

Working Together?

The impact of the EU referendum on UK employers

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EXECUTIVE SUMMARY

On 23 June 2016, citizens of the United Kingdom will vote to either leave or remain part of the European Union; the outcome of this referendum is likely to have long-lasting implications for the UK's regulatory relationship with the EU, and consequently, impact UK employers in ways that remain to be seen.

A vote to leave Europe could theoretically lead to the deregulation of the UK's labour market, and to the end of the free movement of workers. Citizens of member countries of the European Union, or the European Economic Area (EEA), have the right to live and work in other EU and EEA countries. As a consequence of its membership of the EU, UK employers are also bound by a range of labour market rules and directives determining working practices, such as the Working Time Directive.

But what might happen in actuality? Which job roles do European workers currently fulfil? And what effect would Brexit have on UK employers?

UK employers and the roles played by European employees

UK employers are significantly reliant on EEA workers, who make up 6% of all UK employees, and number some 1.6 million.

- EEA employees represent one in eight of all employees in London. Specific sectors in the capital are especially reliant on EEA workers: they make up a third of employees in London's accommodation and food services (33%), represent a high proportion within manufacturing and construction, and constitute one in eight of all managers and directors, one in six of those in skilled trades, and one in five of all elementary employees.
- A wide range of jobs in the economy are carried out by EEA employees. They constitute a higher proportion of workers in low level occupations – such as elementary and process, plant and machine operatives – whilst also representing 5% of all employees in high occupations, including managers, directors, professionals and associate professionals.
- In sectors such as financial services and insurance, information and communication, and professional and technical activities, a majority of the jobs occupied by EEA employees are in the highest three of the nine occupational bandings, such as 'Managers, Directors and Senior Officials', 'Professional Occupations', and 'Associate Professional and Technical Occupations'. In sectors such as accommodation and food services, transport and storage and administration and support, a large proportion of employees occupy one of the lower six occupations.
- EEA employees are, on average, educated to a higher level than UK-born employees. Only 15% of EEA employees left formal education before the age of 17, compared to 44% of UK-born workers. Meanwhile, 42% of EEA employees were educated beyond the age of 21, compared to 24% of UK-born workers.

Potential consequences of leaving the EU

There are three plausible outcomes for the UK's regulatory relationship with Europe if the UK were to leave the EU.

- **Option 1:** If the UK remained in the European Economic Area (as with Norway), there would be no direct consequences for the UK's regulatory relationship with the EU, and the UK would continue to have to meet EU-related employment regulations, as well as free movement.
- **Option 2:** If the UK became a member of the European Free Trade Association this would mean that EU employment legislation would no-longer bind the UK government, although free movement of labour would still apply.

Theoretically, this scenario could have major implications for UK employers: regulation that stipulates working hours, holiday entitlement and time off work could all be removed. However, in practice, the effects on employers and employees are likely to be modest. The UK Government would be unlikely to repeal established aspects of employment legislation, such as minimum holiday entitlements – evidenced in part by the fact that successive UK governments have gone beyond the minimum EU requirement in terms of employment law. What is more, it is not clear that many employers would alter their employment packages even if they had the regulatory opportunity to do so.

- **Option 3:** If the UK were to negotiate a bilateral trade agreement, similar, for example, to that negotiated by Canada, the UK would be bound by neither EU employment legislation nor free movement of labour.

This outcome could provide by far the most radical disruption of the UK's labour market. We do not know what regime would take the place of free movement, although it is likely that there would be some form of immigration policy to determine the conditions under which EEA migrants could work in the UK. These conditions might be based on criteria such as earnings, qualifications, skills, occupations or other factors.

To illustrate the potential impact, we analyse what would happen if EEA employees had to meet the visa requirements that currently apply to non-EEA workers. This shows that:

- Only 12% of EEA employees currently working in the UK would qualify, and an even lower share of private sector employees.
- While the accommodation and food services sector has the largest proportion of employees from the EEA, only a negligible number would qualify and meet the requirements.
- Manufacturing, agriculture, administration and support and transport also employ large numbers of EEA workers who would fail to fulfil the requirements.
- In sectors such as information and communications, finance, and professional activities, where EEA employees account for around 6% of employees, higher levels of pay mean that a larger proportion of employees would meet the requirements.
- At around 13%, London has the highest proportion of EEA workers as a share of its workforce. A relatively large proportion of these are on high salaries and in graduate occupations. However, around three quarters of these EEA workers would not meet the visa requirements.
- Applying an annual earnings qualification penalises part-time employment particularly. Although 5% of all part-time workers are from the EEA, almost all would

fail to meet the current visa requirements. This means that the potential effect of replacing free movement with an immigration policy similar to the one we currently have in place for non-EEA workers could mean a loss in flexibility, with fewer workers available for part-time hours.

There is much uncertainty as to what any new relationship between the UK and the EU would look like in the event of the UK leaving the EU. For employers, the most significant potential effect is the change in their ability to freely recruit workers from the EEA. Should EEA workers no-longer be able to freely move to work in the UK, we may see a number of changes in the labour market, including: pay and conditions; investment in training; recruitment of non-EEA workers; and changes in business models, such as a move towards greater automation.

CHAPTER 1: WHY THE EU REFERENDUM MATTERS TO UK EMPLOYERS

This research report seeks to understand the potential implications of the EU referendum outcome for UK employers. It analyses in particular two principal aspects of the UK's regulatory relationship with the EU: namely, the free movement of labour and the EU rules and directives that determine employment practices.

Free movement of labour

Citizens of countries that are members of the European Union or the European Economic Area (EEA) have the right to live and work in other EU and EEA countries. This means that these individuals can live and work in the UK, and that UK citizens can live and work in other EEA and EU countries. This policy extends to EU countries, EEA countries (such as Norway, Iceland and Liechtenstein) and Switzerland (which is a member of the European Free Trade Association, but also a member of the single market, abiding by free movement rules).¹

In the context of the labour market adjusting to a larger pool of potential workers, a central question is whether EU workers have complemented the native UK workforce, or simply substituted for them. If the effect is substitutive, then employers would benefit from a larger pool of potential employees. This would increase competition for jobs, and thus depress wages and wage bills. If migrant workers complement native workers, then employers benefit not only from a larger labour pool, but also from a more diverse pool. In this latter instance, employers would have a larger selection of different talents and skills to choose from, allowing them to better match people to jobs, and thus increase productivity.²

Overall, the evidence suggests that there has been a mix of both effects. Academic studies have found no statistically-significant negative effect on unemployment associated with immigration from the EU, including during the recent downturn.³ This, however, should be viewed in the context of EU migration being a relatively recent phenomenon, and with the consideration that modest unemployment effects have been observed for migration from elsewhere.⁴ Studies on wage effects have tended to reveal a small impact on average wages and larger effects at either end of the earnings distribution. In terms of average wages, while some studies reveal that immigration has contributed to small increases, others show the opposite (including a recent study by the Bank of England).⁵ There is greater consensus that EU immigration has contributed to higher wages for native workers at the top end of the earnings distribution, but also to reduction in wages for low earners.⁶

Migrant labour may also bolster the economy more generally; for instance, through wider experience, diversity and networks. Diversity in general and immigration in particular are associated with increased patenting, as well as higher productivity.⁷ Above and beyond the specific skills the individual contributes to the organisation, foreign contacts, networks and knowledge may also aid firms seeking to export.

Our analysis uses the current stock of EEA employees in the UK to assess the potential outcome of restricting the flow of European economic migrants. The status of existing EEA migrants would have to be agreed as part of any negotiation process. However, there is a

presumption in international law that terminating a treaty does not retrospectively alter the rights acquired during the period that the treaty was live.⁸

EU employment regulation

Membership of the European Union also requires the UK to implement legislation relating to social and employment practices. Principal measures include:

- The Working Time Directive, which dictates minimum holiday entitlements; rules on breaks; the right to a day off after a week's work; and the right to work no more than 48 hours per week.
- The Temporary Agency Workers Directive, which seeks to give temporary workers the same rights and pay as permanent employees (e.g. equal pay and holiday entitlement for temps after 12 weeks).

As will be described in Chapter 3, leaving the EU could mean that the UK would no longer have to apply such legislation and directives. But the actual regulatory environment for UK employers depends on the type of relationship that the UK agrees with the EU, as well as the enthusiasm of UK legislators to alter the regulatory landscape. The referendum result could therefore have significant implications for both the labour pool on which employers can draw, and also the terms on which workers are employed.

Current employment context

The potential changes described above would take place at a time of significant stress and challenge for UK employers, as they seek to recruit and retain the best talent. The latest ONS release showed the employment rate (the proportion of people aged from 16 to 64 who were in work) at 74.2% – a record high since comparable records began in 1971.⁹ By contrast, the unemployment rate is very low at 5.1%. But the UK faces significant skills shortages in different areas of the economy.

While employers reported a marginally lower likelihood of experiencing a skills gap in 2015 compared to 2013, the most recent Employers Skills Survey revealed significant skills shortages in a wide range of occupations. Employers in the hotels and restaurants sector, along with the manufacturing sector, reported the highest incidence of skills gaps amongst their employees. Skills gaps were most likely to be reported among elementary occupations and machine operatives. So-called 'skills shortage vacancies' – positions left open because employers cannot find the people with the skills to fill them – increased from 91,000 in 2011 to 209,000 in 2015.¹⁰ In a CBI survey from September 2015, businesses reported that skills shortages would be the most significant threat to UK labour market competitiveness in five years' time, cited by 56% of firms.¹¹

Focus of this paper

This paper will address the following questions:

- How do UK employers currently make use of European workers? And what are the characteristics of EEA employees that work in the UK?
- If the UK were to leave the EU, what plausible alternatives would there be for the UK's regulatory relationship with Europe?

- And in each case, how would employers source their talent, and on what terms?

Methodology

Our analysis uses the ONS's Labour Force Survey (LFS). The LFS provides information at an employee level and allows us to describe the characteristics of employees currently working in the UK. The LFS is a quarterly survey with approximately 41,000 responding households per quarter. Each respondent stays in the survey for five consecutive quarters. The respondents are asked about their wage in either the first or the last quarter. In order to get as large a sample as possible, including the information for peoples' income, we pool the four quarters for 2015 in the following manner: for each of them we keep all the respondents who are answering the questionnaire for the first, or the last time. This ensures that we capture all the relevant respondents from 2015 without having any of them twice in our dataset.

