Skilled, Shortage, Sensible:
the recommended shortage occupation lists

David Metcalf
Chair, Migration Advisory Committee
October 2008

www.ukba.homeoffice.gov.uk/mac

Introduction & summary

- Report is landmark in the provision of evidence-based advice to Government. It is the most comprehensive such analysis ever undertaken anywhere in the world.
- Central premise: only those job titles which are skilled, in shortage and for which it is sensible to use immigrant workers to fill the shortage make it onto our list.
- We believe our recommendations achieve the right balance between the needs of individual employers and those of the UK labour market and economy. Big emphasis on up-skilling UK workers.
- Two recommended shortage occupation lists: one for the UK and one just for Scotland.
- Recommended lists are based, for the first time, on a comprehensive analysis of the entire labour market. So lists contain more job titles than previously.
- But lists are tighter than before. We estimate that the occupations on the recommended list account for only approximately 700,000 jobs, compared to over one million jobs on the previous list.

Tier 2 of the Points Based System

a. Basics

- sponsor
- certificate of sponsorship (old WP)
- job title skilled to NQF 3+ (i.e. NVQ 3+)
- pay to be ‘reasonable’ – is no undercutting
- prior entry clearance

b. Routes: need 70+ points

i mandatory

competence in English (level A1)	10pts
maintenance requirement (£800)	10pts

ii routes

shortage occupation	50pts
RLMT (30) + pay/qualifications (≥20)	50pts
ICT (30) + pay/qualifications (≥20)	50pts

Approach and issues

a. Three hurdles: skilled, shortage, sensible

b. Occupations and job titles

A job title and associated occupations
Major Group: **2** Professional occupations
Sub-major group**: 21** Science and technology professionals
Minor group**: 212** Engineering professionals
Unit group**: 2122** Mechanical engineers (353 occupations)
Job title: Engineer, aerospace (26,000 job titles)

c. Dovetailing

- Top down, national data
- Bottom up e.g. from employers, unions, Sector Skills Councils

d. Regions

- UK and Scotland
- non-national shortages

Skilled

a. Context

- workforce skills are key government priority
  Leitch Review (2006) → UK Commission for Employment and Skills
- Tier 2 of PBS requires job title to be NQF 3+ (i.e. NVQ 3+)
- MAC task: which occupations/job titles are skilled?

b. Indicators of skill

- skill level defined in SOC hierarchy
- formal qualifications
- earnings
- on-the-job training or experience
- innate ability

First 3 from top-down evidence, last 2 from bottom-up evidence

c. Result

- 192 out of 353 occupations defined as skilled

Shortage

Twelve indicators (all by 4-digit SOC)

i Employer based (3)

- e.g. skill shortage vacancies / employment (%)

ii Price-based indicators (3)

- e.g. change in median hourly pay (%)

iii Volume-based indicators (4)

- e.g. change in hours worked for ft workers (%)

iv Administrative data (2)

- e.g. stock of vacancies / claimant count by sought occupation

Sensible

i skills acquisition: SR/LR tension

ii alternatives to employing migrants e.g.

- recruitment efforts
- pay
- altered production methods

iii productivity, innovation, international competitiveness

iv wider labour market and economic impacts

- impact on national pay levels/ changes and employment
- public service impact (MIF)

Results

a. examples of occupations and job titles included

i complete 4-digit skilled occupations

- e.g. civil engineers (2121); ship and hovercraft officers (3513); quantity surveyors (2433)
- pass 5/6 out of 12 shortage indicators
- good bottom up evidence

ii subset of 4-digit skilled occupation

- e.g. maths and science teachers (2314) and specialist nurses (3211)
- secondary teachers and nurses: pass low number of shortage indicators so no national shortage
- but strong evidence for maths and science teachers and operating theatre nurses

iii skilled segment of other 4-digit SOC occupations e.g. skilled chefs

- chefs, cooks (5434) does not meet our definition of skill, but there is a skilled segment
- good bottom up evidence e.g. pay, production technology, EU recruits
- how to define ‘skilled’: 70th percentile of pay distribution

b. examples of occupations and job titles not included

i 50%+ of top down indicators passed (10 occupations) but insufficient bottom up evidence

- e.g. welding trades, midwives
- will discuss with the sectors

ii shortage asserted, but in each case a low number of indicators passed, and no compelling bottom up evidence

- social workers
- IT
- architects
- most skilled construction trades

iii shortage identified but evidence received that immigrants would undermine efforts to train, recruit and retain UK workers

- various textile trades
- qualified veterinary nurses

c. stocks and flows

i employment

- previous work permit list
  - three sectors: health, engineering, education
  - over 1 million employed in the occupations covered
- MAC list
  - approx 700,000 covered
  - many more occupations/jobs

ii possible flows via shortage route

- stock of workers in occupation
  - x new hires (% with employer < 1 year)
  - x fraction non-EEA immigrants

NB: shortage route more attractive than previously i.e. tougher to enter via RLMT+ pay/qualifications