



## The UK Labour Market – EU Workers by Occupation Skill Level

### Summary

1. There are currently 400,000 EU14 workers in the UK who are more likely to be in a skilled occupation than the UK born – 70% compared to 55%. However, there are more than twice that number from the accession countries known as the EU10 of whom almost three quarters are in low skilled employment and over one third of the total are in the very lowest category of low skilled employment. It is therefore very unlikely that the latter will be making even the very small net fiscal contribution that has been claimed for them. The NIESR have already found that ‘the long term impact on GDP per capita is expected to be negligible’.<sup>1</sup>

### Introduction

2. It is often claimed that immigration is essential for Britain’s economy as it needs the skills and innovation that immigration brings. Yet fiscal calculations of immigrants’ contribution to the UK show that between 1995 and 2011 all migrants (regardless of the year that they arrived) cost the UK between £115 billion and £160 billion,<sup>2</sup> or about £20 million a day. Some have claimed that **recent** EU workers have contributed more than they have received however this relies on some wholly unrealistic assumptions about company, share and home ownership which, when adjusted for, reduce the contribution to a neutral one – neither costing nor benefiting the exchequer.<sup>3</sup> Therefore, there seems to be a discrepancy between the narrative of immigration bringing much sought after skills to the UK and their net contribution in fiscal terms. This paper will try to bridge a gap by examining the Labour Force Survey to establish the occupations of EU migrants to the UK who have arrived since 1997.

### The Labour Force Survey

3. The ONS conducts the Labour Force Survey (LFS), a survey of 100,000 people every quarter, the results of which allow for detailed analysis of the UK labour market. Respondents are asked about their family, their home, job, income and benefit receipt amongst many other matters.

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1 NIESR, Labour mobility within the EU – the impact of enlargement and the functioning of the transitional arrangements – Discussion Paper No. 379 - NIESR, April 2011, p. 11, URL: <http://ec.europa.eu/social/BlobServlet?docId=7120&langId=en>

2 For more on this see Professor Dustmann and Tommaso Frattini, ‘The Fiscal Effects of Immigration to the UK’, The Economic Journal, 2014, URL: <http://www.cream-migration.org/files/FiscalEJ.pdf>

3 For more on this see Migration Watch UK ‘An Assessment of the Fiscal Effects of Immigration to the UK’, March 2014, URL: <http://www.migrationwatchuk.co.uk/briefing-paper/1.37> and Migration Watch UK, ‘Response to UCL Paper on the Fiscal Effects of Immigration to the UK’, December 2014, URL: <http://www.migrationwatchuk.co.uk/briefing-paper/1.41>.

4. The LFS data is weighted to reflect the characteristics of the entire labour market thus allowing for reliable observations to be made. For example the LFS finds that 73% of those aged 16-64 are in employment. It also allows for more detailed observations to be made, for example that 85% of workers are paid employees while around 15% are self-employed.

5. Detailed information is collected about the occupation of respondents. All jobs have 'Standard Occupation Classification' (SOC) Codes assigned to them allowing users to establish both general and specific data about the occupations of those in the labour market. SOC codes (and therefore jobs) are also categorised according to the skills level of the job, allowing for analysis of the skilled and low skilled elements of the labour market.

6. One of the ways in which the ONS classifies jobs is through a one digit SOC code. Every job falls into one of nine categories which are outlined in Table 1 below.

Table 1. ONS Standard Occupation Classification 2010 One-Digit Codes. Source: ONS and MAC 2014.<sup>4</sup>

<b>SOC 2010 1-Digit Code</b>	<b>SOC 2010 1-Digit Title</b>	<b>ONS Skills Level</b>
1	Managers, Directors and Senior Officials	4
2	Professional Occupations	4
3	Associate Professional and Technical Occupations	3
4	Administrative and Secretarial Occupations	2
5	Skilled Trades Occupations	3
6	Caring, Leisure and Service Occupations	2
7	Sales and Customer Services Occupations	2
8	Process, Plant and Machine Operatives	2
9	Elementary Occupations	1

<sup>4</sup> Migration Advisory Committee, 'Migrants in low-skilled work: The growth of EU and non-EU labour in low skilled jobs and its impact on the UK', July 2014, See Table 2.2, URL: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/333083/MAC-Migrants\\_in\\_low-skilled\\_work\\_Full\\_report\\_2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/333083/MAC-Migrants_in_low-skilled_work_Full_report_2014.pdf)

7. Each SOC code is also allocated a skill level by the ONS, as in column three of table 1 above. The ONS defines four skills levels into which all occupations fall. Table 2 below describes them.

