



Greater Lincolnshire Local Enterprise Partnership

Labour Market
Implications of
Brexit

September 2020

Metro — Dynamics

Key messages

The introduction of the new immigration system will require many businesses in Greater Lincolnshire to fundamentally alter their business models in order to survive. Businesses which prepare earlier will be in a better position in a post-Covid, post-Brexit economy.

The UK's new immigration system

The UK exited the EU on 31 January 2020. Beginning 1 January 2021 the free movement of EU nationals will end and the UK's new 'points-based immigration system' will come into effect. The new system will reduce overall migration into the UK and give priority to migrants with the highest skills. To simplify, in order to be granted a visa to work in the UK from 1 January 2021 migrants (from the EU and the rest of the world) will need a job offer which pays at least £25,600.

The new system will disrupt the UK's labour market immediately and over the next three to five years while businesses adjust. This is particularly the case in economies which are reliant on ready access to a flexible pool of low-wage labour where salaries fall below the £25,600 threshold, and where EU nationals are known to fill these jobs. This applies to Greater Lincolnshire. **As a relatively low-wage economy where at least 40% of the workforce is paid below the £25,600 salary threshold and where many industries are reliant on migrant labour, the introduction of the new immigration system will require many businesses in Greater Lincolnshire to fundamentally alter their business models in order to survive.**

Vacancies which would typically be filled by EU nationals will no longer be. It is unclear whether businesses will be able to rely on domestic workers to fill vacancies as they arise, since domestic workers have in the past been reluctant to fill these positions. The kind of innovative labour-saving automations which might eventually lead to technological solutions are still years away. Greater Lincolnshire's businesses face challenges now and over the next few years during a painful adjustment.

Impacts on Greater Lincolnshire

This report assesses the impacts of the new immigration system on six of Greater Lincolnshire's priority sectors: Agrifood, Health and Care, Visitor Economy, Manufacturing, Energy, and Ports & Logistics. We find that across all of these sectors businesses will face challenges, but the most pressing and immediate concerns are in agrifood businesses, where more than 3,000 seasonal workers from the EU are a fundamental part of how the industry operates in Greater Lincolnshire. Over time, this seasonal, mobile workforce has developed into a productive and valuable asset for the sector. Beginning in spring 2021 businesses will face shortages of workers who know how to grow, pick, process, pack and distribute agricultural produce, threatening the viability of many businesses.

Brexit and Covid-19

The new immigration system will cause significant upheaval in Greater Lincolnshire's economy at a time when a muted recovery from the worst economic effects of Covid-19 is just getting underway. Businesses need to be planning and preparing for this now. Yet when it comes to business' preparation for Brexit, Covid-19 has made a hard task much harder.

Since lockdown began businesses have rightly been prioritising their immediate survival over Brexit preparations. Firms focused on survival are poorly placed to prepare for Brexit – indeed, anecdotal reports from the Federation of Small Businesses (FSB) note that most businesses across Greater Lincolnshire have not even begun to prepare. Though future labour shortages may be a distant concern relative to the extraordinary challenges posed to businesses by Covid-19, they are nevertheless very substantial. Weathering Covid-19 does not mean businesses can handle Brexit. Businesses which prepare earlier will be in a better position in a post-Covid, post-Brexit economy.

What the LEP can do to support businesses

Greater Lincolnshire LEP ability to support businesses through the coming labour market disruptions is somewhat limited. However, there are three main actions the LEP can take:

1. **Promote awareness** among the business base, focusing on the sectors and businesses identified in this report as being the most at risk of disruption
2. **Advocate for targeted policy change** that will help avoid 'cliff-edge' scenarios in industries, particularly in agrifood and health and care
3. **Prepare for the longer-term reality** by assisting businesses to make the decisions required to update their business models and practice, with a focus on fostering innovation and investment in technology which will, ultimately, improve the competitiveness of Greater Lincolnshire's businesses.

Preparing for Brexit was always going to be a huge task. With less than three months remaining in the transition period there is still much to do.

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Background to the analysis

The UK's new immigration system

The UK exited the EU on 31 January 2020.

Beginning on 1 January 2021, the UK's new 'points-based immigration system' (the 'new system') will end free movement for EU nationals entering the UK to work. This will cause disruptions for UK industries and businesses, particularly those which have historically made greater use of EU nationals in the workforce. The new system is designed to reduce overall levels of immigration and, for the immigration that continues, to prioritise highly-skilled workers who can fill high-paid and/or shortage occupations.

The new system makes few allowances for immigration to fill relatively low-wage jobs. In fact, a deliberate consequence of the new system is that there will be fewer migrant workers available to fill lower-wage job roles.

In light of this new system, Greater Lincolnshire Local Enterprise Partnership (GLLEP) commissioned Metro Dynamics to prepare a report on the potential labour market implications of Brexit for Greater Lincolnshire, and in particular for the priority sectors that underpin GLLEP's Local Industrial Strategy (LIS). The industries included in this analysis are **Agrifood, Health and Care, Visitor Economy, Manufacturing, Ports & Logistics, and Energy**.*

Because Greater Lincolnshire is a relatively low-wage economy, this report focuses on the implications of the new system for the low-wage end of the labour markets which underpin Greater Lincolnshire's priority sectors.

** Although a priority sector of the LIS, Defence is excluded due to its relatively low exposure to labour market impacts from Brexit. And despite not being a defined priority sector of the LIS, Manufacturing is nevertheless an important part of Greater Lincolnshire's economy with relatively high exposure to labour market disruptions from Brexit, and has therefore been included in this analysis.*

