



Northern Ireland
Chamber of Commerce
and Industry

CELEBRATING 240 YEARS

Shortage Occupation List: Call for Evidence 2023

Response from NI Chamber

May 2023

About NI Chamber

With 1,000 members, representing over 105,000 employees, Northern Ireland Chamber of Commerce and Industry (NI Chamber), has supported the development of the economy for almost 240 years and is 100% funded by the private sector. We work across all of Northern Ireland, helping SMEs to grow and export and larger firms to thrive.

Our membership spans businesses across key sectors including manufacturing, construction, professional services and a broad range of wider services. NI Chamber consults with these members on a regular basis, around all issues/concerns that they face in doing business locally, nationally and internationally.

Our Response

NI Chamber welcomes the opportunity to respond to this call for evidence from the Migration Advisory Committee on the Shortage Occupation List. As a cross-sector business representative body operating across Northern Ireland, NI Chamber is uniquely positioned to reflect a diversity of experiences and business needs on the future of migration policy for Northern Ireland. We would like to re-emphasise that we share the Government's ambitions regarding the implementation of the Windsor Framework however, without material consideration of providing migration support to the areas that are likely to benefit the most, Northern Ireland's ability to drive growth will be hampered.

Northern Ireland has historically relied on migrant workers, including those from EU countries, to fill labour market gaps in various sectors such as technology, healthcare, agriculture, hospitality, and construction. According to the Northern Ireland Statistics and Research Agency (NISRA), in 2016, 51% of migrant workers in Northern Ireland were from the European Union (EU). This percentage has fallen since the UK's Brexit referendum in 2016, to 35% in 2021.¹

¹ <https://www.nisra.gov.uk/sites/nisra.gov.uk/files/publications/Overview-of-People-Movement-Migration-and-Transport-NI-August-2021.pdf> - 31 August 2021

The reforms on EU migration following Brexit have exacerbated workforce shortages in these industries, leading to difficulties in recruiting and retaining skilled workers. These shortages can have adverse effects on productivity, economic growth, and the provision of essential services.

The reduction in available migrant labour has had economic implications for Northern Ireland such as reduced economic growth and an increase in labour shortages. Many businesses, particularly in sectors heavily reliant on EU workers, have experienced challenges in maintaining their operations and meeting demand over the past couple of years. The shortage of skilled workers has led to increased competition for talent and, in some cases, wage inflation. To illustrate this, a report by the Northern Ireland Food & Drink Federation, the number of vacancies in the agri-food sector increased by 20% in the year following the UK's withdrawal from the EU.² Additionally, a leading Agri-food Manufacturer in Northern Ireland has over one hundred low skilled vacancies which they are struggling to recruit for and this has persisted since the UK's exit from the EU. This is an example of one sector trading under the Windsor Framework that requires further consideration for the unique arrangements that businesses in Northern Ireland face. The Agri-food sector plays a critical role in providing food security in the UK producing food for 10 million people with a population of around 2 million, and this should reflect the Shortage Occupation list (SOL) regardless of RQF level.

NI Chamber's most recent Quarterly Economic Survey (QES)³ the companies that responded stated recruitment difficulties still persist with 87% of our members currently finding it difficult to get staff, with rising labour costs becoming a much more significant concern and for 3 in 4 members is feeding into expectations to raise prices. The fact that 46% of members surveyed believe that improved access to skills and labour to be key to unlocking NI's growth potential.

A tight labour market is made all the more acute by Northern Ireland having one of the highest levels of economic inactivity in the UK, a long term structural challenge for which there are no

² <https://nifda.co.uk/wp-content/uploads/2021/05/Food-for-Thought-EIA-of-the-Food-and-Drink-sector-in-NI.pdf> - 7 May 2021

³ <https://www.northernirelandchamber.com/wp-content/uploads/2023/04/QES-Report-Q1-23.pdf> - 4 April 2023

short term fixes. The latest report from Northern Ireland Labour Market Statistics shows that the economic inactivity rate in Northern Ireland was 26.3% in October-December 2022, while the UK average is 21%⁴. Ulster University Economic Policy Centre in their research highlights within this economic inactivity, over 10% 16-64 YO are long term sick, Northern Ireland has the lowest employment rate of disabled people amongst the UK regions, and Northern Ireland still has no early years and childcare strategy which is a barrier for many people with caring responsibilities to get back into work.⁵

Long-term shortages are a result of inadequate training and education pipelines in certain sectors. From the UUEPC Skills barometer report, the undersupply within the labour market supply gap is 2360 at RQF level 3, 1930 at RQF level 4 and 5, and 840 at RQF level 6 and above. Subjects that For RQF level 6 and above, engineering and technology, physical and Environmental sciences and mathematical and computer sciences face an acute shortage of supply in these subject areas. Collaboration with educational institutions and industry is critical to develop targeted training programs and apprenticeships that align with the emerging needs of the labour market. By addressing the skills gap proactively, we can mitigate long-term shortages and build a sustainable talent pipeline.