We determine whether a respondent is from the EEA by looking at their country of birth. All those born in an EEA country are specified as EEA workers who have been able to work in the UK due to freedom of movement. This includes those born in Switzerland, which is not a part of the EEA, but still has free movement of people within EEA countries.

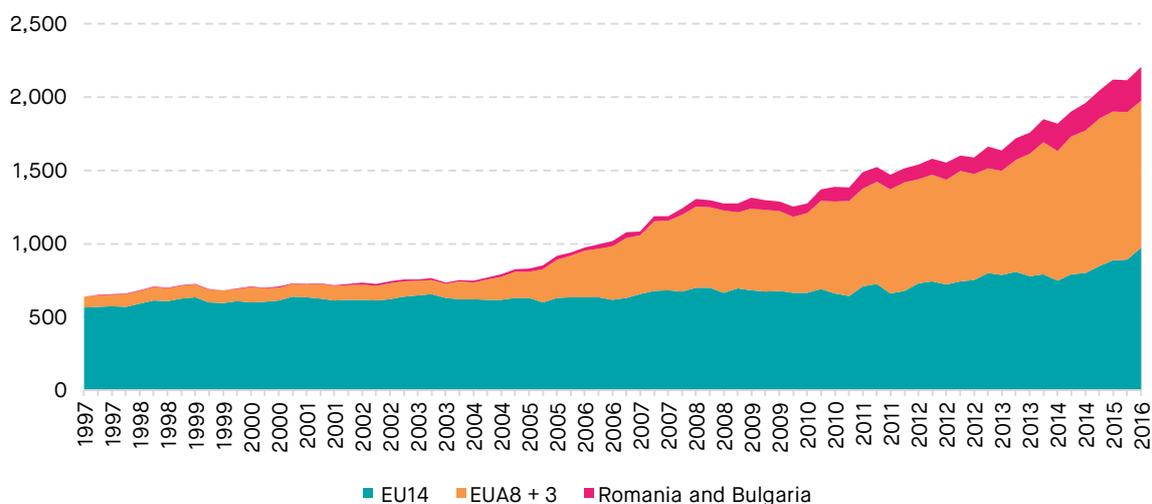
CHAPTER 2: CHARACTERISTICS OF EEA EMPLOYEES WORKING IN THE UK

This chapter describes the characteristics of EEA employees that work in the UK, and profiles the types of UK employers that are most reliant on EEA workers.

European workers in the UK economy

Of the UK’s 31 million workers, approximately 2 million were born in the EEA (excluding the UK). As Figure 1 shows, the proportion of EEA workers has increased significantly in the last decade.¹² Indeed, recent increases in UK employment levels have been dominated by EEA workers.¹³

Figure 1: People born elsewhere in the EU who are working in the UK, 1997-2015 (thousands)



Source: ONS Labour Market Statistics, November 2015, Table EMP06. EUA8+3 includes Malta, Cyprus and Croatia

When the focus is narrowed to individuals in employment (rather than those who are self-employed), Figure 2 shows that workers from the EEA comprise 6% of all employees in the UK, or 1.6 million individuals.

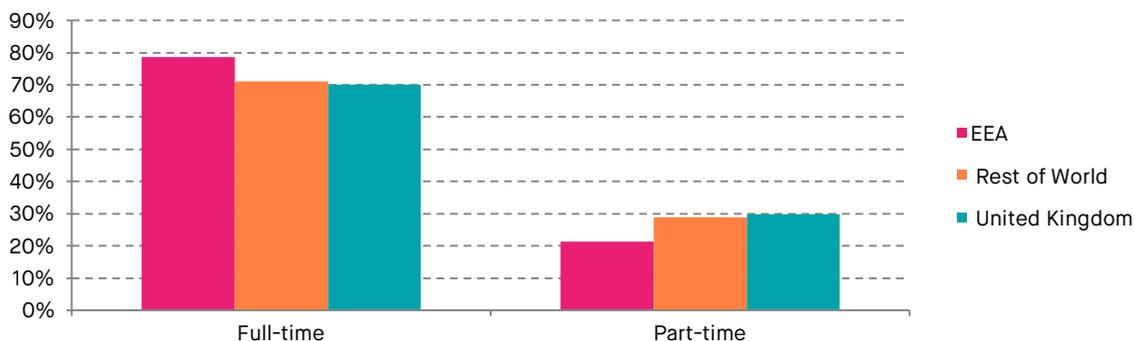
Figure 2: Proportion of employees in the UK, by place of birth



Source: Calculations based on LFS

If anything, the figures understate the contribution that EEA employees make: EEA nationals are more likely to work full-time than UK-born employees; eight in ten EEA employees in the UK work full-time compared with seven in ten of other workers (UK nationals and workers born outside of the EEA).

Figure 3: Proportion of employees working part-time vs full-time

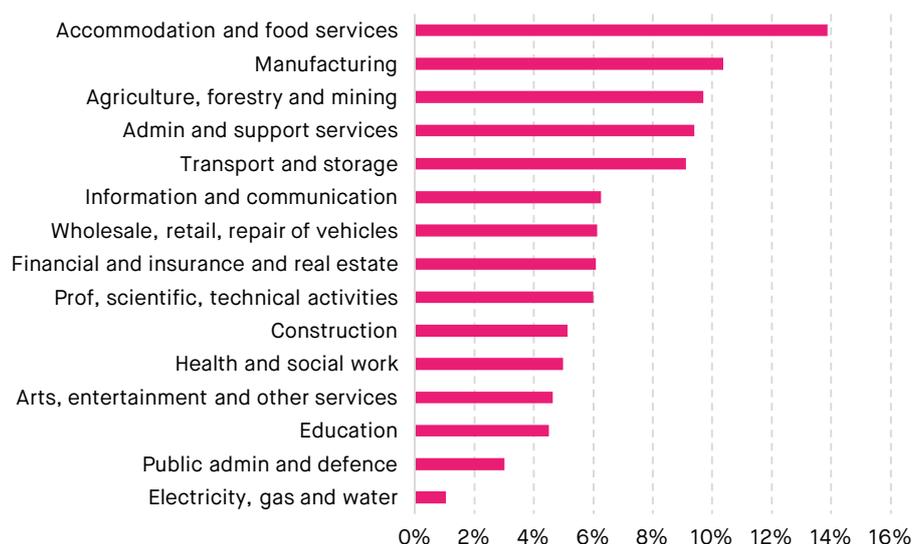


Source: Calculations based on LFS

The sectors in which EEA employees can be found

Private sector employers are more reliant on EEA workers than those in the public sector. A high proportion (85%) of EEA employees in the UK work in the private sector, compared to only 15% in the public sector. This contrasts to employees born in the UK – 73% of whom work in the private sector, and 27% in the public sector– and to those born in the rest of the world (75% private sector versus 25% public sector). This may simply be a product of expansion of the private sector in recent years, and contraction of the public sector. However, it may also be the product of other factors, such as: higher wages in some comparable jobs in the private versus public sector; migrants finding it harder to fulfil entry requirements into the public sector; or immigrants placing a lower value on associated benefits that often come through working in the public sector (such as job security and pension entitlements).

Looking in more detail at industrial sectors reveals significant diversity in terms of reliance on EEA employees. For instance, one in every seven workers employed in accommodation and food services and one in ten employees working in manufacturing were born in the EEA. The proportion is also high for administration and support services (9%) and transport and storage (9%).¹⁴ Historically, the growth has been most marked in sectors such as manufacturing, where the share of EEA workers has increased dramatically in the last decade.¹⁵

Figure 4: Proportion of employees in each sector that were born in the EEA

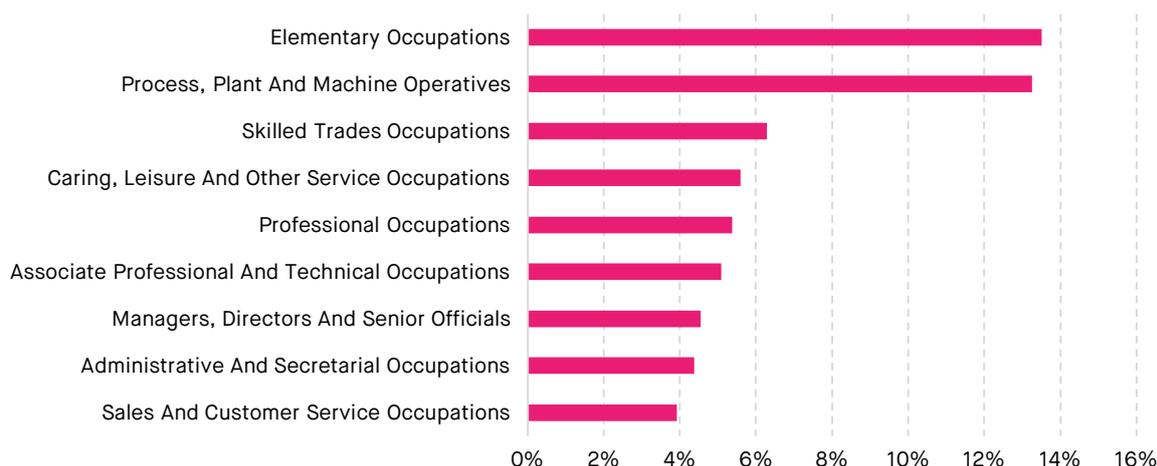
Source: Calculations based on LFS

In assessing the impact on employers in different sectors, it is important to consider the varied nature of work. For instance, there are a large number of self-employed workers from the EEA in specific areas of the economy. Indeed, the proportion of the self-employed born in the EEA is marginally higher (7%) than for the employed. Analysis by sector shows that self-employed workers born in the EEA make up one in ten of all construction workers, and one in twelve workers in financial services, insurance and real estate. This is important because the availability of such labour through either direct employment or contracted work means a larger – and potentially more diverse – pool of labour resource for UK firms to draw on.

Occupations

EEA employees work across all occupations in the UK economy. By occupational grouping, they make up a large proportion (14%) of the workforce among ‘elementary’ occupations, such as labourers, cleaners, and shelf-fillers, and ‘process, plant and machine operatives’ (13%), such as those working on production line processes and operating industrial machinery. EEA employees also make up a significant minority of other occupations, such as skilled trades (6%), professional occupations (5%) and managers and directors (5%).

