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The Overshoot

di Sam Freedman

Politics has a tendency to lag reality. MPs and commentators spend a lot of time responding to trends that are already over or reversing. Immigration is the latest example. It's been the dominant issue of recent years, partly because of increased media focus, but mostly because there had been a big jump in both irregular and legal migration.

But net migration is now falling fast, and is already back down to pre-Brexit levels. Voters haven't noticed yet – public opinion also lags. They will, though, feel the impact, especially if, as looks very likely, numbers keep falling following further restrictions introduced by this government. It's even possible we'll see net emigration at some point in the next few years. The economy could take a substantial hit, necessitating further tax rises, and we could see labour shortages in critical sectors.

The reversal of the immigration trend will also change the broader narrative around politics as we head towards the next election. Reform's rise has been very dependent on public concern about rising numbers. It has become the critical issue for the entire right-wing politico/media complex. As such papers like the Daily Mail daren't declare victory, despite rapidly falling numbers, for fear of losing their core source of grievance. But sustaining the level of rage we've seen in recent years is going to get more difficult. Which doesn't mean they won't try.

In the rest of this post I'll look at why we're seeing numbers fall so fast, extrapolate forward a few years, look at the economic and social impacts and consider what it could mean for politics in the second half of the decade.

Why are numbers falling?

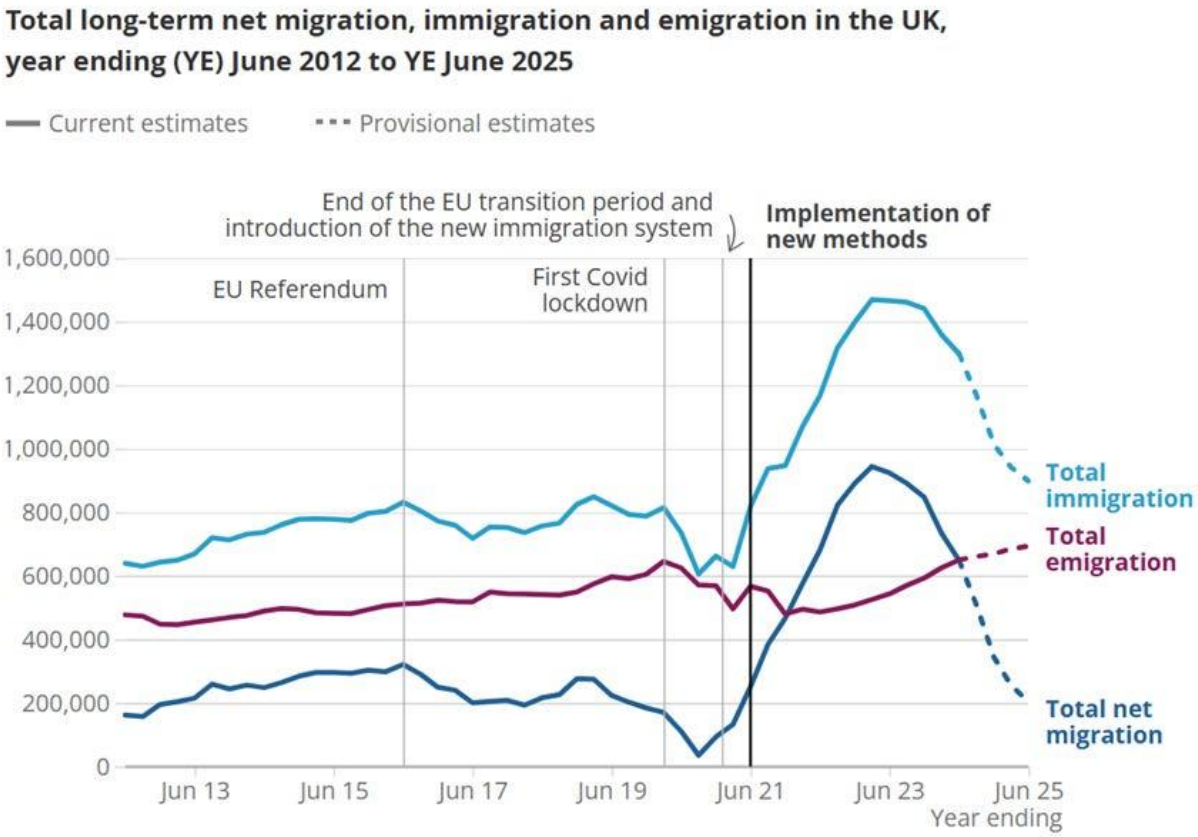
Between the summers of 2019 and 2023, net migration rose from 200,000 to nearly 1 million – nearly all driven by people arriving legally.

