

# Migrant Labour in the Solent 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.

---

<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 Solent area has a working age population of 985,000 and an economic activity rate of 78.1%, which is higher than the national average of 76.1%. The ILO<sup>3</sup> unemployment rate across the area is 6.2% – higher than the South East average of 5.9%, but lower than the national average of 7.9%.

The area's workforce has a similar qualifications profile to that of the UK as a whole, with 51.5% of the Solent workforce holding qualifications at Level 3 and above, and 29.9% being educated to NVQ Level 4 and above. This compares with a UK average of 31% of the workforce qualified to degree level. 8% of the working age workforce lack any qualifications at all which is the fourth highest of the seven LEP areas covering the South East region.

There are over 50,000 business enterprises<sup>4</sup> in the Solent area of which the vast majority 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.

LEP 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**

Between November 2008 and February 2012 approximately 5,484 non-EEA migrant workers were employed in the Solent LEP area. This represents an annual average of 1,645 migrants and equates to 0.2% of the economically active population in the area. This is the slightly lower than the average across the greater South East region<sup>5</sup> which stood at 0.3%.

Since the previous analysis in April 2011, 2,564 more non-EEA migrant workers have been employed in the Solent LEP area (2,920 to 5,484). This is an 88% increase in approximately 14 months and clearly shows that the number of non-EEA migrants has increased over recent times.

In total, 267 companies operating in the Solent 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 using non-EEA migrants 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

---

<sup>3</sup> International Labour Organization

<sup>4</sup> An enterprise is a business unit with a degree of autonomy, which may or may not be part of a larger group.

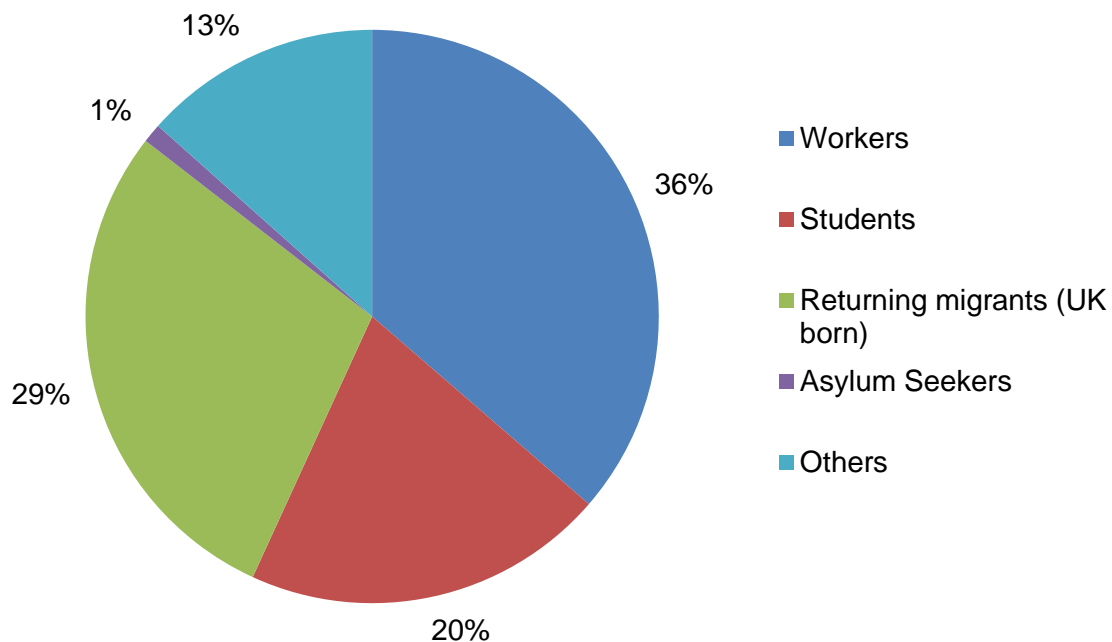
<sup>5</sup> The greater South East relates to the former South East statistical region plus those local authorities which belong to LEPs covering some part of the former South East

(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 inward migration to the Solent LEP area. Using this source an estimated 56,593 migrants of all ages entered the Solent LEP area between mid-2006 and mid-2010. This equates to an annual average of 14,148 migrants of all ages entering the Solent LEP area every year.

