

From the Office of the Minister
Diane Dodds MLA



Professor Brian Bell
Interim Chair of the Migration Advisory Committee
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Dear Professor Bell,

SHORTAGE OCCUPATION LIST: CALL FOR EVIDENCE

Overview

I note that UK Government (UKG) has commissioned the Migration Advisory Committee (MAC) to carry out a review of the composition of the Shortage Occupation List (SOL) at RQF Levels 3-5 and to consider what occupations, at these levels, should be added to a UK wide list of occupations in shortage. If evidence provides information on occupations that are shown to be in shortage to Northern Ireland only, the MAC has indicated they would give consideration to adding those occupations to the Northern Ireland SOL.

As Minister for the Economy, I am providing the response to this call for evidence on behalf of the Northern Ireland Executive in order to highlight the needs and priorities for our economy. I am grateful to you and the wider MAC for your recent engagement with Northern Ireland stakeholders. I have also encouraged stakeholders to respond to the call for evidence. However, during these challenging times many have had to focus their resources elsewhere and will not be in a position to reply substantively.

Undoubtedly skills will be a critical facilitator of our economic recovery. As I bring forward this evidence my aim is to ensure that the SOL is designed to complement the Northern Ireland skills pipeline and facilitate the rebuilding of our economy. I want to ensure that it is effective in addressing areas where shortages have been present and despite continued investment, will continue to curtail growth. I want to ensure that it supports growth in our world class sectors and drives an agenda of prosperity for all. Of course the SOL must recognise that we are at a different salary starting point than other parts of the UK and the unique opportunities and challenges for Northern Ireland of EU Exit need to be taken into account. Finally, I want to make sure that the SOL acts in an agile way to address specific gaps and pinch points as they emerge. From that perspective I believe there is a role for stronger and ongoing engagement between the Northern Ireland Executive and the MAC in future. I expand each of these points below.

A SOL which addresses wage differentials

You will be aware that officials have previously raised the wage differential between Northern Ireland and other regions within the UK. Employers here make the point that they are disadvantaged by wage thresholds which form part of the UK Immigration system but are not set at levels which reflect the NI labour market. This differential is particularly stark in the private sector where the most recent Annual Survey of Hours and Earnings (ASHE) ¹ shows that private sector salaries in Northern Ireland are the lowest of all UK regions and almost 20% below the UK private sector median salary.

In the context of the points-based immigration system the real value of inclusion on the SOL now arises from the potential for a reduced salary threshold from £25,600 to £20,480. I will continue to devote my strengths to raising salaries and prosperity in this region. However, in order to achieve that our industry needs to be globally competitive and facilitated to grow. Access to skills is an important dimension of that and we must be enabled to complement our extensive upskilling agenda with access to skills from beyond these shores. The SOL must be designed to meet the skills needs of Northern Ireland taking into account our lower salary starting point. In part, that could be achieved by making the NI SOL list as expansive as possible to ensure that the lower wage threshold becomes applicable to the maximum number of occupations here. I would urge you to consider this carefully when assessing the need for a Northern Ireland specific list.

A SOL which supports growth

Ensuring employers in Northern Ireland have access to appropriately skilled people is imperative if the region is to achieve its economic ambitions. On 17 June my Department published "*Rebuilding a Stronger Economy*"² which sets out a medium term recovery plan outlining the steps to safely reopen and rebuild our economy. The Department will develop a longer term economic strategy, but this can only be set out when the opening phases of the current crisis have passed. The plan recognises that skills are integral to our future success and the need for a highly skilled and agile workforce.

Ultimately the test of success for a Northern Ireland SOL, and the wider UK list, will be based on how they act to facilitate growth and investment in an agile and responsive manner. I would ask that the approach to developing these lists is similarly responsive to needs as they unfold, including at a regional level. It is important that the UK immigration system and the SOL in particular, is designed in a manner that can support growth without skill bottlenecks emerging. In that context, "*Rebuilding a Stronger Economy*" identifies four sectors where we are already global leaders and which have high potential in providing more highly-paid jobs. These sectors will be the target of future investment:

- Life and health sciences;
- Advanced manufacturing;
- Clean energy; and

¹ [ASHE Public and Private sector median salaries by region](#)

² <https://www.economy-ni.gov.uk/publications/rebuilding-stronger-economy-medium-term-recovery>

- Digital.

A SOL which addresses particular Northern Ireland Needs

Officials have pointed out previously that there is a particularly unique need for Northern Ireland to maintain access to migrant labour as the only region of the UK to share a land border with the EU. Our stakeholders have already made the point that, if Northern Ireland employers find themselves in a scenario where they had access to skills and labour on a more constrained basis than their Republic of Ireland counterparts, their competitive position would be adversely affected. That could have consequent impacts on Northern Ireland's ability to attract and retain business investment. I understand this is a point that has been accepted by the MAC and by UKG. I would urge you to consider it carefully as you take forward this particular review and look at occupations that would sit on a Northern Ireland specific SOL.

If the UKG wishes to fulfil its aspiration of an immigration system that works for all parts of the UK, it must recognise this and allow Northern Ireland firms proportionate and fair access to labour in a manner that helps them prosper.

You will be aware of the independent research '*The Impact of Changes to the UK Immigration Policy on the Northern Ireland Economy*'³ from Oxford Economics which I enclose with this response. The report finds the main economic impact is that employers will be unable to replace EU migrant workers that leave Northern Ireland to work elsewhere. The pace with which those impacts are felt could well be hastened by the current Covid-19 pandemic. The research paper sets out how the proposed salary threshold will have an adverse impact on the Northern Ireland economy, reducing employment levels by nearly 17,100 by 2030 (a 1.9% loss) relative to the baseline forecast. As we respond to the current crisis, it is important that immigration policy, and the levers within it, propel growth rather than detracting from it. Detail of the key points from the report are included in **Annex A**.

