



The impact of immigration controls on skilled migrants

Summary

1. There is no evidence of a negative impact of immigration controls on the availability of skilled migrants. Less than half the Tier 2 quota has been taken up in the three years since it was introduced. Nor is there any evidence to link a fall in non-EU skilled migration with an increase from the EU – the so-called “balloon effect”. The UK recession and the difficulties in the Eurozone are much more likely explanations. Meanwhile, the proportion of all recent migrants who were highly educated increased from 50% in 2007 to 60% in 2013. This suggests that immigration policy is pointing in the right direction.

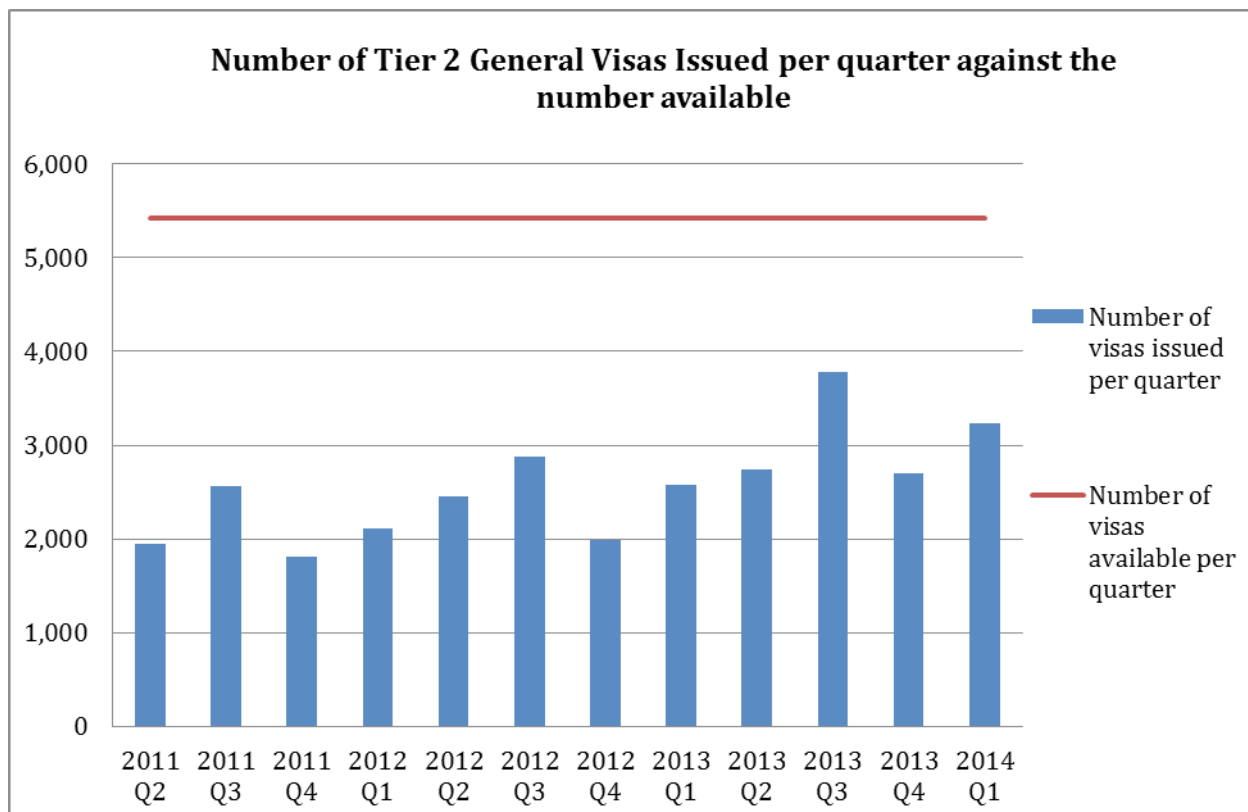
Introduction

2. The impact of immigration controls on the availability of skilled migrants is of critical importance to our economy. Business has been vocal in its complaints but the statistics do not support them. A new suggestion that there has been a displacement of non-EU skilled migrants by EU migrants – a “balloon” effect - is no more convincing.

