

# Migrant Labour in the Enterprise M3 Local Enterprise Partnership Area

Update 2012 – V3

## Section 1- Purpose and Uses

Commissioned by the South East Strategic Partnership for Migration (SESPM), this report updates research undertaken in 2011 on the volume, type and implications of non-EEA<sup>1</sup> migrant labour in the LEP area.

The report aims to assist local authorities, colleges, universities, the local enterprise partnership (LEP) 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;
- Explore the geographic dispersal of migrant workers across individual local authority areas.

A majority of the analysis presented in this report has been compiled using data for a 40 month period between November 2008 and February 2012 provided by the United Kingdom Border Agency. The data provides details of Certificates of Sponsorship used by companies when recruiting non-EEA migrant workers and seeks to provide an insight into both the industries and occupations using migrant labour and any changes that have occurred since April 2011.

Section 4 does, however, also draw upon indicative migration estimates produced by the Office of National Statistics that seek to provide an estimate of total migration into the area, i.e. those from both inside and outside the EEA.

## 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 2012 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 has closed. However, these limits do not apply to a category of workers who come to the UK in an "intra-company transfer" with their multi-national employer.

The Coalition also asked the Migration Advisory Committee<sup>2</sup> 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. This work was completed in February 2012.

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<sup>1</sup> Workers from outside of the European Economic Area

<sup>2</sup> The independent body which advises the government on migration issues

Together these changes in policy have the potential to significantly 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 approximately 1,020,000 and has an economic activity rate of 80.9% which is the second highest rate of any area LEP area covering parts of the South East. Enterprise M3 used to have the highest rate, but has since been overtaken by the Oxfordshire LEP area. Unemployment in the area is estimated at 4.6% and is lower than either the South East or England average.

The area has just under 86,000 VAT registered businesses, 740,000 jobs, a GVA<sup>3</sup> of approximately £35bn per year 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 56.2% holding Level 3 and above qualifications and 36.6% being educated to NVQ Level 4 and above. This compares with a UK average of 31% of the workforce qualified to degree level. Despite this, approximately 8.5% of the workforce lack any qualifications at all.

### **Section 4 – Migrant Worker Volumes**

Between November 2008 and February 2012 approximately 12,195 non-EEA migrant workers were employed in the Enterprise M3 LEP area. This represents an annual average of 3,659 migrants and equates to 0.4% of the economically active population in the area. This is higher than the average across the greater South East region<sup>4</sup> which stood at 0.3%.

Since the previous analysis in April 2011, three local authorities have joined the Enterprise M3 LEP area (Elmbridge, Runnymede and Spelthorne). Not including these districts, the number of migrant workers has increased by 2,618 from 4,385. However, including the new districts, the current number of migrant workers stands at a much larger 12,195 – an increase of 7,771.

In total, 267 companies operating in the Enterprise M3 LEP area had recruited at least one person, with the number of migrant workers for an individual firm ranging from just 1 to 3,654. The total number of companies has increased by 116 from 151 to 267.

Whilst the data source used to estimate non-EEA migrant volumes provides a useful picture of inward migration into the area, it can only provide a partial insight as it does not capture data on all migrants entering the area from EU nations or those arriving as asylum seekers (who are then given leave to remain) or UK nationals returning home after a period overseas.

Data constructed by the Office of National Statistics using administrative sources, such as registrations for National Insurance Numbers, higher education student enrolments and registrations at GP surgeries provides perhaps the most comprehensive estimate of the total