Figure 5: Proportion of employees in each occupation that were born in the EEA

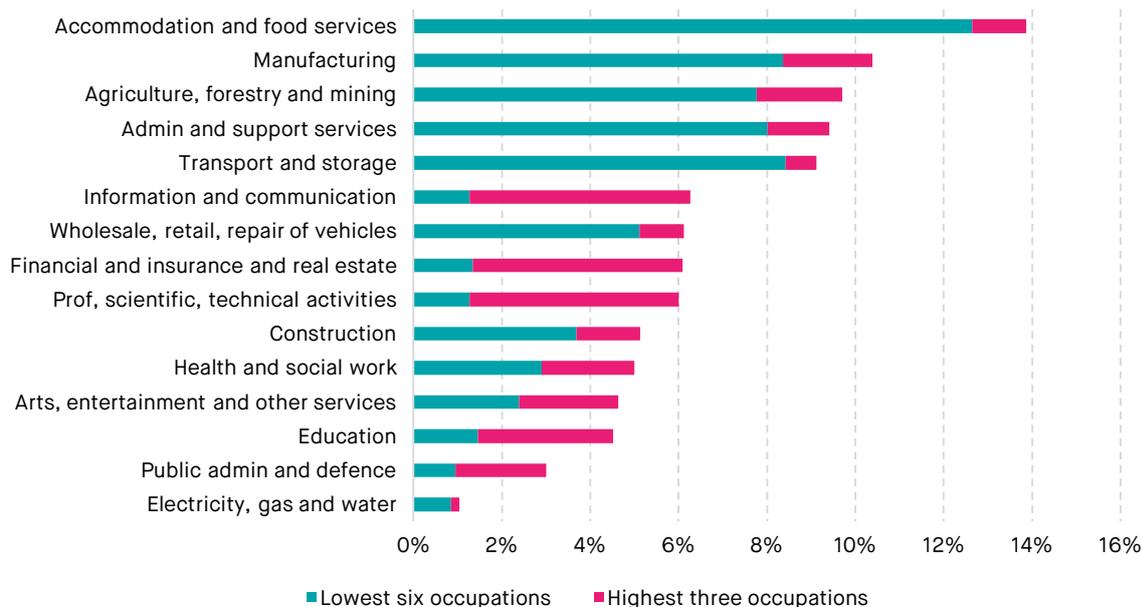


Source: Calculations based on LFS

Three points should be noted about the headline figures. First, although there are large numbers of EEA workers in low-skilled occupations, the effect of immigration on the productivity of the UK economy is not straightforwardly downward. Research suggests that migration can lead – and has led in the case of the UK – to higher productivity levels.¹⁶ Qualitative and quantitative analysis indicates that productivity improvements from migration arise through bringing additional, complementary skills to workplaces and work teams.¹⁷ The future is also likely to be shaped by the increase in the National Living Wage (NLW), introduced at £7.20 per hour in April 2016 and set to rise to £9 an hour by 2020. Sectors such as accommodation and food services and retail and wholesale, as well as individuals in elementary occupations, will be particularly affected.¹⁸ The interaction of the NLW and immigration is hard to predict. In one scenario there may be less reliance on EEA workers – if for instance, UK-born individuals were ready to accept jobs at the higher regulated wages which they previously would have turned down. Alternatively, the NLW may motivate more people from the EEA to migrate to the UK, thus presenting employers with a larger pool of talent ready to work for the regulated wage, and therefore offering potentially more choice and flexibility for employers.

Second, the occupational mix varies significantly by sector. In sectors such as financial services and insurance, information and communication, and professional and technical activities, a majority of the jobs occupied by EEA employees are in the three highest of the nine occupational bandings (‘Managers, Directors and Senior Officials’, ‘Professional Occupations’, ‘Associate Professional and Technical Occupations’). In sectors such as accommodation and food services, transport and storage and administration and support, a high proportion of employees occupy one of the lower six occupations. This illustrates that in certain sectors, EEA workers tend to be in higher value occupations, as well as the fact that certain low-paying sectors (such as accommodation and food services) are dominated by EEA workers in low occupational bandings.

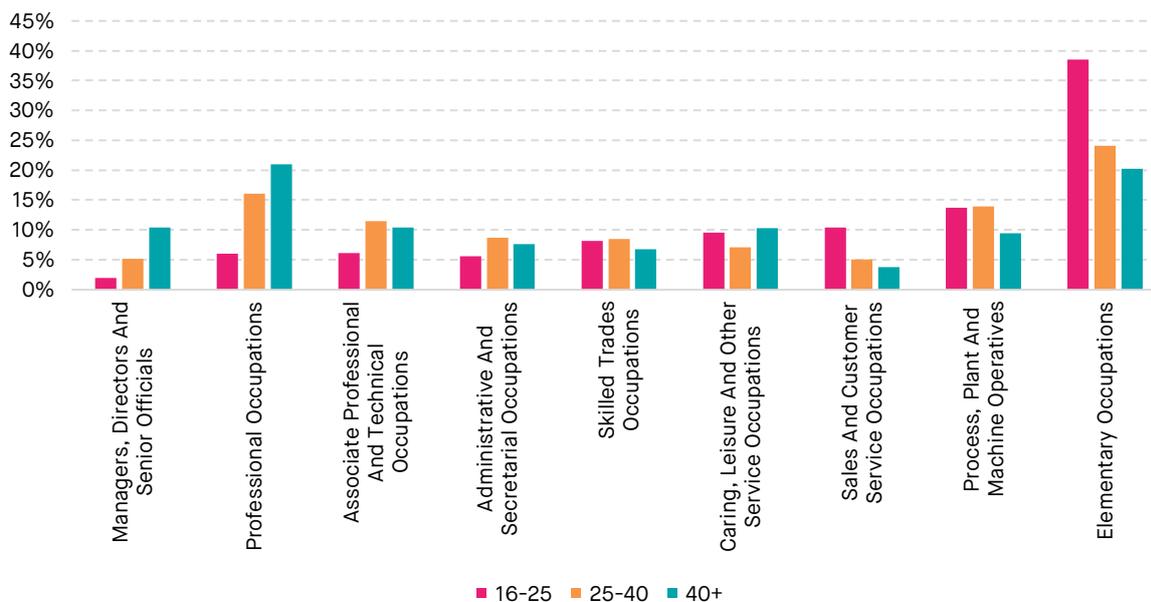
Figure 6: Proportion of employees in each sector that were born in the EEA split by higher and lower occupation bands



Source: Calculations based on LFS

Third, it is worth noting that the immigrant working population is younger than the whole UK working population. This is likely to reinforce the skew to lower-skilled occupations: Figure 7 shows that EEA workers aged 40 and over are as likely to be in the top two occupation bands as in the lowest two bands.

Figure 7: Distribution of EEA employees by age group and occupation

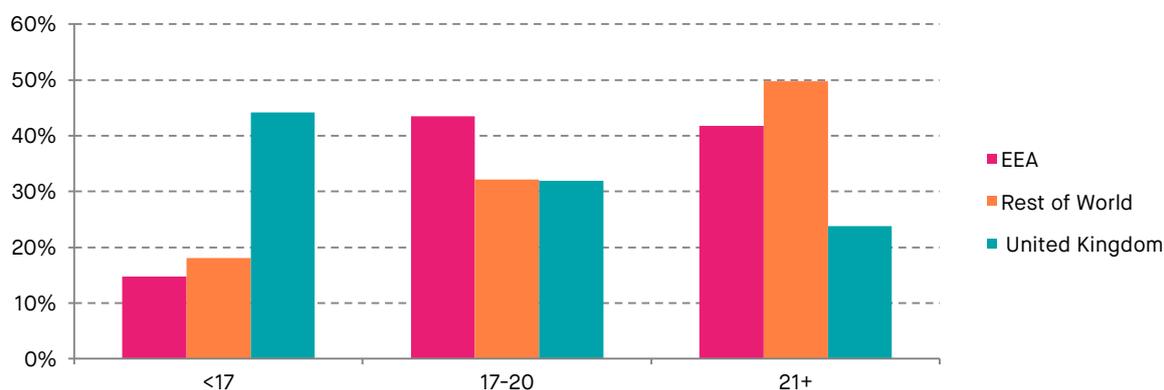


Source: Calculations based on LFS

Education levels

Comparing the qualification levels between migrants and native workers is difficult. Using just formal qualifications gives a misleading account because many qualifications held by immigrants will not be recognised in UK surveys and typically show as ‘other qualifications’. A better method of assessing educational levels is to look at data relating to the age at which people left formal education. The evidence suggests that employees born in the EEA are educated to a higher level than UK-born workers. Only 15% of EEA employees left formal education before the age of 17, compared to 44% of UK-born workers. Meanwhile, 42% of EEA employees were educated beyond the age of 21, compared to 24% of UK-born workers. By this measure, immigrants from outside of the EEA are more likely to have studied to age 21 or beyond, but are also more likely to have left education before the age of 17. It should be noted that this may in part be a product of the EEA workforce being younger on average compared to the UK-born workforce, and that higher education participation rates have grown over time.

Figure 8: Age at which employee left education by place of birth



Source: Calculations based on LFS

Together with the data showing that EEA workers constitute a significant proportion of low-skilled occupations, this evidence suggests that there is likely to be major skills mismatch occurring among EEA workers – in other words, many EEA workers are over-qualified for the jobs they are in. A more detailed breakdown suggests that the phenomenon of graduates working in low-skilled jobs is particularly prevalent among migrants born in new EU member states.¹⁹

Regional breakdown

The distribution of EEA employees across the UK is very uneven. Employers in London are particularly reliant on EEA workers, with one in eight of all employees in the capital born in the EEA. More generally, employers in the East of England, the South East and the East Midlands are more reliant on European workers. The same is true for Northern Ireland, where 7% of all employees are from the EEA. In the latter case, our analysis shows that this is not simply a consequence of proximity to the Republic of Ireland: 7% of employees were born in the EEA, but only 2% were born in the Republic of Ireland.

