

**MINUTES OF THE FOURTH MEETING OF THE
MIGRATION ADVISORY COMMITTEE ON 28 MARCH 2008
AT ALEXANDER BAIN HOUSE, YORK STREET, GLASGOW**

Present:

Chair	Professor David Metcalf
Members	Dr Diane Coyle Dr Martin Ruhs Professor Jonathan Wadsworth Professor Robert Wilson
Secretariat	Mark Franks (Head of Secretariat) Vanna Aldin Anne Ball Anna Downs Stephen Earl Dan James Andrew Watton
Observers	Andy Honeyman (Border and Immigration Agency)
Presenters (item 3)	Malcolm Greig (York Consulting) Philip Wilson (York Consulting)
Apologies:	Professor Mike Campbell (ex-officio member) Paula Higson (Official observer)

Agenda Item 1 - Welcome and round-table summary of Committee and secretariat activity since previous meeting

1. The Chair on behalf of the Committee expressed thanks to the secretariat for its efforts in pulling together the February report and the Committee's visit to Scotland.
2. Committee members and the secretariat reported back on contacts and meetings with a variety of stakeholders including representatives from the catering sector, and the Sector Skills Councils SEMTA and LANTRA.
3. The Chair reported that he had met with Liam Byrne and David Normington, the Permanent Secretary at the Home Office, and that he had addressed a Cabinet Office Top Management Programme event. The Minister had expressed himself satisfied with the Committee's progress to date.

Agenda Item 2 – Minutes of meeting held on 15 February 2008

4. Minutes of the previous meeting were agreed.

Agenda Item 3 - Presentation by York Consulting

5. York Consulting gave a presentation outlining the development of the commissioned review of the available literature regarding the definition of measures of skills shortages and indicators both within the UK and elsewhere.
6. The work so far has looked at various definitions of skills shortages and outlined some of the issues around these. Emerging findings were that there are two main sources of measurement indicators: economic data and employer surveys. The presentation discussed some of the issues involved in using these including the distinction between absolute and relative measurements, other factors impacting upon the indicators than just skill shortages and the possible existence of latent unreported skill shortages. Tentative conclusions were that it would appear to be necessary to look at a range of indicators with no one indicator of itself providing robust, reliable data on skills shortages. A combination of top-down economic data and survey information appeared to offer the best range of data.
7. The presentation also reported on information gathered to date from countries outside the UK focussing on Australia, New Zealand, Canada, South Africa and the US. Although there was not a direct read-across to the proposed UK points based system, an emerging finding was that employers' skills needs were often generic rather than particular and that a points based system could be well placed to pick up on generic as well as particular skill needs.
8. The Committee then discussed the presentation with York Consulting. The Committee asked that the review, while focussing on skills shortages, also paid heed to skills gaps as reported by employers. The Committee would also like to know what information there is on the length of time spent in training as an indicator of a skill, and what information is available in different countries on the effect of points based systems on skill shortages.

Agenda Item 4 - Paper 4.1 – Presentation on the selection of “skilled occupations” using the MAC methodology

9. The secretariat gave a presentation highlighting the findings of an analysis of skilled occupations using the Committee's methodology¹ as set out in its February report.
10. The starting point for the analysis was the work of P. Elias and K. Purcell in identifying graduate occupations together with the key indicators identified in the Committee's February report² as well as skill levels defined by SOC.
11. A two-stage approach was adopted. The first was a corroboration of the above starting points. By comparing and contrasting them with each other, do

¹ As highlighted in the February Report the level of top-down analysis is the SOC 4 digit, which comprises 353 occupations.

² The percentage of employees in an occupation holding a NVQ level 3 plus or equivalent qualification; the percentage of employees in an occupation earning an hourly wage above a specified threshold; and those occupations classified by SOC as level 3 or 4.

they generate results that match our reasonable expectation or do they generate any surprising omissions from or inclusions in a list of skilled occupations. This first stage focused on graduate level occupations.