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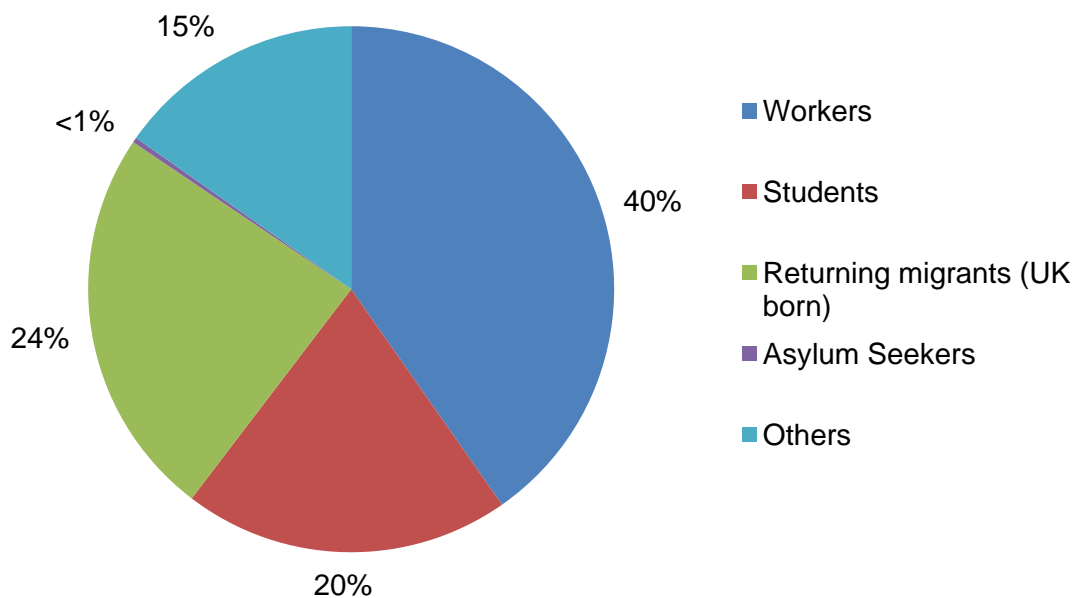
<sup>3</sup> Gross Value Added

<sup>4</sup> The greater South East relates to the former South East statistical region plus those local authorities which belong to LEPs covering some part of the former South East

inward migration to the Enterprise M3 LEP area. Using this source an estimated 70,484 migrants of all ages entered the Enterprise M3 LEP area between mid-2006 and mid-2010. This equates to an annual average of 17,621 migrants of all ages entering the Enterprise M3 LEP area every year.

As can be seen by Chart 1, only 40% of the 17,621 estimated annual migrants come to work in the area, with large proportions also studying or returning to the UK from periods abroad.

Chart 1: Estimated Composition of Migrants Entering the Enterprise M3 LEP Area (% of all migrants)



Source: Immigration Estimates to Local Authority 2006 -2010, Office of National Statistics.

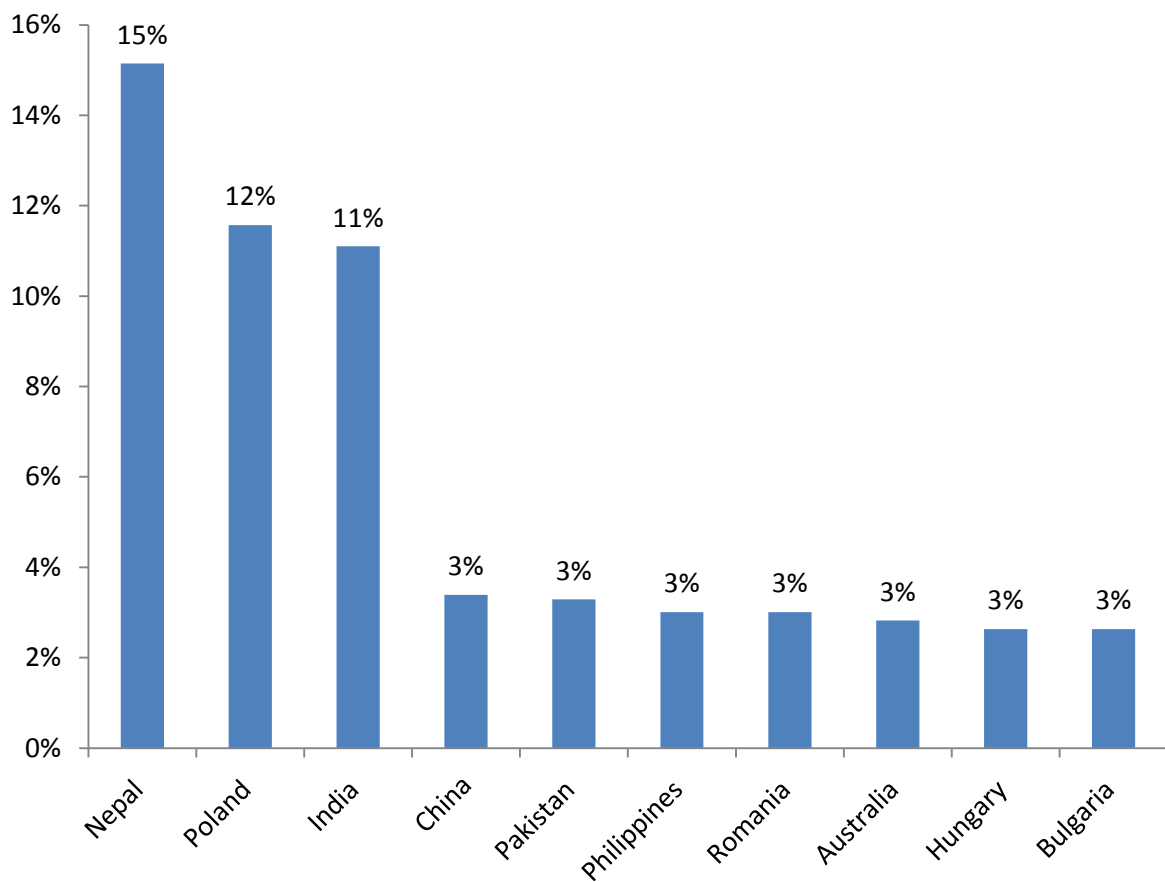
A number of local authorities within the Enterprise M3 LEP area had significant differences in their migrant composition to that shown in Chart 1. In Rushmoor, for example, over a half (58%) of all migrants entered the borough as workers as compared with the LEP area average of 40%. Correspondingly just 6% of Rushmoor migrants were identified as students.

