



Scotland's need for skilled migrant workers



Summary

1. The Scottish Government has claimed that Scotland needs continued free movement of people for EU citizens when the UK leaves the European Union, to deal with a 'skills gap'.¹ But new analysis of the Labour Force Survey suggests that the proportion of Scotland's total highly-skilled workforce comprised of EU migrants is roughly similar to that of the rest of the UK outside London. And to the extent that post-Brexit restrictions could limit EU migration into lower-skilled labour-intensive work, Scotland would be less impacted than other parts of the UK outside London.

Detail

2. Analysis of the Labour Force Survey suggests that over a third of EU migrants currently working in Scotland are in highly-skilled work (See Table 1 below). These 50,000 or so EU migrants, working as managers, directors and in professional occupations and associate professional and technical occupations, form around 4% of the total highly-skilled workforce in Scotland (See Table 2). This is similar to the 4% of EU migrants who comprise the total highly-skilled workforce in the rest of the UK outside London.

Table 1. EU Workers in Scotland by Skill Level, Q1 2016, LFS.

| | Number | Percentage |
|-------------------|---------------|-------------|
| High Skilled | 48580 | 38% |
| Mid Skilled | 24850 | 19% |
| Service Intensive | 18200 | 14% |
| Labour Intensive | 36480 | 28% |
| Total | 128110 | 100% |

3. The findings are in line with the results of a 2014 survey of Scottish employers and industry representatives in which they were asked 'to what extent does UK immigration policy currently meet the

1 *Herald Scotland*, September 2016, URL: http://www.heraldsotland.com/news/14770420.No_special_migration_deal_for_Scotland_following_Brexit_vote__insists_UK_Government/

needs of Scottish employers?'. Those sampled were 'emphatic' that Scotland's employment needs are not different from the rest of the UK, apart from London and the South-East.²

4. Scotland has around one in 13 of the high-skilled workers in the UK, broadly in line with their proportion of all workers and indeed of the wider UK population. It is hard to see any more robust basis for estimation of Scottish 'need' than a simple attribution on this basis. With an estimation of the UK's need for EU labour in skilled roles of around 30,000³, that would mean around 2,500 work permits for EU migrants going into highly-skilled work in Scotland.

5. The Home Affairs Select Committee report on skills shortages published in December 2015 reported that Scotland and Northern Ireland together accounted for 6% of Tier 2 General sponsors that have used a Certificate of Sponsorship (CoS) to sponsor a Tier 2 migrant across the whole of the UK in 2013.⁴ A Parliamentary Answer published in 2014 found that an average of 500 Tier 2 Sponsors from Scotland and Northern Ireland have used a CoS to sponsor a migrant in each year between 2009 and 2013, compared to 4,500 per year in London and the South-East.⁵

6. While Scotland's dependence on highly-skilled EU migrants is similar to that for the rest of the UK outside London, analysis of the LFS also suggests that Scotland's dependence on EU workers in labour-intensive occupations is proportionately less. EU migrants make up 8% of the labour-intensive workforce as a whole compared with the rest of the UK outside London where the comparable figure is 12%. See Table 2 and Annex A for full data.

Table 2. Proportion of Non-UK Workers by Skill Level in Scotland, London and the Rest of the UK, Q1 2016, LFS.

| | Scotland | London | Rest of UK |
|--------------------------|----------|--------|------------|
| Highly Skilled | | | |
| Foreign Born | 10% | 38% | 12% |
| From EU | 4% | 13% | 4% |
| Mid Skilled | | | |
| Foreign Born | 7% | 44% | 9% |
| From EU | 5% | 19% | 5% |
| Service Intensive | | | |
| Foreign Born | 7% | 51% | 11% |
| From EU | 4% | 12% | 4% |
| Labour Intensive | | | |
| Foreign Born | 11% | 63% | 20% |
| From EU | 8% | 23% | 12% |

2 Scottish Government report, October 2016, URL: <http://www.gov.scot/Resource/0050/00508814.pdf>

3 See Migration Watch UK Briefing Paper No 391, September 2016, URL: <https://www.migrationwatchuk.org/briefing-paper/391>

4 House of Commons Home Affairs Committee report on Skills Shortages, December 2015, URL: <http://www.publications.parliament.uk/pa/cm201516/cmselect/cmhaff/429/429.pdf>

5 Parliamentary answer to Paul Blomfield, 16th October 2014, URL: <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2014-10-10/209962/>

