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Llywodraeth Cymru
Welsh Government

Professor Alan Manning
Chair of the Migration Advisory Committee

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01 March 2019

Dear Alan,

I am writing to you in respect of the call for evidence on the shortage occupation list. We welcome the opportunity to respond to the proposal in the UK Government's White Paper: *The UK's future skills-based immigration system* that the Migration Advisory Committee (MAC) should consider whether the composition of the Shortage Occupation List (SOL) needs to be different for Wales.

The Welsh Government has been proactive in seeking to contribute and shape the development of migration policy in the UK emphasising the importance and benefits of migration to Wales. I wanted to write to you directly to set out the strategic Welsh Government perspective.

Migration has been good for Wales' economy and after EU exit we will continue to need migration both from the UK to the EU and vice versa. The Welsh Government believes that Wales' future prosperity is intrinsically linked with our ability to secure full and unfettered access to the Single Market and we have proposed a flexible, but managed, approach to migration, which is compatible with this goal and which would continue to give preference to EEA and Swiss migrants while linking immigration more closely to employment. We do not believe that a narrow and restrictive approach to migration is in Wales' best interests, and a future migration system must be flexible enough to allow workers access across all skills levels to move, with as few restrictions as possible, between the UK and the EU. The comments below in respect of the issue of a SOL need to be set in this context and should not be misinterpreted as a move away from our preferred approach.

There is growing evidence of skills and labour shortages in specific sectors and while Wales has lower levels of immigration overall than the UK average certain services and sectors in Wales are particularly reliant on migrant workers, such as, social care, food production including veterinary surgeons, tourism, and higher education. Within these sectors will be very specific vulnerabilities. Data limitations mean that it has not always been possible to disaggregate at a Wales level occupations which may be at particular risk. We

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

are doing further work and analysis to explore the labour market in Wales and we will share that with you in due course.

The most vulnerable sector is likely to be manufacturing across all skill levels and also social care where an increasing proportion of new entrants to the sector are EU citizens and the sector has very low average salaries. We would ask MAC to consider extending a Welsh SOL to occupations such as, for example, social care workers, where salaries and required skill/qualification levels would be below the new thresholds.

In the health sector we have significant skills shortages and so to lose the flexibility to employ EU workers would present us with significant challenges. In addition, lack of flexibility for the health workforce to move between the EU and the UK will inhibit the innovation in a sector where change is rapid and advances in research and techniques can effectively be transferred by members of a mobile workforce for the benefit of Wales. We have already seen across the UK a reduction in those wishing to come from the EU to undertake their medical training as a result of the uncertainty around Brexit and this is likely to feed through into reduced numbers of EU citizens in the substantive workforce in future years. We are undertaking more detailed analysis on this workforce but anticipate that we would seek some specific additions to the SOL in respect of the health workforce.

Wales and the UK have become increasingly dependent on EU27 veterinary graduates. This is partly because of an over-supply of vets in some EU 27 countries but also because of differential salary levels. In addition, the history, culture and education systems of many EU countries has meant that many EU27 vets are more inclined, and probably better equipped, to work in public health roles. There has also been an increasing regulatory requirement for veterinary certification of the health and safety of animal produce and for veterinary oversight of the welfare of animals in the food supply chain. A consequence of this increased veterinary role, greater access to the UK labour market and professional engagement with public health work has led to a situation where the UK is highly dependent on EU 27 vets in public health and state veterinary medicine roles in particular. For example, in the UK, 95% of the vets working in official inspection and certification roles in abattoirs are EU27 graduates. The figure in Wales is 100%. APHA, the GB government agency responsible for animal health and welfare regulatory delivery and enforcement and for much animal disease surveillance and research, is also highly dependent on EU vets. Yet vets in the public health sector may fail to meet a future salary threshold.

The UK Government's White Paper broadly rejected any regional differentiation, with the exception of the possible expansion of the Shortage Occupation List to Wales and Northern Ireland (and the continuation of the enhanced Shortage Occupation List in Scotland). We welcome options for a spatially-differentiated approach that would be more fitting to Wales' needs including a dedicated SOL established by the MAC. We would be grateful for greater clarity on how the SOL would in practice operate under the new system. If the other changes envisaged by the White Paper are implemented, such as the abolition of the cap and the resident labour market test, and the reduction in the minimum skill level then the SOL would arguably be largely redundant except with respect to the salary threshold.

Given this, we see the offer of a separate SOL for Wales as an implicit recognition that one salary threshold may not be suitable to meet the future needs of the whole of England and Wales. But as the MAC itself has recognised, the outlier here is London and the south-east of England. Moreover, an abrupt ending of freedom of movement from the EU will likely dramatically increase the range of occupations which are in short supply.

The profile of detailed sectors and occupations expected to be affected in Wales is likely to be similar to the UK as a whole. This in turn means that the creation of a new, separate SOL for Wales, while welcome, may on its own be unlikely to address our concerns.

Thus, while we welcome the offer of a separate SOL for Wales, a higher priority for the Welsh Government will be to secure a salary threshold well below the £30,000 level. Such an approach - for which there is broad support from a wide variety of business organisations - would significantly mitigate the economic impacts of the White Paper proposals.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Jeremy Miles', with a stylized, cursive script.

Jeremy Miles AM

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