

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/

Centre on Migration, Policy and Society (COMPAS)

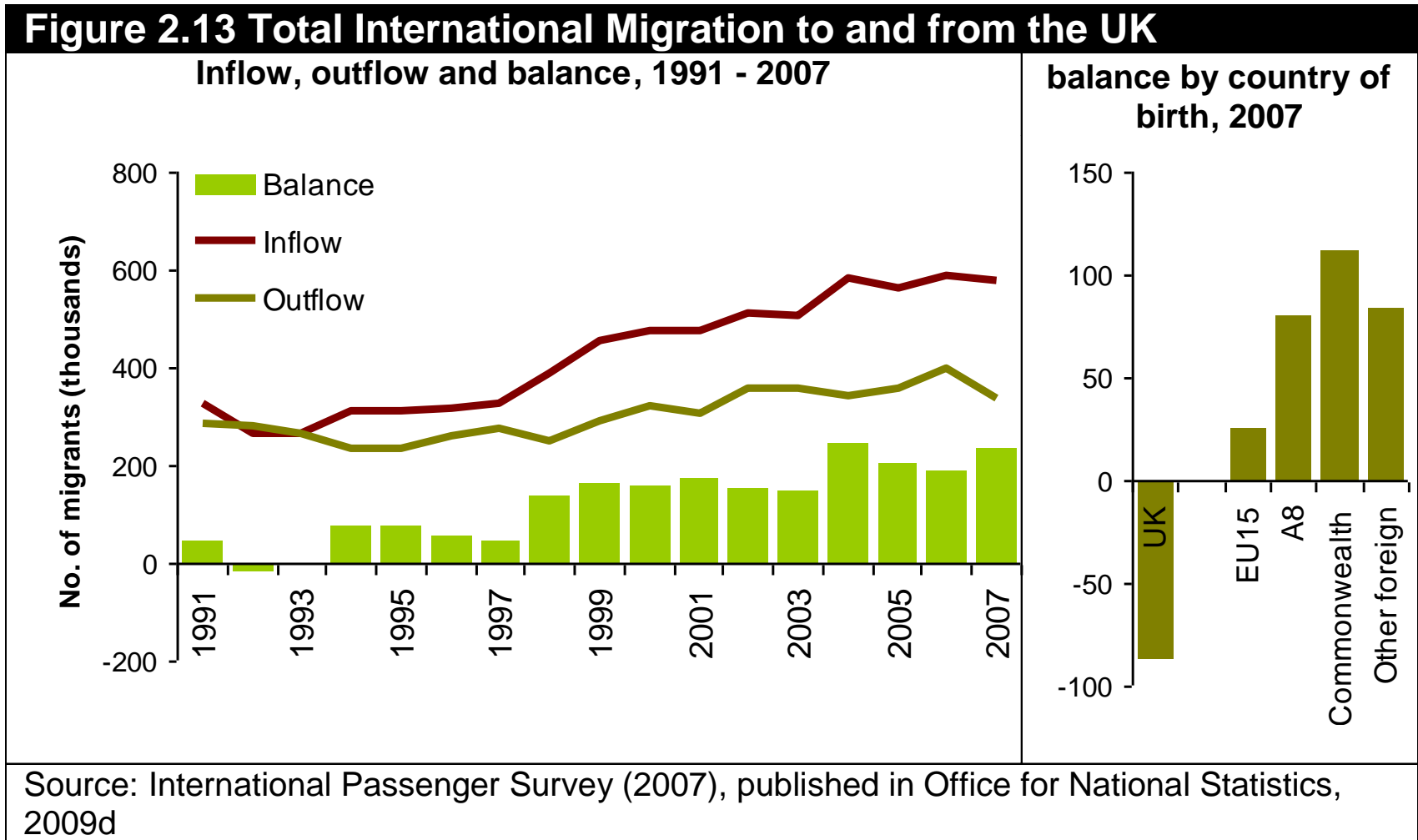
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Structure of this presentation