Figure 9: Proportion of employees in each region that were born in the EEA

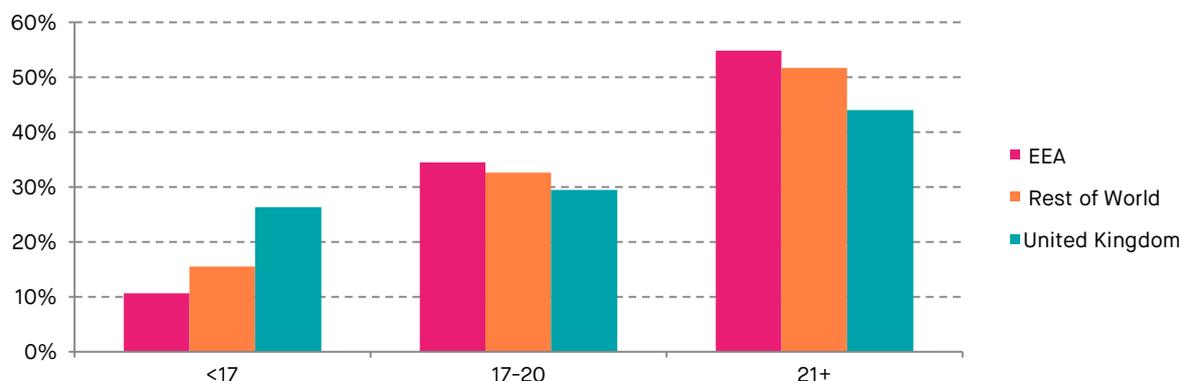


Source: Calculations based on LFS

Should it become more difficult to recruit from the EEA, the consequences are hard to predict. It is unclear whether it might restrict London’s ability to grow, or simply mean that the capital would suck in even greater volumes of talent from the rest of the country – with further consequences for the North/South divide. The evidence already suggests that London benefits significantly from the flow of skilled workers from other less prosperous parts of the UK.²⁰

Specific sectors in the capital are particularly reliant on EEA employees. EEA workers make up a third of employees in the capital’s accommodation and food services industry (33%), as well as a high proportion within manufacturing and construction. Within occupational groupings, EEA employees represent one in eight of all managers and directors, one in six of those in skilled trades, and one in five of all elementary workers. In London, the phenomenon of highly-educated EEA employees is even more evident than across the country as a whole. In the capital, employees are generally much more likely to have remained in education to age 21 or beyond, but this is still most true for EEA workers.

Figure 10: Age at which employee left education (London employees)



Source: Calculations based on LFS

Conclusions

As this chapter has shown, employers rely heavily on EEA workers – most especially in certain regions, such as London, and in sectors such as accommodation and manufacturing. The next chapter explores the potential outcomes for UK employers under different treaty scenarios were the UK to vote to leave the EU.

CHAPTER 3: POTENTIAL BREXIT OPTIONS AND THE IMPLICATIONS FOR UK EMPLOYERS

Options for the UK's regulatory relationship with Europe

There are a number of ways in which the UK's relationship with Europe could change were the UK to vote to leave the EU. In this section, we explore three plausible potential outcomes, and set out what these could mean for the UK labour market and UK employers.

There have been a range of studies examining the effect of Brexit on the wider UK economy. Most of these reports have compared the status quo to a number of potential options. The first is staying as a member of the European Economic Area (such as Norway), which involves accepting most EU rules in return for access to the Single Market. The second is to secure a free trade agreement with the EU. Within this, there are a range of possibilities. It could mean being part of the European Free Trade Area, without being part of the EEA – such as Switzerland, which participates in free movement and has access to the Single Market for most goods, but not services. An alternative would be to strike a free trade agreement that does not involve free movement, and only imposes product standard and technical rules on exporters, in return for limited access to the Single Market. Canada has such an arrangement, under which some tariffs and barriers to exports remain in place. There is also a final possibility, which is to trade under World Trade Organisation rules. The UK would have no preferential access to EU markets, and would not need to accept free movement or EU rules (except for exporters wishing to sell goods to EU countries, who would need to ensure their products conformed to the relevant EU standards).²¹

From an employment law and regulation perspective, there are two key aspects. The first is the potential for free movement to be restricted, which would affect the size of the labour market pool from the EEA to which employers have access. The second is the potential for changes in employment regulation, some of which is based on EU directives. This means that, for the purposes of exploring the potential effect of Brexit on the UK labour market, we can simplify the range of possibilities into three potential outcomes, as set out in the following table.

Table 1: Description of principal Brexit options

	STATUS QUO UK stays in	OUTCOME 1 European Economic Area member (e.g. Norway)	OUTCOME 2 European Free Trade Association member (e.g. Switzerland)	OUTCOME 3 World Trade Organisation or bilateral free trade agreement (e.g. Canada)
EU rules of free movement of labour	YES	YES	YES	NO
EU employment regulation	YES	YES	NO	NO

Outcome 1: European Economic Area member

Under this outcome, the UK would become a member of the European Economic Area (EEA), which includes EU countries, and three non-EU countries: Iceland, Liechtenstein and Norway.

Citizens from European Economic Area (EEA) countries are able to live and work in other EEA countries. EEA countries largely have access to free trade within the EEA, aside from some tariffs on agriculture and fisheries. However, they accept most EU rules, including product standards, environment, energy, social and employment policy.

From an employment regulation perspective, EU legislation covers areas such as health and safety, parental leave, working time, younger workers and agency workers. EU legislation is usually in the form of directives, which are then implemented in UK law. The directives usually set out minimum standards, leaving countries free to decide whether they wish to go further than is strictly required under the directive. The UK already has some flexibility in how it implements EU rules – a situation that would be unlikely to change were the UK to decide to leave the EU but remain part of the EEA.

This means that in practice, from a labour market perspective, this outcome would closely resemble the UK's current situation. UK employers would continue to be able to recruit freely from the EEA and would have to abide by EU employment regulation. One area of difference would be that in the future, should the EU impose further employment-related directives, these would most likely need to be implemented by the UK, but, unlike in the current situation, the UK would have limited influence on these rules. There might therefore be a risk that in the future, potential employment regulation originating in the EU might be less suitable for the UK.

Outcome 2: European Free Trade Association member

Under this outcome, the UK would not be a member of the EU or the EEA, but would negotiate to be part of the European Free Trade Association. At the moment, this arrangement only applies to one country – Switzerland.²²

If the UK were to become a member of the European Free Trade Association (EFTA), it would have to maintain free movement of citizens. This means that UK employers would continue to have access to workers from the EEA, as they do now. However, depending on the exact terms of any agreement, the UK would no-longer be covered by EU employment legislation. UK employers would therefore be bound by UK regulation and legislation only, and not by future EU employment law or judgements of the European Court of Justice.

Overall impact

A number of factors are likely to affect the implications of the UK becoming a member of the EFTA. In particular, the UK Government would have to be motivated to alter existing regulations, and employers would also have to act.

First, a future UK Government may not wish to repeal employment legislation. The three major political parties did not campaign to reduce holiday entitlement or to remove the restrictions on working hours in their 2015 General Election manifestos. Indeed, in some cases, the UK Government has exceeded EU requirements. In April 2015, the Government raised the upper age limit for taking parental leave from 5 to 18 years.²³ The UK has also extended legal rights to holidays beyond the EU threshold. Moreover, independent of the EU, the overall direction of employment regulation in the UK has been towards more rather than less. Examples of regulation driven by domestic rather than EU-level action include the National Minimum Wage, the National Living Wage and pension auto-enrolment.

It is also worth noting that, in the view of the OECD, the UK already has the fourth least regulated market among OECD members.²⁴ In this context, it is not certain that a future UK government would observe clear undisputed economic gains from deregulation. Reducing employment regulation could lower labour costs for employers. In turn, this could have a positive impact on employment levels. For instance, some argue that the UK's flexible, service-orientated economy is weighed down by regulation that imposes compliance costs and inflexibility. Employers are not united on the importance of repeal – with smaller, more domestically-orientated firms often finding regulation more burdensome than do larger, more export-orientated firms.²⁵ A 2015 survey of members of the Institute of Directors (IoD) – typically made up of smaller enterprises – found that employment and social affairs (including health and safety) are viewed as the most unhelpful effects of EU membership by some distance: 51% report it as 'unhelpful', compared to 21% as 'helpful'.²⁶ In a very recent poll (May 2016), 46% of IoD members reported that Brexit would have a 'positive' impact on social/employment legislation (26% cited a negative impact).²⁷ The IoD has also complained about decisions concerning accrual of annual leave during long-term absence, falling ill while on leave, and calculation of holiday pay, which have increased costs for employers.²⁸

However, others argue that employee protections have upsides in terms of efficiency, public safety, health and safety, and wellbeing. Predicting the potential overall cost savings of deregulation is difficult. Calculations often reflect the costs that arise from introducing the regulation rather than the savings derived from its removal, and the former are likely to be higher than the latter. Open Europe estimates that EU-related social, employment and health and safety law costs the UK economy £9 billion a year.²⁹ It calculates that £5.6bn of savings could be politically feasible across social, employment and health and safety law. These include £2.1bn savings generated by scrapping the Agency Workers Directive and £2.1bn from reducing the scope of the Working Time Directive by half.

Second, much regulation has already been implemented in UK legislation, and UK employment case law is entangled with EU law.³⁰ Therefore, deregulation would necessitate an active decision to repeal such legislation after Brexit. This would take time. This means that any lowering of costs to employers may be unlikely to materialise in the near-term after a vote to leave.

Third, even were deregulation to take place, the terms and conditions of employment may not alter dramatically. Many employment benefits are likely to be written into employment contracts. Organisations keen to take advantage of deregulation would have to re-write their contracts and policies, which would likely be time-consuming.³¹ Of greater importance, in many cases the bite of EU regulation is unclear. In other words, employers may behave in a similar way were the regulation to stay or go.

Here we describe in more detail the two regulations cited most frequently: the Working Time Directive and the Temporary Agency Workers Directive.