As can be seen by Chart 1, only 36% of the 14,148 estimated annual migrants come to work in the Solent area, with large proportions also studying or returning to the UK from periods abroad. The overall composition of the migrant population in the Solent LEP is different to that of the greater South East region as a whole with a 10% lower proportion of workers, but a 12% higher proportion of returning migrants being the most significant differences in composition.

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



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

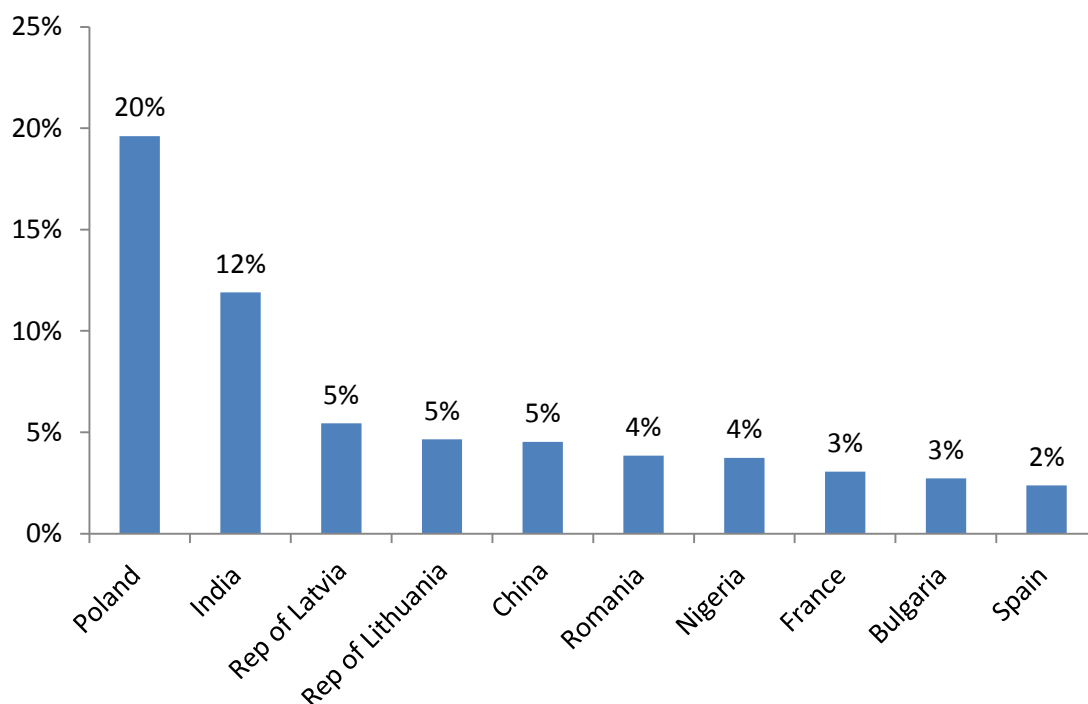
A number of local authorities within the Solent LEP area had significant differences in their migrant composition to that shown in Chart 1. In the Isle of Wight, for example, over half (53%) of all migrants entered the borough as workers as compared with the LEP area average of 36%. Correspondingly, just 2% of Isle of Wight non-EEA migrants were identified as students.

Whilst overall 20% of all migrants in the LEP area were students, in Southampton and Portsmouth the proportions were significantly higher at 45% and 40% respectively. The proportion of migrants returning to the UK after periods overseas also ranged significantly from a low of 6% in Southampton to a high of 42% in Havant.

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 Solent came from Poland (20%) followed by India (12%) and Latvia (5%). 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 Solent LEP area (2010)



Source: NINo registrations 2010, DWP

## Section 5 – Occupational Patterns

Across the Solent LEP area non-EEA migrant workers have been recruited into around 110 different SOC code<sup>6</sup> areas. However, a much smaller number of occupations account for the vast majority of all migrant roles (circa 91%). Table 1 provides details of the top 20 occupations filled by migrant workers together with the total number recruited.

