



MIGRATION ADVISORY COMMITTEE

Annual Report

2016-17

January 2018





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Foreword by Professor Alan Manning

I was pleased to take up post as the Chair of the Migration Advisory Committee towards the end of last year following on from my participation as a MAC member from March 2015.

I would like to take this opportunity to thank and pay tribute to my predecessor Professor Sir David Metcalf who chaired the MAC from its establishment in 2007. Through his leadership over a 9 year period the MAC has become established as a highly reputable and an authoritative body providing well respected evidence and advice to Government. The MAC has produced a set of fact sheets outlining its work and its impact on work related migration and the UK labour market since 2007 and this stands as a valediction to and a validation of Sir David's term as Chair.

The main pieces of work during the reporting year have been the completion of our review of nurses and our review of teachers. In addition to these reports (whose recommendations have been accepted more or less in full by the Government), we also published research we commissioned from the Institute for Employment Studies into variations in the levels of recruitment of non-EEA nurses across NHS trusts, as well as an update to our shortage methodology.

The Government has expanded the MAC's capabilities by the appointment of Madeleine Sumption from the Migration Observatory at Oxford University in July 2016. She brings with her significant expertise in visa policy and the role of migrants in the labour market. There remains one appointment on the MAC yet to be filled and we look forward to the Government completing the appointment process as swiftly as possible.

It is impossible to comment on the last year without mentioning the referendum on the UK's membership of the EU and the subsequent vote to leave. The Brexit decision did not directly impact on any of our work during the year as we were asked to make recommendations impacting on the immigration system as currently constituted rather than whatever shape it make take post-Brexit.

In August we received two commissions from government. The first is to report on the impact on the UK labour market of the UK's exit from the European Union and how the UK's immigration system should be aligned with a modern industrial strategy. The second commission is to look at what are the economic and social impacts of international students in the UK. I am certain that the MAC can make a real and significant contribution in this area. I look forward to leading the MAC through the recent commissions from the Government and to meeting with and working alongside all of the MAC's partners.



Professor Alan Manning

Chair, Migration Advisory Committee

The Migration Advisory Committee

Chair



Professor Alan Manning

Members



Dr Jennifer C. Smith



Professor Jackline Wahba



Madeleine Sumption

Home Office representative



Paul Regan

Leavers 2016-17



Professor Sir David Metcalf CBE
(from August 2007 to November 2016)

Introduction

This is our fifth annual Report and:

- provides an overview of the Committee's work;
- confirms the MAC's Terms of Reference and membership; and
- gives a summary of the issues the Committee considered between April 2016 and March 2017.

Terms of reference

The MAC is tasked with providing transparent, independent, evidence-based advice to Government. Its purpose is to deliver high-quality evidence-based reports and policy advice in accordance with the work plan set by the Government. In addition, the MAC is tasked with helping to ensure that Government policy and strategy in relation to migration and employment is based on the best possible evidence and analysis.

Relationship with the Home Office

The MAC is an advisory non-departmental public body sponsored by the Home Office. Further information on the MAC's relationship with the Home Office is set out in its Framework Document, which is published on the MAC's website. The MAC's secretariat is comprised of Home Office civil servants who are operationally independent from the Home Office. Its corporate functions such as finance, IT and HR support are provided by the Home Office.

MAC meetings held during 2016-17

Between 1 April 2016 and 31 March 2017 the MAC held 11 full Committee meetings. The minutes of all Committee meetings are published on the MAC website at <https://www.gov.uk/government/organisations/migration-advisory-committee/about/our-governance>.

Appointments during 2016-17

The Home Office MAC Sponsor Team, in conjunction with the Home Office Public Body Team, is responsible for arranging the appointment of Members to the MAC through a public appointment process. Neither the MAC nor its secretariat has a significant role to play in this process.

Appointments to the MAC are made by the Minister for Immigration in accordance with the Office of the Commissioner for Public Appointments' Code of Practice and in line with the Nolan Principles of Public Life.

The principles set out in the Code of Practice are:

Merit

The overriding principle is selection on merit. This means providing Ministers with a choice of high quality candidates, drawn from a strong and diverse field, whose skills, experience

and qualities have been judged to best meet the needs of the public body or statutory office in question.