Whilst overall 20% of all migrants in the LEP area were students, in Guildford and Runnymede the proportions were significantly higher at 57% and 47% respectively. The proportion of migrants returning to the UK after periods overseas also ranged significantly from a low of 9% in Guildford to a high of 38% in Hart.

Full details of the composition of migrant populations within individual local authorities are provided as an annex to this report.

Data from a third source which looks specifically at those overseas nationals requesting a National Insurance Number (NINo) provides some insight into the countries of origin of economic migrants to the LEP area. As can be seen from Chart 2, the largest proportion of migrants to Enterprise M3 came from Nepal (15%) followed by Poland (12%) and India (11%). This data again demonstrates the importance of non-EEA labour to the area's labour market.

Chart 2: Top 10 countries of NINO registrants in Enterprise M3 LEP area (2010)



Source: NINo registrations 2010, DWP

### Section 5 – Occupational Patterns

Across the Enterprise M3 LEP area non-EEA migrant workers have been recruited into around 150 different SOC code<sup>5</sup> areas. However, a much smaller number of occupations account for the vast majority of all migrant roles (circa 82%). Table 1 provides details of the top 20 occupations filled by migrant workers together with the total number recruited.

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<sup>5</sup> Standard Occupational Classification Codes

Table 1: Occupations filled by non-EEA migrant workers

Rank	Occupation	No. of Migrants	Rank	Occupation	No. of Migrants
1	IT, software professionals	5940	11	Teacher, secondary education	167
2	Managers, information and communication technology	597	12	Managers, Restaurant and catering	144
3	Managers, marketing and sales	417	13	Engineering professionals n.e.c.	129
4	Technicians, IT operations	384	14	Consultants, actuaries, economists, statisticians	117
5	Care assistants and home carers	340	15	Researchers n.e.c.	115
6	Sports and fitness occupations n.e.c. <sup>6</sup>	305	16	Engineers, design and development	100
7	Chefs, cooks	259	17	Medical practitioners e.g. doctors and surgeons	100
8	Nurses	257	18	Engineers, telecommunications	80
9	IT strategy and planning professionals	199	19	Youth and community workers	78
10	Directors/chief executives of major organisations	173	20	Physicists, geologists and meteorologists	75

