Labour Shortages and Immigration Policy in the UK: The Migration Advisory Committee (MAC)

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Migration Advisory Committee (MAC)
www.ukba.homeoffice.gov.uk/aboutus/workingwithus/indbodies/mac/

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Structure of this presentation

1. UK immigration: data and trends
2. UK labour immigration policy, 1997-
3. The Migration Advisory Committee, 2007-
4. MAC work on shortages and immigration policy
5. Reflections: The MAC experience so far
International migration to and from the UK, 1991-2007

Figure 2.13 Total International Migration to and from the UK
Inflow, outflow and balance, 1991 - 2007


Source: MAC 2009b
Stocks of foreign-born and foreign nationals

Figure 2: Population estimates by country of birth, 2007

- Non-EU
- European Union 26
- European Union A8
- European Union 13
- Republic of Ireland

Population (millions)


Figure 3: Population estimates by nationality, 2007

- Non-EU
- European Union 26
- European Union A8
- European Union 14

Population (millions)


Migrants in the UK working-age population

Figure 1: Share of immigrants in the UK working-age population, 1979-2008

Note: working age population including students
Source: Labour Force Survey 1979 - 2008

Source: MAC 2009b
Figure 4: Employment level of immigrants by country of birth, 1997-2008

Note: Working age population including students
Source: Labour Force Survey 1979 - 2008

Work permit system (-Nov 2008)

• for skilled non-EEA workers with job offer; 3 routes:
  - shortage list (6% of new permits in 2007),
  - resident labour market test
  - intra-company transfers

Source: MAC 2008
Highly skilled migrant programme (2002-2008)

- for highly skilled non-EEA workers; job offer not required; points-based system (age, qualifications, work experience, recent earnings, etc.)

**Figure 2.2 Take-up of Highly Skilled Migrant Programme, 2002 - 2006**

Notes: The HSMP was launched in February 2002.
Source: Management Information data collected by UKBA, formerly Work Permits UK.

Source: MAC 2008
EU enlargement (May 2004 and Jan 2007)

- Unrestricted immigration and access to UK labour market for “A8 nationals” since May 2004; restrictions on A2 nationals (Romania and Bulgaria)

Source: MAC 2009a
The new points-based system, 2008-

**Tier 1:** highly skilled workers (before: HSMP)
- points-based system

**Tier 2:** skilled workers (before: work permit system)
- shortage list (MAC)
- RLMT plus points for earnings + qualifications
- ICTs plus points for earnings + qualifications

**Tier 3:** low-skilled workers (currently suspended)

**Tier 4:** students

**Tier 5:** youth mobility and temporary /part-time workers
## Tier 2: Routes and points

### Table 3.1 Points under Tier 2

<table>
<thead>
<tr>
<th>Section</th>
<th>Certificate of Sponsorship</th>
<th>Qualifications (or equivalents)</th>
<th>Prospective Earnings (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A</strong> (50 points needed)</td>
<td>Offer of job in shortage occupation</td>
<td>No qualifications</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Offer of job that passes RLMT</td>
<td>NVQ Level 3</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Intra-Company Transfer</td>
<td>Bachelors or Masters</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PhD</td>
<td>15</td>
</tr>
<tr>
<td><strong>B</strong></td>
<td>Maintenance requirement (mandatory)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C</strong></td>
<td>Competence in English (mandatory)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: Prospective earnings are before tax, and can be adjusted periodically to reflect inflation and/or labour market requirements. Allowances will be taken into consideration in calculation of salary. Source: UK Border Agency (2008c).
The Migration Advisory Committee (MAC)

- Established in Dec 2007 following public consultation; independent public body
- Purpose: provide independent advice on labour immigration policy; advice is public, Government can accept or reject
- 5 independent economists plus 10 secretariat; public advertisement and competitive recruitment
- Government asks the questions!
- [http://www.ukba.homeoffice.gov.uk/aboutus/workingwithus/indbodies/mac/](http://www.ukba.homeoffice.gov.uk/aboutus/workingwithus/indbodies/mac/)
MAC mandate is expanding ...

