



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

### **Migrant Labour in the South East Midlands 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;
- 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 South East Midlands (SEM) area brings together local authorities formerly part of three different regions, the South East, Eastern and East Midlands. It has a working age population of approximately 1.18 million people and an economic activity rate of 80%. Unemployment in the area currently stands at around 7.1%.

The area has a business base of approximately 75,000 companies and generates an annual gross value added of £39.1bn, which is equivalent to 3.7% of UK GVA<sup>1</sup>. The area has a concentration of businesses in the Advanced Technology/Manufacturing, Business Services, Logistics and Creative Industries sectors.

The area's workforce are slightly less well qualified than the England population as a whole, with 48% holding Level 3 and above qualifications and 28.2% holding degree level qualifications, as compared with 49% and 29.6% for England respectively. Approximately one-in-nine of the working age population lack any formal qualifications at all.

The area has seen significant growth over the last decade, with 65,000 new home completions and an additional 62,000 jobs created. The area's economy is forecast to continue growing by approximately 8,000 jobs per annum.

Key priorities for the area's economy include: balancing housing and employment growth; supporting the diversity and success of the business base; improving access to research, innovation and next generation digital communications; develop the leisure and visitor economy; and aligning transport and infrastructure planning.

#### Section 4 – Migrant Worker Volumes

Since November 2008 a total of 6,022 non-EEA migrant workers have been employed in companies based in the South East Midlands LEP area. This represents 19.3% of the total number of non-EEA migrant workers recruited into the greater South East region over the period. As a percentage of the workforce, non-EEA migrant workers represent approximately 0.51% of the total working age population in the LEP area, which is slightly higher than the regional average.

In total 398 companies operating in the South East Midlands LEP area had recruited at least one person, with the number of migrant labourers working for any individual firm ranging from just 1 to 2,432.

#### Section 5 – Occupational Patterns

Across the South East Midlands area migrant workers have been recruited into 130 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 88%). 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	2546	11	Actors, entertainers	95
2	IT user support technicians	663	12	Marketing and sales managers	81
3	Nurses	428	13	Dancers and choreographers	75
4	Care assistants & home carers	343	14	Design and development engineers	62
5	ICT managers	163	15	Customer care managers	54
6	IT operations technicians	126	16	Housekeepers and related occs	51
7	Chefs, cooks	121	17	Researchers NEC	47
8	Secondary education teachers	117	18	Financial & accounting technicians	37
9	IT strategy & planning professionals	109	19	Clergy	33
10	Medical practitioners	96	20	Sports players	32

Source: Certificates of Sponsorship, United Kingdom Border Agency

<sup>1</sup> Gross Value Added

<sup>2</sup> Standard Industrial Classification Code

Software Professionals accounted for around two-fifths (42%) of all non-EEA migrant workers that were employed within the South East Midlands area. Other IT professions, such as User Support Technicians, ICT Managers, Operations Technicians and Strategy & Planning Professionals made up a further 18% - meaning that within the South East Midlands three-in-five migrant workers were recruited into IT related occupations.

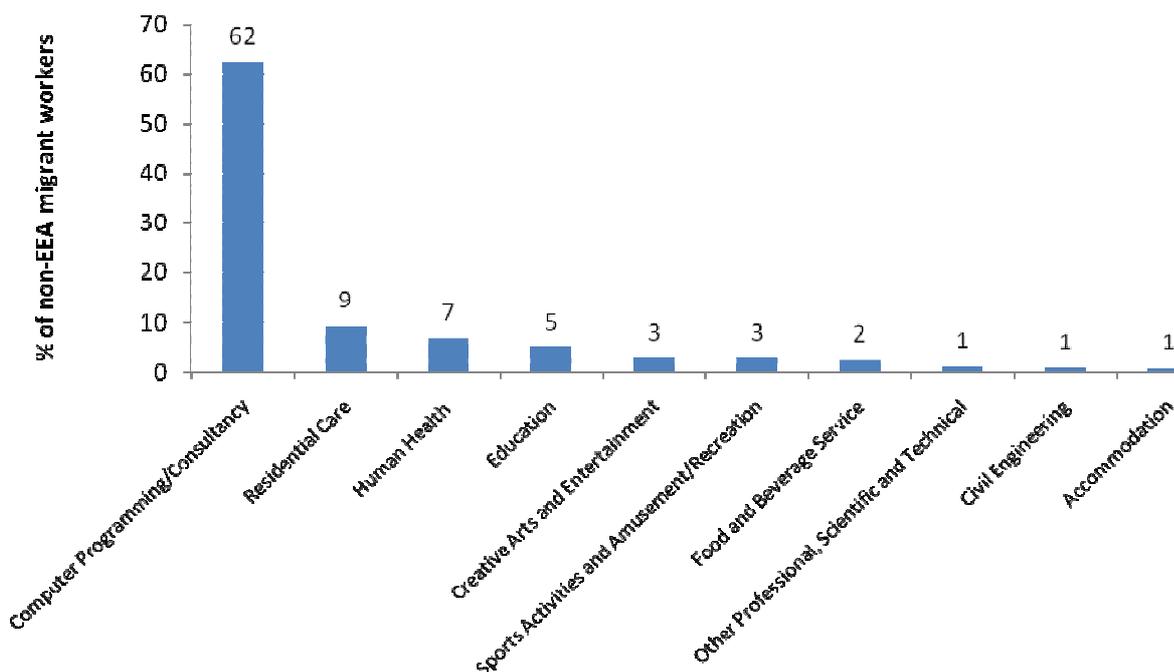
A substantial proportion of the migrant workers employed as Software Professionals and ICT Managers are brought into the UK as intra-company transfers (ICTs). While companies will continue to be able to use intra-company transfers under the new immigration cap, the level of inward migration into these professions may suggest that the domestic supply of these workers is inadequate to meet the overall level of demand.

