



MIGRATION ADVISORY COMMITTEE

# Annual Report

2017-18

October 2018





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## Foreword by Professor Alan Manning

I am pleased that during the reporting year, we have looked at issues of real significance and contributed to the evidence base at a crucial time for the UK migration system.

We were asked to report on the impact on the UK labour market of EEA migration and how the UK's immigration system should be aligned with a modern industrial strategy. Our second commission was to look at the economic and social impacts of international students in the UK.

We issued calls for evidence on both commissions and a call for research to build the evidence base and add to the research on the impacts of EEA migration in the UK.

We published an interim update on the labour market commission in March 2018. This summarised the evidence we had received and the key themes that emerged. Our final reports on the labour market and on international students were both published in September 2018 and are available on the MAC website at <https://www.gov.uk/government/organisations/migration-advisory-committee>.

We welcomed the appointment of Professor Jo Swaffield and Dr Brian Bell to the MAC in February 2018. They bring a wealth of expertise and experience to the Committee and they have already started to make a significant contribution.



Professor Alan Manning

Chair, Migration Advisory Committee

## Introduction

This is the MAC's sixth annual Report and:

- provides an overview of the Committee's work during the report's timeframe;
- confirms the MAC's Terms of Reference and membership; and
- gives a summary of the issues the Committee considered between April 2017 and March 2018.

### 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 operate under direction from the MAC. Its corporate functions such as finance, IT and HR support are provided by the Home Office.

### MAC meetings held during 2017-18

Between 1 April 2017 and 31 March 2018, the MAC held 10 Committee meetings. The minutes of all Committee meetings are published on the MAC website at <https://www.gov.uk/government/organisations/migration-advisory-committee>.

### Appointments during 2017-18

The Home Office MAC Sponsor Team, in conjunction with the Home Office Public Appointments 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 Government's Principles of Public Appointments and Governance Code and in line with the Nolan Principles of Public Life. Professor Jo Swaffield and Dr Brian Bell were appointed as new MAC members in February 2018.

## **The principles set out in the Governance Code are:**

*Ministerial Responsibility*

*Selflessness*

*Integrity*

*Merit*

*Openness*

*Diversity*

*Assurance*

*Fairness*

## **Stakeholder 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 stakeholders from within business, central and local government, sector skills councils, trade unions, academia and individual employers.

This year, as part of its work on the EU migration and international students commissions, the MAC had extensive engagement, across the breadth of the UK, with a wide range of bodies and organisations across sectors including; agriculture, manufacturing, construction, hospitality, tourism, IT, the arts, education and health.

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. Represented within the team are experts in the fields of economics, policy development, stakeholder 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. 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 always. 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 2017-18

The MAC have been commissioned twice this reporting year. The MAC were asked to submit both reports to the Government by September 2018.

### **EEA-workers in the UK labour market (interim update published March 2018)**

In July 2017, the Government commissioned the MAC to advise on the economic and social impacts of the UK's exit from the European Union, and how the UK's immigration system should be aligned with a modern industrial strategy.

In September 2017, the MAC issued a call for evidence and a briefing paper. The call for evidence outlined some questions to provide a general indication of the information the MAC would find most useful. The MAC asked for responses by 27 October 2017. There were 417 responses to the call for evidence from organisations, businesses and individuals. A series of regional meetings were arranged, through contacts with bodies such as CBI and the British Chambers of Commerce, as well as other stakeholders. MAC representatives visited Scotland, Wales and Northern Ireland as well as each of the English regions (North East, Yorkshire and Humberside, North West, East Midlands, West Midlands, East of England, South East, South West and London). The MAC received evidence from a wide range of bodies and organisations across a variety of sectors.

The briefing paper, published along with the call for evidence, outlined some preliminary analysis of the UK labour market and other countries' migration systems. It was written both as a stand-alone piece and as a complement to the call for evidence.

An interim update was published in March 2018. It did not make any policy recommendations and set out to summarise the responses to the call for evidence and the stakeholder engagement. The report set out emerging key cross-cutting themes from the evidence, as well as considering regional issues as relayed to the MAC by the devolved administrations, central government, local authorities, and regional representative bodies.

Overall, the MAC were told by employers that they do not deliberately seek to fill vacancies with migrant workers and that they employ EEA migrants when they are the best or, sometimes, the only available candidates. Employers were also concerned about the prospects of future restrictions on EEA migration.

Regionally, the issues highlighted were differing shares of EEA migrants, the contribution of EEA migrants to population growth, slowing ageing of the population, the reliance of remote areas on migration and the concern about the nature of migration flows across the Irish/Northern Irish border after the UK has left the EU.

The final report published in September 2018 looked at a wide range of impacts on how the lives of UK residents are affected by EEA migration. Wages, unemployment, prices, productivity, training, the provision of public services, public finances, community cohesion and well-being are considered.

## International students: economic and social impacts

In August 2017, the Government commissioned the MAC to assess the impacts of international students in the UK. The commission asked the MAC to:

*“...evaluate the impact made by international students. In particular, what are the economic and social impacts of international students in the UK? As well as considering the overall impact, this should include advice on the following:*

- *The impact of tuition fees and other spending by international students on the national, regional, and local economy and on the education sector;*
- *The economic and social impacts beyond education, including on the labour market, housing, transport and other services, in particular, the role they play in contributing to local economic growth;*
- *Some breakdown of impacts by type and level of course, and institution;*
- *The impact the recruitment of international students has on the provision and quality of education provided to domestic students.*

*The MAC should look at the whole of the UK, including its constituent nations and regions.”*

The MAC were asked to report by September 2018. In October 2017, a call for evidence was issued together with an accompanying briefing paper. The period for responses ran until 28 January 2018.

