

CONSULTATION ON ESTABLISHING A MIGRATION ADVISORY COMMITTEE

PARTIAL REGULATORY IMPACT ASSESSMENT

Consultation on Establishing a Migration Advisory Committee (MAC) - Policy Objectives

The objectives of the MAC would be to ensure that Ministers receive independent advice in a transparent way to inform certain decisions relating to migration; and to help the Home Office ensure that the right people are attracted to come to the UK.

Issue

Whether to establish an independent Migration Advisory Committee to provide advice on certain migration decisions, especially relating to labour market shortages and to the points criteria used in the new Points Based System (PBS) for managing migration to the UK for work; and if so what its terms of reference should be.

Scale of the Issue

It is proposed that the MAC should advise on which high or lower-skilled occupations should be designated as shortage sectors, enabling employers in those sectors to bring migrant workers to the UK more easily. It would advise on points criteria for skilled and highly skilled workers to come to the UK. It would also work up a possible methodology for assessing the economic, fiscal and wider impact of certain migration decisions.

Background and Rationale for Government Intervention

The current migration system is designed to attract highly skilled migrants, skilled migrants in shortage occupations, and low-skilled migrants in specific shortage sectors to the UK labour market. Civil servants provide advice on where in the economy migration may be appropriate to fill labour market shortages.

The current shortage occupation list is produced by civil servants with the help of a limited number of sector panels. These do not cover all sectors of the economy, and there is no formal mechanism for identifying and/or updating the shortage occupation list regularly. We are not convinced that this is the most efficient and effective way of managing the shortage occupation list.

Advice on points criteria are currently given by officials. There is no current methodology for assessing the economic, fiscal and wider impact of migration. Ministers feel that the PBS would benefit from independent input from people with a thorough understanding of the labour market and that it would be of value to try to devise a methodology for making assessments of the economic, fiscal and wider impact of migration.

There is therefore a clear rationale for establishing a MAC, which is to be tested through consultation.

Consultation

We have consulted across government departments and formally sought and obtained clearance through the Cabinet Asylum and Migration (AM) Committee for the consultation on establishing a Migration Advisory Committee. A full public consultation is being carried out from 29 November to 31 January 2007. The results of the consultation process will be used to decide whether establishing a Migration Advisory Committee is appropriate, and if so, how it should be structured and what its remit should be.

A consultation on the proposed Points Based System in early 2006 included a question on the proposals for a Skills Advisory Body (SAB) which would advise the Home Office on shortage occupations. The responses were generally supportive of the principles of establishing a SAB and were published in the Command Paper "*A Points Based System: Making Migration Work for Britain*" (Home Office, March 2006).

Regulatory and non-regulatory options

We are not proposing to regulate. We are proposing to set up an advisory Non-Departmental Public Body, without legislation if possible and at any rate without legislation initially. The remit of this body, the MAC, would be to advise Ministers about certain migration issues. These are decisions which are already being taken, or will be under the new PBS from next year, on the advice of civil servants. Apart from providing advice to Ministers its only other functions would be:

- to ensure relevant sectors and stakeholders are properly consulted through appropriate fora
- to commission research within a set budget if it felt that there were gaps in the data it needed to underpin its advice.

It would be possible to continue without a MAC, with civil servants providing advice as now, but this option would not provide the independence and transparency offered by a MAC.

A third option would be to have a Skills Advisory Body, as proposed in the March 2006 Command Paper on the PBS. It was envisaged that this body would have a more limited scope than the proposed MAC, looking at skills issues only, and would have a more tightly drawn membership, with the board of the Sector Skills Development Agency exercising control.

High-level Implementation and Delivery Plans for Each Option

Option 1 - MAC

Depending on the results of the consultation we would announce the results in February 2007 and move to establishing MAC membership by April 2007, with the Committee fully up and running by April 2008. It would start to deliver products, namely its shortage occupation lists and advice on PBS criteria, during 2007/08.

Option 2 - SAB

We would aim to establish the SAB, and for it to start to deliver products, in a similar timescale to the MAC.

Option 3 - status quo

No action would be required. It is assumed that the sector panels comprising employers and the relevant skills councils, which currently advise civil servants in Work Permits UK, would continue to operate.

Who is affected?

Since the MAC would be simply advising Ministers and taking no decisions itself, no group is directly affected. The MAC's work would not impose any additional burdens on employers, except insofar as individual employers were engaged in stakeholder fora, or are asked to provide data to inform research commissioned by the MAC. We envisage that such activity would in any case be voluntary.

We do not envisage any impact on front-line public service staff.

Decisions on which the MAC would provide advice have far-reaching consequences, in particular which sectors to designate for high-skilled and lower-skilled labour market shortages, and where to set points criteria for skilled and highly skilled migrants. These decisions would still be taken by Ministers as now, but if the MAC were established such decisions would be taken on the basis of independent and expert advice in a transparent way.

Benefits, costs and key risks

<u>Option</u>	<u>Benefits</u>	<u>Costs</u>	<u>Key Risks</u>
MAC	<p>Independent, transparent advice, involving key stakeholders and experts in migration decisions. This advice would take account of the full impact of migration.</p> <p>Helps UK to attract migrants needed, bringing in economic benefits.</p>	£3-4m	<p>MAC fails to reach consensus on advice.</p> <p>MAC fails to agree methodology for taking into account wider impact of migration.</p> <p>MAC advice not accepted by Ministers.</p> <p>MAC fails to consult adequately or commission adequate research.</p>
SAB	<p>Advice on skill shortages from the SSDA board, providing very wide range of expertise on skills issues, informed by research.</p>	£1-1.5m	<p>Advice would fail to take account of wider impact of migration</p> <p>Advice focussed on skills rather than labour market shortages</p> <p>Fails to take account of wider views on migration, outside skills issues.</p>
Status quo	<p>Lower costs, with advice still being provided.</p>	£270k	<p>Advice to Ministers provided by civil servants with less expertise on labour market issues, without good quality data.</p> <p>Designation of labour market shortages skewed by vocal sectors putting pressure on Home Office officials.</p> <p>If as a result advice to Ministers is of poorer quality, the UK may not attract the migrants it needs.</p>

Unintended consequences

The MAC could raise public expectations of what it might do, when its scope is in fact fairly limited.

Small firms impact test

There would be no impact on small firms, unless they were required to produce data for MAC-commissioned research in the future, which we envisage would be voluntary.

Competition Impact

None of the options has a direct impact on competition. Decisions taken on the advice of a MAC would however have potential impact on competition, for example if one sector is allowed to bring in lower-skilled labour it could lower costs and make employers in that sector more competitive. But within a sector employers would not be given an advantage over others. And whoever was responsible for providing advice for these decisions would remain in the gift of Ministers.

Enforcement, Sanctions, Monitoring

MAC

We would attempt to mitigate risks by:

- careful design of MAC structure and selection of MAC membership
- providing strong Home Office Secretariat
- providing adequate budget for research and consultation.

We would monitor through consultation with stakeholders, including through our Employer Taskforce which brings together employers to provide us with advice and input on the design of the PBS, and other taskforces for Education and for Arts and Entertainment.

Ultimate sanction for a non-performing MAC would be abolition.

SAB

We would mitigate risks by asking the SAB to consult widely and commission the necessary research. We would monitor its work through stakeholder consultation as above. Again the ultimate sanction for a non-functioning SAB would be abolition.

Status quo

We could mitigate risks by working close with the Sector Skills Development Agency and Sector Skills Councils, and if necessary by establishing additional sector panels to provide advice.