Fairness

Selection processes must be objective, impartial and applied consistently. They must ensure that candidates are assessed against the same published criteria.

Openness

Public appointments must be advertised publicly in a way that is designed to attract a strong and diverse field of suitable candidates. Information about the requirements of the post and the selection process must be publicly available.

Professor Sir David Metcalf's appointment as Chair of the MAC ended in August 2016. The Minister for Immigration appointed Professor Alan Manning as Chair in November 2016. In addition, Madeleine Sumption from the Migration Observatory at Oxford University was appointed to the MAC.

Corporate partner engagement

The MAC combines detailed analysis of national level data with in-depth knowledge of, and evidence from, employers and other partners involved in the UK labour market. A key feature of the MAC's work, therefore, is the development of full and effective engagement with a wide variety of partners from within business, central and local government, sector skills councils, trade unions, academia and individual employers.

During the reporting year, the MAC has had extensive engagement with representatives from the health and education sectors in relation to its reports on nurses and teachers. Details of the MAC's engagement are set out in the respective published reports.

The secretariat

The MAC's small secretariat comprises representatives from different disciplines across the civil service and draws on experience of different government departments. Represented within the team are experts in the fields of economics, policy development, corporate partner engagement and administrative skills. All economists are members of the Government Economic Service (GES) and are recruited following GES rules and processes.

The secretariat's policy and administrative staff are all assessed against the professional skills for government standards and have been recruited from across Government. The secretariat supports the Committee and, more generally, helps to ensure that Government policy and strategy in relation to migration and employment is based on robust evidence and analysis.

The secretariat respects the MAC's independence at all times. It is responsible to the MAC and takes its lead from what the MAC wants it to do. However, the secretariat also has a responsibility to ensure that the MAC is operating with due regard to all relevant legislation, rules and procedures and in full compliance with the expectations incumbent upon it as a public body.

MAC work plan

The work the MAC was asked to do during this reporting period is detailed in the next section.

Work of the Migration Advisory Committee in 2016-17

Labour market for nurses – research by Institute for Employment Studies (published July 2016)

On 15 October 2015 the MAC was commissioned by the Government to undertake a review of nursing shortages. The task was to consider both the issue of whether nurses were currently in shortage in the UK and also whether it was sensible to include nurses on the Shortage Occupation List (SOL). The MAC published its recommendations, that nurses should be retained on the SOL, in March 2016. As part of this review of nursing, the MAC was keen to understand the reasons behind the variation in levels of recruitment of non-European Economic Area nurses across NHS trusts. The Institute for Employment Studies (IES) was commissioned to look into this specific area and the findings fed into the MAC's overall assessment of nursing shortages. The key findings of the IES included:

- A lack of long-term workforce planning meant that nursing supply and demand were rarely in sync in the UK and that there have been periods when active international recruitment had become a policy solution for the NHS in England.
- The current shortage of nurses suggests a broadening out of localised skill shortages into a national issue. There were found to be several demand-side and supplier-side factors that had taken hold when many trusts were facing financial difficulty:
 - the emphasis on safe staffing since the publication of the Francis Report;
 - student nursing commissions had not kept up with the demand for nurses, restricting the supply of the domestic workforce;
 - retention was an issue as growing numbers of nurses leave their jobs; and
 - the profile of the workforce is aging. One in three nurses is due to retire over the next 10 years.

Work immigration and the labour market incorporating the role of the MAC (published July 2016)

In July, the MAC published a set of fact sheets on the role of the MAC in immigration policy since the MAC's inception in 2007. The document sets out:

- how and why the MAC was set up;
- 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;
- it sets out some of the headline data that has formed the backdrop to the MAC's work over the period of its existence.

The document sets out some facts on immigration and emigration and describes: the reasons the MAC was established; its nature as an institution; and its working process. It then details how the immigration system has evolved from a points-based system to a criteria or requirements-based system. It provides some analysis of non-EU migration, looking at Tier 1; Tier 2; as well as limits, impact, settlement and family migration. The impact of migrants in low skilled jobs is also described. The document updated an earlier piece from 2012 on immigration and the labour market.

Partial Review of the Shortage Occupation list – Review of Teachers (published January 2017)

On 26 May 2016, the Government commissioned the MAC to undertake a comprehensive review of the labour market for teachers to determine whether there is a shortage which it would be sensible to fill through non-European Economic Area migration.

