

# **IMMIGRATION AND THE BRITISH LABOUR MARKET: THE ROLE OF THE MIGRATION ADVISORY COMMITTEE**

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# Foreword

The Migration Advisory Committee (MAC) has been operating for 6 years and has seen both a change in government and in membership of the Committee. This is an appropriate time to record the MAC's role in migration policy. The MAC has moved from its initial role of advising on the make-up of the shortage occupation list to looking at specific policy issues on non-EU work migration such as its impact and limits on migration.

In Section 1 I set out the facts on immigration and emigration. Section 2 describes: the reasons the MAC was established; its nature as an institution; and its working process. Sections 3 and 4 analyse the outcome of MAC Reports including: calibration of points under Tiers 1 and 2 of the Points Based System; limits on immigration; impact of immigration; definition of skilled jobs. Most MAC work has focussed on non-EU migration. But four reports cover EU migration, mainly from Bulgaria and Romania, and this work is set out in section 5. Finally, I present brief conclusions in section 6.

This set of fact sheets thus sets out how and why the MAC was set up; it looks at how the MAC is constituted and how it operates; it looks in some detail at where the MAC has had an input into government policy and the impact of this; and sets out some of the headline data that has formed the backdrop to the MAC's work over the period of its existence.

What follows is not a complete analysis of the economics of immigration. Much such analysis is set out in relevant reports referenced in the text. Neither is it a full history of immigration since net migration became positive two decades ago. This report only examines the period 2007-12.

I acknowledge, with gratitude, the input of the Migration Advisory Committee (MAC) secretariat in preparing this report, specially Cordella Dawson and Kyle Magee. I am writing this in a personal capacity, albeit as Chair of the MAC. This report does not necessarily represent the views or analytical position of other MAC members, the MAC secretariat or the Home Office.

A handwritten signature in black ink, reading "David Metcalf". The signature is written in a cursive style with a large, sweeping initial 'D'.

**Professor Sir David Metcalf CBE**

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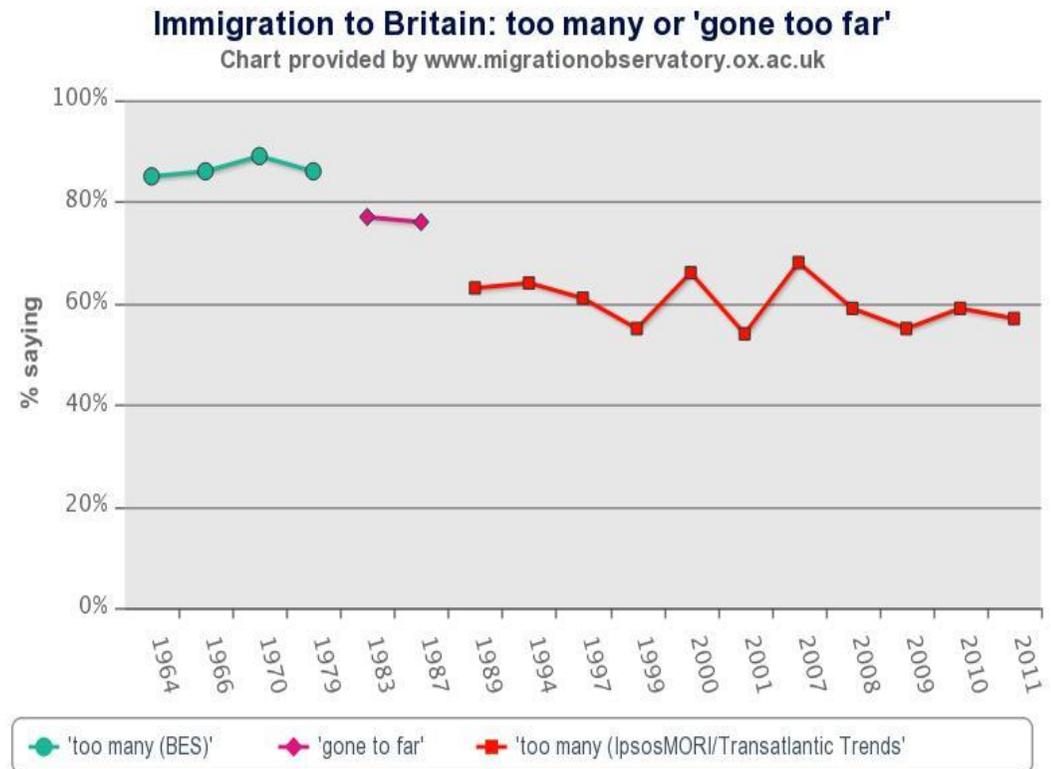
# 1. Context

We start with some background data on key immigration statistics that help explain the environment in which the MAC was created and in which it has had to operate.

## 1.1 Public concern over immigration

Immigration is a key concern of the UK population. Evidence from the Migration Observatory in 2012 showed that the majority of the public view immigration as too high and that since 1997 immigration has consistently been the number one or number two issue raised in opinion polls. The 2012 British Social Attitudes Survey found that three out of four respondents advocated a reduction in immigration, and that 52 per cent viewed the economic impact of migrants negatively.

The UK has experienced major increases in inward migration over the last 15 years through three main routes: work; family; and study. These increases have not been matched by a similar increase in UK outward migration so overall the UK has experienced a rise in net migration. The next few slides set out the facts about this increase.



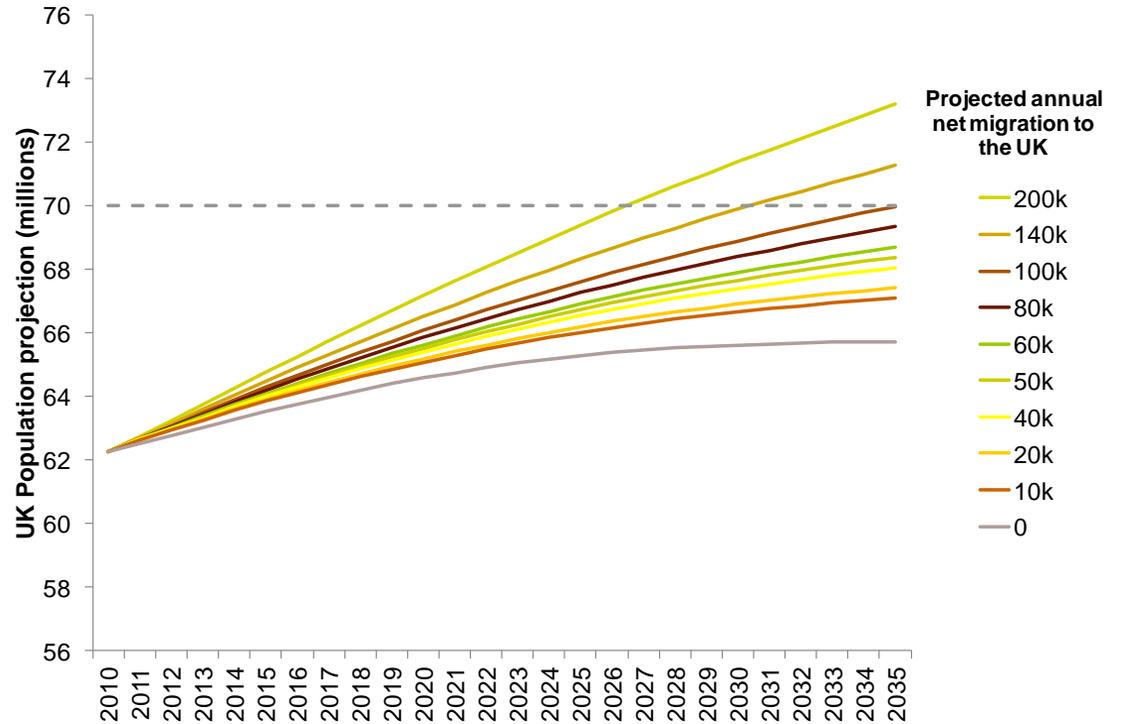
Source : British Election Study (BES) 1964-87. Ipsos-MORI 1989-08. Transatlantic Trends, 2009-11

## 1.2 Population change

### Potential UK population change up to 2035

Migration is an important part of population change in the UK. ONS state that migration accounts for 50 per cent of the annual change in 2010/11.

It is projected that the UK population will increase by 10.9 million between 2010 and 2035, 7.4 million or 68 per cent of which is expected to be attributable to migration. It is expected that 5.1 million of this increase will be as a direct result of in-migration to the UK, and that 2.3 million of the 10.9 million increase will come from a natural change (births attributed to migration).



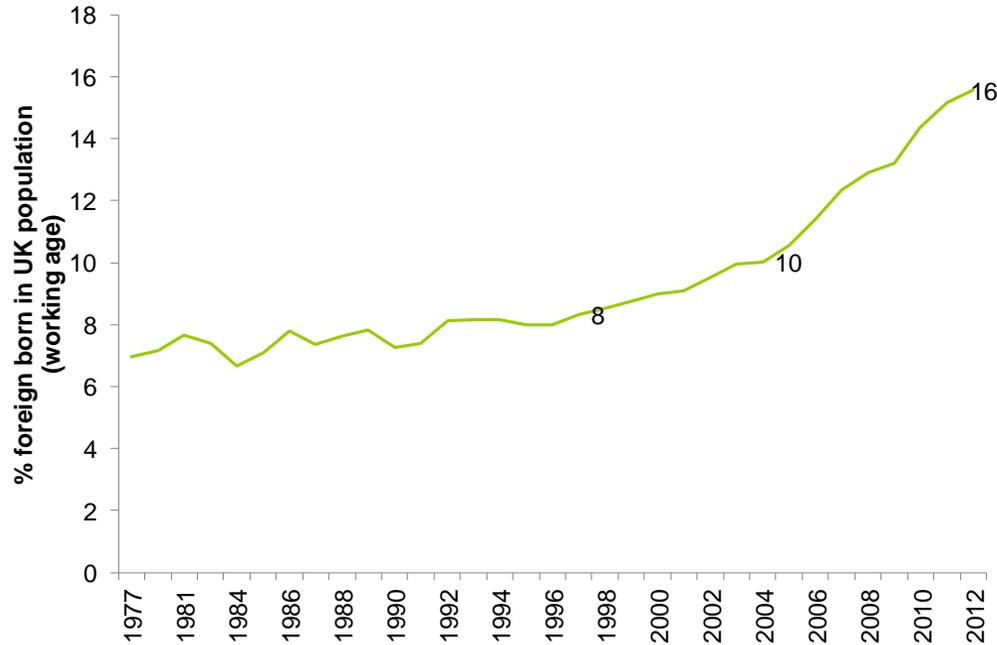
Note: Zero net migration assumes zero net migration at every age.

Source: Office for National Statistics, National Population Projections, 2010-based extra migration variants.

The figure above, although not a forecast of future population, provides an indication of the impact that changes in demographic patterns might have on the size of the population in the future under a range of possible net migration outcomes in future years.

## 1.3 Stock

### The proportion of the UK working-age population that were not born in the UK, 1977 – 2012



Nationality grouping and country of birth of working age population 2012 (000s and %)

		Nationality grouping			
		UK	EEA	non-EEA	Total
Country of Birth	UK	32,319 84%	17 *	30 *	<b>32,366</b> <b>84%</b>
	EEA	309 0.81%	1,622 4%	43 *	<b>1,974</b> <b>5%</b>
	Non-EEA	1,992 5%	134 *	1,868 5%	<b>3,994</b> <b>10%</b>
	Total	<b>34,620</b> <b>90%</b>	<b>1,773</b> <b>5%</b>	<b>1,941</b> <b>5%</b>	<b>38,334</b> <b>100%</b>

Note: Rate describes the proportion of working-age immigrants in the working-age population. The data are the average of the four quarters in each calendar year. Working age is defined as 16-64 for men and 16-59 for women.

\* Less than 1 per cent.

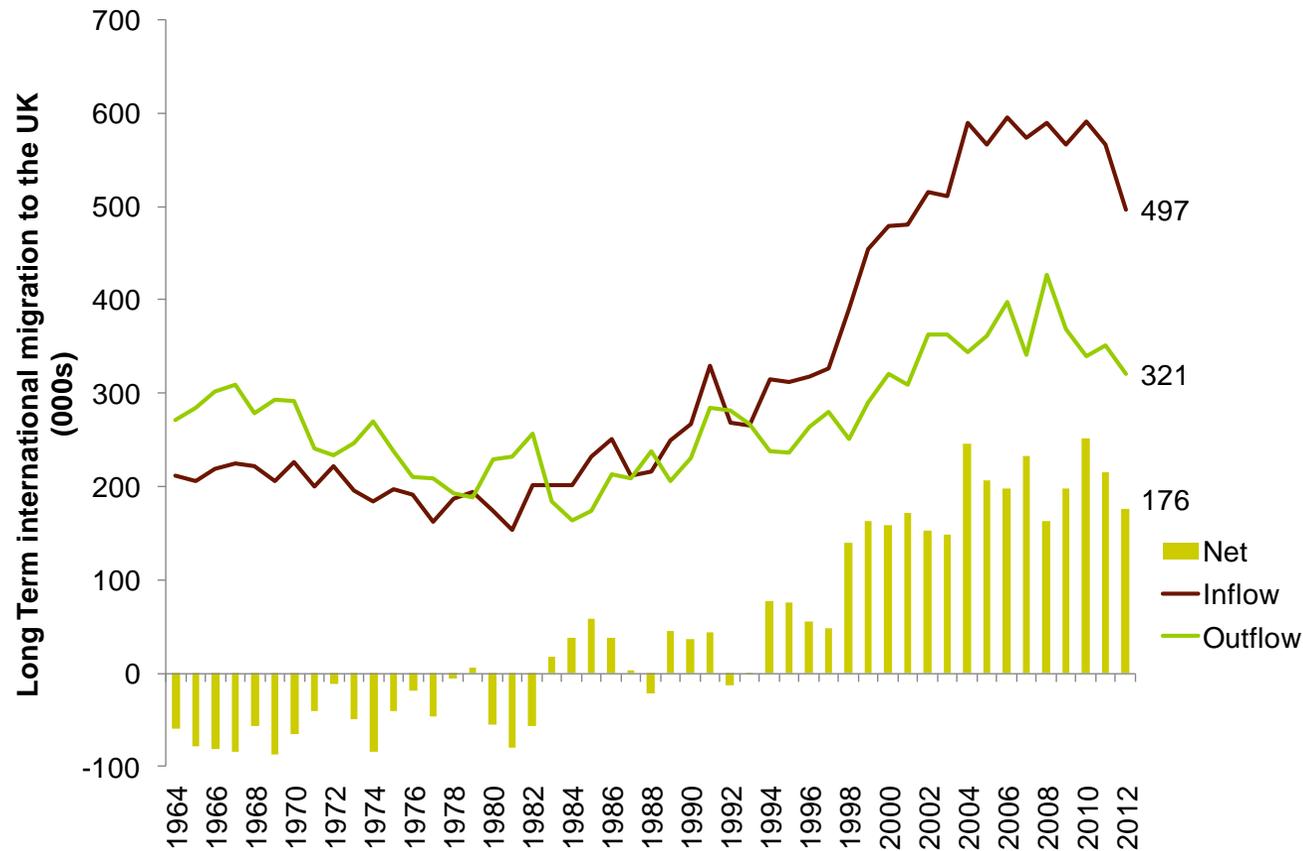
Source: Labour Force Survey, 1977 Q1 to 2012 Q2

There is no single definition of migrant in the data. Migrants might be defined by their country of birth, by their nationality, or by their movement into a new country to stay temporarily (sometimes for as little as a year) or to settle for the long-term. The normal definition of migrant status is by the individual's country of birth. This definition includes some individuals born abroad who were UK nationals or who have subsequently gained UK citizenship.

16 per cent of working age population of UK in 2012 were born outside the UK. In 1997 it was 8 per cent. Two-thirds of non-UK born working age population were born outside the EEA.

The employment rate of non-UK born workers in 2012 Q4 was 68 per cent compared to 72 per cent for UK born population.

## 1.4 Historic gross and net flows



Since the mid-1990s, inflows of long-term migrants have exceeded outflows, resulting in positive net migration to the UK.

