



Assessing the reliance on migrant labour in local labour markets:

Migrant Labour in the Enterprise M3 LEP Area

Section 1- Purpose and Uses

Commissioned by the South East Strategic Partnership for Migration (SESPM) and SEEDA, this report aims to assist colleges, universities, local economic partnerships (LEPs) and others to:

- Understand the scale and types of non-European Economic Area (EEA) migrants securing employment in a locality;
- Identify industries and occupations likely to be most affected by forthcoming changes in immigration policy;
- Assess the adequacy of existing local learning provision and shape the future curriculum offers in order to meet the needs of an economy with less access to foreign workers.

This report has been compiled using data for a two year period between November 2008 and November 2010 provided by the United Kingdom Border Agency. This data provides details of Certificates of Sponsorship used by companies when recruiting non-EEA migrant workers. The data provides an insight into both the industries and occupations using migrant labour.

Section 2 – Policy Context

The Coalition Agreement committed the government to introducing an annual limit on the number of non-EU economic migrants admitted into the UK. The immigration cap for non-EEA workers for the year from April 2011 is 21,700 - about 6,300 lower than in 2009. Of those, 20,700 are tier two skilled migrants entering graduate occupations with a job offer and sponsorship. The other 1,000 are people allowed in under a new "exceptional talent" route – such as scientists, academics and artists. The former tier one general route - open to highly skilled migrants without a job offer will be closed. However, these limits do not apply to a category of workers who come to the UK in an "intra-company transfer" with their multinational employer.

The Coalition has also asked the Migration Advisory Committee to undertake a full review of jobs and occupations skilled to Level 4 (degree level) and above to inform the Tier 2 shortage occupational list, where there would be a justification to fill roles using labour from outside the European Economic Area.

Together these changes in policy could, unless appropriate action is taken, have a significant impact upon areas and industries which have become reliant on non-EEA migrant labour to bridge key labour and skills shortages.

Section 3 – Economic Summary of LEP Area

The Enterprise M3 area is home to a working age population of 713,000 and has an economic activity rate of 80.4% which is the highest rate of any area LEP area covering parts of the South East. ILO¹ unemployment in the area is estimated at 4.3% and is lower than either the South East or England average.

¹ International Labour Organization

The area has just under 50,000 VAT registered businesses and has concentrations in aerospace & defence; information communication technologies; advanced manufacturing and healthcare technologies. The area is home to more than 600 internationally owned businesses and also witnessed more than 6,000 new business formations in the last year for which data is available, indicating a high level of entrepreneurship.

The area has a relatively highly qualified workforce with 56.1% holding Level 3 and above qualifications and 37.8% being educated to degree level. The area has the highest qualified workforce of any LEP area operating in the South East. Despite this, approximately 8.5% of the workforce lack any qualifications at all.

Section 4 – Migrant Worker Volumes

Since November 2008 a total of 4,385 non-EEA migrant workers have been employed in companies based in the Enterprise M3 LEP area. This represents 14% of the total number of non-EEA migrant workers recruited into the greater South East region over the period. In terms of as a percentage of the workforce, non-EEA migrant workers represent approximately 0.61% of the total economically active population in the LEP area, which is slightly higher than the regional average.

In total 334 companies operating in the Enterprise M3 LEP area had recruited at least one person, with the number of migrant workers working for any individual firm ranging from just 1 to 954.

Section 5 – Occupational Patterns

Across the Enterprise M3 LEP area migrant workers have been recruited into more than 130 different SOC code² areas. However, as with industries, a much smaller number of occupations account for the vast majority of all migrant roles. Table 1 provides details of the top 20 occupations filled by migrant workers together with the total number recruited.