Visas for the highly skilled

3. In April 2011 a cap of 20,700 per year was imposed on “Tier 2” visas for skilled workers from outside the EU. However, less than half of these visas (47%) have been taken up – as shown in the bar chart below. So far, industry has provided no explanation of this shortfall other than anecdotal evidence about bureaucratic difficulties. However, if these staff really were essential to the companies concerned, one would expect to see administrative difficulties overcome.

Figure 1. Number of Tier 2 General Visas Issued per Quarter and Number of Available Tier 2 Visas.



The stock of recent highly skilled migrants

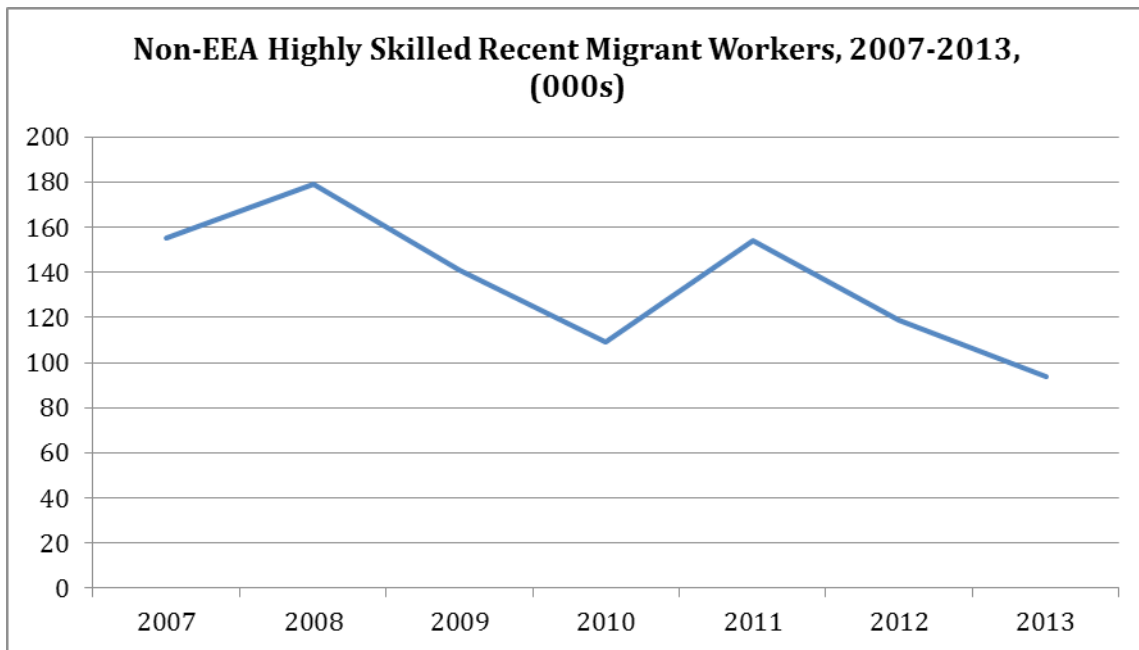
4. On 3 July 2014 the Migration Observatory published a report on Highly Skilled Migration. The research, carried out for the *Financial Times*, suggested that the changes to the immigration system which restricted the entry of highly skilled migrants from outside the EU might have led to an increase in such migrants from the EU itself. If it is true that there is such a “balloon” effect, the implication is that recent immigration policy changes have been futile.

5. The report used Labour Force Survey (LFS) data and examined the number of recently arrived migrants (RMW or recent migrant worker) that were highly skilled (defined as having left school at 21 or later) across the period 2007 to 2013. The numbers are set out in Table 1 below and more recent highly skilled *non*-EEA migrants are shown in the graph at Figure 2.