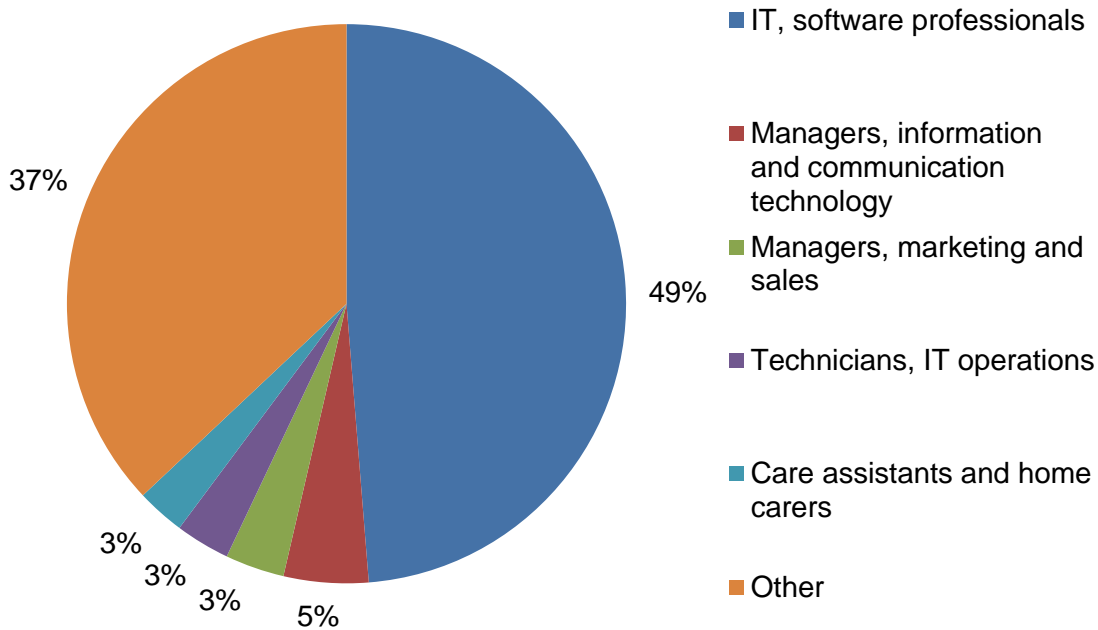
Source: Certificates of Sponsorship, United Kingdom Border Agency

As seen in the previous report, software professionals tops the list of occupations filled by non-EEA migrant workers in the Enterprise M3 LEP area. In April 2011, this occupation accounted for 52% of all non-EEA labour employed. As of February 2012, this proportion has decreased to 49%.

A further 5% of migrant workers are employed ICT managers, 3% as marketing and sales managers, 3% as IT technicians and 3% as care assistants/home carers. Chart 3 below demonstrates the proportion of non-EEA migrants in the top 5 most popular occupations.

<sup>6</sup> Not elsewhere classified

Chart 3: Top 5 Occupations Currents Filled by non-EEA Migrant Workers

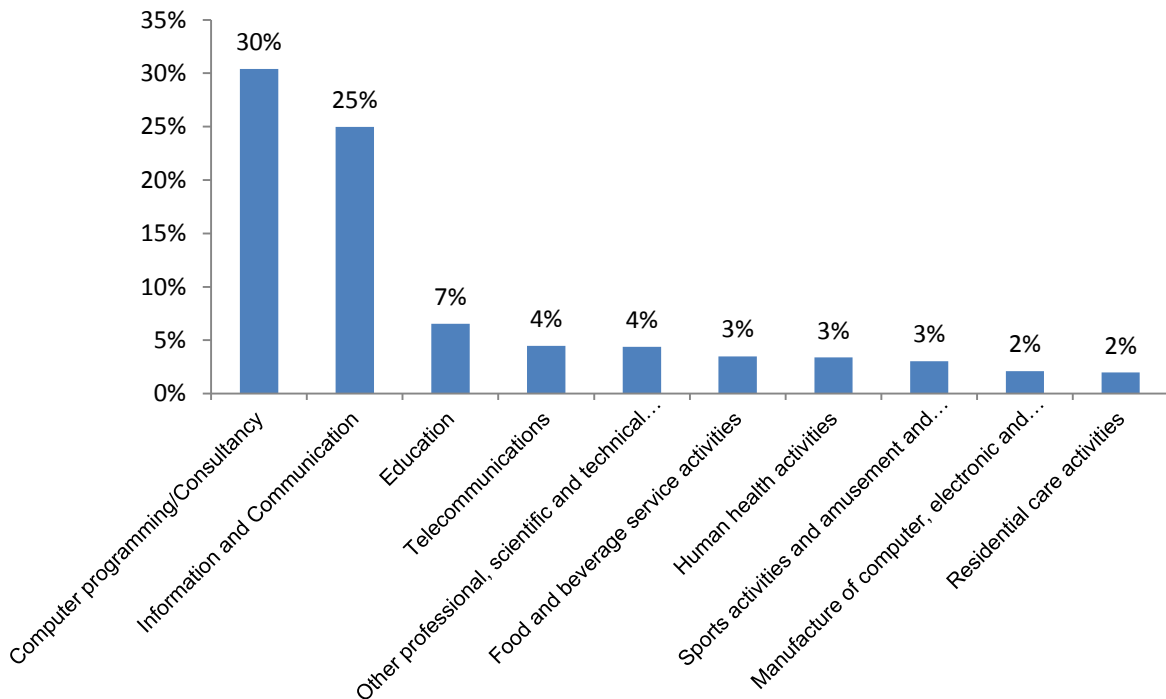


Source: Certificates of Sponsorship, United Kingdom Border Agency

### 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 85% of all non-EEA migrant workers employed in the LEP area.

Chart 4: % of non-EEA workers by industry



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>7</sup> 62). This covers a range of specific functions including programming, software development and consultancy activities for both the domestic and business markets. A close second is the similar Information and Communication sector. Combined, these two sectors account for 6,752 (55%) migrant workers.