About the report

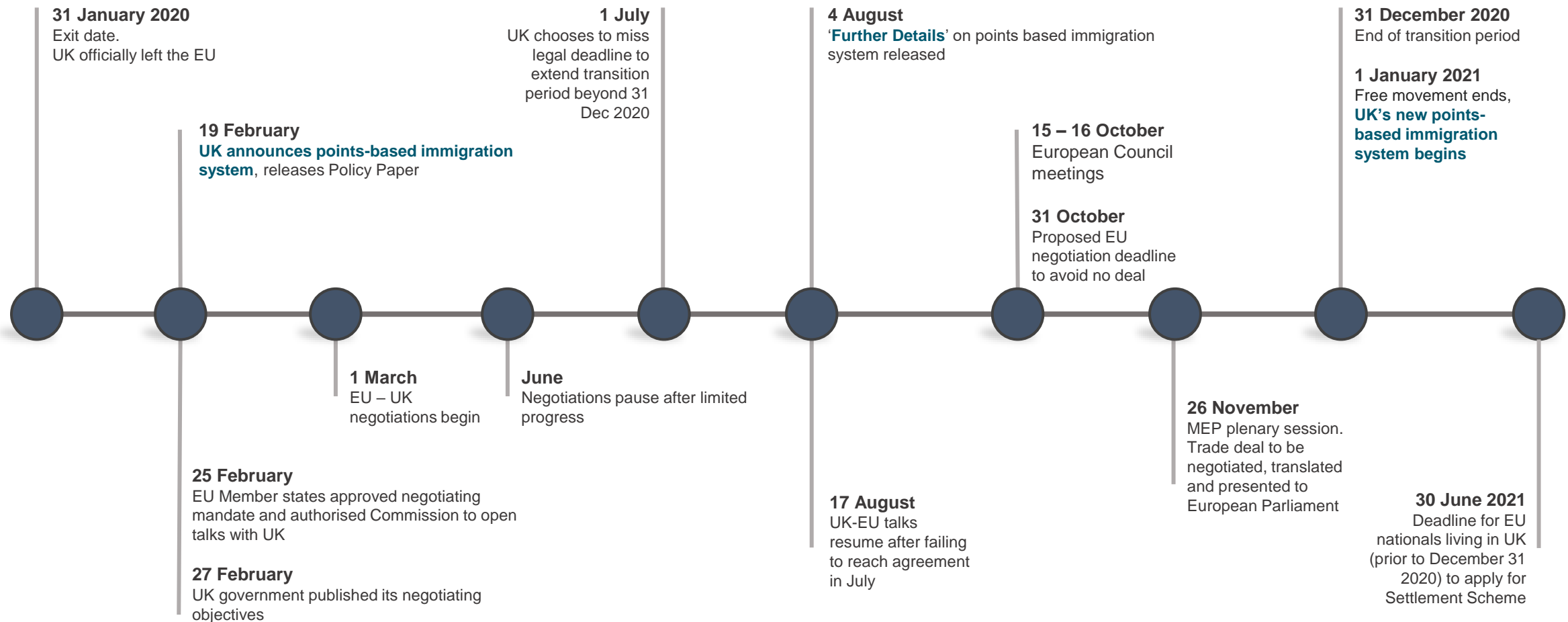
This report is based on primary analysis conducted by Metro Dynamics and is supplemented by analysis developed courtesy of materials and interviewees GLLEP provided to us. Analysis for this report began in February 2020, paused from March to July due to Covid-19, and resumed in late July 2020 once Covid-19's initial effects on Greater Lincolnshire were better understood.

Official statistics do not yet capture the effect Covid-19 has had on labour markets, so this analysis is based on data that predates Covid-19's impact. Despite this, we believe that the analysis and implications included in this report remain relevant to Greater Lincolnshire. As an appendix to this report, we have developed an online, dynamic evidence base that underpins the analysis included here.

This report summarises what we know about how the new system will affect Greater Lincolnshire's businesses and their ability to access the labour they require to fill job roles in key industries. It also sets out implications and recommendations for the GLLEP Board to consider in how they may best support businesses to prepare for and overcome the disruptions the new system will cause.

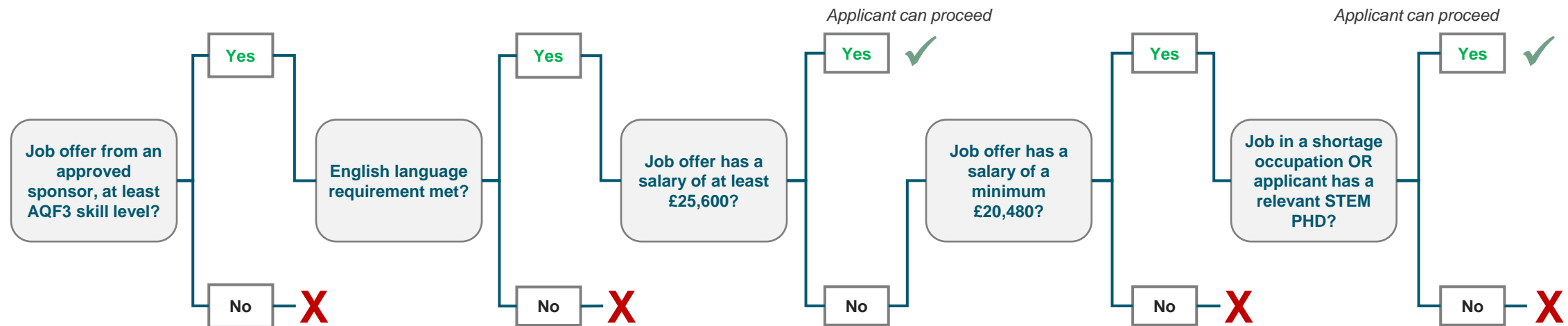
Brexit Timelines for 2020

The diagram below provides an update on key events and timings in the UK's departure from the EU. At the time of writing (early September 2020) it remains unclear whether the UK will exit the EU with a trade agreement in place, or whether the UK will exit via a 'no deal' scenario. Because the structure and operation of the UK's new immigration system has already been determined as part of domestic UK policy, it will not be impacted by the eventual outcome of the UK and EU's trade negotiations.



How the UK's new points-based immigration system will work

Beginning on 1 January 2021, the UK's new 'points-based' immigration system will end free movement for EU nationals entering the UK to work.¹ The UK will have one immigration system for all people regardless of their home country. To gain a UK work visa applicants must meet a range of conditions, for which they earn 'points'. The most important of these conditions are having a job offer from an approved sponsor for a job with at least an AQF3 skill level, proficiency in English, and that the **job is paid at least £25,600**.² For EU nationals the system is more restrictive than what exists currently; for migrants from other countries the new system is more liberal. The diagram below presents a simplified version of the criteria workers must meet in order to be granted a visa.



What does this mean in practice?