Table 1: Occupations filled by non-EEA migrant workers

Rank	Occupation	No. of Migrants	Rank	Occupation	No. of Migrants
1	Software professionals	2,245	11	Directors & chief executives of major organisations	59
2	ICT managers	195	12	Nurses	54
3	Sports and fitness occs NEC ³	152	13	Design and development engineers	50
4	IT strategy & planning professionals	106	14	Medical practitioners	46
5	Marketing & sales managers	95	15	Actors, entertainers	37
6	Care assistants & home carers	78	16	Musicians	37
7	Researchers NEC	77	17	Mgt consultants, actuaries, economists & statisticians	35
8	Chefs, cooks	72	18	Civil engineers	35
9	IT operations technicians	71	19	Restaurant and catering managers	27
10	Engineering professionals NEC	70	20	Electrical engineers	25

Source: Certificates of Sponsorship, United Kingdom Border Agency

As can be seen from the table, IT related occupations dominate the list of roles filled by migrant workers, with Software Professionals alone accounting for just over half the non-EEA migrant workers employed in the Enterprise M3 area. ICT managers and IT Strategy & Planning Professionals also accounted for a further 4% and 2% respectively.

² Standard Occupational Classification Codes

³ Not Elsewhere Classified

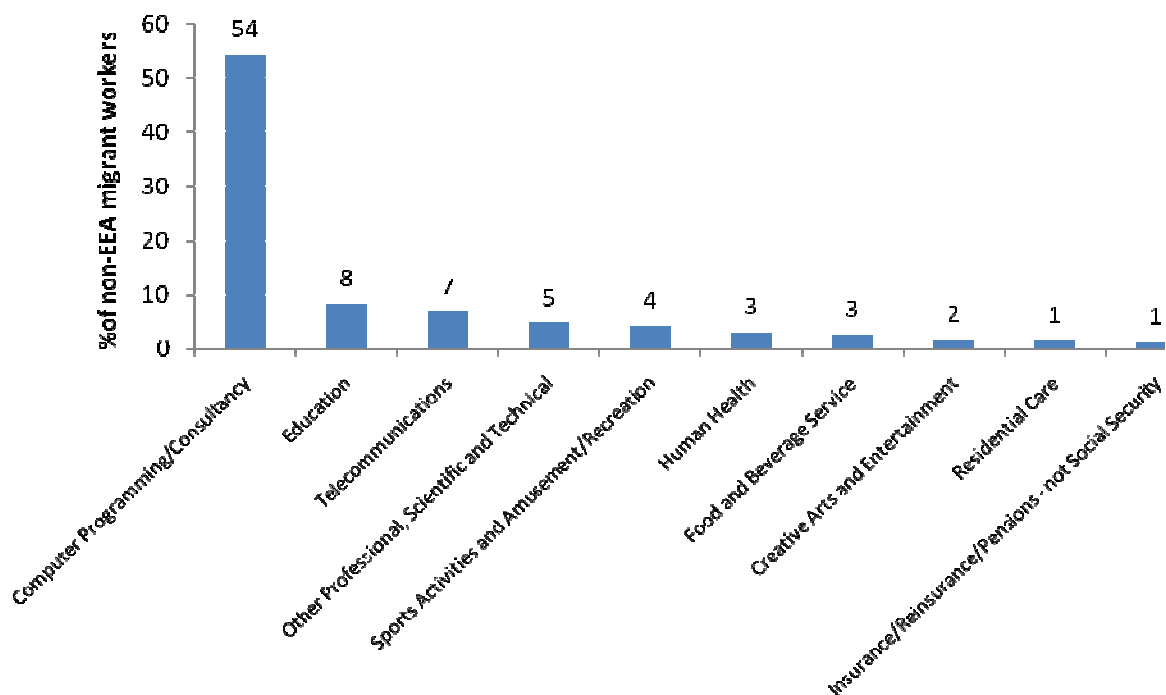
Care Assistants and Chefs/Cooks also accounted for a considerable number of migrant workers within the area, although this was somewhat lower than was seen in other areas of the South East.

Collectively, engineers accounted for 180 jobs, equivalent to 4% of all migrant workers.

Section 6 – Sectoral Patterns

Migrant workers have been employed by companies working in a very wide range of industries operating in the LEP area, from food & drink manufacturing to architectural & engineering testing and from advertising & market research to construction. However, the 10 most common industries account for almost nine-tenths (88%) of all non-EEA migrant workers employed in the LEP area.

Chart 1: Number of migrant workers by sector



Source: Certificates of Sponsorship, United Kingdom Border Agency

The largest employing industry of migrant workers is by far the Computer Programming, Consultancy and Related Activities sector (SIC code⁴ 62). This covers a range of specific functions including programming, software development and consultancy activities for both the domestic and business markets.

