



## ***Assessing the reliance on migrant labour in local labour markets:***

### **Migrant Labour in the Thames Valley Berkshire 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; and
- 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 Thames Valley Berkshire area has a working age population of approximately 560,000 and an economic activity rate of 80.4%. The area has the most knowledge intensive business base outside of the City of London, which is largely built upon its strengths in the ICT, financial services, energy, defence and pharmaceutical & life sciences sectors. The ICT sector is particularly important within the area, employing three times the number of people in that sector in comparison with the UK average.

The area has a relatively well qualified workforce with approximately 55% qualified to Level 3 and over one third (36.3%) qualified to degree level. That compares to 49% and 29.6% respectively for England as a whole.

The area has a collective GVA<sup>1</sup> of £25.6bn per annum and is the 4<sup>th</sup> most productive area in the UK, as measured by GVA per capita. While the area is forecast to see employment growth of up to 70,000 by 2015 it faces three key challenges to sustained economic growth, which were recently identified as: the transport infrastructure and congestion; problems with basic skills of residents, particularly amongst the young; and the adequacy and affordability of housing.

#### Section 4 – Migrant Worker Volumes

Since November 2008 a total of 7,480 non-EEA migrant workers have been employed in companies based in the Thames Valley Berkshire LEP area. This represents 23.9% 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 1.3% of the total economically active population in the LEP area, which is significantly higher than the regional average.

In total 416 companies operating in the Thames Valley Berkshire LEP area had recruited at least one person, with the number of migrant labourers working for any individual firm ranging from just 1 to 1,549.

#### Section 5 – Occupational Patterns

Across the Thames Valley Berkshire LEP area migrant workers have been recruited into around 140 different SOC code<sup>2</sup> areas. However, as with industries, a much smaller number of occupations account for the vast majority of all migrant roles (Circa 77%). 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	3,283	11	Nurses	108
2	ICT managers	297	12	Directors and chief executives of major organisations	97
3	Sports and fitness occs NEC	277	13	Secondary education teachers	85
4	Marketing and sales managers	269	14	Chefs, cooks	73
5	IT strategy & planning professionals	214	15	Mgt consultants, actuaries, economists and statisticians	60
6	Arts officers, producers & directors	197	16	Financial managers and chartered secretaries	58
7	Artists	191	17	Sports players	57
8	Actors, entertainers	171	18	Civil engineers	57
9	IT operations technicians	150	19	Social workers	52
10	Engineering professionals NEC	116	20	Production and process engineers	50

Source: Certificates of Sponsorship, United Kingdom Border Agency

Software Professionals dominate the list of occupations filled by migrant workers in the Thames Valley Berkshire area, with 44% of all non-EEA labour employed within these roles. Thames Valley Berkshire also accounts for 33% of all migrant workers employed as Software Professional across the greater South East region.

<sup>1</sup> Gross Value Added

<sup>2</sup> Standard Occupational Classification Codes

Other ICT roles, including ICT Managers, IT Strategy & Planning Professionals and IT Operations Technicians, make up a further 9% of all migrant roles in the area.

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.

