



LONDON TOMORROW

TOWARDS THE MEGACITY



PUBLIC DEBATE:

SECURING THE RIGHT IMMIGRATION POLICY FOR LONDON

An initiative by:

LONDON CHAMBER
COMMERCE AND INDUSTRY

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"Immigration has long underpinned London's economic, social and cultural development.

However, should we ask if London's reputation as an open, multicultural, cosmopolitan city could be under threat? There appears to be a reluctance by policymakers to recognise the unique immigration footprint in the capital – 25% of London workers are non-UK born compared to 8% across the UK.

The recent Migration Advisory Committee (MAC) report on EEA migrants did not acknowledge the case for a degree of regionalisation within a new immigration policy. That was regrettable. With the Government's Immigration White Paper imminent, it would be unrealistic to expect London to be strong-armed into reducing the number of migrants in the capital to meet arbitrary national targets.

City Hall, not Whitehall, knows best what specific and unique reliance London employers have on migrant labour. LCCI still maintains that a new UK immigration regime would be much more effective if the Mayor of London, working with established business organisations, had licence to administer, on behalf of the Home Office, a regional migration policy that enabled businesses to fill crucial skills gaps and spur economic growth.

It was within this context and the background of Brexit, that the panel gathered for our London Tomorrow debate. I thank them for their participation."

Colin Stanbridge, Chief Executive, LCCI

ABOUT 'LONDON TOMORROW: TOWARDS THE MEGACITY'

London Tomorrow: Towards the Megacity is an initiative by London Chamber of Commerce and Industry (LCCI) in association with PwC and supported by London City Airport. With a focus on the challenges and opportunities arising from London's growing population, as well as Brexit on the horizon, four discussion events (two private dinners, two public debates) will be held in 2018-19 with a panel of guests. Leading UK polling agency, ComRes, has been commissioned to survey public, business and councillor opinion ahead of the events to be held in October 2018 and in January and March 2019.

The focus on London's future population comes as the number of people living within the capital has reached its highest level since 1939 (8.9m), while the city is expected to reach 'megacity' status with over ten million inhabitants in less than a decade. Meanwhile, the UK's exiting of the European Union rumbles on. Important decisions need to be taken to prepare London to accommodate further growth and to compete in a post-Brexit setting. Such decisions need to be underpinned by dynamic and bold thinking which this initiative aims to encourage.

SURVEY

Ahead of the October debate LCCI commissioned leading polling agency ComRes to survey London adults, business decision makers and councillors on immigration in London.

During August and September 2018 ComRes interviewed a total of 1,676 Londoners online:

- 1,005 members of the London public
- 517 London business decision makers
- 154 London councillors

ComRes is a member of the British Polling Council and abides by its rules. Full data tables can be found at www.comresglobal.com

Any data reproduced from the polling should be fully referenced.

PUBLIC DEBATE

London Tomorrow panel members gathered at The Guildhall for a public debate on 25 October 2018, chaired by journalist and commentator James Ashton to discuss the ComRes results and how London can secure an immigration policy fit for its specific needs.

Attendees were welcomed by Sean McKee, Director of Policy and Public Affairs, LCCI.

Panel participants on 25 October 2018 were:

- Julia Onslow-Cole, PwC
- Paul Swinney, Centre for Cities
- Tony Travers, LSE
- Mark Littlewood, Institute of Economic Affairs
- Liam McKay, London City Airport

Further details on *London Tomorrow* can be located at londonchamber.co.uk/londontomorrow

LONDON HAS ITS SAY ON IMMIGRATION

ECONOMIC IMPACT



91% Councillors
66% Businesses
68% Londoners

feel immigration has had a positive impact on London's economy over the past ten years

London's attractiveness to migrants continues to be one of its major economic assets. According to PwC's 'Face Fact' report, on average, a migrant worker in a full-time job in London contributes an additional £46,000 per year to London's economy, meaning the 1.8m migrant workers in the capital generate around £83bn a year; roughly 22% of London's annual GVA.¹

Findings from the ComRes poll indicate that Londoners value the contribution that immigrants make to the capital. For instance, polling

found that 91% of councillors, 66% of business decision makers and 68% of the London public **feel immigration has had a positive impact on London's economy over the last ten years**. In addition to this, a majority of each polling cohort agree that the growth in the numbers of international students coming to the UK has been good for London (90%, 67% and 71% respectively).