This surge was not sustainable, and led many voters to feel the system was out of control. But, as I wrote at the time, much of the rise was always going to be temporary. One-off humanitarian schemes for Ukraine and Hong Kong, as well as post-covid increases in student numbers and NHS recruitment were all time-limited.

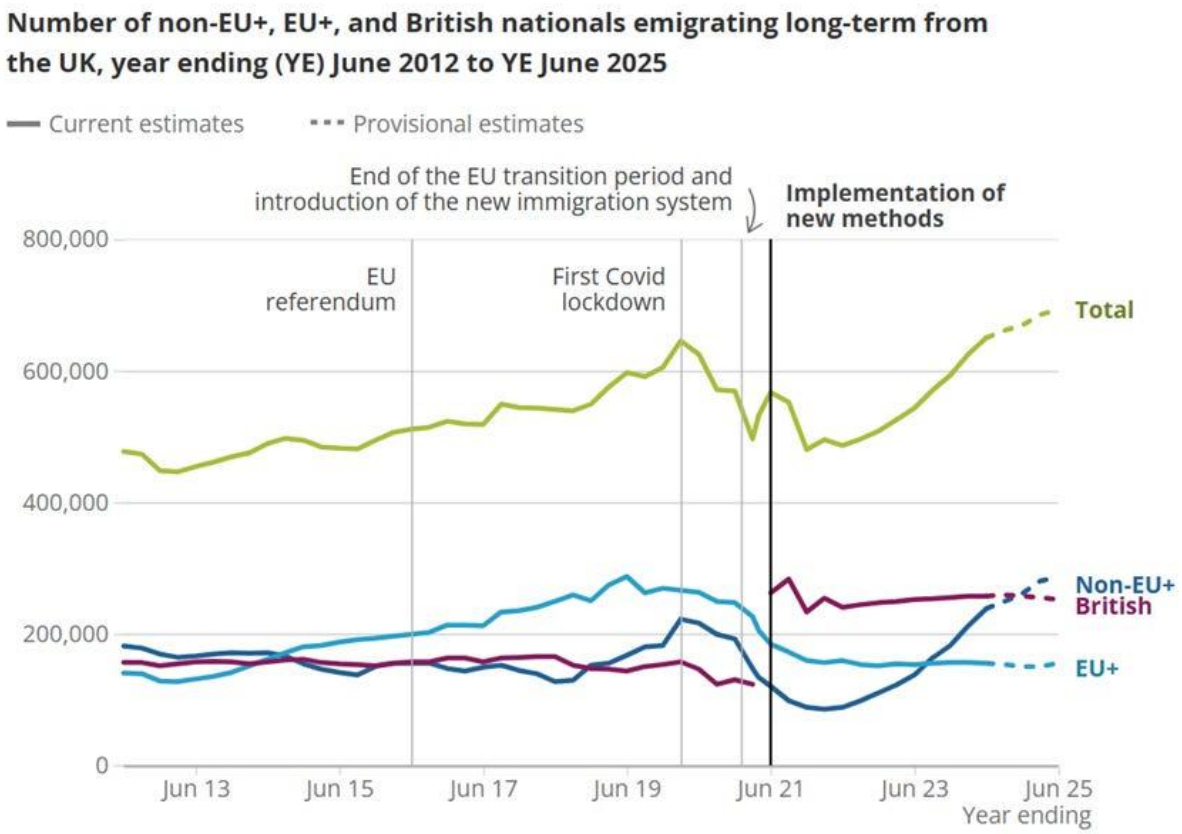
Some of it was also driven by policy, as the visa system was briefly liberalised after Brexit to avoid shortages when free movement ended. The salary required for work visas was reduced and more jobs were added to the shortage list. In February 2022, the health worker visa route was expanded to include care workers, as there were severe recruitment problems in the sector.

