

# Migration Advisory Committee

Annual Report 2013/14

Migration Advisory Committee

November 2014



Migration Advisory Committee,  
3rd Floor, Seacole Building,  
2 Marsham Street,  
London,  
SW1P 4DF

<https://www.gov.uk/government/organisations/migration-advisory-committee>

email: [MAC@homeoffice.gsi.gov.uk](mailto:MAC@homeoffice.gsi.gov.uk)

**Migration Advisory  
Committee:**

**Annual Report 2013/14**

**Migration Advisory Committee**

**November 2014**



## Contents

The Migration Advisory Committee .....	7
Introduction .....	9
Terms of reference.....	9
Relationship with the Home Office .....	9
Frequency of MAC meetings.....	9
Tier 1 (Investor) route: Investment thresholds and economic benefits.....	11
Migrants in low-skilled work: The growth of EU and non-EU labour in low-skilled jobs and its impact on the UK. ....	13
Research programme .....	14
Appendix 1: Profiles of the Migration Advisory Committee .....	16
Appendix 2: Work the MAC was commissioned to do in 2013-14.....	19
Appendix 3: Migration Advisory Committee reports and publications (in reverse chronological order) .....	21



## The Migration Advisory Committee

The Migration Advisory Committee (MAC) is a non-statutory, non-time limited, non-departmental public body (NDPB) which was established in 2007 and is funded by the Home Office. The MAC is comprised of economists and migration experts who are publicly appointed in line with guidance published by the Office of the Commissioner for Public Appointments; along with ex-officio representatives of the UK Commission for Employment and Skills and the Home Office.

### Chair



Professor Sir David Metcalf CBE  
from August 2007

### Members



Dr Martin Ruhs  
from December 2007



Dr Jennifer Smith  
from November 2012

### UK Commission for Employment and Skills representative



Lesley Giles



Professor Jonathan Wadsworth  
from December 2007



Professor Jackline Wahba  
from November 2012

### Home Office representative



John Thompson





## Introduction

This Annual Report

- 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 2013 and March 2014.

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

Migration Advisory Committee secretariat  
3<sup>rd</sup> Floor, Seacole Building  
2 Marsham Street  
London SW1P 4DF

Tel: 020 7035 1764  
Email: [MAC@homeoffice.gsi.gov.uk](mailto:MAC@homeoffice.gsi.gov.uk)

## 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 workplan 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 (NDPB) 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.

## Frequency of MAC meetings

Between 1 April 2013 and 31 March 2014 the MAC held 11 full meetings. The minutes of all committee meetings are published on the [MAC website](#).<sup>1</sup>

---

<sup>1</sup> <https://www.gov.uk/government/organisations/migration-advisory-committee>

## **Recruitment**

In November 2013, Dr Martin Ruhs and Professor Jonathan Wadsworth were reappointed as members of the MAC for a further year. Their appointments were made in accordance with the guidance issued by the Office of the Commissioner for Public Appointments (OCPA).

## **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.

Partner engagement is actively pursued by the MAC through a number of different fora. A small, focussed panel comprising representatives from the Trade Union Congress, the CBI, British Chamber of Commerce and NHS Employers provides immediate reaction to the MAC's proposals and a sounding board for its ideas. A larger, more representative, corporate partner forum offers other groups the chance to interact directly with the MAC. This has a non-fixed membership, with all partners being invited to attend a forum in London each time the MAC is consulting on a specific issue. In addition, meetings for individual sectors such as engineering, health, education, social care, finance and IT and the creative sector are held when necessary.

The MAC also visits partners in their workplaces to see specific jobs in action and attends a number of regional and national fora across the UK. Its work has an international element and effective relationships have been formed with the Foreign and Commonwealth Office and relevant authorities abroad such as the Organisation for Economic Co-operation and Development and the World Bank, as well as building a network of contacts in other countries.

## **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, social research, 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. Similarly, the research officers are members of the Government Social Research Unit (GSR) and are recruited under similar professional guidelines to the GES and adhere to the GSR Professional Standards Guidance.

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.

## **Triennial review of the MAC**

On 27 March 2012 the Secretary of State for the Home Department announced in Parliament, through a written Ministerial statement, the commencement of the triennial review of the Migration Advisory Committee.