12. The second stage was to extend the approach to NVQ Level 3 and equivalent occupations.
13. All results were indicative and preliminary at this stage but one outcome of the first stage was to identify 10 occupations that using the stage 1 indicators did not fit as NVQ level 4 occupations
14. The outcome of the second stage was to suggest that reasonable indicators of an NVQ level 3 or equivalent occupation were:
 - 50% or more of employers in an occupation holding an NVQ level 3 or equivalent or above qualification;
 - that the occupation was classified at SOC Level 3 or 4;
 - that the median pay for that occupation was £10 per hour or more.
15. Analyses of the outcomes generated by adopting these approaches suggested that an occupation be recognised as skilled if it met two or more of the above criteria.
16. The Committee was invited to discuss this work and consider whether it would agree to adopt the Elias and Purcell list of graduate occupations minus the three identified above as the starting point for its top-down compiled list of skilled occupations; and whether it would agree to adopt the proposed criteria for including NVQ Level 3 occupations in the top-down compiled list of skilled occupations, recognising that there was scope to further add to this list other occupations on the basis of bottom-up data.
17. The Committee expressed itself content with the broad methodology adopted but wished to have more information relating to how the analysis had been carried out, in particular how the curves estimating the distribution of occupations against the three "skilled job" criteria had been plotted.
18. Before agreeing to exclude the three occupations which only passed one of the three proposed indicators, the Committee asked that the secretariat obtain further information about why these three had been identified as graduate occupations by Elias and Purcell.
19. The Committee agreed the proposal that those non-graduate occupations passing two or more of the specified indicators be added to the top-down list of skilled occupations.
20. Subject to further robustness checks being carried out, the Committee agreed to adopt the identified occupations as a provisional top-down compiled list of skilled occupations.

Agenda Item 5 - Paper 4.2 – Short-term and long-term research

21. The secretariat gave an update on commissioned short-term research with projected delivery dates together with an outline of research being carried out “in-house”.
22. The secretariat made suggestions as to longer-term research to be conducted around ‘skilled’, ‘shortage’ and ‘sensible’ issues.
23. The Committee suggested that further thought be given to the question of ‘what do we need to know’, specifically addressing what criteria could the Committee adopt for adding occupations to the shortage list on the basis of bottom-up information. It would also be useful in considering the life-span of occupations on the shortage list to make provision for the length of time spent in training. Other suggestions for research were around reviewing the SOC indicator by looking closely at the methodology used to allocate occupations to the four skill levels and considering how to take account of employers’ need for relevant skills in preference to qualifications alone.
24. Regarding a forecasting of shortages, the Committee expressed concerns about how far it could go in predicting skill shortages and emphasised that it must be careful not to give the impression that such shortages could be mechanistically predicated. While a think-piece could be useful, the Committee felt that such a project was too big for it to undertake alone and that it had implications that stretch beyond the Committee's remit. The Committee considered that this was something that the Government could usefully consider undertaking.
25. The Committee considered that the three proposed areas for research outlined under the heading of "sensible" (methods of investigating the long-term economic and fiscal effects of immigration at the occupational level) could potentially be combined into one project but recognised that this also could be problematic.
26. The Committee felt that it would be useful to look at the wider economic and fiscal impacts of skill shortages on, for instance, public sector employers and wages for the domestic workforce.
27. The proposed regional study could include looking at issues around the fact that median wages might be lower in some areas and therefore occupations may not meet the Committee’s criteria when otherwise they would.
28. The Committee agreed that while the secretariat could give further thought to developing these and other ideas, it should not allow this to distract it from production of the June report. The Committee asked that the secretariat bring forward more detailed proposals when it was ready. For budgeting purposes the Committee asked that the secretariat allow for one substantive piece of primary research and several smaller projects.

Agenda Item 6 - Paper 4.3 – Regional Visits

29. The secretariat gave an update on the visit to the North West region and outlined the plans for visits to the other English regions and to Wales and Northern Ireland.

Agenda Item 7 - Paper 4.4 – Scotland

30. Members of the Committee gave feedback on the previous day's visits to employers in Aberdeen and Glasgow³. Particular issues identified by employers in Aberdeen included problems in competing with the oil industry for local labour, particularly in relation to disparities in the wages that were offered. One employer stated that they had tried to recruit labour locally and also from within the EU but that some elements of the work were such that only specific persons trained abroad are capable of doing it. This latter is in relation to one of the employer's customer bases. Processing work in relation to that employer's other customer base was performed mechanically. The employers visited also had a number of questions about how the current work permit system operates.

31. The Committee members visiting Glasgow heard of difficulties around rules governing the use of immigrant labour within hospitals and of problems following training of care workers up to NVQ Level 3 (in short, a lot of them then left for better paid jobs with the local authority or NHS). This resulted in employer unwillingness to offer training up to that level and to instead fill shortages with qualified immigrant labour. Representatives from the restaurant industry told Committee members of their efforts to fill vacancies but said that initiatives such as a centralised kitchen serving a number of branches led to a drop in quality and increased customer dissatisfaction and that it was very difficult to recruit local people. Restaurant Managers and other staff were having to perform extra shifts and work in the kitchen. A lot of these elements led to increased cost pressure, that was argued to be difficult to pass on to the customer, thereby putting pressure on profit margins.

32. Following the conclusion of this meeting, members of the Committee and secretariat hosted a lunch attended by invited representatives of employers and national government. A list of attendees is attached as an annex to these minutes. Attendees were invited to raise issues with the Committee and the secretariat around skill shortages and a summary of the main points raised is given below.

