

**Migration Advisory Committee – Call for Evidence Questions
April 2009**

What economic and labour market criteria do you think the MAC should take into account when:

- considering further changes to Tier 1;
- considering whether there is an economic case for restricting Tier 2 to shortage occupations; and
- assessing the economic contribution made by Points Based System (PBS) dependants and their role in the labour market.

A). Tier 1

“What further changes to Tier 1 of the Points Based System should there be in 2010/11, given the changing economic circumstances?”

The MAC therefore asks:

1. **General route:** How, if at all, should the points and/or leave to enter or remain entitlements be adjusted or changed in 2010/11 to respond to current and future changes in economic and labour market conditions?

J Dunlop & Co feedback:

Labour market shortages:

- Relax the Tier 1 ‘qualifications’ criteria for those with 5+ years experience relevant to a ‘Shortage Occupation’ as recognised for Tier 2

2. **Investors and/or entrepreneur routes:** How, if at all, should the points and/or leave to enter or remain entitlements be adjusted or changed in 2010/11 to respond to current and future changes in economic and labour market conditions?
3. **Post-study route:** How, if at all, should the points and/or leave to enter or remain entitlements be adjusted or changed in 2010/11 to respond to current and future changes in economic and labour market conditions?
4. In what sectors do Tier 1 workers who have entered through the General and Post-Study Work routes work and why?

B). Tier 2

“Is there an economic case for restricting Tier 2 to shortage occupations only?”

The MAC therefore ask:

5. Does the current allocation of points by entry route achieve the right balance between the relative difficulties of entering the UK via each route?

J Dunlop & Co feedback:

At the moment, for non-shortage T2 (general), there is a flat rate 30 points for meeting the Resident Labour Market Test (RMLT). The RMLT points could be graded according to the length of recruitment campaign:

Eg:

- 1 week advertising: 10 Points
- 2 weeks advertising: 20 Points
- 3 weeks advertising: 30 Points

6. Should the current length of leave to enter or remain entitlement by entry route be altered to reflect relative shortages, and their likely duration, by occupation?

J Dunlop & Co feedback:

This would be far too complex, especially as predicting future shortages is an inexact science.

7. For relevant routes, should points and/or leave to enter or remain be changed to respond to current and future changes in economic and labour market conditions?
8. Are the points thresholds too low given the current economic conditions?

J Dunlop & Co feedback:

The Thresholds for Tier 2 points based on prospective earnings are low (the maximum 20 points for £24k pa)

Shortage occupations

9. If the ICT and/or general Tier 2 points are changed, or the routes are suspended, what does this imply for future policy on, or analysis of, shortage occupations?

J Dunlop & Co feedback:

This would be very damaging. It would create a vast lobbying pressure for a lot more jobs to be classed as 'shortage occupations'.

- a. Lobbying is a slower and less responsive process than conducting a case by case labour market tests
- b. Significant problems would arise where across the UK there are more requirements than resident jobseekers; in such cases there is a shortage overall, but it may well be the case that there are areas where there is no shortage. Use of the shortage occupation list would limit the opportunities of some residents where there was no shortage. However, it would not be practical to sub-divide the UK for shortage list purposes.
- c. By its nature, the shortage occupation list covers occupations which are large enough to come to HMG's attention via lobbying and consultation. In some cases, the reason for having to consider overseas applicants is that the skills sought comprise a particularly small niche
- d. Would the CBI lobby to get all 'Directors' jobs deemed shortage occupation?

Alternatively, is there a case in the current economic climate for suspending the shortage occupation route and requiring all Tier 2 sponsors to carry out a RLMT?

J Dunlop & Co feedback:

NO. Although tempting, if one looks at some of the shortage areas like ‘Consultant’ level doctors in key areas, the chances of finding resident applicants is small, and the RMLT associated delays in hiring could have a negative medical impact on our hospitals.

Resident Labour Market Test (RLMT) route

10. What evidence is there of the potential impact on the UK economy and labour market of suspending this route until further notice?

J Dunlop & Co feedback:

Suspending this route would have a significant impact. This category is now used for roles that used to come under the old ‘Tier 1 work permit’ categories for Board level appointments (the role of ‘CEO’, or ‘Finance Director’ may not be generally in shortage, but having the right person is vital for a company), and Appointments necessary for significant (£200k+) inward investment.

Further, while there are skills that may not be in shortage in eg London & the South East, they could be in shortage in Yorkshire, and many potential workers in London/S east may not want to move to Yorkshire or be prepared to apply for roles in that area.

If a company is prepared to pay a high salary (eg £40k - £50k pa), this indicates a high value on a job. Not being able to hire such staff would be very damaging.

If the RMLT route were suspended, but Intra company transfers continued to be allowed, this would constitute a significant competitive disadvantage to startup and entirely UK based businesses who would be denied an option open to their large multinational corporation competitors.

Is there evidence of displacement of domestic workers under this route? Is the route operating effectively: for instance, should the required advertising time be longer than one or two weeks?

J Dunlop & Co feedback:

You could refine the shortage occupation list and the RMLT. Rather than just having 2 categories ‘shortage’ and ‘non-shortage’, one could have:

- Extreme shortage: No RMLT required
- Moderate shortage: 1-2 week RMLT required
- Non-shortage: 4 weeks RMLT required

If it is thought necessary to restrict the Tier 2 RMLT route, this could be done by

EG 1: Requiring jobs to be advertised locally for longer (say 1 month for roles paying under £50k pa, and 2 weeks for roles paying >£50k pa)

EG 2: restricting Tier 2 (General) non-shortage occupation visas to jobs paying >£24,000 pa. This could be accompanied by an increase to the threshold earnings required to gain points to qualify for the visa. The current 20 points for £24k pa does seem generous.

Intra-company transfer (ICT)

11. What evidence is there of the potential impact on the UK economy and labour market of suspending this route until further notice?

J Dunlop & Co feedback:

If Intra company transfers were prohibited, there would be a significant adverse impact:

- e. The UK would cease to be an attractive hub for Headquarters offices of European or Global operations for multinational companies. If Coca cola or Goldman Sachs cant transfer an executive to London, then they will locate key functions somewhere that they can transfer such staff when required
- f. A lot of ICT permits are used by outsourcing companies (esp from India) who have a small team 'on site' in the UK to link to the larger offshore team. By closing the ICT option, we would hurt outsourcing, thereby driving up the costs of UK companies and making them less competitive

Is there any evidence of displacement of domestic workers or undercutting? Do workers gaining entry through the ICT route complement the skills of the domestic workforce?

J Dunlop & Co feedback:

They not only compliment those skills, but by being open the UK economy is a more attractive location for global organisations to have a head office functions which thereby allow knowledge transfer internationally .

Do such workers fill roles that genuinely require a current company employee?