

Scottish Affairs Committee

Oral evidence: [Immigration and Scotland](#), HC 488

Tuesday 20 March 2018

Ordered by the House of Commons to be published on 20 March 2018.

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Members present: Pete Wishart (Chair); Deidre Brock; Hugh Gaffney; Ged Killen; John Lamont; Paul Masterton; Danielle Rowley; Tommy Sheppard; Ross Thomson.

Questions 554-619

Witnesses

[I:](#) Professor Alan Manning, Chair, Migration Advisory Committee.

Examination of witnesses

Witness: Professor Alan Manning

Q554 **Chair:** Professor Manning, thank you ever so much for agreeing to come before this Committee today to answer a few questions and help us with our immigration and Scotland inquiry. To get things rolling, just tell us for the record who you are, who you represent and anything by way of a short introductory statement.

Professor Manning: I am Alan Manning. I am currently the Chair of the Migration Advisory Committee. Would you like me to explain exactly who we are, what we do and what we are doing at the moment?

Chair: Not really, no. Is that all right?

Professor Manning: Yes, that is fine.

Chair: Is that it?

Professor Manning: Well, I was here to answer your questions rather than having any prepared statement.

Q555 **Chair:** The first question is this. Tell us a little bit about what the Migration Advisory Committee does and particularly how it informs UK immigration policy. What is your statutory role? How is this done? For us, you always seem like a very shadowy organisation. You hear references to the MAC and we know you have a very important role to play when it comes to deciding and framing some of the agenda. Tell us how it happens.

Professor Manning: We are appointed by Government but we are independent of Government, so we have me as Chair and we have five other members. My role is part time; it is two days a week. I am also a professor at the LSE here in London. We are mostly labour market economists, so we are primarily an economics committee, although we also have one migration specialist.

The way we work is that the Government give us what we would call commissions, so pieces of work. At the moment, we have two active commissions. One is relating to EEA migration: understanding how many EEA migrants there are, where they are, what they are doing and what the impact has been on the UK economy and society. We also have a separate commission on the role played by international students. Both of those will be reporting in September, although on the EEA migration we are publishing an interim update a week today. That will be an update, not on everything that we have done but on part of the evidence we have seen. Perhaps we will talk about that a bit more later on.

We are an evidence-based body. Typically, we issue a call for evidence, so anyone who is interested can submit evidence to us. We try to have as wide a range of meetings as possible with interested parties across the whole of the UK. We also do a bit of in-house analytical work and



statistical work, and we commission some external research, and so on. In the end we will issue a report to Government. Sometimes those reports are reports of fact-finding missions, laying out the evidence base that might be used for designing policy, and sometimes they make recommendations on policy. It is always the case that the Government essentially have the right to decide what recommendations to adopt or not. They have adopted most of them in the past, but not all of them.

Chair: They have adopted most, you say?

Professor Manning: Yes, in the past they have. If they do not adopt them, we recognise that is their right and we move on to the next piece of work.

The commissions are also chosen by Government, so they set the questions. There is no statutory basis that they have to consult us on migration policy.

Q556 **Chair:** You explained that particularly efficiently. I was just having a look and it does seem as though economists tend to be on the committee. Is there any particular reason for that? Is it mainly economic data that is assessed that helps you with your committee work? Why economists? Can you help us with that?

Professor Manning: A lot of the work in the past has been on economic questions, and it continues to be so. One of the issues that will sometimes be asked is about what occupations should be on the shortage occupation list. This is about the balance of demand and supply of labour. That is a natural economics question. We try not to be narrowly economic. For example, in making recommendations on migration policy, the working objective that we have is: what is the welfare of the resident population? What is in the best interests of the resident population? Part of that is going to be economic factors—wages, jobs, prices and so on—but we would also look at non-economic factors as well.

Q557 **Chair:** Is it mainly economic data that underpins the work that you do?

Professor Manning: I suppose it is mainly, but not exclusively. For example, for this report on the impacts of EEA migration, which is reporting in September, we have commissioned a piece of work that looks at the effect of migration on people's reported wellbeing. That is not a conventionally economic outcome. It is not just about money in people's pockets; it is statistical analysis of that data in a way that is in the style of an economist, perhaps, but not necessarily their subject matter.

Q558 **Chair:** You obviously have responsibilities across the whole of the United Kingdom, given that immigration is very much a reserved issue.

Professor Manning: Yes.

Chair: You say that you listen and take evidence. You are in constant conversation with the Scottish Government. Have you taken into account



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the different demographic population and the economic requirements of immigration in different parts of the UK? Is that part of your data collection?

Professor Manning: Yes. In terms of the sorts of evidence we consider, we get responses to our call for evidence from the Scottish Government but other Scottish bodies as well. When we engage with stakeholders, we make sure we go throughout the UK. I have been up to Scotland twice since the autumn and I have met with a range of industry representatives, from hospitality to the universities and the NHS. I met last month with Dr Allan, who is the Minister. Then the secretariat, some of whom are with me today, have good working relationships with the civil servants, so when we are interested in particular sorts of data we would be asking for Scotland. Where the sources of data are different, we would have a conversation about that.

Q559 **Chair:** I know that as somebody with your interests, you would obviously be taking a great deal of interest in our population demography report, which we did in the last Parliament. That suggested that Scotland's demography is significantly different from the rest of the United Kingdom, and some of the conclusions we reached would have an impact on our economy. We raised issues about our dependency ratio, which is higher than the rest of the United Kingdom. Is that data important to you, and would you shape and design your work to accommodate the different parts of the United Kingdom regarding our own population demographic challenges?

Professor Manning: Yes. If we take, for example, the Scottish Government's response to EEA migration, there were a number of issues they raised. You mentioned, first of all, the general population growth. Obviously, Scotland had a declining population for many decades before about the turn of the millennium. It is picking up again and there is concern that one might go back.

