



Assessing the reliance on migrant labour in local labour markets:

Migrant Labour in the Solent 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;
- Identify priority skills which need to be addressed in order to mitigate the impact of changes in policy
- Assess the adequacy of existing local learning provision and shape 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 Solent area has a working age population of 971,000 and an economic activity rate of 78.8%, which is the lowest in the South East, although it is still higher than either the England or UK average. The ILO¹ unemployment rate across the area is 6.3%, although this varies significantly between individual local authority areas.

¹ International Labour Organization

The area's workforce has a similar qualifications profile to that of the UK as a whole, with 50.4% of the Solent workforce holding qualifications at Level 3 and above, and 29.2% being educated to at least first degree level. Almost one-in-ten of the working age workforce lack any qualifications at all which is the third highest of the seven LEP areas covering the South East region.

There are approximately 59,000 business enterprises² in the Solent area of which 78% employ less than five people. Data for the most recent year suggests that approximately 6,000 new businesses were created in 2008, although start-up rates in the area fall well below regional and national benchmarks. The area has traditional strengths in manufacturing, engineering (particularly in the area of marine engineering), transport and logistics.

Priorities for the area include: supporting key sectors to deliver export led growth; strengthening the visitor economy; investing in higher level skills; supporting key infrastructure developments, including transport and high speed broadband; and continuing to support inward investment efforts.

Section 4 – Migrant Worker Volumes

Since November 2008 a total of 2,920 non-EEA migrant workers have been employed in companies based in the Solent LEP area. This represents 9.3% 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 0.3% of the working age population in area, which is slightly lower than the regional average of 0.42%.

In total 151 companies operating in the Solent LEP area had recruited at least one person, with the number of migrant labourers working for any individual firm ranging from just 1 to 2,000.

Section 5 – Occupational Patterns

Across the Solent LEP area migrant workers have been recruited into more than 90 different SOC code³ 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 | 1503 | 11 | IT operations technicians | 35 |
| 2 | ICT managers | 258 | 12 | Higher education teaching professionals | 32 |
| 3 | IT strategy and planning professionals | 162 | 13 | Clergy | 31 |
| 4 | Scientific researchers | 161 | 14 | Engineering professionals NEC | 28 |
| 5 | Nurses | 85 | 15 | Sports players | 28 |
| 6 | Care assistants & home carers | 71 | 16 | Design and development engineers | 25 |
| 7 | Medical practitioners | 60 | 17 | Secondary education teachers | 25 |
| 8 | Directors and chief executives of major organisations | 50 | 18 | Marketing and sales managers | 19 |
| 9 | Chefs, cooks | 43 | 19 | IT user support technicians | 18 |
| 10 | Mgt consultants, actuaries, economists and statisticians | 36 | 20 | Restaurant and catering managers | 16 |

Source: Certificates of Sponsorship, United Kingdom Border Agency

² An enterprise is a business unit with a degree of autonomy, which may or may not be part of a larger group.

³ Standard Occupational Classification Codes

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 more than half the non-EEA migrant workers employed in the Solent area. ICT managers and IT Strategy and Planning Professionals accounted for a further 9% and 5.5% respectively.

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.