The Education industry (SIC code 85) is the third largest employing industry (circa 796 workers). 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**

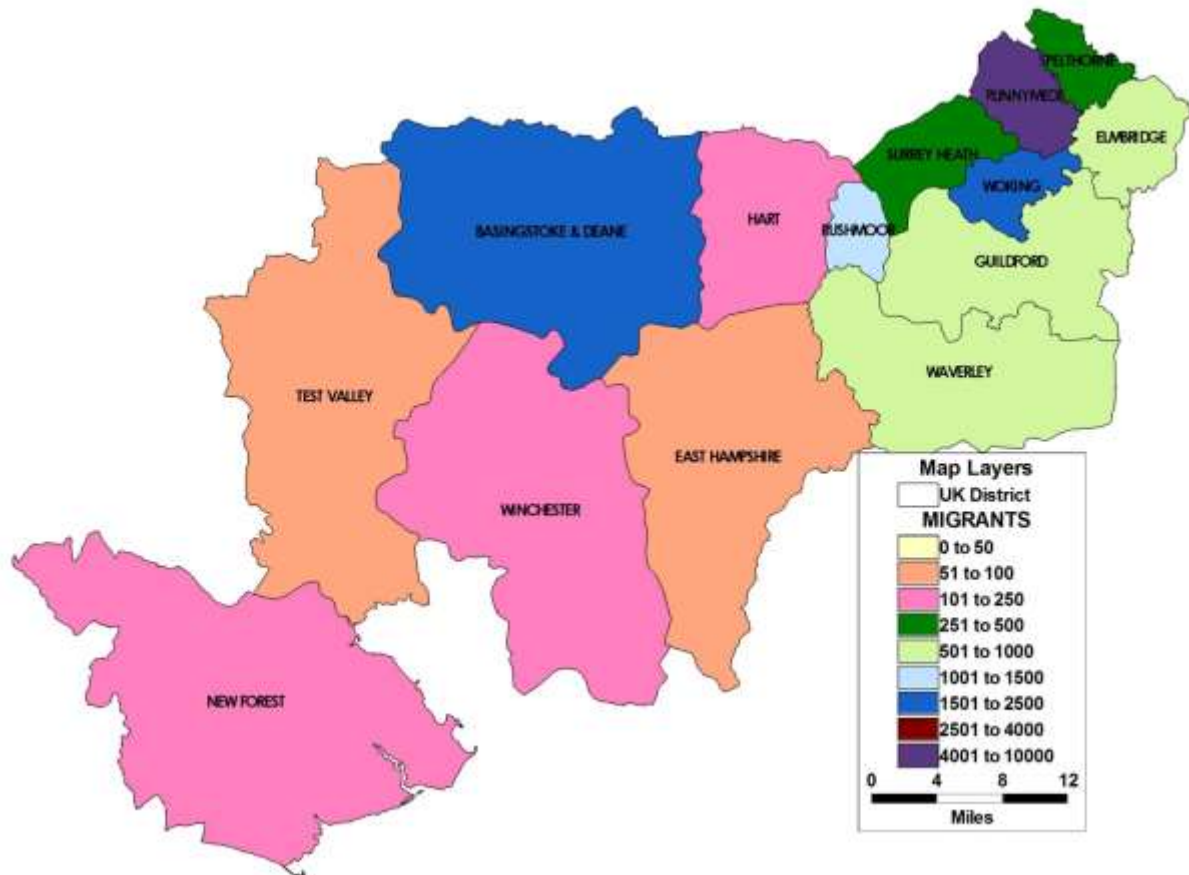
Using the postcodes of all companies employing non-EEA migrant workers it has been possible to map the distribution of migrant workers across the Enterprise M3 LEP area. As can be seen from Map 1, all local authorities in the LEP area had witnessed some degree of inward migration. Those with the greatest number of migrant workers were identified as: Runnymede (4,081), Woking (1,999), Basingstoke and Deane (1,701), Rushmoor (1,144) and Elmbridge (784). Test Valley (52), East Hampshire (80), New Forest (109) and Hart (114) have seen the fewest number of migrant workers during the period concerned.