- Scotland as a whole has a different outlook to other parts of the UK and that the factors influencing decisions in England do not always hold true for Scotland.
- There are issues around the pay levels offered in Scotland in comparison with other parts of the UK so that even when staff could be recruited to work in Scotland from abroad, they often headed

³ First Group Plc, Offshore Contractors Association, Freshcatch Ltd, Harlequin Leisure, Southern Cross, Golden Jubilee National Hospital.

south or joined the offshore industry quite soon thereafter. A number of participants reported that they could not offer higher wages without having to pass on these increased costs to their customers resulting in a loss of business.

- There are particular problems in recruiting staff to rural areas and in recruiting experienced staff per se across all sectors. There are also particular problems in attracting staff to jobs with long hours or difficult working conditions.
- There was a degree of scepticism over the value and/or reliability of survey data with some participants reporting a far higher level of shortages than those reflected in national level data.
- Some participants reported significant problems in recruiting specialist staff which combines with difficulties around settling the families of such staff in what are, sometimes, out-of-the-way locations. At the same time, unskilled staff who acquired skills soon moved on to work in more remunerative fields.

Agenda Item 8 - Paper 4.5 – Time-table for the June report

33. The Secretariat outlined the proposed timetable for production of the June report and an allocation of drafting responsibilities and Committee oversight.
34. The Committee pointed out that the closing date for the call for evidence (25 April) combined with the April dates of the next round of sector advisory panel meetings and the various Committee visits during April, together with the completion of the commissioned research projects at that time, did not leave very much time to prepare an analysis of bottom up evidence. The secretariat recognised that the time was tight for considering material received and proposed to analyse and consider data as it became available and to provide Committee members with early drafts of the relevant sections of the June report as soon as possible.

Agenda Item 9 - Paper 4.6 – The MAC Seminar on Wednesday 30 April

35. The secretariat gave an outline of the proposed agenda for the Committee's workshop on 30 April with academics and government economists.
36. The Committee commented that provision be made for discussion during each of the presentations rather than at the end. The Committee felt that the audience could be expected to have a good understanding of the theory and that it would prefer to spend more time discussing the issues. Indeed it would prefer for presentations to be as brief as possible to maximise the discussions.
37. It was suggested that the workshop be used to help identify areas for any longer-term research projects.
38. The Committee agreed that it would identify and approach a knowledgeable journalist to see if he or she was interested in attending.

Agenda Item 10 - Paper 4.7 – Stakeholder Panel

39. The secretariat explained that the Stakeholder Panel would meet for the first time on 2 May and asked whether the Committee wished to set a specific remit for the Panel. The Committee was content not to set a specific remit but to allow a dialogue to develop with the Panel in due course. An agenda will be worked up for the first meeting on the basis of the suggestions made in paragraph 5 of paper 4.7.

Agenda Item 11 - Date of, and agenda for, next meeting.

40. The secretariat confirmed the next Committee meetings were on 2 May 2008, and 20 June 2008, venues and agendas to be confirmed.

Agenda Item 12 - AOB

41. The date for the first meeting of the Stakeholder Forum was confirmed as 9 May 2008.

Annex

Attendees for lunch on Friday 28 March:

Victoria Bowman, Scotland Office
Tansy Main, Scotland Office
Iain Ferguson, CBI Scotland
David Watt, Executive Director, Institute of Directors, Scotland
Ian Kernohan, Scottish Executive
Irene McDade, NHS Education for Scotland
Lynn Macintosh, BIA (Account Manager)
Susan Hinks, BIA (Account Manager)
Dr Patrick Watt, Future Skills Scotland
Derek Mitchell, Convention of Scottish Local Authorities (COSLA)
Neil MacCallum, Scottish Chambers of Commerce
Douglas Cowan, Head of Population Growth, Highlands & Islands Enterprise
John Jellema, Economist, Scottish Executive
Aileen Lamb, Scottish Enterprise
Jackie McDonald, Regional Manager, Four Seasons Health Care
Sandy Majhu, Harlequin Leisure
Janice Greig, Harlequin Leisure
Jim Gaffney, Laing O'Rourke
Hans Raj Ram, Platinum Recruitment
Dr Wali Tasar Uddin, Britannia Spice
Matin Khan, Ithihas Restaurant
Stewart Laing, Scottish Development International
Lynne Stockley, HR Director, NHS Greater Glasgow & Clyde
Alison Gibson, NHS Grampian
Tracy Low, NHS Grampian

Committee Members

David Metcalf
Diane Coyle
Jonathan Wadsworth
Rob Wilson
Martin Ruhs

Secretariat

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Dan James
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