THE MIGRATION OBSERVATORY
AT THE UNIVERSITY OF OXFORD

COMMENTARY

The halfway point: Net migration has fallen, but can the government hit its target?

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Today (Thursday 23 May 2013) the government released quarterly migration figures showing that overall net migration to the UK in the year to September 2012 stood at 153,000 – the lowest level since the year to December 2003. The government is making efforts to reduce net migration to the "tens of thousands" by 2015. Does this new set of data suggest that it is on track to achieve this goal?

Net migration to the UK has fallen markedly since its peak in 2010, when it reached 252,000 for the calendar year and 255,000 in the twelve months from October 2009 – September 2010. Public opinion and commentators have been sceptical about the chances of the net migration target being reached, including the Migration Observatory's commentary "Off Target" (OT from now on), which concluded in June 2011 that the government's own assessments of its policy changes made it seem likely to fall short of the target.

But given the decline from 255,000 to 153,000 in the year to September 2012, it is worth reassessing the progress toward the target.

Expected decline in net migration

The Migration Observatory's OT commentary two years ago looked at the government's estimates of the reductions to net migration that its policy changes to the student and work migration routes would produce. These were provided in Impact Assessments (IAs) of these new policies. The commentary also contains an assessment of the extent to which policy changes to the family migration route might affect net migration – as, at that time, policy changes had not been announced and impacts not yet assessed.

The government's IAs suggested that by 2015, the policy changes to the student route would cut net migration by 56,000, while changes to the work route would cut net migration by 11,000. The Migration Observatory OT estimates suggested that changes to the family route would cut net migration by 8,000 – just less than the later government IA which suggested a fall of 9,000 (see blue cells in Table 1) in net migration. (We use this figure for the sake of calculations in this commentary, although noting that the IA focused on immigration and did not appear to calculate impact on emigration.) As shown in Table 1, the government IAs of the expected impacts of policy changes suggest that policy changes could deliver a reduction in net migration by 2015 of 76,000.

For the year 2012 the government's IAs suggested that net migration would decrease by 49,000 compared to what it would have been without changes in policies regarding the student (38,000) and work routes (11,000).

Another set of policy changes aimed to reduced permanent or long-term settlement among labour migrants, but any direct impact from these changes will occur after 2015, and so are not considered here.

Table 1 – Expected and actual reductions in net migration

	Type of reduction	Study (a)	Work (b)	Family (c)	Total reduction (d)
1	IAs expected for 2015	56,000	11,000	9,000	76,000
2	OT expected for 2015	56,000	11,000	8,000	75,000
3	IAs expected for 2013	38,000	11,000	-	49,000
4	Actual from year to Sep 2010 to year to Sep 2012				102,000
5	Difference between rows 3 and 4				-53,000

What has happened since then?

Row 5 of Table 1 provides the difference between the expected reduction in net migration according to IAs and actual reductions using data for the year up to September 2012. It is not possible to provide actual values of net migration by category (i.e. columns a to c) as currently there is no information on net migration by "type" of migrant.The estimates suggest that net migration is currently 53,000 lower than would have been expected by just applying the reductions suggested in the IAs to the level of net migration in the year to September 2010.

How has this decline occurred?

As shown in Table 2, out of the 102,000 net decrease, 31,000 came from change in net migration of British nationals, 15,000 from net migration of EU nationals, and 56,000 from net migration of non-EU nationals. Therefore, non-EU nationals (the main focus of policy changes) account for over half of the total decline in net migration. This reduction of 56,000 among non-EU nationals exceeds what was projected in the Impact Assessments for 2012 by 7,000.

Table 2 – Change in immigration, emigration and net: September 2010 to September 2012

		Immigration	Emigration	Net
1	British nationals	-13,000	-18,000	-31,000
2	EU nationals	-34,000	18,000	-15,000
3	Non-EU nationals	-53,000	-3,000	-56,000
4	Total	-100,000	-2,000	-102,000

Note: row 2 numbers do not add up exactly due to rounding

And does any of it lead to a substantially revised understanding of progress toward the target?