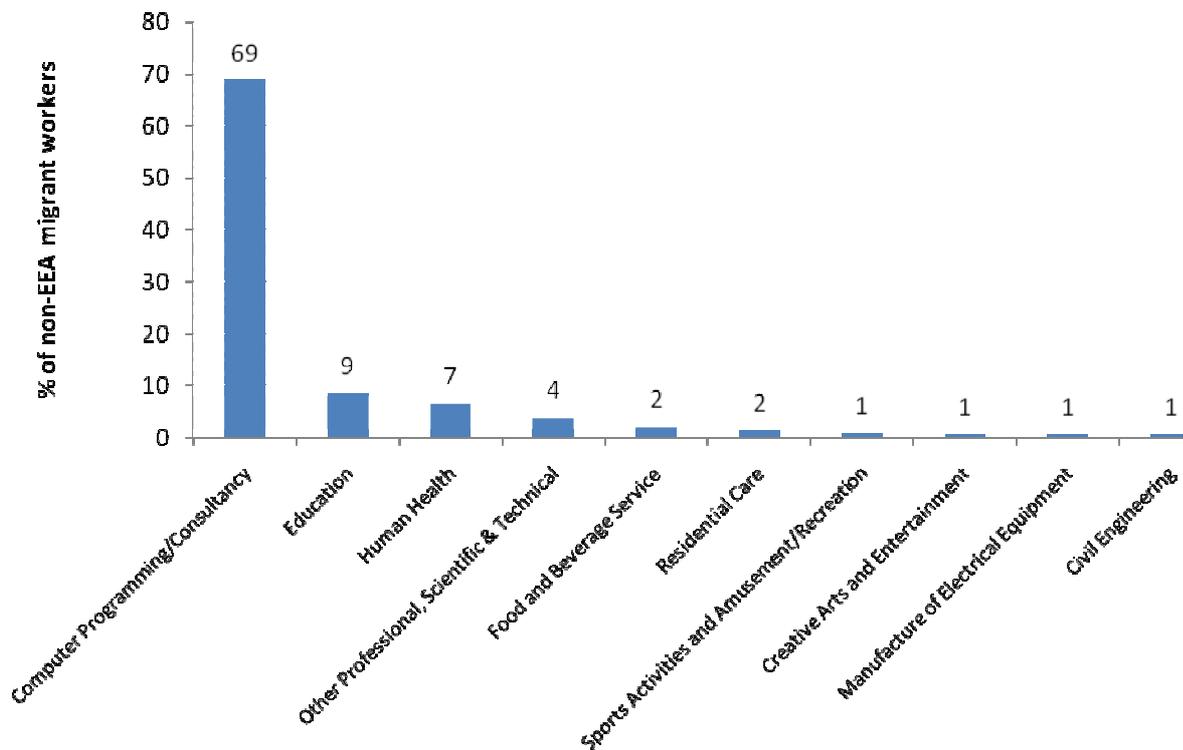
Scientific researchers accounted for approximately 5.5% of all migrant occupations, with the vast majority of them being employed by local HE institutions.

Health and care related occupations also accounted for a significant number of migrant workers, although less than in most other local areas.

Section 6 – Sectoral Patterns

Whilst migrant workers have been employed by companies working in a very wide range of industries operating in the LEP area, from public administration & defence to travel agency activities, just one sector accounts for two-thirds of all migrant employment and the top 10 sectors account collectively for 97%.