<sup>6</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	2828	11	Clergy	65
2	Managers, information and communication technology	485	12	Technicians, IT operations	59
3	IT strategy and planning professionals	260	13	Teacher, secondary education	57
4	Researchers, scientific	253	14	Sports players	54
5	Nurses	171	15	Teacher/lecturer in higher education	48
6	Care assistants and home carers	167	16	Consultants, actuaries, economists, statisticians	42
7	Medical practitioners e.g. doctors and surgeons	126	17	Engineers, design and development	39
8	Chefs, cooks	81	18	Sports and fitness occupations n.e.c.	38
9	Engineering professionals n.e.c. <sup>7</sup>	74	19	Musicians	36
10	Directors/chief executives of major organisations	73	20	Managers, marketing and sales	32

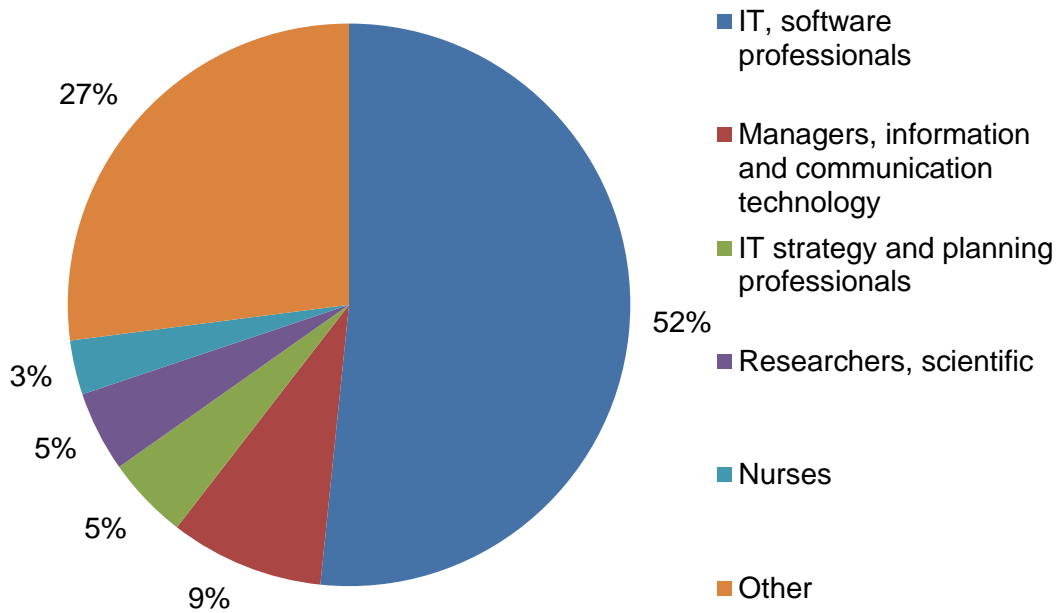
Source: Certificates of Sponsorship, United Kingdom Border Agency

As seen in the previous report, software professionals tops the list of occupations filled by non-EEA migrant workers in the Solent LEP area. In April 2011, this occupation accounted for 51% of all non-EEA labour employed. As of February 2012, this proportion has increased slightly to 52%.

A further 9% of migrant workers are employed as ICT managers, 5% as IT planning professionals, 5% as scientific researchers and 3% as nurses. Chart 3 below demonstrates the proportion of non-EEA migrants in the top 5 most popular occupations.