The majority of Londoners therefore seem to have a positive view of immigration, particularly in relation to its impact on the economy. Our panellists highlighted several reasons for this:

- Migrants help to fill skills gaps in high and low skilled industries.
- Industries in London such as hospitality, construction and administrative sectors are heavily reliant on migrant labour.
- Migrants are net contributors to the exchequer.
- Migrants help to generate economic growth by setting up businesses in the capital.

"I don't think there should be an immigration system based on type or numbers as politicians and bureaucrats are not particularly good at identifying how many doctors and nurses we need. Seems to me that the way politicians might want to tackle this is to underscore that immigrants are net contributors to the exchequer."

Mark Littlewood, Institute of Economic Affairs

These considered, panellists discussed the state of the immigration debate in the UK, offering solutions to help counter the distorted perception of immigrants as a drag on the economy. They concluded that one of the best ways to combat this was to drive home the more accurate narrative that not only are migrants net contributors to the national economy, but that this impact is amplified in London which has more immigrants than any other city in the UK.

Panellists were receptive to the idea that businesses might have a role to play here, particularly as businesses tend to be one of the main beneficiaries of a flexible migration policy. As one panellist argued, *"migration has all sorts of benefits, I do feel that migration could be sold better. That requires politicians and the business community to be braver in making the positive case rather than letting the negative case win all the time."*

In this context, panellists felt a good way to frame this issue was that not only do migrants have a positive impact on the economy, but also the fact that so many migrants wish to come to London is in itself a testament to London's success – providing a clear paragon of London's economic and cultural attractiveness.



James Ashton (Chair), Journalist and Commentator; Liam McKay, London City Airport; Mark Littlewood, Institute of Economic Affairs; Tony Travers, LSE; Paul Swinney, Centre for Cities and Julia Onslow-Cole, PwC

Summary: As most Londoners recognise, immigration has had a positive impact on the London economy, with businesses in the capital being one of the main beneficiaries of a flexible migration system. Given the reluctance of the government in recognising London's specific reliance on migrant labour, politicians and businesses alike need to come together to drive home the case for London having an immigration system befitting its unique immigration footprint.

¹ PwC: London First and PwC lay out the facts of migration and skills in the capital, 02 March.

PRIORITIES FOR A FUTURE IMMIGRATION POLICY

STAFF SHORTAGES



85% Councillors
75% Businesses
70% Londoners

say making it easy to hire staff where there are shortages is a high priority

In September 2018, the MAC released its final report 'EEA Migration in the UK', which was intended to provide the evidence base for a post-Brexit immigration system for the UK. Main suggestions from the report include a cap on low skilled migrants and no 'preferential access' be given to EU migrants.² This would effectively mean that the system currently offered to non-EEA migrants would be rolled out to migrants from EU member-states.

"When we have these discussions, it seems that letting high skilled workers in is a bit more palatable than immigration as a whole, as resonated in the MAC report. Some low skilled industries are very reliant on low skilled migrants, particularly in the capital. Clearly, migration policy is going to have an impact on those industries and on London in particular."

Paul Swinney, Centre for Cities

However, ComRes polling indicates that such proposals run contrary to what Londoners want from a post-Brexit migration policy, with the people of London tending to favour a system that addresses skills shortages irrespective of whether those shortages manifest in high or low skilled positions.

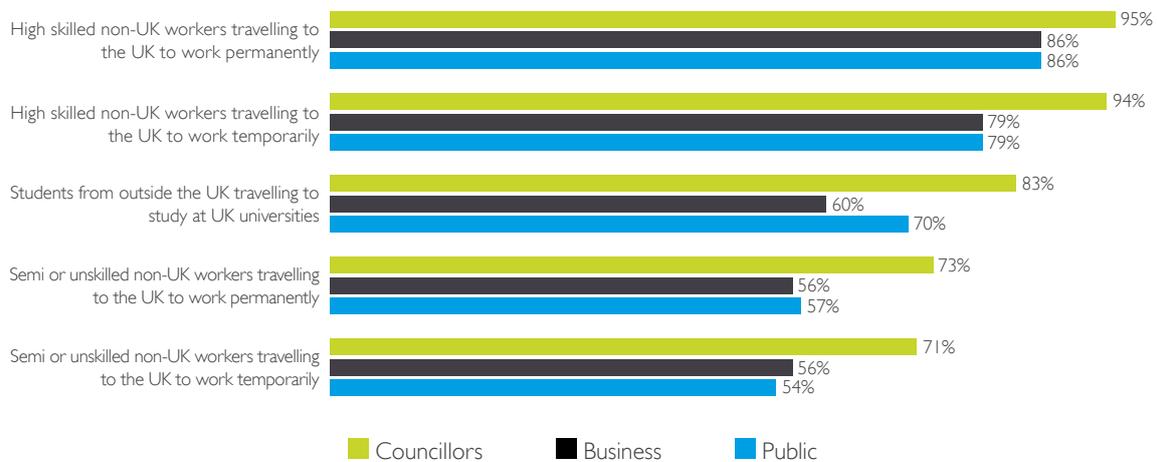
For example, over two thirds of each polling cohort said making it easy to hire staff in occupations where there are shortages should be a high priority for the UK's future immigration system (85% councillors, 75% business decision-makers, 70% London public). Respondents also seemed to appreciate the role that low skilled migrants had on London's economy, with 71% of councillors, 56% of businesses and 57% of the London public answering that semi/unskilled non-UK workers travelling to the UK to work permanently are important to London's economy.