Nursing and Care Assistant roles were also filled by a considerable number of migrant workers – with 7% and 6% respectively, of all migrant workers in the South East Midlands employed in these occupational groups. This pattern was also clear across a number of LEP areas within the South East Region.

## Section 6 – Sectoral Patterns

Whilst migrant workers have been employed by companies working in a very wide range of industries, from retail to accounting activities, the 10 most common industries account for more than nine-out-of-ten (94%) 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.

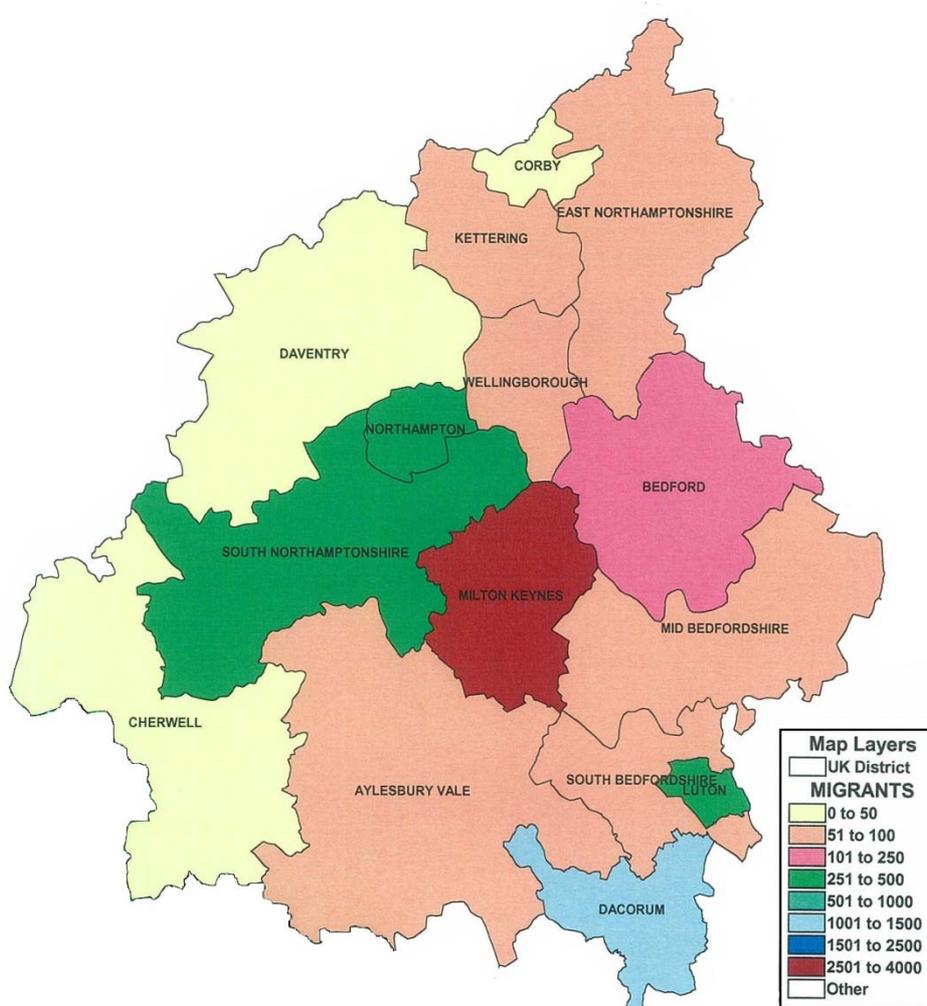
<sup>3</sup> Standard Industrial Classification Code