First, on a technical note, ONS revised its preliminary net migration estimates of Long-Term International Migration (or LTIM) for the Year to September 2010 (the basis for OT) upward from 242,000 to 255,000. This means that the target was further away in reality than anyone knew at the time.

Applying the reduction in net migration of 49,000 to the total net migration in the year to September 2010 (255,000) the expected level of net migration for 2012 with IA reductions is 206,000. As shown in Table 3 this is 53,000 more than the estimate for the year to September 2012 – so net migration has already fallen below the point where it was projected to be at the end of 2012, given the changes forecast in the IAs and holding all else equal. The actual level for the year to September 2012 (153,000) is closer to the expected net migration for 2015 with IAs reductions (179,000).

Net migration is closer to the "tens of thousands" target than would have been suggested by government estimates of reductions in net migration in response to policy changes. However, in order to fully assess where net migration stands relative to the "tens of thousands" target it is important to address two key questions:

1. Do IAs project further decreases in net migration from the policy changes now in effect?
2. What factors other than migration policy may effect net migration during the next couple of years?

The first question can be answered clearly; the second is much more uncertain.

Table 3 - Expected and actual levels of net migration

	Net migration	From net migration of	
		242,000 (premliminary estimate year to Sep 2010)	255,000 (final estimate year to Sep 2010
1	Expected for 2015 with IA reductions	166,000	179,000
2	Expected for 2015 with OT assumptions	167,000	180,000
3	Expected for 2012 with IA reductions	193,000	206,000
4	Actual year to Sep 2012	153,000	153,000
5	Difference between rows 3 and 4	40,000	53,000

Future effects projected from the policy changes now in effect?

In order to evaluate this question it is important to separate net migration by categories and evaluate possible additional impacts of previous policy changes on each migration category.

Work:
New policies toward labour migration took effect in April 2011, including the "cap" of 20,700 per year on Tier 2 General migrants (skilled workers with job offers), and the conversion of the Tier 1 General route for skilled migrants without a job offer into a much smaller route for those of 'exceptional talent'; and increases in the skills and salary needed to qualify for Tier 2.

As Table 1 shows, the government's IA assumed that the impact on net migration of policy changes to the labour migration route would be fully realised in the first year of the new policies (though with some fluctuations thereafter). Further, the IA assumed that the Tier 2 cap would probably be fully subscribed each year, but it has been typically undersubscribed. This suggests some room for a small increase in labour migration if the cap became more fully subscribed.

Study:
Policy changes toward students, on the other hand, may continue to have further effects. Policy changes to the student route did not introduce a numerical limit, but instead made a series of less direct changes. These included increased restrictions on opportunities to work in the UK after graduation; increased limitations on student migrants' opportunities to do paid work or bring family members to the UK; heightened English language requirements; and new criteria for educational institutions to satisfy in order to sponsor international students.

The IA projected that these changes would result in a phased set of reductions to net migration that had more of an impact each year from 2011 to 2014. The projections showed net migration reduced 38,000 for 2012 and 56,000 for 2015 (compared with the level of net migration in that year without the policy changes). In effect, then, the IA suggests a further reduction of 18,000 to net migration from remaining impact of the student migration policy changes.

There are also new policies being announced, such as a new plan being phased in to interview over 100,000 applicants for student visas in an effort to screen out fraudulent applications. These changes were not accounted for in the original IAs nor in OT. It is possible that these changes will decrease net migration further

Family:
The IA suggests that cuts to family migration can contribute a 9,000 reduction to net migration by 2015, which is broadly in keeping with the Migration Observatory's assumptions in OT. These changes came into effect on July 2012, and so have had little time to effect the net migration statistics, which are currently available through September 2012.

Overall:
So, based on prior impact assessments and current data, we might expect further reductions to annual net migration of about 9,000 from the family route and 18,000 for students, for a total of about 27,000. It is possible to deduct this figure from the current net migration estimate for the year to September 2012 to obtain: 126,000. This figure represents the level of net migration if the Government's policy changes realise their projected remaining impact, and everything else contributing to net migration remains the same. This is still short of the reductions needed to reach the net migration target of less than 100,000, but shows a potential decline in net migration of more than 50% from its peak two years ago.