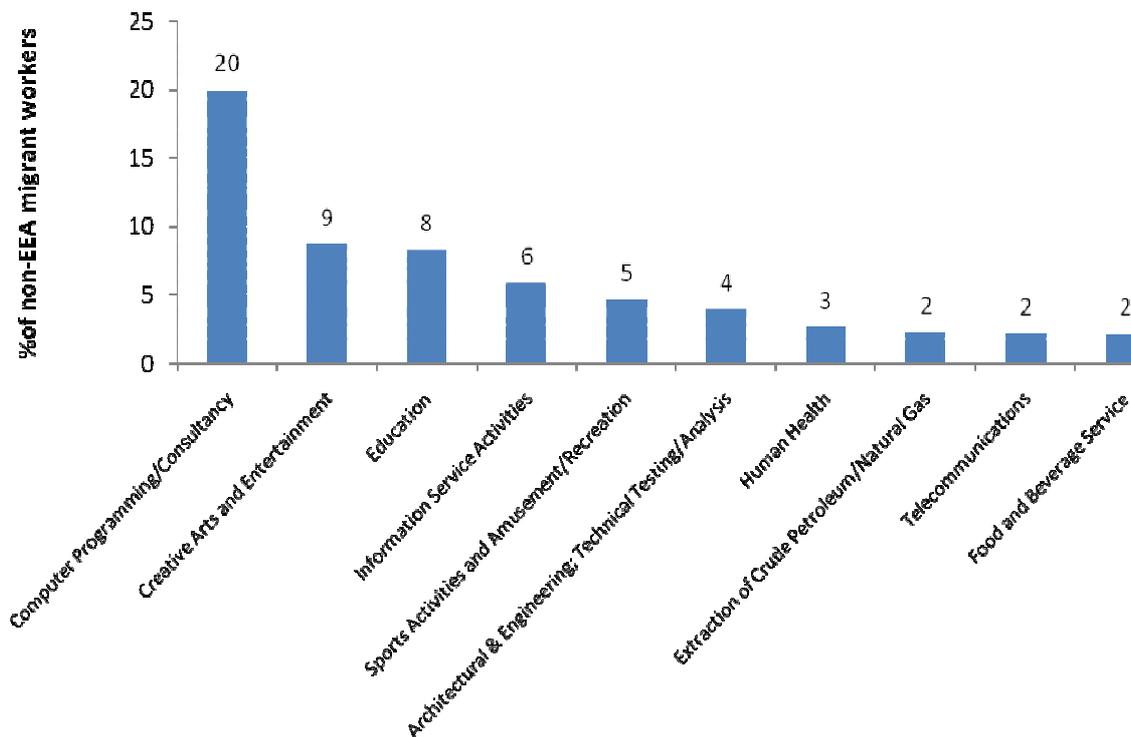
Outside of ICT related roles, the largest groups of migrant workers were employed as Sports and Fitness Occupations NEC and Marketing & Sales Managers.

The arts and media were also well represented amongst the list of occupations with Arts Officers, Producers & Directors, Artists and Actors/Entertainers accounting for approximately 7.5% of all migrant roles. An important caveat with this group is, however, that while they may have been sponsored by organisations based in the Thames Valley Berkshire area it is likely that they are working nationwide.

### Section 6 – Sectoral Patterns

While migrant workers have been employed by companies working in a wide range of industries operating in the LEP area just a handful account for most employees. Collectively, the 10 most common industries account for more than three-quarters (78%) 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 the Computer Programming, Consultancy and Related Activities sector (SIC code<sup>3</sup> 62). This covers a range of specific functions including programming, software development and consultancy activities for both the domestic and business markets.

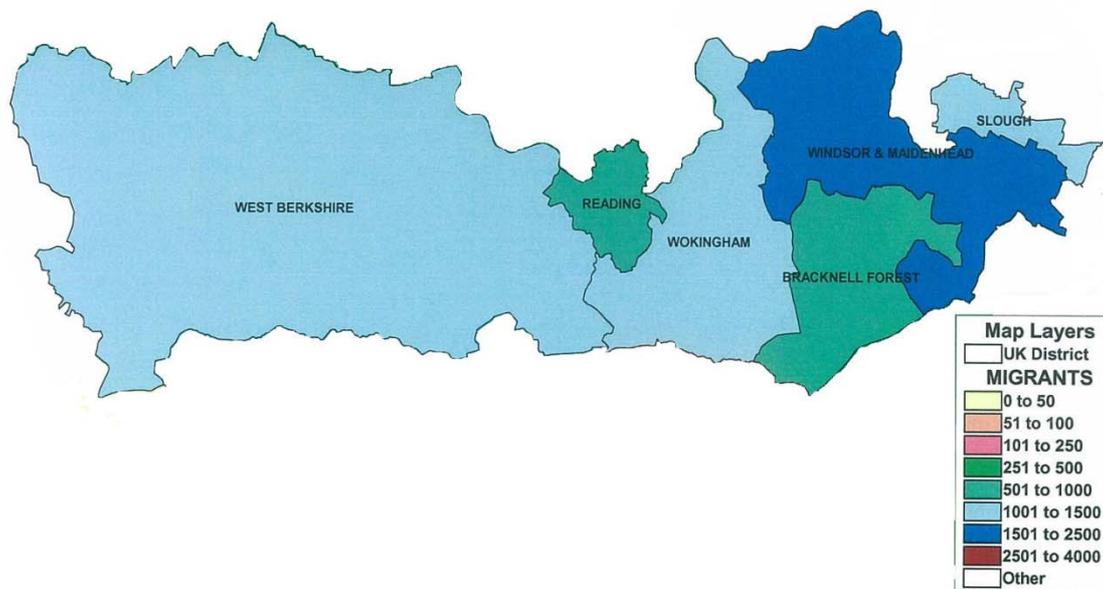
The Creative Arts and Entertainment industry is the second largest industry (circa 650 workers) relating mostly to the entertainment industry and the employment of producers, directors and actors. Whilst there appears to be a high number of migrant labourers working within this industry in Thames Valley Berkshire, this is somewhat misleading as it is only the head offices of firms recruiting these actors/entertainers which are based in the LEP area. It is believed that the individuals themselves work across the UK.