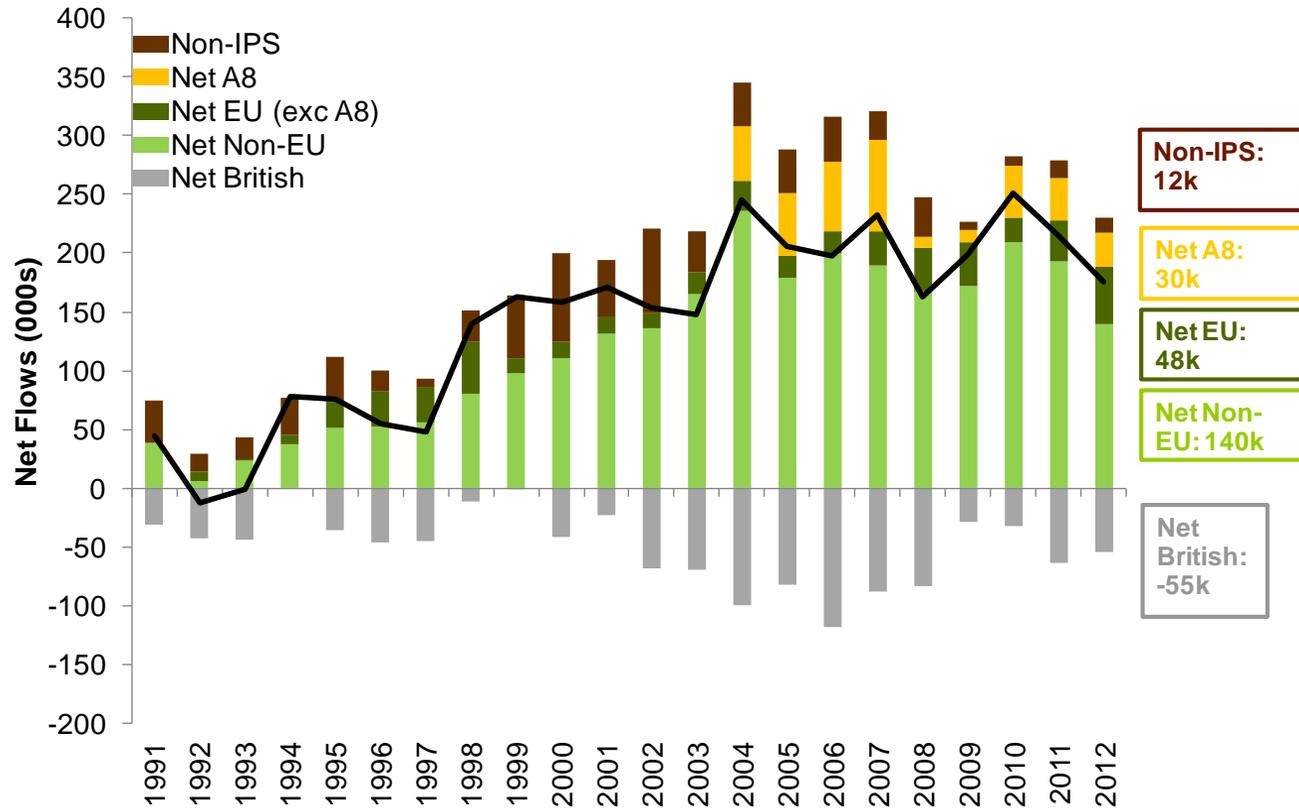
**Inflows** of long-term migrants in 2012 were **497,000**.

**Outflows** in the same period were **321,000**.

Notes: Estimates from 1964 to 1990 are based on International Passenger Survey estimates of individuals who change their country of residence for a period of one year or more. Long Term International Migration (LTIM) estimates for 1991 to 2012 are based on the International Passenger Survey with adjustments made for flows to and from the Irish Republic, asylum seekers, and migrant and visitor switchers.

Source: Migration Statistics Quarterly Report, Office for National Statistics (UK), August 2013

## 1.5 Breakdown of quarterly net flows



2012 estimates of migration:

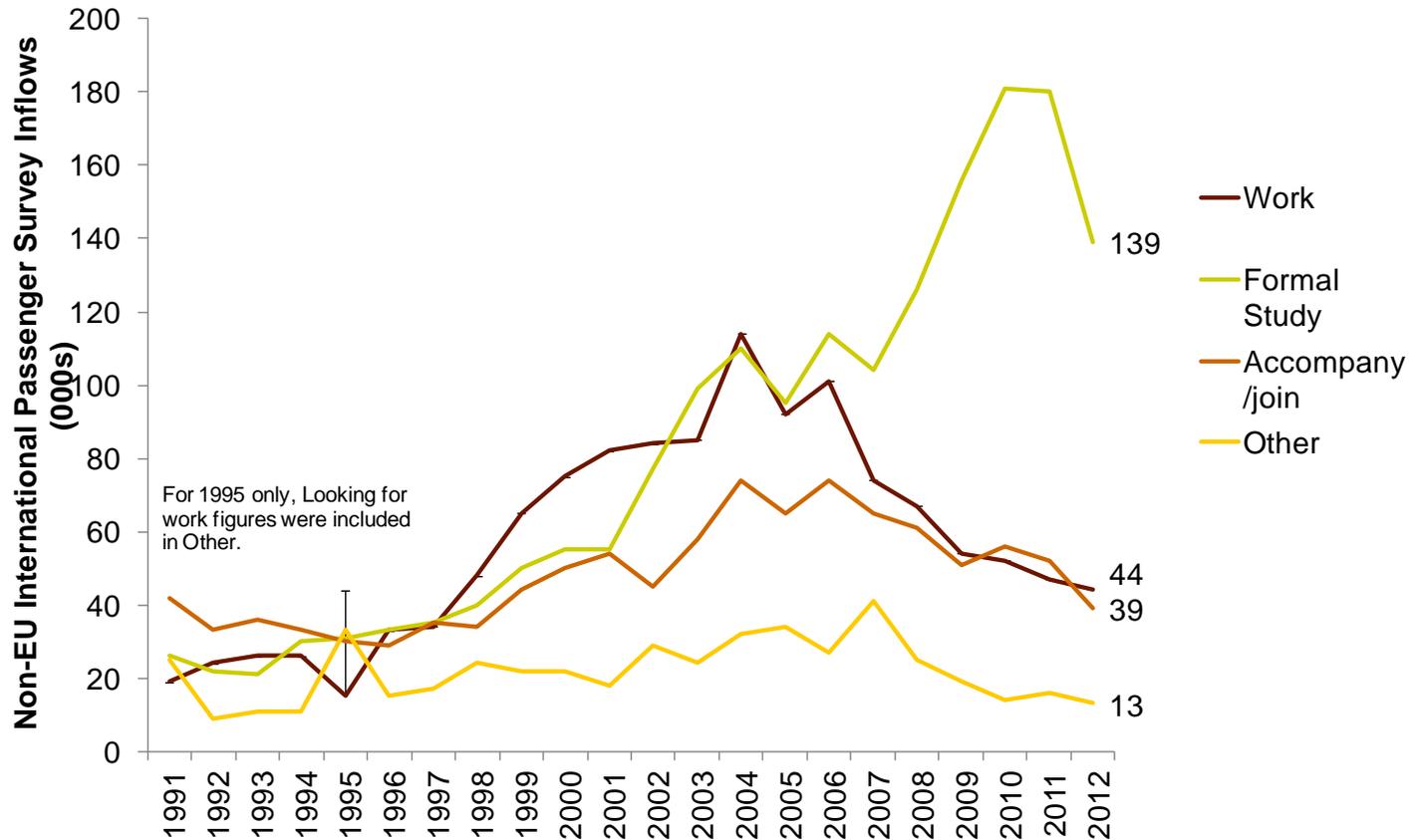
**Non-EU:** 140,000 net inflow  
**EU (inc A8):** 78,000 net inflow

**UK:** 55,000 net outflow  
**Non-IPS:** 12,000 net inflow

**Total:** 176,000 inflow

\* The Non-International Passenger Survey component includes the adjustments made for the LTIM figures (i.e. flows to and from the Irish Republic, asylum seekers, and migrant and visitor switchers).  
 Source: International Passenger Survey 2000 – 2012 , Office for National Statistics (UK), August 2013

# 1.6 Non-EU International Passenger Survey inflows by main reason for migration, 1991 to 2012



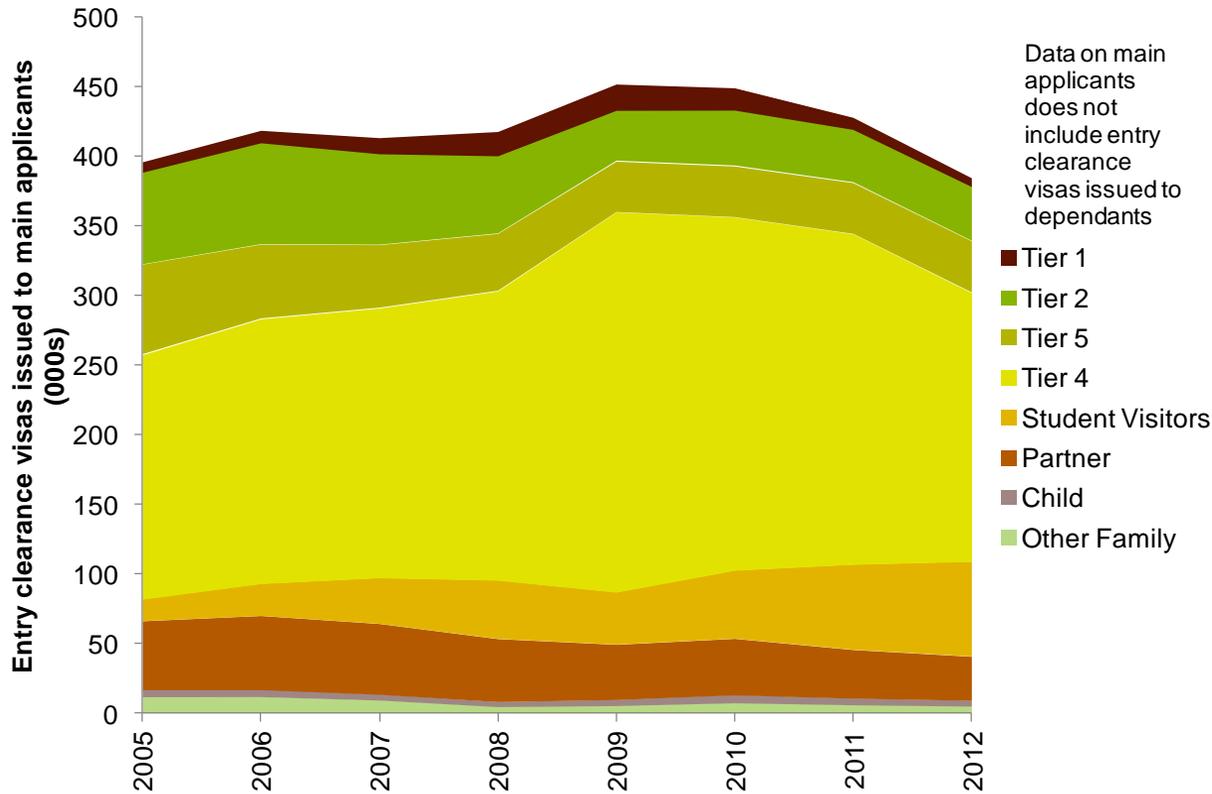
In the early 1990s the most common reason for non-EU migration to the UK was family reunification.

Since 1997 work-related migration has been consistently larger than family-related migration.

Between 2000 and 2010 the number of non-EU migrants entering for formal study trebled. Since 2011 inflows on each route have fallen.

Source: Estimates from the International Passenger Survey 2012, Office for National Statistics (UK)

## 1.7 Annual entry clearance visas, 2005 - 2012



Entry clearance visas issued, year ending 2013 Q2 (000s)			
		Main Applicant (A)	Dependant (B) **
<b>Work</b>	<b>Tier 1</b>	2	11
	<b>Tier 2</b>	42	31
	<b>Tier 3</b>	Never opened	
	<b>Tier 5</b>	37	2
	<b>Non-PBS</b>	20	*
	<b>Other</b>	1	
	<b>Study</b>	<b>Tier 4</b>	187
<b>Visitors</b>		72	
<b>Family</b>	<b>Partner</b>	26	4
	<b>Child</b>	4	7
	<b>Other</b>	5	*
<b>Other</b>		1,866	

Data for entry clearance visas are for visas issued out-of-country. Data for dependants are not included in the figure.  
 \*Less than 500 entry clearance visas issued.  
 \*\*Figures for dependants may not directly correspond with the main applicants in the period, but may rather be associated with inflows of main applicants in earlier periods.  
 Figures for Other include EEA family permits, visitors, transit visas, temporary visas and certificates of entitlement to right of abode  
 Source: Home Office Immigration Statistics, April to June 2013

## 2. Institution and Processes

This section looks at some fundamental questions about the Migration Advisory Committee (MAC):

- Why was the MAC set up?
- Who is on the MAC and what does it do?
- How does the MAC go about its business?

## 2.1 The Migration Advisory Committee

During 2007 and 2008 the then government introduced a new Points Based System for managing migration stating the key outcomes of the new system would be:

- Better identifying and attracting of migrants who have most to contribute to the UK;
- A more efficient, transparent and objective application process;
- Improved compliance and reduced scope for abuse\*

The government also decided that it wanted to receive independent, evidence-based advice on migration issues and established the Migration Advisory Committee to provide this.

The Migration Advisory Committee (MAC) was set up as, and remains, a non-departmental, non-time limited public body comprised of economists and migration experts to provide transparent, independent and evidence-based advice to the government on migration issues.

Appointments to the MAC are made in line with guidance published by the Office of the Commissioner for Public Appointments (i.e. Nolan rules for public sector appointments).

The MAC is sponsored and funded by the Home Office.

The questions that the MAC consider are determined by the government and the MAC's advice is published.

**The MAC advises. It is Ministers who decide.**

\* Home Office , *A Points Based System: Making Migration Work for Britain*, 2006.

## 2.2 How was the MAC set up and what is its remit?

### **How was the MAC set up?**

A statement to the House of Commons by the then Minister for State for Nationality, Citizenship and Immigration, pointed out the potential benefits of independent advice in implementing the new Points Based System for managed migration.

A consultation on the potential new body was launched in November 2006.

89 per cent of the 142 respondents to the consultation were in favour of setting up the MAC.

Appointments were made to the new body following a fair and open competition in line with guidance published by the Office of the Commissioner for Public Appointments.

The MAC held its first meeting in December 2007.

### **What is the MAC's remit?**

The MAC provides independent and evidence-based advice to the government on matters relating to migration. The MAC is mainly asked to provide advice on the operation of labour migration – such as the regular updating of the Shortage Occupation List or the Codes of Practice – but may from time to time be asked to advise on other matters relating to migration where the government requires expert advice.

Reports are submitted to the government and the MAC publishes them on its website, and normally hold a press conference.

## 2.3 Current membership and structure of the MAC

MAC members take a very hands on approach to the MAC's work. The MAC meets at least 10 times a year and meetings are crucially marked by robust debate culminating in consensus. MAC members direct and assist with the analysis, meet with corporate partners and provide direct input to the final reports.



**Professor Sir  
David  
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**Dr Jennifer  
Smith**



**DR Martin  
Ruhs**



**Professor  
Jonathan  
Wadsworth**



**Professor  
Jackline  
Wahba**

**Chair**

(expected to work 2 days a week)

**Four independent members**

(expected to work up to 2 days a month)

One ex-officio representative from the Home Office and one from the UK Commission for Employment and Skills

**Secretariat**

The secretariat is comprised of some 10 civil servants, drawing on a mix of analysts and policy and administrative staff. The secretariat advises the MAC on its relationship with government, as well as arranging and minuting meetings; assembling and analysing evidence and data; and drafting MAC reports. The head of the secretariat is responsible for overseeing and safeguarding the expenditure of public funds allocated to the MAC.

**Previous members of the Committee from 2007 - 2012:**  
Dr Diane Coyle OBE  
Professor Robert Wilson

## 2.4 The MAC and the MIF

The Migration Advisory Committee (MAC) and the Migration Impacts Forum (MIF) were both set up by the then Government in 2007 with different remits. The MAC's remit was to use an economic approach to determine how gaps in the labour market could be filled using migration, while the MIF was set up to consider the social implications of immigration.

### MAC

- Is **evidence**-based.
- Uses a mixture of quantitative and qualitative methods to respond to Government commissions.
- Always works within an economic framework, therefore places much emphasis on analysing data.
- Does take into account issues including social cohesion, race relations and multiculturalism, but gives consideration to social impacts by using economic tools.
- MAC's economic-based approach determines what commissions it can be given. Commissions are usually related to the UK labour market.
- MAC uses economic theory to determine how to respond to commissions.