Most of these changes were reversed in December 2023 by the Conservatives, in a panic at the net migration figures and the rise of Reform. Salary requirements went back up and the shortage list was renamed and cut back. At the same time the Tories stopped care workers from bringing over family members (something they'd already announced for most students in May of that year) and increased salary requirements for British citizens who wanted to sponsor their partner.

The net effect of these changes, and the end of factors like the Ukraine scheme that were always going to be temporary, is that net migration has fallen dramatically this year, right back down to 200,000.



The right-wing press, determined to avoid celebrating something they've been demanding, decided to pretend the cause of the fall was Brits fleeing the country in horror at high taxes and a failing state. The Mail went with "The Brain Drain From Starmer's Socialist Chaos", the Telegraph led on "Young People Flee Labour's High-Tax Britain". But while it's true that emigration has risen, it's not due to more British citizens leaving. The jump comes from non-EU immigrants, particularly students, who arrived in the 21-23 boom, going back to their origin country.



In addition many of the British citizens who have left are naturalised and returned to their country of birth. We can't be sure on proportions because the ONS doesn't directly track British citizens coming in and out – but Poland and Romania have both moved into the top ten destinations for British emigrants.[1] Bangladesh has seen big rises too.

This big drop in net migration has happened before the introduction of the many new measures Labour has announced to reduce numbers further so the likelihood is they will keep falling.

Overshooting

Keir Starmer's team have always been clear they see reducing immigration – both irregular and legal – as a critical part of their political strategy. A White Paper published in May set out a bunch of further measures to reduce legal immigration including: ending social care visas altogether; higher skill and language requirements; and reducing the amount of time new graduates can stay without a full work visa from two years to 18 months.

The main objective of the September reshuffle was to get Shabana Mahmood into the Home Office, to push this agenda even harder. She has mainly focused on irregular migration, which I'll come back to later, but has also followed up on the May White Paper with detailed proposals that will make it harder for legal migrants to secure indefinite leave to remain (ILR) and citizenship.