<sup>7</sup> Not elsewhere classified

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

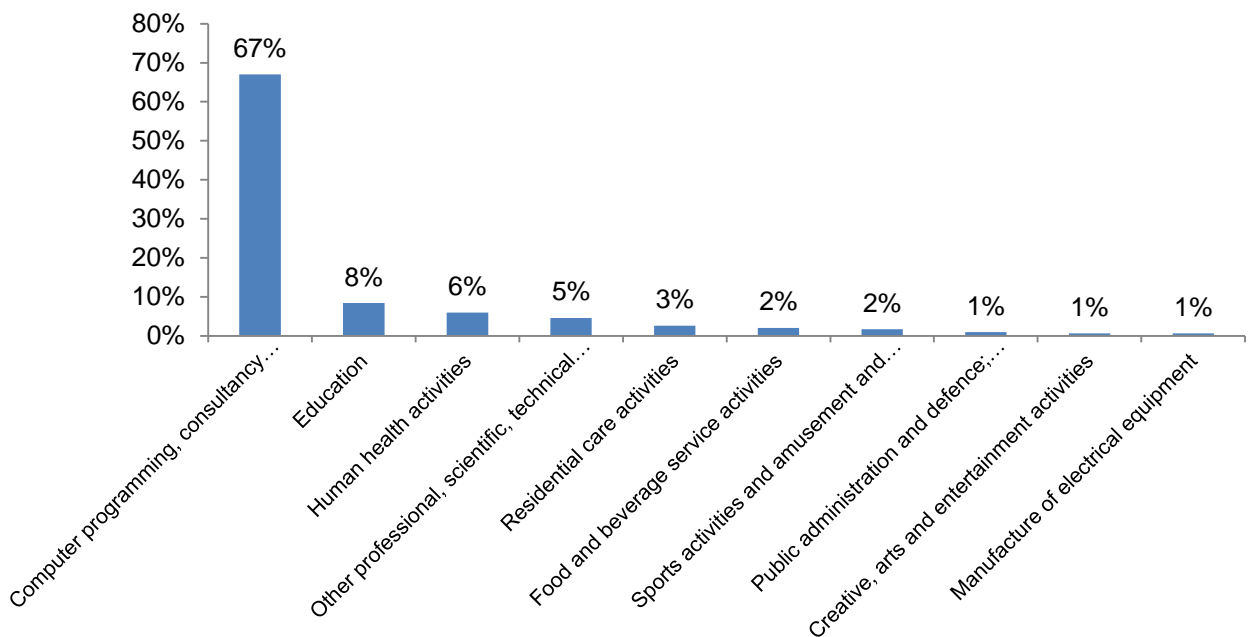


Source: Certificates of Sponsorship, United Kingdom Border Agency

### 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 95% 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>8</sup> 62). This covers a range of specific functions including programming, software development and consultancy activities for both the domestic and business markets.

The Education industry (SIC code 85) is the second largest employing industry (circa 461 workers – an increase of 209 migrants). 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 330 employees – an increase of approximately 130 migrants.