While issues to do with the allocation of companies by individual local authority areas make direct comparisons somewhat problematic, it would appear that since November 2010 Woking has seen the largest increase in the number of non-EEA migrants.

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<sup>7</sup> Standard Industrial Classification Code

Map 1: Number of non-EEA migrant workers by local authority (November 2008 - February 2012)



Source: Certificates of Sponsorship, United Kingdom Border Agency

## Section 8 – Economic conclusions and issues for policy makers

This report has shown that the rate of increase in non-EEA migrants has remained fairly stable over the last year with new non-EEA migrants accounting for approximately 0.4% of the LEP area's economic population in 2011-12. This is, however, slightly higher than the 0.3% average found across the greater South East region. Most of the increase in migrant worker numbers can be attributed to the three local authorities that have joined the Enterprise M3 LEP area since the previous report (Elmbridge, Runnymede and Spelthorne).

The number of local companies that have employed non-EEA migrants has continued to rise over the last year with over 250 businesses having recruited at least one non-EEA migrant over the last four years despite the ratcheting-up of eligibility criteria over that period.

Data from the ONS has shown that only around two-fifths of all inward migration to the LEP area is related to work with an in-flow of students and UK nationals returning to the UK also accounting for fairly substantial inward flows.

Information on the country of origin of NINo applicants demonstrates the importance of non-EEA labour to the local labour market with four non-EEA nations amongst the top five countries of origin of new NINo applicants.



As identified in the previous report non-EEA workers are concentrated in a relatively small number of occupations and industries and are particularly important to the software/ICT; media/creative industries and education sectors. Many of these are industries identified as important to the LEP area's future economic prosperity and therefore any reduction in future migrants which is not compensated by an increase in the supply of highly skilled indigenous individuals would be a particular concern.

While all local authorities have seen some inward migration of non-EEA nationals this has not been equally distributed and therefore any reduction in future numbers would be felt particularly in areas such as Runnymede, Woking and Basingstoke & Deane.

Annex 1: Indicative Migration Estimates (mid 2006 to mid 2010)

<b>Local Authority estimates in England and Wales by broad stream</b>						
<b>Local Authority</b>	<b>Workers</b>	<b>Students</b>	<b>Returning migrants (UK born)</b>	<b>Asylum Seekers</b>	<b>Others</b>	<b>Total</b>
Basingstoke and Deane	2504	560	919	20	964	4969
East Hampshire	1022	451	1097	0	388	2959
Elmbridge	2598	646	1427	22	1411	6104
Guildford	3882	8912	1466	3	1470	15731
Hart	977	167	945	2	395	2486
New Forest	1564	947	1161	4	398	4073
Runnymede	1857	3093	784	3	853	6590
Rushmoor	2365	250	505	63	902	4085
Spelthorne	1681	376	581	5	455	3097
Surrey Heath	1474	208	862	7	547	3098
Test Valley	1102	859	832	7	389	3190
Waverley	1517	682	1661	10	657	4526
Winchester	1110	836	1101	2	474	3523
Woking	2813	1206	1057	57	919	6053

Source: indicative Migration Estimates, ONS

Appendix 2: Indicative Migration Estimates (mid 2006 to mid 2010) percentages

<b>Percentage composition of Local Authority estimates by broad stream (and relative importance with other local authorities)</b>					
<b>LA Name</b>	<b>Workers</b>	<b>Students</b>	<b>Returning migrants (UK born)</b>	<b>Asylum Seekers</b>	<b>Others</b>
Basingstoke & Deane	50%	11%	19%	0%	19%
East Hampshire	35%	15%	37%	0%	13%
Elmbridge	43%	11%	23%	0%	23%
Guildford	25%	57%	9%	0%	9%
Hart	39%	7%	38%	0%	16%
New Forest	38%	23%	28%	0%	10%
Runnymede	28%	47%	12%	0%	13%
Rushmoor	58%	6%	12%	2%	22%
Spelthorne	54%	12%	19%	0%	15%
Surrey Heath	48%	7%	28%	0%	18%
Test Valley	35%	27%	26%	0%	12%
Waverley	34%	15%	37%	0%	15%
Winchester	32%	24%	31%	0%	13%
Woking	46%	20%	17%	1%	15%

Source: indicative Migration Estimates, ONS