Q560 **Chair:** What are you doing to address that? How are you helping us?

Professor Manning: Often what we will be asking—it is treated the same as anybody who submits evidence to us—is whether there is a factual basis for that. You raised the issue of whether it is unique to Scotland, and also about what policy—

Q561 **Chair:** If you are presented with compelling evidence—which I think we gave to you—that our demography is different, that the dependency ratio is higher and that this has an impact on our economy if we don't keep up with the rest of the United Kingdom in terms of population growth, are you in a position to say, "Right, Government, we need to get this addressed. Unless Scotland gets the immigration it requires or some way to address its demographic challenges, it may be put in a disadvantaged situation"? Would you recommend something that would help us?

Professor Manning: If we felt that the case was compelling and as you expressed it, we would do that. This interim update that we are



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producing in a week's time has a chapter around all of these regional issues. It is slightly awkward; I do not really want to leak my own report. I will leave that up to others.

Q562 **Chair:** A last question from me. Are you aware of Scotland's distinct demographic population challenges? Is it something that sits on the desk of the MAC and are you saying, "We really need to do what we can to help here"?

Professor Manning: We are conscious, but the sort of thing we would say is that Scotland is different from England in demographic projections but, at the same time, England is—as Scotland is—very heterogeneous. Often these demographic issues do not stop at the border. For example, the northern regions of England do not necessarily have very different demographics from parts of Scotland. Even within Scotland, Edinburgh, say, is going to have very different demographics from the Highlands and Islands.

Q563 **Chair:** Isn't the difference that we have a Government who are responsible for vast swathes of social policy?

Professor Manning: Yes. Going back to the point that we are economists, we focus on the issues. There are obviously political issues that we try to stay out of completely. We do not get involved in those issues. It is the case that the Scottish Government articulate these concerns about demography more than, say, the Northern English regions or Wales, for example. That is the case. If you put the Scottish Government evidence and the Welsh Government evidence to us, they are rather different in that regard.

Q564 **Tommy Sheppard:** I am keen on this examination of your overview, and where you are coming from in terms of the reports that you produce. To what extent do you see yourself as constrained by the parameters of current Government public policy? This Government see the current levels of immigration to the UK as a problem. It is something that needs to be regulated and contained. Therefore, the stated Government policy is to dramatically reduce the level of immigration to the tens of thousands. Is that an approach you think you and your colleagues on the committee share? Is that where you are coming from as well?

Professor Manning: Ever since the MAC was founded, which is a bit over 10 years ago, we have focused on making recommendations on migration policy. We focus on what we think is in the best interests of the resident population. Sometimes that might be making immigration policy more restrictive, but there are other points where it is either choosing not to restrict where conceivably you could, or things becoming slightly easier. That is the criteria we use when making our recommendations.

Q565 **Tommy Sheppard:** You will accept that, across the debate, opinion is divided. There are different ways of looking at this. Some people see it as a problem to be contained. Others see it as an opportunity to be exploited. I am trying to gauge where you sit within that spectrum.



Professor Manning: We would have the view that a lot of the discussion on immigration tends to become polarised. It comes down to: "immigration—good or bad?" and "immigration—more or less?" When you get down to the details of immigration policy, I think that is not a very helpful way of thinking about things because the point to understand is that migrants are people. They are very heterogeneous, like we all are. It does not make very much sense, when you get down to the details of migration policy, to talk about the impact of immigration without saying, "Well, what sort of migrants are here or there?"

I see migration policy as much more about what sorts of migration are advantageous and what sorts are perhaps less advantageous—that kind of question—rather than a simple "more or less" and "good or bad" way of thinking about it.

Q566 **Deirdre Brock:** You mentioned the Scottish Government's discussion paper, which they have contributed recently, arguing that Scotland has distinct demographic and skills needs. I have to say that most of the contributions from individuals and organisations that have given evidence to this Committee would seem to back that position up. The UK Government still refuse to accept that Scotland has different migration needs from the rest of the UK. Could I ask about the evidence the UK Government are basing that particular position on, and could you give us an opinion on how robust you think that evidence is?

Professor Manning: The UK Government commission us. They do not submit evidence to us or try to constrain and influence us in some way.

Q567 **Deidre Brock:** They would take a position based on evidence that I think you and other organisations provide, so I would be interested in your view on that evidence and how robust you think it is.

Professor Manning: There are a whole lot of issues there. There is a danger of oversimplifying, because I am not quite sure whether you are asking about a separate immigration policy for Scotland and so on.

Deidre Brock: It ranges from separate to a differentiated approach.

Professor Manning: Let's take specific issues. The other approach we would take is to say, okay, you think about migration as a possible solution to a problem, but perhaps you should also think about alternative policies. A good example would be aging and the projected rise in the dependency ratio. The dependency ratio is projected to rise in all parts of the UK in the next 20 years, Scotland included. It is projected to rise in Scotland a bit faster than in England but, in the big scheme of things, it is more similar than different.

The ONS projections suggest that changes to migration policy do not make a huge difference to that because of the scale of the issue, whereas if you take policies like changes to the state pension age, which are also projected to come in, they have a much larger impact. I am not sure I am going to get my figures exactly right here, but I think the ONS



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projections from 2016 for the number of people over 65 in Scotland, relative to working age, is going from about 250 per 1,000 to 460. That is a big change. If you cut net EU migration to zero it would be 415 versus 430, so most of the change in the dependency ratio is going to happen whatever happens to migration policy. Sometimes the impression is given that the solution to aging is increased migration, but when you start to look at the numbers I am not sure that they lead on to that conclusion.

Q568 Deidre Brock: Scottish Government figures suggest that for the next 25 years, without migration, the population is going to decline in Scotland. Isn't that, surely, a factor that the Government would take into account when making their decision?