### MIF

- Launched by then Government in June 2007.
- Considered the wider, more qualitative **social implications** of immigration in local communities.  
Tasks included:
  - Consideration of information from forum members about social benefits of migration and any transitional impacts and/or adjustment requirements which derived from migration.
  - Bringing together existing evidence about impacts of migration.
  - Suggesting areas for Government research on the impact of migration.
- MIF had limited impact regarding social implication of migration.
- It was disbanded in 2010.
- MAC is now asked questions about social impact of migration.

## 2.5 Corporate partners and the MAC

Consultation with its corporate partners is at the centre of the MAC's work processes. Whenever the MAC receives a commission from the Government one of the first things it does is put out a call for evidence. The MAC takes its exchanges with its partners extremely seriously and looks to reflect in its reports the views of partners. The MAC maintains a database of its partners and this currently runs to some 2000 contacts (mostly from the private sector).

### Who are the MAC's partners?

Depending on the question the MAC is asked, the range of partners can be wide. The MAC has consulted with bodies as diverse as the Rambert Dance Company, Rolls Royce, Microsoft, the Tata Group, the Tomato Working Party, Scottish Opera and the oil and gas industry. Most typically, the MAC's partners will come from one or more of the following groupings and some examples of relevant bodies are also given -

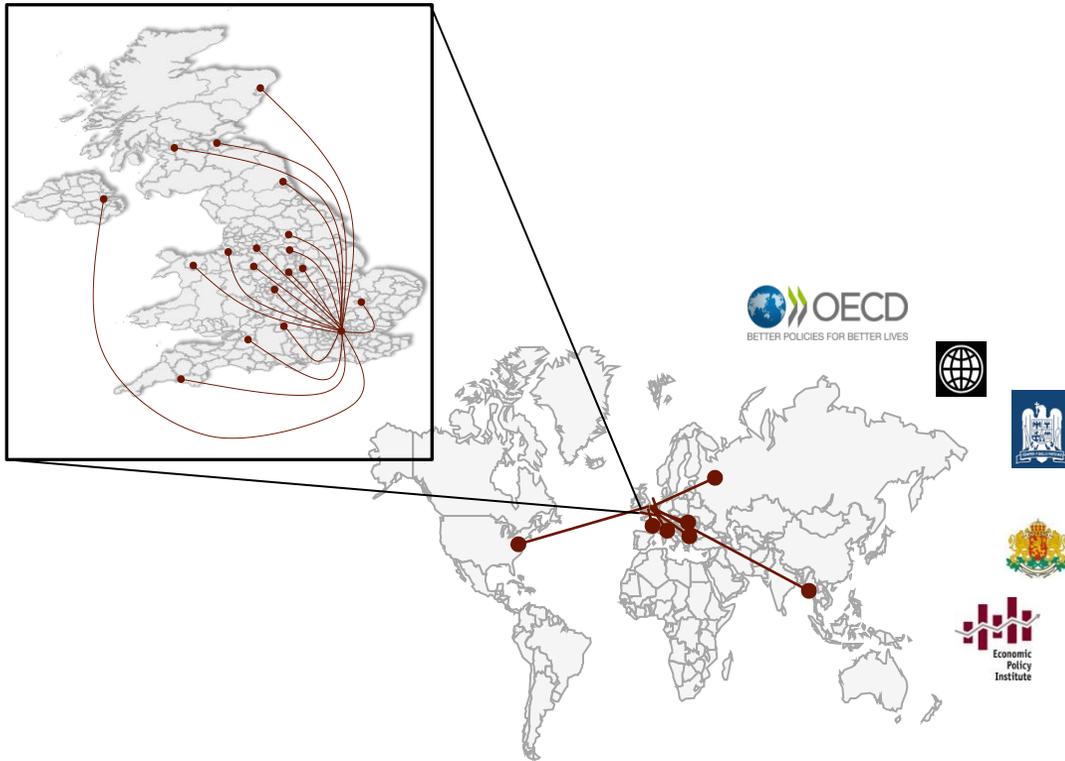
- **Formal partners:** MAC Stakeholder Panel (CBI, TUC, BCC, and NHS Employers); UK Commission for Employment and Skills; the Home Office; Parliament.
- **Public sector:** government departments; the Scottish Government; local authorities; sector skills councils; representatives from the health, care and education sectors; research councils.
- **Private sector:** individual employers; trade unions; representative bodies such as the FSB and various Institutes and Societies.
- **Academia:** leading economists and migration experts; consultancies and research bodies such as the Institute for Public Policy Research and the National Institute for Economic and Social Research.
- **Migration interest groups:** Migrants' Rights Network; Migration Watch.

## 2.6 How the MAC works

### How is the MAC commissioned by the government?

- The MAC operates only in response to specific questions asked by Government.
- **MAC recommends, it does not decide.**
  - Similar to an independent public body such as the Low Pay Commission (LPC), which **advises** the Government on the National Minimum Wage. The Government can then decide whether or not to accept the advice of the MAC or the LPC.
  - Unlike the Bank of England, which has sole responsibility for **deciding** what the interest rates should be.
- The MAC does not have freedom to set its own questions. It is the Government which determines what questions to put to the MAC.
- The MAC is set up to consider economic questions or to use economics to answer questions put to it by the Government. The MAC response to these questions considers quantitative evidence but also relevant qualitative input from partners.
- The MAC receives outline questions to consider. The Home Office liaises with the MAC on practical issues to do with the questions, e.g. whether the questions are too wide or vague, and how long it will take to produce advice.
- Agreement across government for the question is obtained through the Home Affairs Cabinet Committee.
- MAC is formally commissioned by a letter from the Minister for Immigration to the Chair of the MAC.

## 2.7 Partner engagement



Representatives from the MAC and its secretariat have presented and promoted the Committee's methodologies and contributed to the international debate on migration in:

- The Organisation for Economic Cooperation and Development (Brussels and Paris);
- Events hosted by the Foreign Office (Bulgaria and Romania);
- The World Bank (Moscow);
- The Economic Policy Institute Conference (Washington);
- The Immigration Working Group of the Inter-Governmental Consultations on Migration, Asylum and Refugees (Switzerland); and
- A roundtable on labour migration hosted by ADBI, OECD and ILO (Thailand).

Representatives of the Committee also attend numerous workplace visits, including:

- The Royal Ballet rehearsal at Covent Garden and various visual effects companies in Soho;
- Aircraft component manufacturing base in Surrey, a Toyota Car Manufacturing Plant in Derby and a major power distribution site in London;
- Frozen fish factory in Aberdeen, Fish boats in Peterhead
- and a meat processing plant in Belfast.
- NHS Hospital in Glasgow and stables in Newmarket;
- Celery growing in Suffolk, Chick sexing in Norfolk and strawberry growing in Kent

The MAC also hosted an international conference in 2009 attended by academics, economists and policy officials and including speakers from the UK, Australia, Canada, Germany, Ireland, the OECD and the US.

## 2.8 MAC research

The MAC controls its own research budget and can commission external consultancies or academic bodies to carry out research.

Research is procured according to Home Office Science guidelines and tenders are evaluated by a panel of labour market experts and economists, including MAC members and external experts (usually from HO or other government departments)

MAC research budget was initially quite large by academic standards, but is now £80k p.a. The MAC research enables the MAC to interact with and to consult with academics who have an expert knowledge of relevant issues.

### Rationale for MAC research:

Commissioning of external research confirms the independence of the MAC from government. Projects have been commissioned to:

- quality assure MAC methodologies; and
- feed into MAC reports as evidence.

The MAC chooses projects to meet at least one of the following criteria:

- **Relevance to MAC work:** Does the research have relevance to existing or anticipated commissions?
- **Improving the relevant knowledge base:** Would research fill gaps in the literature or obtain information that would not otherwise be available?

## 2.8 MAC research (cont.)

### Research projects commissioned by the MAC include:

- Determinants of the composition of the labour force in low skilled sectors of the UK economy ;
- Analysis of the economic and labour market impacts of Tier 1 (investor) and Tier 1 (entrepreneur) migrants ;
- Impacts of Migration on Crime and Victimisation; Transport and Congestion; Housing and the Housing Market; the Provision of Public services; Social Cohesion and Integration; Education and Health; and Consumer Prices;
- Understanding strategically important skill needs for the UK economy;
- Impact of immigration on employers in selected occupations ;
- Production technology, skills and migration;
- Long-term research to support updating of the Shortage Occupation List for Tier 2 of the Points Based System;
- Refining the top down methodology to identify shortages in skilled occupations;
- Defining and measuring skill at the occupation and job-title level;
- Framework for economic CBA of various immigration policies;
- Can immigration constitute a sensible solution to sub-national and regional labour shortages?;
- A review of labour shortages, skills shortages and skills gaps;
- Customised assessment and analysis of UK Commission Employers Skills Survey data; and
- Employer demand for migrant labour.

## 2.9 The MAC way of working

MAC **reports** set out the MAC's findings. Each report:

- explains the methodology used to consider the question;
- describes the analysis carried out;
- explains what research MAC commissioned;
- gives an overview of the engagement MAC had with corporate partners; and
- sets out how the evidence from partners has been used to inform the MAC's views.

### Commission

- The MAC receives a letter from the Minister commissioning it to answer a set of questions or offer advice and/or recommendations on a particular issue or issues.



### Consideration

- The MAC analyses the available national-level data and management information.
- The MAC consults with partners to gather bottom-up evidence.
- The MAC refers to existing research and the academic community for additional relevant information.



### Deliberation

- The MAC weighs up the available evidence to draw conclusions in response to the government's questions.



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## 2.9 The MAC way of working (cont.)

### C O M M I S S I O N

#### Submission

- MAC presents its report to the government a couple of weeks before publication in order to enable the government to consider its response to the report.
- HO will consult with other departments whether to accept the MAC's recommendations.
- Ho will announce whether it accepts the MAC's recommendations.

#### Publication

- MAC often publish reports before the government announces whether it will accept the MAC's recommendations.
- If early publication would have a harmful impact on external factors, publication can be delayed to occur simultaneously with the government's announcement of its decision.
- Publication is usually accompanied by a MAC press conference at which the MAC sets out the evidence and explains its conclusions. This has led to a better understanding across the media of the MAC's work.
- MAC reports are published on its website and a limited number of hard copies of each report are printed.
- Publication of MAC reports serves to guarantee the independence of the MAC by making the MAC's reasoning and evidence-based advice subject to scrutiny.

## 2.10 MAC Governance

### Home Office Framework Document for the MAC

- Describes how the MAC and the Home Office work together;
- Sets out the MAC's terms of reference;
- Provides a summary of the MAC's governance arrangements;
- Describes the roles and responsibilities of the MAC Chair, members and secretariat;
- Sets out the working arrangement for the MAC.

### Annual Report

- Provides an account of the work done by the MAC during the year and the resources used in doing this.

### MAC website

- The MAC has a website at <http://www.ukba.homeoffice.gov.uk/aboutus/workingwithus/indbodies/mac/>
- The MAC publishes on the website its reports, calls for evidence, agendas, minutes of meetings, Framework Document, research externally commissioned and Annual Report.

### Members' interests

- A register of MAC members' interests is available to the public on the MAC website.

## 3. Points Based System

This section looks at the development of the Points Based and subsequent systems, in particular:

- Increased use of selectivity in work-related migration
- Increased selectivity in other migration routes

It also looks at the role the MAC have played in the changes to the PBS to reflect these issues.

### 3.1 The 3 x 3 matrix

Migration by citizenship and reason for migration			
	Study	Family	Work
British		The MAC recommended the income threshold for persons sponsoring a spouse, partner and dependants.	
EU			EU work migration is not under the direct control of the government. The MAC will report on the low-skilled jobs aspect of such migration flows in 2014.
Non-EU	Study is the major migration inflow now. The MAC has not been asked to analyse such migration.	See above.	Most MAC work has focussed on the non-EU work cell. Immigration under this cell is now tightly controlled.

#### The 3 x 3 matrix

UK immigration has 3 main geographic sources: non-EU, EU, UK; and 3 main routes: study, family, work. Thus there is a 3 x 3 matrix with 9 cells, each with an inflow and outflow. The UK can only directly control the non-EU source with the addition of transitional arrangements for new EU sources. It is in these areas that the majority of MAC work has been. Since 2010 the PBS has evolved into a criteria-based system.

## 3.2 Context

### Pre-2008: Work Permit System

A system of work permits operated in the UK from 1920 to 2008 to control labour-related migration. There were four main elements: the Work Permit Scheme; the Seasonal Agricultural Workers Scheme; the Sectors Based Scheme; and the Highly Skilled Migrant Programme (HSMP). The Work Permit System was aimed at filling shortages in the labour market, with the presumption that migrant labour was either temporary or a short term solution for chronic labour shortage.

### Post-2008: Points Based System (PBS): Economic migration – work and study

Key features of the PBS:

- work-related migrants and students must have a sponsor;
- sponsor requires a licence;
- migrants must obtain a Certificate of sponsorship (a form of work permit);
- initially points were awarded on the basis of the characteristics of the applicants e.g. qualifications, age, pay etc. More desirable migrants were awarded more points.
- system has evolved away from points towards **requirements** e.g. graduate job, minimum pay threshold.

#### Tier 1

- Supply side: Highly-skilled individuals to contribute to growth and productivity. Do not need job offer. Aim to improve matching. Severely restricted since 2011.

#### Tier 2

- Demand side: skilled workers with a job offer from a sponsor to fill gaps in UK labour force

#### Tier 3

- Low-skilled workers to fill specific labour shortages. Never implemented i.e. all non-UK low-skilled labour requirements to be met from EU

#### Tier 4

- Students

#### Tier 5

- Youth and temporary: people coming to UK to satisfy primarily non-economic objectives

### 3.3 Home Office changes to the PBS 2010-2013

Category		Route	Policy
Non -EU	Work	Tier 1	Tier 1 (General) closed to new applicants from December 2010, except for Exceptional Talent visas. Post-Study Work Route closed from April 2012.
		Tier 2	Annual limit to the year-ending March 2014 of 20,700; Skill level raised from NQF3 to NQF6; Pay thresholds raised; English language requirements ratcheted up; Shortage route: now only covers 0.2m jobs (compared with 1.0m in 2008); and Settlement (from 2016) only if earning more than £35,000.
		Tier 5	Entry for domestic servants limited to six months for private households (no possibility of extension) and 24 months for diplomatic households (possible extension up to five years).
	Study	Tier 4	Sponsors must achieve Highly Trusted Status (tackling bogus colleges); English language requirement increased; Removal of some work rights for students not at universities or publicly funded Further Education colleges; and Only postgraduate and Government funded students permitted to bring dependants.
	Family		Minimum income threshold raised to minimise the burden on the state

## 3.4 Reducing net migration

The Home Office has committed to a target to reduce total net migration to the tens of thousands by 2015.

In order to reach this target, the PBS has been made more selective since 2010 (see slide 3.2).

In 2011, an upper limit was imposed on the number of skilled workers coming from outside the EEA. This was based on MAC report 12:

- For skilled workers taking up long-term employment, a numerical limit was set at 20,700 per annum. Roughly half this quota was taken up in the first year.
- For workers transferred to the UK as part of their employment, numbers were controlled by price, by raising the minimum pay threshold:
  - Short-term transfers (those entering the UK for less than 1 year) required a minimum guaranteed salary of £24,000 per annum.
  - Long term transfers (travelling for more than 1 year) required a guaranteed salary of £40,000 per annum.

### Numbers, selection, and rights

The system has moved from points-based to requirement-based, involving:

- **numbers** or scale – the former highly-skilled route and the skilled with a job offer route were subject to limits from April 2011, while unskilled workers from outside the EEA have no work-related routes of entry;
- **selection** or composition – there has been a focus on skilled workers, except for some of Tier 5
- **rights**, e.g. extensions, Indefinite Leave to Remain - migrant initially admitted temporarily

The stock of migrants is, importantly, determined by both the inflow and the duration of stay.

### 3.5 Greater Selectivity – Work

The PBS has made greater use of selectivity in deciding whom to allow to come to the UK. We will look first at what this has meant for work-related migration before looking at the other migration routes.

