



Home Office UK Border Agency
Consultation on Limits on Non-EU Economic Migration
response from BT

17 September 2010

Q1 - Do you agree that operating a pool for highly skilled migration on the basis described above will be the fairest and most effective approach?

No. Tier 1 (General)/ HSMP migrants are the single largest group of employees without permanent immigration status in our organisation. BT has serious concerns regarding the suggested options for restricting this immigration category.

Pool approach

A pool approach to assessing applications requires a comparison exercise with other applicants in the pool. We feel that this process will hinder expeditious recruitment of new talent into our organisation. Highly skilled migrants are globally mobile and provide a positive contribution to any economy. The pool process risks eliminating some of the most desirable applicants as they may decide to move to another country where the barriers to entry are much lower. The pool approach adopted in New Zealand applies to a far smaller resident and migrant population so it is difficult to draw a reasonable comparison with the UK and its large number of global organisations with regional or headquarters offices.

First come, first served approach

The quota systems adopted in other countries, like the US, result in too many applicants applying on the opening of quota so that all places are filled early in the year, potentially leading to the exclusion of exceptionally highly skilled migrants later on, even if they have a job offer or skills the UK needs to attract. Further, the US scheme exempts some qualifications and professions from the quota, and reserves some of its quota to meet trade agreements, unlike the proposed UK system.

Quota exemptions

Any quota system is likely to make the UK a less attractive proposition for the most highly skilled migrants; a more effective approach would be to make them exempt from any quota. This population will be small in number but will have a disproportionately positive impact on the UK, as there is ongoing demand by employers for these workers and their presence in the UK would help further economic growth.

Exemptions should include:

- Senior Executives earning £150,000 or more per annum.
- Highly skilled individuals with a professional qualification defining them as specialist or highly skilled within their industry. Examples include Solicitors, Engineers, Accountants and other specialist qualifications which are currently not recognised.
- Individuals with extraordinary or outstanding ability which is recognised in their professional field.

Q2- Do you agree that operating a first come first served system for skilled migrants available to individual sponsor employers will be the fairest and most effective approach?

No. A fixed quota is likely to negatively impact UKHQ organisations with a smaller, on-going requirement for migrants. If the quota is allocated based on demand submitted, employers with a lower demand are likely to lose out to employers who have a large consistent demand for migrants' skills.

If restricted from bringing individuals to the UK, BT may have to move work to another location in order to fulfil contractual requirements if the necessary skills are not available in the UK labour market. There is an obvious risk to UK jobs if we are forced to move entire projects to another country in order to meet our contractual obligations.

A quota also relies on comprehensive long term resource planning. However securing a new contract with a client often falls outside of forecasting and will impact on our quota requirement. Short term additional requirements to any allocation must be considered for new contracts, TUPE or acquisition agreements.

Q3- Do respondents believe that where a quarterly quota is filled applications that have not yet been considered should be rolled over to the following release or not?

No. Recruitment is not an exact science and the cycle time of recruiting staff can vary. The recruitment and immigration of a migrant is unlikely to fall within a quarterly timeframe because of either business or personal commitments. Particularly, issues regarding notice periods, relocation challenges and applicants having to meet documentation requirements of the entry clearance process are all going to delay the timeframe related to an individual commencing employment in the UK.

It may be more effective if employers are able to request for a quota to roll over when there is an identified appropriate business need.

Q5- Points for Highly skilled migrants: Should we provide for additional points to be scored for:

| | |
|---------------------------------------|---|
| Higher level English Language Ability | Y |
| Skilled dependants | N |
| UK Experience | Y |
| Shortage Skills | Y |
| Health insurance | Y |

Are there any other factors that should be recognised through points system?

BT's highly skilled migrants are predominately employed in either senior or specialist roles. Professional qualifications that make an applicant specialist or highly skilled within their industry, i.e. Engineers, Solicitors, Accountants and other specialist qualifications are currently not recognised within the points allocation, although holding these qualifications would be expected to increase the holder's economic value to the UK. .