The Home Secretary wrote in her commissioning letter to the MAC,

“Secondary school teachers in mathematics, physics and chemistry are currently included on the shortage occupation list. The Department for Education has suggested that teachers in Mandarin, computer science, design & technology, history and geography might also warrant inclusion. Increasing demand for teachers in these subjects is linked to the Government’s manifesto commitments on Mandarin teachers and the English Baccalaureate. The MAC is asked to consider all teaching subjects, including (but not limited to) the above. As education is a devolved matter, the MAC is asked to consider the evidence from sector bodies and stakeholders based in all parts of the UK.”

The MAC was asked to submit its report to the Government by 30 November 2016.

The Government’s commission related to all teaching professionals in nursery, primary and secondary education as well as in special educational needs. It covered state schools (both those under local authority control and those with academy status) and independent schools.

The MAC issued a call for evidence on 6 June 2016, which ran until 16 September 2016. 36 written submissions of evidence were received from partners around the UK. 23 separate meetings were held with various organisations from the education sector. An open forum was hosted in London and telephone conferences and conversations were held with a number of partners from around the UK.

The case for including teachers on the SOL has been examined by the MAC a number of times previously (in 2008, 2009, 2011 and 2013). The most recent review in 2013 recommended that the Government retain maths and science (chemistry and physics only) teachers on the SOL but remove teachers in special schools.

The MAC found that a range of factors affected the demand and supply of teachers including workload and longer working hours, teacher status in the UK, staff retention rates, salary not being competitive with other comparable professions and pay progression. The evidence and data that the MAC examined did not indicate significant numbers of migrant teachers coming to the UK from outside the EEA via the Tier 2 route, whether using the SOL or the Resident Labour Market Test. The MAC did receive evidence that non-EEA teachers were being recruited via the Tier 5 (Youth Mobility Scheme) route.

The MAC did not find that there were national shortages of teachers either across the whole UK or in Scotland only but did find that there were shortages in some specific subjects. The MAC recommended that the Government retain secondary teaching professions in maths and physics on the SOL and add teachers in computer science, mandarin and science to that list. The MAC recommended that chemistry teachers be removed from the SOL. The Government has confirmed that it accepts and will implement the MAC's recommendations.

Assessing labour market shortages, a methodology update (published January 2017)

This report assessed the methodology used by the MAC to identify labour shortages in skilled occupations. It outlined amendments to the methodology to bring it up to date with the latest labour market trends and available data sources.

This included:

- additional indicators to identify labour market shortages, using new web-scraped data to replace obsolete Jobcentre Plus vacancy data; and
- changes to the thresholds used to decide whether an indicator is indicative of shortage.

Other work

i. Parliamentary engagement

The Chair of the MAC has given evidence at a number of parliamentary inquiries relating to Brexit and its potential impact on the labour market and immigration.

The Chair gave evidence to the House of Lords EU Home Affairs Sub-Committee on 18 January 2017 in relation to their inquiry into Brexit and the UK-EU movement of people. A transcript of the evidence session is available here:

<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/eu-home-affairs-subcommittee/brexit-ukeu-movement-of-people/oral/45998.html>

On 24 January 2017, the Chair gave evidence to the House of Commons Home Affairs Committee along with Madeleine Sumption who is a member of the MAC although she was giving evidence in her capacity as Director of the Migration Observatory. A transcript of the session is available here:

<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/home-affairs-committee/immigration/oral/46005.html>

The Chair also gave evidence to the House of Lords Economic Affairs Committee on 7 February 2017 in relation to its inquiry into Brexit and the Labour Market. A transcript of the session is here:

<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/economic-affairs-committee/brexit-and-the-labour-market/oral/47192.html>

ii. Broader engagement

At the Global Immigration Law Summit the Chair provided expert opinion in a session on Current and Future Immigration Challenges for the UK, Canada and Australia.

Members of the secretariat have been invited to participate in and present at a number of international conferences and workshops. These include:

- A conference on Asia migration policy, jointly hosted by the OECD, the International Labour Organisation and the Asian Development Bank Institute (Manila, January 2017).
- The OECD sixth annual conference on immigration. Key economic aspects of international migration in OECD countries were examined including cultural convergence, migration and refugees and the economic and social integration of immigrants (Paris, December 2016).

