

Call for evidence review: Tier 2 route

This is a response from the **Institution of Chemical Engineers (IChemE)** to the Migration Advisory Committee (MAC) review of Tier 2.

Chemical engineering is one of the fastest growing areas of engineering and has some real competitive strength in the UK. IChemE has some 44,000 members in the energy, chemicals, pharmaceuticals, water, food & beverage and many other industries.

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September 2015

Summary

From generation of interest in science and engineering before young people leave school to the achievement of professional competence recognised through Chartered Engineer status is a journey of ten years or more. While industry and the professions are taking effective measures to increase numbers, shortages will persist for a considerable time. Even when they are resolved, international mobility will remain key to the UK's competitiveness and the viability of essential business sectors.

IChemE believes that restriction on Tier 2 would harm both education and industry in the UK. If companies then chose to move overseas, it would be detrimental to UK employment and the economy.

IChemE recommends that:

There is consideration of the wide range of sectors where chemical engineers work and the considerable variations in salary and job titles.

From generation of interest in science and engineering at school to the achievement of professional competence recognised through Chartered engineer qualification is a journey of over ten years. For a domestic and migrant workforce, there should be investment to support this development path to support.

Industry operates in cycles and there should be a long-term consideration of skills requirements. The UK must be fit for business today and the needs of the future,

Focusing on particular skills shortages

Question 1: What impact, if any, will reducing the level of Tier 2 migration have on the economy? What are the reasons for your answer?

A reduction in the level of Tier 2 migration risks harming both the process industries and the highly effective Higher Education sector on which these industries depend for much of their competitive edge.

In the process industries, actual or perceived restriction of Tier 2 migration is, likely to deter overseas finance being invested in the UK and existing employers from future expansion here. The UK's excellence in chemical and process engineering is particularly focused on engineering design and procurement: the companies involved are overwhelmingly multinational firms which can and do maintain alternative centres of excellence in India, the Far East, North America and many other locations. It is extremely easy for work to be transferred between offices, and the UK must not put itself at a disadvantage by making it harder for a company to recruit staff from wherever they choose and to move staff from within their organisations.

The UK's Higher Education sector is one of the UK's most important export industries and despite high costs, the UK remains a destination of choice for international students, particularly for engineering subjects. Since engineering is also a high cost subject to teach, income from international students is a critical source of revenue. Equally, academic staff and researchers involved in teaching are often of non-EEA origin and the ability for them to visit the UK for short periods (such as a postdoctoral programme) or on a permanent basis is important to the health of the subject its international credibility.

Question 3: Does the points mechanism operating in respect of the limit on Tier 2 certificates of sponsorship prioritise those migrants of greatest benefit to the UK? How could its efficiency at doing this be improved?

The current points mechanism has some deficiencies in terms of prioritising those migrants of greatest benefit to the UK. There is too much dependence on salaries: while Chartered Chemical Engineer salaries are relatively high, there are certain industry sectors, such as the food and drink industry, the water sector and academic research, where median salaries are significantly lower than areas such as the oil and gas industry for comparative levels of skill and seniority. The salaries are not on a level that fully reflects the skills required for the roles: individuals take careers in these areas for more than just money. Account should therefore be taken of the non-financial characteristics of the job.

Question 4: What criteria should be used to select jobs and occupations that are genuine skills shortages and people that are highly specialist experts? What use should be made of selection criteria such as salaries, points for particular attributes, economic need, number and length of vacancies and skills level? What other criteria should be considered?

As noted above, criteria that relate to realisation of skill and economic benefit should be taken into account. This includes the length of study and training required to achieve full competence, the economic need and the timescale to realise output delivery. In the case of chemical engineering this may be energy, nuclear new build and decommissioning, pharmaceuticals etc.

Question 5: What will be the impact of restricting Tier 2 (General) to genuine skills shortages and highly specialist experts?

IChemE urges caution about how realistically “genuine skills shortages” could be defined. Furthermore, such a restriction would appear to question whether the partners of skilled migrants or the research teams that some senior migrants may wish to bring with them (eg in academia), would be able to migrate to work in the UK. Without provision for such people the highly skilled experts themselves will go elsewhere.

Question 9: What would be the impact on business and the economy of restricting recruitment to genuine skills shortages and highly specialised experts for: i. migrants switching from the Tier 4 student route; and ii. all other in-country applications?

It would be unlikely that most “migrants switching from the Tier 4 student route” would fall into the category of highly skilled experts. However it is extremely likely that if such migrants are granted the ability to remain and work in the UK, they will in due course become exactly the highly skilled experts which the UK needs to retain its competitive edge.