Professor Manning: Well, it depends. I will give you the MAC perspective. As I have said, the MAC perspective is thinking about what is in the interests of the quality of life of the resident population. There isn't an automatic link between the level of population and people's quality of life. One way of thinking about it is that it is not the case that small countries have lower living standards than big countries—

Q569 Chair: What am I missing here? You are an economist; I am not. But, surely, if there are going to be fewer working-age people coming to the nation and being economically active, that can only be a hit for the economy. What am I missing? People might be happier in that country, but economic production and output must be lower if there are fewer people actually engaged in that type of activity.

Professor Manning: If you restricted immigration of working-age people, you would restrict labour force growth. That probably restricts employment and output, but the better measure of living standards is output per capita. The evidence that it harms output per capita is—

Q570 Chair: I would like to see that evidence, seriously. Is there evidence that suggests it shows that and demonstrates that clearly?

Professor Manning: I would not agree with that assessment of the evidence. When people say, "If we don't have this GDP we will be lower by I don't know how many percent", it is very important always to ask the question, "What is your projection on GDP per capita?" because that is essentially a measure of output per person. That is more closely connected to living standards.

Often you would find that the effect on GDP per capita is a lot smaller than the effect on GDP. That distinction isn't always made in all arguments. It is a question of whether you think more output in general is good, or whether what you really want to have, for high living standards, is high output per head, high productivity and that.

Q571 John Lamont: The committee ran a consultation last autumn calling for evidence on the role of EEA workers in the UK labour market. How is this work progressing?



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Professor Manning: The EEA commission that we are doing?

John Lamont: Yes.

Professor Manning: As I said, we are producing this interim report next week.

John Lamont: The commission is the same as the consultation on that?

Professor Manning: Yes, that is part of that commission. The commission gave us the option of producing an interim report. That interim report is going to be based around the responses we have had to the call for evidence—from the Scottish Government, but we have had many hundreds of other responses as well. It is trying to summarise those responses, but with a degree of commentary. It is not uncritically accepting everything we were told; it is offering some of our own perspectives on it as well. That will be published a week today.

Q572 **John Lamont:** Thank you. I want to return to a point we discussed earlier. Clearly, the Scottish Government are of the view that they want a more formal role in terms of your committee, but you are independent of Government, as I understand it?

Professor Manning: Yes. But the commissions obviously come from the Westminster Government.

Q573 **John Lamont:** Yes. Could you expand a bit more about how the Scottish Government and the Scotland Office currently influence your work?

Professor Manning: In the case of the Scottish Government, it would be mostly by responding to our call for evidence. They are a very important stakeholder. We go to Wales and other parts of the UK as well, but we would make sure that we are engaged with them as well.

The relationship with the Westminster Government is slightly different because in some sense they are the commissioning body, so we don't quite engage with them in the same way. Some Government Departments will submit evidence to us, but by no means all of them. I don't think the Scotland Office did, for example.

Q574 **Chair:** So there has been no submission, ever, from the Scotland Office?

Professor Manning: To be honest, I have not asked them, but I suspect that in Government they feel this is respecting our independence. They are not telling us what to think. You would have to ask them.

Q575 **Chair:** If they had a look at the population growth in Scotland and our dependency ratio, what do you think they might see? Surely they must have given you something across your desk to say, "There is something going on here in Scotland that might need to be addressed"?

Professor Manning: We are aware of those being issues that people are talking about and that we think important enough to address, so we do



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not need the Scotland Office to draw our attention to it. I do not see this as a particular issue. It is not unique to the Scotland Office. I think it is fair to say that most Government Departments would not be submitting evidence to us.

Q576 **John Lamont:** There are no Government Departments within the UK that you would expect to receive contributions from, so it is not unusual for the Scotland Office not to?

Professor Manning: I am not sure that “expect” is the right word.

Q577 **John Lamont:** You have discussions?

Professor Manning: Sometimes we would have discussions, but most of the time they would submit evidence. Sometimes I would have meetings with people. Generally we try to have the approach—like coming to the Committee—that if somebody says they want to talk to us, we talk to them. If Dr Allan from the Scottish Government says he wants to talk to me, I go and talk to him. If British Government Ministers say they want to talk to me, I go and talk to them.

Q578 **John Lamont:** Is it fair to say that the Scottish Government are already reflected or captured within your decision-making process?

Professor Manning: You would have to ask them whether they feel that they are adequately captured. I cannot say that. All I will say is that we try to.

Q579 **John Lamont:** Do you try to incorporate them into your decision-making?

Professor Manning: We try to pay attention to what they say, understand what they are saying and pay attention to it.

Q580 **Deidre Brock:** Does that mean that DEFRA would approach you to talk about its concerns over seasonal workers, for example, across the UK? Is that the sort of thing you mean?

Professor Manning: Yes. Potentially, that would be the case.

Q581 **Deidre Brock:** It hasn't yet?

Professor Manning: It has, but it was not just about that. I met with Michael Gove, and that was one of the things that he talked about in that sector. At the moment, seasonal workers in Scotland but also elsewhere in the UK are a big issue.

Q582 **Danielle Rowley:** Moving on and looking at specific sectors that rely more on EU migrant workers and specifically farming, the NFU in Scotland have argued to look at a model for seasonal workers. What kinds of options are available?

Professor Manning: There are a whole range of options. I won't give you an exhaustive list, but many countries have some kind of seasonal agricultural worker scheme—the UK did until 2013—which is normally



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some arrangement that enables them to bring in migrant workers from some other country on a temporary basis, under some terms and conditions. Before the UK's seasonal agricultural workers scheme, SAWS, was abolished, it was Romanians and Bulgarians. That is where it ended up, before Romanians and Bulgarians gained wider access to the UK labour market.