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

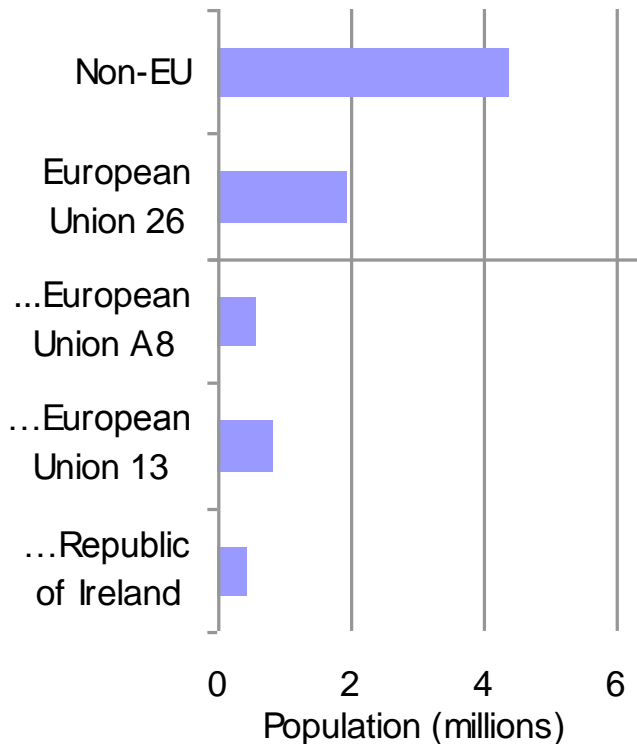
International migration to and from the UK, 1991-2007



Source: MAC 2009b

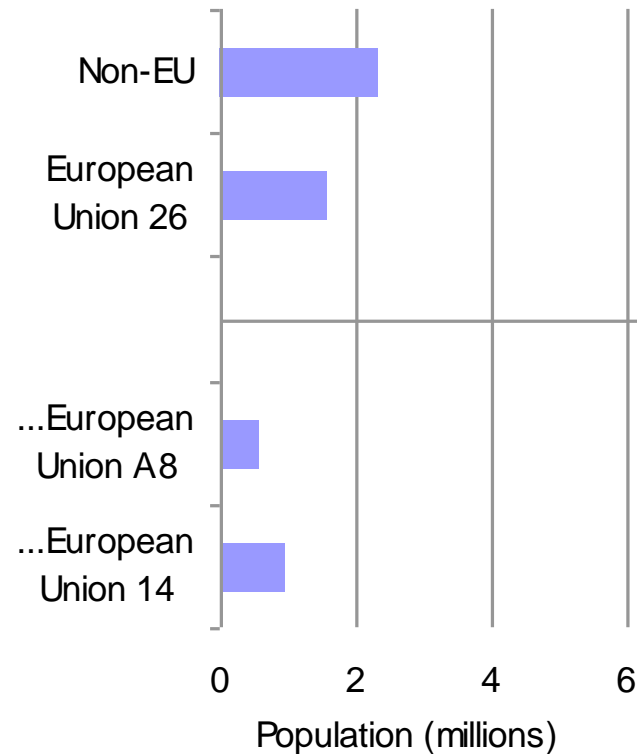
Stocks of foreign-born and foreign nationals