Skills play a vital role in driving economic recovery. To support the rebuilding of our economy and address skill shortages, it is crucial to design the Shortage Occupation List in Northern Ireland in alignment with the region's skills pipeline. The SOL should cater to the unique needs and challenges posed by Northern Ireland's unique circumstances following the UK Exit from the EU and consider the lower salary starting point compared to other parts of the UK. The Department of the Economy 10 x Economy strategy set out its priority sectors for the future growth of the Northern Ireland Economy. The strategy highlighted the need to focus on the digital, ICT, creative industries, agri-tech, fintech, Advanced manufacturing and Life science

⁴ <https://www.economy-ni.gov.uk/news/northern-ireland-labour-market-statistics-1#:~:text=Results%20from%20the%20Labour%20Force,the%20quarter%20and%20the%20year.> – 14 February 2023

⁵ https://www.ulster.ac.uk/_data/assets/pdf_file/0009/1112985/Skills-Barometer-2021_INFORMATION-PACK_FINAL_web.pdf - 17 March 2022

sectors as priorities to meet the technological, demand and institutional windows of opportunities within the global economy⁶.

Addressing the fact that there is a current undersupply in STEM related subjects highlighted in the UUEPC data and the prioritisation of certain sectors by the Department for the Economy in Northern Ireland in its 10x Economy Strategy, occupations relating to environmental science, computer science, creative arts, languages, and medical and life sciences need to be added to the Shortage Occupation List.

There have been concerns about wage differentials between Northern Ireland and other UK regions. The current wage thresholds in the UK immigration system do not reflect the Northern Ireland labour market, particularly in the private sector, where salaries are some of the lowest among all UK regions. According to the latest data from the Office for National Statistics, the average salary in Northern Ireland was £27,006 in 2022, while the average salary in the rest of the UK was £33,000⁷. It needs to be recognised that lower salaries in Northern Ireland may lead to some of occupations, such as IT professionals, engineers, and construction workers, being deemed as ineligible as eligible as part of a NI specific SOL. Simultaneously, efforts should be made to raise salaries and prosperity in the region while ensuring global competitiveness and industry growth. Northern Ireland needs the salary requirement for occupations on the SOL to be whichever is higher of the going rate or £20,480, subject to an absolute minimum of £10.10 per hour, rather than 20% less than the going rate. Increasing the salary requirement would help to attract more skilled workers to Northern Ireland and it would also help to close the pay gap between Northern Ireland and the rest of the UK. Access to skills from beyond Northern Ireland is essential to complement the upskilling agenda. Expanding the NI SOL list could enable the lower wage threshold to apply to a wider range of occupations, supporting the region's skill needs.

⁶ <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/10x-economy-ni-decade-innovation.pdf> - 5 August 2021

⁷ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurvey-ofhoursandearnings/2022> - 22 October 2022

Enabling employers in Northern Ireland to access skilled individuals is crucial for achieving economic ambitions. The "Skills for a 10x economy" strategy, published by the Department for the Economy, recognises the importance of skills and a highly skilled workforce in future success. The success of the Northern Ireland SOL and the broader UK list depends on their ability to facilitate agile growth and investment. The development of these lists should be responsive to evolving needs, including at a regional level, to prevent skill bottlenecks. Identified sectors for future investment include life and health sciences, advanced manufacturing, clean energy, and digital, which are already global leaders and offer high-paying jobs.

The transition to a greener economy requires a workforce equipped with green skills and expertise. There needs to be a consideration in expanding the shortage occupation list to include occupations related to renewable energy, sustainable construction, waste management, and environmental engineering. This will ensure the availability of skilled professionals to support the green transition and achieve our climate change objectives. To promote the development of green skills, we encourage partnerships between industry, government, and educational institutions. Collaborative initiatives, such as apprenticeships and vocational training programs, can be instrumental in upskilling the workforce and preparing them for the jobs of the future.

Maintaining access to migrant labour is particularly important for Northern Ireland due to its land border with the EU, and unique trading arrangement with the EU in respect of goods under the Windsor Framework. Restricting access to skills and labour compared to the Republic of Ireland could adversely affect Northern Ireland's competitiveness and ability to attract and retain business investment. Republic of Ireland still retains free movement of people and critically, they have control of its own immigration system which is more flexible and can cater the needs of the economy. The impact of changes to the UK immigration policy on the Northern Ireland economy, emphasises the economic consequences of being unable to replace EU migrant workers leaving the region. To promote growth, the immigration policy should support Northern Ireland firms by providing proportionate and fair access to labour so that our industries have a fair opportunity to remain competitive on the Island of Ireland.

NI Chamber welcomed the opportunity to engage with this review and remains open to further discussion at any time.

ENDS

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