Question 11: What occupations would you expect to see on an expanded shortage occupation list? How does the occupation or job title you are suggesting satisfy each of our criteria in relation to “skilled”, “shortage” and “sensible”? Alternatively, what other criteria does the occupation or job title satisfy that meets the requirement of being in a genuine skills shortage or for highly specialised experts?

Chemical engineers currently fall within category 2127 as a specific job title. However, most chemical engineers in practice use terms such as process engineer or similar as their job title. Other roles have a title that may not indicate chemical engineering but requires the chemical engineering skillset, for example process safety experts. It is important that the shortage list should include a range of job titles that take this into consideration. IChemE has previously corresponded with the MAC in relation to the criteria of “skilled”, “shortage” and “sensible” and our rationale remains unchanged.

In the oil & gas sector there is a current downturn in employment needs as a result of the low oil price. This will only be a temporary situation. Indeed, once the industry recovers it is likely that the UK will have an increased need for engineering skills, as some will have been lost through downsizing or the demise of certain specialist operators in the North Sea sectors.

Question 12: What would be the impact of an expanded Shortage Occupation List on business and the economy?

An expanded Shortage Occupation List would give an extremely timely and positive message to potential migrants, investors and existing employers about the ability and commitment of the UK to maintain excellence in skills. It is extremely unlikely that employment opportunities for UK nationals would be adversely affected, since a significant shortage of engineering professionals is evident in the UK.¹ This issue is being thoroughly addressed through work by the Royal Academy of Engineering, EngineeringUK and the individual professional institutions, for example through the “Tomorrow’s Engineer” programme. Significant resource is being invested in improving the long-term pipeline. However, it is inevitable that because of the length of time taken to move a young person from an interest in engineering at school level to becoming a fully qualified, Chartered professional, the shortage will continue to exist for many years to come.

Question 13: How far in advance can your organisation, sector or local area anticipate a potential shortage in skilled labour?

The ability to attract is very much a function of the industry sector or sub-sector involved. As noted above, there is ample evidence of shortages of engineers in the UK. Although, in chemical engineering at least, numbers going through universities are rising, it will be many years before those individuals become fully qualified and attain Chartered status.

Sunsetting

Question 15: The MAC has been asked how to limit the length of time occupations can be classed as having shortages:

(a) How long should any maximum duration be?

For the reasons indicated above, the shortages in engineering will be protracted. To turn an enthused A-Level student into a fully qualified professional Chartered Engineer takes of the order of 10 years or more.

(b) What, if any, exceptions should there be to this and why? Please provide evidence to support your answer.

It is absolutely vital to recognise that international mobility is, and will always remain, a fundamental and essential feature both of the industries that IChemE serves and of the education sector on which the profession depends. This is true regardless of whether the UK has an over-supply or under-supply, as the ability to share knowledge and share people around the world is an essential characteristic of the fields in which our members work.

Industry goes in cycles; when the oil price was high there was growth and demand for skills. With the downturn and low oil price this has reduced, however, other industry sectors that require chemical engineering competency are in a different phase in the economic cycle. The fundamental skills of engineering can be transferred across sector, indeed there are examples of people moving from one sector eg pharma, to another eg oil and gas.

Intra-company transfers

Question 16: The Tier 2 (Intra-Company Transfer) category is the most used route under Tier 2. The Government has asked that the MAC consider the scope for action to tighten the intra-company transfer provisions:

(a) What criteria should be used to determine eligibility for the intra-company transfer route?

Criteria should include the degree to which the relevant sector is globalised and the propensity of staff to move from country to country as part of their development or of skills transfer and exchange within the organisation. This benefits UK engineering and engineers just as much as those from outside the UK,

¹ The demand for engineering skills is outlined in the 2015 EngineeringUK report, http://www.engineeringuk.com/Research/Engineering_UK_Report_2015/

The process engineering and energy sectors are very much at the globalised end of this scale, and the efficient sharing of knowledge and learning is of great importance. An example is the need for learning from safety incidents to be disseminated around a company as quickly and as effectively as possible, a process best achieved through the transfer of an individual with relevant experience. For example had learning from an earlier incident in the North Sea been adequately shared with the same company's operations in the Gulf of Mexico, the tragic Macondo incident could and probably would have been avoided.

Other criteria should include the extent to which the intra-company transfer has the ability to augment the skills base and its potential to encourage both existing and potential new companies to invest in the UK.

(b) Subject to legal requirements, how can the Government tighten the Tier 2 (Intra-Company Transfer) provisions? Should this route be limited to genuine skills shortages and highly specialised experts only?

