



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

### **Migrant Labour in the Oxfordshire City Region 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 Oxfordshire City Region has a working age population of around 417,000 and an economic activity rate of 79.8%, which is approximately three percentage points higher than the England average. ILO<sup>1</sup> unemployment as of May 2010 stood at approximately 4% which was the lowest of any area in the South East.

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<sup>1</sup> International Labour Organization

The latest data available suggests that the area has a GVA<sup>2</sup> of approximately £18bn per year and is globally competitive in sectors such as high performance engineering, biotechnology and medical instruments. The area has a business base of around 26,000 VAT registered enterprises.

The area benefits from a more highly qualified workforce than either the UK or England averages, with approximately 56% qualified to at least Level 3 and 35% qualified to degree level. Despite this an estimated 7.4% of the Oxfordshire City Region population lack any qualifications at all.

Key priorities have been identified as: supporting innovation and growth through access to finance; infrastructure investment; addressing skills deficiencies; and tackling specific barriers to growth. In the future the area is looking to particularly focus on the following sectors: low carbon/green technology; advanced materials & engineering and other high tech areas where it is a world leader, such as healthcare and cryogenics.

#### Section 4 – Migrant Worker Volumes

Since November 2008 a total of 2,422 non-EEA migrant workers have been employed in companies based in the Oxfordshire City Region LEP area. This represents 7.7% 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 0.58% of the total working age population in the LEP area, which is slightly higher than the regional average of 0.42%.

In total 201 companies operating in the Oxfordshire City Region LEP area had recruited at least one person, with the number of migrant workers working for any individual firm ranging from just 1 to 710.

#### Section 5 – Occupational Patterns

Across the Oxfordshire City Region LEP area migrant workers have been recruited into just under 120 different SOC code<sup>3</sup> 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	Researchers NEC	630	11	Restaurant and catering managers	37
2	Care assistants & home carers	405	12	Laboratory technicians	32
3	Nurses	369	13	Marketing associate professionals	30
4	Sports and fitness occs NEC	59	14	Civil engineers	29
5	Chefs, cooks	58	15	Educational assistants	24
6	Musicians	56	16	Physiotherapists	22
7	Higher education teachers	50	17	Business & related associate professionals NEC	17
8	Software professionals	48	18	Production, works and maintenance managers	15
9	Medical practitioners	45	19	Biological scientists and biochemists	15
10	Scientific researchers	39	20	Directors & chief executives of major organisations	14

Source: Certificates of Sponsorship, United Kingdom Border Agency

<sup>2</sup> Gross Value Added

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

Researchers NEC (Not Elsewhere Classified) is the largest occupational area, with the higher education sector being by far the largest employer of people in these roles.

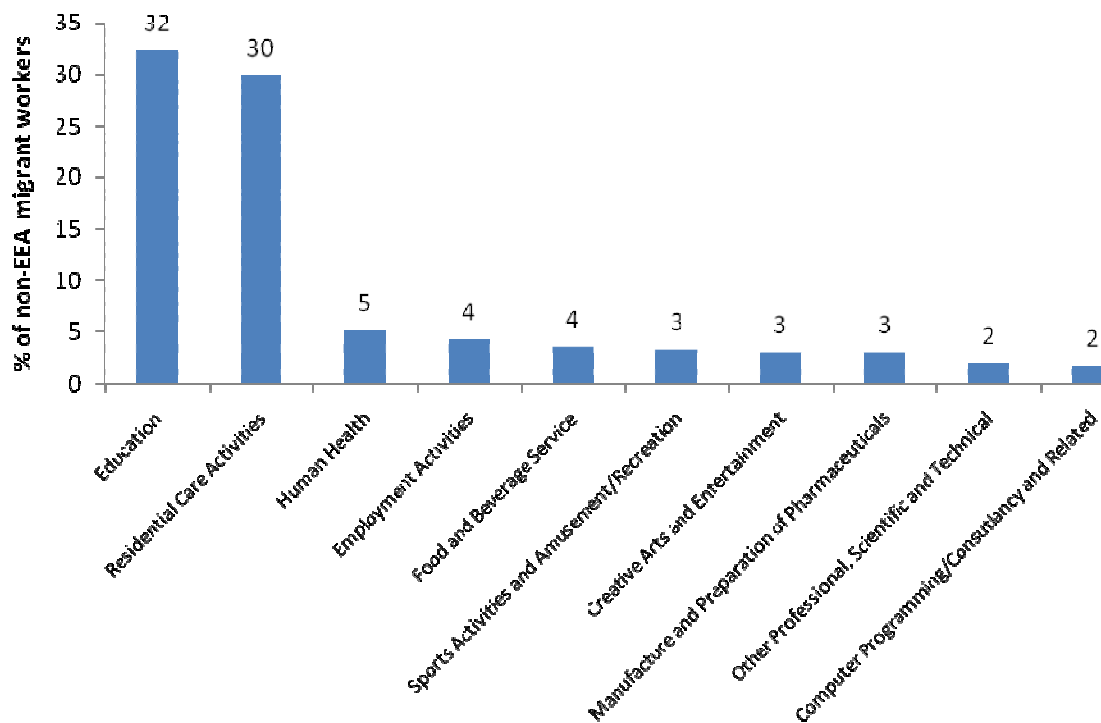
Care Assistants & Home Carers represent approximately 17% of all migrant workers recruited to the area, and work almost exclusively in the residential care sector.