The next largest industry in the Enterprise M3 LEP area was Education (SIC code 85), accounting for 8% of the migrant workforce (circa 350 employees). This industry code covers all levels of education from primary and nursery teaching through to university education. It also includes specialist teaching such as driving instruction and cultural education activities.

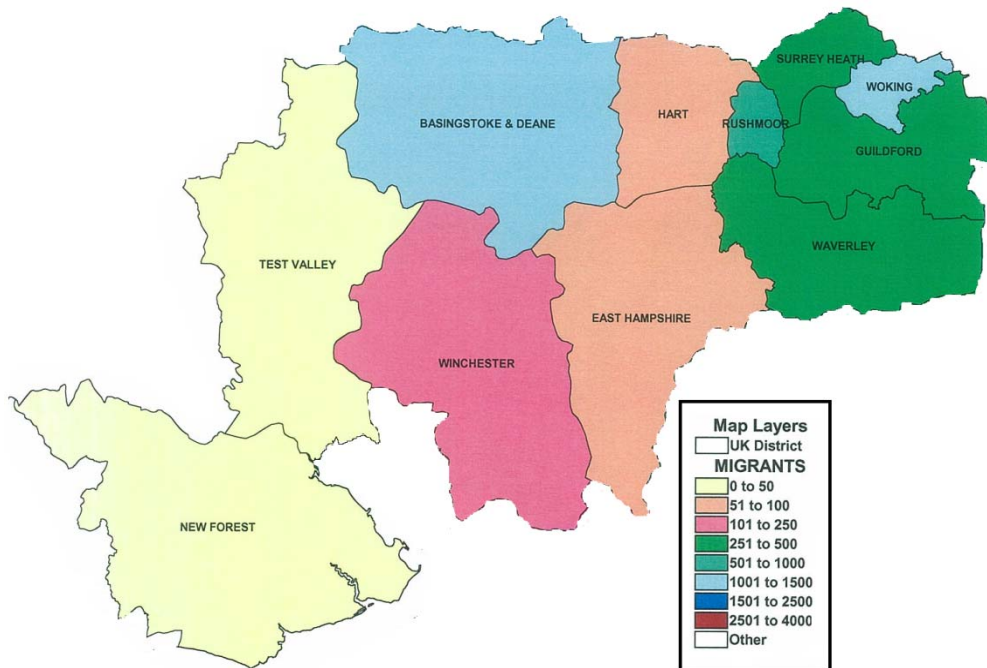
Approximately 300 migrant labourers also worked within Telecommunications (SIC code 61) which covered a range of activities: from wired to wireless telecommunications activities; and also those related to satellite telecommunications.

⁴ Standard Industrial Codes

Section 7 – Geographic Patterns

Using the postcodes of all companies employing non-EEA migrant workers it has been possible to map the distribution of migrant worker establishments across the Enterprise M3 LEP area. As can be seen from Map 1, all local authorities in the LEP area have witnessed some degree of inward migration. Those with the greatest number of migrant workers were identified as: Woking (1,308); Basingstoke and Deane (1,070); Rushmoor (714) Guildford (353); and Waverley (336). The New Forest district had seen the fewest number of migrant workers, with just 10 sponsored by local companies during the period concerned.

Map 1: Number of migrant workers by local authority



Source: Certificates of Sponsorship, United Kingdom Border Agency

Section 8 – Overall local reliance

Using DWP data on the number of unemployment claimants looking for work in different occupations it is possible to assess the capacity of the local economy to absorb the impact of reduced numbers of migrant workers in the future. Table 2 compares the number of migrant workers in each occupation to the number of unemployed people in the LEP area looking for work in that occupation.

Table 2: Comparing migrant workers to the occupations sought by the indigenous population