At the moment, many of the farmers in Scotland and elsewhere will be saying that they want to be able to bring in workers from outside the EEA, and there are lots of models that one might use for that and lots of details about how it is done. For example, the US do that, but they have a minimum wage for seasonal agricultural workers that is, in some cases, far above the minimum wage. They say, "You can do it, but you have to pay for it." Other countries have different kinds of approaches to it. What I am trying to say is that there is a lot of devil in the detail. There are models out there, both in UK history and in other countries, which you could build something around.

Q583 Danielle Rowley: What would be the challenge of setting up a scheme?

Professor Manning: One concern is that some of these schemes basically provide work cheaper than farmers would be able to hire workers to do the work if they relied on, say, a domestic labour force to do it. In the past, there have been issues around the role of gang labour in seasonal agricultural labour and so on, so there have been quite serious concerns.

The MAC did a report on SAWS—it was before my time—and generally felt at the time when it was shut down, it was a fairly well run scheme in which the potential for abuse was minimised. You are talking about workers who are here on a temporary basis, and who are often living on farms and not really visible, so you can understand why this is a group that might be potentially vulnerable. A lot of countries have issues about making sure that this is not exploitative labour. That is one issue.

Q584 Chair: I am surprised at that response. I was in the House when the seasonal agricultural workers scheme was abolished, and it was abolished on advice from the Migration Advisory Committee. The reason, as I remember, was that we were part of the EU and the accession nations came in, and the workforce that was traditionally put into the seasonal agricultural workers scheme had freedom of movement across Europe. That has now gone, and obviously there is an issue.

All the evidence that we have seen, in this Committee and in the House, suggests that a seasonal agricultural workers scheme is absolutely required for farmers the length and breadth of the United Kingdom. I represent some of the most productive berry fields in the whole of Scotland. I can tell you that, unless we get a scheme in place, that crop will be left to rot in the ground.

My farmers are telling me this. They are saying that what they want to see in place is a new scheme that will allow them access to labour. I have



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never heard them mention any concerns about gangs and gang masters. This suggestion that somehow they could get local people to come and pick the crop is just fantasy. These berry fields are in some of the most prosperous of the United Kingdom. There is not an available and accessible source of labour to do this, so why don't you listen to the evidence when it comes to this? What do you have against putting forward or suggesting a seasonal agricultural workers scheme?

Professor Manning: I don't think we have put anything forward. The SAWS report was before my time, but I think it was the Government's decision.

Chair: On your advice.

Professor Manning: No, I don't think it was our advice. I don't think that is accurate.

Chair: We will check that.

Professor Manning: It was before my time. I think Steve was there, but, if you read that report, I don't think you will find that recommendation in it. It is accurate to say that the Government decided to do that.

There are very real problems for these farmers. When I visited Scotland, there was a berry farmer at one of the meetings we had and he was very worried about this. The problems that have arisen there have arisen without any change to the migration system. Many of these sectors have had a tailwind over the last 10 to 15 years, in which they have had this supply of labour from Eastern Europe. They think of it as very high quality labour for the money, and they have expanded off the back of it. But when the pound fell after the referendum, suddenly the wages of those Romanians in the UK fell by 10% to 15%. The Eurozone is expanding faster, and they have options in Germany. They don't have to come here.

The business model was built around the assumption that the supply of this labour was always going to be there, and I am afraid it always did have some risks. There has been no change to the migration system as yet.

Q585 **Chair:** The big change is that freedom of movement is going to end, so the access to this European workforce is going to come to an end, and something has to replace that. What is the evidential case against introducing another seasonal agricultural worker scheme? You are giving evidence. You are an economist. Tell me what the case is against it.

Professor Manning: We have not considered that case, so I do not have any answers. We are talking about what the impact of that has been. Agriculture is a low-wage, low-productivity sector when you look at the factors. The UK economy as a whole, and Scotland as well, has a problem with productivity. Growing agriculture is not obviously the solution to that



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productivity problem, because it is well below average levels of productivity and wages.

If one is thinking about what happens after free movement, we are not considering that at the moment. There is a question about what will happen to the sorts of labour sectors—including seasonal agricultural labour, but many other sectors as well—that would not be eligible for sponsoring workers under the current regime for non-EEA workers. All of that will have to be thought about. Please do not get the impression that I am coming to any conclusions about what that should be.

Q586 **Chair:** This is part of your work on EEA workers. You will be looking at this sector.

Professor Manning: The final report will be about providing the evidence base for what that policy should subsequently be, so I am not sure that we are going to be detailing every detail across every sector of the economy. The problems that are being faced by berry farmers in Scotland are happening now, before free movement has ended. In some senses our work—it is about a system that is going to come into place at the end of the implementation period, which is now the beginning of 2021—is not actually designed to help them with their immediate problems.

Q587 **Ged Killen:** The Committee has heard from the Scottish Government about concerns they have about taking a sectoral approach to EU migrant labour after Brexit, given the large number of sectors they say are dependent on EU migration at the moment. Do you think those concerns are valid, and what alternatives do you think there are to taking a sectoral approach to meet the labour needs that are currently met by EU workers in Scotland?

Professor Manning: The trouble is there are a very wide range of possible alternatives, so to list all the possible ones is close to impossible. Perhaps one way of thinking about it is that the current non-EEA system is based much more around occupation and the job than it is around sectors. There are some reasons why that can be the case, because most sectors have a very wide range of jobs within them, but issues around skills shortages and things like that most often apply at the level of a job rather than a sector.

If one is talking about having to have a system that now covers lower-skilled workers if one no longer had free movement, one of the risks of having a sectoral approach is that you end up giving an artificial advantage to one sector after another, because workers at lower skilled levels are much more fluid across jobs and sectors. Doctors work as doctors, basically, but once you get to someone working in hospitality, they might go to work in retail, or something. If you have one immigration scheme for hospitality and a different one for retail, do you have a level playing field in there? These are all hypothetical things, so



please don't read anything into that. These are the questions that you would want to ask.