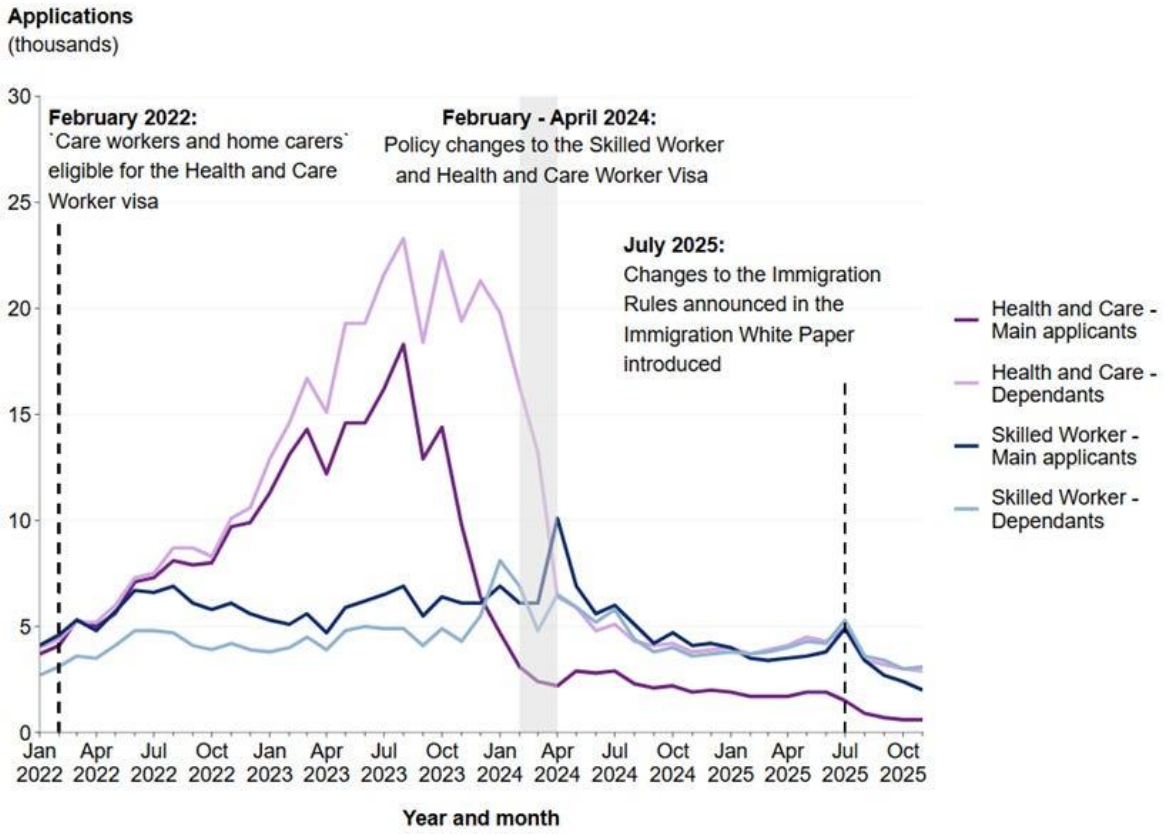
The default length of time spent in the country required to secure ILR will increase from five to ten years, but immigrants will be able to "earn" reductions by having higher salaries, knowing English to a high standard, and doing voluntary work. Conversely, those who receive benefits at any point, or overstay their visas, will be severely penalised. The rationale for these changes is a concern that all the people who arrived in the 2021-23 period will soon be eligible for ILR and the enhanced rights that come with it. As such the new rules will likely lead to higher emigration, and make coming here less attractive in the future.

These changes have either not happened yet or were brought in after the most recent immigration data was collected, so will almost certainly push net migration well below 200k.

The government's own projections suggest that their new package of restrictions will cut numbers by 45k a year, with the bulk of the reduction coming from skilled workers and students.[2] But this could well be an underestimate.

Since most of the White Paper changes were introduced in July, applications for skilled and health worker visas have fallen by a further 60%. Last month there were just 600 applications for health visas, down from a peak of 18,300 in August 2023.

Figure 1: Monthly applications for Skilled Worker and Health and Care Worker visas, January 2022 to November 2025



The government's projections assume that the fall in migration will be partially offset by attracting more highly skilled applicants. They plan to do this by expanding two existing routes – the "High Potential Individual" scheme which offers temporary visas to those attending elite universities and the "Global Talent" programme which does the same for winners of prestigious global prizes and those endorsed by leaders in their field.

The types of people eligible for these visas typically have a lot of choice over where they go. Many will still want to come to the UK for career or personal reasons, but if we keep making the broader environment for immigrants ever more hostile, it will harm our ability to attract talent. Cost is also becoming a factor. UK visa fees have gone up massively in recent years and are much higher than most competitor countries. The processing fee to claim indefinite leave to remain has risen by almost 2000% since 2003. The surcharge those on temporary visas have to pay for access to

the NHS has increased by over 500% since 2015. In total a skilled worked with a partner and two children now has to pay over £42,000 for his or her family from arrival to gaining full citizenship, on top of all the taxes that apply to the rest of us.

As working age populations start to shrink in rich countries around the world, the competition for highly skilled migrants is only going to grow. Assuming past patterns will still apply, and visa opportunities will be snapped up is dangerous.

Finally, the government's projections do not include the impact of the new £925 annual levy on international students starting in 2028. One analysis suggests this could lead to a further fall in migration of around 16,000.[3]

Taken collectively these changes could see net migration drop below 100,000 over the next few years, and legal net migration (i.e. excluding asylum seekers) going negative. The effects of further restrictions may be offset to some degree by emigration reducing, as the 2021-23 surge recedes. And, of course, unknown events including humanitarian crises, or changes in our relationship with the EU, may change the picture. But as things stand net migration looks like it will drop to the lowest levels since the mid-1990s.

