Johnson Matthey
MAC Consultation Response
About Johnson Matthey

Johnson Matthey is a FTSE 100 company which represents the best of British science, industry and heritage. We are world-leaders in innovative science that is used to solve complex global challenges. As a business we have the capability to rapidly innovate and commercialise at scale, bringing new products and solutions to market.

Founded in London in 1817, we are currently celebrating our 200th year and building our third century. We are extremely proud of our heritage and while we now operate in over 30 countries, we remain committed to the UK. We employ 4,100 staff at 17 sites across the UK and many of these are in the types of industries that will provide the high-paid, high-skilled jobs of the future. 26% of our UK employees work in R&D, and alongside our nine manufacturing sites we have two of our corporate R&D centres in the UK.

Our business is comprised of chemists, materials scientists, and engineers. Innovation is at the heart of what we do. We grow by investing in science, research and innovation last year we invested £200 million on R&D, 50% of which was spent in in the UK.

We are integral to the UK’s most important industries, supporting sectors in which the UK is a world-leader including the automotive, petrochemical, pharmaceutical and battery technology industries. We work with micro businesses through to large multinationals. These industries rely on Johnson Matthey to enable them to meet legislated emissions standards for vehicles, operate their chemical processes at optimum efficiency with minimum emissions, and manufacture pain management drugs and other drug therapies. Our business constantly evolves and innovates to meet the changing needs of these industries.

Overview

Johnson Matthey is a global business and therefore we compete with industries at a global level. Our business requires highly specialised skills and to be able to continue to thrive, it is essential that we have an immigration system which allows us to recruit those with the skills we require and attract the global talent needed to remain competitive.

We believe four factors matter in relation to future immigration policy:

1. Ensuring that UK immigration policy recognises the importance of operational, engineering and scientific skills to the UK economy and their requirement for delivering the Government’s Industrial Strategy;
2. Ensuring the system works in practice, with simplification of the visa system where necessary;
3. Industry and Government working together to build a sound UK skills base;
4. Consideration that we have a business need for UK national employees to work in our overseas offices and vice versa.

On the visa system, we believe the Government should consider the following points:

1. Simplification of the process for non-EEA workers, particularly from the US, China, and India, and fewer restrictions on a dependent’s right to work in the UK.
2. Greater granularity in the classification of skill type for visas including operational skills as part of the definition of highly skilled.
3. Restricting ‘Tier 2 (General)’ visa to a defined list of occupations or criteria would restrict Johnson Matthey’s ability to recruit the best talent.
4. Recognition that specialised skills do not necessarily equate to high remuneration.
On a new immigration system for EEA nationals specifically, we believe it is in the interests of the UK to continue to be able to attract talent and plug skills gaps. It would cause further disruption to business if we have uncertainty post March 2019 and ongoing changes made to any new system.

Any new system should:

1. Be clearly documented
2. Simple to administer
3. Not cost prohibitive
4. Provide certainty for businesses and migrants and allow skilled migrants and their families to settle in the UK long term.

**EEA Migration Trends**

*Please provide evidence on the characteristics (e.g. types of jobs migrants perform; skill levels, etc.) of EEA migrants in your particular sector/local area/region. How do these differ from UK workers? And from non-EEA workers?*

Johnson Matthey brings people into the UK for a variety of reasons as follows:

- As a manufacturing business which invests heavily in R&D across numerous sectors, we require highly specialised skills. This often leads to us recruiting EEA workers and non-EEA workers. This might be because we cannot find someone from the UK or we are seeking to hire the most talented individual to retain our competitive edge. This might be at a technical level or a management level, and on either a short or long term contract or as a permanent role.
- Senior business leaders who have the experience we need to lead Johnson Matthey across regions and in global roles.
- Employees we identify as high potential and want to give development opportunities to by working in our UK headquarters before moving on to more senior positions back in their country of employment. This could be at an early stage of their career or more experienced employees.
- External recruits who need to learn about Johnson Matthey’s business model and culture prior to taking a permanent role in another country to represent our business overseas.
- Graduates on a rotational year gaining experience of working in different countries where Johnson Matthey operate.