In the Government's Policy Statement on the 'points-based immigration system' (published [February 2020](#), with further details provided in [August 2020](#)) the explicit aims of the new system are to "reduce overall levels of migration and give top priority to those with the highest skills." The Policy Paper states, also, that the Government "will not introduce a general low-skilled or temporary work route. We need to shift the focus of our economy away from a reliance on cheap labour from Europe and instead concentrate on investment in technology and automation. Employers will need to adjust."

The new system will disrupt the UK's labour market, at least in the short to medium term while businesses adjust. This is particularly the case in industries which are reliant on ready access to a flexible pool of low-wage labour where salaries may fall below the £25,600 threshold, and where EU nationals are known to fill these jobs. This applies to Greater Lincolnshire. **As a relatively low-wage economy, the introduction of the £25,600 annual salary threshold is an issue of real relevance to Greater Lincolnshire.**

¹ EU nationals who are living in the UK prior to 1 January 2021, and apply for Settled Status by 30 June 2021, will not be affected by the system. More than 3.2 million applications have been made to the EU Settlement Scheme. The system applies to all new arrivals from 1 January 2021.

² This is a simplification: applicants must have a job offer which pays at least the 'going rate' for their industry or £25,600, whichever is higher, and there are some exceptions such as for occupations on the Shortage Occupation List – but under no circumstances can a migrant be paid less than £20,480.

Source: UK Government Home Office; The Migration Observatory, University of Oxford

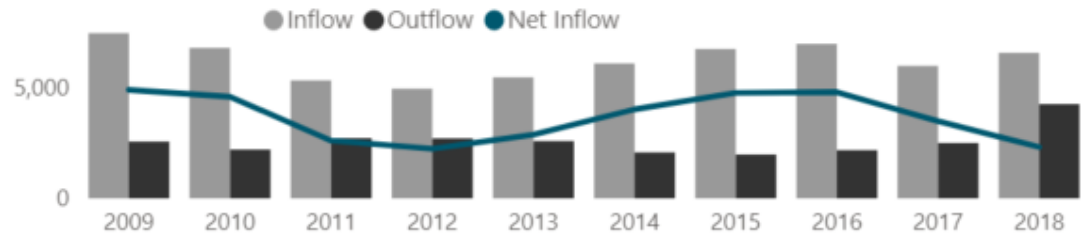
What does the new immigration system mean for Greater Lincolnshire?

	Greater Lincolnshire	GL's Priority Sectors
Total employment	454,500	310,960
EU workers	35,739 (7.9%)	25,466 (8.2%) ¹
Workers paid below £25,600	182,000 (40%)	124,500 (40%)

Gross weekly salaries of workers, by decile, in Greater Lincolnshire²



Net long-term migration inflows into Greater Lincolnshire



Greater Lincolnshire is a **relatively low wage economy**, ranking 35th out of 37 LEP areas in terms of gross weekly pay for full-time workers, and 10.5% behind the average pay across LEP areas. We conservatively estimate that a minimum of 40% of the workforce currently earns less than the £25,600 salary threshold. Greater Lincolnshire's economic growth is dependent, at least in part, on access to relatively low-wage labour.

Much of this low-wage labour currently comes from the EU. There are at least 35,000 EU workers in Greater Lincolnshire, 8% of the total workforce. Migration into Greater Lincolnshire from the EU has continued after the 2016 Brexit referendum. As a proportion of total immigration Greater Lincolnshire (91%) attracts more workers from the EU than the East Midlands (73%) or the UK (68%). Data is hard to come by, but most estimates suggests EU workers (particularly from Eastern Europe) mostly fill low-wage jobs.

GLLEP's 'Pre-Covid Employment and Skills Analysis 2020' notes that many **businesses find it difficult to fill vacancies in lower-wage, labour-intensive occupations** like care workers and lorry drivers – occupations where EU workers are thought to make up greater proportions of the workforce. By limiting access to workers who are willing and able to do these jobs the new immigration system will make it more difficult for businesses to fill these vacancies in future.

Some of these vacancies will be filled by domestic workers (particularly as Covid-19 is expected to increase the number of workers looking for new jobs), although the lesson from the agrifood industry's attempts to hire domestic workers to pick fruit and vegetables during Covid-19 is not promising: domestic workers were found to be 20% less productive than their EU counterparts, and few are expected to return for next year's harvest.

Labour-saving innovations which might eventually lead to a technological solution to the problem (as the Government intends) are likely years away from commercialisation. Greater Lincolnshire's businesses will face serious labour shortages in low-wage job roles long before technology solves the problem. **Businesses should be preparing now for a difficult transition away from a reliance on low-wage labour, which will reduce their productivity and ability to compete in international markets.**

¹ This is a minimum estimate, since conventional labour market data does not capture things like seasonal work, where the majority of workers are EU migrants.