Table 2. ONS SOC Skills Levels, Source: MAC, 2014.<sup>5</sup>

SOC Skill Level	Description
1	Competence associated with a general education, usually acquired by the time compulsory education is completed (aged 16). Jobs at this skill level may require short period of on the job training and knowledge of health and safety regulations.
2	Same level of competence associated with general education as level 1 but jobs at this level typically require a longer period of on the job training and/or work experience.
3	Generally require knowledge associated with post-compulsory education, but not normally to degree level. Some jobs at this level will not require formal qualifications or vocational training, but will instead require a significant period of work experience.
4	Relates to what are termed professional occupations and high level managerial positions in corporate enterprises or national/local government. Occupations at this level normally require a degree or equivalent period of relevant work experience.

8. The Migration Advisory Committee regards **jobs associated with skills level one and two as 'low skilled' jobs in line with the OECD definition.**<sup>6</sup>

### Recent Migrant Workers in the UK Labour Market

9. There are 30.6 million people in the UK labour market, of whom 25.8 million were born in the UK and 4.8 million were born overseas.<sup>7</sup> Of the 4.8 million foreign born workers, 1.8 million were born in the EU and 2.9 million were born outside the EU.<sup>8</sup> Some of these overseas workers will have arrived in the UK many years ago and many will also have acquired British citizenship over the years. Many of these workers will of course be paying National Insurance and Income Tax on any income earned over the personal allowance and many will also be in receipt of benefits and tax credits depending on their situation. This paper will focus only on EU migrants who have arrived in the UK since 1997, examining their occupations.

10. The data show that there were 1.27 million EU born people in employment in Quarter 2 of 2014 who had arrived since 1997 or, in the case of nationals of the new member states, who had arrived since their country of birth had acceded to the European Union as Table 3 below details.

5 Migration Advisory Committee, 'Migrants in low-skilled work', July 2014, See Table 2.1.

6 See paragraph 2.7 of MAC, 'Migrants in low-skilled work', July 2014.

7 As at Quarter 2 2014 which is the quarter used throughout this paper, unless specified.

8 This paper focuses on Quarter 2 2014 because this is regarded to be the quarter in the year least affected by seasonal fluctuations. The latest data relates to Q4 2014.

Table 3. Total number of EU born in the UK Labour Market in Q2 2014 by broad country of birth and year of arrival. (See Annex A for unrounded figures in full).

<b>Total Number of EU Born in Labour Market by Year of Arrival (thousands)</b>		
<b>Country of Birth</b>	<b>Year of Arrival</b>	<b>Number in Employment</b>
EU14	Since 1997	396
EU8	Since 2004	744
EU2	Since 2007	128
<i>Malta &amp; Cyprus</i>	<i>Since 2004</i>	1
<i>Croatia</i>	<i>Since 2013</i>	0
<b>TOTAL EU27</b>		1270

11. Those nationals of accession countries who arrived in the UK prior to accession would have been counted as non-EU nationals and would have had to enter through the immigration system. There are 119,000 workers born in an accession country who are in the labour market now but who arrived between 1997 and their country's accession. They are not included in this analysis. See Annex A for more details.

12. This paper will therefore focus only on EU born workers who arrived in the UK after their countries of birth had become EU member states. We exclude citizens of Malta and Cyprus which acceded in 2004 and the newly acceded Croatia on the grounds that there are too few workers in the UK to feature in the LFS. It also excludes member states of the EEA but not the EU such as Iceland, Liechtenstein, Norway and Switzerland. We group the EU8<sup>9</sup> and the EU2<sup>10</sup> together (as the EU10) as they demonstrate similar patterns of employment.