The Education sector is responsible for employing 8% of all migrant workers within the area. 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.

### 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 Thames Valley Berkshire LEP area. As can be seen from Map 1, all local authorities in the LEP area had witnessed some degree of inward migration. Those with the greatest number of migrant workers were identified as: Windsor and Maidenhead (2,276); Wokingham (1,425) and West Berkshire (1,127). The Bracknell Forest district had seen the fewest number of migrant workers, with 743 recruited during the period concerned.

Map 1: Number of migrant workers by local authority



Source: Certificates of Sponsorship, United Kingdom Border Agency

<sup>3</sup> Standard Industrial Classification Code

## 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 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	3283	70	2%	Nurses	108	5	5%
ICT managers	297	110	37%	Directors and chief executives of major orgs	97	30	31%
Sports and fitness occs NEC	277	10	4%	Secondary education teachers	85	20	24%
Marketing & sales mgrs	269	215	80%	Chefs, cooks	73	85	116%
IT strategy & planning professionals	214	45	21%	Mgt consultants, actuaries, economists and statisticians	60	20	33%
Arts officers, producers & directors	197	15	8%	Financial managers and chartered secretaries	58	35	60%
Artists	191	5	3%	Sports players	57	0	0%
Actors, entertainers	171	15	9%	Civil engineers	57	10	18%
IT operations technicians	150	90	60%	Social workers	52	25	48%
Engineering professionals NEC	116	15	13%	Production and process engineers	50	0	0%
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, UKBA, & JSA Claimants, Sought Occupations, DWP Jan 2011

Table 2 demonstrates that unlike in other South East LEP areas, there are not a great number of occupations which currently employ considerable numbers of migrant workers for which there are substantial numbers of indigenous workers looking to move into these roles. There is in fact only one occupation (Chefs/Cooks) which has an over-supply of indigenous workers looking to enter the sector compared to the number of non-EEA migrant workers employed. Of those UK nationals that could fill these roles, 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 many may require support to achieve them.

In the following twelve occupations the number of unemployed indigenous workers looking to move into roles falls substantially below the number of migrant workers currently recruited:

- Software Professionals
- ICT Managers
- Sports and Fitness Occupations NEC
- IT Strategy & Planning Professionals
- Arts Officers, Producers & Directors
- Nurses
- Directors and Chief Executives
- Secondary Education Teachers
- Management Consultants etc.
- Civil Engineers
- Social Workers
- Production and Process Engineers

Overall this data on the match between jobs currently filled by migrant workers and the aspirations of those looking for work suggest that the local economy may not be able to adjust easily to tighter immigration caps relative to other localities.

## 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"> <li>• Low number of applicants with required <b>skills</b></li> <li>• Low number with required <b>work experience</b></li> </ul>
2	ICT managers	<ul style="list-style-type: none"> <li>• Low number of applicants with required <b>skills</b></li> <li>• Low number with required <b>work experience</b></li> </ul>
3	Sports and fitness occs NEC	<ul style="list-style-type: none"> <li>• Not enough people <b>interested</b> in this type of job</li> </ul>
4	Marketing and sales managers	<ul style="list-style-type: none"> <li>• Low number of applicants with required <b>skills</b></li> <li>• Low number with required <b>work experience</b></li> </ul>
5	IT strategy & planning professionals	<ul style="list-style-type: none"> <li>• Low number of applicants with required <b>skills</b></li> <li>• Low number with required <b>work experience</b></li> </ul>
6	Arts officers, producers & directors	<ul style="list-style-type: none"> <li>• Low number of applicants with required <b>skills</b></li> </ul>
7	Artists	<ul style="list-style-type: none"> <li>• Low number of applicants with required <b>skills</b></li> </ul>
8	Actors, entertainers	<ul style="list-style-type: none"> <li>• Low number of applicants with required <b>skills</b></li> </ul>
9	IT operations technicians	<ul style="list-style-type: none"> <li>• Low number of applicants with required <b>skills</b></li> </ul>
10	Engineering professionals NEC	<ul style="list-style-type: none"> <li>• Low number of applicants with required <b>skills</b></li> <li>• Low <b>number of applicants</b> generally</li> </ul>

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 all occupation types, except for those relating to Sports and Fitness Occupations NEC.