Figure 2: Population estimates by country of birth, 2007



Source: Annual Population Survey, 2007

Figure 3: Population estimates by nationality, 2007

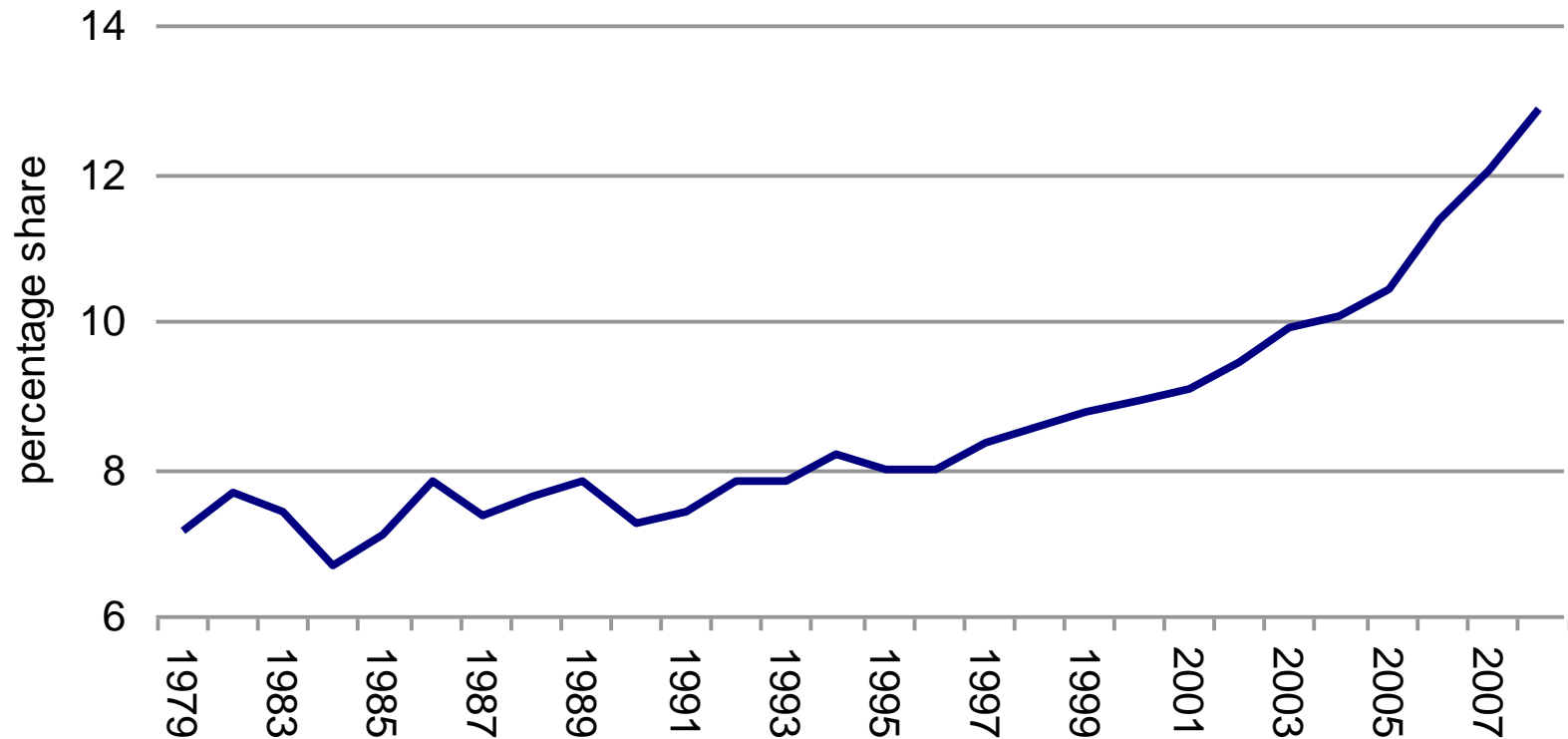


Source: Annual Population Survey, 2007

Source: Wadsworth, James and Aldin (2009)

Migrants in the UK working-age population

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



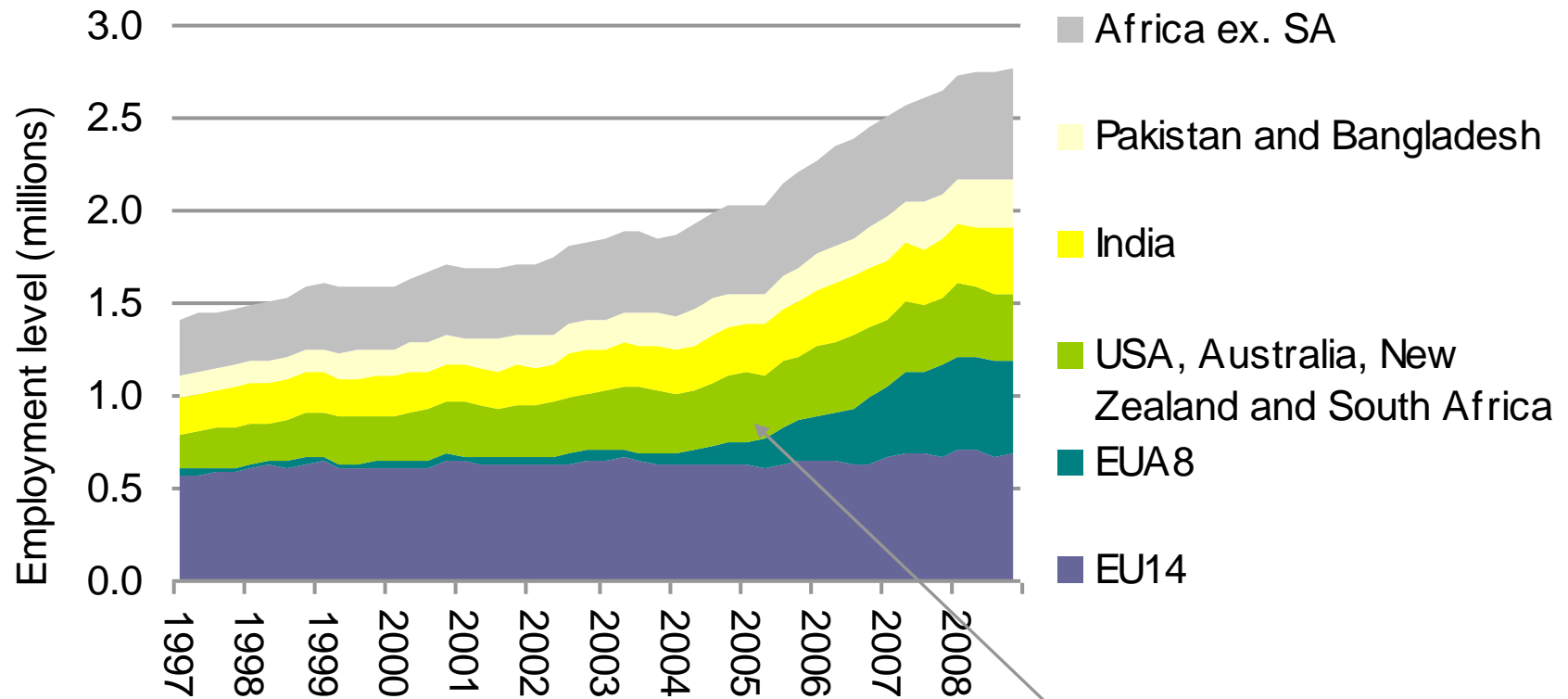
Note: working age population including students