#### Why actively select skilled workers?

- What is the impact of a selective labour market migration policy on the UK's economic objectives?
  - The MAC recommended that the objective should be to **maximise welfare** gains to UK residents (however defined) and to **minimise any adverse distributional impacts** on lower-paid
- Skilled labour has greater complementarity with capital, for example skilled-based technical change, and other labour. Therefore there are **efficiency gains** to selecting skilled workers.
- Dynamic effect:
  - Skilled labour raises the productivity of other workers, for example through knowledge transfer (externality) and has been linked to innovation (spillover). Therefore, skilled migration has positive **dynamic effects** on the economy and labour market.
- Stronger net **fiscal contribution** compared to unskilled labour. Skilled labour:
  - is less likely to be unemployed;
  - imposes fewer congestion costs on, for example, health and education; and
  - pays more in taxes.
- A larger supply of skilled workers leads to a lower relative wage for this group compared to unskilled workers (**equity**).

### 3.5 Greater selectivity – Work (cont.)

The **skill** level for migrants who enter the UK via Tier 2 of the PBS has increased over time (see slide 2.3 for details). A number of MAC reports have looked at the impact of this increase in the skill threshold as illustrated in the table below.

MAC report	Year and policy	Number of 4-digit SOC occupations		Examples of excluded occupations
		2000 (n=353)	2010 (n=369)	
1	2008: Introduction of PBS, NQF3+ (2 'A' Levels)	192	-	General office assistants/clerks, credit controllers, typists and receptionists.
13	2011: NQF4+ (Foundation degree)	121	-	71 excluded, including butchers and meat cutters, care assistants and home carers, animal care occupations not elsewhere classified, line repairers and cable jointers.
21	2012/13: NQF6+ (Bachelors degree)	89	97	24 excluded under the SOC2010 definition, including buyers and purchasing officers, IT operations technicians, paramedics and building inspectors.

The minimum **pay** thresholds and English Language requirements have also been increased.

- In 2012, the MAC were asked to update the Tier 2 Codes of Practice. For most of the 97 4-digit SOC 2010 occupations, minimum pay threshold are now set at the 25<sup>th</sup> percentile of occupation distribution.
- In 2008, a Tier 2 (General) applicant required competency in English language equivalent to the Council of Europe level A1. Subsequent ratchetting up of the English language requirement has increased the minimum English requirement to B1.

Year	Tier 2 (General)	Tier 2 Intra-company transfers	Tier 1
Prior to the Points Based System, the minimum salary that could be awarded points in the HSMP was £16,000			
2008		£17,000	
2009		£20,000	
2011	£20,000	<1yr £24,000 >1yr £40,000	
2013	£20,300	<1yr £24,300 >1yr £40,600	

### 3.5 Greater selectivity – Work (cont.)

Between 2007 and 2010 the **points** awarded under the PBS were recalibrated

- In 2009 the MAC recalibrated the points for Tier 1 on the basis of qualifications, previous earnings, age and UK experience.
- The points for Tier 2 were recalibrated the same year for different routes on the basis of qualifications and pay.

From 2010 there was a shift away from points and towards a requirement/criteria-based system. For example, in Tier 2 (General) the qualification criteria was abolished; eligible occupations were restricted to skill levels equivalent to National Qualifications Framework (NQF) level 4 and above; minimum pay thresholds were introduced; and English language requirements were raised.

The Home Office committed to cut net migration from 250,000 in 2010 to the tens of thousands by 2015. The MAC advised on the required reduction in non-EU work migration to make a proportionate contribution to meeting the target, emphasising the need for selectivity.

### 3.5 Greater selectivity – Work (cont.)

Government regulatory **impact** assessments (IA) previously emphasised output. This automatically favoured pro-immigration policies, i.e. it did not recognise a need for selectivity. The MAC recommended instead that the focus should be on the wellbeing of UK residents (however defined).

This methodology has now been adopted by the Government Economic Service

The stock of migrants is affected by the outflows of existing migrants as well as by the inflow of new migrants. In 2009 the MAC recommended abolishing **settlement rights** for Tier 2 intra-company transferees.

In 2011 the MAC was asked to advise on settlement criteria for the remaining Tier 1 and Tier 2 migrants. A minimum pay threshold of £35,000, the median pay for occupations skilled to NQF level 4 and above, was recommended. It was estimated that this would approximately halve the numbers granted settlement through these routes.

Lower settlement implies lower net migration.

## 3.6 Greater Selectivity – Family and Study

### Family income

The MAC was asked: “*What should the minimum income threshold be for sponsoring a spouse to ensure sponsor can support the spouse without then becoming a burden on the state?*”

The MAC suggested a range between:

- £18,600 (income at which income-related benefit is fully withdrawn assuming a rent of £100 a week); and
- £25,700 (a fiscally neutral mean family income).

The Government opted for the lower £18,600 threshold. This excludes 45% of potential sponsors.

### Study route

The MAC has not been directly involved in migration for the purpose of study, but there has been increased selectivity via:

- more stringent sponsorship regulations;
- tighter English language requirements;
- restrictions on dependants;
- more stringent regulations concerning work rights;
- abolishing (for most students) the post-study work route; and
- impact assessments that now emphasise gains for UK residents, not simply output.

## 4. MAC reports on non-EU migration

This section looks at the reports on non-EU migration that the MAC have written in response to commissions from the government.

The reports are grouped thematically rather than chronologically.

The section presents the main findings from the relevant reports but is not a substitute for a careful reading of the full report.

A full chronological list of MAC report is presented in an annex to these slides.

## 4.1 Changes to skill level affecting non-EU Tier 2 work migration: Reports 1, 2, 13, 21

### Skill level

The skill level for jobs filled by non-EU workers was raised on introduction of PBS in 2008 and then again in 2011 and 2013

The Government determines the skill threshold and the MAC advises on which occupations/jobs pass threshold.

### Skill indicators

The MAC uses 5 indicators of skill. The 3 top-down indicators are:

- median occupational pay;
- qualifications;
- ONS classification.

An occupation must pass 2 or 3 out of the 3 top-down indicators to count as skilled to the requisite level.

The 2 bottom-up indicators are:

- innate ability; and
- amount of on-the-job training required.

### Impact

As the skill level was raised, the percentage of UK workers as a proportion of total UK workers employed in occupations defined as skilled fell from around half in 2008 to under a third in 2013. Examples of occupations which were previously included as skilled but were excluded when the skill level increased:

2008	General office assistants/clerks, credit controllers, typists and receptionists.
2011	Butchers and meat cutters, care assistants and home carers.
2013	buyers and purchasing officers, IT operations technicians and paramedics.

## 4.1 Changes to skill level affecting non-EU Tier 2 work migration: Reports 1, 2, 13, 21 (cont.)

This shows how the various thresholds changed and the impacts on occupations and the percentage of UK workers employed in these occupations as determined by the relevant MAC report.

MAC Report	Skill threshold NQF	Pay threshold £ per hour	Qualification threshold	ONS SOC classification	SOC 2000 353 4-digit occupations. No. passing skill threshold	% of UK workers employed in these occupations
1, 2 2008	3+ 2 'A' Levels	10.00	50% at NQF3+	3 or 4	192	49
13 2011	4+ Foundation degree	13.40	41% at NQF4+	4	121	39
21 2013	6+ Degree	14.75	36% at NQF6+	4	89	32

Note: 2008 data refer to all employees, 2011 and 2013 to full-time employees

## 4.2 Changes to Tier 1: Reports 8 and 12

### Introduction of PBS (2008)

Tier 1 was initially designed as a supply-driven mechanism to permit highly-skilled workers to come to or to remain in UK for a job or to search for a job. At the time, there were two main routes:

- Tier 1 (General), which awarded points based on previous pay, age, advanced qualifications and previous UK experience. This route was mainly used by migrants seeking employment in professional, managerial and technical occupations; and
- Post-study work (PSW), which permitted students with a Bachelor's degree to search for two years for a job. Approximately only half of those using this route found employment in skilled occupations.

In year September 2008 to August 2009, 92,000 applications were granted under Tier 1 split roughly equally between Tier 1 (General) and PSW.

### MAC Report 8 (Dec 2009)

The MAC recalibrated the points awarded in Tier 1 (General). Points for a **Bachelor's degree** were re-introduced and greater emphasis was placed on previous **earnings**.

At the time, previous earnings (for example, in China or Nigeria) were converted using salary multipliers into Pound Sterling equivalents. These multipliers were arbitrary and outdated and the MAC recommended they be revised.

The MAC recommended that the **PSW route remain open** with leave to remain for two years and that the government should commission a study of the economic returns to different degrees with a view to making PSW more selective both by institution and course. The government accepted and implemented the MAC's recommendations.

## 4.2 Changes to Tier 1: Reports 8 and 12 (cont.)

### MAC Report 12 - Limits on migration (see slide 4.6)

The MAC was asked to calculate a numerical limit on migration under Tiers 1 and 2. The MAC recommended that Tier 1 should remain open but take a larger proportionate reduction than Tier 2.

The MAC also re-emphasised its view that PSW route should become more selective.

The Government **accepted** the MAC's recommendation for the aggregate quota **but** abolished Tier 1 (General) and PSW.

### Tier 1 to present

Tier 1 presently consists of four routes into the UK with approximately 1,200 visas issued under Tier 1 per year (based on 2012 Home Office Immigration Statistics). The four routes are:

- exceptional talent - for people who are internationally recognised as world leaders, or potential world-leading talent, in the fields of science and the arts. Quota of 1,000 places for individuals endorsed by Royal Society, Arts Council England, British Academy, and the Royal Academy of Engineering.
- graduate entrepreneur - allows non-European MBA and other graduates to extend their stay after graduation to establish one or more businesses in the UK. Quota of 2,000 places per year.
- investors - for high net-worth individuals who wish to make a substantial financial investment of at least £1 million in the UK.
- entrepreneurs –for individuals who wish to invest in the UK by establishing or taking over, and being actively involved in the running of, a business or businesses in the UK.

There is no limit on the number of applicants that can enter via the investors and entrepreneurs routes.

## 4.3 Changes to Tier 2: Report 6

### Background of the route – MAC Report 6 (August, 2009)

When the PBS was introduced, Tier 2 was the demand-led component for work-related migration from outside the EU.

An applicant under Tier 2 must have a certificate of sponsorship (CoS) from a Licensed sponsor (i.e. an employer). This is similar to the previous work permit system.

Points were awarded on the basis of qualifications and pay, plus mandatory maintenance and English Language requirements. The MAC recalibrated these points in Report 6.

The minimum skill level for jobs was initially set at NQF level 3, but was subsequently ratcheted up to NQF level 4 and then, when limits were imposed on Tier 2 immigration in 2011 and Tier 2 became criteria-based, the skill level was raised again to NQF level 6. The minimum earnings thresholds were also raised.

## 4.3 Changes to Tier 2: Report 6 (cont.)

### Summary

There are two main routes within Tier 2:

- **Tier 2 (General)**
  - Shortage occupation list (SOL) – the list is updated by the MAC
  - Resident labour market test (RLMT) – requiring a vacancy to be advertised to the resident labour market before a migrant worker can be hired to fill the vacancy.

Successful Tier 2 applicants under Tier 2 (General) (i.e. SOL and RLMT) are given three years leave to enter followed by a two-year extension. Once they have lived in the UK continuously for five years, they can apply for permanent residence.

- **Intra-company transfer (ICT)** (see section 4.7)

### Limits (see slide 4.6)

In 2011 a limit was imposed on Tier 2 (General) of 20,700 CoS per year.

Intra-company transfers are limited by price rather than volume.

### Skills policy

MAC has consistently emphasised the need to raise British human capital and thereby lessen employer dependence on immigration. This has happened, for example, in health but not in engineering.

### Dependants

The MAC was asked in 2009 to consider the work rights of Tier 2 main applicants and their dependants. The MAC concluded that there was not sufficient evidence to demonstrate that increased restrictions on the work rights of dependants would lead to improved outcomes for resident workers or the UK economy.

## 4.4 Numbers of migrants coming to UK under Tier 2, 2008 - 2012

Tier 2 (General) and intra-company transfer entry clearance visas for main applicants and dependants, 2008 to 2012						
	Category	2008	2009	2010	2011	2012
<b>Out-of-country</b>						
<b>Main applicant</b>	Tier 2 - General (Resident Labour Market Test and Shortage Occupation List)	17	8,556	9,914	7,764	9,420
	Tier 2 - Intra Company Transfers	47	22,029	29,170	10,788	2,415
	Tier 2 - Intra Company Transfers Short Term	-	-	-	11,040	16,113
	Tier 2 - Intra Company Transfers Long Term	-	-	-	7,880	10,727
	Tier 2 - Remaining sub-routes	1	637	594	574	468
	Other (including WPH and permit-free employment)	55,772	5,065	244	42	28
	<b>Total main applicants</b>		<b>55,837</b>	<b>36,287</b>	<b>39,922</b>	<b>38,088</b>
<b>Dependant</b>	<b>Total dependants</b>	<b>22,054</b>	<b>26,982</b>	<b>28,268</b>	<b>28,344</b>	<b>28,933</b>
<b>In-country</b>						
<b>Main applicant</b>	Tier 2 - General	30	12,900	14,306	11,295	20,185
	Tier 2 - Intra Company Transfer	22	6,624	6,149	6,377	8,656
	<b>Total main applicants</b>	<b>42,468</b>	<b>27,851</b>	<b>21,269</b>	<b>18,205</b>	<b>29,524</b>
<b>Dependant</b>	<b>Total dependants</b>	<b>33,300</b>	<b>23,007</b>	<b>16,194</b>	<b>13,525</b>	<b>20,668</b>

Notes: Data do not include in-country extensions of stay. Dependants in a period may not align with main applicants in the same period as some dependants may be associated with main applicants who entered the UK in a previous period.  
Source: Home Office Immigration Statistics, April to June 2013

## 4.5 Changes to shortage route: Reports 1, 2, 5, 7, 10, 14, 15, 21, 22

### Priority

Migrants filling jobs on the SOL have priority over those coming via RLMT route.

### Method

For an occupation or job title to be included on the SOL, it must be:

- skilled to the required level for Tier 2 (currently NQF level 6 or above);
- experiencing a national shortage of labour;
- demonstrably sensible to fill the shortage using labour from outside the EEA.

The MAC dovetails top-down evidence from national data sources with bottom-up evidence from employers and other partners.

### Shortage indicators

MAC uses 12 top-down indicators of shortage, most recently (Report 22) to identify 97 NQF level 6 and above SOC occupations:

- change in real pay (2 indicators);
- economic return to occupation (1 indicator);
- change in median vacancy duration (1 indicator);
- vacancies/claimant count (1 indicator);
- change in claimant count, new hires, employment and median hours worked (4 indicators);
- skill shortage vacancies compared with total vacancies, hard to fill vacancies, employment (3 indicators).

In most instances, shortage occupations must demonstrate shortage in at least half of the indicators. Among the sources used to analyse skills shortages are the UK Commission Employers Skills Survey and the Labour Force Survey.

### Sensible

Before a job or occupation is included on the SOL, the MAC also considers whether it is sensible to do so. This is determined on a case-by-case basis with reference to four broad and inter-related lines of inquiry:

- What are the alternatives to employing immigrants in response to perceived staff shortages?
- How would bringing in immigrants relate to skills acquisition of the UK workforce?
- How will the employment of immigrants affect investment, innovation and productivity growth?
- How will our decision affect the wider UK labour market and economy?

## 4.5 Changes to shortage route: Reports 1, 2, 5, 7, 10, 14, 15, 21, 22 (cont.)

### Numbers

The SOL has typically accounted for 15 per cent of applications in the Tier 2 (General) route. The top 5 occupations using the SOL, in the year to 2012 Q3, accounted for over 60 per cent of the applications:

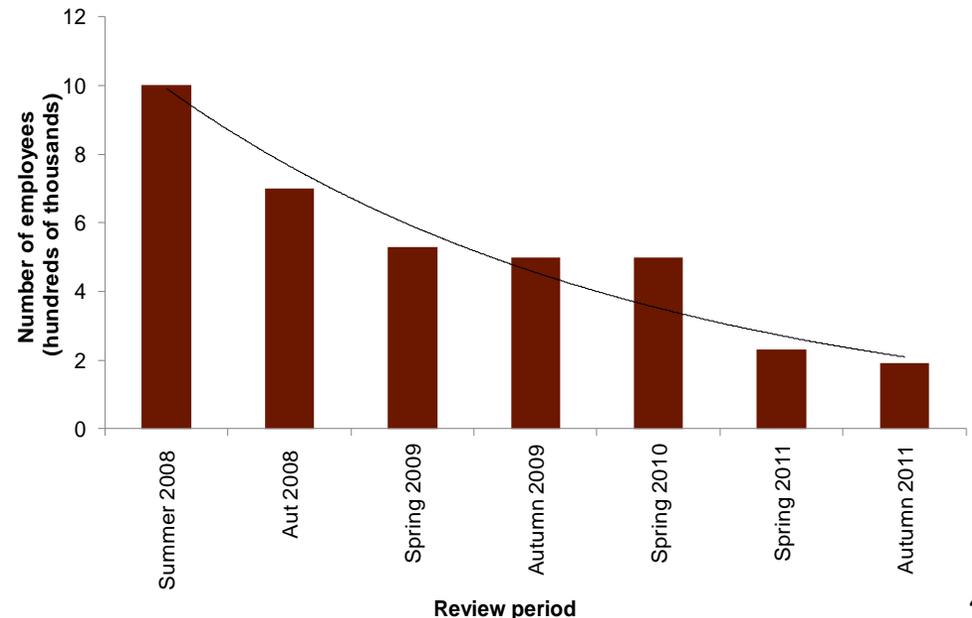
- |  |     |
|--|-----|
| • Medical Practitioners                      | 32% |
| • Lines repairers and cable jointers         | 8%  |
| • Chefs, cooks                               | 8%  |
| • Civil Engineers                            | 7%  |
| • Secondary education teaching professionals | 6%  |

The numbers entering via the SOL have declined substantially over time. This reflects:

- the raising of the skill level;
- the sustained lack of economic growth in the UK; and
- the rigorous approach adopted by the MAC.