7. A 2010 report found that 15% of Scottish employers reported that they were impacted by skills gaps. However, a report by Scottish Government Social Research added that 'most skill gaps are transitory, resulting because the employee has not been in the job very long (for 61 per cent) and/or because they have not yet completed their training (47 per cent)'. Of those employers experiencing skills gaps, three in ten said that they had no impact on their business and for the remaining, the impact was minor.⁶

8. To the extent that there are unfilled demands for labour, the Migration Observatory notes that 'the existence of a labour shortage does not automatically make a case for more labour immigration as there may be alternative policy responses'.⁷ In the longer term, as pointed out by a member of the House of Commons Scottish Affairs Committee, the Scottish Government could do more to reduce the number of people who leave Scotland each year – which amounted to just under 40,000 in 2014/2015.⁸

Conclusion

9. Scotland's reliance on EU workers in highly-skilled roles (making up 4% of the total workforce) is similar to that of the rest of the UK outside London. However, only 8% of its labour-intensive workforce is comprised by EU migrants compared with 12% for the rest of the UK outside London. This means that were the UK to limit EU migration into lower-skilled labour-intensive work after Brexit, Scotland would be less impacted relative to the rest of the UK outside London.

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6 Scottish Government Social Research, Skills in Scotland 2010, page 26, URL: <http://www.gov.scot/Resource/Doc/344028/0114449.pdf>

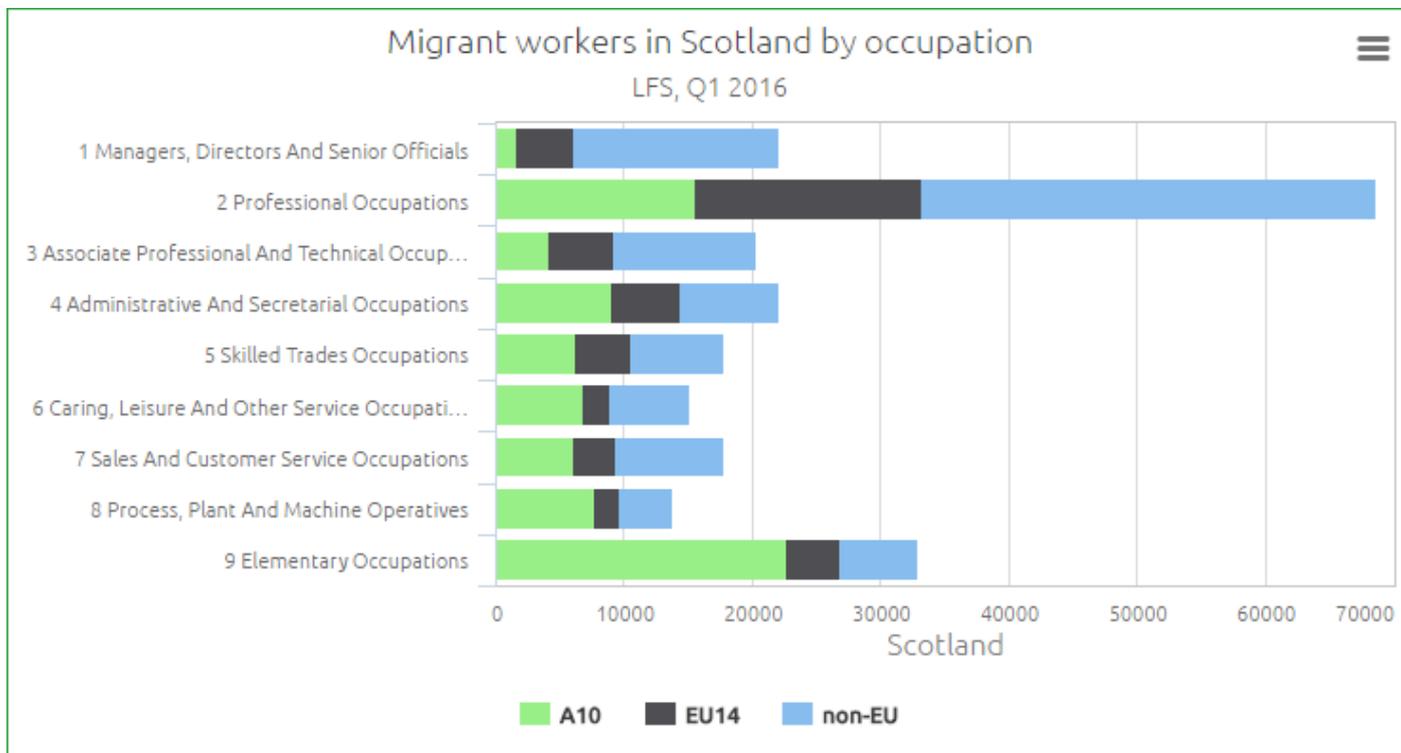
7 Migration Observatory evidence to the House of Lords European Union Committee, October 2012, URL: <http://www.parliament.uk/documents/lords-committees/eu-sub-committee/GAMM/EvidencevolumeegmmFINAL.pdf>

