

The UK Experience of Immigration Policy

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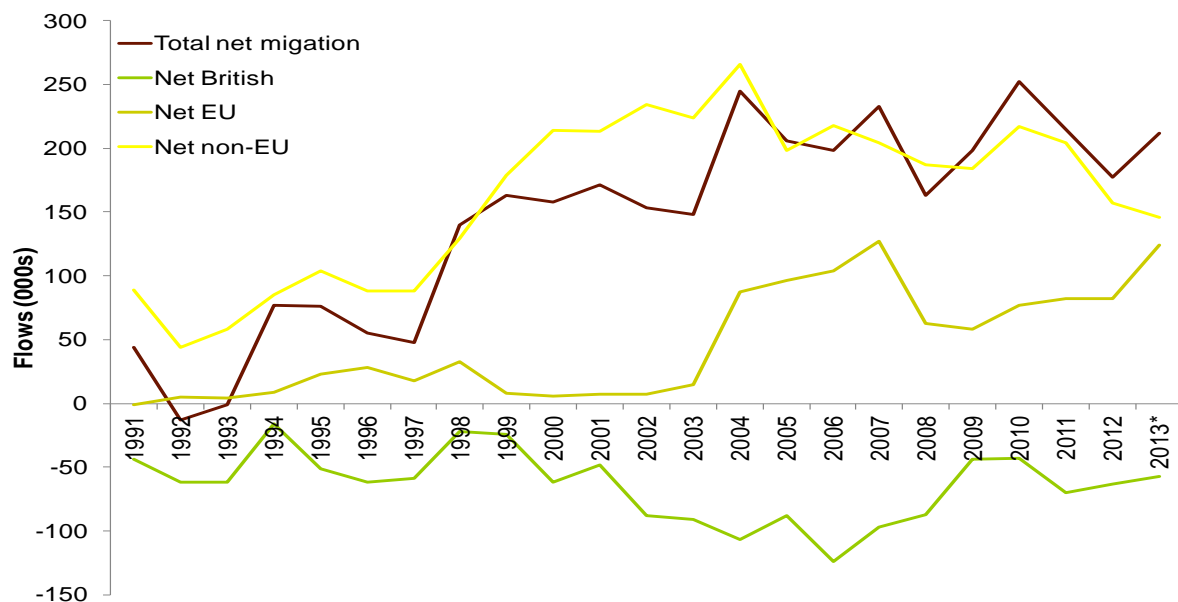
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Introduction

Immigration to the UK has grown appreciably over the last 20 years. The share of immigrants (hereafter defined as born outside UK) in the UK population is now around 13% (some 8 million individuals) up from 7% in early 1990s. This makes UK a “middle ranking” migrant recipient country, (OECD 2013), but the rate of increase experienced by the UK over this period is notable – at times around 250,000 a year, some 0.5% of the population. Immigration is also a key (currently *the* main) concern of the UK public (Ipsos/MORI 2014) and both politicians and the media have kept the issue at the centre of public and policy attention. Indeed the Conservative section of the current Conservative/Liberal administration had a manifesto pledge in 2010 to reduce (annual net) immigration “to the tens of thousands”, the levels experienced in the 1980s and early 1990s when the stock of immigrants in the UK was relatively stable (see Figure 1).

Figure 1. Net Yearly Immigration Inflows



Source: ONS (2014)

UK Immigration Policy

Understanding how the UK government can seek to influence immigration numbers requires a quick overview of UK immigration rules.

Any member country of the European Union (EU) has to accept unrestricted movement of EU citizens, though transitional restrictions can be imposed on citizens of new member countries.¹ Prior to the UK joining the EU in 1973, UK migration policy had been greatly influenced by its links with former colonies, of which India was the most populous. Before 1962, *any* “commonwealth” (ie former Empire) or Irish citizen had the right of entry into the UK. A system of work permits for non-EU citizens was introduced after the UK’s entry into the EU, (skewed toward skilled workers or occupations in short supply) along with entry rights for dependents, students and asylum seekers that has continued, subject to periodic modifications, to this day.