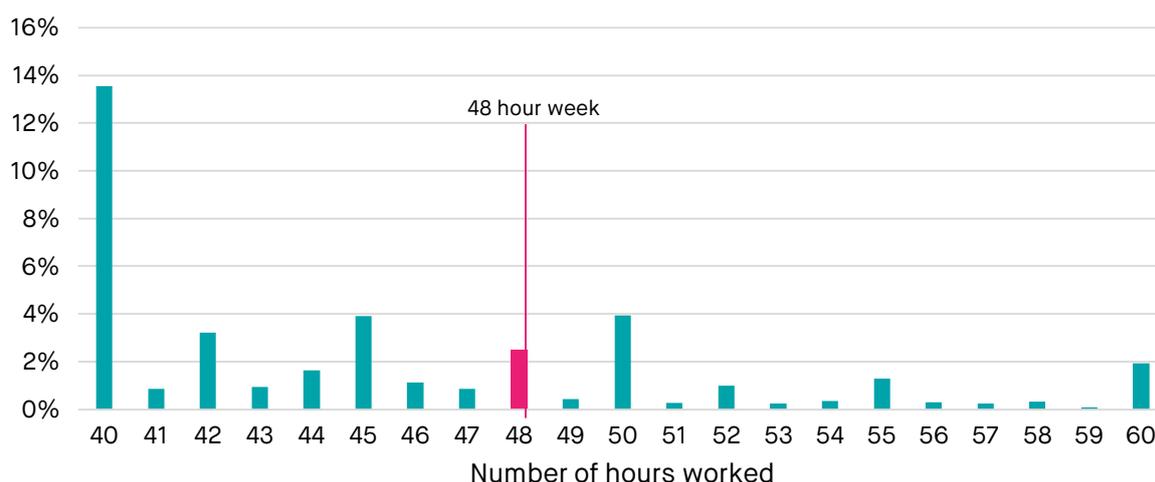
Working Time Directive

The Working Time Directive (WTD) sets restrictions on the average number of hours employees can work per week, whilst also setting minimum rest breaks and amounts of paid leave.³²

It has been estimated that 6 million workers gained an extra week in holiday as a consequence of the introduction of the WTD.³³ As the TUC has noted, many of these were workers who previously had no paid leave entitlement (such as part-time workers).³⁴ However, being released from EU regulation may not result in significant change or in reduced costs to employers. Regulation around annual leave entitlement may be politically difficult to withdraw given its likely popularity among the public: the UK Government extended the annual leave allowance in 2007 and 2009 independently of EU action.³⁵ Moreover, many employers now offer more generous leave entitlement than they are required to by law, suggesting that many organisations would continue to offer similar leave arrangements irrespective of any regulatory changes.³⁶

The other main element of the WTD is the 48-hour week. Recent research by the TUC suggests that 3.5 million UK employees work 'excessive' hours (more than 48 hours on average per week). They estimate that this figure would have been around 4.5 million had the WTD not been introduced.³⁷ Other evidence also suggests that the WTD continues to have an impact, although its extent is debatable. Analysis shows that there is an uneven distribution of employees in terms of hours worked, with a slight spike at 48 hours. This suggests that the 48 hour limit does impose a restriction on some employers, and taking the rule away might give employers more flexibility. However, the spike is relatively small compared to other peaks at 40, 45 and 50 hours.³⁸

This is perhaps unsurprising given that the regulation is not fully binding, as workers can opt out of the maximum working time limit. Research by the Department for Business, Innovation and Skills suggests that retaining the opt-out is important to both employers and employees.³⁹ Around a third of workplaces already have at least one employee opted out.⁴⁰

Figure 11: Proportion of workers by number of hours worked

Source: CER analysis of the Labour Force Survey; John Springford, *Brexit and EU regulation: A bonfire of the vanities?* (CER, 2016)

Together, these factors imply that – even if it was politically desirable and feasible – relaxing regulations around weekly hours would have a modest effect. However, evidence implies concerns in other areas – such as court judgements in relation to the interaction of sick leave, annual leave and other forms of leave, and on-call time and compensatory rest (for instance in the NHS).⁴¹

Temporary Agency Workers Directive

The Temporary Agency Workers Directive, implemented into UK legislation in 2011, ensures that temporary workers are treated in a similar way to permanent workers within the same organisation. Under the Directive, agency workers benefit from equal treatment with respect to access to facilities at work and information on vacancies from the start of their employment. After 12 weeks in the same role, they are entitled to the same employment conditions, pay, breaks and holiday as directly recruited employees.

In theory, the Directive potentially reduces the attractiveness of using temporary workers. However, since the Directive was brought in, the use of agency workers has increased. There is some evidence that after the regulations were brought in, lengths of contracts changed: in particular, there has been a fall in the proportion of temps working between three and six months, and an increase in the proportion of temps working for over a year.⁴² This might indicate that there are some gains to be made by employers in terms of flexibility should the directive no-longer apply. However, given the fact that the number of temporary agency workers has continued to rise, it is not clear that the Directive is having a major effect on firms.

Conclusions

Overall, rather than full-scale deregulation, it is likely that in practice, only some limited elements of legislation related to EU directives would be repealed. This may mean that Outcome 2 brings some additional flexibility and reduced costs for UK employers, but there is much uncertainty as to the size and timing of any effects.

Outcome 3: World Trade Organisation or bilateral agreement

Under this outcome, the UK would not be part of the EEA or EFTA. It would have negotiated a bilateral agreement, similar, for example, to that negotiated by Canada to make it simpler to trade, but not have an agreement covering employment, or the UK would be operating under World Trade Organisation rules.

Under this outcome, the UK would be released from EU-related employment rules, with the potential effects as outlined under Outcome 2 above. More importantly, free movement rules would no-longer apply. This would mean that UK employers would not be able to recruit EEA workers on the same terms as they are able to now.

Direct and indirect costs

There would most likely be an increase in costs to employers associated with having a visa system rather than free movement. First, there are direct costs in the form of fees. Under the current system, for non-EEA workers, employers must first apply for a licence – with costs ranging from £536 to £1,476 depending on the size of the organisation. Then, employers must obtain a certificate of sponsorship for each non-EEA worker, costing £199.⁴³ More significantly, from 2017, the Government is bringing in a new Immigration Skills Charge of £1,000 per employee per year, further adding to the cost of employing non-EEA workers.⁴⁴ If these fees and charges were to be extended to EEA workers, this would increase the direct costs to employers of hiring EEA recruits.

Second, visa systems also impose indirect costs on employers. Under the current system, employers must take on a number of responsibilities when they apply for a licence, including monitoring employees' immigration statuses, and keeping copies of relevant documents – such as passports and right to work information. There are also indirect costs associated with filling in forms, negotiating the visa system and adjusting recruitment processes to ensure compliance (for example, by advertising vacancies for a 28-day period before recruiting a non-EEA worker). There is limited evidence for the size of these indirect costs, and to what extent extending a visa system to EEA migrant workers would increase the regulatory burden on firms. A previous study looking at the effects of a tightening in rules for recruiting non-EEA workers in 2011 found that employers saw an increased administrative burden, particularly around the transition associated with becoming familiar with the new rules.⁴⁵

Alternative immigration and visa policies

An important potential consequence for employers is what any new immigration policy would look like, and how it would change the types of EEA workers they are able to recruit. We do not know what regime would take the place of free movement; there are two key choices that the Government would need to make. First, it would need to decide what conditions and criteria prospective migrants would need to meet in order to be admitted to the UK. For workers, these might be based on criteria such as qualifications, skills, occupations, salary levels or other factors. Second, the Government would need to decide how restrictive the criteria should be, and therefore what scale of migration the visa system would allow.

As set out in the following box, there is already an immigration policy in place to determine applications from non-EEA workers to work in the UK. This policy is based on occupations and salary levels. One option might be to extend this policy to EEA workers. This could result in a fall in the number of workers coming to the UK, and so a narrowing of the pool of labour for employers.

There are, of course, other possibilities. One option might be to review the system as a whole, and relax the current criteria with the aim of keeping net migration at its current levels (around 320,000).⁴⁶ If that happened, it might be possible to recruit more workers from non-EEA countries than it is currently. This could have potential benefits for employers recruiting non-EEA workers. In 2015, for example, applications by employers for non-EEA workers exceeded the annual cap that is imposed by Government, meaning that workers who would otherwise be eligible under the current criteria were not able to obtain visas.⁴⁷ It has been argued by the Leave Campaign that withdrawing from the EU would allow the EU to better focus its immigration policy on skilled workers.⁴⁸

These potential policies should also be viewed in the context of the Government's target to cut annual net migration to the "tens of thousands". It has so far been unsuccessful in achieving this. This is due not only to the flow of EEA migrants into the UK, but also to the flow of non-EEA migrants. Even if only non-EEA migrants were counted, the target would still be missed.⁴⁹ If, after an exit from the EU, the Government made further attempts to reduce net migration to meet its target, current immigration policy could become more restrictive than at present. Under all possibilities, it is likely that lower-skilled labour from outside the UK will be harder to recruit (although in theory, Government could revisit opening its Tier 3 visa system for unskilled workers).

Box 1: The current Tier 2 (General) visa system for non-EEA workers

Currently, for non-EEA migrants wishing to work in the UK, the main visa route is known as Tier 2 (General).⁵⁰ Under Tier 2 there are two principal ways in which employers can recruit non-EEA workers:

1. Resident Labour Market Test (RLMT): Employers can bring a worker in from outside the EEA if there is no suitably qualified worker within the UK or EEA. Employers must advertise the vacancy for 28 days. This is the most common route of the two, accounting for 92% of Certificates of Sponsorship in 2015.⁵¹
2. Shortage Occupation List: If the occupation is on the Shortage Occupation List, employers do not have to go down the RLMT route. Occupations on the list must be skilled and experiencing a national shortage.⁵²

Under Tier 2 (General), migrants must earn at least £20,800 per annum and be in a graduate-level role, as defined in the Code of Practice for Skilled Workers.⁵³ Tier 2 visas are usually valid for a maximum of six years. After this, to apply for settlement, the worker must earn at least £35,000 per annum.⁵⁴

How might employers be affected if the current Tier 2 visa system were extended to EEA employees?

To understand what effect visa restrictions on EEA migrants might have on UK employers, and how this is likely to vary among different types of employers, we have examined the data on EEA workers and looked at the proportion of current EEA workers in the UK who would fulfil the current Tier 2 requirements. The analysis provides some initial indication of the scale of any potential effect on EEA workers, and which types of employers are most likely to be affected. Our analysis looks at the stock of existing EEA employees as a means of assessing the potential effect across different employers were they unable in the future to recruit freely from the EEA. The requirements we look at are based on those outlined in the box above:

- In a graduate-level role.
- Earning at least £20,800 p.a.
- If arrived in the UK more than six years ago, earning at least £35,000 p.a.