8 ONS Local Area Migration Indicators, August 2016, URL: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/migrationwithintheuk/datasets/localareamigrationindicatorsunitedkingdom> & 'Evidence session on the demography of Scotland', House of Commons Scottish Affairs Committee, 14th September 2016, URL: <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/scottish-affairs-committee/demography-of-scotland-and-the-implications-for-devolution/oral/38490.html>

Annex A: Skill levels of EU workers in Scotland

In the first quarter of 2016, there were around 230,000 workers in Scotland born outside the UK. The largest single major occupational group is 'Professional occupations', accounting for a quarter of the total.

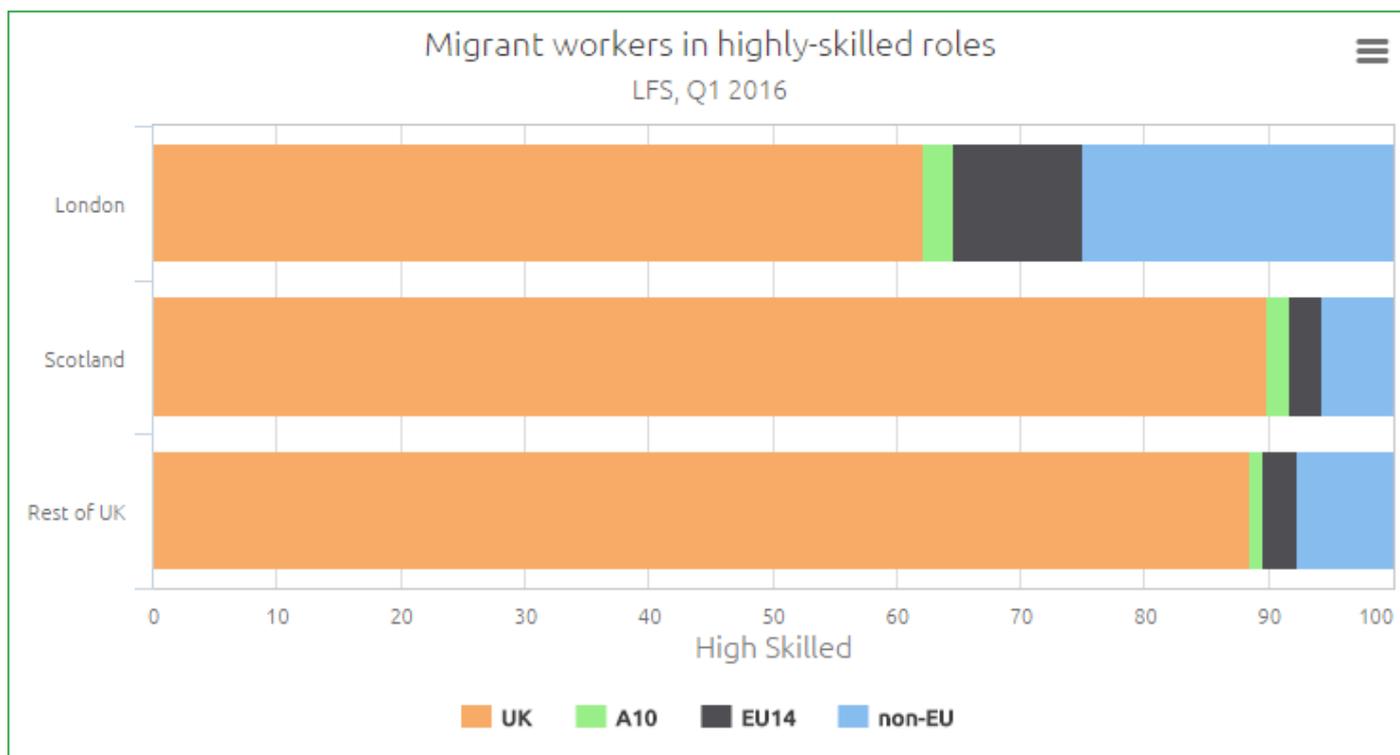
Fig 1. Migrant workers in Scotland by occupation, LFS, Q1 2016.