Budget and expenditure

The MAC's 2016-17 budget covered the secretariat administrative costs for 11 staffing posts, Committee members' fees (per diem rates and travel costs) and external research. The budget is set by the Home Office and is managed by the MAC secretariat.

The overall MAC budget for 2016-17 was £788,742. Of this £698,997 was pay-related (secretariat and Chair salaries, plus Committee member fees) and £89,745 was non-pay (Table 1). An amount of £64,000 was set aside for Committee members' fees, of which approximately £42,000 was for the Chair, who is paid for two days' work per week. MAC members are expected to work two days a month on MAC business at a rate of £275 per day. There was an underspend in the pay budget due to vacancies within the MAC secretariat.

The majority of the non-pay budget (£68,600) was allocated to the MAC's external research programme. There was an underspend in the research budget due to receiving limited commissions in this financial year.

Table 1: 2016-17 Budget and Expenditure

| | Budget [£] | Expenditure [£] | Difference [£] |
|-------------------------|----------------|-----------------|----------------|
| Secretariat salaries | 634,997 | 566,288 | 68,709 |
| Chair salary | 42,000 | 24,467 | 17,533 |
| Committee members' fees | 22,000 | 8,375 | 13,625 |
| Pay Total | 698,997 | 599,130 | 99,867 |
| Travel and subsistence | 9,745 | 5,784 | 3,961 |
| Research | 68,600 | 8,520 | 60,080 |
| Other office costs | 11,400 | 16,189 | (4,789) |
| Non-pay Total | 89,745 | 30,493 | 59,252 |
| Grand Total | 788,742 | 629,623 | 159,119 |

Research programme

The MAC commissions research from external consultancies or academics on an annual basis. Research is procured according to Home Office Science guidelines and tenders are evaluated by a panel of labour market experts and economists. The research we commission must meet at least one of the following two objectives:

- **Relevance to Committee work:** Does the research have relevance to existing commissions or anticipated commissions?
- **Improving the relevant knowledge base:** Would research fill gaps in the literature or obtain data or information that would not otherwise be available in relation to material that is of relevance to the Committee's work?

Appendix 1: Profiles of the Migration Advisory Committee

Chair

Professor Alan Manning

Alan Manning is professor of economics at the London School of Economics and is director of the Centre for Economic Performance's research programme on Community. From 2009 to 2012 he was Head of the Economics department at LSE and from 2004 to 2011 he was a member of the NHS Pay Review Body. His expertise is on labour markets, including but not confined to the impact of migration.

Appointed

November 2016 to November 2019

Members

Dr Jennifer C Smith

Dr Jennifer C Smith is Associate Professor in the Economics Department at Warwick University and Associate Researcher at the Centre for Competitive Advantage in the Global Economy (CAGE). Her research focuses on UK labour market dynamics. Her past work has looked at wage setting, local labour markets, pay comparisons, job satisfaction, nominal and real wage rigidity, unions, unemployment, and labour market mismatch. Jennifer is a Regular Academic Visitor at the Bank of England, having previously acted as Academic Consultant to the Bank on wage rigidity. Before moving to Warwick University, Jennifer worked for 5 years as a Bank of England economist, having previously lectured at Queen's University, Canada, and studied at the Universities of Oxford and Cambridge.

Appointed

November 2012 to November 2015

Reappointed

December 2015 to November 2018

Professor Jackline Wahba

Jackline Wahba is Professor of Economics at the University of Southampton. She has vast experience of academic-related work on international migration and labour market issues. She leads the migration research in the ESRC Centre for Population Change at the University of Southampton. Her main areas of research are in applied labour economics and international migration in particular. Her work on return migration was one of the first to highlight the positive impact of temporary migration on entrepreneurship in the home country. She has wide experience in the impact of international migration, the determinants of return migration and the labour market experience of immigrants in host countries.

She has advised various national governments and international organisations including the World Bank, the Organisation for Economic Co-operation and Development (OECD), the International Labour Organisation (ILO), the International Organisation for Migration (IOM), the European Training Foundation (ETF) and the European Commission (EC).