Cost

As I noted in my post on the budget, the OBR's assumptions on net migration were wrong. Their forecast assumed ongoing net migration of 300k a year, when it's already dropped to 200k.[4] Reducing net migration by 100k equals around £7 billion less in headroom for the government due to lower tax revenue – even taking into account reduced use of public services. So we could be looking at a hit of £10-15 billion by the time of next year's budget once they've updated their assumptions. All other things being equal that could require substantial cuts, equivalent to half the Home Office budget, or yet more tax rises. It's one of the great ironies of politics in recent years that the Tories were only able to slash National Insurance in the run up to the 2024 election because higher immigration was bolstering the forecasts.

The government's own impact assessments of restrictions introduced in the White Paper shows there will be a significant cost – estimated at £6.4 billion but with a top estimate of £15.2 billion.[5]

In mitigation, the impact assessments argue that reducing migration could lead firms to invest more in training native employees and help cut the number of young people not participating in the labour market. But the evidence for this is limited. There are studies showing that higher immigration reduces investment in training but the effect size is very small. And there is no relationship between the number of young people not in employment or education and immigration levels. There's a danger the government falls for the old "lump of labour fallacy": assuming there are a fixed number of jobs when in practice population growth increases demand and thus employment.

When confronted with these figures, anti-immigration advocates tend to argue that they fail to account for longer-term costs. A five year forecast will capture the benefits of a young and fit immigrant working while not using many public services. As they get older, have children, and require pensions the costs go up. This is true but a recent analysis by the government's Migration Advisory Committee shows that immigrant workers offer substantial fiscal benefit over their whole lifetime, taking all these future costs into account. It estimates that the 2022/23 cohort of skilled workers, and their dependents, will offer a net fiscal contribution of £47 billion.

Falling net migration also has costs beyond the economic. Those coming over on social care work visas were paid low wages, and so will likely have, on average, a small net negative fiscal contribution over their lifetimes. But we need social care workers! There are substantial costs to not having enough for the NHS and wider society.

In an ideal world, pay and conditions would be good enough that recruiting from overseas wasn't necessary, but as most spending on social care is taxpayer funded that would also mean higher spending by government. In reality wages are not going to increase by anywhere near enough to offset the loss of immigrant workers.[6] Over the past four years the number of British citizens working in care has fallen, despite substantial minimum wage increases. Around a quarter of employees are now from overseas. It's hard to see how the sector avoids a crisis over the next few years, especially if those already here have their visas withdrawn in 2028 as per proposals.[7]

None of this is an argument for unlimited net migration. Sustaining 2022/23 levels would put significant pressure on housing, as well as making integration more challenging. But very low or negative net migration is definitely not desirable from either an economic or social perspective. Successful countries don't tend to have falling populations.

Politics

One big question in assessing what all this means for politics over the coming years, is how much voters care about or even notice net migration levels. At the moment most think numbers are still rising, and the media covers the fall far less than it did the jump.

Levels of irregular migration are critical here, as small boat crossings lead to disproportionate coverage, and are of greater concern to the median voter than legal arrivals. They also impact the government's ability to reduce hotel usage for asylum seekers, which has been a flash point for local protests. This year's numbers are a little higher than 2024, though lower than 2022.[8]

Government measures to try and reduce crossings, including piloting a returns deal with France and increased activity by French border police, may make a difference. Especially if the pilot can be expanded. I am more sceptical about new measures recently announced by Mahmood. These include making most asylum seekers wait at least 20 years to claim ILR, up from 5 now, and making successful asylum claims temporary so that people can be returned to origin countries if they become safe in the future.

In practice countries that do this, like Denmark, return very few people – dangerous countries don't tend to suddenly become safe. It's possible longer waits for ILR could act as a deterrent but given those making crossings are already risking their lives it doesn't seem likely. And if it doesn't then it will just make it harder to integrate asylum seekers (which is what's happened in Denmark).

