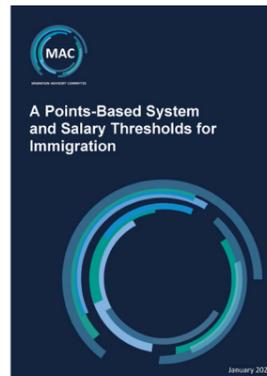


The report

The government has committed to installing a new Points Based System and a salary threshold for future work based immigration into the UK. The Migration Advisory Committee was tasked with looking into such a system, and what it would mean for the market, with the help from a public Call for Evidence.



Overall Summary

- A new migratory system is to be introduced in January 2021 at the earliest, at the end of the Brexit Transition Period. This does not leave much time for employers to become familiar with the substantial changes.
- There were mixed reviews amongst the organisations that responded to the Call for Evidence. Many said that they “would prefer [salary thresholds] not to exist at all and, if they do exist, to be lower than current levels”
- The feedback groups deemed the threshold salary (£30,000) too high and suggested lowering it to £25,500, and to make it lower still for younger applicants.
- More medium-skill jobs have been recommended to be eligible for skilled visas.
- The group does not recommend lower salary thresholds for occupations on the Shortage Occupation List (SOL) for entry, as it claims that shortage is generally an indication that wages are below market-clearing levels so that allowing these jobs to pay lower salaries could have the effect of perpetuating shortage.
- Six of the top twenty affected occupations are in the construction sector, with the substantial amount of self employment in the industry excluding many from a visa.
- The introduction of Points Based System is expected to affect the construction workforce substantially.

Economic context

- The UK’s labour market is the tightest it has been in some time, with low unemployment rates and high vacancy rates despite the notable downturn in GDP growth in recent years.
- Despite this, wage growth has been very weak and wages (adjusted for inflation) are just £18 (or 2.9%) above their pre-2008 peak. This is partly due to lack of productivity growth
- The overall number of EU and non-EU migrants in UK employment has grown considerably, tripling between 2001 and 2018 to 7% for EU workers and 10% for non-EU.
- The idea of a salary threshold has been put in place to ensure that migrant jobs do not undercut the domestic labour market. However, the MAC found “little evidence that immigration has reduced wages or employment opportunities for resident workers” and in the last report, the MAC said “EEA migration as a whole has had neither the large negative effects claimed by some nor the clear benefits claimed by others”.

Two relevant routes currently exist for work migration:

- **Tier 2 (General)** skilled worker with a job offer. Current form is a points based system. To be admitted 70 points are required (out of a possible 70), and the only way to get that many points is to meet all the criteria: in other words, there is no flexibility in how an applicant can qualify
This route is viewed by many employers in the feedback as cumbersome, slow, bureaucratic, and expensive as it usually requires external support to complete the process.
- **Tier 1 (Exceptional Talent)** – work route without an offer but this is very restricted and has to be endorsed by one of the few recognised supporting bodies.

A different focus than most other Points Based Systems (PBS)

There is one important potential difference in policy objectives: Australia, Canada and New Zealand all want positive population growth. In the UK, the Scottish (and, to a lesser extent, Welsh) Governments are explicit that population growth (or at least the avoidance of population decline with consequent ageing) is desirable. The Westminster Government makes no such statement.

Problems with the analysis

The report recognises that it is difficult to comment on what would be appropriate for the UK as there is “very limited data ...on the effectiveness of [current] routes, but what limited evidence is available suggests more people using these routes ended up working in lower-skilled occupations than expected given their characteristics”

The committee suggests that more high quality data should be collected on migrants.

Key points for construction

A reduced workforce

The analysis modelled how current workforce figures would be different today, has the Points Based System been extended to EU nationals in 2004. According to the analysis several construction trades and categories would have been affected quite severely with large percentages not eligible for a visa. These are listed below, with the impact on the overall construction workforce.

The challenge of self employment

Construction faces an interesting challenge as a large percentage of the workforce is self employed and therefore would not be eligible for a Tier 2 visa. This is particularly interesting for the London construction market as the report notes that an analysis of self assessment tax returns showed that nationals from the EU new member states represented 55% of self-assessment filers who indicated they worked in the construction industry in London.

Skills base

The recommendation of a minimum salary level of £25,600 will be a welcome relief to many including the CITB and FMB who stated that £30,000 salary was higher than they would typically pay. It is also encouraging that the report has recommended medium-skill roles such as air-conditioning and refrigeration engineers, skilled metal, electrical and electronic trades supervisors, carpenters, and joiners should be eligible for skilled visas.

However, it will be a disappointment that of the 189 organisational respondents, only 6% were from the construction industry.

If a Points Based System had applied to EU migrants since 2004, this is estimated to have been the impact on today’s workforce:

	EEA Migrant Share	% Ineligible	Change in Current Employment Level	Change in employment even with no salary threshold
Construction (SIC 41-43)	6.5%	87.4%	-5.7%	
Construction and building trades n.e.c.	12%	90%	-11%	-9%
Painters and decorators	10%	95%	-10%	-10%
Glaziers, window fabricators and fitters	10%	96%	-9%	-9%
Carpenters and joiners	9%	93%	-8%	-8%
Bricklayers and masons	10%	83%	-7%	-3%
Welding trades	13%	51%	-7%	-1%

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