Under the triennial review programme, NDPBs should be reviewed at least once every three years. The MAC was one of the bodies to be reviewed in 2012. The review had two principal aims, as defined by the Cabinet Office:

- i. To provide a robust challenge of the continuing need for individual NDPBs – both their function and their form; and
- ii. Where it is agreed that a particular body should remain as an NDPB, to review the control and governance arrangements in place to ensure that the public body is complying with recognised principles of good corporate governance.

The review concluded that the functions performed by the MAC are still required and that it should be retained as a non-departmental public body. The review also found that the governance arrangements for the MAC in line with guidance on good corporate governance set out by the Cabinet Office. The report makes some recommendations in this respect and these have been implemented.

On 29 April 2014, the Secretary of State for the Home Department made a statement to Parliament announcing the completion of the triennial review of the MAC. The full report of the review of the MAC can be found on the [GOV.UK website](https://www.gov.uk/government/publications/migration-advisory-committee-triennial-review)<sup>2</sup> and copies have been placed in the House Library.

## **Work of the Migration Advisory Committee in 2013-14**

During 2013-14 the MAC's work plan consisted of the following two commissions from the Government.

### **Tier 1 (Investor) route: Investment thresholds and economic benefits**

The Minister for Immigration has asked the MAC to consider the following question and report back by 7 February 2014:

---

<sup>2</sup> <https://www.gov.uk/government/publications/migration-advisory-committee-triennial-review>

“At present, the minimum level of investment for the Investor category is £1 million but accelerated settlement status can be achieved by investing either £5 million or £10 million. Migrants may use money loaned to them by UK banks when making their investment. The MAC is asked to consider whether the investment thresholds are appropriate to deliver significant economic benefits for the UK, in particular the minimum £1m threshold?”

The MAC based its consideration in this report on a combination of desk-based research and evidence received from corporate partners gathered through a series of targeted activities. The MAC also considered the findings of report it commissioned from the National Institute of Economic and Social Research (NIESR) and the Migration Observatory titled *‘The Economic and Labour Market Impacts of Tier 1 entrepreneur and investor migrants’*, which was published on the MAC website in July 2013.

A call for evidence was issued on 18 October 2013 and this closed on 29 November 2013. The document restated the Government’s commission and identified some sub-questions on which the MAC wished to receive corporate partners’ views. The call for evidence was sent to a number of partners, including approximately 200 individual Tier 1 investors, and was posted on the MAC website.

The MAC hosted a general partner event in London in November 2013 and attended a number of further meetings with partners. It also held teleconferences with a number of Tier 1 investors. The MAC received 25 written submissions of evidence from organisations and 12 written responses from individuals. All written and oral evidence from partners was considered alongside The MAC’s own data analysis and examination of relevant theory and literature.

In its report on this commission, published on 25 February 2014, the MAC recommended increasing the minimum threshold for investment for the standard route and also suggested replacing the higher investment routes with a “premium route”.

Specifically, for the standard route, the MAC recommended that:

- The investment threshold be increased from £1 million to £2 million;

the topping up requirement be removed (this refers to the fact that Tier 1 investors are required to top up the value of their investment should it fall below the required threshold);

- the provision to access funds via a loan from a UK registered financial institution be removed;
- the current restrictions on investment instruments be relaxed.

In addition, the MAC noted that the Government will wish to consider whether to continue permitting investment in gilts.

For the premium route, the MAC recommended that the government:

- replace the £5 million and £10 million routes;
- introduce a settlement qualification period of two years;
- reduce the residence requirement to 90 days per annum;
- limit the route's visas, perhaps to 100 per annum;
- make entry clearance visas available via auction – reserve price of £2.5 million and the first £2 million be invested (as with the standard route) with the surplus to be put into a specific good causes fund.

### **Migrants in low-skilled work: The growth of EU and non-EU labour in low-skilled jobs and its impact on the UK.**

In May 2013, the Minister for Immigration asked the MAC to advise on the issue of low-skilled work migration, the factors driving it and the resulting economic and social impacts. The MAC was asked:

“...to consider the labour market, economic and social impacts on the UK and specifically on British workers, drawing on and updating earlier work in this area. In particular, the MAC is asked to research the growth of migrant labour, distinguishing where possible between EEA and non-EEA migrants, in low skilled sectors of the UK economy and the factors driving this.”

The Minister asked the MAC to respond by the end of April 2014. A call for evidence in relation to this commission was launched on 19 September 2013 and ran to 13 December the same year.

The MAC submitted its findings to the Government on 19 June 2014 and published the report on 8 July 2014. .