Chart 1: Number of migrant workers by sector



Source: Certificates of Sponsorship, United Kingdom Border Agency

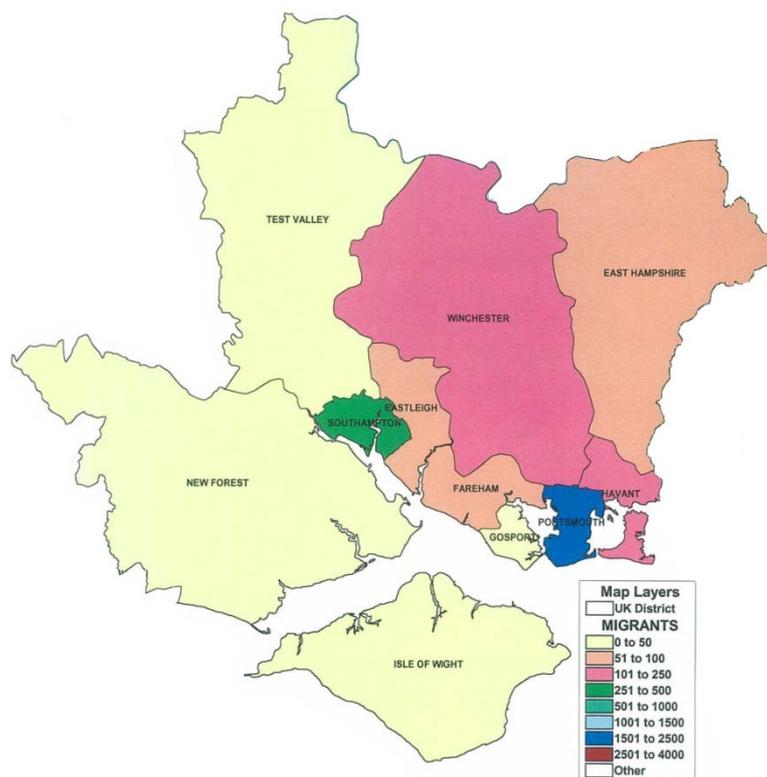
The largest employing industry of migrant workers is by far Computer Programming, Consultancy and Related Activities sector (SIC code⁴ 62). This covers a range of specific functions including programming, software development and consultancy activities for both the domestic and business markets.

The next largest industry in the Solent LEP area is Education (SIC code 85), accounting for 9% of the migrant workforce (circa 250 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. The Health sector also made significant use of migrant workers with approximately 200 employees.

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 Solent 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: Portsmouth (2,154); Southampton (407) and Havant (129). 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 migrants in the future. Table 2 compares the number of migrant workers in

⁴ Standard Industrial Classification Codes

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 | 1,503 | 75 | 5% | IT operations technicians | 35 | 100 | 286% |
| ICT managers | 258 | 65 | 25% | Higher education teaching professionals | 32 | 10 | 31% |
| IT strategy and planning professionals | 162 | 30 | 19% | Clergy | 31 | 0 | 0% |
| Scientific researchers | 161 | 0 | 0% | Engineering professionals NEC | 28 | 30 | 107% |
| Nurses | 85 | 10 | 11% | Sports players | 28 | 0 | 0% |
| Care assistants & home carers | 71 | 580 | 817% | Design and development engineers | 25 | 10 | 40% |
| Medical practitioners | 60 | 0 | 0% | Secondary education teachers | 25 | 25 | 100% |
| Directors and chief executives of major orgs | 50 | 20 | 40% | Marketing and sales managers | 19 | 195 | 1026% |
| Chefs, cooks | 43 | 300 | 698% | IT user support technicians | 18 | 110 | 611% |
| Mgt consultants, actuaries, economists and statisticians | 36 | 15 | 42% | Restaurant and catering managers | 16 | 35 | 219% |
| 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 migrant workers, including Care Assistants, Marketing & Sales Managers, Chefs/Cooks and IT Operations Technicians, 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 six occupations⁵ the number of unemployed indigenous workers looking to move into roles falls substantially below the number of migrant workers 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
- ICT Managers
- Scientific Researchers
- Medical Practitioners
- Nurses
- IT Strategy & Planning Professionals

⁵ Clergy and Sports Players have been removed as they relate mostly to an international labour market.

There is a significant imbalance between the number of roles recently filled by migrant workers and the level of interest amongst indigenous workers in the IT sector. This may reflect long term practices in this industry to rely on migrant workers to fill certain occupations.

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 below provides details of the causes of HTF vacancies.