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

Reasons unrelated to skills, qualifications or work experience are however highlighted in relation to Sports and Fitness Occupations NEC. 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 relevant to the key occupations filled by migrant workers. 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 provision<sup>4</sup> by broad occupation

Occupation	Level 2	Level 3	HE	Occupation	Level 2	Level 3	HE
Software professionals	L	L	L	Nurses	L	L	Y
ICT managers	L	L	Y	Directors and chief executives of major orgs	L	L	Y
Sports and fitness occs NEC	L	L	L	Secondary education teachers	L	L	L
Marketing and sales managers	L	L	L	Chefs, cooks	L	L	N/A
IT strategy & planning professionals	L	L	Y	Mgt consultants, actuaries, economists and statisticians	L	L	Y
Arts officers, producers & directors	L	Y	L	Financial managers and chartered secretaries	L	L	Y
Artists	L	Y	L	Sports players	L	L	N/A
Actors, entertainers	L	L	L	Civil engineers	L	Y	L
IT operations technicians	L	L	Y	Social workers	Y	L	Y
Engineering professionals NEC	L	Y	L	Production and process engineers	L	Y	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 FE and HE provision is somewhat limited across all top 20 occupations within the local area. For roles such as Software Professionals, Marketing & Sales Managers, Secondary Education Teachers and Actors/Entertainers, the learning provision in Thames Valley Berkshire at both FE and HE level appears limited. This is particularly concerning for Software Professionals given the large volume of them currently being recruited into the local economy.

Other IT related professions, however, have better provision at HE level than Software Professionals. At degree level, learning provision is more adequate than at levels 2 and 3, with the volume of provision offered by local providers deemed sufficient.

For those employed within engineering roles, there was a considerable provision at level 3. At HE level, however, there was only limited provision for those employed as Civil Engineers or Engineering Professionals NEC, and none for Production and Process Engineers.

A number of occupations were centred around the creative arts, and whilst Arts Officers, Producers and Directors had access to local learning provision at level 3, Actors/Entertainers were somewhat limited. At HE level, learning provision for these professions was limited.

## Section 11 – Issues for Consideration

While relatively small as a percentage of total employment in the area, non-EEA migrant workers have played an important part in a number of sectors in the local economy, with a substantially higher proportion of labour within the area being supplied by non-EEA migrants compared to the South East regional average. The Thames Valley Berkshire LEP area had both the highest proportion and largest number of non-EEA migrant workers of any local LEP area covering the South East.

While all local authority areas have seen some inward migration over the last three years this has not been evenly distributed and some local areas (particularly Windsor and Maidenhead) may face particular shortages as the number of migrants reduces.

<sup>4</sup> Level 2 = 5 GCSE A\*-Cs, Level 3 = 2 A-Levels, HE = Any degree level programme

Unlike most other LEP areas within the South East region, Thames Valley Berkshire does not have a ready supply of indigenous workers that could replace the migrant labour workforce employed. Only for Chef/Cooks is there an adequate supply of local people wanting to undertake these roles compared to the number of migrant workers that have been employed by companies within the area. Most occupations that have relied upon migrant labour do not have a 'ready made' workforce amongst the local population to replace employees lost once new legislation is put into place, meaning that many companies may struggle to fill positions.

It appears from the top-line analysis of learning provision that there may be a need to increase the number of training places in certain key areas such as: higher level provision for Software Professionals; both intermediate and higher level provision in marketing and sales roles; and intermediate level provision for; business related occupations, such as Chief Executives and Financial Managers; Social Workers; and Secondary Education Professionals.

Many of the issues faced by the LEP area in terms of key occupations and industries affected by the likely reduction in migrants 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](http://www.worcester-research.co.uk)).



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