**Tier 1:** highly skilled workers (before: HSMP)
- points-based system  
  MAC Oct 2009

**Tier 2:** skilled workers (before: work permit system)
- shortage list  
- RLMT plus points  
  MAC July 2009
- ICTs plus points

**Dependents of PBS migrants**  
MAC July 2009

**East European immigration:**
- A8  
  MAC March 2009
- A2  
  MAC Nov 2008
MAC shortage occupation list

a. 3 hurdles: skilled, shortage, sensible (sequencing!)

b. Occupations and job titles

<table>
<thead>
<tr>
<th>A job title and associated occupations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Group: 2 Professional occupations</td>
</tr>
<tr>
<td>Sub-major group: 21 Science and technology professionals</td>
</tr>
<tr>
<td>Minor group: 212 Engineering professionals</td>
</tr>
<tr>
<td>Unit group: 2122 Mechanical engineers (353 occupations)</td>
</tr>
<tr>
<td>Job title: Engineer, aerospace (26,000 job titles)</td>
</tr>
</tbody>
</table>

c. Combination of “top-down” and “bottom-up” analysis
   - Top down, national data
   - Bottom up e.g. from employers, unions, Sector Skills Councils; call for evidence, visits, research

d. Regions
   - UK and Scotland
Skilled?

a. Context
   • workforce skills are key government priority
     UK Commission for Employment and Skills
   • Tier 2 of PBS requires job title to be NVQ 3+

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

c. Results
   • 192 out of 353 occupations defined as skilled
   • 49% of current workforce
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
### Table 7.4 Skilled occupations ordered by % of shortage indicators passed

<table>
<thead>
<tr>
<th>SOC 2000 description and code</th>
<th>Total indicators passed</th>
<th>Total indicators available</th>
<th>% Indicators passed</th>
<th>Employment estimates (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officers in armed forces</td>
<td>1171</td>
<td>5</td>
<td>6</td>
<td>83</td>
</tr>
<tr>
<td>Moulders, core makers, die casters</td>
<td>5212</td>
<td>9</td>
<td>11</td>
<td>82</td>
</tr>
<tr>
<td>Photographers and audio-visual equipment operators</td>
<td>3434</td>
<td>9</td>
<td>12</td>
<td>75</td>
</tr>
<tr>
<td>Musicians</td>
<td>3415</td>
<td>8</td>
<td>12</td>
<td>67</td>
</tr>
<tr>
<td>Welding trades</td>
<td>5215</td>
<td>8</td>
<td>12</td>
<td>67</td>
</tr>
<tr>
<td>Ship and hovercraft officers</td>
<td>3513</td>
<td>6</td>
<td>10</td>
<td>60</td>
</tr>
<tr>
<td>Veterinarians</td>
<td>2216</td>
<td>5</td>
<td>10</td>
<td>50</td>
</tr>
<tr>
<td>Engineering technicians</td>
<td>3113</td>
<td>6</td>
<td>12</td>
<td>50</td>
</tr>
<tr>
<td>Midwives</td>
<td>3212</td>
<td>5</td>
<td>10</td>
<td>50</td>
</tr>
<tr>
<td>Dancers and choreographers</td>
<td>3414</td>
<td>5</td>
<td>10</td>
<td>50</td>
</tr>
</tbody>
</table>
Sensible?

i  skills acquisition: SR/LR tension

ii  alternatives to employing migrants e.g.
   •  recruitment efforts
   •  pay
   •  Less labour-intensive production methods

iii  productivity, innovation, international competitiveness

iv  wider labour market and economic impacts
   •  impact on national pay levels/changes and emp.
   •  Impacts on public services (MIF)
a. examples of occupations and job titles included

i complete 4-digit skilled occupations
- e.g. civil engineers (2121); ship 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
a. Example of job titles/occupations included (ctd.)

iii skilled segment of other 4-digit SOC occupations

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; £8.10 per hour

Skilled care workers
- Bottom up evidence
- £8.80 per hour
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

ii shortage asserted, but in each case a low number of indicators passed, and no compelling bottom up evidence
   • social workers, 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
Partial review in April 2009

Additions

- e.g. some occupations within Photographers and audio visual equipment operators (SOC 3434)

Amendments

- Social workers removed except for those working with children
- Revised criteria for assessing whether care workers and chefs are skilled

Suspended

- Quantity surveyors
- Project managers for property development and construction
Reflections

Shortages and immigration policy:

- System better than before
- “Sensible” question important
- Bottom-up evidence key; flexibility
- No single “scientific answer”; degree of judgement always required; transparency is key
- Debates better than before
- Regional issues (sensible?)

MAC general:

- Independence critical
- Government asks the questions (note: no question so far about limiting numbers)
References