Residential Care accounts for approximately 9% of all migrant workers (circa 550 workers). The industry encompasses nursing care activities, as well as activities concerned with those with mental health conditions, the elderly and the disabled. Human Health Activities also employed a considerable number of migrant workers, with 7% of all non-EEA labour filling these roles. The industry covers a range of specific functions including hospital activities and medical and dental 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 South East Midlands 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: Milton Keynes (3,081); Dacorum (1,210); Luton (446); South Northamptonshire (414); and Northampton (278). The Corby district had seen the fewest number of migrant workers, with just 1 migrant sponsored by a local company 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
Software professionals	2,546	125	5%	Actors, entertainers	87	25	29%
IT user support technicians	663	215	32%	Marketing and sales managers	75	310	413%
Nurses	428	20	5%	Dancers and choreographers	74	0	0%
Care assistants & home carers	343	795	232%	Design and development engineers	73	30	41%
ICT managers	163	145	89%	Customer care managers	51	60	118%
IT operations technicians	126	140	111%	Housekeepers and related occs	50	25	50%
Chefs, cooks	121	275	227%	Researchers NEC	45	25	56%
Secondary education teachers	117	45	38%	Financial & accounting technicians	45	35	78%
IT strategy & planning professionals	109	90	83%	Clergy	43	0	0%
Medical practitioners	96	0	0%	Sports players	42	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, United Kingdom Border Agency, & JSA Claimants, Sought Occupations, DWP Jan 2011

Table 2 demonstrates that in a number of occupations which currently employ substantial numbers of migrant workers, including Care Assistants, Marketing & Sales Managers and Chefs/Cooks, there are substantial numbers of indigenous workers looking to move into these roles. This indicates that in relation to these roles the local economy may be able to adjust relatively easily to a reduced supply of future migrant workers. It is of course true that 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 five occupations<sup>4</sup> 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:

<sup>4</sup> Clergy, Sports Players and Actors/Entertainers have been omitted as they mostly relate to an international labour market.

- Software Professionals
- Dancers and Choreographers
- Medical Practitioners
- Nurses
- Secondary Education Teachers

This was particularly acute amongst Software professionals, with 2,546 non-EEA migrant workers employed within these roles, and just 125 indigenous workers actively seeking work within these positions.

### 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	IT user support technicians	<ul style="list-style-type: none"> <li>• Low number of applicants with required <b>skills</b></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	Care assistants & home carers	<ul style="list-style-type: none"> <li>• Not enough people <b>interested</b> in this type of job</li> </ul>
5	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>
6	IT operations technicians	<ul style="list-style-type: none"> <li>• Low number of applicants with required <b>skills</b></li> </ul>
7	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>
8	Secondary 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>
9	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>
10	Medical practitioners	<ul style="list-style-type: none"> <li>• Poor <b>terms and conditions</b> offered for post</li> <li>• Not enough people <b>interested</b> in this type of job</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: Software Professionals; IT User Support Technicians; ICT Managers; IT Operations Technicians; Chefs/Cooks; Secondary Education Teachers and IT Strategy & Planning Professionals.

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

Reasons unrelated to skills, qualifications or work experience are however highlighted in relation to: Nurses; Care Assistants and Chefs/Cooks. Tackling these non-skills issues will clearly be important if UK nationals are going to be willing and able 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>5</sup> by broad occupation

Occupation	Level 2	Level 3	HE	Occupation	Level 2	Level 3	HE
Software professionals	L	Y	L	Actors, entertainers	L	Y	Y
IT user support technicians	Y	Y	L	Marketing and sales managers	N	L	Y
Nurses	L	L	Y	Dancers and choreographers	L	Y	L
Care assistants & home carers	Y	Y	N/A	Design and development engineers	Y	Y	L
ICT managers	Y	Y	Y	Customer care managers	Y	Y	Y
IT operations technicians	Y	Y	Y	Housekeepers and related occs	Y	L	N/A
Chefs, cooks	Y	L	N/A	Researchers NEC	N/A	N/A	N/A
Secondary education teachers	N/A	Y	Y	Financial & accounting technicians	L	L	Y
IT strategy & planning professionals	Y	Y	Y	Clergy	L	L	N
Medical practitioners	N/A	N/A	L	Sports players	Y	Y	N/A

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 while there are significant numbers of people undertaking IT related courses at HE level for some occupations, the provision for those employed as Software Professionals and IT User Support Technicians is limited at this level.

Across FE institutions there appears to be only a limited amount of provision suitable for those employed as Marketing & Sales Managers and Financial & Accounting Technicians. The Provision at HE level for both occupations, however, appears adequate to meet demand.

While there appeared to be only a limited amount of provision relevant to Chefs/Cooks and Housekeepers at Level 3 there seems an adequate supply of learning relevant to Care Assistants, Sports Players and Customer Care Managers.

## 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, particularly in IT, health and social care. Some important local companies have become used to being able to draw in international workers to bolster the domestic workforce and they may well face particular challenges once this source of labour is reduced or eliminated.

While all local authority areas have seen some inward migration over the last three years this has not been evenly distributed and a number local areas may face particular shortages as the number of migrants reduce. This is particularly true of Milton Keynes and Dacorum district.

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

The government's decision to only consider highly skilled migrants with degree level qualifications in the future is likely to cause particular issues for those employers which have historically recruited migrant workers as Chefs/cooks and Carers. While there appears to be significant numbers of indigenous workers looking to work in these roles, there is evidence of both skills and non-skills barriers which have prevented these occupations being filled in the past.

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; and intermediate level provision in marketing & sales, finance roles and food preparation.

Many of the issues faced by the LEP area in terms of key occupations and industries affected by the likely reduction in migrant workers 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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