There are other trends, though, that could lead to numbers reducing over time. Most importantly inflows of aslyum seekers into Europe have reduced considerably – by 56% since 2023[9] – both because the EU has tightened restrictions and because fewer

people are leaving Syria. I'd be very surprised if boat crossings stopped, but a noticeable fall in numbers over the next few years is entirely plausible.

But even if irregular migration levels stay roughly the same as now, the fall in net migration still matters for three reasons:

- It will raise the, already high, salience of economic issues by making growth harder to achieve and increasing the risk of further tax rises and/or cuts. This will, even if indirectly, shift the narrative away from immigration. We can already see the beginnings of this in YouGov's "top issue" polling – with immigration peaking over the summer and now dropping back. It's always been the case that, when asked what issue affects them personally, voters are much more likely to say "cost of living" than "immigration".
- It will create further tensions on the right as parts of the politico/media complex double down and others try to shift attention back to more traditional centre-right issues. Again, we can already see this happening as those whose careers are dependent on the social media attention economy radicalise towards more open racism and calls for "remigration" of British citizens. Last week the Sun's "editor-at-large", Harry Cole, gave a softball interview to a man who doesn't think non-Christians, or people of different ethnicities, should be allowed to run for Parliament. At the same time, others are trying to revive the Tories with flattering profiles of Kemi Badenoch. Within the Tory party there's a battle going on between Robert Jenrick-style ethno-nationalism and others, like shadow chancellor Mel Stride, who want to focus on tax and spending. Dramatically lower net migration will strengthen the position of the latter camp, who will argue they can "own" the economy in a way they can't with immigration because of Reform. (Whether they can, given the Truss legacy, is another question).
- If net migration falls to levels where it's clearly hurting the economy it will further increase pressure on Starmer's team from the soft left of the party, as MPs decide whether to launch a leadership challenge after the May local elections. It would also change the nature of the debate about migration in any

subsequent contest – allowing contenders to focus on other issues. It may also increase pressure from the Greens, who are by far the most positive about immigration of any party.

We shouldn't expect that immigration is going to suddenly drop off the political radar. They'll be a long lag as the falls we're seeing slowly start to register. But it will likely become less of a fixation, with the economy becoming the dominant issue.

Because it's such a critical topic for Reform, and those parts of the media that support them, they will try to keep it in play by taking more extreme positions, and in doing so move further away from the median voter. This should exacerbate the growing split on the right and could potentially help keep the Tory party alive as an entity offering something meaningfully different.

At the same time, the real world consequences of overshooting on net migration will hurt the government's chances of recovery and increase the risk to Starmer. A future Prime Minister might find themselves in the position of having to decide whether to loosen restrictions to benefit the economy (and save the social care sector), at the risk of boosting immigration as an issue in the run up to an election.

All of these trends will be stronger if small boat numbers also start falling. We've quickly become used to a politics dominated by immigration, but narratives change and politicians who focus on the future tend to do better than those who keep fighting last year's battles.

1

The ONS's new method for assessing immigration and emigration of British citizens is to look at tax and benefits activity. If it stops for an extended period they assume emigration.

2

This is a combined figure taken from two separate impact assessments here and here.

3

Though this was based on the assumption the levy would be 6%. As the government chose a flat fee that will help more prestigious institutions that charge more.

4

To be fair to the OBR the latest ONS figures were released after they finished their forecast.

5

Again I'm adding up the figures from both impact assessments linked in footnote one.

6

The government has put aside £500m from 2028 to increase pay in the social care sector but this won't be anywhere near enough to materially increase supply of British workers (unless combined with a dramatic recession and subsequent increase in unemployment).

7

I'll be astonished if this actually happens.

8

It's worth noting that other forms of asylum applications have been increasing – particularly people arriving on student visas and then claiming asylum. This will fall due to new restrictions on students.

9

Numbers were 380k in 2023 and 167k in the first 11 months of 2025.