Table 1. Recently Arrived Migrant Workers (RMW), Highly Skilled (Education 21+) by Nationality.

Recently Arrived Migrant Workers, Highly Skilled (Education 21+)				
	Total (1)	Non-EEA (2)	EEA 15 (3)	EEA A8 (4)
2007	338	155	61	111
2008	340	179	59	88
2009	236	141	41	46
2010	188	109	33	37
2011	270	154	51	55
2012	227	119	50	44
2013	242	94	78	54
Change 07-13	-96	-61	17	-57

Figure 2. Non-EEA Highly Skilled Recent Migrant Workers, (Data from Column 2, Table 1)



6. It is clear that a sharp fall began in 2008 – almost certainly as a result of the recession not of immigration policy which was not tightened in those early years.

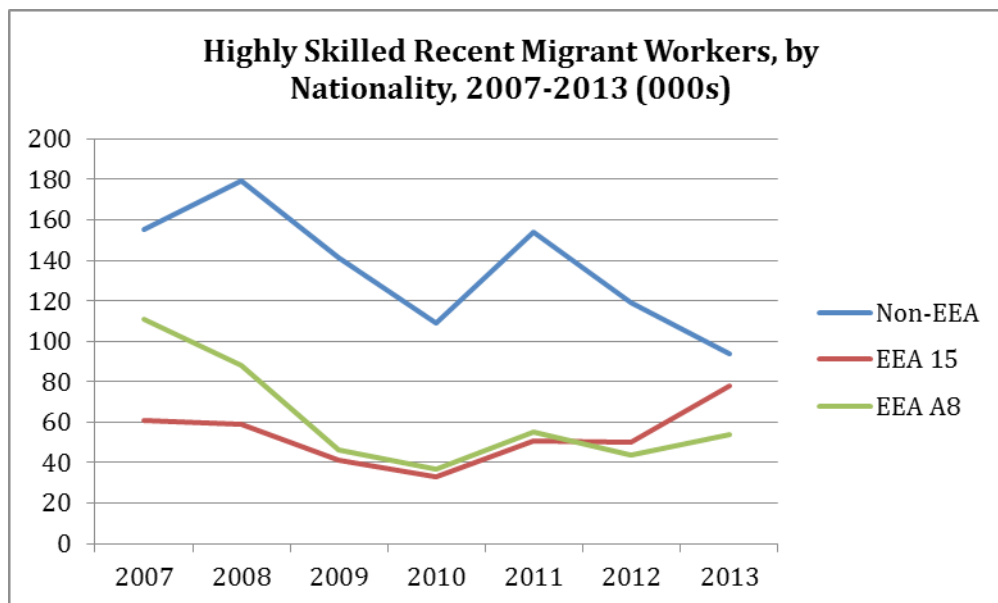
7. The increase in 2010 to 2011 and the subsequent fall were probably due to the introduction and later closure of the Tier1 route. This Tier 1 (General) visa was designed to allow highly skilled migrants to come to the UK without a job but to search for work. It was expected that they would be of such value that they would have no need to have secured a job prior to arrival. The only requirements were an English language certificate, maintenance funds and a certain level of qualification. However, in November 2010, the Home Secretary announced that Tier One would close to new applicants. The decision was taken in the light of Home Office research that found that only 25% of Tier One visa holders in the sample were working in skilled roles. 29% were working in unskilled jobs such as shop assistants and security guards. The position of the remaining 46% was “unclear”. It seemed obvious therefore, that Tier1 was being used by some as a back door to Britain.

8. In 2008 about 17,000 Tier 1 visas were issued. In 2009 and 2010 the numbers issued were 19,000 and 16,000. The scheme was closed with effect from April 2011. Given that the graph is of a three year rolling stock, this largely explains the increase and subsequent fall in the years 2010 to 2013.