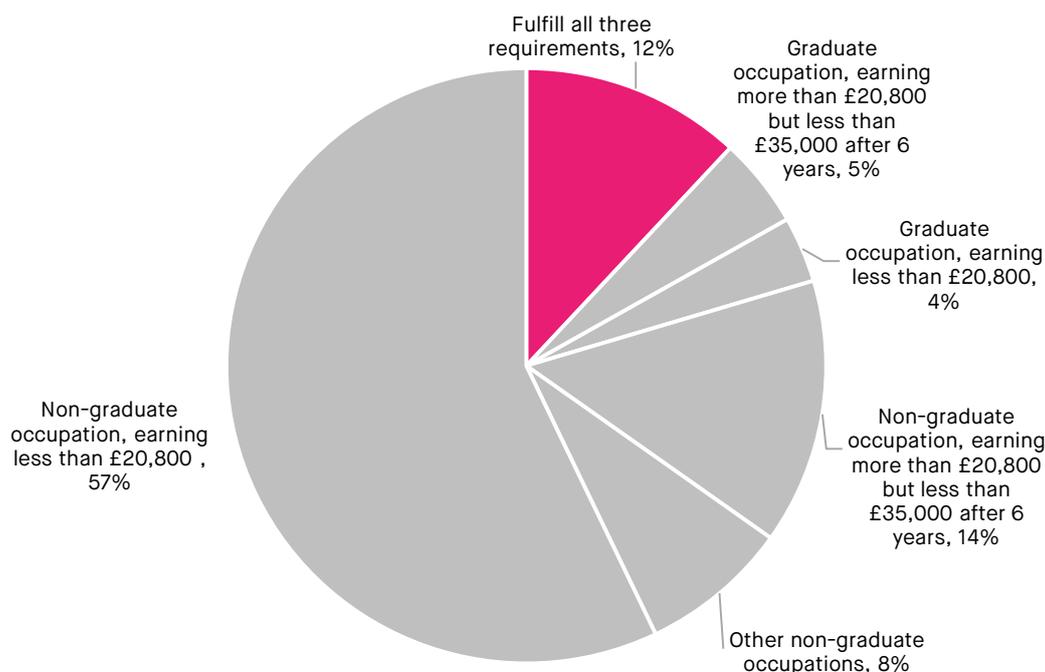
There are some exclusions and exceptions to the income rule; for example, there are different salary thresholds for some jobs on the Shortage Occupation List. However, given that Shortage Occupation List is the much less common of the two routes, our view is that using these income thresholds provides a good indication of the types of sectors and areas of work that are most likely to be affected.

Overall, the analysis shows that around 12% of EEA employees fulfil the requirements set out above. As Figure 12 shows, the requirement to be in a graduate-level occupation means that around 80% of EEA workers would not meet the thresholds. Around 61% of the EEA workers are paid less than £20,800 per annum, and a further 19% are earning less than £35,000 per annum after six years.

This suggests that a high proportion of EEA workers would find it difficult to access jobs in the UK under Outcome 3.¹

¹ The Migration Observatory have undertaken similar analysis, and found that 19% of employees born in EU countries are in a skilled job earning more than £20,000. Our analysis differs, in that we use an additional criteria (earning at least £35,000 after six years) and we use a basic salary criteria of £20,800. If we remove the criteria that employees should earn £35,000 after six years, we obtain a figure of 17% of employees who would qualify, relatively close to the Migration Observatory estimate. See Carlos Vargas-Silva, Potential implications of admission criteria for EU nationals coming into the UK, Migration Observatory (2016)

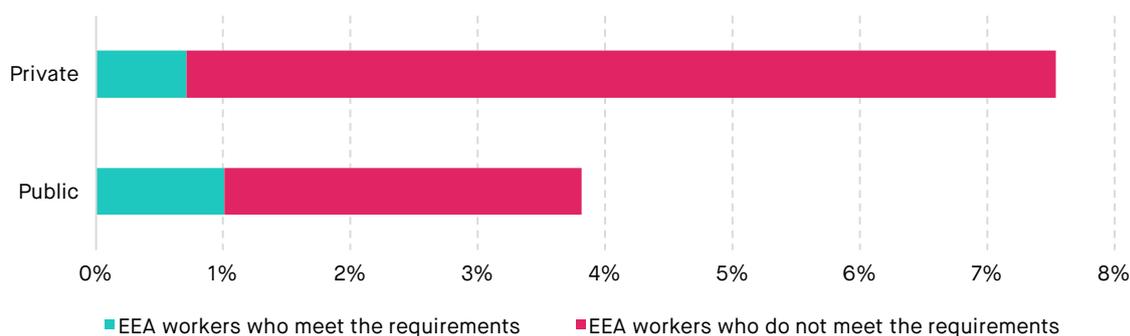
Figure 12: Proportion of EEA employees currently working in the UK that would qualify under visa rules



Source: Calculations based on LFS

As shown in Figure 13, the effect is especially pronounced for the private sector. As well as having a larger proportion of employees from the EEA, these jobs are less likely to fulfil the skill level and salary requirements of the current visa system, compared to those in the public sector.

Figure 13: Proportion of total employees currently working in the UK who are from the EEA and would qualify under visa rules, public vs private



Source: Calculations based on LFS

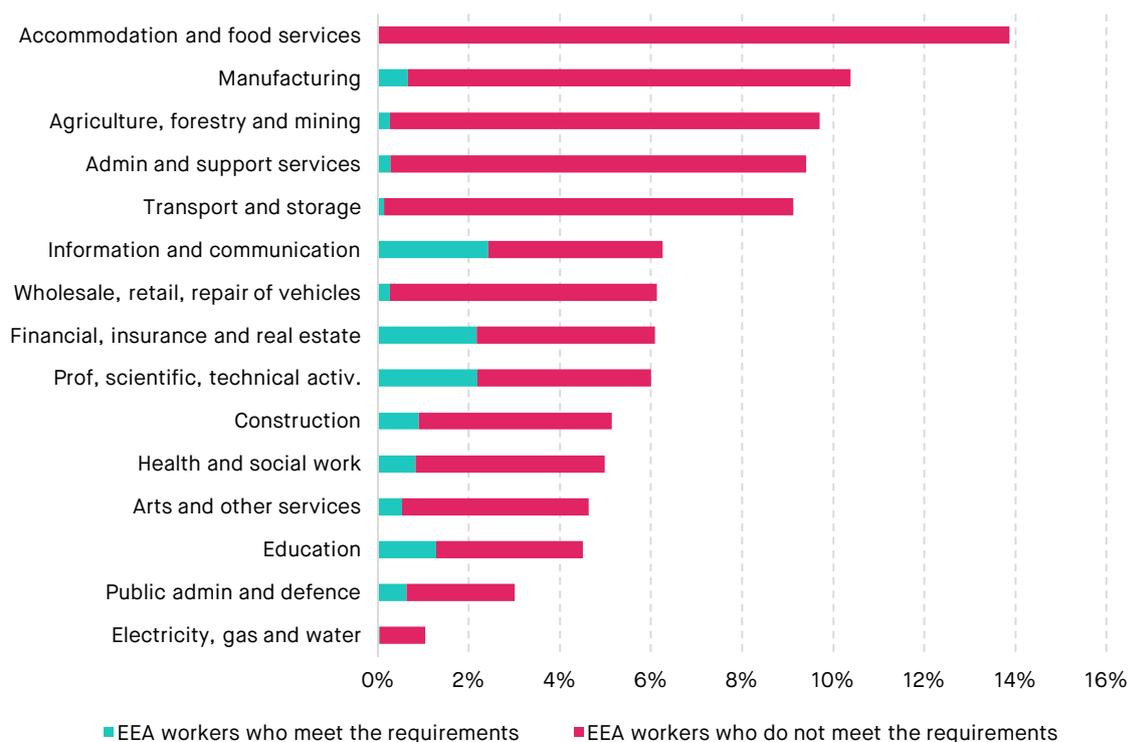
Looking in more detail at specific sectors, Figure 14 shows the proportion of EEA employees in each sector, further split by whether they fulfil the relevant requirements. As can be seen, the size of the potential effect differs substantially by sector.

Accommodation and food services has the largest proportion of employees from the EEA, amounting to almost 14% of all employees in the sector. A negligible proportion of employees meet all three requirements of the visa system – suggesting that this sector is likely to have the most difficulty in adapting to Outcome 3, and in finding new ways to

recruit. Manufacturing, agriculture, administration and support services, and transport also employ large numbers of EEA workers who would not fit the requirements – although for manufacturing in particular, one option may be to recruit workers through the more limited shortage occupation route.

In sectors such as information and communications, finance, and professional activities, EEA employees account for around 6% of all employees in the UK. In these sectors, higher levels of pay mean that a larger proportion of employees meet the requirements. However, this still leaves more than 3% of all employees in these sectors who would not meet the criteria.

Figure 14: Proportion of total employees currently working in the UK who are from the EEA and would qualify under visa rules, by sector



Source: Calculations based on LFS. Note: sample sizes are relatively small for some sectors when splitting by both sector and by visa requirements, and therefore results for the smaller sectors should be treated with caution.

As might be expected, those in full-time work are more likely to meet the salary requirements: around 14% of EEA full-time workers, compared to around 1% of EEA part-time workers.

Figure 15 shows that from an employer’s perspective, of the 5% of part-time EEA employees in the UK workforce, almost all would fail to meet the current visa requirements. This means that the potential effect of moving away from free movement and towards an immigration policy similar to the one we currently have in place for non-EEA workers could be a loss in flexibility, with fewer workers available for part-time work.

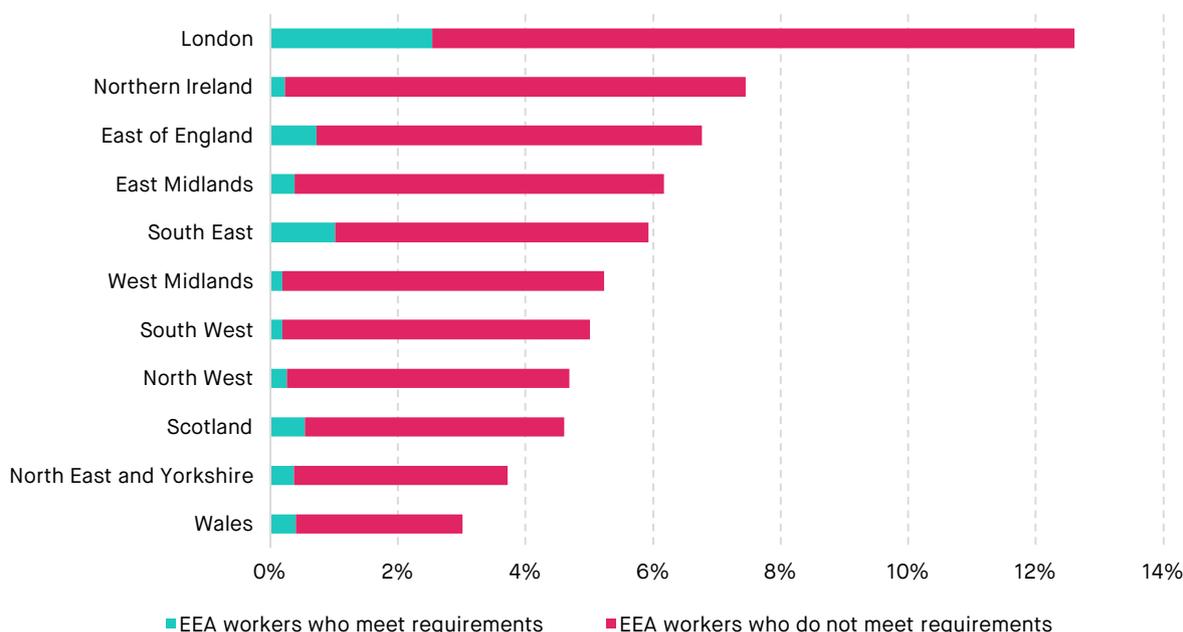
Figure 15: Proportion of total employees currently working in the UK who are from the EEA and would qualify under visa rules, by hours worked



Source: Calculations based on LFS

Figure 16 shows the proportion of EEA employees by region. At around 13%, London has the highest proportion of EEA workers; a relatively large proportion of which are on high salaries and in graduate occupations. However, around three quarters of these EEA workers would not meet the visa requirements.