In 2007, before the MAC was established, over 1 million workers (not migrants) were employed in occupations on the SOL. In 2013, under 0.2million are employed in SOL occupations and jobs.

### Numbers of employees in occupations included on the SOL



## 4.5 Changes to shortage route: Reports 1, 2, 5, 7, 10, 14, 15, 21, 22 (cont.)

### Examples of jobs in 2013 SOL

- Managing director, programme director, site director within the decommissioning and waste management areas of nuclear industry
- Many engineering jobs in the oil and gas industry
- Some jobs in computer animation for film, TV or video games
- Secondary education teaching professionals in maths, physics, chemistry

### Sunset clause (Report 22)

The MAC was asked to advise on the automatic removal of an occupation or job from the SOL after a specified period (the government suggested two years).

The MAC advised against an automatic sunset clause because:

- the present system works well, over 100 job titles removed since 2008;
- automatic removal would be disproportionate given the low numbers using the SOL;
- it would take insufficient account of specific needs of occupations and the time required to train domestic workers;
- requiring employers to recruit migrants using the RLMT route would add time, effort and expense to recruitment where there is an acknowledged shortage of skills;
- it would fail to reflect complexity of economic conditions. Shortages arise in different occupations for different reasons, for example:
  - cyclical shortage - occupation will be removed from the SOL automatically when fewer vacancies;
  - structural shortage - it may take a long time to train UK workers;
  - public sector shortage - it may be difficult to increase public sector pay sufficiently to alleviate shortages;
  - global talent shortage - there may be a world-wide shortage of some skills. For example, in the arts, with ramifications for both UK culture and UK plc.

The government accepted MAC recommendation not to introduce a sunset clause.

## 4.6 Changes to Resident Labour Market Test route: Reports 6 and 21

### What is the Resident Labour Market Test (RLMT)?

The aim of this route is to ensure that employers have checked that no suitably qualified worker exists within the resident labour market that could fill a vacancy. Before hiring a non-EEA migrant, the job must be advertised in accordance with the code of practice specific to the occupation.

There are 97 4-digit 2010 SOC occupations which are skilled to NQF level 6 or above and therefore eligible under the RLMT.

### Minimum pay thresholds under the RLMT

- Default minimum salary threshold of £20,300.
- Jobs paying above £152,100 are exempt from satisfying the RLMT.
- The MAC recommended, in report 21, that the minimum pay threshold for experienced workers in most private sector occupations be set at the 25<sup>th</sup> percentile of the pay distribution for that occupation. For new entrants, the corresponding point is the 10<sup>th</sup> percentile. These thresholds prevent migrants undercutting the pay of resident workers.
- Pay thresholds for occupations dominated by public sector employers – mainly health and education – are set using nationally-recognised pay scales.

### Advertising

- Adverts under the RLMT must include: job title; duties and responsibilities; skills and qualifications required; indication of salary on offer; location; closing date; and must be written in English.
- Adverts must be placed in appropriate media:
  - Jobcentre Plus for most vacancies, plus one of -
    - milk round, new graduates and interns only;
    - national newspaper;
    - professional journal;
    - Website such as company's own site if they are a multinational or an online newspaper site.
- Duration: minimum period of 28 days between initial advertisement and closing date.

## 4.6 Changes to Resident Labour Market Test route: Reports 6 and 21 (cont.)

### Numbers

The RLMT typically accounts for 85% of the Tier 2 (General) applications.

In the year to 2012 Q3, the top 5 occupations using the RLMT made up over 40% of RLMT CoS issued and included:

- |  |     |
|--|-----|
| – Software professionals                   | 12% |
| – Researchers n.e.c.                       | 8%  |
| – Medical practitioners                    | 8%  |
| – Finance and investment analysts/advisers | 7%  |
| – Nurses                                   | 7%  |

### Issues

- Limit - given that there is a limit of 20,700 CoS on Tier 2 (General) immigration, why is a RLMT required?
- Use of Jobcentre Plus (JCP) for advertising - the MAC recommended this in 2009 to provide a possible method to certify that the employer had conducted the RLMT. In the event this could not be done. Is JCP an appropriate medium for matching skilled workers and jobs?

## 4.7 Changes to intra-company transfer route: Reports 6 and 20

### What is the intra-company transfer route?

The intra-company transfer route allows established employees of multinational companies with at least six months' experience to :

- be transferred to a skilled job in a UK-based branch of the organisation, or
- to provide service for a third party (aka business process outsourcing).

To prevent undercutting the employer must pay the wage set out in the code of practice for that occupation.

In Report 6 (August, 2009) the MAC recommended that the 6 months' experience requirement be raised to 12 months and that intra-company transfers no longer be a route to settlement in the UK.

These recommendations were accepted.

### Traditional and project-based intra-company transfers

Originally intra-company transfers were designed for staff development and knowledge transfer e.g. an auto engineer from Japan coming to the UK plant to manage the installation of a new assembly line

Now over four-fifths of intra-company transfers consist of consultancy companies bringing in migrants to undertake projects for third parties, particularly software engineers from India

### Numbers

In the year to 2012 Q3, intra-company transfers accounted for approximately 60% of Tier 2 main applicants, with almost half of these used by one occupation – software professionals.

## 4.7 Changes to intra-company transfer route: Reports 6 and 20 (cont.)

### Growth in the number and proportion of visas issued as intra-company transfers, 1992 to 2012

Year		In-country and out-of-country intra-company visas issued	Proportion of work permits/Tier 2 inflow (%)
Work Permit System	1992	7,185	26.7
	1997	15,428	38.9
	2007	46,770	47.8
	2008	45,766	52.3
Points Based System	2009	28,653	45.3
	2010	35,319	51.8
	2011	36,085	54.3
	2012	37,911	55.7

Notes: Data include out-of-country and in-country permits and visas. Data for the Work Permit System exclude technical changes and changes of employment. Source: For 1992 – 2008, Migration Advisory Committee (2009). For 2009-2012, Home Office Immigration Statistics (May 2013)

## 4.7 Changes to intra-company transfer route: Reports 6 and 20 (cont.)

### Limits

When limits on Tier 2 migrants were introduced in 2011, intra-company transfers were excluded from the limit. Instead, the MAC was asked to recommend higher minimum pay thresholds (i.e. limit by price, not quantity). The MAC recommended:

<u>Duration of stay</u>	<u>Minimum pay threshold £</u>
under 1 year	24,000
over 1 year	40,000

Short term ICTs account for approximately 55% of the ICT route.

### Issues

**Allowances:** Employers seeking to employ a migrant through the intra-company transfer route may include allowances in the minimum earnings threshold for the route, leading to concerns that the earnings, as a proxy test of skill, could be undermined. On the basis of evidence collected in 2011, the MAC concluded that there was no evidence that this was the case.

**Enforcement:** Although the MAC found no evidence of abuse of the use of allowances, they are aware that the potential for misuse remains. In 2009, the MAC recommended that allowances be scaled down when calculating points for earnings.

**Displacement and undercutting:** Pay in accordance with the codes of practice should help minimise displacement and undercutting. But IT workers and trade unions regularly state displacement continues to occur. This raises a difficult issue whereby a UK worker at (say) an airline or financial institution could be displaced by a project-based, Indian IT worker. But this may yield, in aggregate, more jobs than otherwise because the cost base is lowered.

**Inward investment and offshoring:** Traditional intra-company transfers (e.g. the Japanese auto engineer) are vital to encourage foreign direct investment. Newer project-based intra-company transfers, by contrast, may cause some displacement. But without such project-based transfers it is possible that airlines, banks etc would move their complete IT operation offshore.

**Graduates:** The MAC recommended in 2009 that a separate scheme be created for graduates only, requiring three months' prior experience with the company before entry to the UK, but with a maximum stay in the UK of 12 months.

## 4.8 Limits on Tier 1 and Tier 2: Reports 12 and 20

### Context

The MAC was asked to recommend a limit on Tier 1 and Tier 2 migration for 2011-12 to contribute to the Home Office target of reducing net migration to the tens of thousands by 2015. Importantly, the MAC was not asked to comment on the desirability of a limit. It should be noted that non-EU work migration had already halved between 2004 and 2009, partly because of A8 accession.

### MAC Report 12 (November, 2010) – Outline of the calculation

Total reduction in LTIM required = 146,000 over 4 years  
= 36,500 per year

Tier 1 and Tier 2 bear their proportionate share (10%) of the required reduction = 3,600 per year

Convert the 3,600 figure into visas for out-of-country main applicants (divide by 0.58).

Reduction in out-of-country visas = 6,300  
Yields **2011-12 limit on out-of-country visas**  
**=43,700**

### Government response

The Government accepted the 43,700 figure but decided to exclude intra-company transfers from the cap. It assumed that intra-company transfers would remain at their 2009 figure of 22,000.

Tier 1 exceptional talent was limited to 1,000 places.

Tier 2 (General), i.e. the SOL and RLMT routes, was limited to 20,700 places.

Rather than a numerical limit, intra-company transfers were limited by price. The new minimum earnings thresholds for short term transfers (less than 1 year) was £24,000, and for long term transfers was £40,000 per annum; both as per the MAC recommendations.

If, in a given month, the monthly quota were reached, priority will be given to those migrants entering under the SOL route, those coming to take-up PhD level jobs and those in receipt of higher pay.

## 4.8 Limits on Tier 1 and Tier 2: Reports 12 and 20 (cont.)

### **Outturn in 2011-12**

Under half the 20,700 CoS available for the Tier 2 (General) route were issued, but the numbers using the intra-company transfer route were some 8,000 greater than the assumed figure of 22,000.

### **MAC Report 20 (February, 2010) – Limit 2012-13 (and subsequent years)**

The MAC noted that Tier 2 (General) accounted for only 2% of the LTIM inflow.

These workers are highly skilled and likely to provide dynamic benefits, e.g. knowledge transfers and make a positive contribution to the public finances.

Therefore, the MAC recommended retaining the limit at 20,700 for 2012-13.

The Government accepted this recommendation and in April 2013 the Government announced that the 20,700 annual limit would also apply for 2013-14 and 2014-15.

## 4.9 Impacts of migration: Report 19

### Whose economic welfare should be taken into account when considering the impacts of migration?

When a new motorway is being evaluated, the impact assessment is relatively straightforward because the UK population is assumed constant.

By contrast, changes in migration policy alter the size of the population.

Before 2012 (MAC Report 19) government impact assessments did not consider this issue. They simply calculated gross domestic product (GDP) lost or gained because of less or more immigration. Such an approach was not sustainable as it led to the conclusion that more immigration is automatically good because it raises GDP.

### GDP per head?

One solution often proposed is to consider GDP per Head of the population. But this is not appropriate. For example, Tier 2 migrants raise GDP per head because they have higher relative pay and higher levels of employment than UK workers.

Essentially GDP per head is given a boost via a batting average effect. But it is the migrants themselves rather than the residents that are the main beneficiaries.

### Welfare of resident population

Therefore, report 19 suggested that the economic welfare of the resident population should be the focus of any impact assessment. It is for the government to define the resident population. The following factors determine the economic impact of work migration on the resident population (+ or – indicate whether this is a mostly positive or mostly negative impact):

- **Dynamic** impact (+), elusive to define, let alone measure, for example:
  - specialisation;
  - knowledge transfer and innovation;
  - FDI and trade; and
  - British employment.
- **Public finances** (+), the approach taken prior to report 19 is automatically pro-immigration. Public spending is fixed for over the review period; however tax revenue varies - more immigration improves the public finances. Even putting this to one side, Tier 2 and Tier 4 are probably, on average, net contributors to the public finances.
- **Congestion**, widely defined (-), for example: access to, and quality of, public services e.g. GPs, schools, transport; and impact on rents and house prices.
- Some impacts are very difficult to monetise e.g. **cohesion and integration.**

## 4.9 Impacts of migration: Report 19 (cont.)

### Welfare of resident population

- **Displacement** of British workers (-)
- **Distribution** of impacts, this is a neglected topic, but is fundamental to any impact evaluation, for example:
  - gains/losses to capital (firms) relative to labour (workers); and
  - gains/losses along the pay distribution.

### Government response

The Government accepted report's recommendations. In particular the focus in any impact assessment is now welfare of resident population, not GDP. Attempts to incorporate dynamic, fiscal, congestion, displacement and distribution impacts recognise the real difficulties in monetising such effects when conducting impact assessments.

## 4.9 Impacts of migration: Report 19 (cont.)

### Displacement of British workers (Annex to Report 19)

#### Method

The MAC used a spatial correlation approach to estimate the association between migrants and native employment rates. Annual data from 1975 to 2010 across 11 regions in the Labour Force Survey were used. Migrants were defined as foreign-born and Non-EU and EU migrants were defined as non-EU born and EU born. Short-term migrants were defined as those who had resided in UK for under 5 years and long-term migrants as those who had resided in UK for 5 or more years.

#### Displacement?

- Probably not: 1975 - 1994; EU migrants; in buoyant economic times
- Probably: 1995 – 2010; non-EU migrants; in depressed economic times

#### Possible magnitude

- The headline was: 100 extra non-EU migrants (1995-2010) displaced 23 UK-born workers. But such displacement does not last forever and needs context:
- 1995-2010 total working age non-British employment rose by 2.1m
- Migrants were associated with displacement of 160,000 British workers (1-in-13) derived as follows:
  - Displacement associated only with migrants here for less than 5 years, 2005-2010 (i.e. < 5 years)
  - Change in the stock of non-EU working age population in this period      700,000
  - The associated displacement rate      0.23
  - Implied associated displacement of British workers      160,000
- Possible sectors where displacement occurs
  - Those sectors where the share of immigrant workers is greater than the share of UK workers: for example, information and communications; human health and social work; professional, scientific and technical; finance and insurance.

## 4.10 Regional pay thresholds: Reports 10 and 21

Partners often argue that the pay threshold for Tier 2 should be higher for London than the rest of the UK. The MAC has consistently rejected such arguments for the following reasons.

### There are rationale for why pay is sometimes higher in London

- **Compensating** wage differential for higher living costs and any disamenity of working in London;
- **Composition** effects where, even within a given occupation, the average London job may be more skilled, or senior, than an equivalent job elsewhere in UK;
- Relative **scarcity** of labour in London; or
- **Agglomeration effects**, which potentially increase the productivity of the individual worker and the firm in large cities.

Thus, higher London pay is not solely to compensate for the more expensive cost of living in London. It follows that there is no case for a higher London pay threshold.

### Codes of practice

Codes set minimum pay rates for each occupation at the 25<sup>th</sup> percentile of the pay distribution. Such a benchmark will normally be drawn from a region where pay is relatively low.

### Administration

Would a migrant initially employed outside London - at a lower pay threshold – be permitted to switch to a London workplace unless paid the requisite London rate?

### Regional pay

Some partners even argue for pay thresholds to vary by region. The MAC has rejected such arguments for all the above reasons. Further, pay varies much more within a region than across regions.

## 4.11 Settlement: Reports 6 and 16

### Flows

Net migration is influenced by outflow rate as well as inflow rate. If numbers granted settlement fall, outflow rises and net migration falls.