In particular the new immigration policy could have challenging implications for Northern Ireland's agri-food sector. Migrants account for a substantial part of the workforce and that sector will be impacted particularly by the absence of a route for migrants to fill jobs that do not require level 3 or above qualifications. There is also a concern on the impact on our Health and Social Care Services where around 7% of the workforce are EU26 nationals. These sectors have always been important to Northern Ireland but their value has been further highlighted in the Covid-19 context. Those sectors, and others, will of course remain critical as we rebuild our economy.

Figures from the Northern Ireland Statistics and Research Agency illustrate that access to skills/labour issues have become more constrained. They show that there has been a significant decrease in EU26 born people employed in Northern Ireland since the first quarter of 2016 (58,000) to the first quarter of 2020 (44,000), a reduction of 24%. It is critical that the SOL can act in a response manner to alleviate skills and labour market pressures that are emerging.

³ <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/Impact-changes-migration-policy-ni-economy.pdf>

A SOL which is forward looking

Looking forward, the Northern Ireland Skills Barometer⁴ provides a detailed understanding of the skill requirements for the Northern Ireland economy by qualification level, subject area, sector and occupation in the period up to 2028. The barometer sets out the type of skills that will be required in order that Northern Ireland's economic ambitions can be delivered. It also assesses where skill shortages are likely to appear. The most recent update of July 2019 provides forecasts for the period from 2018-2028. It estimated that 26,300 people per annum will be required to join Northern Ireland's labour market from education or migration to meet future demand.

The demand for new workers with RQF level 3-5 qualifications will be highest for other elementary services occupations⁵ (approx. 500 per annum), secretarial and related occupations (approx. 400 per annum), caring personal services (approx. 400 per annum), construction and building trades (approx. 300 per annum) and teaching and educational professionals (approx. 300 per annum). The only occupation here included on the current UK SOL is teaching and educational professionals. Yet, in terms of supporting the NI economy, many of the skills needed to support our world leading sectors including the Advanced Manufacturing, Materials and Engineering sector, are absent from the list. Further analysis from the Skills Barometer is included in **Annex A**. It is essential that the SOL is shaped in a manner that addresses future needs.

A SOL that is co-designed

Immigration is an excepted matter under the Northern Ireland Act 1998 and the Executive currently has no role with regard to UKG's decision-making on migration flows. Within the current UK immigration rules, the SOL is the only element of the Points Based System where there is the flexibility to consider the different occupational needs of the Devolved Administrations relative to the rest of the UK.

However, the SOL is not devolved and the Northern Ireland Executive has no formal role in determining what occupations are considered in shortage in Northern Ireland. Of course I do appreciate the opportunity to contribute to MAC calls for evidence.

I note, from the UKG's statement on the points-based immigration statement of 19 February 2020⁶, that the MAC has been commissioned to keep the SOL under regular review. This will provide an opportunity to address Northern Ireland's labour needs within a more streamlined and responsive system. In effect, a list which maintains a focus on our economic priorities. I anticipate that work will permit occupations to be reclassified, and come within the scope of the SOL, as the skills required to undertake them evolve.

⁴ <https://www.economy-ni.gov.uk/publications/northern-ireland-skills-barometer-2019-update>

⁵ Includes hospital porters, kitchen and catering assistants, waiters and waitresses, bar staff, leisure and theme park attendants - <https://onsdigital.github.io/dp-classification-tools/standard-occupational-classification/data/SingleClass.html?soc=927>

⁶ <https://www.gov.uk/government/publications/the-uks-points-based-immigration-system-policy-statement/the-uks-points-based-immigration-system-policy-statement>

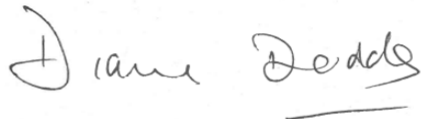
I have asked my officials to consider how Northern Ireland can continue to be in the strongest possible position to provide the MAC with the evidence it needs to shape the SOL in a manner that is responsive to our priorities. You will be aware that the Northern Ireland Skills Barometer has been developed as a labour market tool to help with skills policy and planning. We aim to develop that tool further so that it can offer additional insight into occupations with forecast unmet demand in Northern Ireland and the role of migration in meeting that demand. We would welcome input from the MAC as we take that work forward.

More broadly, I would welcome a discussion with the MAC on how, as part of its enhanced role, it can work more closely with the NI Executive to further shape the development of the NI and wider UK SOLs. I believe a close relationship is the best approach to addressing the needs of our economy on an ongoing basis.

I trust this response is helpful to your considerations and that the MAC will reflect on these issues, the related evidence, and that they will act to shape your ultimate findings and recommendations to the Home Secretary.

I am copying this response to my Northern Ireland Executive colleagues, the Rt Hon Priti Patel MP, Home Secretary, the Rt Hon Michael Gove, Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office, Kevin Foster MP, Minister for Future Borders and Immigration and the Rt Hon Brandon Lewis MP, Secretary of State for Northern Ireland.

Yours sincerely

A handwritten signature in black ink that reads "Diane Dodds". The signature is written in a cursive style with a horizontal line underneath the name.

DIANE DODDS MLA
Minister for the Economy