exempt; they would, however, be impacted by other changes (e.g., their inability to bring dependants to the UK).

Table 1. Number of employees and earnings by sector, London residents

London industry	Payrolled employees (12-month average)	Median employee wage (annual basis, 12-month average)
Households and Extraterritorial	23,184	£19,086
Accommodation and food service activities	403,431	£19,449
Wholesale and retail; repair of motor vehicles	531,208	£22,270
Arts, entertainment and recreation	96,526	£23,308
Other service activities	93,998	£23,639
Agriculture, forestry and fishing	3,667	£23,778
Construction	147,545	£24,892
Administrative and support services	448,081	£26,018
Real estate	89,284	£31,617
Manufacturing	108,273	£31,975
Health and social care	499,400	£32,134
Education	396,439	£32,296
Water supply, sewerage and waste	14,016	£35,644
Transportation and storage	170,826	£35,681
Public administration and defence; social security	147,477	£41,553
Professional, scientific and technical	540,378	£45,322
Information and communication	334,105	£52,331
Energy production and supply	7,073	£55,874
Finance and insurance	264,138	£79,313
Mining and quarrying	1,802	£87,690

Source: HMRC PAYE-RTI

Note: The table shows an annual median salary for London sectors taken from the latest RTI PAYE dataset. Note that average median salary is multiplied by 12 to get annual equivalent.