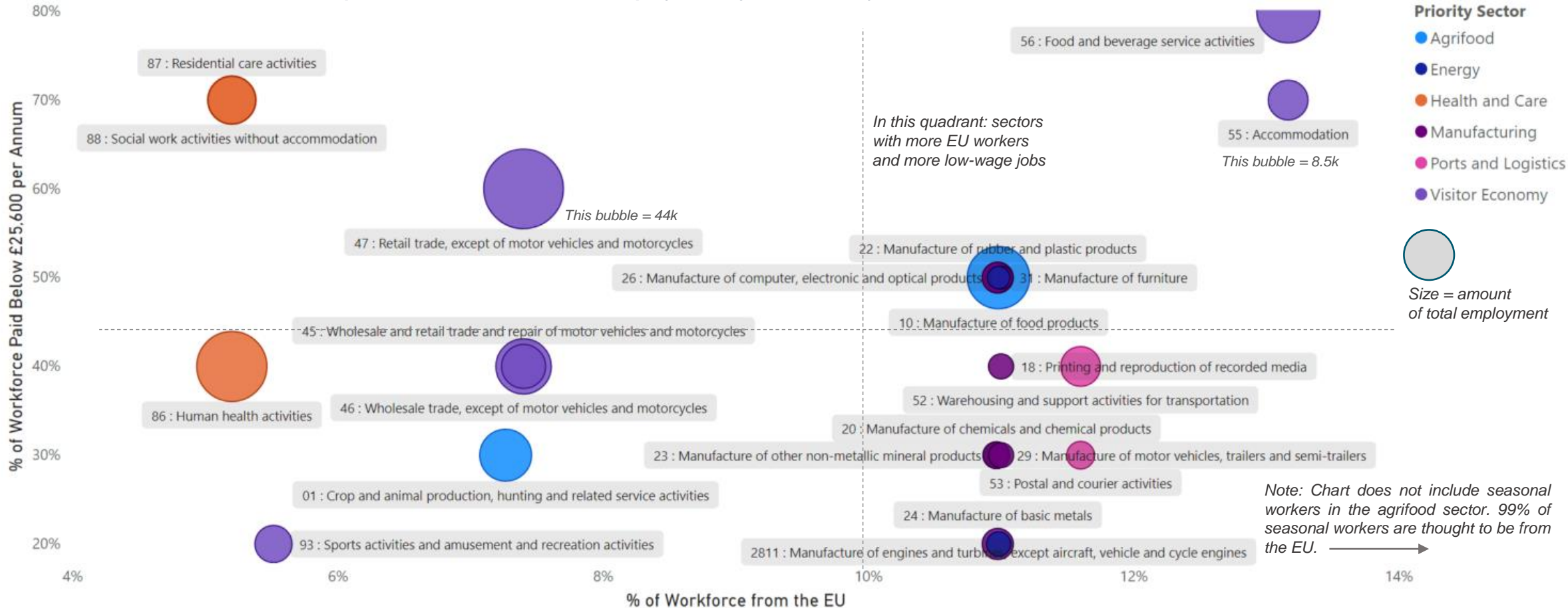
² This chart shows weekly gross earnings for Greater Lincolnshire. Wage data is for the East Midlands. 10% of workers are in each decile, while the columns represent the average wage for workers in that decile. The 50th percentile number is the wage of the median worker – in the chart above, that is £530 per week. The dotted line represents the £25,600 salary threshold for skilled migrants (which equates to £492 per week). Workers in deciles below this line are paid less than the salary threshold.

Employment below the £25.6k salary threshold

To understand the impact the new immigration system will have across Greater Lincolnshire’s priority sectors it helps to know which sectors have the highest concentration of EU workers and the higher proportion of jobs which are paid below the £25,600 salary threshold. Sectors with lower salaries and higher concentrations of EU workers are at greater risk of disruption.

For SIC 2 priority sectors, this chart shows the % of workforce from the EU (x-axis), the % of workforce paid below the salary threshold (£25.6k, y-axis) and the total amount of employment in Greater Lincolnshire (size of bubble). The top 15 sub-sectors by total EU employment are shown here, however all sectors in Greater Lincolnshire’s priority sectors are shown in Appendix A. Sectors in the top-right quadrant are particularly exposed to labour market disruptions resulting from the introduction of the new immigration system. This chart provides an overview of the impact across sectors. Over the following pages we explore the implications for each priority sector.

% of EU workers, % of workers paid below £25.6k, and total employment by SIC 2 Priority Sector, 2018

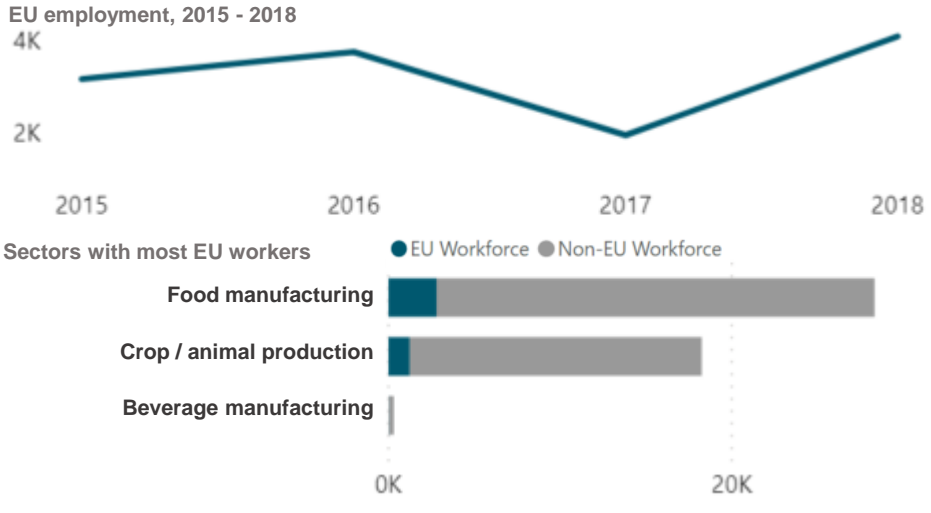


Source: Metro Dynamics analysis of ONS ASHE Table 14; ONS BRES; ONS migration tables; DEFRA agrifood seasonal worker estimates

The Agrifood sector, having been through a period of extraordinary turbulence caused by Covid-19, must prepare for major labour market challenges ahead

Key points

Total employment in GLLEP:	43,150 ¹
Highest proportion of employment in:	South Holland
EU workers in sector:	4,092 (9.5%)
Workers paid below salary threshold (£25.6k):	17,250 (40%)
Estimate of EU workers below salary threshold:	1,637
Seasonal workers in GLLEP:	3,000+



¹Charts and figures do not include an estimated 3,000+ seasonal workers which are not captured in conventional labour market statistics. 99% of these workers are thought to be EU nationals.

Impacts

- The agrifood industry is labour intensive and is heavily reliant upon both full-time and seasonal EU labour. The numbers to the left are conservative estimates of the number of workers in the sector across Greater Lincolnshire: GLLEP's Local Industrial Strategy estimates in excess of 70,000 workers.
- Conventional employment figures understate the number of EU workers in the Agrifood sector and the pivotal role they play as flexible, seasonal workers. DEFRA estimates there were approximately 64,000 seasonal workers in the agrifood industry in 2016, of which we estimate at least 3,000 work in Greater Lincolnshire. 99% of these workers are from the EU. The most substantial impacts will be felt by businesses which rely on this seasonal workforce (see next page for more).
- Impacts are likely to be particularly acute in the Boston local authority.² Evidence in Appendix A shows that migration into Boston is far higher than across Greater Lincolnshire as a whole – 781 migrants in 2018 per 100,000 residents compared to 143 per 100,000 residents across Greater Lincolnshire. In addition, one in five seasonal workers are likely based in Boston.