## Other work

### *i. Parliamentary engagement*

The Chair of the MAC gave evidence at a number of parliamentary inquiries in relation to the MAC's work.

The Chair of the MAC met with the All Party Parliamentary Group on Migration on 17 October 2017 to talk about the work that the MAC were doing with a particular focus on the EEA migration commission.

The Chair of the MAC met with the House of Commons Scottish Affairs Committee on 20 March 2018, in relation to their inquiry into immigration and Scotland. A transcript of the session is available here:

<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/scottish-affairs-committee/immigration-and-scotland/oral/80807.html#Panel1>

The Chair attended a meeting of the All Party Parliamentary Group for Visas and Immigration on 23 January 2018, and throughout the year met with permanent secretaries and ministers of departments across government to introduce himself and the work of the MAC.



## *ii. Broader engagement*

As part of the call for evidence for the two commissions the MAC received, the Chair met with stakeholders from a diverse range of industries, including site visits in the agricultural sector, meat processing, IT and haute couture. This expanded the knowledge of the MAC as to how businesses meet their labour needs.

## **Budget and expenditure**

The MAC's overall allocated budget for 2017-18 was £782,632 and 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.

For pay-related costs, the budget allocated was £692,632, of which an amount of £64,000 was set aside for Committee members' fees (approximately £42,000 for the Chair, who is paid for two days' work per week). The Chair was paid in excess of £42,000 this year in order to correct an administrative delay in actioning his full pay last year, when he was paid £24,467 rather than his full salary. MAC members are expected to work two days a month on MAC business at a rate of £275 per day. This year, the MAC Secretariat also had a PhD student secondment to complete a project on productivity.

For non-pay costs, the budget allocated was £90,000, of which the majority was allocated for external research. This year saw significantly increased expenditure on other office costs. This was to take account of the MAC Secretariat's share of the costs in uptaking changes to its accommodation following a series of moves within 2 Marsham Street and also in receiving an upgrade to its IT equipment. Additionally, the extensive stakeholder engagement carried out by the MAC as part of its commissions on EEA workers and international students saw an increase in the travel and subsistence expenditure

External research costs for work on the Brexit commission will appear in the next Accounts as payments made in the financial year 18/19.

Table 1: 2017-18 Budget and Expenditure

	<b>Budget [£]</b>	<b>Expenditure [£]</b>	<b>Difference [£]</b>
Secretariat salaries	628,632	691,395	(62,763)
Chair salary	42,000	63,234	(21,234)
Committee members' fees	22,000	26,676	(4,676)
Secondment	-	3,000	(3,000)
<b>Pay Total</b>	<b>692,632</b>	<b>784,305</b>	<b>(91,673)</b>
Travel and subsistence	3,245	12,930	(9,685)
Research	65,255	11,828	53,427
Other office costs	21,500	84,404	(62,904)
<b>Non-pay Total</b>	<b>90,000</b>	<b>109,162</b>	<b>(19,162)</b>
<b>Grand Total</b>	<b>782,632</b>	<b>893,467</b>	<b>(110,835)</b>

## Research programme

Sometimes, to support a piece of work, the MAC commissions research from external consultancies or academics. Research is procured according to Home Office guidelines and tenders are evaluated by a panel of labour market experts and economists. The research that the MAC 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?

For the commission on the impact on the UK labour market of the UK's exit from the European Union, the MAC issued invitations to tender for external research on the following themes:

- fiscal impact of migration,
- the impact of migration on cohesion and integration,
- on training and recruitment, and
- on productivity and training.
- UK firm-level evidence on productivity and migration.

The following parties were commissioned to carry out research:

- Oxford Economics on the fiscal impact of immigration on the UK;
- Aubergine Analysis on the impact of migration on productivity;
- Andrew Mountford and Jonathan Wadsworth on the impact of immigration on training;
- Corrado Giuliatti on the impact of immigration on the well-being of UK natives;
- Julian Costas on the link between migration and productivity.

The results of the findings were discussed in the MAC's final report published in September 2018 and payment fell into the 2018/19 reporting year.

## 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*



**Professor Jo Swaffield**

A professor of economics and head of department at the University of York, Professor Swaffield is an applied micro labour economist with strong research expertise in the UK labour market and a track record of providing quality research evidence to government. Her main research fields are in labour economics and applied micro-econometrics, focusing on issues such as the gender wage gap, low wages including minimum wages and the living wage, and employment, particularly in terms of working hours.

Professor Swaffield's research has been published in leading economics journals and gained external funding from prestigious funders. She has delivered a number of commissioned research reports that have formed part of the evidence base for the Low Pay Commission's recommendations on the UK's National Minimum Wage.

*Appointed*

*February 2018 to February 2021*



**Dr Brian Bell**

Dr Bell has been a senior lecturer, King's Business School, within Kings College London since January 2017, following 4 years as an associate professor in the Department of Economics at Oxford University. Dr Bell is a world leading labour economist who is widely published, and his work on immigration has included papers examining the progress of immigrants in the labour market in the UK, and the impact of immigration on crime in the UK.

Dr Bell has worked extensively outside academia, including at the Bank of England and the International Monetary Fund.

*Appointed*

*February 2018 to February 2021*

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

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

EEA workers in the UK labour market: interim update (March 2018). Available [here](#)

EEA workers in the UK labour market: a briefing note to accompany the call for evidence (August 2017). Available [here](#)

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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