Appointed November 2012 to November 2015

Reappointed December 2015 to November 2018

Madeleine Sumption

Madeleine is the Director of the Migration Observatory, with particular expertise in visa policy and the role of migrants in the labour market. Her research interests include labour migration, the economic impacts of migration policies, and immigrant integration. She has also done comparative research on government policies towards immigrant investors, illegal employment, immigration in trade agreements, and the recognition of foreign qualifications. Before joining the Observatory, Madeleine was Director of Research for the international program at the Migration Policy Institute in Washington, DC.

Appointed July 2016 to July 2019

Appendix 2: Migration Advisory Committee reports and publications (in reverse chronological order)

All our reports are published on the MAC's website and can be accessed at <https://www.gov.uk/government/organisations/migration-advisory-committee>

Assessing labour market shortages: a methodology update (January 2017). Available [here](#)

Partial review of the Shortage Occupation List: Review of teachers (January 2017). Available [here](#)

Migration Advisory Committee annual report 2015/2016 (October 2016). Available [here](#)

Work immigration and the labour market: incorporating the role of the Migration Advisory Committee (July 2016). A condensed version of the document below. Available [here](#)

Work immigration and the labour market: incorporating the role of the Migration Advisory Committee (July 2016). Available [here](#)

Partial review of the shortage occupation list and nursing (March 2016). Available [here](#)

Review of Tier 2 migration - Balancing migrant selectivity, investment in skills and impacts on UK productivity and competitiveness (December 2015). Available [here](#)

Review of Tier 2 Entrepreneur and Graduate Entrepreneur routes (October 2015). Available [here](#)

Review of Tier 2 minimum salary thresholds (August 2015). Available [here](#)

Partial review of the shortage occupation lists for the UK and Scotland (February 2015). Available [here](#)

Migrants in low-skilled work: the growth of EU and non-EU labour in low-skilled jobs and its impact on the UK - full report (July 2014). Available [here](#)

Migrants in low-skilled work: the growth of EU and non-EU labour in low-skilled jobs and its impact on the UK - summary report (July 2014). Available [here](#)

Tier 1 (Investors) route: Investment thresholds and economic benefits (February 2014). Available [here](#)

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). Available [here](#)

Full review of the recommended shortage occupation lists for the UK and Scotland, a sunset clause and the creative occupations (February 2013). Available [here](#)

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). Available [here](#)

Limits on Migration – Limit on Tier 2 (General) for 2012-13 and associated policies (28 February 2012). Available [here](#)

Analysis of the Impacts of Migration (January 2012). Available [here](#)

Review of the minimum income requirement for sponsorship under the family migration route (November 2011). Available [here](#)

Review of the transitional restrictions on access of Bulgarian and Romanian nationals to the UK labour market (November 2011). Available [here](#)

Analysis of the Points Based System: Settlement rights of migrants in Tier 1 and Tier 2 (November 2011). Available [here](#)

Fourth review of the recommended shortage occupation lists for the UK and Scotland (September 2011). Available [here](#)

Analysis of the points-based system – revised UK shortage occupation list for Tier 2 comprising jobs skilled to NQF level 4 and above (February 2011). Available [here](#)

Report on analysis of the points-based system – list of occupations skilled to NQF level 4 and above for Tier 2 (February 2011). Available [here](#)

Limits on Tier 1 and Tier 2 for 2011/12 and supporting policies (November 2010). Available [here](#)

Analysis of the Points Based System: London Weighting (August 2010). Available [here](#)

Third review of recommended shortage occupation lists for the UK and Scotland (March 2010). Available [here](#)

Skilled, shortage, sensible: Review of the Methodology (March 2010). Available [here](#)

Second review of recommended shortage occupation lists for the UK and Scotland (October 2009). Available [here](#)

Analysis of Tier 2 and dependants under the Points-Based System (August 2009). Available [here](#)

Analysis of Tier 1 under the Points-Based System (December 2009). Available [here](#)

Review of transitional measures for A8 nationals (April 2009). Available [here](#).

The labour market impact of relaxing restrictions on employment of A2 nationals (December 2008). Available [here](#)

First recommended shortage occupation lists for the United Kingdom and Scotland (September 2008). Available [here](#)

Identifying skilled occupations where migration can sensibly help to fill labour shortages (February 2008). Available [here](#)

MAC Contact details

Any enquires about this Annual Report or any aspect of the MAC's work should be addressed to:

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