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 | IT strategy and planning professionals | <ul style="list-style-type: none"> • Low number of applicants with required skills • Low number with required work experience |
| 4 | Scientific researchers | <ul style="list-style-type: none"> • No data provided |
| 5 | Nurses | <ul style="list-style-type: none"> • Lack of qualifications company demands • Job entails shift work/unsociable hours |
| 6 | Care assistants & home carers | <ul style="list-style-type: none"> • Not enough people interested in this type of job |
| 7 | Medical practitioners | <ul style="list-style-type: none"> • Not enough people interested in this type of job • Poor terms and conditions offered for post |
| 8 | Directors & chief executives of major organisations | <ul style="list-style-type: none"> • No data provided |
| 9 | Chefs, cooks | <ul style="list-style-type: none"> • Low number of applicants with required skills • Low number of applicants generally • Poor terms and conditions offered for post |
| 10 | Management consultants, actuaries, economists and statisticians | <ul style="list-style-type: none"> • Not enough people interested in this type of job • Low number with required work experience • The remote location of related businesses |

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 and Chefs/Cooks.

A lack of relevant work experience is, however, also a key factor for employers of Software Professionals; ICT Managers; IT Strategy & Planning Professionals and Management Consultants, Actuaries, Economists & Statisticians.

Reasons unrelated to skills, qualifications or work experience are however highlighted in relation to: Nurses; Chefs/Cooks; Care Assistants; Medical Practitioners and Management Consultants, Actuaries, Economists & Statisticians. Tackling these non-skills issues will clearly be important if UK nationals are going to be persuaded to move into these roles as non-EEA migrant numbers fall.

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 provision⁶ by broad occupation

| Occupation | Level 2 | Level 3 | HE | Occupation | Level 2 | Level 3 | HE |
|--|---------|---------|-----|---|---------|---------|-----|
| Software professionals | L | Y | L | IT operations technicians | Y | Y | Y |
| ICT managers | Y | Y | Y | Higher education teaching professionals | L | Y | Y |
| IT strategy and planning professionals | Y | Y | Y | Clergy | N | L | N |
| Scientific researchers | L | Y | N/A | Engineering professionals NEC | Y | Y | Y |
| Nurses | L | L | Y | Sports players | Y | Y | N/A |
| Care assistants & home carers | Y | Y | N/A | Design and development engineers | Y | Y | Y |
| Medical practitioners | N | L | Y | Secondary education teachers | L | Y | Y |
| Directors and chief executives of major orgs | Y | Y | Y | Marketing and sales managers | N | N | Y |
| Chefs, cooks | Y | L | N/A | IT user support technicians | Y | Y | Y |
| Mgt consultants, actuaries, economists and statisticians | Y | Y | Y | Restaurant and catering managers | Y | L | N |

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

The data suggests that there are significant numbers of people undertaking ICT related courses at both FE and HE level, with high levels of provision for all related occupations except those employed as Software Professionals. Only at Level 3 did provision relevant to those wishing to work as Software Professionals appear sufficient.

There is little discernable FE provision for those wishing to work as Marketing & Sales Managers. At HE level, however, the local provision appears more adequate. Similar findings were made for those occupations within the health industry – with very few or no relevant courses available at FE level.

Provision for those within Engineering roles was sufficient at all levels, but there appeared to be only limited Level 3 provision for those wanting to work as Chefs/Cooks.

Section 11 – Issues for Consideration

While overall the level of migrant labour used in the area is lower than the regional average, this varies dramatically between local authority areas. Portsmouth in particular has a much higher level of migrant labour sponsorship, predominately in IT related occupations.

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 ICT Managers, IT Strategy and Planning Professionals and Nurses.

While in a number of occupations, namely Care Assistants and Chefs/Cooks, there appears to be evidence of indigenous workers looking to undertake roles recently filled by migrant workers, there may well be endemic issues relating to culture, pay and conditions and recruitment practices which have historically made these roles difficult to fill from the local labour market. Resolving these

⁶ Level 2 = 5 GCSE A*- Cs, Level 3 = 2 A-Levels and HE = Any degree level programme

issues will clearly be important if local people are going to be willing and able to undertake such roles 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 economy as the supply of migrant labour reduces. This is particularly true at HE level for Software Professionals and at Level 3 for Chefs/Cooks.

Many of the issues faced by the LEP area in terms of key occupations and industries affected by the likely reduction in migrant labour 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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