Of course, considerable uncertainty remains. The projections from the IAs are just that—projections—and rely on numerous assumptions and approximations. Further, the calculations above do not take account of further efforts to cut student migration (e.g. additional interviews), nor do they include additional factors that affect net migration, discussed below.

What factors other than migration policy may impact on net migration during the next couple of years?

EU migration and emigration represent "wild cards", which still have the potential to either reduce or increase overall net migration, making it unclear how close the Government can expect to get to its 'tens of thousands' target by 2015.

Emigration from the UK is largely beyond policy control, and is affected by a large number of factors - such as the performance of the UK economy and labour market compared to other economies and the characteristics and rights of migrants currently in the UK.

Economic impacts on emigration reasons are illustrated, for example, by the fact the UK saw an increase in emigration at the peak of the financial crisis in 2008 when jobs became harder to find. This likely prompted some migrants to return to their countries of origin and others – whether foreign nationals or British nationals – to leave the UK for countries with better opportunities. In contrast, recent economic difficulties in many parts of the Eurozone may reduce opportunities for people in Britain to work outside the UK and consequently reduce emigration, which could push up net migration.

Another important consideration is that the sharp growth in non-EU student migration from 2008-2011 is likely to mean that from 2011 onwards – as students finish a 3-5 year course – emigration from this group may contribute to reducing overall net migration. However, reductions in inflows can be expected to lead to a "bounce" effect in the longer term (LINK). This was taken into account to some degree in the IA of student migration policy changes.

Anticipating future EU migration also poses a challenge because EU citizens have freedom of movement to live and work where they please in member states. Restrictions on non-EU migrant workers, for example, may lead to employers taking on EU migrants as replacements. Economic conditions in other parts of the EU – for example Greece, Spain or Portugal, where unemployment if currently very high – may lead to migration to the UK, while opportunities in other parts of the EU – such as relatively low unemployment in Germany – may make the UK comparatively less desirable as a destination.

Migration from the A8 accession countries, particularly Poland, has been a significant if variable component of immigration flows since 2004, but we cannot be sure if net migration from these countries will fall, remain the same or increase in the near future. This is further complicated by the unpredictable nature of potential migration flows following the end of transitional controls on migrants from A2 accession countries – Romania and Bulgaria – in 2014, when citizens of these countries will have full access to the labour markets in the UK and all other EU states. So, where does this leave the Government's efforts to get net migration to the 'tens of thousands' by 2015?

Measures introduced so far have contributed in part to a fall in net migration from 255,000 in the year to September 2010 to 153,000 in the year to September 2012. This decline is more than was anticipated from policy changes alone. The remaining projected impact of the original policy changes does not suggest enough remaining bite to reach the 'tens of thousands' net migration target by 2015. Nonetheless, this scenario would bring the net migration total substantially closer to 100,000 than expected on the basis of Government's Impact Assessments and levels of British and EU net migration two years ago. Other factors may come into play as well, including new policies, such as increased scrutiny of migration from some countries for the purpose of study, as well as trends in immigration and emigration among British and EU nationals. As at the time of OT, the attainment of the target is still likely to depend on further decreases to net migration from these sources.

Related material

- Migration Observatory commentary - Off Target: Government policies are not on track to reducing net migration to the tens of thousands by 2015 www.migrationobservatory.ox.ac.uk/commentary/target-government-policies-are-not-track-reducing-net-migration-tens-thousands-2015
- CIPD survey report - Labour Market Outlook: Summer 2011 www.cipd.co.uk/hr-resources/survey-reports/labour-market-outlook-summer-2011.aspx

The Migration Observatory

Based at the Centre on Migration, Policy and Society (COMPAS) at the University of Oxford, the Migration Observatory provides independent, authoritative, evidence-based analysis of data on migration and migrants in the UK, to inform media, public and policy debates, and to generate high quality research on international migration and public policy issues. The Observatory's analysis involves experts from a wide range of disciplines and departments at the University of Oxford.

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