### MAC Report 6 - intra-company transfers

When the MAC analysed Tier 2 in 2009, partners argued that users of the intra-company transfer route were not migrants.

Prior to 2009 users of the intra-company transfer route were eligible for settlement.

The MAC recommended abolishing this eligibility, given views of partners that such persons were not intending to remain in the UK.

Government accepted MAC recommendation and position now is:

- pay < £24,300                      maximum duration of stay 1 year
- pay > £40,600                      maximum duration of stay 5 years (3 + 2)

### MAC Report 16 (November, 2011)

In 2011, Tier 1 and Tier 2 settlement grants (main applicant plus dependants) = 60,000 (29% of total).

This number reflected inflows some 5/6 years earlier and would have fallen in line with reduced inflows, probably to around 20,000 – 30,000.

MAC was asked to recommend the appropriate pay threshold for the 2011 cohort who wish to apply for settlement from 2016.

MAC suggested a range between £31,000 and £49,000.

Government chose £35,000 (in 2011 prices), the median pay of all full-time workers employed in occupations skilled to NQF4+. This threshold excludes around one-third of the 2011 Tier 1 and Tier 2 inflow from achieving settlement on the assumption that their real pay remains at its 2011 level.

## 4.12 Family route: Report 18 (November, 2011)

### The question

The MAC was asked what the minimum income threshold should be for sponsoring spouses/partners and dependants to ensure the sponsor can support family members independently without them becoming a burden on the state. The MAC recognised that family migration has legal, social, moral and political dimensions but that this question was one of narrow economics

### Flows

In the year to 2011 Q2, there were 37,600 visas issued to spouse/partner migrants under the family route.

A further 5,400 visas were issued to main applicant children over the same period.

95% of family visas were for lone main applicants joining a sponsor.

More than one-third were from India, Pakistan, Bangladesh, Nepal.

There were also 17,000 in-country switchers from study and work into the family route.

### Characteristics of sponsors

Housing

	<u>%</u>
rented	39
owner-occupied	22
living with friends/relatives	37

Pay: 94% in paid employment

<u>%</u>		<u>Gross pay £</u>
25	<	14,200
50	<	20,100
75	<	30,500

### Measuring income

The MAC recommended that:

- the threshold be based on gross income, not net income;
- the threshold be based on earnings but not return on assets or wealth.

With regards to the income of sponsored migrant, the MAC recommended that:

- it is too complicated to use salary multipliers (e.g. rupees → £); but
- it is worth considering if the applicant has a definite job offer in UK.

## 4.12 Family route: Report 18 (November, 2011) (cont.)

### Income threshold 2010

Derived from a judgment in an immigration appeal:

- £106 a week net, 2 adult family, after housing cost equivalent to:

	<u>£ gross pa</u>
○ if housing cost 0	5,500
○ if housing cost £119 (£100 rent + £19 council tax)	13,700

### The MAC approach to the question

#### Pay

e.g. earnings from working full week at NMW £12,600

Median pay, UK workforce £25,900

The MAC did not favour this approach because it is not relevant to the question.

#### Benefits

Income at which income-related benefit (housing benefit and working tax credit) for 2 adult family is fully withdrawn assuming rent of £100 a week = £18,600

#### Net fiscal contribution

Assumed a 1-adult household because the income of the spouse is not included in the calculation of sponsor's family income.

Mean (i.e. fiscally neutral) family income = £25,700

## 4.12 Family route: Report 18 (November, 2011) (cont.)

### Impact

The MAC recommended income range of £18,600 to £25,700.

Income threshold	% of sponsors who would not meet it*	% of UK workforce who would not meet it
£18,600	45	25
£25,700	64	50

\*Includes in-country switchers

The Migration Observatory estimated that of British citizens in employment, 61% of women and 32% of men would not qualify to bring in a family member if the annual income threshold were set at £18,600.

### Government implementation 2012

Minimum income threshold of £18,600 for sponsoring spouse/partner to settle in UK

Dependants (on MAC recommendation):

- threshold of £22,400 for one-child family;
- £2,400 for each additional child

## 4.13 The 3 x 3 matrix with MAC reports

Migration by citizenship and reason for migration			
	Study	Family	Work
British			
EU			3, 4, 17, 23 (see section 5)
Non-EU		18	1, 2, 5, 6, 7, 8, 10, 12, 13, 14, 15, 20, 21, 22

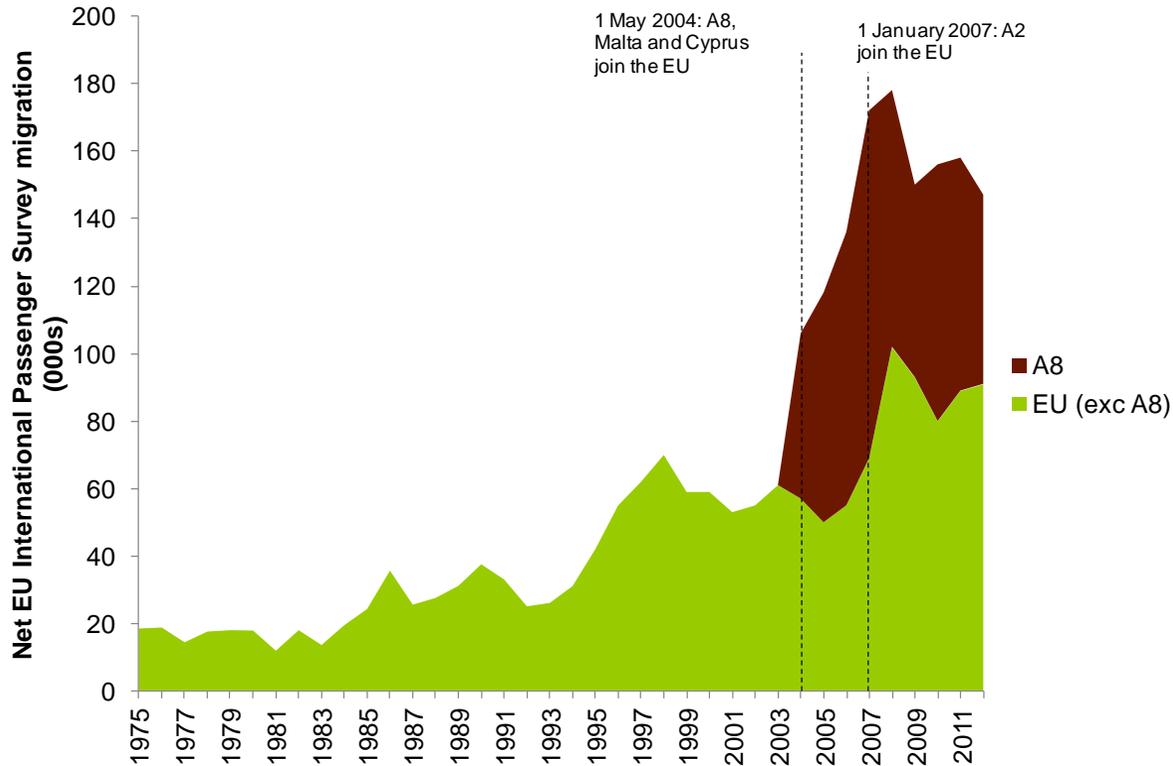
This shows which sources and routes of UK immigration the MAC's work has addressed. Of those which can be directly controlled by the UK, it is only the study route that the MAC has not been asked to look at.

## 5. MAC reports on EU migration

This section presents some data relating to migration to the UK from within the European Union and highlights those MAC reports which have looked at EU migration.

The MAC is presently examining low skilled migration – now mainly from the EU – and will report in spring 2014.

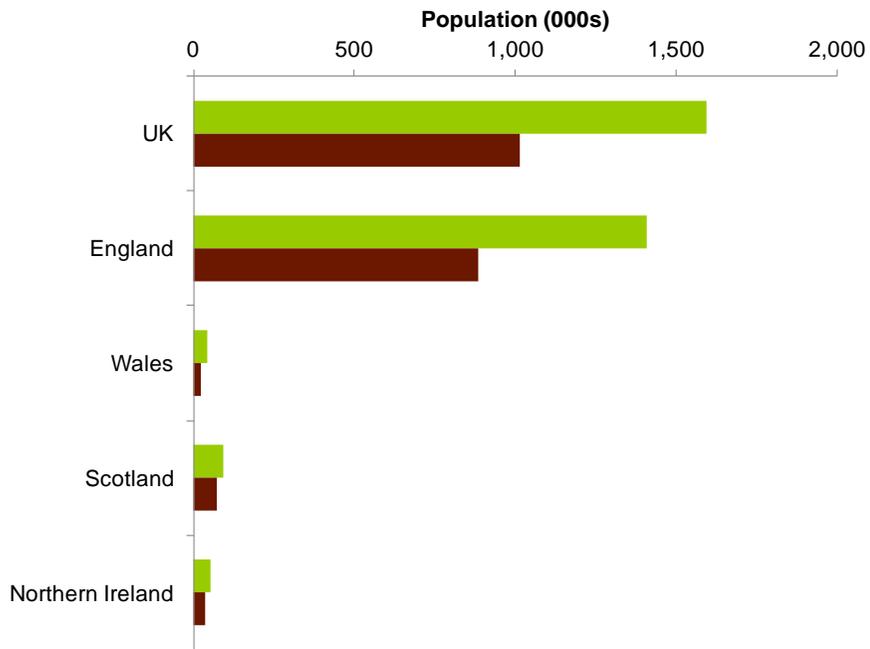
## 5.1 Net migration of EU nationals



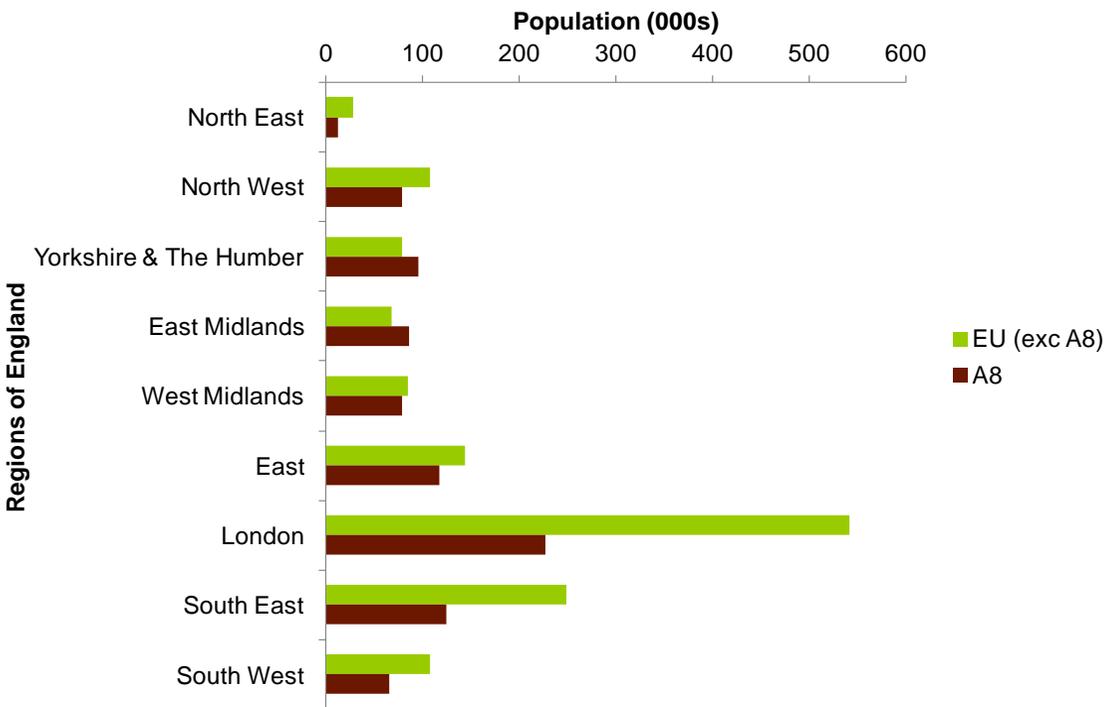
Source: Long-term International Migration, Office for National Statistics, August 2013

- European Union (**EU**) is an economic and political union or confederation of 27 member states (**EU-27**).
- **EU-26** refers to the EU-27 minus the UK.
- **EU-15** refers to the old EU countries: Austria; Belgium; Denmark; Finland; France; Germany; Greece, Ireland; Italy; Luxembourg; Netherlands; Portugal; Spain; Sweden; and the UK.
- **EU-14** refers to the EU-15 less the UK.
- **A8** refers to the eight Eastern European countries that joined the EU on 1 May 2004: the Czech Republic; Estonia; Hungary; Latvia; Lithuania; Poland; Slovakia; and Slovenia.
- **A2** refers to Bulgaria and Romania, who joined the EU on 1 January 2007.

# 5.2 Stocks of EU-born migrants: by country and region

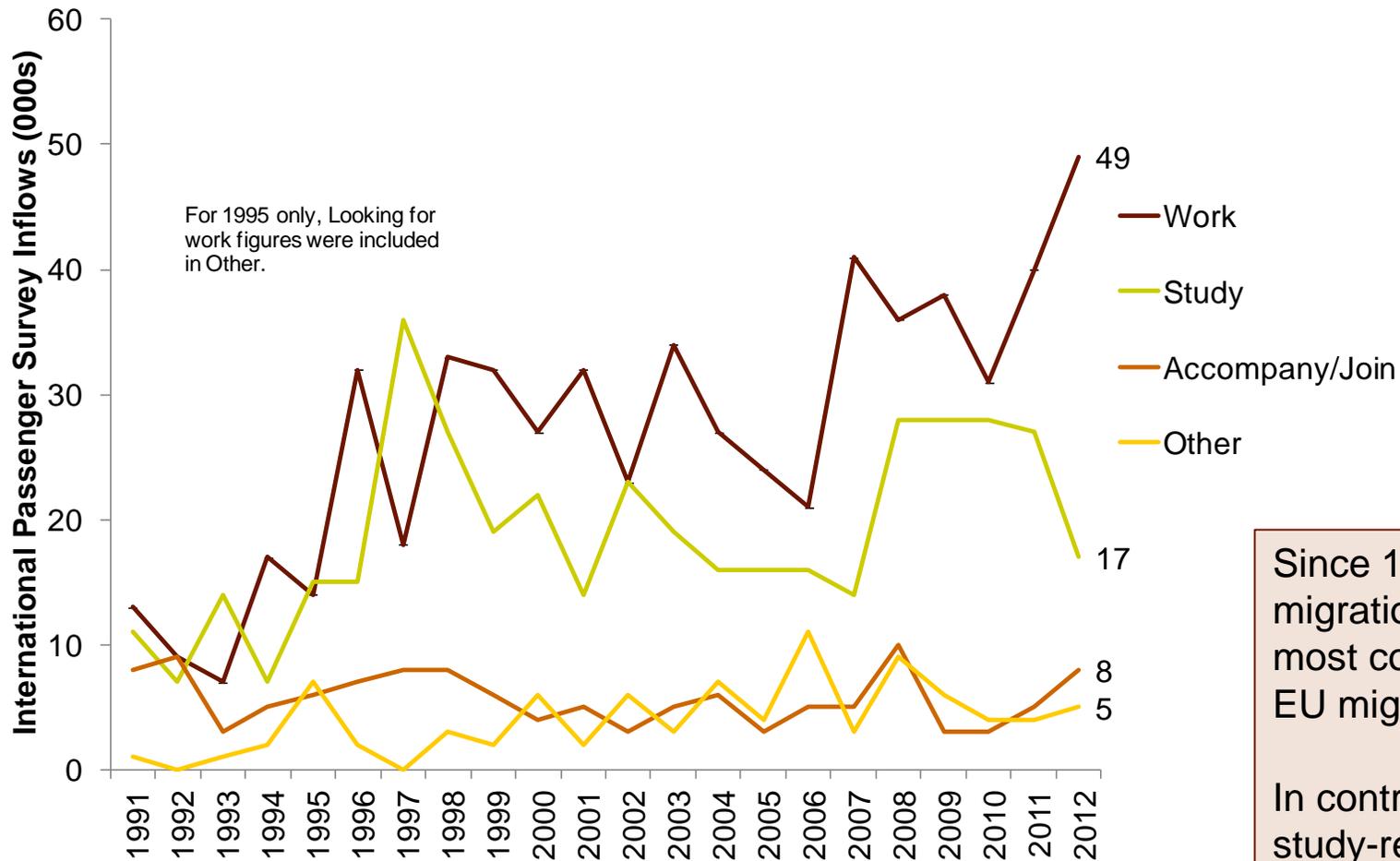


Stocks of EU and A8-born migrants are predominantly located in England, with large concentrations in London.