Implications

- A restriction on free movement will result in labour shortages, which could reduce (or at least radically disrupt) production while businesses adapt. There are immediate challenges to overcome in the 2021 harvest season for food producers, and in the lead up to Christmas for food processors.
- In the longer-term it could incentivise agrifood businesses to invest in technology to raise productivity, which is a priority for the sector in the LIS. Greater Lincolnshire is leading on this process through the Lincoln Institute for AgriFood Technology (LIAT), now the World's largest agrifood robotics centre and the National Centre for Food Manufacturing (NCFM). However, the current reality is that most technology (for example, to pick and pack soft fruits) is years from commercialisation.

² With the data available we cannot say for certain that these migrants work in the agrifood sector, but it seems likely that many of them are taking jobs as seasonal workers in the Boston area.

The most substantial and acute labour market impacts will be felt in Agrifood businesses which rely on seasonal workers

The issue facing agrifood businesses

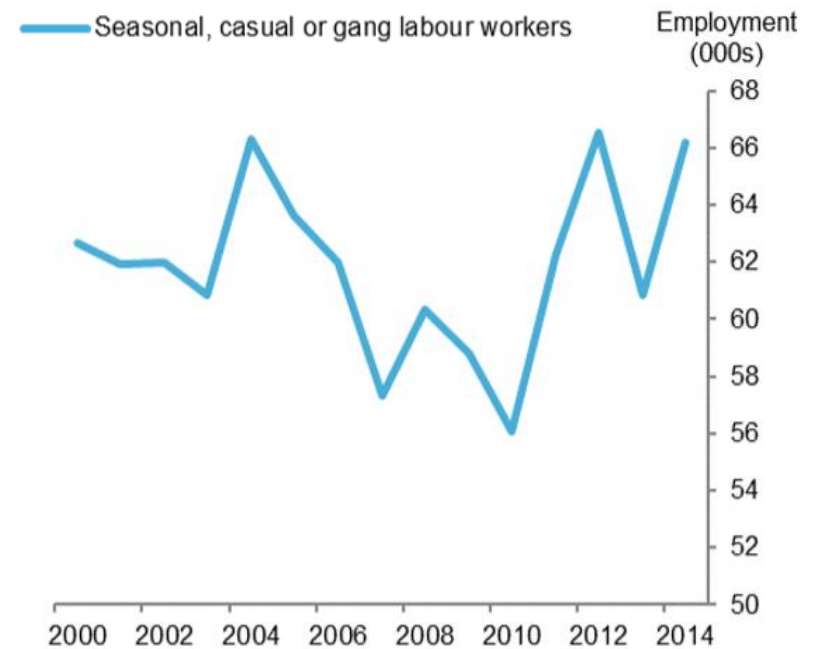
For agrifood businesses the most time-sensitive issue is the new immigration system's impact on their access to seasonal labour, 99% of which comes from the EU – more than 3,000 workers in Greater Lincolnshire alone. From Spring 2021, without a change in policy (none are expected) agrifood businesses will not be able to hire the seasonal workforce that is essential to their business model.

Margins in the sector are thin, and international competition is strong. The UK imports much more food than it exports. In a tough environment, seasonal labour helps agrifood businesses compete because the seasonal workforce can be easily ramped up or down according to need - for example to respond to the sudden change in demand caused by Covid-19.

The average seasonal worker is employed for five months of the year, although many workers are thought to extend their working year by following peaks in activity (such as by harvesting vegetables in summer and moving into food logistics in the lead up to Christmas). Migrant seasonal workers tend to return for multiple seasons, meaning that over time Greater Lincolnshire's agrifood industry has built up a workforce of skilled, experienced, flexible and mobile migrant workers, which is about to be lost.

Under a current pilot programme for 'Seasonal Workers in Agriculture' up to 10,000 seasonal workers are able to be employed in the UK. Given DEFRA's estimates of 64,000+ seasonal workers, this pilot programme does not provide agrifood businesses with access to enough seasonal labour. The pilot is due to come to an end in 2020 and it is not yet clear what, if anything, will replace it.

DEFRA estimates of seasonal agrifood workers, UK



Innovation is a long term solution, but cannot help businesses with their immediate problems

The Greater Lincolnshire Food Board outlined the extent of the problem in a July 2020 submission to the EFRA Select Committee Inquiry into Food Chain Labour Supply. In charting out a path forward for the sector, the submission notes that:

- *“Technology and innovation can help address the labour supply challenge through automation, but substantial further progress is needed and many solutions cannot be delivered by 2021. This is not because of a lack of initiative from UK industry, technology companies or researchers, but simply that more work is needed to develop, test and deploy the technology. Nowhere in the world yet has technology which works reliably and cost effectively for many food industry jobs.*
- ***If the UK fails to meet labour demand the industry will decline, capacity and profits will be lost and the UK will import more food. The UK has the potential to substantially grow its agrifood economy post Brexit and post Covid but, to do this, a sustainable labour supply at all levels of the industry is needed.”***

Although Health and Care has a smaller proportion of EU workers overall than the other priority sectors, those workers are concentrated in key Care Sector job roles



Impacts

- The EU workforce makes a significant contribution to the health and care sector, particularly for the social care sector in rural areas. Anecdotal evidence provided by the Federation of Small Business (FSB) in Greater Lincolnshire note that aged care homes in rural settings are particularly likely to be staffed by low-wage migrants (typically women) from Eastern Europe.
- Many EU nationals also work in essential support roles, such as cleaners and caterers, which are not captured in the data.
- We estimate that up to 80% of workers in ‘Residential care activities’ are paid below the salary threshold, with a similar proportion in Social Work activities. At least 1,500 workers across these two sectors are EU nationals.
- Many occupations in the health sector (excluding social care and aged care, where low-wage jobs are most common) are listed on the Shortage Occupation List, meaning in theory it should be easier for them to be filled by migrant workers. In addition, in July 2020 the Government confirmed it will introduce a new fact track “Health and Care Visa” to address skills shortages. However, the Visa will not apply to care workers, meaning it is unlikely to do much to address labour market issues in Greater Lincolnshire.

Implications

- There are substantial existing shortages across most health and care occupations, placing extra pressure on health services. The new immigration system will exacerbate these shortages in low-wage occupations at a time when Greater Lincolnshire’s population is growing older and Covid-19 has highlighted the many difficulties faced in caring for residents of aged care facilities.
- As highlighted in the LIS, a top priority for the sector is to address workforce challenges around skills and retention through promoting alternative career pathways and enhancing the capability of the sector’s workforce, particularly in emerging digital skills needs to support the sector’s development. The new immigration system will make this priority both more important and more difficult to deliver.