As in most areas, Nurses make up a substantial proportion of the migrant workforce, accounting for 15% of all migrant workers recruited to the Oxfordshire City Region. Only around 10% of those recruited work for the NHS with the majority working for private organisations.

## 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, the 10 most common industries account for almost nine-in-ten (88%) of all non-EEA migrant workers employed in the LEP area, with the remaining sectors employing just a few migrant workers each.

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 Education sector (SIC code<sup>4</sup> 85), with 32% of all migrant workers being employed into this industry. This covers a number of types of education, from primary through to university levels, and covering wider areas such as driving instruction and cultural studies.

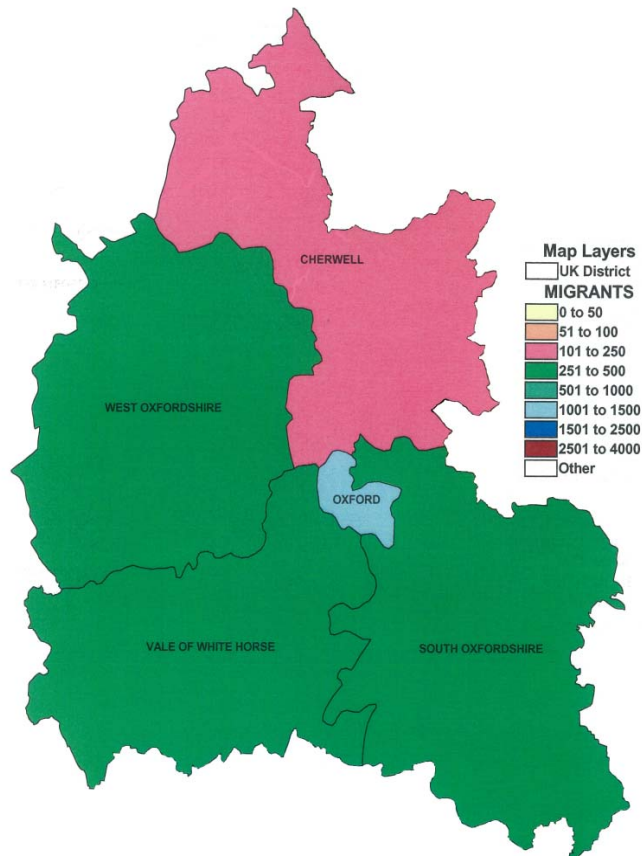
Residential Care Activities is the next largest industry within the LEP area, accounting for 30% of all non-EEA migrant workers employed (circa 700 workers). The industry encompasses nursing care activities, as well as activities concerned with those with mental health conditions, the elderly and the disabled.

<sup>4</sup> Standard Industrial Classification Codes

## 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 Oxfordshire City Region LEP area. As can be seen from Map 1, all local authorities in the LEP area have witnessed some degree of inward migration. The area with the greatest number of migrant workers was identified as Oxford (1,101). The Cherwell district had seen the fewest number of migrant workers, with 134 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 migrant workers in the future. Table 2 compares the number of migrant workers in 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
Researchers NEC	630	10	2%	Restaurant and catering managers	37	10	27%
Care assistants & home carers	405	160	40%	Laboratory technicians	32	5	16%
Nurses	369	5	1%	Marketing associate professionals	30	30	100%
Sports and Fitness occs NEC	59	0	0%	Civil engineers	29	0	0%
Chefs, cooks	58	60	103%	Educational assistants	24	65	271%
Musicians	56	0	0%	Physiotherapists	22	0	0%
Higher Education teachers	50	15	30%	Business & related associate professionals NEC	17	20	118%
Software professionals	48	40	83%	Production, works and maintenance managers	15	15	100%
Medical practitioners	45	0	0%	Biological scientists and biochemists	15	10	67%
Scientific researchers	39	5	13%	Directors & chief executives of major orgs	14	20	143%
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: 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 Chefs/Cooks and Educational Assistants, there are substantial numbers of indigenous workers looking to move into these roles. This indicates that in relation to these roles the indigenous workforce in the LEP area 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 seven occupations the number of unemployed indigenous workers looking to move into roles falls substantially below the number of migrant workers currently recruited. This data therefore suggests the area may find it difficult to fill any void generated by a reduced supply of migrant labour:

- Researchers NEC
- Nurses
- Sports and Fitness Occupations NEC
- Medical Practitioners
- Civil Engineers
- Physiotherapists
- Scientific Researchers

It is likely that the many of the Researchers NEC are leading international academics employed by the two universities and they are unlikely to be able to be replaced by indigenous workers in any event. The low numbers of indigenous workers wanting to work as Care Assistants, Laboratory Technicians and Restaurant & Catering Managers may prove a particular problem once the new rules on non-EEA migrant labour come fully into force.