The following charts show the proportion of workers in aggregated skills groups in Scotland, London and the rest of the UK (UK excluding Scotland and London). These are conventional categories, with High-skilled being SOC major groups 1-3, Mid-skilled being SOC major groups 4 and 5, Service-intensive being SOC major groups 6 and 7, and Labour-intensive being SOC major groups 8 and 9.

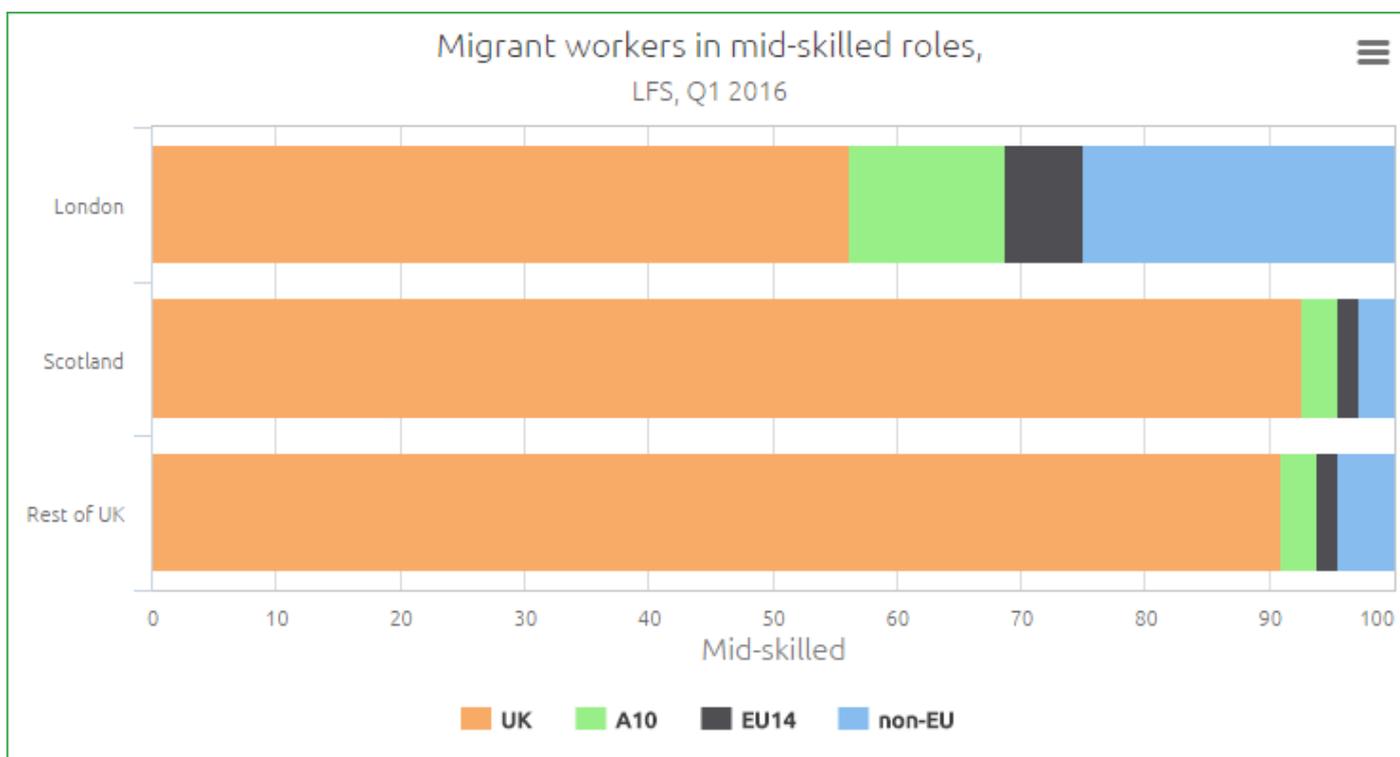
The high-skilled category includes Professional Occupations, which Figure 1 showed to be the largest single group of foreign-born workers in Scotland. However, they comprise only 10% of high-skilled workers there, slightly less than Rest of UK, and much less than London. Of these under a half are from the EU (so about 48 thousand, or 4% of high-skilled workers in Scotland are EU-born).

Figure 2: Migrant workers in highly-skilled roles, LFS, Q1 2016.