Individuals within these categories are high earning and in turn pay higher levels of income tax and national insurance; their spending levels are also higher, commensurate with the higher earnings. They are unlikely to recourse to public funds (which the conditions of their leave do not permit), and are generally employed in roles where the employer almost certainly provides private healthcare coverage.

These individuals provide a different cultural view and specialist understanding of global markets which UK/ EEA only individuals, for obvious reasons, do not possess.

.Q6 - Do respondents agree that Tier 1 (Investor) and Tier 1 (Entrepreneurs) should not be included within the annual limit?

Yes. Individuals in this category are not likely to recourse to public funds and their purpose is to invest money into the economy; however they should maintain private health insurance like other categories, if introduced.

Q7- How do respondents believe that the UK could make itself more attractive to investors and entrepreneurs who have the most to offer in terms of driving economic growth?

- Review the non-domicile regimes and the impact on these people.
- Review if it is appropriate to offer tax breaks to entrants who are establishing new companies.

- Consider the overall tax burden on such individuals in the UK, compared to other countries such as the US, Singapore and Hong Kong.

Q8 - Do respondents agree that the intra-company transfer route should be included within annual limits

No. As a UK headquartered company, this is of particular concern to BT, as we have more than 20,000 employees in overseas offices. The transfer of knowledge and skills from other countries to the UK and vice versa is vital to our continued success as a global organisation. In practice, we currently assign almost four times as many UK employees to other countries as happens in the reverse.

Employees who are sent to the UK on assignment have a comparative package that costs between 200-400% of that of a resident worker in the same role. Commercially BT only assigns an individual on an exceptional basis because of that additional expense. The higher cost also limits the length of the assignment to the UK. As a guideline the average UK assignee receives (annually):

- £20,000 in Education funding per dependent child.
- £50-100,000 accommodation allowance.
- £3,000 utility bills allowance towards their UK home.
- Full international health insurance.

These allowances are in addition to standard salary and benefits. Further, the above are taxable benefits and BT has paid approximately £4.5 million to HMRC in the tax year 2008/9 to cover the tax on them for our current UK inbound assignees.

Q9 - Do respondents agree that dependants should be accounted towards the limit?

No. Potentially this restriction is very risky from an employment law perspective. If a quota is fixed on an employer and it includes dependants this is likely to impact on potential assignees with families as preferential treatment would occur from employers naturally trying to make the most effective use of their quota.

In addition many single assignees will not require Education funding and need a lower accommodation allowance, resulting in less money put into the economy and less money received by HMRC.

We are concerned that there could be issues relating to having to know about private family matters that could result in employment law or even potential human rights issues under Article 8 (Right to Respect of private and family life).

Q10 - Do respondents believe that the Shortage Occupation and Resident Labour Market Test routes should be merged in this way? What would be the advantages of doing so? Over what timescale this change might be implemented? What considerations should be given to advertising requirements?

No.

Disadvantage

Merging of the Shortage Occupation list and Resident Labour Market Test would be detrimental to BT as we have no roles currently considered as shortage occupation.

Shortage occupation is not analysed at a granular enough level to recognise shortage skills in industry specific areas. The previous work permit scheme allowed for employers to justify that a work permit was required based on a skill shortage which allowed for short term shortages not inhibiting business development.

Advertising under the resident labour market test on Jobcentre plus frequently fails to produce suitable applicants. Anecdotally, Jobcentre plus staff have previously advised our recruiters that vacancies with a salary in excess of £50,000 are not really suitable for the website. Further, the search facility and restriction on word count to an advert prevent effective advertising of a vacancy.

Most appropriate Timescales to adopt a change- 6- 12 months

Any immigration changes need to be adopted at the same time to help employers understand the requirements and communicate internally to all staff affected. Currently there are a series of complicated grandfather rights depending on when sponsorship was granted, creating additional complexity when assessing the options available to an employer around immigration extensions.