Most of the evidence that we receive comes in sectoral form, because this is where groups are organised. This is where the lobbying is going to be in those kinds of channels. You should not automatically accept, just because that is the form in which the evidence comes to us, that that is actually the best system to have.

Q588 Hugh Gaffney: Given the common immigration arrangements for non-EU citizens, how do you think the current system of visas for non-EU migrants might be used or adapted in the post-Brexit immigration system?

Professor Manning: Again, there are a very large number of possibilities. I will outline the big area that relates to the current non-European Union, but for work-related migration there are only work permits available for skilled work—roughly graduate level jobs. All the other jobs cover a very wide range, from jobs that we would think of as rather low-skilled to craft, vocational, skilled building trades and so on.

At the moment, the view is that there is sufficient supply within the EEA so that, if you were to shut that down, you would have to think, "What are we going to do about that?" When the whole tier system was set up, there was a tier 3 that was for lower-skilled work. That has never been activated and the details of it have never been fleshed out, so you might expect something like that.

Looking at other countries is sometimes perhaps interesting, but if you take a country like Canada, which has a relatively pro-migration policy, it would have quite a strong skill bias in its policy. It has a preference for more skilled people. It does not mean it is impossible to bring in lower-skilled people. It is just the conditions are more difficult and more stringent. It is all around what would happen to the jobs at this level of skill that is not covered by the non-EU. That is what a lot of the uncertainty is about.

Q589 Hugh Gaffney: You say tier 3 has not been used, and yet we hear the farmers saying crops are getting wasted. They are doing their best but if we cannot bring in low-skilled workers—especially now, if you are saying most European people are not coming and they are staying in Germany or one of the other countries—can we not therefore review or adapt tier 3 and have a look at it?

Professor Manning: You could do, possibly, or the old seasonal agricultural workers scheme that sat a bit outside that framework, but obviously they want action now. Our work at the moment has a longer-run perspective. The Government can take action if they want to. They do not have to consult on that. Obviously, no one is stopping them hiring these workers. It is just that at the wages they think they can afford, they are not getting the supply any more. There is no impediment to



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them hiring them. There is still free movement so they can hire as many as they want, but of course on the wages that they can afford to pay—their margins are often compressed—they feel they cannot get the workers.

Q590 Hugh Gaffney: Just one more question. They are saying it is capped and we reach the cap through skilled workers, so therefore we cannot bring more workers in. How does that cap system work? I read in one of the reports that it is capped. We are making the caps all the time, but with skilled workers, so tier 3 will never be reached, will it?

Professor Manning: No. With free movement there is no cap. There is essentially one cap on one part of the possible immigration groups at the moment, which is what is called tier 2 general—essentially, it is a work permit for skilled non-EEA workers—and there is an annual cap on that. Most of the time, the cap has not been met but for the last three months or so it has been met. The previous time it was met was in 2015. There were two years or more in which the cap was never binding.

There are other restrictions like minimum salaries that you have to pay to these workers, and you have to pass the resident labour market test to show that you have at least tried to hire a local worker before applying for a work permit.

Q591 Paul Masterton: The tier 2 visa scheme uses pay as a proxy for skill. A lot of industries have told us that their sector is highly skilled but does not meet the salary criteria under tier 2. In the view of the MAC, are there ways that the immigration system could make decisions about the skill and value of a job, other than looking purely at salary?

Professor Manning: At the moment we essentially use the National Qualifications Framework—Scotland has one and England has one as well—to decide on the skill level of a job. We just use the work that others have done in drawing up those frameworks.

If you go from the lower levels of that framework to the higher levels, what you are seeing is differences in the amount of time it takes to get the qualifications necessary to do that job. That is important for migration policy because if you say, “We have a terrible skill shortage. We need access to migrants”, it is important to always ask the question, “How long would it take you to train up other people in that to increase the supply by increasing training?”

When you have jobs that take eight to nine years, that is a very long time to wait, but for some of the jobs that we are told are highly skilled the training time would be of the order of two to three months. That is rather different, so you might think, “We could resolve this problem relatively quickly through other means.” That is why skill is seen as important in that way. It is about the amount of time that it takes to become proficient in the job that you are considering.

Q592 Tommy Sheppard: Professor, if I could turn to the immigration skills



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charge, we have heard from the Scottish Government that they would like that removed altogether in Scotland. They see it as a burden on employers. I have to tell you that I have a lot of small businesses in my constituency that feel very much that it is an added tax on them for trying to do business. As I understand it, the MAC has previously advocated the skills charge. One of the arguments for it is that it provides an incentive for employers to train up the resident workforce and not pay it. What is your current assessment of that?

Professor Manning: We have not done a current or ongoing assessment of it. You are right that when we were asked to comment on it, we did recommend that we thought it was a useful tool. I would say that it was a useful method because, first of all, it does not say, "You can't employ migrants". It is saying, "We want to encourage you to employ local residents first, but we are not going to make it impossible for you to employ migrants," whereas something like a cap might say, "Sorry; that is it. It is impossible."

Q593 **Tommy Sheppard:** I thought the argument was that it provides an incentive for employers to upskill and train the resident workforce.

Professor Manning: Possibly, but I think sometimes that gets a bit mixed up with the apprenticeship levy, which is a different thing that is not connected to migration and has a slightly different motivation. The immigration skills charge, in spite of its name, you just pay. I don't think there is a way in which you can particularly recover it as an individual employer. It is effectively a tax on the use of migrant labour.

The other aspect of it is that, obviously, there is a high level of public concern that migration is a drain on public finances and reduces the quality of public services. Things like this and the health surcharge are very direct ways of saying that when a migrant is employed, we are bringing in more money in a very visible way. The NHS charge, for example, is partly intended as a way of saying, "Look, these people are paying for all the health services they consume. They are covering themselves."