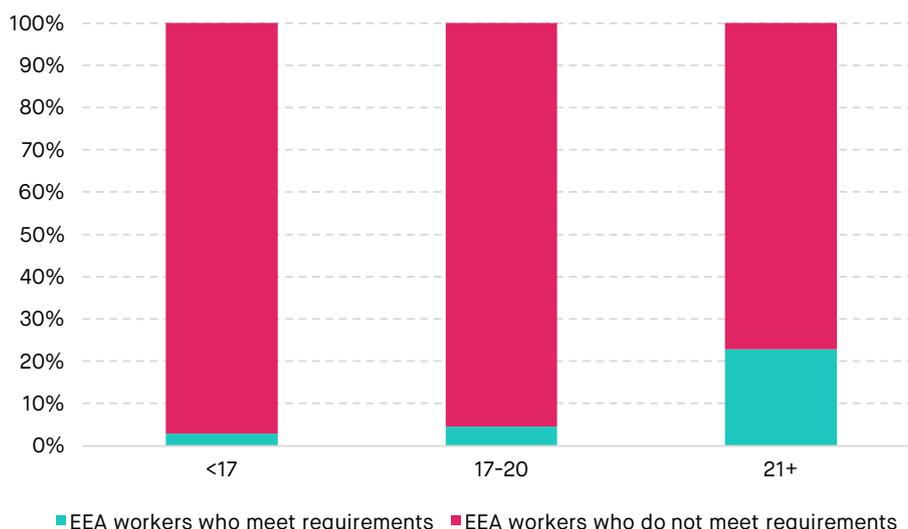
Figure 16: Proportion of total employees currently working in the UK who are from the EEA and would qualify under visa rules, by region



Source: Calculations based on LFS

Imposing the current salary and occupational criteria would change the likely education levels of EEA employees moving to the UK. Figure 17 shows that very few EEA employees who left full-time education at the age of 20 or younger would fulfil the requirements. However, even among EEA employees who left full-time education at age 21 or older, and who are therefore likely to have degree-level qualifications, only around 23% meet the salary thresholds – suggesting that employers may find it more difficult to recruit even higher-skilled EEA workers should the current visa system be extended to this category of worker.

Figure 17: Proportion of EEA employees currently working in the UK that would qualify under visa rules, by age of completion of full-time education



Source: Calculations based on LFS

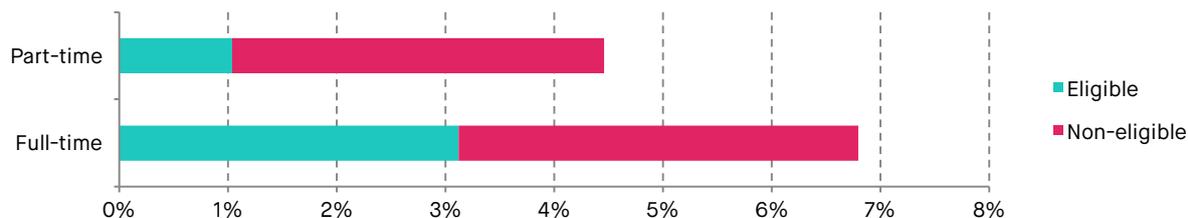
Box 2: How might an alternative visa policy affect EEA workers?

The main analysis in this chapter explores the potential effect of extending current visa requirements to EEA workers. However, there are alternative options, both in terms of the criteria used and the restrictiveness of the policy. An alternative approach would be to focus less on salary thresholds, and more on skills and type of occupation, similar to the approach taken by Canada. Canada’s Federal Skilled Workers programme scores potential applicants based on language skills, education, work experience and whether they have a valid job offer in a skilled occupation (management, professional, technical and skilled).⁵⁵

Figures 18 and 19 show what proportion of EEA workers in the UK fall into management, professional and skilled occupations, to illustrate how the picture might change if the UK chose an alternative migration policy that focused on broad occupations without additional salary thresholds. Around 41% of EEA workers fit into these occupational categories, and so this approach would be less restrictive than the one outlined in the main part of the chapter. However, the focus on occupation and not salary also changes the mix of EEA workers who would meet the criteria.

Most significantly, basing requirements on occupational or skill level rather than annual salary means that the difference between part-time and full-time employees is not as stark as is the case under the current visa system. Employers who rely on the flexibility of part-time working are likely to find this immigration policy easier to adapt to.

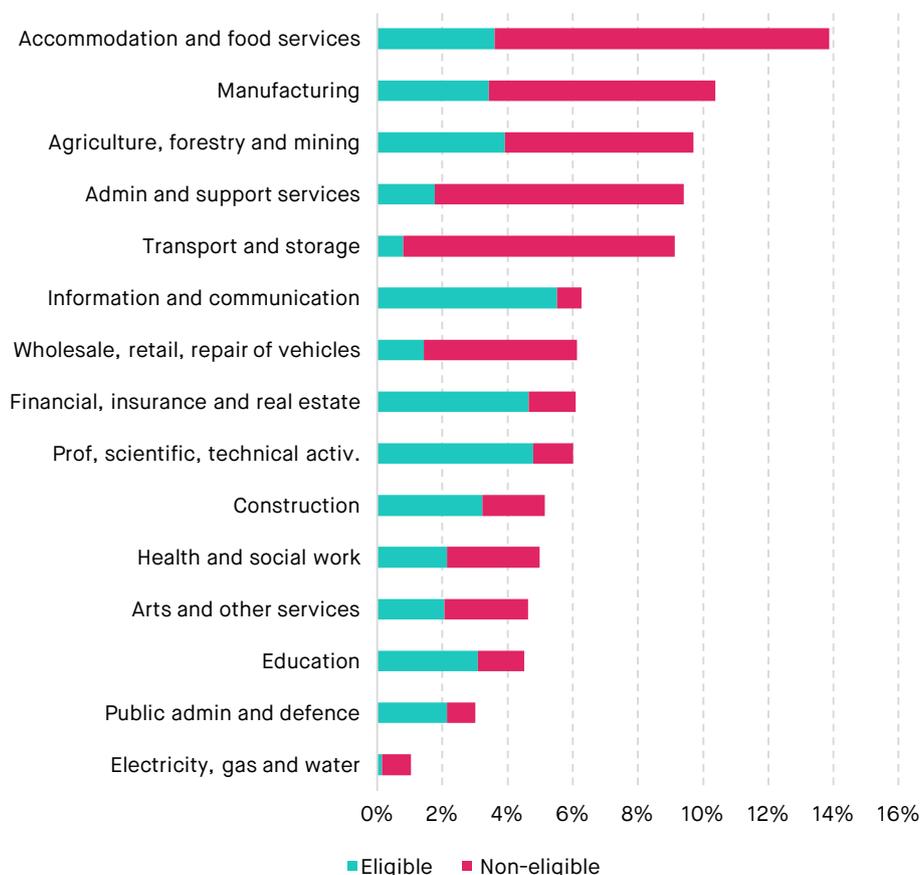
Figure 18: Proportion of total employees currently working in the UK who are from the EEA and would qualify under an occupation-based immigration system, by hours worked



Source: Calculations based on LFS⁵⁶

Under a system that focuses solely on occupation rather than salary, the accommodation and food services sector continues to have the largest number of EEA employees who would not meet the requirements, as a proportion of all employees. In some sectors, moving towards criteria that focus solely on occupation means that many more EEA employees would fit the requirements. However, it is notable that in some sectors – for example transport and storage – few EEA employees would meet the criteria, presumably because there are fewer occupations in this sector that would be classified as managerial, professional or skilled trades.

Figure 19: Proportion of total employees currently working in the UK who are from the EEA and would qualify under an occupation-based immigration system, by sector



Source: Calculations based on LFS

As shown in Figure 19, there are alternative visa arrangements to the one we currently have in place, which would have differing effects on employers. A visa system that focuses more

on skills or occupations rather than salary is likely to be better for employers who have many part-time workers. But it is notable that even under a more generous system, such as the one outlined above, a substantial proportion of current EEA employees would not meet requirements.

CONCLUSION: IMPLICATIONS FOR UK EMPLOYERS

Were the UK to leave the EU, employers would need to respond to potential changes in employment policy and their ability to recruit EEA workers. However, there is much uncertainty as to what any new relationship between the UK and the EU would look like. Deregulation is a possibility, although it is very uncertain as to how much deregulation would happen in practice, and any changes are likely to take some time.