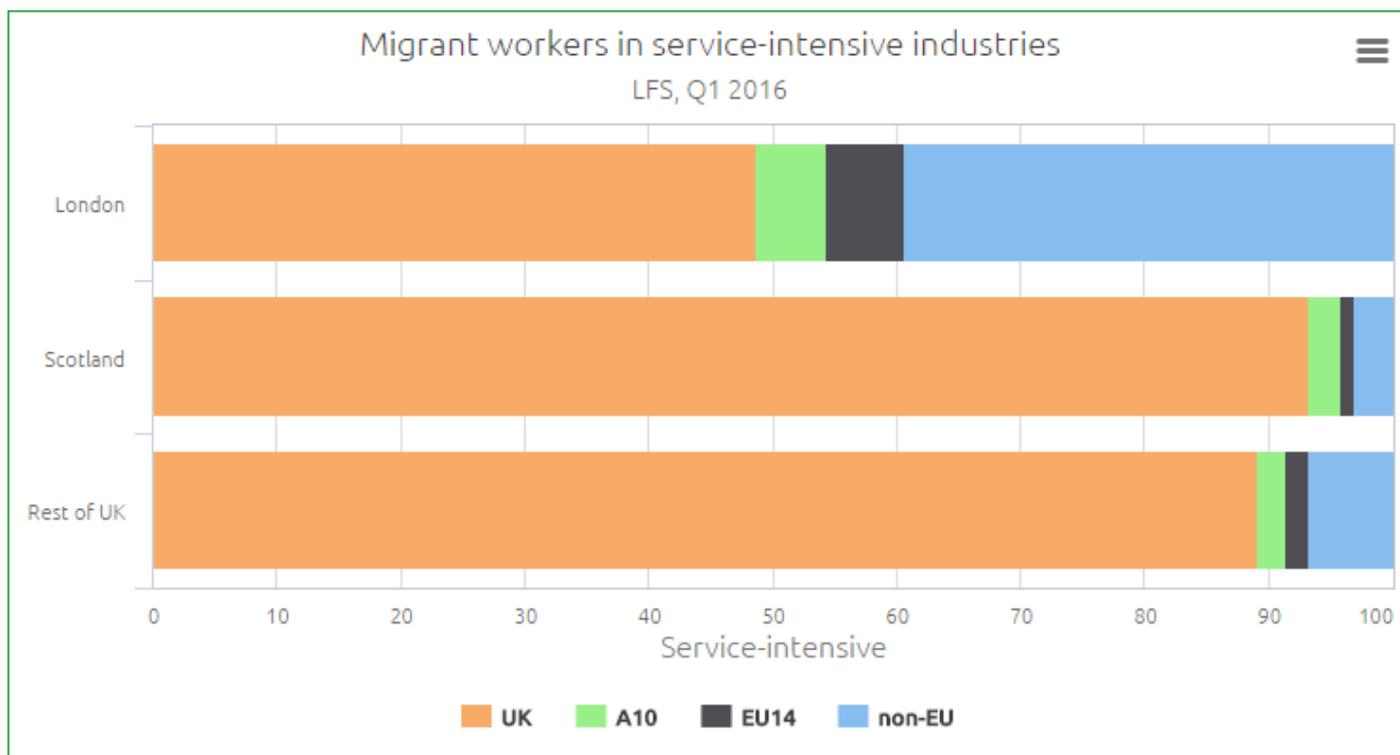
Outside London, just under 10% of workers in mid-skilled jobs are foreign-born. In Scotland this goes down to 7%, but the sample size is very small indeed and so although the % could in reality be as much as elsewhere in the UK, it could equally be even smaller. But of this small number, about half are from the EU.

Figure 3: Migrant workers in mid-skilled roles, LFS, Q1 2016.



The pattern for Service-intensive jobs is very similar to Mid-skilled jobs and the same sample size issues arise. But of the small number of foreign-born, again about half are from the EU.

Figure 4: Migrant workers in service-intensive industries, LFS, Q1 2016.



Finally, for Labour-intensive services (which comprise Process, Plant and Machine Operatives and Elementary Occupations) there is a much clearer difference between Scotland and the rest of the UK. Around 20% of workers in these jobs in the Rest of the UK are foreign-born, but only around 10% in Scotland. However, whereas the split between EU and non-EU is around 50/50 in the Rest of the UK it is around 75/25 in Scotland. This means that the proportion of EU-born workers in Labour-intensive occupations in Scotland is about 7% of total workers in this category.

Figure 5: Migrant workers in labour-intensive roles, LFS, Q1 2016

