



## **Consultation Response:**

# **Migration Advisory Committee Call for Evidence on Salary Threshold and Points Based System**

**November 2019**

## About NISMP

The Northern Ireland Strategic Migration Partnership is a cross-party partnership working across the spheres of government and between the public, private and third sectors to ensure that Northern Ireland effectively welcomes, supports and integrates new migrants in a way which contributes to future economic growth and vibrant, cohesive communities. The Partnership provides a regional advisory function which enables our partners and stakeholders to cultivate an appropriate Northern Ireland migration policy structure and works to ensure that Northern Ireland's needs and concerns in respect of immigration are recognised within the parameters of related UK wide policy.

**This response has been approved by representatives on the Partnership. However this does not necessarily reflect the views of Partner Organisations, some of whom have not been canvassed.**

## General Comments

1. In this response we refer to previous NISMP responses to MAC consultations. In the 2015 consultation on Tier 2 Salary Thresholds, our response collated the comments of employers across a range of sectors, and in the 2017 consultation on the Impact of UK's Exit from the EU, our response collated evidence given during 3 consultation sessions between MAC consultants and employers from the health & social care, agrifoods and hospitality industries.
2. As noted in this call for evidence, the MAC recommendation of lowering the skills threshold for skilled workers to RQF 3 has been accepted by the Government. Employers and sector representatives who attended an NISMP consultation event in November 2017 (attended also by MAC consultants) were very clear that the majority of their EU workers were employed in roles of skill level below RQF 6. Our written submission to that response referenced a survey where the estimated manual labour workforce within the agrifood sector was at least 65%<sup>1</sup>. It also referenced the 'acute shortage of carers in Northern Ireland' and the growing reliance on migrant workers in the hospitality sector. The recommendation to lower the skills threshold for migrant labour would therefore be welcomed in Northern Ireland. However, we believe that to maintain the existing Tier 2 salary thresholds would render the changes to the skills threshold meaningless, due to salary levels in NI that are lower than the UK average.
3. In previous consultation responses we have maintained that MAC should consider the Northern Ireland Annual Survey of Hours and Earnings (ASHE), published by the NI Statistics and Research Agency (NISRA) alongside the UK ASHE published by ONS. Unlike for England, Scotland and Wales, ONS ASHE data does not disaggregate any Northern Ireland data to local authority level, and in some instances does not include Northern Ireland data at all.
4. NISRA has published data for 2018 levels of salary against skill level<sup>2</sup>. This shows that for Skill Level 3, the median salary in Northern Ireland is £26,942. For men working at this skill level, the median salary is £27,828 and for women it is £24,231. A flat UK requirement of £30,000 would put Northern Ireland employers at a clear disadvantage to other areas which are able to more easily manage this requirement. It would also clearly significantly discriminate against women. Any recommendations

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<sup>1</sup> [http://www.migrationni.org/databasedocs/doc\\_6263020\\_nismp\\_response\\_to\\_mac\\_consultation\\_oct17.pdf](http://www.migrationni.org/databasedocs/doc_6263020_nismp_response_to_mac_consultation_oct17.pdf)

<sup>2</sup> <https://www.nisra.gov.uk/publications/industry-occupation-age-publicprivate-sector-and-skill-level>

relating to this consultation must therefore not be based on data where Northern Ireland has not been considered equally alongside other UK regions and must equally ensure there is not any systematic discrimination against women.

5. The only clear indication at the time of writing with regard to the direction of travel in the Brexit negotiations, is that there will be new and added paperwork to be understood and managed for Northern Ireland employers. According to the Federation of Small Businesses, SMEs in Northern Ireland account for “75% of employment, 75% of turnover and 81% of GVA in NI’s private sector. Furthermore, SMEs actually employ more people than NI’s large companies and the public sector combined.”<sup>3</sup> SMEs will be more likely to lack the capacity needed to access and compete for migrant labour. This will add immigration regulations and paperwork to the customs and export declaration forms that businesses must navigate in order to maintain and grow their business. Any recommendations relating to this consultation must ensure that the related paperwork is kept to a minimum and that SMEs are not unduly put at a disadvantage either because of size or lack of previous experience in working to immigration regulations.

## **Comments in relation to areas the MAC has been asked to consider**

### **annual net migration**

- If the Government wants to impact annual net migration, it must consider the differential impact of policies across regions. In a previous consultation response<sup>4</sup> we referenced ONS figures which showed that all but one of the 10 local authorities which have experienced the biggest population increases due to migration were situated in London and the South East of England. We also noted that NI employers of workers on Tier 2 permits had lost employees to competitors in the SE of England as they (the employer) was not able to meet the pay threshold required to renew the Tier 2 permit. This not only creates an internal labour market which disadvantages NI employers, it also appears to fail to contribute to the objective of reducing the level of net migration.

### **migrant workers**

- At the 2011 census in Northern Ireland, EU nationals constituted 56% of the population who were born outside the UK or Ireland and, among all the UK regions, Northern Ireland has seen the largest increase in its proportional share of EEA migrants in the workforce since EU expansion in 2004: at 600% this increase is fully three times greater than that experienced by the second most affected region<sup>5</sup>. Responses from NI stakeholders must therefore be given appropriate weight in any recommendations stemming from this Call for Evidence. We are encouraged that the Government is considering a NI Shortage Occupation List as this could help address the acute shortages experienced as a result of the EU referendum result.