EU workers plug gaps in key Visitor Economy occupations, such as waiters and cleaners: occupations which fall below the salary threshold

Key points

Total employment in GLLEP:	121,225
Highest proportion of employment in:	East Lindsey
EU workers in sector:	10,750 (8.9%)
Workers paid below salary threshold (£25.6k):	72,750 (60%)
Estimate of EU workers below salary threshold:	6,466

EU employment, 2015 - 2018



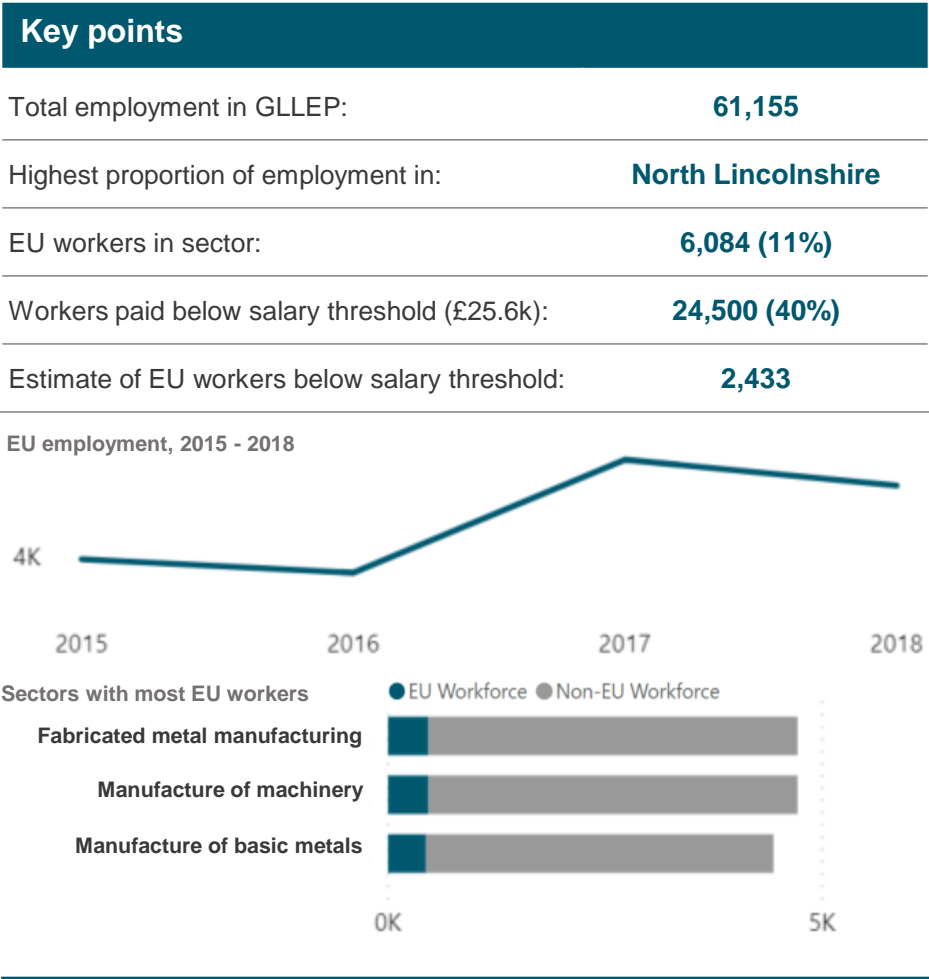
Impacts

- Nearly one in four people across Greater Lincolnshire are employed in the visitor economy, which includes major sources of employment like retail trade and dining. We estimate that more than 10,000 workers in the sector are currently from the EU, a number which does not include seasonal or casual workers (such as backpackers) who are employed in pubs and cafes.
- The visitor economy is a low wage sector, where workers will often be paid the national minimum wage or Real Living Wage.
- EU migrants working in hospitality roles plug a domestic skills and labour shortage. Workers are essential to filling existing labour shortages in the UK across different skills levels. Some occupations are very reliant on EU workers: nationally 75% of waiting staff, 37% of housekeeping staff and 25% of all chefs are from the EU.

Implications

- Despite the large number of job roles in the sector currently filled by EU nationals, it is likely that the new immigration system causes less disruption in this sector than others, because employers should have access to a larger pool of domestic labour with the skills and willingness to work in the sector than in, for example, seasonal fruit picking in agrifood.
- Businesses should still expect to draw from a reduced pool of talent for jobs and face shortages in particular occupations where vacancies are not easily filled with domestic workers.

Manufacturing and Energy businesses may be better placed than others to find technological solutions to labour market shortages, if they have the capital to invest



Impacts

- Manufacturing and Energy businesses* are reliant on EU workers. Although wages tend to be higher than in other industries, we still estimate that at least 40% of workers are paid below the salary threshold, particularly in elementary occupations like the fabrication of sheet metal and the disposal of non-hazardous waste. Further, EU nationals tend to be over-represented in these lower-wage occupations.
- Underlying the need for EU workers in manufacturing and energy is a long-standing skills gap. Locally, a lack of technical skills (particularly in lower-wage job roles) in the labour market may restrict the ability of GLLEP businesses to innovate and improve competitiveness.
- A lack of skills is a major issue for recruiting people to fill important job roles in the industry, especially in sub-sectors such as offshore wind farm maintenance.