### **Budget and expenditure**

The MAC's 2013-14 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 2013-14 was £725,775. Of this £636,575 was pay-related (secretariat and Chair salaries, plus Committee member fees) and £89,200 was non-pay (Table 1). The majority of the non-pay budget (£72,000) was allocated to the MAC's research programme.

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. A list of the research projects commissioned by the MAC and their costs are provided in Table 2.

<b>Table 1: 2013-14 Budget and Expenditure</b>			
	<b>Budget (£)</b>	<b>Expenditure (£)</b>	<b>Difference (£)</b>
<b>Pay</b>			
Secretariat salaries	572,575	634,000	-61,425
Chair salary	42,000	42,000	0
Committee members' fees	22,000	22,300	-300
<b>Non-pay</b>			
Travel and subsistence	3,000	9,916	-6,916
Research	72,000	60,251	11,749
Printing & Publication	4,000	3,189	811
Staff training	6,000	7,413	-1413
Conferences	0	1,230	-1230
Hospitality	3,000	1,095	1905
Couriers	1,200	118	1082
Other, e.g. telecom	0	1,952	-1952
<b>Grand Total</b>	<b>725,775</b>	<b>783,464</b>	<b>-57,689</b>

**Notes to the accounts:**

1. Figures do not sum to total due to rounding.
2. The overspend of £61,425 on secretariat staff costs was entirely due to a one-off salary buy-out of Home Office staff in November 2013. This additional expenditure was covered by a central increase to budgets.
3. Committee member fees include the cost of research carried out by members for MAC's report on migrants in low-skilled work.

## 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?

During 2013-14 the MAC commissioned two external research projects covering a fee value of around £64,200. Commissioned projects were:

- **Determinants of the composition of the labour force in low-skilled sectors of the UK economy: Social care and Retail sectors** (Available [here](#)<sup>3</sup>). This project was awarded to Warwick Institute for Employment Research. Using case studies and interviews, the aim of the project was to develop further understanding of the demand and supply-side factors which determine the composition of the labour force in low-skilled sectors of the UK economy, with particular reference to the social care and retail sectors. The project examined employer preferences, recruitment methods and approaches to job-search, in addition to other determinants.
- **Impact of migration on UK consumer prices** (Available [here](#)<sup>4</sup>). This project was awarded to the Professor Tommaso Frattini, who is currently a member of the Department of Economics, Management and Quantitative Methods at the University of Milan. The aim of this project was to analyse the effect of immigration on the prices of goods and services in the UK for the period 1997 to 2012.

**Table 2: MAC research budget spending, 2013-14 financial year**

<b>Project</b>	<b>Cost (£)</b>
Determinants of the composition of the labour force in low-skilled sectors of the UK economy: Social care and Retail sectors	52,200
Impact of migration on UK consumer prices	8,000
<b>Total</b>	<b>60,200</b>

<sup>3</sup> <https://www.gov.uk/government/publications/low-skilled-sectors-of-the-uk-economy-social-care-and-retail-sectors>

<sup>4</sup> <https://www.gov.uk/government/publications/impact-of-migration-on-uk-consumer-prices>

## **Appendix 1: Profiles of the Migration Advisory Committee**

### **Chair**

#### **Professor Sir David Metcalf CBE**

Professor Sir David Metcalf is Emeritus Professor at the Centre for Economic Performance at the London School of Economics and has been a visiting professor at Princeton University and the Australian National University.

He has been Chair of the Migration Advisory Committee (MAC) since its establishment in 2007. During this time MAC has produced twenty three major reports for the Government. These analyse, for example, the impact of immigration, limits on skilled worker immigration and labour shortages.

Sir David was a member of the Low Pay Commission (LPC) from its formation in 1997 until 2007. The LPC recommends the level of the national minimum wage to Government. Presently he is a member of the Senior Salaries Review Body which recommends pay for judges, top military personnel, senior civil servants, and senior NHS managers.

He was awarded the CBE in the 2008 New Year Honours list and a Knighthood in the 2013 Birthday Honours for services to Immigration.

*Appointed* *August 2007*

*Reappointed* *August 2010*

*Reappointed* *August 2013*

### **Members**

#### **Dr Martin Ruhs**

Martin Ruhs is University Lecturer in Political Economy at Oxford University, where he is also Director of Studies in Economics at the Department for Continuing Education; Senior Research Fellow at the Centre on Migration, Policy and Society (COMPAS); and a Fellow of Kellogg College. Martin's research focuses on the economics and politics of international labour migration, with a strong international comparative dimension. Publications include 'The Price of Rights. Regulating International Labor Migration' (Princeton University Press, Aug 2013) and 'Who Needs Migrant Workers? Labour Shortages, Immigration and Public Policy' (co-edited with Bridget Anderson, Oxford University Press, 2010 and 2012).