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<sup>3</sup> <https://www.fsb.org.uk/docs/default-source/Publications/the-contribution-of-small-businesses-to-northern-ireland.pdf?sfvrsn=1>

<sup>4</sup> [http://www.migrationni.org/databasedocs/doc\\_1773395\\_nismp\\_response\\_mac\\_tier\\_2\\_review\\_july\\_2015.pdf](http://www.migrationni.org/databasedocs/doc_1773395_nismp_response_mac_tier_2_review_july_2015.pdf)

<sup>5</sup> Migration Advisory Committee, 4thAug 17: A briefing note to accompany the call for evidence

## **the supply of labour**

- In our consultations with business stakeholders since the EU referendum, employers in the Agrifood, Health & Social Care and Hospitality sectors have all reported instances of migrant workers who had, or who were considering, relocating to the Republic of Ireland. The most recent Employer Skills Survey<sup>6</sup> also notes that the prevalence of skills shortages in NI has increased by 7% since 2015, the most significant increase among all UK nations.
- A blanket salary threshold will have a disproportionate impact on employers in Northern Ireland vis-à-vis employers in other parts of the UK, due to the lower salary levels offered here and the acute shortage of appropriately skilled labour in the region.

## **the effects on the economy**

- It was a stated priority of the NI Executive to rebalance the economy by growing and strengthening the private sector. At 27.7%, the share of employment which is in the public sector in Northern Ireland is the largest among all UK nations and regions<sup>7</sup>. The country also has the lowest Gross Value Added growth among the 12 UK regions and a workforce which has a weaker skills profile than many other OECD countries<sup>8</sup>.
- Salary thresholds which are based on aggregate UK data do not allow employers from lower income areas, such as Northern Ireland, to compete in an equal playing field and creates an internal market where NI employers are set at a disadvantage. Effects on the economy of any recommendations must therefore be considered at a regional level rather than a UK wide level as the impacts of any disadvantage will be felt by local communities and by regional economies.

## **potential regional variation in salary thresholds**

- A regional variation in salary thresholds would be one way of ensuring that employers in Northern Ireland are able to compete with employers in higher paying areas for migrant labour. It would reflect the nuances of the UK, where political, economic and judicial functions may be devolved to regional institutions and where disparities in salaries and living costs are widely acknowledged.
- MAC should consider the NI Annual Survey of Hours and Earnings alongside ONS ASHE data which often does not include Northern Ireland.
- As previously stated, the experience of NI employers is that employees on Tier 2 work permits have relocated to jobs in the South East of England if their Northern Ireland employer is no longer able to meet the required pay threshold. A regional variation in salary thresholds will not only help stem this internal market in migrant workers, but it may help ease the pressures of migration that have been noted in other areas of the UK.

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<sup>6</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/746493/ESS\\_2017\\_UK\\_Report\\_Controlled\\_v06.00.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746493/ESS_2017_UK_Report_Controlled_v06.00.pdf)

<sup>7</sup> House of Commons Library, 9 Jan 2013, 'Public sector employment and expenditure by region'.

<sup>8</sup>[http://www.migrationni.org/databasedocs/doc\\_1773395\\_\\_nism\\_response\\_mac\\_tier\\_2\\_review\\_july\\_2015.pdf](http://www.migrationni.org/databasedocs/doc_1773395__nism_response_mac_tier_2_review_july_2015.pdf)

## how to deal with jobs of high public value but not high wages

- There must be careful consideration regarding ensuring an adequate supply of labour in the social care sector. Independent Health Care Providers have consistently reported acute shortages of carers in NI. In our consultation response to the MAC Call for Evidence on the Economic and Social Impact of the UK's Exit from the EU<sup>9</sup>, we noted the following:
  - Jark, a recruitment agency, specialising in health care reported that most of their care assistants were recruited from the EU
  - Four Seasons Health Care reported that 22% of their 3000 strong workforce were EEA workers
  - Macklin Group reported a 98% reduction in applications since the referendum.
- There should be clarity around application of the immigration skills charge and whether this applies to employees employed at a level below RQF 6.

## Points based system

- We believe that salary thresholds are an ineffective instrument for reducing economic migration and will have a disproportionate impact on regions such as Northern Ireland which have a weaker skills profile and lower average earnings. With the UK exit from the EU constituting a more competitive environment for securing migrant labour in low skilled as well as high skilled employment, it is difficult to see how, without a regionalised approach to migration, the Northern Ireland Executive will be fully able to deliver on its ambitions in the areas of employment, skills and economic development for which it has legislative control.
- We believe that a points based system which supports regions such as Northern Ireland in attracting the required skilled labour, through taking into account the regional variations of pay, and allocating points according to the location of the sponsor employer is required.  
We would therefore support a points based system which allocates points for workers who commit to living in a particular area for a stated amount of time, similar to the State Migration Plan under the Australian points based system.

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<sup>9</sup> [http://www.migrationni.org/databasedocs/doc\\_6263020\\_\\_nismp\\_response\\_to\\_mac\\_consultation\\_oct17.pdf](http://www.migrationni.org/databasedocs/doc_6263020__nismp_response_to_mac_consultation_oct17.pdf)