Implications

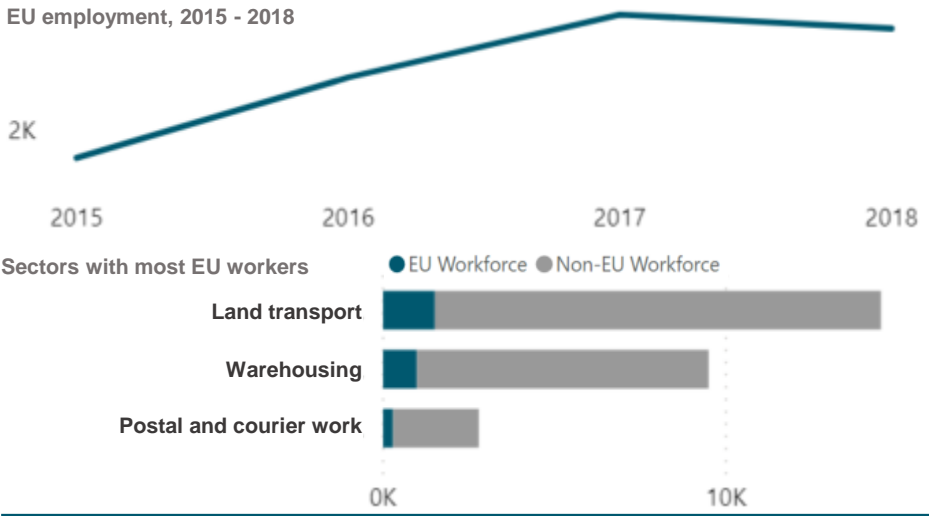
- Manufacturing and energy businesses are likely to find that existing skills shortages in low-wage occupations throughout the sector are exacerbated, as there is not a ready supply of domestic workers with the requisite skills to plug the gaps.
- Covid-19 has demonstrated the ability to many of the UK's manufacturing and energy firms to adapt and innovate quickly, if needs be. A similar spirit may be required to adjust to a future with fewer low-wage workers. Businesses in these sectors are perhaps more likely than businesses in other sectors to be able to find technological solutions to labour shortages, since activity can often be automated. However, these investments usually come at substantial cost, and due to Covid-19 many businesses may lack the capital required to make these investments in the short term.
- Though it is not the focus of this report, Brexit also presents labour market challenges among highly skilled workers. It may be difficult to fill shortages of highly-skilled workers if EU skilled workers are less willing to move to the UK or if multinational companies are no longer able to move highly-skilled engineers at short notice across the EU.

** The Manufacturing and Energy sectors have similar workforces and face similar challenges, so have been addressed together here*

Brexit will require Ports and Logistics businesses to fundamentally alter their operations. Reduced access to EU labour will make the adjustment more difficult

Key points

Total employment in GLLEP:	24,430
Highest proportion of employment in:	North Lincolnshire
EU workers in sector:	2,850 (11.6%)
Workers paid below salary threshold (£25.6k):	9,750 (40%)
Estimate of EU workers below salary threshold:	1,134



Impacts

- The Ports and Logistics sector will need to overcome a range of challenges caused by Brexit, not least finding ways to accommodate new customs arrangements and border checks. The Institute for Government estimates that between 50 – 75% of annual lorry movements through the Ports of Immingham and Grimsby are to / from the EU.
- Many jobs in the sector fall below the salary threshold. EU workers make up 11.6% of the workforce in Greater Lincolnshire (2,850 workers), and fill key job roles, particularly as lorry drivers, couriers and warehouse workers.
- Greater Lincolnshire's 'Pre-Covid Employment and Skills Analysis 2020' identifies more than 2,500 vacancies for 'large goods vehicle drivers' and almost 1,000 vacancies for 'van drivers'. Vacancies in these occupations will become harder to fill as a result of the new immigration system.

Implications

- The sector has evolved rapidly in the past few months to respond to supply chain upheavals caused by Covid-19. As one example, an increase in online shopping as a proportion of the total value of revenue spending from 19% in February to 32.8% in May has resulted in more delivery driver activity. Growth in the sector risks being curtailed if the new immigration system prevents businesses from hiring workers to fill key job roles.
- In the medium term, technological solutions may help overcome any acute labour market shortages which arise in the sector, as innovation and automation help reduce the need for manual labour. For this to become a reality businesses in the area must be able to access the skills and digital infrastructure required to make it happen.

Supporting Greater Lincolnshire’s businesses to meet the labour market challenges of Brexit

The reality is that there is only so much GLLEP can do to support businesses overcome the challenges which lie ahead. The UK Government is committed to the new points-based Immigration system, regardless of any potential adverse consequences it entails in the short to medium term. GLLEP should aim to do three main things:

1

Promote awareness

Promote awareness throughout the business community about the coming changes and the potential implications, targeting communications at the sectors and businesses identified in this report as being most at risk of substantial disruption.

Businesses are undoubtedly fatigued by Covid-19 and there may be a perception that Brexit presents less of a challenge than Covid-19 has done so far. However, the challenges are different, and a business surviving Covid-19 is no guarantee that it will survive Brexit too, particularly since most businesses enter 2021 in a weakened and radically altered position.

To adapt and overcome to the disruptions Brexit will cause businesses must be preparing now.

2

Advocate for targeted policy change

Advocate for targeted policy change which addresses the most acute and time-sensitive issues facing Greater Lincolnshire’s priority sectors:

- an extension and expansion (or replacement) of the Seasonal Workers Pilot
- the inclusion of aged care / social care workers in the Health and Care Workers Visa
- Review of the Shortage Occupation List to include more occupations which are of most relevance to Greater Lincolnshire’s priority sectors

3

Prepare for the longer-term reality

Assist businesses in making the decisions required to update business models and practice.

- Businesses will not be able to rely on EU workers to fill low-wage jobs. Jobs need to be either made more attractive to UK nationals (through, for example, better wages and working conditions), or eventually made redundant through investment in technology. GL needs to encourage businesses to innovate wherever possible, alongside changing job roles.
- Employer led skills provision, ensuring the local training courses equip residents with the skills necessary to apply and fill local vacancies.
- Build an innovation ecosystem which allows business, universities, and applied research institutions to better co-develop innovation to transform business practice.