Below we have provided further information on the skills we require which lead to us recruiting internationally

The majority of Johnson Matthey’s UK recruitment are UK nationals. However, our R+D and technology centres in particular, require highly specialised skills. For example, at our site in Royston 15-20% of our team are non-British nationals, and at our centre in Sonning 25% of our total staff (30% of our scientists) are EEA nationals.

The UK pool of graduates has been decreasing, due to a decrease in STEM related degrees. Consequently, the few we see are in high demand, and as such we recruit from the EU and beyond.
In particular, Italy has a very good calibre of software engineers and a few of their institutions have tailored degrees that meet our required skillsets.

Specifically the types of engineers we have difficulty recruiting from the UK include:

- Electronics engineers
- Software engineers
- Automotive engineers
- Catalytic chemical engineers

*To what extent are EEA migrants seasonal; part-time; agency-workers; temporary; short-term assignments; intra-company transfers; self-employed? What information do you have on their skill levels? To what extent do these differ from UK workers and non-EEA workers?*

Johnson Matthey are a global business and as a result we will always look to employ the best talent globally. Currently, we employ 390 EEA nationals in the UK and as outlined in the previous question, we bring EEA and other nationalities into the UK to work for short, long term or permanent roles.

For non-EEA nationals we mainly rely on the Tier 2 visa system to enable us to meet our business objectives.

Given the nature of our business, our skill requirements change regularly and we have a number of highly specialist roles that only a small number of people globally would have the skills, experience, qualifications and knowledge to be able to perform the role. These occupations cannot be easily characterised in a visa system and despite being highly specialised - the roles do not necessarily equate to high remuneration.

For example, as a business focussing on global OEMs (original equipment manufacturer) based across Europe, there is an advantage in employing chemists and engineers who understand the culture of the countries our customers operate in - as it allows them to forge deeper relationships than a UK-only team could achieve.

*Are there any relevant sources of evidence, beyond the usual range of official statistics that would allow the MAC to get a more detailed view of the current patterns of EEA migration, especially over the last year?*

N/A

*Have the patterns of EEA migration changed over time? What evidence do you have showing your employment of EEA migrants since 2000? And after the Brexit referendum? Are these trends different for UK workers and non-EEA workers?*

N/A

*Have you conducted any analysis on the future trends of EEA migration, in particular in the absence of immigration controls?*

N/A

*Have you made any assessment of the impact of a possible reduction in the availability of EEA migrants (whether occurring naturally or through policy) as part of your workforce? What impact would a reduction in EEA migration have on your sector/local area/region? How will your business/sector/area/region cope? Would the impacts be*
different if reductions in migration took place amongst non-EEA migrants? Have you made any contingency plans?

A reduction in our ability to recruit and retain international staff will have a negative impact on our business. Restrictions on employees being able to bring their family to the UK have a notable impact on our ability to recruit. This is extremely difficult to quantify in numeric terms, however, it should be recognised that the talent pool will not simply disappear, and instead these people will seek employment with our competitors, strengthening their position and their economies, making it harder for Johnson Matthey and the UK industry to compete on a global scale.

Johnson Matthey is a global company, and for our UK businesses to thrive, we need our businesses around the world to thrive. In the response to the Migration Advisory Committee consultation on visa reform in 2015, we touched upon bringing people to the UK from other countries so that they can learn our business model and corporate culture. Equally, they bring to the UK innovative ways of working, knowledge and experience. This investment in cross-cultural learning has been beneficial to our business.

Our global talent pool also reflects the markets we operate in. For example, in Clean Air, many of the car companies are becoming increasingly global in their approach to procurement, so want a single point of contact within Johnson Matthey Sales. A Japanese car company, for example, needs a sales person who can speak Japanese, understands the nuances of doing business in Japan, and has experience within the Japanese car market. While these skills might well exist in the UK, it is a niche skill and there may not be a UK candidate available at the time we are recruiting.

