Migration Advisory Committee

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November 2007

1. Numbers
2. New system of immigration
3. Description of tier 2
4. Labour shortages
5. Unresolved issues

I am Chair of the MAC. I am speaking in a personal capacity, not as Chair.
1. Numbers

a. Flows 2005, thousands, > 1 year

<table>
<thead>
<tr>
<th></th>
<th>Gross inflow</th>
<th>Gross outflow</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>565</td>
<td>380</td>
<td>+185</td>
</tr>
<tr>
<td>British citizens</td>
<td>91*</td>
<td>198</td>
<td>-107</td>
</tr>
<tr>
<td>EU 25</td>
<td>145</td>
<td>56</td>
<td>+89</td>
</tr>
<tr>
<td>Commonwealth</td>
<td>189</td>
<td>64</td>
<td>+125</td>
</tr>
<tr>
<td>Other</td>
<td>140</td>
<td>62</td>
<td>+78</td>
</tr>
</tbody>
</table>

* of which 75 born in UK

Main reason for gross inflow

- Total: 565
- Definite job: 159
- Looking for work: 85
- Accompany / join: 86
- Formal study: 136
- Other e.g. asylum, working holiday: 69
- No reason: 31

\[
\text{\{ work permits + depend. } \text{ work permits } = 244 \text{ or } 43\%
\]

in 2006

<table>
<thead>
<tr>
<th></th>
<th>m.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>total population</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>working age population</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>working age econ active</td>
<td>3</td>
<td>11</td>
</tr>
</tbody>
</table>

re i %
total popn. 100
A8 1
other EU 25 2
RoW 8

of the 10% foreign born only 5% are foreign
- many UK nationals born abroad returned
- foreign born become British citizens

re ii and iii
- immigrants more likely to be of working age
- immigrants less likely to work
  - students
  - spouses and dependents
2. New system of immigration

- **EEA Migrants**
  - **Free Movement of People**
  - **Permanent channel**
    - **Maximise Contribution: on journey towards Citizenship**
      - **Tier 1 Refugees**
        - Offering Protection
        - Reuniting people with loved ones
        - ESOL
        - English requirement
      - Tier 2
        - Skills we need
      - Tier 3
        - Study
      - Tier 4
        - Culture
      - Tier 5
        - Family
      - **MAC**
      - **Points Based System (PBS)**
      - **Visit**
  - **Temporary**
    - **Maximise Economic Contribution**
      - Tier 4
        - Culture
      - Tier 5
        - Family
  - **Illegal**
    - **Comply or Remove/Prevent**
      - Migrants
      - Employers
        - Prosecution
        - Voluntary Removal
        - Civil Penalties
        - Harsh environs
        - Forced sponsor register
    - **Leave UK**
    - **Outflow**
      - **Leave UK**
      - **Citizenship**
      - **ILR-settlement**
      - **Enforced Removal**

- **Inflow**
  - **Inflow Stock**
  - **ESOL**

- **Outflow**
  - **Leave UK**

A broad overview
3. Description of possible Tier 2

Initial hurdles

- NVQ 3+
- must speak English
- need 50 points

<table>
<thead>
<tr>
<th>Needs</th>
<th>As defined by MAC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>shortage occupn</td>
</tr>
<tr>
<td>Need to advertise in UK (resident LM test)</td>
<td>No</td>
</tr>
<tr>
<td>Routes and points</td>
<td></td>
</tr>
<tr>
<td>a. shortage occupn</td>
<td>50</td>
</tr>
<tr>
<td>b. Intra company transfer</td>
<td>-</td>
</tr>
<tr>
<td>6 months + ex with firm appropriate UK salary</td>
<td>-</td>
</tr>
<tr>
<td>c. Non-shortage</td>
<td></td>
</tr>
<tr>
<td>- job offer passes RLM test</td>
<td>30</td>
</tr>
<tr>
<td>- NVQ3/BSc/MSc/PhD</td>
<td></td>
</tr>
<tr>
<td>- Pay (£k): 15-18/18-19.5/19.5-21/&gt;21</td>
<td></td>
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</tbody>
</table>

Source: Home Office *A Points-Based System*, Cm 6741, March 2006
4. Labour shortages

a. Possible sources of labour supply
   - UK e.g. unemployed, upskilling, returners
   - EU
   - family reunion
   - other immigration – influenced by MAC

b. Possible “top-down” shortage indicators (by occupation)
   - prices (wages)
     - change W, private sector
     - returns to qualifications
   - quantities (levels and/or changes) e.g.
     - vacancies
     - “skill gaps”
     - overtime hours
     - earlier promotions
     - outsourcing

c. “Bottom up” indicators
   - Sector Skills Councils
     25, till now 5 key in “shortage” decisions
   - MAC visits
   - Stakeholder Forum
5. Unresolved issues

A number of factors are still to be decided. These will influence migration levels under tier 2.

a. Shortage occupations, by June 2008

b. Fees
   Work permit currently £390
   approx 0.5% of 2-year labour costs

c. Initial hurdles
   • administration of English language test
   • validation of job level and qualifications

d. Points
   • operation of Resident LM test
   • pay threshold
     e.g. EU blue card: 3 x NMW = £32,700