Source: Annual Population Survey, January 2012 to December 2012

## 5.3 EU (excl. A8) national inflows by reason for migration

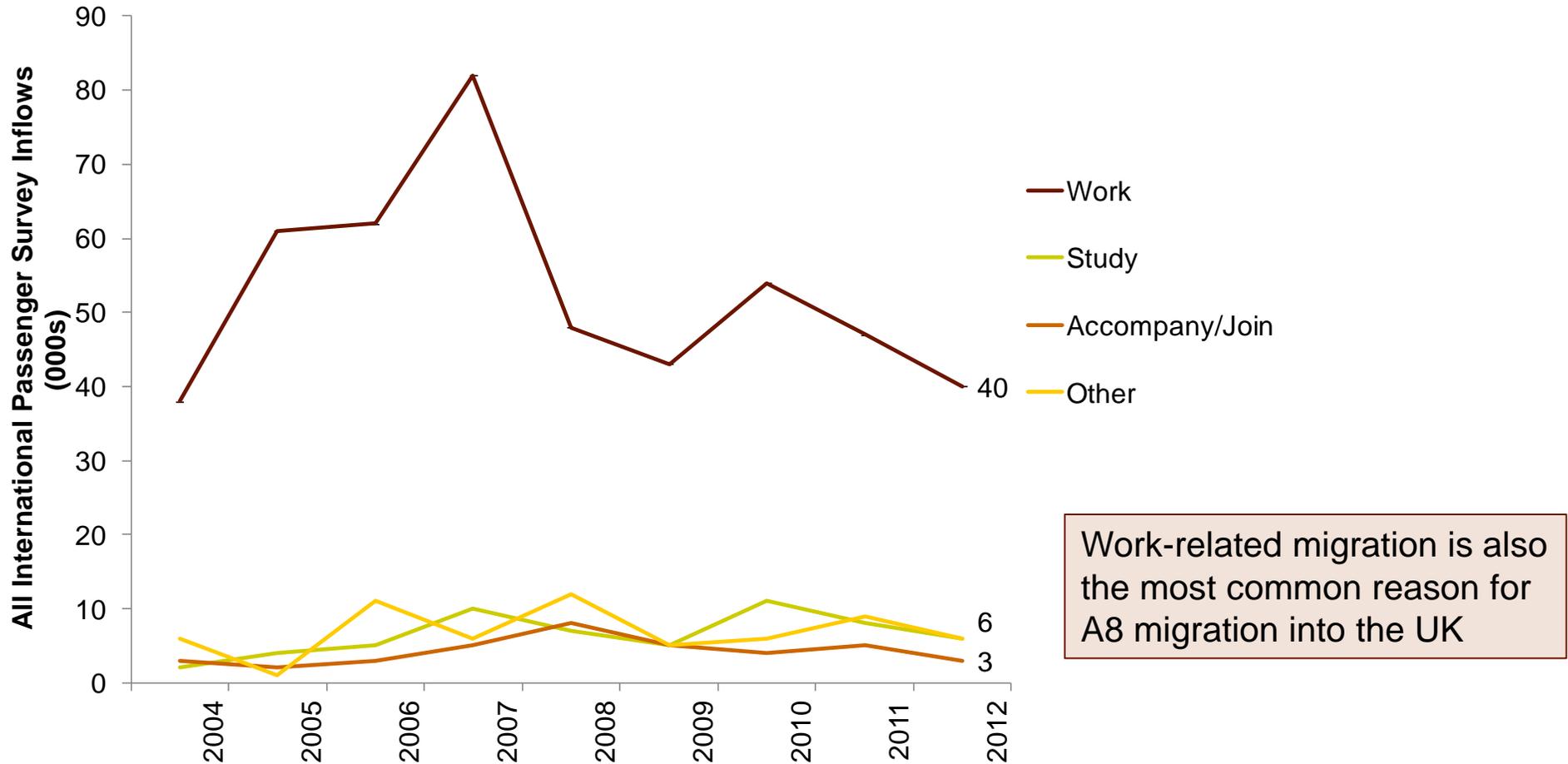


Since 1998, work-related migration has been the most common reason for EU migration to the UK.

In contrast to non-EU study-related migration, migration for formal study by EU nationals has remained relatively flat in recent years.

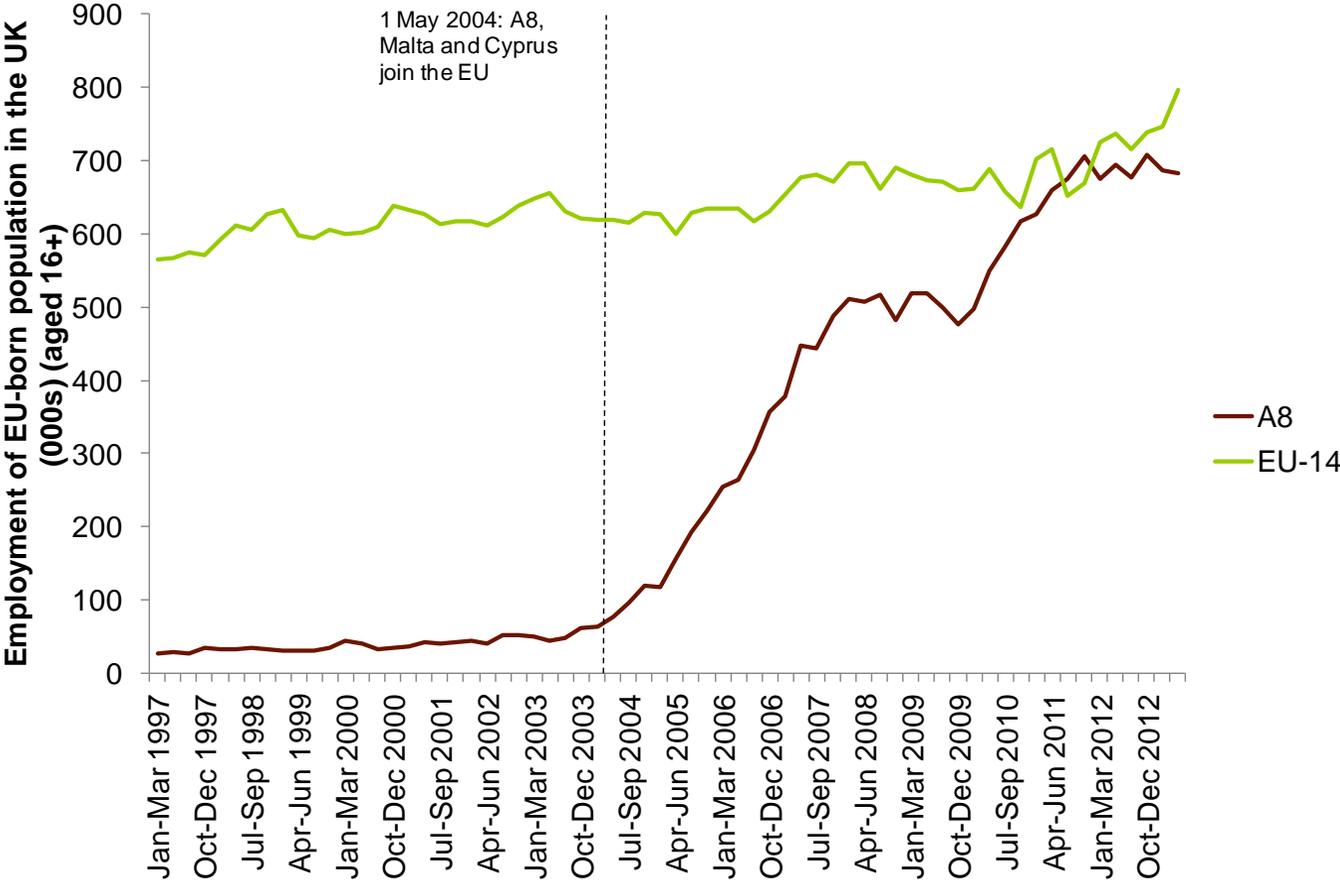
Source: International Passenger Survey (IPS) estimates of long-term international migration, August 2013

## 5.4 A8 national inflows by reason for migration



Source: International Passenger Survey (IPS) estimates of long-term international migration, August 2013

# 5.5 Employment in the UK of EU-born migrants (age 16+)

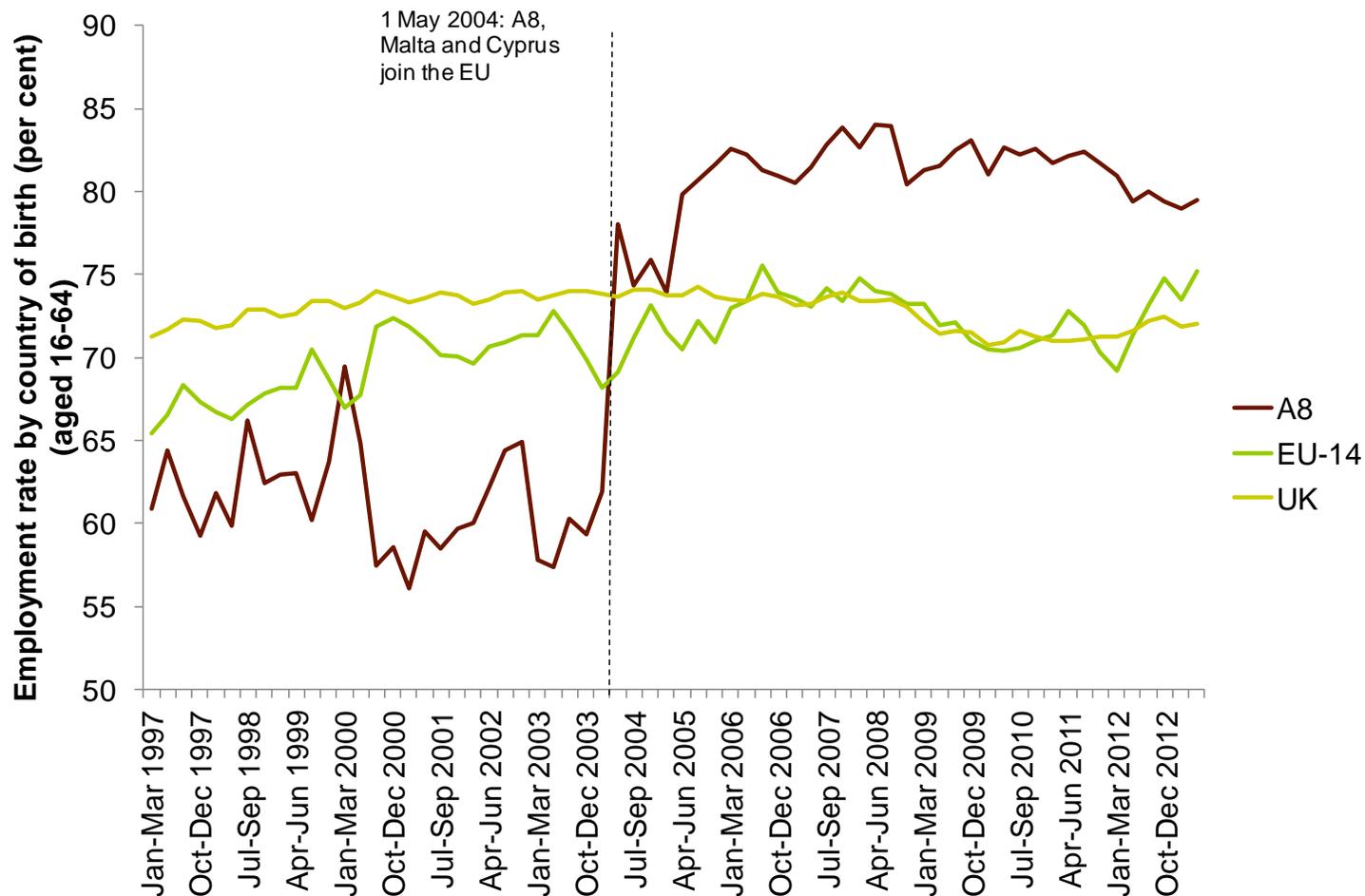


In 2004, the UK did not impose transitional controls on accessibility of A8 nationals to the UK labour market.

Following accession to the EU, the numbers of A8 nationals in employment in the UK rose sharply.

Source: Office for National Statistics – Labour market statistics, August 2013

## 5.6 Employment rates in the UK of EU-born migrants (age 16-64)



While old-EU countries (the EU-14) have similar employment rates as the UK, the employment rate of the A8 nationals have consistently exceeded that of UK nationals since 2004.

Source: Office for National Statistics – Labour market statistics, August 2013

## 5.7 A8: Report 4

### Context

The A8 countries: the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia, acceded to the EU on 1 May 2004.

UK government imposed transitional measures on A8 nationals in the form of a Worker Registration Scheme (WRS). A8 nationals (with some exceptions) working in the UK were required to register their employment under the WRS when they worked for an employer for longer than one month.

The 2004 Treaty of Accession allowed existing EU member states to impose transitional restrictions on the free movement of labour from the new member states for a maximum of seven years. These measures can only be maintained for the final two years of this period if there are serious disturbances (or a threat thereof) to the labour market.

MAC reviewed restrictions in report 4 (April, 2009).

### Review questions

Is there a serious disturbance, or threat thereof, to the UK labour market? Would maintaining the existing restrictions on A8 nationals' access to the labour market assist in addressing any such disturbance or threat?

A labour market disturbance could result either from a demand shock in the macro-economic environment or a shock to labour supply which could occur as a result of a sudden change in the inflow of labour and reflected in significant adverse changes to labour market indicators such as employment or unemployment rates.

### Evidence

Labour market seriously disturbed in 2009.

A8 immigration increased rapidly since the date of accession. Removing the WRS would probably result in a small positive impact on immigration flows relative to what would happen otherwise. These additional flows would have a small negative impact on the labour market and exacerbate the serious labour market disturbance already occurring.

Sensible, therefore, to retain the WRS for two more years due to the possibility of small but adverse labour market impacts.

## 5.8 Bulgaria and Romania: Reports 3, 17, 23

### 1. Transitional controls. Reports 3 and 17

#### Context

Bulgaria and Romania (A2) acceded to the EU on 1 January 2007.

UK government restricted A2 nationals' access to the labour market.

These restrictions were reviewed (as required by EU law) according to the 2-3-2 formula, i.e. reviewed after two years and, if retained, reviewed again in the fifth year. All restrictions end after seven years.

MAC reviewed restrictions in report 3 (December, 2008) and report 17 (November, 2011).

#### Review questions

Is there a serious disturbance, or threat thereof, to the UK labour market?

Would maintaining the existing restrictions on A2 nationals' access to the labour market assist in addressing any such disturbance or threat?

MAC defined a serious disturbance in terms of rapid adverse changes to leading labour market indicators including employment, unemployment, vacancies, redundancies and growth of real pay.

#### Evidence

Labour market seriously disturbed in both 2008 and 2011.

Lifting restrictions would raise the inflow of migrants from A2 and the composition of such migrants would be unskilled intensive.

Also uncertainty whether other EU countries would retain restrictions.

Therefore, retain restrictions to avoid any negative impact on UK labour market.

## 5.8 Bulgaria and Romania: Reports 3, 17, 23 (cont.)

### 2. Seasonal Agricultural Workers Scheme (SAWS) – Report 23 (May, 2013)

#### SAWS

Been in place for over 60 years. Since 2008 only been open to workers from Bulgaria and Romania. Present quota 21,250 out of a total number of seasonal and casual workers in agriculture of 67,000.

Well-managed by UK Border Agency. 9 operators (5 sole, 4 multiple) supply over 500 growers. Concentrated in Hereford, East Anglia, Kent and east coast of Scotland.

Most parties gain from SAWS:

- growers get a supply of efficient labour tied to the farm and not allowed to work in other sectors;
- supermarkets receive a reliable supply of British produce;
- consumers gain via prices for British goods which are lower than they would otherwise be;
- migrants earn a good wage – normally over £300 a week;
- UK workers not displaced and no real integration issues because SAWS workers normally live on the farm.

Impact on immigration:

- work is seasonal, maximum duration six months with very high return rate to Bulgaria and Romania;
- SAWS workers do not count in IPS figures which measure those coming to the UK for over a year;
- possible IPS inflow would be higher without a SAWS because permanent migrants (e.g. from other recent EU accession countries) might replace temporary SAWS migrants.