Q594 **Tommy Sheppard:** With respect, that is a completely different argument. I am talking about whether or not it provides an incentive for employers to invest in the local domestic workforce. Is there any evidence that it does that? Can you point to any sector of the economy or any particular occupation that says, "We used to be receiving loads of applications for visas from abroad, but because people have now seen they can save a grand a time that problem has disappeared"?

Professor Manning: One of the things we are looking at in the final report—but I do not have any conclusions to report—is the impact, if any, of migration on the training opportunities available for the resident population. It is something that we are considering. In some senses, you would be right to say that there is not much of an evidence base at the moment. But there is just no evidence one way or the other. That is one



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of the questions that we are trying to look at. If you don't mind waiting until September, we will say what we think.

Q595 Tommy Sheppard: Yes, I will wait. In the meantime, I will marvel at the argument because I can see that if it would cost me £1,000 to bring in somebody from abroad and there is somebody available locally that I can get to do it without spending £1,000, yes, I will go local. But I cannot see how I can spend £1,000 and train up somebody who does not have the skills and is available to me.

Professor Manning: This is all entirely hypothetical, but it is not impossible. You might think, "I don't have anybody local who is job ready, but if I spend a bit of money on their training, I will make them job ready for less than £1,000." I don't think that is so impossible. I am not saying that there is lots of evidence for it.

With the immigrations skills charge, there isn't a way for employers to recover what they have spent directly on training, whereas that is possible with things like the apprenticeship levy. You pay the levy, but you can get it back if you provide certain types of training. The immigration skills charge is more about simply saying, "You can employ migrants but we want to discourage it a little bit, make it a little bit more expensive and tilt the balance a little bit."

Q596 Tommy Sheppard: We will not get into the argument about whether or not migrants actually make a net contribution to the economy. I want to turn to the list of shortage skills. We have received a number of representations from the Scottish Government, COSLA and others saying that while they have a very good relationship with you and they are consulted, they feel a degree of frustration in terms of having any influence on the Scottish list. Can you explain why, in your view, there is a separate category for Scotland and how you go about determining whether a particular occupation goes on that?

Professor Manning: There is a separate category for Scotland, out of the realisation that sometimes the shortages in Scotland might be different from those in the rest of the UK. At the moment, I think you would say that the differences in the list are relatively small. Probably the last place that this came up was when we did a review of teacher shortages. We published the report in January 2017. I cannot quite remember whether it was the Scottish Government or COSLA, but one of them made a request for certain subjects to be put on the shortage list, either nationally or for Scotland. Some of those we accepted and some of those we didn't.

In making those decisions, we looked at the evidence on whether there was a shortage. We use three criteria. One is the job skill—for teaching, the answer is yes. Is it in shortage? We look at a wide range of indicators and sources of evidence, some of which is what people tell us, but we also gather our own evidence. Then we ask: is it sensible to solve that shortage by putting it on the shortage occupation list?



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In the case of teachers more generally, I think the most striking thing is that very few schools were using that route to hire migrant teachers. For example, I think that in Scotland—the last full year of data we had in that report was 2015—the total number of applications for certificates of sponsorship from Scottish schools in that year was seven. It was under 10.

We were asked to put probably more than five subjects on the shortage occupation list. We looked at lots of pieces of evidence. You don't have to be on the shortage list to be able to bring in migrant teachers, but one piece of evidence was—this was not unique to Scotland—that the use of this route throughout the UK was quite low. They wanted to be on the shortage list, but they did not seem to be using this route at all. Does that make any sense? There are some subjects, particularly STEM subjects, where there genuinely did seem to be a big shortage but it seemed to be more nationwide and not specific to Scotland.

In that particular case, we said yes to some of the requests that came from Scotland, and we said no to others. We said yes to some of the requests that came from England and no to others. I don't think there was something particularly Scottish about the place we ended up, in that case.

Q597 Tommy Sheppard: I am intrigued about the process here. Several principles are admitted. First, you can have an occupation that is in short supply, such as teaching in a particular subject. It is also accepted that Scotland can have a separate list. I am intrigued. When the people who actually deliver education in Scotland—the local authorities and the Scottish Government—identify that they have a particular problem in a subject area, why would you not accept that? Why don't you just say, "That is your call"? If there is a shortage in chemistry, why would we want to second guess that?

Professor Manning: Well, because I think that every employer in every sector tells us they want their job to be on the shortage occupation list because you get priority. If we simply accepted every employer in every sector—not just education in the public sector—who said they wanted—

Q598 Chair: Every employer in every sector tells you—

Professor Manning: No. I didn't express that very well.

Q599 Chair: Large numbers of employers in every sector are saying to you they have a shortage. Does that not set alarm bells ringing?

Professor Manning: I think they would say that, but when you look at—

Q600 Chair: They do not really have shortages; they are just making it up.

Professor Manning: I think you have to push back a little bit on some of what you are being told. For example, it will be said, "There has been a terrible shortage in this job for 10 years", which I take to mean that the demand for labour is running ahead of the supply. You would expect one



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of the consequences of that to be upward pressure on wages in that sector, because there are too many employers fighting over too few workers. Yet when you look at wage changes in these sectors, you often see no upward pressure on wages. Of course, if the wages were higher, you might think that more people would choose to go into those occupations.

You have to pay attention to what business has said. Running businesses is really, really hard a lot of the time. Anything that makes their life easier, like having their jobs put on the shortage occupation list, they tend to be in favour of. But there is a wider perspective. When the cap is binding, every job that goes on the shortage occupation list is one less job in one other sector. You have to think of the cost of doing that, as well.

I do not think we would want to be just a vessel through which business says, "We want this," and we just parrot back to the Government, "This is what you should do." That should not be taken to mean that we ignore business, either. The views of business are incredibly important, but it is just we have a critical approach to these issues.

Q601 Tommy Sheppard: One of the ways to ensure that we do not have businesses or employers that are trying to game the system would be to have an institutional role for the Government in Scotland. The Scottish Government have suggested to us that Scottish Ministers should have a formal input into the process of determining the Scottish list. Would you have a problem with that?