The balloon theory

9. The stock of recent highly skilled migrants from the non EEA, EEA15 and A8 are shown in Figure 2 below:

Figure 3. Highly Skilled RMW by Nationality



10. If the balloon theory was correct, one would expect that, as the number of skilled workers from outside the EU fell, those from the EU would increase. The former did indeed fall with the UK recession while there has been an increase from the EEA15 since 2010. However, there is no way of knowing whether this increase is a result of a pull factor from the UK or a push factor as the Eurozone countries fell into economic difficulties. The absence of any significant increase from the A8 casts doubt on the existence of a pull factor. And the fact that the major increase in the stock of RMW from the EEA15 (from 50,000 to 80,000) took place in 2013 also points to a push factor. This suggestion is borne out in the National Insurance numbers (NINOs) which show that the number of NINOs issued to Spanish nationals in 2013 jumped by 36% from the previous year and those to Italian nationals increased by more than 60%.

Top occupations

11. The Migration Observatory produced a similar table for those in top occupations defined as Managers, Directors and Senior Officials or professional occupations (terms used by the LFS itself). See Table 2 below. This shows a fall in non EEA migrants and a rise in those from the EEA15 but, again, there is no evidence of causality; once more, the main increase was in 2013. There are no data included for the number of EEA A8 migrants in top occupations as the numbers are too small for comparisons to be robust.

Table 2. Number of RMW in Top Occupations, by Education Level.

	Number in Top Occupations			
	Non-EEA		EEA 15	
	Educated 21+	All Education Levels	Educated 21+	All Education Levels
2007	62	82	23	31
2008	70	82	25	28
2009	59	75	20	22
2010	42	49	10	15
2011	56	65	28	30
2012	53	60	21	24
2013	38	44	39	45
Change 07-13	-24	-38	16	14

Proportion of migrants that are highly skilled

12. The report also found that the proportion of all recent migrant workers that were highly educated had increased from 50% in 2007 to 60% in 2013. The proportion of non-EEA RMW that were highly skilled had increased from 58% to 68% and for the A8 the figure had increased from 36% to 47%. For the EEA15 that figure remained constant, falling by just one percentage point to 69% in 2013. An increase in the share of RMW that are highly educated seems to suggest that immigration policy has been successful in ensuring that those who come to the UK are the brightest and best and those prevented are not those who have the skills the UK economy needs.

Table 3. Proportion of RMW that are Highly Educated (Education 21+) by Nationality.

	Highly Educated Share of Recent Migrant Workers			
	All Nationalities	Non-EEA	EEA15	EEA A8
2007	50%	58%	70%	36%
2013	60%	68%	69%	47%
Change	10%	10%	-1%	11%

13. The report's authors were very cautious about their own theory. They wrote *"This report does not prove that the "balloon" effect occurs, but it shows that this is a possibility worthy of further investigation and consideration by policy makers."* They continue *"During the period of consideration, there were multiple relevant events effecting highly skilled migration to the UK and our analysis does not distinguish the impacts of particular events or policy changes."* They acknowledged that it is not possible to rule out the possibility that highly skilled migrants would have come from the EEA regardless of policy changes.

Conclusion

14. There is no serious evidence of a "balloon effect, as the authors implicitly acknowledge.

Press Release

15. The press release was clearly "spun" to emphasise the decline in recent highly skilled migrant workers in the post 2007 period. No reference was made to the obvious point that most of the decline occurred before the immigration policy changes under the present government policy and was clearly due to the recession. Furthermore, the report did not consider, nor the press release mention, the introduction and later suspension of the Tier 1 route after it was found to be subject to extensive abuse. There was certainly no mention of the key fact that less than half the quota of Tier 2 visas have been taken up.

16. The Financial Times which is strongly opposed to current immigration policy and which financed this report made much of it, as might be expected. Their headlines on 3rd July were **"Study backs up business fears over UK migrant clamp"** and **"Visa curbs on highly skilled migrants hit UK talent pool."** They followed up with an editorial which criticised the closure of the Tier 1 route without mentioning the evidence for its abuse.

28th July 2014