Many other countries have their own schemes for seasonal workers.

## 5.8 Bulgaria and Romania: Reports 3, 17, 23 (cont.)

### What might happen to the seasonal work labour supply from 2014 onwards?

From 2014 A2 nationals will be free to work anywhere in the EU. Growers, operators and workers concur that this source of labour for the horticulture sector will not immediately dry up.

A8 and other EU labour (e.g. from Portugal) is a key source of seasonal labour to horticulture.

Gangmasters supply a third source. But concerns over: quality, exploitation, payment of tax and national insurance contributions and living Conditions.

UK workers are fourth source, but:

- operators and growers have tried to recruit and retain UK workers, but farms not normally in high unemployment areas;
- UK workers reluctant to live on the farm;
- some cannot work at intensity required to earn the minimum wage;
- little incentive to come off social security for seasonal work.

### Supermarkets – a pivotal role

If labour supply from the EU (including UK) dwindles, pay will be bid up. Will supermarkets pay a premium for British produce?

SAWS labour costs account for around a quarter of the retail price. Therefore, if pay rose 20% this could raise the supermarket price by 5%, perhaps 10p-15p on a punnet of strawberries. At what point would consumers and supermarkets switch to imports?

### Alternatives

If EU labour supply is inadequate or too costly to stop the potential switch to imports, then the following may occur:

- Horticulture contracts with the loss of some permanent jobs.
- Technical change such that capital substitutes for SAWS labour:
  - Many recent examples: table top strawberry, concept orchards, rigs;
  - But unlikely many innovations are ready to be implemented and, anyway, they may be costly e.g. robotic fruit pickers.
- Replacement SAWS scheme: implies horticulture is a favoured sector – it gets preferential access to reliable, tied and relatively cheap labour

# 6. Conclusion

## The Migration Advisory Committee

The MAC has been operating for six years. These fact sheets take stock of how the MAC has directly affected and influenced UK migration policy.

A brave decision was taken by, first, one government in 2007 and then confirmed by a new government in 2010 to obtain independent, evidence-based advice on migration issues. The UK was a world-leader in this regard.

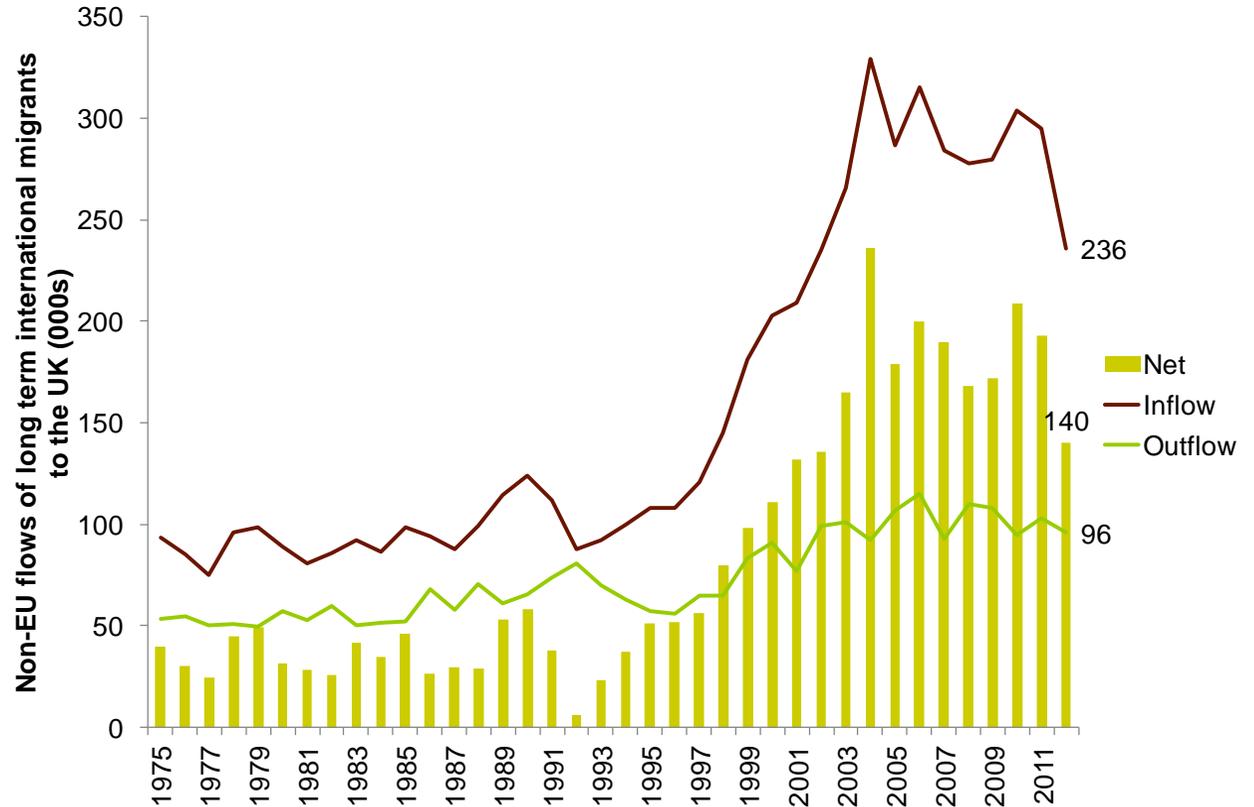
The model used was along the Low Pay Commission lines, rather than full MAC independence similar to the Bank of England. But the system of making appointments to the MAC, the MAC's own methodology of combining economic analysis and theory with evidence from partners, and the publication of the MAC's conclusions in the form of a report all serve to underpin the ability of the MAC to tell the government what the evidence is and to base its recommendations on this rather than what it thinks the government wants to hear.

It is for others to decide whether this institutional model has been successful. The MAC's evidence driven, independent, transparent approach has led to it being centrally involved in most of the non-EU work migration policy decisions since 2007 and has placed economic theory and practice at the heart of this. Broadly, the government has accepted the MAC's recommendations and where it has not done so it has outlined its reasons for so doing.

The following table shows the downward trend in non-EU migration since shortly after the MAC's formation, the introduction of the Points Based System and the present government's move to greater selectivity.

## 6.1 Flow of Non-EU migrants to and from the UK

- From the early-1990s to the mid-2000s, non-EU inflows rose sharply while outflows rose more gradually.
- This resulted in a rapid increase in net migration of non-EU nationals to the UK, increasing the existing stock of non-EU nationals.
- Since the mid-2000s the growth in inflows has slowed and the most recent data shows signs of falling inflows.
- While the rate of outflow has remained fairly stable in recent years, net migration of non-EU nationals has declined to approximately 140,000 in 2012.



Notes: Estimates from 1975 to 1990 are based on International Passenger Survey estimates of individuals who change their country of residence for a period of one year or more.  
 Source: Migration Statistics Quarterly Report, Office for National Statistics (UK), August 2013

## 6.2 Has the MAC model been replicated in other countries?

The model of using a MAC style approach to inform Government migration policy was among the first of its kind anywhere in the world and is a model which is now being considered or adopted by other countries including the following:

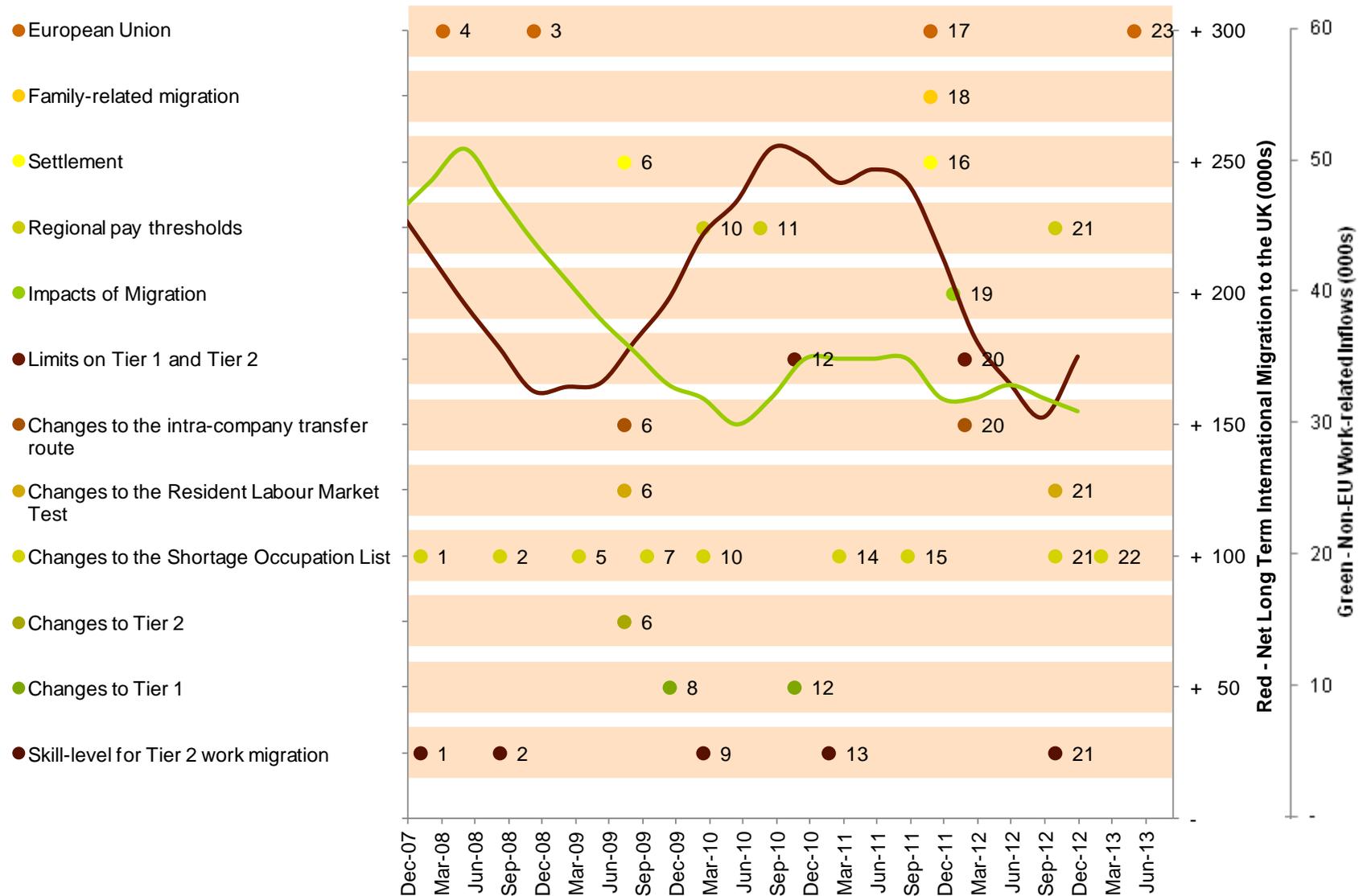
- In July 2012, Australia set up the Ministerial Advisory Council on Skilled Migration (MACSM) with a remit to provide the Australian government with expert advice on the role of skilled migration in the Australian economy.
- Ireland, Bangladesh and Canada have followed a similar model.
- As part of Immigration Reform in the USA, it was announced at the end of April 2013 that their Immigration Bill would include the creation of a Bureau of Immigration and Labor Market Research (BILMR).

## 6.3 Immigration is only part of the story

The MAC has consistently stated that immigration cannot be seen in isolation.

UK education and skills policy is a vital complement to a selective immigration policy with an aim to raise the skill level of UK workers to compete for skilled and unskilled occupations.

## 6.4 MAC reports on UK migration



This shows the publication of MAC reports plotted against changes in migration to the UK.

[www.ukba.homeoffice.gov.uk/mac](http://www.ukba.homeoffice.gov.uk/mac)

2nd Floor,  
Fry Building,  
Home Office,  
2 Marsham Sreet,  
London,  
SW1P 4DF

## Annex A Sources of Immigration Data

**International Passenger Survey (IPS)** is a quarterly survey of passengers arriving in, and departing from, the UK. Migrants can be identified according to their country of birth, nationality, intended purpose of visit, and length of stay. Approximately one in every 500 passengers travelling through UK ports is surveyed, but the migrant sample (i.e. those intending to change their usual place of residence for a year or more) is only a fraction of this. In 2008 3,216 immigrants and 1,901 emigrants were surveyed. The small sample size means that the confidence intervals around IPS estimates are significant.

**Long-Term International Migration (LTIM)** is defined as those persons intending to change their place of residence for a year or more, which matches the UN definition of a migrant. The figures for LTIM are based on the results from the IPS with certain adjustments made to account for flows to and from the Irish Republic, asylum seekers, and migrant and visitor switchers. Results are available quarterly.

**Labour Force Survey (LFS)** is a quarterly survey of around 60,000 households. The LFS provides estimates of the stock of foreign-born individuals in the UK and their labour market status. Immigrants can be identified according to their country of birth, nationality and length of stay in the UK, but not by their immigration status. Results are available quarterly.

Annual Population Survey (APS) is an annual household survey based largely on the LFS. The APS includes additional regional samples that make it more appropriate for regional and local analysis, as well as more accurate population estimates. Results are available quarterly.

**Immigration Statistics** (previously published as Control of Immigration Statistics) include the number of entry clearance visas granted by category to non-EEA nationals, the number of extensions of leave to remain in the UK, grants of settlement and citizenship and estimates of passengers admitted to the UK. It is now possible to distinguish between those granted leave under different tiers of the PBS and between main applicants and their dependants. Entry clearance visas can be used to proxy inflows of migrants, although not all individuals who are issued visas will actually come to the UK.

**Management Information (MI)** data for the PBS and the predecessor arrangements are collected by the UK Border Agency but not routinely published. Some of these data have been made available to the MAC to support the analysis for this report. It is important to note that these data are neither National Statistics nor quality-assured to National Statistics standards, and are, therefore, presented for research purposes only. These data allow further examination of applications granted through Tiers 1 and 2, including details of Certificates of Sponsorship issued to employers to sponsor applicants through Tier 2.

**National Insurance Number allocations (NINo)** describe the volume of citizens of different nationalities gaining a National Insurance number, which is required for legal employment, to pay tax and to claim some welfare benefits. These data may be used as a proxy for inflows of some types of immigrants to the UK, both from within and outside the EEA. Figures are published quarterly by the Department for Work and Pensions.

## Annex B Complete list of published MAC reports

1. Identifying skilled occupations where migration can sensibly help to fill labour shortages (February 2008)
2. First recommended shortage occupation lists for the UK and Scotland (September 2008)
3. The labour market impact of relaxing restrictions on employment of A2 nationals (December 2008)
4. Review of transitional measures for A8 nationals (April 2008)
5. First review of recommended shortage occupation lists for the UK and Scotland (April 2009)
6. Analysis of the Points Based System: Tier 2 and dependants (August 2009)
7. Second review of the recommended shortage occupation lists for the UK and Scotland (October 2009)
8. Analysis of the Points Based System: Tier 1 (December 2009)
9. Skilled, Shortage, Sensible: Review of the Methodology (March 2010)
10. Third review of the recommended shortage occupation lists for the UK and Scotland (March 2010)
11. Analysis of the Points Based System: London weighting (August 2010)
12. Limits for Tier 1 and Tier 2 for 2011/12 and supporting policies (November 2010)
13. Analysis of the Points Based System: list of occupations skilled to NQF level 4 and above for Tier 2 (February 2011)
14. Analysis of the Points Based System: revised UK shortage occupation list for Tier 2 comprising jobs skilled to NQF level 4 and above (March 2011)
15. Fourth review of the recommended shortage occupation lists for the UK and Scotland (September 2011)
16. Analysis of the Points Based System: settlement rights of migrants in Tier 1 and Tier 2 (November 2011)
17. Review of the transitional restrictions on access of Bulgarian and Romanian nationals to the UK labour market (November 2011)

## **Annex B Complete list of published MAC reports (cont.)**

18. Review of the minimum income requirement for sponsorship under the family migration route (November 2011)
19. Analysis of the impacts of migration (January 2012)
20. Limits on migration: Limit on Tier 2 (General) for 2012/13 and associated policies (February 2012)
21. Analysis of the Points Based System: list of occupations skilled at NQF level 6 and above and review of the Tier 2 codes of practice (October 2012)
22. Full review of the recommended shortage occupation lists for the UK and Scotland, a sunset clause and the creative occupations (February 2013)
23. Migrant Seasonal Workers: The impact on the horticulture and food processing sectors of closing the Seasonal Agricultural Workers Scheme and the Sectors Based Scheme (May 2013)