Recruitment Practices, Training & Skills

Please provide evidence on the methods of recruitment used to employ EEA migrants. Do these methods differ from those used to employ UK and non-EEA workers? What impact does this have on UK workers? Have these methods changed following the Brexit referendum?

N/A

Do recruitment practices differ by skill-type and occupation?

N/A

What are the advantages and disadvantages of employing EEA workers? Have these changed following the Brexit referendum result?

As outlined above Johnson Matthey brings employees to the UK for a multitude of reasons. However, the two key components are where we cannot find a set of skills or where we are seeking to employ the most qualified person for the role.

Lack of talent poses a critical risk to our business. The key advantage of employing EEA workers is having access to a larger pool of talent without having visa restrictions. This is particularly valuable within the science and engineering sector due to Horizon 2020 and because different European countries have different specialisms. For example, the centre of excellent for colloid science, formulation science and rheology are located in France, the Netherlands and Sweden respectively. For solid state chemistry, they are in Germany and the Netherlands; for polymer chemistry in the Netherlands and for metallurgy in Germany, Belgium and Italy.
Moreover, Johnson Matthey also believe that employee mobility is an important aspect of people’s development – individuals gain breadth and depth of experience while the company benefits from their enhanced knowledge and greater collaboration, all of which will help deliver our business strategy.

*To what extent has EEA and non-EEA migration affected the skills and training of the UK workers?*

N/A

*How involved are universities and training providers in ensuring that the UK workforce has the skills needed to fill key roles/roles in high demand in your sector? Do you have plans to increase this involvement in the future?*

As mentioned above, we struggle to recruit engineers. The UK pool of graduates has been decreasing, which we already know is down to a decline in the number of students taking STEM related degrees. Lack of available talent poses a critical risk to our business and to UK industry who require essential skills in basic sciences and engineering to enable the development and commercialisation of new technologies.

Whilst UK academic institutions rank well on a global scale for quality of education, the output of engineers, specifically, is well below the level needed to sustain industrial growth. We believe, in the long term, the best way to increase skills is to build greater partnership between business and educational institutions at all levels, particularly in relation to technical and manufacturing businesses. We want to collaborate with academia and the UK Government to increase the amount of students taking STEM subjects, and in particular engineering.

*How well aware are you of current UK migration policies for non-EEA migrants? If new immigration policies restrict the numbers of low-skilled migrants who can come to work in the UK, which forms of migration into low-skilled work should be prioritised? For example, the current shortage occupation list applies to high skilled occupations; do you think this should be expanded to cover lower skill levels?*

Johnson Matthey’s success is down to our people, who come from all over the world to work with us. We hire UK talent where we can, but we need to bring people into the UK to provide the essential skills required to run our global business.

Johnson Matthey currently use the Tier 2 immigration routes – both General and ICT – and due to the resources required to arrange a visa we have a dedicated immigration provider to support us. We have a number of concerns regarding the existing system and find it to be restrictive due to:

- The fees associated with the process, both Government and provider fees.
- The narrow definition of skills type
- The occupation shortage list
- The minimum salary requirement
- The resident market labour test for Tier 2 General and the cooling off period for Tier 2 Intra company Transfers.

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**Economic, Social and Fiscal Impacts**

*What are the economic, social and fiscal costs and benefits of EEA migration to the UK economy? What are the impacts of EEA migrants on the labour market, prices, public services, net fiscal impacts (e.g. taxes paid by migrants; benefits they receive), productivity, investment, innovation and general competitiveness of UK industry? Do these differ from the impact of non-EEA migrants? Do these impacts differ at national, regional or local level? Do these impacts vary by sector and occupation? Do these impacts vary by skill level (high-skilled, medium-skilled, and low-skilled workers)?*

n/a

Jane Gallagher
Sector HR Director – Clean Air