Occupation	No of Migrants	No looking for work in Occupation	Ratio of unemployed / migrants	Occupation	No of Migrants	No looking for work in Occupation	Ratio of unemployed / migrants
Software professionals	2245	95	4%	Directors & chief executives of major organisations	59	45	76%
ICT managers	195	150	77%	Nurses	54	0	0%
Sports and fitness occs NEC	152	0	0%	Design and development engineers	50	0	0%
IT strategy & planning professionals	106	40	38%	Medical practitioners	46	0	0%
Marketing & sales managers	95	275	289%	Actors, entertainers	37	10	27%
Care assistants & home carers	78	275	353%	Musicians	37	10	27%
Researchers NEC	77	10	39%	Mgt consultants, actuaries, economists & statisticians	35	25	71%
Chefs, cooks	72	115	162%	Civil engineers	35	35	100%
IT operations technicians	71	65	92%	Restaurant and catering managers	27	10	37%
Engineering professionals NEC	70	30	43%	Electrical engineers	25	10	40%
Under supply of local labour compared to migrant labour supply		Balance of local labour supply and migrant labour supply		Over supply of local labour compared to migrant labour supply			

Sources: Certificates of Sponsorship, United Kingdom Border Agency, & JSA Claimants, Sought Occupations, DWP Jan 2011

Table 2 demonstrates that in a number of occupations which currently employ substantial numbers of migrant workers, including Care Assistants, Marketing & Sales Managers and Chefs/Cooks, there are substantial numbers of indigenous workers looking to move into these roles. This indicates that in relation to these roles the local economy may be able to adjust relatively easily to a reduced supply of future migrant workers. However, there is no guarantee that the unemployed looking to move into these roles have either the skills or work experience to be a success in these roles and may require support to achieve them.

In the following seven occupations the number of unemployed indigenous workers looking to move into roles falls substantially below the number of migrant workers currently recruited. This data therefore suggests the area may find it difficult to fill any void generated by a reduced supply of migrant labour:

- Software Professionals
- Sports and Fitness Occupations NEC
- IT Strategy & Planning Professionals
- Researchers NEC
- Nurses
- Design & Development Engineers
- Medical Practitioners

This was particularly acute amongst Software Professionals, with 2,245 non-EEA migrant workers employed within these roles, and just 95 indigenous workers actively seeking work within these positions.

Section 9 – Causes of Hard-to-Fill Vacancies

Using data from the National Employer Skills Survey it is possible to identify the causes of hard to fill vacancies amongst occupations which have historically been filled by migrant workers. By understanding the causes of hard-to-fill vacancies amongst indigenous workers it may be possible for local partners to better direct resources and effort towards resolving these issues going forward.

Table 3: Causes of hard to fill vacancies by occupations

Rank	Occupation	Causes of Hard-to-Fill Vacancies
1	Software professionals	<ul style="list-style-type: none"> • Low number of applicants with required skills • Low number with required work experience
2	ICT managers	<ul style="list-style-type: none"> • Low number of applicants with required skills • Low number with required work experience
3	Sports and fitness occs NEC	<ul style="list-style-type: none"> • Not enough people interested in this type of job
4	IT strategy & planning professionals	<ul style="list-style-type: none"> • Low number of applicants with required skills • Low number with required work experience
5	Marketing & sales managers	<ul style="list-style-type: none"> • Low number of applicants with required skills • Low number with required work experience
6	Care assistants & home carers	<ul style="list-style-type: none"> • Not enough people interested in this type of job
7	Researchers NEC	<ul style="list-style-type: none"> • No data provided
8	Chefs, cooks	<ul style="list-style-type: none"> • Low number of applicants with required skills • Poor terms and conditions offered for post • Low number of applicants generally
9	IT operations technicians	<ul style="list-style-type: none"> • Low number of applicants with required skills
10	Engineering professionals NEC	<ul style="list-style-type: none"> • Low number of applicants with required skills • Low number of applicants generally

Sources: National Employer Skills Survey 2007, Learning and Skills Council

The data provides a useful insight into what employers believe to be the main causes of recruitment difficulties amongst occupations which have benefited from significant numbers of migrant workers. Skills deficiencies are clearly key amongst: Software Professionals; ICT Managers; IT Strategy & Planning Professionals, Marketing & Sales Managers, Chefs/Cooks, IT Operations Technicians and Engineering Professionals NEC.

A lack of relevant work experience is, however, also a key factor for employers of Software Professionals; ICT Managers; IT Strategy & Planning Professionals and Marketing & Sales Managers.

A substantial proportion of the migrant workers employed as Software Professionals and ICT Managers are brought into the UK as intra-company transfers (ICTs). While companies will continue to be able to use intra-company transfers under the new immigration cap, the level of inward migration into these professions may suggest that the domestic supply of these workers is inadequate to meet the overall level of demand.