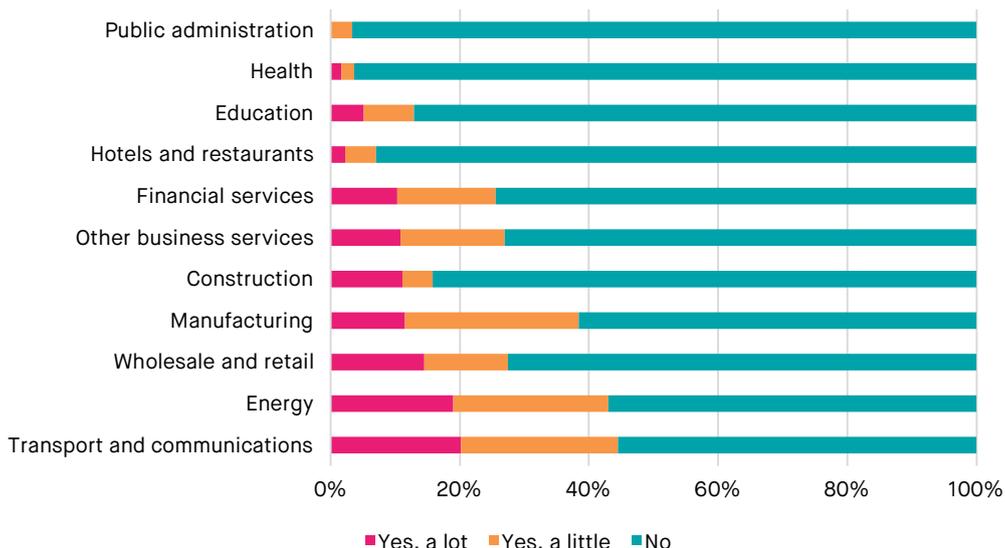
More significant are the changes that would occur if the UK no-longer abided by free movement rules. Employers are likely to have a more restricted pool of labour from which to recruit. Exactly what these restrictions would be depends on what type of immigration policy would be put in the place of free movement from EEA citizens. There would most likely be changes to the mix and characteristics of workers that employers have access to (for example, in terms of skills and occupations).

There could also be a reduction in the supply of workers, making it more difficult for firms to recruit. However, a complicating factor is that some analyses of the effect of Brexit suggest that this may result in fewer firms choosing to invest and locate in the UK.⁵⁷ This would mean that demand for workers may be lower than it otherwise would. It is unclear what the net, overall effect might be. Assuming that recruitment becomes more difficult than it has been in the past, there are a number of ways in which employers and the UK labour market may respond to a narrower pool of workers.

Increasing pay or improving conditions

Employers could seek to make jobs more attractive to a smaller pool of workers. The National Living Wage will result in wage increases in the years ahead; however, some employers might need to raise pay further to attract the workers they need. This might be a possible strategy for firms in sectors where competition between businesses is largely within domestic markets, but this strategy might be particularly difficult for firms that compete internationally. Figure 20 shows that manufacturing and transport see high levels of international competition. As set out earlier in this paper, these two sectors are particularly reliant on workers from the EEA. Improving pay or conditions might be a more viable option for accommodation and food services, where international competition is more limited.

Figure 20: Does this workplace face competition from overseas-based suppliers?



Source: WERS Managers' survey, 2011

Upskilling and training workers

There is little evidence that employers are using EEA migration as a substitute for investment in training.⁵⁸ Nevertheless, investment in training is likely to become more important, especially in a situation where overall numbers of migrants are restricted. There may well be scope to increase the levels of training investment in some sectors. As shown in Figure 21, in some sectors that are heavily reliant on EEA workers, such as agriculture and manufacturing, training levels are lower than average.

Figure 21: Proportion of employers who arranged training in the previous 12 months



Source: UKCES, UK Commission's Employer Skills Survey 2013: UK Results, 2013

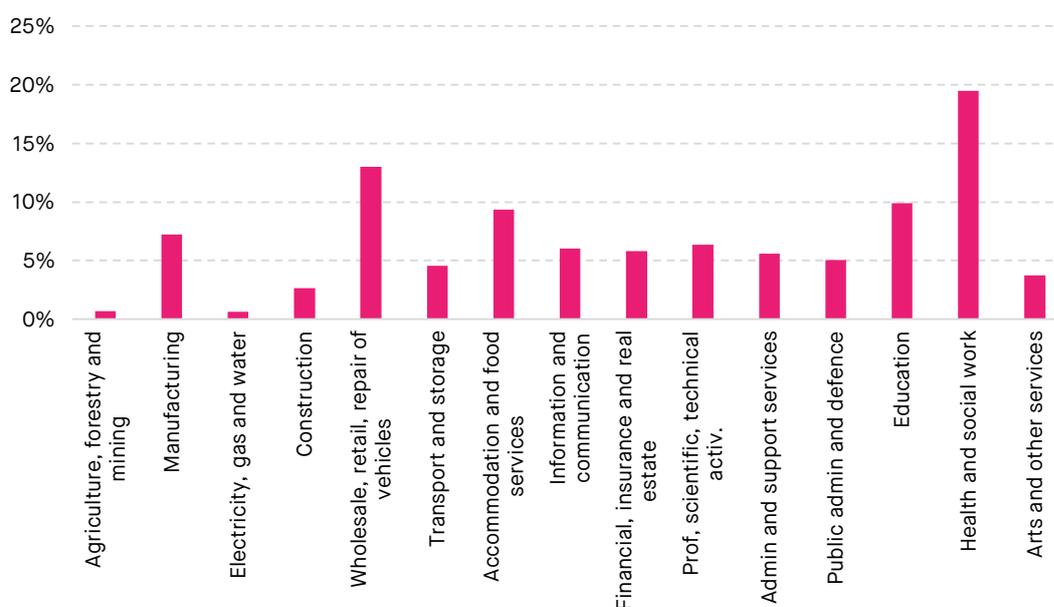
In a situation where existing levels of migration are allowed to continue, the pressure to invest in more training is likely to be less severe as employers may well find it easier to recruit skilled workers from outside of the UK.

Looking outside of the EEA for potential recruits

As explored earlier, there is a possibility that any future immigration policy might involve relaxing the current criteria for non-EEA workers. If this happened, employers might be able to recruit more workers from outside of the EEA into mid-skill and mid-salary occupations. Currently, the three largest sources of non-EEA workers for the UK are India, Australia, and the United States.⁵⁹

At the moment, non-EEA workers are heavily concentrated in health and social care, where they are disproportionately represented. Employers in other sectors might also increasingly look elsewhere for potential recruits if visa policies were relaxed.

Figure 22: Distribution of non-EEA workers across sectors



Source: Calculations based on LFS

Automation

Employers facing difficulty in recruiting workers could change their business models to rely less on labour, and more on infrastructure and technology. This is likely to be particularly important as any new immigration policy could make it more difficult to recruit lower-skilled workers, and visas are most likely to be concentrated on skilled workers.

There is likely to be scope to increase capital investment in a number of sectors that are reliant on EEA workers. For example, accommodation and food services is the sector that is most reliant on EEA workers according to our analysis, and many workers are paid below current visa requirement thresholds. Whilst this is a relatively labour-intensive sector, there is scope for increasing capital intensity and relying less on labour. Studies show that in other comparable countries, firms in the accommodation and food services sector invest more in equipment and technology compared to the UK.⁶⁰

ENDNOTES

- ¹ Liechtenstein has imposed temporary restrictions on the free movement of labour. See European Commission, Liechtenstein Sectoral Adaptations (2015)
- ² Dr Martin Ruhs and Dr Carlos Vargas-Silva, Briefing: The Labour Market Effects of Immigration (Oxford Migration Observatory, 2015)
- ³ See for instance, Nicola Gilpin, Matthew Henty, Sara Lemos, Jonathan Portes and Chris Bullen, The impact of free movement of workers from Central and Eastern Europe on the UK labour market (DWP, 2006); Paolo Lucchino, Chiara Rosazza-Bondibene and Jonathan Portes, Examining the relationship between immigration and unemployment using National Insurance Number registration data (NIESR, 2012)
- ⁴ Ciaran Devlin, Olivia Bolt, Dhiren Patel, David Harding and Ishtiaq Hussain, Impacts of migration on UK native employment: An analytical review of the evidence (Home Office and BIS, 2014)
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- ⁶ C. Dustmann, T. Frattini and I. Preston, A study of migrant workers and the national minimum wage and enforcement issues that arise (UCL and Low Pay Commission, 2007); Vaughne Miller, Exiting the EU: impact in key UK policy areas (House of Commons Library Briefing, 2015)
- ⁷ Philippe Legrain, 'Freedom of Movement' in Patrick Minford and J.R. Shackleton, Breaking up is hard to do: Britain and Europe's dysfunctional relationship (IEA, 2016)
- ⁸ House of Commons Library Note, Leaving the EU, Research Paper 13/42 (2013)
- ⁹ ONS, UK Labour Market: May 2016 (2016)
- ¹⁰ UKCES, Employer Skills Survey 2015 (2016)
- ¹¹ CBI, The Path Ahead: CBI / Accenture Employment Trends Survey 2015 (2015)
- ¹² Migration Observatory, Project Unclear: Uncertainty, Brexit and migration (University of Oxford, 2016)
- ¹³ ONS, UK Labour Market: May 2016 (May 2016); see also table EMPO6, May 2016.
- ¹⁴ Note: the sample sizes for 'Agriculture, forestry and mining' and 'Electricity, gas and water' are relatively small and should be treated with caution.
- ¹⁵ Migration Observatory, Project Unclear: Uncertainty, Brexit and migration (University of Oxford, 2016)
- ¹⁶ Nick Crafts, The Growth Effects of EU membership for the UK: review of the evidence (SMF and CAGE, 2016)
- ¹⁷ Heather Rolfe, Cinzia Rienzo, Mumtaz Lalani and Jonathan Portes, Migration and productivity: employers' practices, public attitudes and statistical evidence (NIESR, 2013)
- ¹⁸ Nida Broughton and Nigel Keohane, The New Going Rate: the impact of the National Living Wage on UK employers (SMF, 2016)
- ¹⁹ <https://www.compas.ox.ac.uk/2016/free-movement-of-overqualified-migrant-workers/>
- ²⁰ See for instance, <http://www.smf.co.uk/ask-the-expert-dr-neil-lee-on-the-economics-of-the-northern-powerhouse/>
- ²¹ See, for example, HM Treasury, The long-term economic impact of EU membership and the alternatives (2016); Open Europe, Where next? A liberal, free-market guide to Brexit (2016); Economists for Brexit, The economy after Brexit, (2016)
- ²² In February 2014, a referendum in Switzerland voted to impose quotas on immigration from Europe. However, Switzerland still has to accept free movement at present.
- ²³ TUC, UK employment rights and the EU (2016)
- ²⁴ Steve Coulter, 'Social Europe: EU Employment Legislation and the UK Labour Market: report of the hearing on 16 December 2015 of the LSE Commission on the Future of Britain in Europe' (LSE)
- ²⁵ Steve Coulter, 'Social Europe: EU Employment Legislation and the UK Labour Market: report of the hearing on 16 December 2015 of the LSE Commission on the Future of Britain in Europe' (LSE)
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