Professor Tony Travers, LSE; Paul Swinney, Centre for Cities

The *London Tomorrow* panel members were similarly enthusiastic about the prospects of an immigration system driven towards addressing skills shortages – while also being clear that low skilled migrants should be part and parcel of this agenda. Indeed, speakers felt that should the flow of low skilled migrants be restricted, London's economy would suffer, particularly given the prominence of industries in the capital that are acutely reliant on low skilled migrants. Panellists were mindful of the argument that the UK can fill skills deficits through other means, such as through apprenticeships, automation/AI and using more of the UK's unemployed workforce to fill job vacancies. However, they concluded that such methods should be taken forward alongside, rather than instead of a flexible migration system for London. This would, in their view, not only avoid harmful skills shortages in the short term, but also maximise London's growth in the long term.

% who think that each of the following groups are important for London's economy



Summary: The proposals set out in the MAC report, particularly those concerning EU-migrants and low skilled migrants, are in stark contrast to what London needs from a post-Brexit immigration system. Londoners continue to value the significant contribution that semi/unskilled non-UK workers have on the capital's economy and London should have an immigration system that reflects this.

² MAC: EEA Migration in the UK: Final Report, 18 September

HOW LONDON SECURES ITS OWN IMMIGRATION SYSTEM

DEVOLVED IMMIGRATION



68% Councillors
65% Businesses
67% Londoners

support giving London more control over immigration to the capital

There was a degree of consensus among the panel that London's unique immigration profile should be recognised, in some way, in any new immigration proposals from government. Panellists highlighted the larger proportion of migrant workers in the capital compared to other UK cities, which illustrates London's comparatively greater reliance on migrant labour, as a key factor behind their conclusion. With this in mind, speakers felt that it would be particularly damaging for the capital be strong-armed into reducing the number of migrants in the city in order to meet arbitrary national targets.

For example, LCCI-commissioned research by the Centre for Economics and Business Research (Cebr) found non-UK born migrants constitute 25% of the capital's workforce, much higher than the rest of the UK where the figure is just 8%.³ In addition to this, as noted by the panel, London also has a particular reliance on low skilled migrants to maintain certain sectors like construction, which strengthens the case for an immigration system which recognises regional particularities. As one panellist put it "given the scale of ambition in our housing and infrastructure projects such as Crossrail 2 and East London River Crossings, we cannot do it just with people from the UK. We have to continue to bring people in from Europe and the rest of the world."

However, while panellists were in unison with regards to the merit of this particular arrangement, there was some divergence in how realistic they considered the proposal, with one speaker citing the lack of 'political will' in Westminster to push forward such a system. Nevertheless, the same cannot be said for the people of London. Indeed, ComRes polling found **strong support for giving London more control over the immigration of international workers to the capital, with around two thirds of each polling cohort supporting the idea (68% councillors, 65% businesses, 67% London public).**

"London's economy is so different to the rest of the UK, as is the proportion of migrants in the capital, and I think a regionalised immigration policy could be a good way forward. The new home secretary is beginning to pursue a much more rational, liberal approach to immigration and I hope we can go further in that direction and get a separate policy for London."

Mark Littlewood, Institute of Economic Affairs

In response to this, one panellist argued that "it was fascinating to see the ComRes stats, which clearly underscore that attitudes in London are miles apart from the attitudes of rest of the UK. And it seems to me that everything is logically set up for a different approach in London. London wants it and London politicians are sympathetic to it." Given the strong political support and the sound economic reasoning behind the case for London having greater control over immigration policy, members of the panel sought to uncover the best ways to secure such a system.