Professor Manning: We would view that as a political issue that we do not express any view on, one way or the other.

Q602 Tommy Sheppard: So it would not be an operational problem for you.

Professor Manning: I can imagine the way in which it could conceivably work. I do think it is important to have something overarching—particularly when we are talking, at the moment, about relatively skilled graduate level jobs, for which there is quite a lot of evidence that often the labour market is relatively national—so that the labour market does not end up so very different in Scotland from the rest of the UK.

You would have to think about how you embody that. It is not something that I think is completely impossible, but neither is it something that I think sounds like a great idea. We just express no view on that one way or the other.

Q603 Chair: On the back of Mr Sheppard's question, if hoteliers in Highland Perthshire, people who run a chicken factory in Coupar Angus or people in my NHS in Tayside were saying to me, "We need extra support. We need to up staff. We feel there are shortages in these occupations," and they had quite compelling evidence that suggested that that was the case, how would they be assessed by your committee? How do you start to examine this to make your decision about these things?



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Professor Manning: The methodology that we have is a combination of what we call a bottom-up approach, which is hearing evidence from people on the ground, but cross-examining it rather than just accepting it automatically and uncritically. Then we would have top-down indicators that you might expect to see if there is shortage. For example, are vacancy rates high? Is there evidence of the upward pressure on wages that you might expect if demand is running ahead of supply? There are a whole range of indicators that we also use to say whether there is a shortage or not. Then we combine those two to come to what is, in the end, a judgment call on whether we think there is a shortage.

Of the examples you gave, at the moment it would only really be the NHS nurses that would come under the present system. We have never done hospitality because they are not part of the—

Q604 **Chair:** We also have shortages in research institutes with scientists and academics that they are not able to recruit. The list goes on and on. We have a different population demography in Scotland and that has created significantly different challenges to a whole range of sectors. As a Committee, we have a whole load of people coming to us and saying that they need to be treated and assessed differently. They are calling out for support and assistance. They see what is coming with the ending of freedom of movement and they are very, very worried about what they are going to be doing in the future. You are the gatekeeper. It seems like you have a very pivotal role in all of this. It seems to be that your assessment of people who are coming to you will either determine whether they fail or succeed. I did not know until today just how critical and vital you are in this process.

Professor Manning: I am not sure whether we have quite as much power as that would imply. We try to call it the way we see it—the way we think the evidence is.

Q605 **Chair:** I hope you have a huge resource to do all of this.

Professor Manning: I have a very helpful secretariat here today.

Q606 **Chair:** You are the gatekeeper to all of this.

Professor Manning: I am aware of the responsibility.

Q607 **Chair:** I hope you get it right. Many businesses in my constituency depend upon this. It is a little bit frightening to find out that it is all dependent upon you, your staff and your committee's role whether hotels in my constituency will continue to attract labour and whether crops will be rotting in the fields.

Professor Manning: On the sectoral thing, the Scottish Government listed a number of sectors that they were concerned about in the evidence to us. They are more or less the same sectors as throughout the rest of the UK. When I go up to a meeting of people in hospitality in Edinburgh, to be honest, what I am told is exactly the same as I would



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get from a meeting of people in hospitality in the rest of the UK. Some of these things don't primarily have a distinctively Scottish aspect to them. They are more national. That is not to say that there are not important.

Sectors like this—hospitality—are very concerned. One thing that came across to us very strongly, in both the evidence we have received and the meetings we had, is that the uncertainty is very, very costly. I am afraid our power does not extend to resolving the uncertainty surrounding Brexit. There are limits to how much influence we have.

Q608 Ross Thomson: This Committee took evidence from Professor Andrea Nolan who represents Universities Scotland. In her evidence, she suggested that student numbers should be removed from the Government's net migration target. What are the arguments for and against including student numbers in the migration figures?

Professor Manning: Including students who are coming for more than a year in net migration is basically a decades-old international statistical convention, which forms the basis of things like estimates of how many people there are in the country. In some sense, that part of it is completely independent of this Government. If you start fiddling with that, you are fiddling with the ONS population projections and so on.

There is a slightly different issue about whether that should be in the target for Government policy. We have a commission on international students at the moment, so we will probably be discussing some of this in our report in September. We have not come to definite conclusions, but there are some questions you can usefully ask about it. First, if you want to take them out of the target you have to say how you would take them out of the target. Obviously, you can take them out of the target but you need some numbers to compare your target to how you would take them out of the numbers.

The ONS produced a very helpful report last summer, which said that our main source of net migration figures, the International Passenger Survey, was completely unreliable as a measure of net student migration. It is not actually clear how you would take students out of the figures. That is one issue, and we will be thinking about that. A second thing is that the way things are at the moment, some people who argue for taking them out of the figures think it would make a huge difference to the figures, but I don't think it would. The current system is that we aim to count students when they come into the country as coming in, and we count them out when they leave. If you stop counting them in, you have to stop counting them out, because it does not make any sense otherwise. Most of them leave, so most of that washes out. They come in at the start of their course and leave at the end, so it affects the timing a little bit. I think some people think it would make a huge difference to the stated net migration figures if a way was found to remove them, and I do not think the evidence supports that view.

Q609 Chair: This Committee has recommended twice in the last two years that



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Scotland should secure a post-study work scheme. It has been rejected by the Government on each occasion. It is one of the few features we had in the past that gave us a slightly competitive advantage in the very competitive higher education environment, when we had Fresh Talent, which you will probably recall.

Professor Manning: Yes.

Q610 **Chair:** What is wrong with Scotland getting a post-study work scheme, which our higher education sector is calling out for? It has cross-party support right across the Scottish Parliament. Businesses want it. Trade unions want it. Why can we not have it? What is the evidence against securing a post-study work scheme that should stop that happening?

