



NEWS RELEASE

MAC002/15

13 August 2015

020 7035 3535

NEWS RELEASE

EMBARGOED UNTIL 10AM ON THURSDAY 13 AUGUST

**MIGRATION ADVISORY COMMITTEE SETS OUT EARLY ADVICE TO
GOVERNMENT ON TIER 2 SALARY THRESHOLDS**

The Migration Advisory Committee (MAC) has today (Thursday, 13 August) urged the government to be cautious over any early decision to raise the minimum salary requirements for skilled migrant workers, pending the completion of the MAC's wider review of the Tier 2 route later this year.

In its report, "*Review of Tier 2: An analysis of salary thresholds*", the MAC sets out its preference for using occupation-specific salary thresholds, but does not at this stage make recommendations on minimum salary thresholds for individual roles. The MAC has, however, concluded that there is a good case for increasing the overall minimum threshold for Tier 2 (General) – currently £20,800 - because this was calculated in 2009 when the skill requirement for migrant workers was much lower than it is now.

The MAC, which offers independent, evidence-based advice to the government on migration issues, was commissioned in June to carry out a review of the Tier 2 route. The commission was split into two parts - the early advice on Tier 2 salary thresholds published today, and a wider review which will be delivered to Government at the end of the year.

The MAC's initial analysis has found little evidence to suggest there is widespread undercutting of UK resident workers by Tier 2 migrants occurring under the current salary thresholds, though this finding is subject to further work being undertaken as part of the wider review. The Committee will also continue to assess evidence on variations in regional pay but are content that, on the basis of the information gathered to date, there are no major regional variations requiring urgent attention.

Chair of the MAC, Professor Sir David Metcalf CBE, said:

"The MAC's focus in this report is on analysis rather than recommendations. We have examined the evidence concerning the possibility that migrants undercut British residents and we set out the possible reduction in skilled migrant inflows if the pay thresholds were raised from current levels.

"We urge the government to be cautious in making any significant changes to the salary thresholds at this stage because they should not be considered in

isolation. Salary thresholds are closely linked with other issues the government has asked the MAC to consider in its wider review, including proposals for an immigration skills charge on migrant workers.

“Our recommendations on the Tier 2 route will be published after we have examined in full the extensive evidence of the impact of raising pay thresholds on particular companies and organisations.”

The report also suggests that further work is needed to consider the impact of the Tier 2 (General) monthly limit being reached in June and July, particularly given that applications for Certificates of Sponsorship (CoS) for those lower-paying occupations not on the Shortage Occupation List are at greater risk of being refused. The MAC believes the government should consider looking at some professions, including some healthcare roles and graduate recruitment schemes, separately from the Tier 2 limit in order to address these issues in the short-term.

ENDS

Notes to editors:

1. For more information, or to request an interview with Professor Metcalf, contact the Migration Advisory Committee press office on 020 7035 3535.
2. A full copy of the MAC report is available here:
3. The MAC's review of the Tier 2 route will be published in December.
4. Under the current rules, all Tier 2 (General) migrants must be employed in a job with an annual salary of at least £20,800. There are also occupation specific minimum thresholds and where these are greater than £20,800, these provide the minimum salary requirement for that occupation.
5. For most occupations, the occupation specific minimum thresholds are based on annual earnings for full-time workers in that occupation across the UK labour market using data from the Annual Survey of Hours and Earnings (ASHE). For experienced migrants, the threshold is set at the 25th percentile whilst for new entrants the threshold is set at the 10th percentile.
6. In the Tier 2 (Intra-Company Transfer) route, long-term staff must be paid a minimum of £41,500 or the appropriate rate the role (whichever is higher). Short-term staff, graduate trainees or skills transfer migrants must be paid a minimum of £24,800 or the appropriate rate for the job.
7. The Migration Advisory Committee (MAC) advises the government on migration issues. It is a non-statutory, non-time-limited, non-departmental public body, sponsored by the Home Office. The MAC is made up of a chair and four other independent economists, who have been appointed under rules relating to public appointments laid down by the Office of the Commissioner for Public Appointments (OCPA). Additionally, the Commission for Employment and Skills and the Home Office are represented on the Committee.