Panellists felt that the Mayor of London is critical to this effort, arguing that securing a flexible, devolved immigration policy for London should be a core tenet of the Mayoral agenda moving forward. In their view, it was somewhat surprising that the Mayor has not yet made this a crusading cause, particularly given how well it would fit in with his broader cosmopolitan agenda. As the UK's post-Brexit immigration policy enters a critical juncture over the coming weeks and months - which will see both the Government's Immigration Whitepaper and the MAC's consultation on the UK's Shortage Occupation List, panellists concluded that now is the time for the London Mayor to fully get behind the cause of a flexible migration system for London.

In this vein, the Mayor of London should explore the potential for a dedicated Shortage Occupation List for London (LSOL), as Scotland has, to make it easier for businesses to attract the skills and talent needed to secure the long term sustainability of the capital's economy.



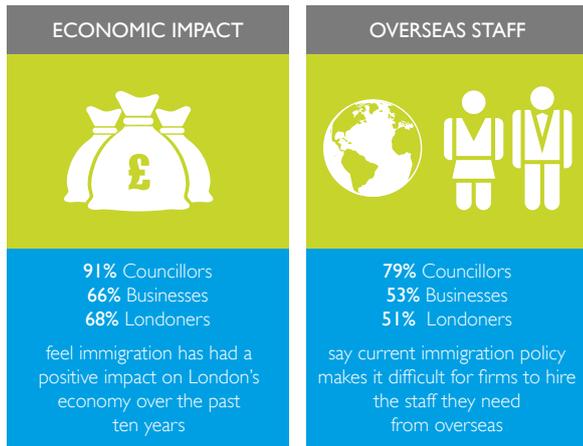
Tony Travers, LSE; Paul Swinney, Centre for Cities and Julia Onslow-Cole, PwC

Summary: With the Government's Immigration Whitepaper imminent and the MAC set to consult on the UK's Shortage Occupation List in January, securing a flexible migration system for London should be a priority for the Mayor in the coming months. LCCI maintains that the Mayor should consider a dedicated Shortage Occupation List for London (LSOL) so that businesses can fill crucial skills gaps and spur economic growth in the capital.

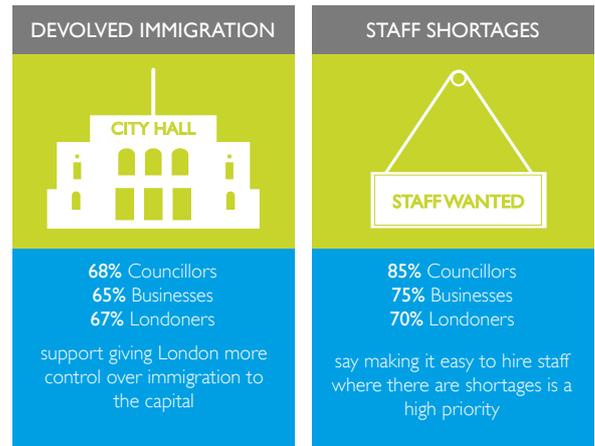
³ Cebr: Working capital: The role of migrant workers in driving London's economy, 2016

SUMMARY OF RESULTS

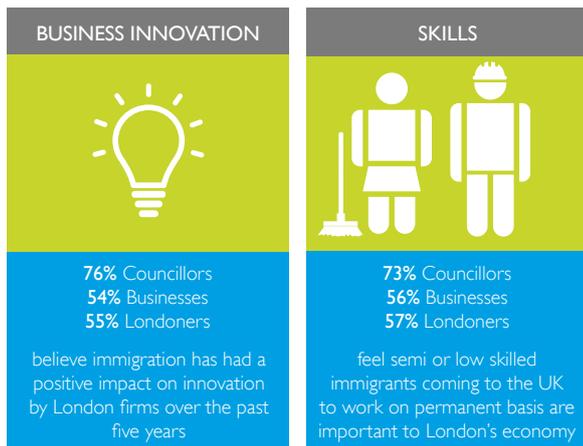
PERCEPTIONS OF THE CURRENT IMMIGRATION SYSTEM



REFORMS TO THE IMMIGRATION SYSTEM



IMPORTANCE OF IMMIGRANTS TO LONDON'S ECONOMY



EXPECTED IMPACTS OF LOWER IMMIGRATION LEVELS POST-BREXIT

