



# Impact of the cap on work permits on the UK Economy



## Summary

1. Only one of the many routes for non-EU migrants to come to the UK for work is capped. On an annual basis the cap has never been met although some businesses have been temporarily prevented from sponsoring an applicant due to oversubscription on three occasions. The cap of 20,700 has therefore been sufficient to meet the needs of business.

## Work Migration to the UK

2. In 2010 the government began a major overhaul of the work route of the immigration system for non-EU nationals.

3. The centrepiece of the reform was the 'economic cap' of 20,700 a year. The cap related to the number of Restricted Certificates of Sponsorship (RCoS) that could be issued in a year in support of a visa application. However the cap only applies to Tier 2 General, a route designed for workers with a skilled job offer (or a job on the Shortage Occupation List) paying a minimum of £20,800 a year. There are exemptions to the cap. Those earning above £150,000 and non-EU graduates switching in-country are exempt.

4. RCoSs become available on a monthly basis. This prevents all Certificates being taken up within a few months leaving employers having to wait until the following year before they can sponsor a worker. This is a problem that afflicts the US H1B visa system.

5. RCoSs are then used to support a Tier 2 visa application. In certain cases, an employer might not use the RCoS granted to them and it is either returned to the Home Office to be reissued or reclaimed if unused after three months.

6. On an annual basis the economic cap is yet to be met. For the first three years (2011/12 to 2013/14) the cap did not bite at all as Table 1 below demonstrates.

Table 1. The number of Restricted Certificates of Sponsorship granted, 2011/12 – 2-15/16.

Year	Restricted CoS grants
2011/12	9887
2012/13	10406
2013/14	13483
2014/15	20087
2015/16	22037

7. It was not until the fourth year of operation that the monthly cap was met. In February 2015 there were 17 more applications for a RCoS than there were available. Data from a Parliamentary Question shows that 10 RCoS were subsequently returned unused in that month however it remains the case that a handful of employers were unable to obtain a RCoS for their applicant in February 2016.

8. Overall, the cap was not met in 2014/15. In total 20,087 RCoS were granted and 235 were returned unused. (For full data on the number of Certificates available and issued in 2014/15 and 2015/16 see Annex A).

9. In 2015/16, the data shows that 22,037 RCoS were granted. This is 1,337 more than the cap. In two months, August and November 2016, the number of applications exceeded the number available by 71 and 89 respectively. However across the year a large number – 2,766 – were returned or reclaimed due to non-use. This explains why the number of certificates granted was greater than the number available under the cap.<sup>1</sup> The annual cap in 2015/16 was not therefore met, as is confirmed by a Parliamentary Answer.<sup>2</sup>

10. This means that on an annual basis, no employer has been prevented from bringing in a skilled worker since the economic cap was introduced, although some employers might have had to wait a month before they could obtain a Certificate for their prospective employee. The cap of 20,700 has therefore been sufficient to meet the needs of business for skilled workers.

11. For the year 2016/17, 16,400 RCoSs have been issued so far, an average of 1,800 Certificates per month. If grants continue at this rate for the remaining three months of the year this would suggest that the total number of certificates granted could be around 21,800. This is of course 1,100 more than the cap. However the data shows that 1,200 Certificates have already been returned and this number is likely to increase. It seems unlikely therefore that the cap will be met this year either. (See Annex B)

1 Parliamentary Answer to Lord Green of Deddington (HL3311), 17 November 2015, URL: <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Lords/2016-11-17/HL3311/>

2 Parliamentary Answer to Lord Green of Deddington (HL3312), 17 November 2016, URL: <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Lords/2016-11-17/HL3312/>

# Other changes to the Non-EU Work Route

12. There are now six other work visas available none of which are subject to the economic cap:

- Tier 1 Exceptional Talent - designed for exceptionally talented people who are recognised as leaders or promising leaders in the fields of arts, science and technology. There are 1,000 visas available each year and this limit has never been reached. There is no minimum income and applicants can settle. In 2015 120 visas were granted and an additional 60 dependant visas.
- Tier 1 Entrepreneur - designed to allow people to come to Britain to take over or set up a business and who have a minimum £50,000 investment. There is no cap on these numbers and applicants can settle. Last year 920 visas were granted and 2,020 dependant visas.
- Tier 1 Investor - designed to allow the entry of high net worth individuals wishing to make a substantial financial investment in the UK. The route is open to people with £1 million of funding. Again there is no limit on numbers and applicants can settle. In total 190 Investor visas were granted in 2015 with an additional 520 dependant visas.
- Tier 1 Graduate Entrepreneur - designed for graduates in the UK to stay on in order to develop their business ideas. There is a limit of 2,000 places which have never all been taken up. In 2015 just 130 visas were granted and a further 30 dependant visas.
- Tier 2 Intra Company Transfer - designed for skilled employees of multinational companies to transfer to a UK based branch of the company. Salary thresholds apply, £24,800 for those coming for less than 12 months and £41,500 for those coming for longer. From 2017 all ICTs will have to earn £41,500. There is no cap on the number of ICT visas available and in 2015 34,000 ICT visas were granted and a further 22,500 dependant visas.
- Business Visitor Visa - designed for people wishing to come to the UK to do business for a short period. The latest data relates to 2014 in which 1.67 million business visitors were given leave to enter the country.

4<sup>th</sup> January 2017

## Annex A

Table A1. Restricted Certificates of Sponsorship Available, Granted and Returned/Reclaimed in each month. 2014/15

	RCoS Available	RCoS Granted	Returned/Reclaimed
Apr-14	1724	1699	7
May-14	1728	1083	8
Jun-14	2350	1738	33
Jul-14	2308	1749	7
Aug-14	2213	1763	9
Sep-14	2050	1442	14
Oct-14	2277	1473	66
Nov-14	2511	1723	15
Dec-14	2481	1819	17
Jan-15	2416	1670	45
Feb-15	2392	2409	10
Mar-15	1690	1519	4
2014/15		20087	235

Table A2. Restricted Certificates of Sponsorship Available, Granted and Returned/Reclaimed in each month. 2015/16.

	RCoS Available	RCoS Granted	Returned/Reclaimed
Apr-15	2528	1888	311
May-15	2285	2277	390
Jun-15	1609	1215	476
Jul-15	2040	1943	259
Aug-15	2347	2418	392
Sep-15	1544	1520	187
Oct-15	2111	1953	331
Nov-15	2011	2100	377
Dec-15	1898	1774	19
Jan-16	1926	1441	11
Feb-16	2439	1760	8
Mar-16	2661	1748	5
2015/16		22037	2766

## Annex B

Table B1. Restricted Certificates of Sponsorship Available, Granted and Returned/Reclaimed in each month. 2016/17 so far.

	RCoS Available	RCoS Granted	Returned/Reclaimed
Apr-16	2175	1692	270
May-16	2464	1849	256
Jun-16	2575	1853	295
Jul-16	2701	2238	365
Aug-16	2695	1952	5
Sep-16	2879	1509	4
Oct-16	3112	1701	5
Nov-16	3141	1709	
Dec-16	3169	1866	
Apr-Dec 2016		16369	1200