Advertising requirements

Senior executive's advertising requirements should continue to be exempt from advertising on Jobcentre plus, advertising this type of role proves both ineffective and potentially share-price affecting.

Milkround recruitment campaigns and the associated advertising rules for migrants should be maintained.

Q11 - Do respondents believe that there is merit in extending sponsor responsibilities in these ways?

Yes. BT is committed to long term training and development of its staff and has apprenticeship, graduate, MBA and fast track schemes. The apprenticeship scheme alone has attracted 23,000 applicants this year.

However, resource forecasting also requires using skilled recruitment to tackle identified skill gaps, succession planning and natural attrition.

BT currently provides private healthcare for our management grades. Entry level managers can purchase healthcare coverage at a discounted rate but it is not mandatory. Further, it should be recognised that Tier 2 holders are not allowed recourse to public funds as part of the conditions of their leave. However, the UK Border Agency should consider whether it is reasonable to expand the health insurance requirement to all non-permanent migrants as Tier 2 holders are not the largest population of migrants to enter the UK.

The UK Border Agency will also need to establish whether it intends to define what is required to meet the full health insurance requirement or whether private healthcare cover is acceptable.

Q12- Do respondents believe that there is merit in raising the English language requirement for Tier 2? If so, to what level?

We believe that Tier 2 (ICT) holders should hold English language skills if the visa is granted for a period exceeding 12 months. English language standard should be sufficient to be able to conduct work effectively regardless of time spent in the UK.

The standard for English is the same for both Tier 1 and Tier 2 (General) migrants; the only exception is Tier 2 (ICT) for the first 3 years. The only merit would be for individuals under this category to meet the same standard as other applicants.

Q13 - if a supply of migrant workers is no longer readily available what action will you take to train and source labour from the domestic market.

Employers accept the extra costs associated with employing highly skilled migrants and sponsored migrants because they undertake jobs which are specialist and highly skilled. These employees provide another dimension to our workforce culturally and bring international experience to help our organisation identify solutions as well as help us to expand globally into new markets.

BT normally funds relocation for these migrants on the basis of their skills, knowledge and their contribution. The relocating process provides jobs to UK companies which specialise in supporting these moves; including tax accountants, lawyers, shipping firms and housing providers. This movement of people does not exist in isolation, and BT sends more UK based employees overseas to undertake assignments in order to strengthen their skill set than we bring to the UK.

BT committed to restricting recruitment during the financial year 2009/10; the key purpose was to protect the roles of our existing employees. In 2008 BT established the BT Transition Centre, designed to manage surplus employees across BT and redeploy people into new roles as quickly as possible. In the financial year 2009/10 we successfully cycled 6,055 employees through the transition centre of which 96% remained with BT.

BT is very proud of the success of this programme and believes this shows our commitment to our existing employees and resident workers. BT only seeks to recruit externally and source migrant employees when there is a specific business requirement and we are unable to resource or retrain within our existing workforce. We strongly believe that employers who recognise and tackle these issues should be acknowledged when requiring the additional skills of migrant employees. We require the right skills within the UK to be commercially effective as a global business.

One risk of restricting immigration into the UK is if BT cannot source the right skills to ensure delivery to our customers we have to consider the viability of outsourcing or relocating a project to a country where appropriate staffing requirements can be met.

BT and other employers can only be responsible for training and developing the labour market if the individuals in that market possess the appropriate basic skills and knowledge to make training a viable option. We rely on the UK Schools, Universities and the Government to facilitate the appropriate programmes to teach the right type of skills to ensure that the resident labour market can effectively compete with these highly skilled professionals.

Ultimately we are keen to have a balanced mix of individuals in our workforce so we can promote diversity but as an employer we should not be required to compromise on the quality of staff to achieve this balance.

*BT Group plc
17 September 2010*