## 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	Researchers NEC	<ul style="list-style-type: none"> <li>No data provided</li> </ul>
2	Care assistants & home carers	<ul style="list-style-type: none"> <li>Not enough people <b>interested</b> in this type of job</li> </ul>
3	Nurses	<ul style="list-style-type: none"> <li>Lack of <b>qualifications</b> company demands</li> <li>Job entails <b>shift work/unsociable hours</b></li> </ul>
4	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>
5	Chefs, cooks	<ul style="list-style-type: none"> <li>Low number of applicants with required <b>skills</b></li> <li>Poor <b>terms and conditions</b> offered for post</li> <li>Low <b>number of applicants</b> generally</li> </ul>
6	Musicians	<ul style="list-style-type: none"> <li>Low number of applicants with required <b>skills</b></li> </ul>
7	Higher Education teachers	<ul style="list-style-type: none"> <li>Not enough people <b>interested</b> in this type of job</li> <li>Low number of applicants with required <b>skills</b></li> <li>Low <b>number of applicants</b> generally</li> </ul>
8	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>
9	Medical practitioners	<ul style="list-style-type: none"> <li>Not enough people <b>interested</b> in this type of job</li> <li>Poor <b>terms and conditions</b> offered for post</li> </ul>
10	Scientific researchers	<ul style="list-style-type: none"> <li>No data provided</li> </ul>

Sources: National Employer Skills Survey 2007, Learning and Skills Council

Putting aside Musicians and Sports and Fitness Occupations NEC, which in the main relate to international artists and sports people, 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: Chefs/cooks, Higher Educational Teaching Professionals and Software Professionals.

A lack of relevant work experience is, however, also a key factor for employers of Software Professionals.

Reasons unrelated to skills, qualifications or work experience are however highlighted in relation to: Care Assistants; Chefs/Cooks and Medical Practitioners. 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 provision<sup>5</sup> by broad occupation

Occupation	Level 2	Level 3	HE	Occupation	Level 2	Level 3	HE
Researchers NEC	N/A	N/A	N/A	Restaurant and catering managers	L	L	N
Care assistants & home carers	Y	Y	N/A	Laboratory technicians	L	Y	N/A
Nurses	L	L	Y	Marketing associate professionals	L	N	L
Sports and fitness occs NEC	L	L	L	Civil engineers	L	L	L
Chefs, cooks	L	L	N/A	Educational assistants	L	L	N/A
Musicians	L	L	L	Physiotherapists	L	L	L
Higher education teachers	N/A	L	L	Business & related associate professionals NEC	L	L	Y
Software professionals	L	L	Y	Production, works and maintenance managers	L	L	N
Medical practitioners	N/A	N/A	Y	Biological scientists and biochemists	L	Y	Y
Scientific researchers	L	Y	N/A	Directors & chief executives of major organisations	L	L	Y

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

Whilst HE provision for some relevant occupations is strong, the related FE provision is somewhat limited. For courses and learning relevant to Nurses; Software Professionals; Business & Related Associate Professionals and Directors & Chief Executives, there is a considerable level of provision at degree level, but much less at levels 2 and 3.

Across FE and HE institutions there appears to be only a limited amount of provision suitable for those employed as Sports and Fitness Occupations NEC; Higher Education Professionals; and Physiotherapists.

For those employed as Chefs/Cooks; Restaurant & Catering Managers; and Production, Works & Maintenance Managers, the provision at levels 2 and 3 is somewhat limited, with no related educational courses at HE level within the LEP area.

## Section 11 – Issues for Consideration

Overall the area has to date had an above average level of non-EEA migrant workers working in it, many of which have played significant roles in the knowledge base of the area. The proposed cap on international migrants may reduce the volume of even highly skilled recruits available which may in turn impact upon local economic performance.

In a number of occupations including Care Assistants and Nurses there appears to be a mismatch between the number of roles migrant workers have filled and the number of indigenous workers looking to work in these roles. In some cases this mismatch appears to relate to an inadequacy in skills and qualifications of indigenous workers, but in others it relates to a wider range of issues including the attractiveness of the role, the terms and conditions offered and a general low level of interest in the type of work.

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

In a number of areas local learning provision does not closely match those occupations which have made extensive use of migrant labour, and therefore the local economy may not be developing a ready supply of indigenous workers suitably skilled/qualified to fill gaps left by a reducing supply of non-EEA migrant workers.

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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