Since the UK government has little control on the number of emigrants of whatever citizenship and must adhere to the rules of EU membership on freedom of movement of labour, in order to influence the numbers of net immigration flows the main area of influence has to be focussed on the entry of non-EU citizens. To this end a “Points-Based System” (PBS) was introduced in 2008 to manage work- and study-related migration of non-EEA nationals. Essentially a revision of the existing system, the PBS consists of 5 tiers:

Tier 1: highly-skilled (postgraduate/Ph D) migrants coming for work reasons without a definite job offer.

Tier 2: skilled migrant workers with a definite job offer.

Tier 3: low-skilled migrant workers (in reality this route has never been opened).

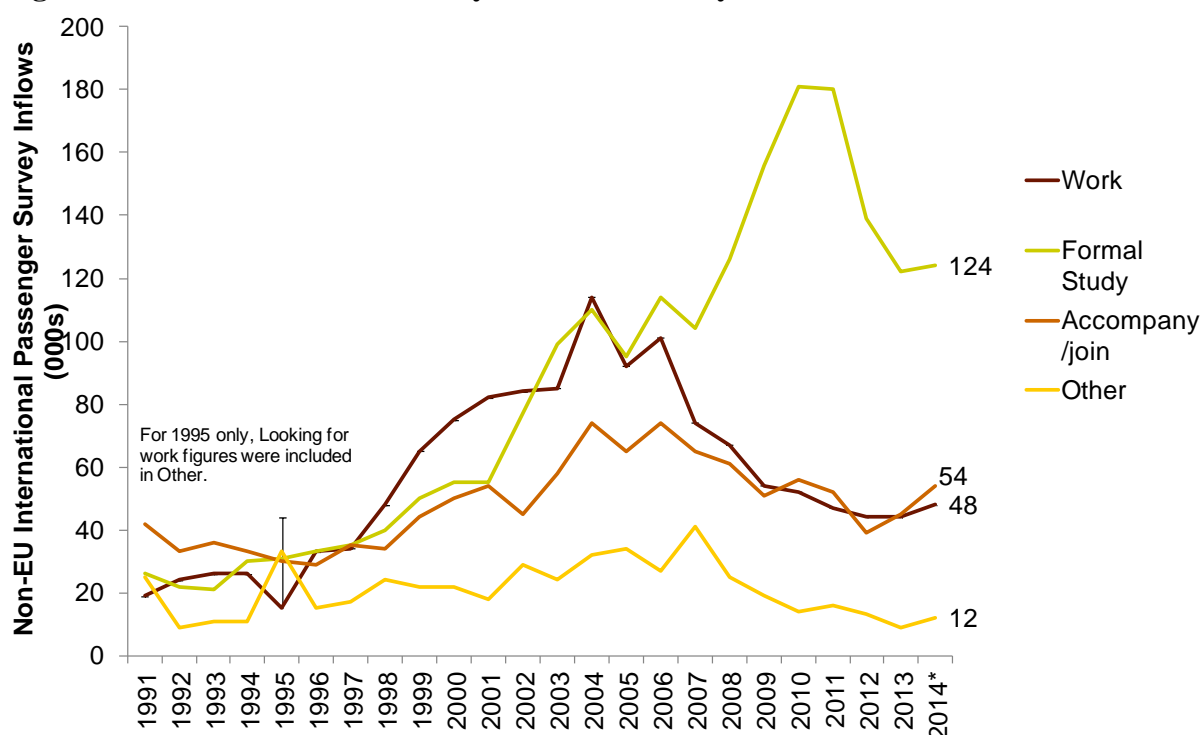
¹ The UK, along with Sweden and Ireland were the only countries not to impose transitional entry restrictions in 2004 to citizens of the 8 countries; Czech republic Estonia, Hungary, Latvia, Lithuania, Poland, Slovenia and Slovakia (the “A8”) formerly under the influence of the Soviet Union. It did impose transitional arrangements on Bulgaria and Romania in 2007 and on Croatia in 2014.

Tier 4: students.