IChemE does not favour a further limitation of the Tier 2 provisions in terms of skills shortages and highly specialised experts. However, we would suggest that the provisions should include evidence of investment in skills and qualifications by the company wishing to implement a transfer. This would indicate that a company has a genuine interest in the training and development of UK nationals as well as bringing in necessary transfers from elsewhere. Indeed, such transfers can be an integrated part of the training of local staff through knowledge transfer and mentoring.

(e) What impact does the Tier 2 (Intra-Company Transfer) route have on the domestic labour market?

Because of current shortages in the UK we do not anticipate that the ability to undertake intra-company transfers has a negative impact on the domestic labour market. On the contrary it is likely to have a positive impact as the ability to undertake such transfers in a simple and efficient way increases the likelihood that investors will choose to invest and grow their UK locations rather than elsewhere.

(f) Should allowances continue to be included in the salary threshold for the Tier 2 (Intra-Company Transfer) route? If allowances were excluded from the salary threshold, what would be the impact?

IChemE has the view that the full package, including allowances, should be included in the salary threshold. This gives a fairer picture of the overall remuneration offered.

(k) Is there a case for requiring intra-company transfer migrants to pay the immigration healthcare surcharge? What are your reasons for or against this? What would be the impact of making these migrants pay this surcharge?

No. Intra-company transfer migrants in our view represent a very positive aspect of UK operations and should be encouraged. The overall benefit to the UK through taxation and other mechanisms is positive.

(l) Would restrictions to the intra-company transfer route have specific regional impacts?

There may be some regional impacts. Analysis of this would require much more careful study taking into account the industries that predominate in particular regions, and the extent to which companies find it easy to attract existing staff to those regions.

Skills levy

Question 17: The Government has asked that the MAC consider to which businesses a skills levy should apply and the impact this may have, balancing the need to maximise the incentive for employers to recruit and train UK workers with the ability of businesses to access the skilled migrants they need. The proceeds of the levy would fund apprenticeships in the UK.

(c) Should a skills levy be a one-off payment at the point of recruitment of a Tier 2 migrant or should it be on an annual basis for the duration of the migrant's stay under their initial Tier 2 visa?

The criterion here should be one of simplicity. A one-off payment would seem to be preferable.

Tier 2 Dependants

Question 18: Dependants of Tier 2 migrants, such as partners, spouses and adult minors, presently have the unrestricted right to work in the UK. The MAC is asked to consider the impact of removing this automatic right:

(a) How would removing the automatic right of dependants to work affect main applicants' decision of whether to come to work in the UK?

This could be quite catastrophic. It is almost inevitable in our view that withdrawal of the right of dependants to work would deter applicants from choosing to work in the UK or intra-company migrants from agreeing to such a transfer. A decision to move will take into consideration the work-life balance of an individual and their dependants. A successful person is likely to have a successful partner too/

(c) How would removing the automatic right of dependants to work impact on: i. the economy; and ii. public finances?

For the reason indicated above, the impact on our economy would be negative and the impact on public finances through loss of taxation would be equally negative.

(d) Would removing the automatic right of dependants to work have social impacts?

Again for reasons illustrated above, social impacts would be adverse. If dependants are preparing to come to the UK at all, they are likely to suffer problems with isolation and inactivity, leading to adverse health effects and the distraction of their working partners. This would increase the likelihood that skilled individuals would choose to leave the UK in the interests of their dependants.

Overall Tier 2 Design

Question 19: To what extent do the existing Tier 2 mechanisms and framework work optimally to enable business to bring in the skilled workers that they require?

The existing Tier 2 mechanisms and frameworks are designed with care but in practice are far too complicated compared to competitor countries. They need to be simplified both in reality and in the way they are perceived and presented.

Question 20: What changes would you make to the design of the route that would address the issues identified and are not reflected in the changes discussed elsewhere in this call for evidence?

There are two extremely important changes which IChemE would advocate here.

(1) We believe that the position of the Chartered Engineer qualification, including appropriate registration with the Engineering Council, should qualify for the same treatment as a PhD level occupation ie 50 points in the prioritisation scheme.

(2) We believe that provision needs to be made for those individuals who are working towards Chartered status. Our proposal is that individuals who have studied engineering in the UK should be exempt from restrictions while they are continuing their study and training leading up to their achievement of Chartered status, the benchmark of a fully qualified professional engineer. This requires a period of experience with a suitable employer. Individuals should be permitted to remain in and to work in the UK, provided they are participating in a suitable graduate professional development scheme, properly accredited by the relevant professional engineering institution.

Section 4.6

IChemE has already contributed to evidence from the engineering profession (via *Engineering the Future*) on salary thresholds as well as providing a supplementary note of our own and the views expressed remain valid.