Martin has provided policy analysis and advice for various national governments and international institutions including the International Labour Organisation (ILO), the International Organisation for Migration (IOM), the Global Commission on International Migration (GCIM), the United Nations Development Programme (UNDP), the European Commission and the Swedish Presidency of the European Union. In 2008-09, he was Specialist Adviser to an inquiry by the Economic Affairs Committee of the House of Lords into the economic impacts of migration. Martin is a regular commentator on migration issues in the media.

*Appointed* *December 2007*

*Reappointed* *December 2010*

*Reappointed* *November 2013*

### **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. Jennifer won a silver medal at the 2002 Commonwealth Games, rowing for England in the women's quadruple scull.

*Appointed* *November 2012*

### **Professor Jonathan Wadsworth**

Professor Jonathan Wadsworth of the Economics Department at Royal Holloway College, University of London has accumulated over 20 years' experience of academic-related work on labour market issues after studying first at the University of Hull and then at the London School of Economics.

His main area of interest is applied labour economics, focusing on issues of immigration, inequality, unemployment compensation schemes, job search, labour mobility, job tenure, wages, unions, health, economic inactivity and labour markets in Eastern Europe.

Professor Wadsworth co-developed the concept of workless households and its measurement and is the co-editor of The State of Working Britain volumes, a

publication aimed at academics and policy makers, which highlights and comments on significant developments in the labour market.

*Appointed* *December 2007*

*Reappointed* *December 2010*

*Reappointed* *November 2013*

### **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*

## **Appendix 2: Work the MAC was commissioned to do in 2013-14**

### **Tier 1 (Investors) route: Investment thresholds and economic benefits (February 2014)**

The Minister for Immigration asked the MAC to review the investment thresholds for the Tier 1 Investor route. Specifically the Committee was asked to consider the following question:

“At present, the minimum level of investment for the Investor category is £1 million but accelerated settlement status can be achieved by investing either £5 million or £10 million. Migrants may use money loaned to them by UK banks when making their investment. The MAC is asked to consider whether the investment thresholds are appropriate to deliver significant economic benefits for the UK, in particular the minimum £1m threshold?”

The MAC was asked to report to the Minister by 31 January 2014 and launched a call for evidence for this commission on 1 October 2013. The MAC’s report on this commission, Tier 1 (Investor) route: investment thresholds and economic benefits, was published on 25 February 2014.

### **Migrants in low-skilled work: The growth of EU and non-EU labour in low-skilled jobs and its impact on the UK (July 2014)**

In May 2013, the Minister for Immigration asked the MAC to advise on the issue of low-skilled work migration, the factors driving it and the resulting economic and social impacts. Specifically the Minister asked the MAC:

“...to consider the labour market, economic and social impacts on the UK and specifically on British workers, drawing on and updating earlier work in this area. In particular, the MAC is asked to research the growth of migrant labour, distinguishing where possible between EEA and non-EEA migrants, in low skilled sectors of the UK economy and the factors driving this.

In doing this, the research should address:

The extent to which, and the reasons why, employers actively choose to recruit migrant workers and through which channels.

Why these migrant workers are attracted to coming to work in the UK, and how the UK compares with other countries in this context.

The extent to which migrant labour fills gaps in the UK domestic labour supply for low-skilled work and whether the work they find is a match for the skills they bring.

Whether there are structural or cultural issues which inhibit the recruitment of UK-born workers, including issues such as motivations and attitudes to work. Consideration should also be given to the interaction of factors

including skills, housing, education provision, the benefits system and the labour market regulation, with a view to making recommendations as to possible actions here.”

The Minister asked the MAC to respond by the end of April 2014. A call for evidence in relation to this commission was launched on 19 September 2013 and ran to 13 December the same year.

The MAC submitted its findings to the Government on 19 June 2014 and publication will follow shortly.

### **Appendix 3: 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>

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](#)



Migration Advisory Committee Report  
November 2014  
<https://www.gov.uk/government/organisations/migration-advisory-committee>

© Crown copyright.  
ISBN: 978-1-78246-568-3