Appendix A

Web-based evidence base is [available here](#)

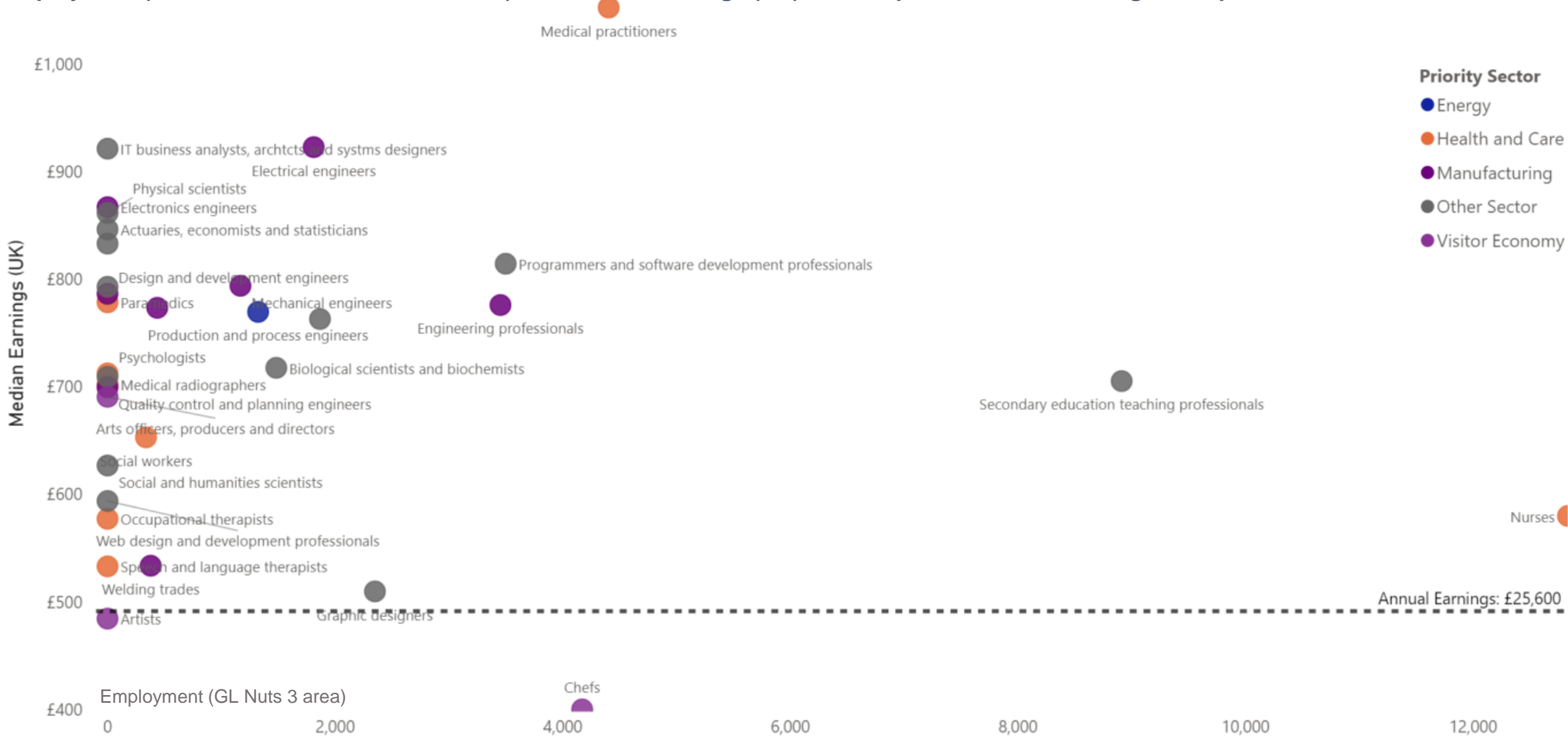
Appendix B

Additional Information & Methodology

Employment and wages for occupations on the Shortage Occupation List

There are some exceptions to the £25,600 salary threshold for migrant workers to be granted a visa, including for occupations which are listed on the Government’s Shortage Occupation List. For these occupations a migrant can still apply for a visa so long as the minimum salary for the occupation exceeds £20,480, and the migrant meets certain other conditions. The chart below shows the occupations included on the Shortage Occupation List. We have charted total employment in that occupation by NUTS 3 (North and North East Lincolnshire, Lincolnshire, and Leicestershire and Rutland – the best definition available) on the x-axis and median earnings (UK) on the y-axis to estimate the distribution of these occupations across Greater Lincolnshire. We use median UK earnings for professions here, so this chart does not account for the variance in salaries across occupations and regions. For example, a salary for a graduate nurse in greater Lincolnshire is likely to be below the median earnings for all nurses across the UK (far right in the chart below), but this chart does highlight that many occupations on the Shortage Occupation List are already paid salaries greater than the salary threshold for migrants.

Employment (Greater Lincolnshire NUTS3 area) and median earnings (UK) for occupations on the Shortage Occupation List



Source: Metro Dynamics analysis of ONS and Home Office data; ONS ASHE Table 14; ONS BRES

Methodology

Shortage Occupations

The UK Government publishes the Shortage Occupation List as an appendix to information on ‘Visas and immigration operational guidance – Immigration rules.’

For the analysis, occupational data were sourced from the ONS:

- 4-digit occupations coding by NUTS 3 region, 2018
- Earnings and Hours Worked, Occupation by 4-digit SOC – ASHE Table 14 (UK)

Cross referencing the UK shortage occupations list and summing the employment in these occupations by NUTS 3 region, we looked up the median weekly wage in these occupations and created the shortage occupations table. We then matched them to their relevant priority sector. Both datasets are the product of estimates.

Workers Below the Earnings Threshold

Limited data is available which tells you about the earnings distributions of workers in regions across sectors. To develop the analysis in this report we used data from:

- Earnings and Hours Worked, Occupation by 4-digit SOC – ASHE Table 14 (East Midlands, weekly gross earnings)
- ONS Business Register and Employment Survey (local authorities within Greater Lincolnshire)
- ONS estimates of EU employment at a broad sector level (national)

Weekly gross earnings across the East Midlands are provided by SIC 2 sector and are broken down into percentiles of workers, with workers in the 10th percentile earning the least and the 90th percentile earning the most in that SIC 2 sector. The median salary for the sector will be the 50th percentile. We compared this earnings distribution to the £25,600 salary threshold to form a crude estimate of the proportion of jobs currently paid below this level. If weekly income in the 40th percentile fell below the £25,600 (£492 per week) threshold, for example, then we conservatively estimate that a minimum of 40% of the workforce would be paid below the threshold.

We cross-referenced these numbers with employment statistics from BRES for Greater Lincolnshire to determine total employment and to estimate the number of workers in each earnings decile.

To estimate the number of EU workers who may be paid below this threshold we assume that EU workers are evenly distributed across earnings for a sector (that is to say, there are as many EU workers in the 1st decile of workers as there are in the 9th decile). This is a conservative approach as it is likely that in reality EU workers tend to be paid lower wages in a sector, since many are occupying lower-wage job roles.

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