

Profile of migrant labour in the South East of England: skills, industry and occupation

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Executive Summary

Remit and context of the research

This report was commissioned by the South East Strategic Partnership for Migration (SESPM) to provide local authorities and regional bodies in the South East with:

- An update on recent UK research on international migration and impact on labour markets;
- A follow-up on earlier research for the SESPM on type of jobs and industries migrants are employed in;
- A comparison of EU and non-EU labour migration in the South East; and,
- An assessment of the significance of migrant labour in different industries and occupations with particular reference to the UK's official occupation shortage list.

The report maps the employment profile of international migrants by industry of employment and occupation.

HEADLINE FINDINGS

1. Net work-related migration to the UK declined and fluctuated after 2008...

Since 2008 there have been shorter periods of positive and negative net work-related migration. The UK's prolonged period of economic recession and anaemic growth is a likely explanation for this. There are some signs that work-related migration has accelerated again after 2012, but still remains below the high mid 2000 levels.

2. ...and the data show substantial compositional change in origin of work-related migrants.

Net work-related non-EU migration declined after 2004 and has remained consistently negative since 2008. IPS data suggests that more non-EU residents left the UK for work reasons than arrived in the UK for work reasons. Since 2010 migration from the EU15 countries has increased substantially, while A8 migration was relatively stable at a lower level than pre-crisis.

3. Since 2001 EEA migrants are found to contribute more to the public purse than they withdraw or pay their way. However, overall fiscal impact of migration is low relative to GDP.

A younger profile and the temporary nature of much migration means that migrants, on average, consume less public services and are less likely to make claims on the tax and welfare provisions (Dustmann and Frattini 2013). Forecast by the Office of Budget Responsibility (OBR 2014) shows that UK public sector debt paths are contingent on the flow of international migrants – the lowest level of public sector debt is associated with the highest level of net migration; the highest level of debt is associated with no migration. Over the longer-term migration slows the overall aging profile of the UK population. For non-EEA migrants the outcomes are more mixed and alternative studies (Rowthorn 2014) demonstrate the sensitivity of these findings (both EEA and non-EEA) to a range of socio-economic and demographic characteristics.

4. EU15 and non-EU migrants provide substantial skills and educational inflow in the South East.

Census data shows that a greater proportion of EU15 and non-EU residents hold Level 4 or above qualifications compared to UK born residents. Compared to London and England outside London the skills inflow associated with non-EU migration is particularly high in the South East.

5. Migrants in the South East are an important source of labour across a number of health, educational, hotels/restaurants and business related sectors with hard-to-fill vacancies, but also constitute a key source of labour in a number of smaller mining, service and manufacturing industries.

A number of smaller (by absolute employment) industrial sectors in the South East are strongly reliant on migrant labour. In excess of 20% of the workforce in a number of oil, gas and mining divisions; private household employment; and, manufacturing of fuels, medical equipment, clothing, chemicals, electronics and office machinery are not born in the UK. Many of these (such as manufacturing and business services) reported high levels of skills-related hard-to-fill vacancies. Others (such as wholesale/retail, hotels and restaurants, health and social work) report high non-skills related hard-to-fill vacancies.

6. Some segmentation of types of job filled by migrants, particularly EU accession country residents in the South East; and health, research and science related professionals.

Most migrants work as functional managers, elementary personal services or cleaning, and health care related services. There is only a weak correlation between the types of jobs UK born residents do and the types of jobs EU accession born resident do. Jobs performed by other migrant groups, however, correlate more closely with the types of jobs UK born residents do. A breakdown of jobs by migrant concentration shows that close to a 25% of health professionals and associate professionals are migrants. Similarly, more than 20% of research and science professionals and individuals in ICT occupations are migrants. In addition to filling a range of skilled and lower skilled jobs migrants are important to maintaining and developing the professional, business and information networks that support the South East's ability to innovate and adjust to changing global trends.

7. Migrants are a key source of labour in a number of skilled shortage occupations in health care, engineering, social/natural sciences and IT and software.

Many of the occupations on the UK's official shortage list have a high concentration of non-EU, EU 15 and EU accession country nationals. In excess of 25% of medical radiologists, civil engineers, medical practitioners, dentistry and nursing are migrants. The vital contribution that migrants make to the National Health Service is not only evident from concentration in shortage occupations, but generally across migrant's employment profile.

8. The South East accounts for a greater than proportional share of non-EEA/Certificate of Sponsorship (CoS) visa applications...

The South East accounts for a quarter of CoS visa applications since 2008. This is particularly the case for the Thames Valley Berkshire LEP, Enterprise M3 LEP, South East Midlands LEP and the Solent LEP. However, within these areas there is a particular concentration in areas adjoining to the west of London and to a lesser extent along the M4/M3 corridors.

9. ...reflecting the strength of the knowledge intensive and urban economies of the areas along with engineering and medical professionals.

The majority of visa applications relate to employment in computer programming and consultancy; other professional, scientific and technical activities; and, information and communication. In terms of occupations CoS applications across the South East are dominated by occupations relating to information technology (IT and software professionals; Programmers and software development professionals; IT business analysts, architects and systems designers; Technicians, IT operations) and to a lesser extent managers in ICT and marketing and sales.

10. Non-EEA migration instrumental in alleviating skills shortage in the South East.

Based on 2013/14 CoS data some 45% of CoS visa applications to the South East relate to the official shortage list. CoS visa applications relating to the shortage list are particularly high for Buckinghamshire Thames Valley LEP (58%) and the South East LEP (59%). Key shortage occupations applied for by migrants are 'IT business analysts, architects and systems designers', 'Programmers and software development professionals' and 'Artists'. Non-EEA/CoS migration, along with EU migration (Point 7), is thus instrumental in alleviating skills shortage in the South East.

11. Industry of employment profile of non-EEA/CoS applicants across LEPs in the South East differs...

Across the Local Economic Partnerships in the region the Oxfordshire City Region LEP ('Employment activities' and 'Education'), South East LEP ('Create arts and entertainment', 'Education' and 'Human health activities') and Coast to Capital LEP ('Sports activities, amusement and recreation' and 'Other manufacturing') differ from the remaining LEPs and the South East region in terms of industry of employment. For the South East Region overall the key non-EEA recruiting industrial sections are 'Information and communication' and 'Professional, scientific and technical activities' (in particular the 'Other professional, scientific etc. division).

12. ...as does the occupational profile of non-EEA/CoS applicants.

The dominance of 'Information and Communication' professionals (multiple SOC classifications) amongst CoS visa applicants across a number of LEPs ensures a high correlation between the general pattern South East and a number of Local Economic Partnerships. However, as with industry of employment three LEPs differ from this general assessment: Oxfordshire City Region ('Researchers', 'Finance and investment' and 'Natural and social scientist') South East LEP ('Nurses', 'Artists' and 'Medical practitioners') and Coast to Capital LEP ('Sports and fitness occupations', 'Managers in marketing and sales', 'Physicist, geologists and meteorologists', 'Engineers' and Engineering professionals'.