Reasons unrelated to skills, qualifications or work experience are however highlighted in relation to: Sports and Fitness Occupations NEC, Care Assistants & Home Carers and Chefs/Cooks.

Section 10 – Local Training Infrastructure

This section provides a top-level overview of the range of learning provision available in the LEP area. Data relates to both FE college and university provision in the academic year 2009/10 and is based on approximations between subject areas and those occupations identified as having the most non-EEA migrant workers currently employed.

Table 4: Local FE & HE provision⁵ by broad occupation

Occupation	Level 2	Level 3	HE	Occupation	Level 2	Level 3	HE
Software professionals	L	Y	L	Directors & chief executives of major organisations	L	Y	Y
ICT managers	L	Y	Y	Nurses	L	L	Y
Sports and fitness occs NEC	Y	Y	Y	Design and development engineers	L	Y	Y
IT strategy & planning professionals	L	Y	Y	Medical practitioners	N/A	N/A	Y
Marketing & sales managers	L	L	L	Actors, entertainers	L	Y	Y
Care assistants & home carers	Y	Y	N/A	Musicians	L	Y	Y
Researchers NEC	N/A	N/A	N/A	Mgt consultants, actuaries, economists & statisticians	Y	Y	Y
Chefs, cooks	L	L	N/A	Civil engineers	L	Y	Y
IT operations technicians	L	Y	Y	Restaurant and catering managers	L	L	L
Engineering professionals NEC	L	Y	Y	Electrical engineers	L	Y	Y

Y = Adequate provision

N= No provision

L = Limited provision

N/A = Not applicable

Sources: F05, Individualised Learner Record, Learning & Skills Council & HE Enrolments, Higher Education Statistics Agency

With the exception of Level 3, there appears to be only a limited amount of provision of relevance to those employed as Software Professionals. Local universities only recorded approximately 115 FTE enrolments on relevant provision in the most recent year. Given the volume of migrant workers in this occupational area this appears a particularly important issue.

The data suggests that while there are significant numbers of people undertaking engineering related courses at level 3 and in HE, there may be more of an issue with the volume of provision at level 2, with less than 1,000 enrolments across colleges in the LEP area.

Across FE and HE institutions there appears to be only a limited amount of provision suitable for those employed as Marketing & Sales Managers and Restaurant and Catering Managers.

Courses for those wanting to work within the Performing Arts professions was somewhat limited at level 2, but sufficient provision was seen at both level 3 and within HE institutions for Actors & Entertainers and Musicians.

Section 11 – Issues for Consideration

While overall the level of migrant labour used in the area is higher than the regional average, this varies dramatically between local authority areas. Woking and Basingstoke & Deane in particular have a much higher level of migrant labour.

There appears to be a significant mismatch between the demands for labour and the local supply in a number of key occupations, the most important of which is Software Professionals, but also includes other ICT based roles, such as ICT Managers and IT Strategy & Planning Professionals, as well as Sports and Fitness Occupations NEC.

While in a number of occupations, namely Care Assistants and Chefs/Cooks, there appears to be significant numbers of indigenous workers looking to undertake roles formerly performed by

⁵ Level 2= 5 GCSE A*-Cs, Level 3 = 2 A-Levels, HE = Any degree level programme

migrant workers there are well-established non-skills/experience issues which have historically made these roles difficult to fill. Resolving these issues will be a clear priority if local people are going to be willing to fill these positions in the future.

There appears to be a number of areas where local learning provision at FE and HE level may not be sufficient to meet the needs of the local economy as the supply of migrant labour reduces. This is particularly true for Marketing & Sales Managers and Restaurant & Catering Managers at both FE and HE level. Software Professionals have limited access to related HE courses within the area, whilst Chefs/Cooks do not have adequate FE provision at level 3.

Many of the issues faced by the LEP area in terms of key occupations and industries affected by the likely reduction in migrant workers are either the same or similar to those faced by neighbouring areas. It may therefore make sense for partners to discuss these issues with neighbours to see whether there are opportunities for collaborative action.

This research report was commissioned by the South East Strategic Partnership for Migration (SESPM) and the South East of England Development Agency (SEEDA) and undertaken by Worcester Research Ltd (www.worcester-research.co.uk).



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