Tier 5: youth mobility schemes and temporary workers

In addition there are routes for family reunion (dependents) and asylum seekers. Figure 2 graphs the changes in the relative size of the numbers entering the UK over time along each route.² In the early 1990s the most common reason for non-EU migration to the UK was family reunification. Students now dominate the non-EU inflows. Between 2000 and 2010 the number of non-EU migrants entering for formal study trebled.

Figure 2. Non-EU Inflows to UK by Reason for Entry



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

Work-Related Migration

While any EU citizen can come and work in the UK, entry to work from outside the UK is restricted to a designated set of skilled jobs that are largely determined by the UK Home Office and the UK Migration Advisory Committee, (MAC). Non-EU migrants must work for

² The Figure is based on individual survey responses according to the IPS and is not a formal count of visas issued.

a sponsored employer. Each sponsor requires a licence and migrants must obtain a Certificate of Sponsorship (a form of work permit) to allow them to work for that sponsor. The definition of skill has changed over time. Initially points were awarded on the basis of the age of the applicants and the job's required qualifications and pay. If the points for the applicant/job exceeded a given threshold, the job was deemed to be skilled. The system has now evolved away from points towards "requirements" e.g. the definition of skill is now based on the notion of a graduate job that is determined by the MAC. To try to prevent undercutting, each job (sponsor) must prove that the job's salary is above a minimum pay threshold which is meant to capture the going rate for an entry position in that occupation.³

The UK Migration Advisory Committee

In 2007, the UK government established the Migration Advisory Committee as a non-governmental public body with the expressed aim of providing independent, evidence-based advice to the government of the day on migration related issues. The MAC consists of a chair and four members - all academic economists - appointed by the Minister of Immigration through open and fair competition for a 5 year period and is supported by a secretariat of economists, researchers and policy officials based in the UK Home Office, (Home Office 2014). The questions the MAC addresses are determined by the Government of the day following consultations across a variety of interested government departments. Independence of view and expression, along with its perceived professional expertise, is widely seen as critical to its value within the process of decision-making on economic migration issues.

The MAC works on a series of commissions given to it by government with an express remit.

The MAC publishes an open call after each commission inviting interested parties to submit

³ Determining whether an occupation is a "graduate" job and the minimum entry pay threshold for each graduate occupation are both tasks that have been assigned to the Migration Advisory Committee.

evidence and looks to reflect the views of its partners (a combination of employers, unions, NGOs and academia) in its reports. The MAC analyses the available data and information relevant to the remit (“top down analysis”) and consults with interested stakeholders to gather “bottom-up” evidence.

The MAC then produces and publishes reports setting out recommendations regarding each commission. The published MAC reports are the result of a series of iterations and so reflect the consensus of the committee. The MAC can **recommend** but it **cannot** decide policy, unlike the Bank of England which sets interest rates, but similar to the UK Low Pay Commission which recommends the level of the national minimum wage and the government of the day decides whether to accept its recommendations.⁴ The government of the day can also implement changes to aspects of immigration policy without consulting the MAC.⁵

Issues covered by the MAC range from the establishment of a list of skilled occupations that are deemed to be in shortage and so are open to applicants from outside the European Union, to recommendations on a quota numbers to temporary work schemes for agricultural workers to donation thresholds for would be investors.⁶

Conclusions

UK immigration policy is constantly evolving and responding to the changing nature and size of immigration within the obligations of membership of the European Union. The MAC has been operating since 2007. The UK was a world-leader in this regard in its efforts to obtain

⁴ Unlike the MAC, the members of the Low Pay Commission are comprised of representatives of academia, industry and unions along with a policy secretariat.

⁵ For example, the government in 2013 decided to extend transitional arrangements (ie a 7 year restriction on work related migration) to the UK from the EU’s latest member, Croatia, without consulting the MAC.

⁶ A full list of the MAC’s commissions and reports can be found at <https://www.gov.uk/government/collections/migration-advisory-committee-research>

independent, evidence-based advice on migration issues. 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. 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. It is for others to decide whether this institutional model has been successful.

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