## **Section 7 – Geographic Patterns**

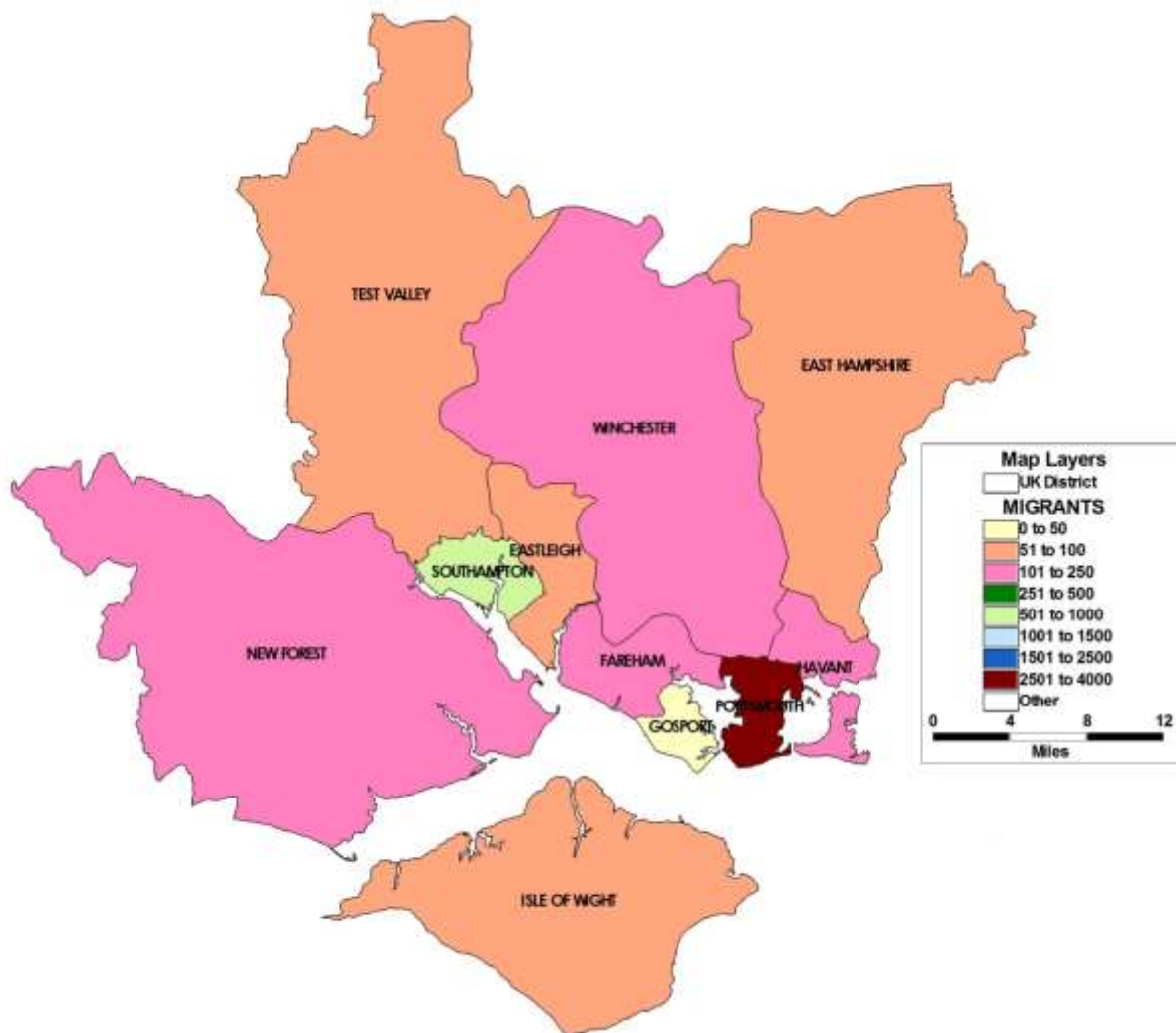
Using the postcodes of all companies employing non-EEA migrant workers it has been possible to map the distribution of migrant workers across the Solent LEP area. As can be seen from Map 1, all local authorities in the LEP area had witnessed some degree of inward migration. Those with the greatest number of migrant workers were identified as: Portsmouth (3,881), Southampton (649), Winchester (218), Havant (195) and New Forest (109). Gosport (43), Test Valley (52) and Isle of Wight (68) have seen the least number of migrant workers recruited between November 2008 and February 2012.

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 Portsmouth and Southampton have seen the largest increases in the number of non-EEA migrants.

---

<sup>8</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

While this report has shown that the rate of increase in non-EEA migrants has increased fairly dramatically over the last year, new non-EEA migrants still only account for approximately 0.2% of the LEP area's economic population in 2011-12. This is slightly lower than the 0.3% average found across the greater South East region.

The number of local companies that have employed non-EEA migrants has continued to rise over the last year with over 267 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 over a third 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 two 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 computer programming; education; and health care industries. 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 Portsmouth and Southampton.

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>
Isle of Wight	1144	34	676	4	297	2156
Gosport	395	38	311	9	184	937
New Forest	1564	947	1161	4	398	4073
Havant	421	77	477	5	168	1149
Southampton	8365	10525	1316	423	2549	23179
Test Valley	1102	859	832	7	389	3190
East Hampshire	1022	451	1097	0	388	2959
Eastleigh	677	381	657	9	302	2026
Winchester	1110	836	1101	2	474	3523
Portsmouth	3602	4693	1074	899	1509	11777
Fareham	469	322	633	0	201	1624

Source: indicative Migration Estimates, ONS

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

<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>
Isle of Wight	53%	2%	31%	0%	14%
Gosport	42%	4%	33%	1%	20%
New Forest	38%	23%	28%	0%	10%
Havant	37%	7%	42%	0%	15%
Southampton	36%	45%	6%	2%	11%
Test Valley	35%	27%	26%	0%	12%
East Hampshire	35%	15%	37%	0%	13%
Eastleigh	33%	19%	32%	0%	15%
Winchester	32%	24%	31%	0%	13%
Portsmouth	31%	40%	9%	8%	13%
Fareham	29%	20%	39%	0%	12%

Source: indicative Migration Estimates, ONS