Source: Labour Force Survey 1979 - 2008

Source: MAC 2009b

Stocks of migrants in employment, 1997- 2009

Figure 4: Employment level of immigrants by country of birth, 1997-2008



Note: working age population including students

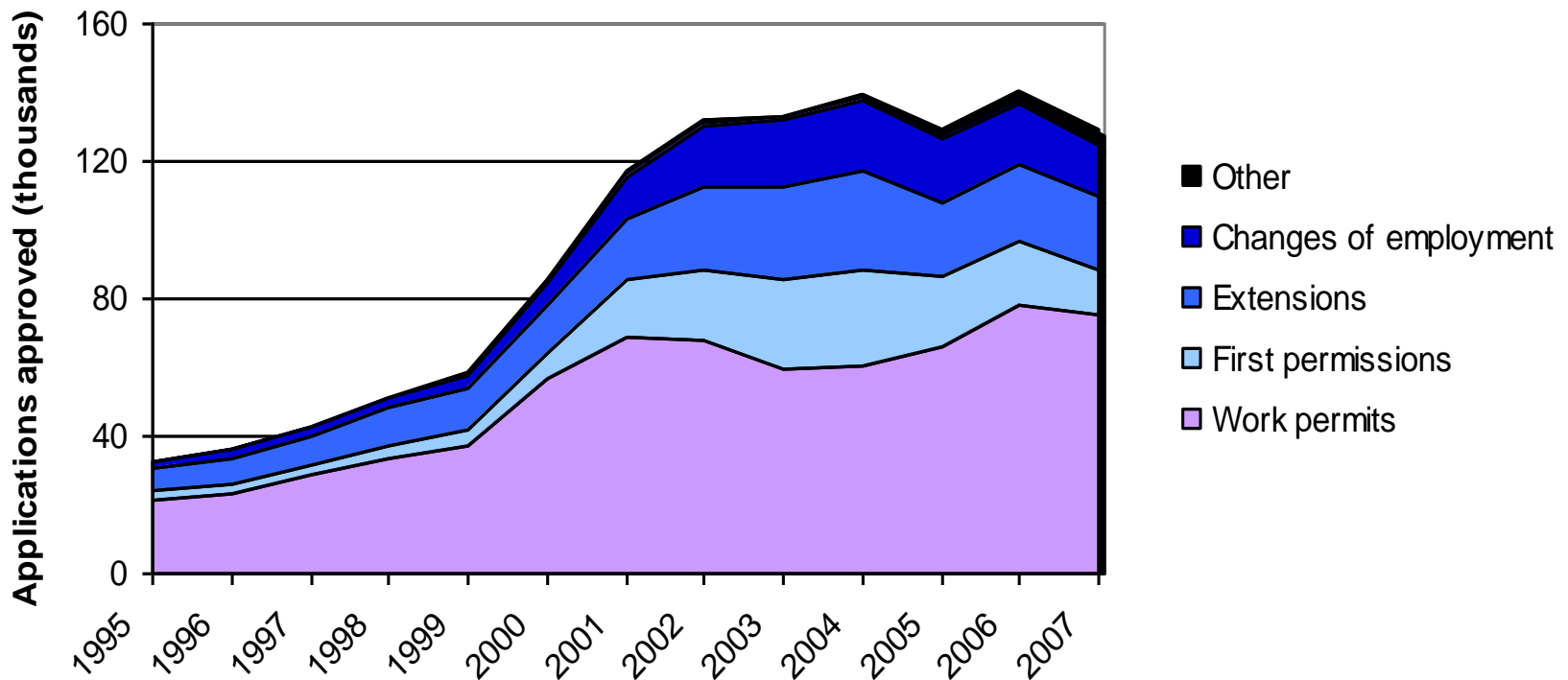
Source: Labour Force Survey 1979 - 2008

Substantial increases to stocks following accession 8 central and eastern European countries in 2004

Source: Wadsworth, James and Aldin (2009)