Professor Manning: The appropriate post-study work regime is something we will be considering in this international students' report. I do not want to prejudge any of those conclusions, but I do think it is helpful to understand what the problems were with the old scheme, which caused it to be changed.

Q611 **Chair:** Is this tier 4 or Fresh Talent?

Professor Manning: No. This would be what was tier 1, or part of tier 1. The system there would be that you would be given the right to work as an individual on the basis of the qualifications that you had. Your paper qualification had to be high skilled, but the actual work that you did was not restricted. The problem was that when you followed up what the jobs were that many of these people were doing, they were found not to be very high skilled.

The tier 2 system requires people to have a job offer with a particular salary. Many countries, like Canada and Australia, have moved towards putting greater emphasis on that, because they feel that if a company, for example, is prepared to say, "I will pay this person £30,000," that is a better testament to their skill level than a paper CV. On paper, the post-study work regime was all about high-skilled workers, but the reality seemed a bit different. We will be considering whether there are smarter ways of doing this kind of thing.

Q612 **Chair:** In terms of career progression, most of us round this table were graduates at one point. You don't move into a £30,000 job as a 22-year-old coming straight out of Glasgow University. These are highly skilled people who we have spent a fortune educating, and who have some sort of community interest in the places that they are coming to live in, and we are booting them out. I do not know if there has been any quantitative study that follows the career progression of international students, but I would suggest that if there was, we would probably find that in a few years' time they were working in more highly skilled jobs.

Professor Manning: One of the pieces of work we are trying to do is on the question about what happens to international students who start



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working in the UK. Some of what was found before was not just simple, natural career progression. It did seem to be working in low-skilled—

Q613 **Chair:** Did all of it have to be stopped because of that? All the people we have educated in this country—we have spent a fortune on making sure that they were educated to a high standard—are simply to be told to go back to their country of origin, even though they want to stay here and make a contribution.

Professor Manning: There is a route. It is more restrictive, but they can get a tier 2 work permit, if they can get a job with the appropriate salary. Tier 2 is not capped. There is no cap. There is no limit on the number of people who move from tier 4 to tier 2; tier 4 being the student visa.

Q614 **Chair:** The other thing that came up in the previous inquiries into this was the very strong view from Scottish higher education—and you mentioned Canada and Australia. They offer very attractive post-study work schemes to international students. This is a competitive market, particularly in Anglophone countries. These people now have options. They are not going to come to Scotland if they are going to be returned the minute they finish their courses unless they can find a £30,000 job. Surely, you should be doing something to assist higher education in Scotland and see what we could do to have that little bit of advantage to the other anglophone countries.

Professor Manning: That is one of the things that we are looking at in this commission. You are right that this is a competitive marketplace, and you have to make sure that the offer is competitive. There is an issue that I think you have to make sure that the workers who stay on are actually high skilled, valuable workers. If it turns out that they are not, and they remain for 30 years post-study in low-skilled work, that is a pretty high price to pay. It is about having a smart system. The Government have these pilots at the moment.

Q615 **Chair:** I am surprised you did not mention them because there are, yes.

Professor Manning: There is a degree of experimentation going on at the moment trying to find something in the market that works and that gets the good aspects but minimises some of the less desirable aspects. We will certainly be looking at that.

Q616 **Chair:** Thank you for your contribution today. My last question is about the Scottish Government's recent proposal for a regional approach to immigration policy with powers for the Scottish Government to determine immigration criteria and thresholds and issue visas for jobs in Scotland. That is workable, isn't it? We could do that now. We have Inland Revenue Scotland, and we have the checks on housing and employment. It would be possible for Scotland to operate a differentiated immigration system that would not significantly impact on the obligations that the UK have on immigration.



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Professor Manning: It is possible, in some ways. Because we view that as a political decision, it is not something that we are going to express a view on.

Q617 **Chair:** Your view is that it is certainly feasible for this to happen.

Professor Manning: Possible, but “possible” does not mean desirable.

Chair: Yes. In our view, it is desirable.

Professor Manning: It is not an issue that we have considered, and so I would not want to express any view. There are other countries that have had some experimentation with regional visas—Canada and Australia, for example. Some of that is quite mixed. The views on how successful they have been are quite mixed; that is how I would put it.

Q618 **Chair:** We try to get this balance between politics and the evidence. I am sorry if it comes back to the conclusion I have made, having listened to the evidence from you today, but it does seem to be political. I think you are in the business of assisting this Government to get immigration down to tens of thousands and you will design the operation of your committee to achieve and secure that, regardless of the strong evidence that you might secure. Am I being unfair to you?

Professor Manning: I think that is being a bit unfair. I will just give one example: the report we did on tier 2 a few years ago. At the moment, with tier 2, if you are the main visa holder you are restricted as to who you can work for. You have to work for that job. But if you are a dependant of them, you have complete freedom to work in any job, at any level and on any salary, and so on. We were asked the question: should there be restrictions put on the rights of dependants to work? We said “No”. That would be an example. The Government accepted that recommendation.

Chair: I remember that, yes.

Professor Manning: I do not think that, if you look at the reports, you would see this. I would not be interested in doing this job if I felt my job was simply to rubberstamp the policy of the UK Government.

Q619 **Chair:** Given that this is such a vital and important job, do we need a new body to look at this, or are you and your organisation capable of doing this very important, onerous task?

Professor Manning: We do the best that we can. We do have long-running issues, for example, on data. You mentioned some useful research that you have. We have a long-running issue with trying to get access to better data to make this better evidence-based, rather than simply ending up with one person’s word versus someone else. That is a long-run project. We are making progress in some of those areas, but I would not say that it is exactly where I would like to be. The frustration is often that the data is there, but it is hard to access.



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Chair: I am very grateful for your attendance this afternoon and for answering all the questions of the Committee.

Professor Manning: You are welcome.