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

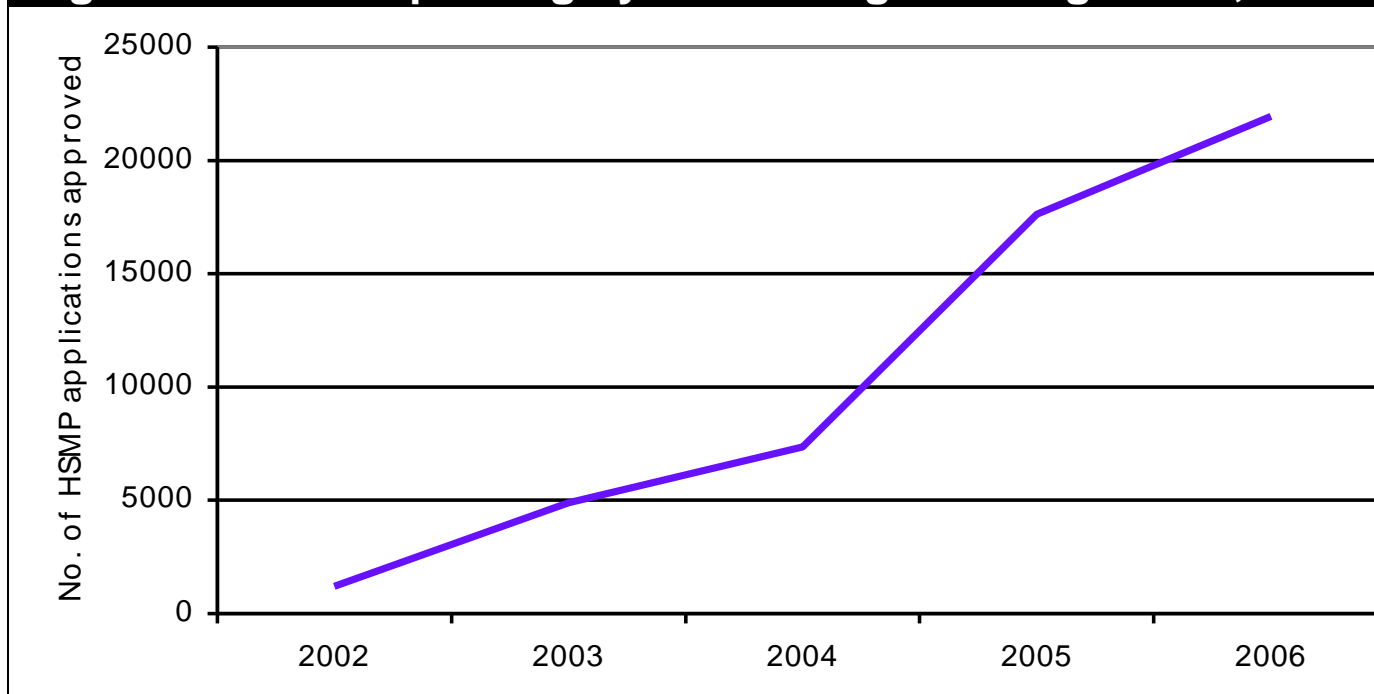


Source: MAC 2008

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



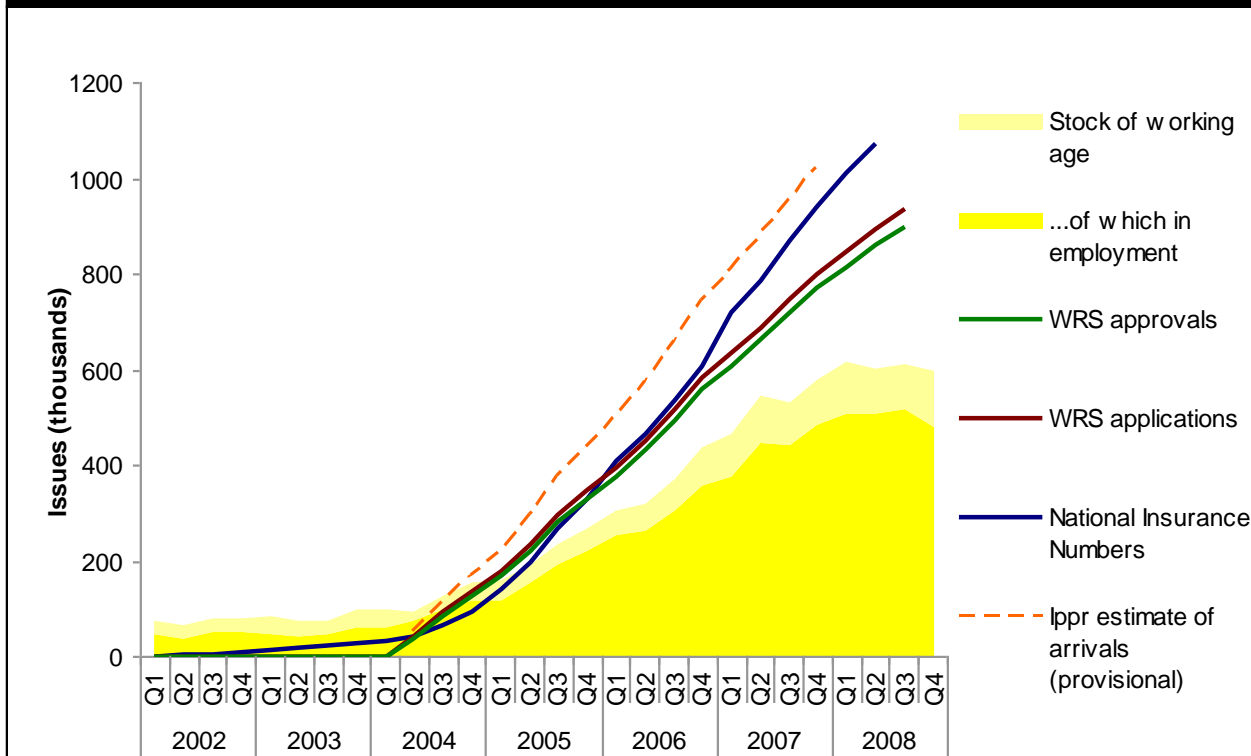
Notes: The HSMP was launched in February 2002.

Source: Management Information data collected by UKBA, formerly Work Permits UK.

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)

Figure 2.1: Overview of stocks and cumulative gross inflows, 2002-2008



Sources: DWP, 2009; UK Border Agency, 2009, 2008; 2007; 2006; 2005; ONS, 2009; Pollard *et al.*, 2008.

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						
Section	Certificate of Sponsorship		Qualifications (or equivalents)		Prospective Earnings (£)	
A (50 points needed)	Offer of job in shortage occupation	50	No qualifications	0	17,000 - 19,999	5
	Offer of job that passes RLMT	30	NVQ Level 3	5	20,000 - 21,999	10
	Intra-Company Transfer	30	Bachelors or Masters	10	22,000 - 23,999	15
			PhD	15	24,000 +	20
B	Maintenance requirement (mandatory)					10
C	Competence in English (mandatory)					10
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/>

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

MAC Sep 2008, April 2009, Oct 2009

- 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

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. 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

Examples of Top 10 (Sep 2008)

Table 7.4 Skilled occupations ordered by % of shortage indicators passed

SOC 2000 description and code		Total indicators passed	Total indicators available	% Indicators passed	Employment estimates (thousands)
Officers in armed forces	1171	5	6	83	28
Moulders, core makers, die casters	5212	9	11	82	4
Photographers and audio-visual equipment operators	3434	9	12	75	61
Musicians	3415	8	12	67	32
Welding trades	5215	8	12	67	87
Ship and hovercraft officers	3513	6	10	60	17
Veterinarians	2216	5	10	50	15
Engineering technicians	3113	6	12	50	70
Midwives	3212	5	10	50	37
Dancers and choreographers	3414	5	10	50	6

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)

Results Sep 2008

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)

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