#### **Skills Levels of Migrant Workers and All UK Born Workers**

13. Overall 41% of the cohort of EU born workers are in a skilled job (skilled to level 3 or 4) and 59% are in a low skilled job (as defined by the MAC and skilled to level one or two). This compares to the UK born who are more likely to be in a skilled job with 55% in a skilled work and 45% in low skilled jobs as table four below demonstrates.

9 The EU8 are the eight East European countries that joined the EU on 1<sup>st</sup> May 2004 comprising Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.

10 The EU2 comprises Bulgaria and Romania, which acceded to the EU on 1<sup>st</sup> January 2007.

Table 4. Percentage of EU and UK Born Workers by ONS 1 Digit SOC Code and ONS Skills Level.

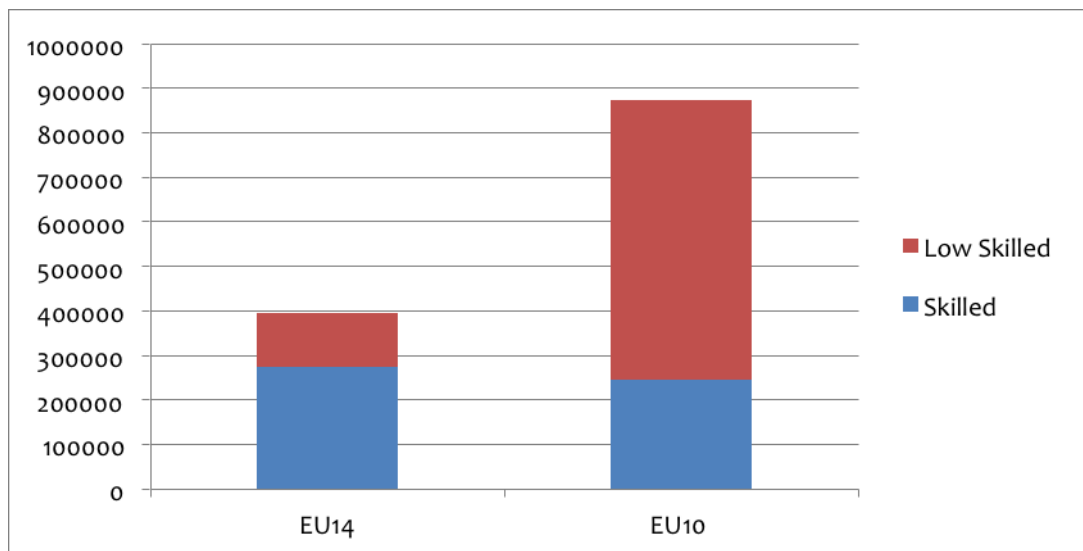
<b>Percentage of EU Born and UK Born Workers in Labour Market by SOC One-Digit Code/Skills Level in Q2 2014</b>					
	Skills Level	EU14	EU10	EU24	UK Born
Managers Directors and Senior Officials	4	10	3	5	10
Professional Occupations	4	39	4	15	19
Professional and Technical Occupations	3	17	4	8	15
Skilled Trades Occupations	3	4	16	12	11
<b>Total Skilled</b>		<b>69</b>	<b>28</b>	<b>41</b>	<b>55</b>
Administrative and Secretarial Occupations	2	7	4	5	11
Caring, Leisure and Service Occupations	2	5	8	7	9
Sales and Customer Services Occupations	2	5	5	5	8
Process, Plant and Machine Operatives	2	2	18	13	6
Elementary Occupations	1	12	36	29	10
<b>Total Low Skilled</b>		<b>31</b>	<b>72</b>	<b>59</b>	<b>45</b>
<b>TOTAL - ALL SKILLS LEVEL</b>	<b>1,2,3,4</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

14. Breaking the EU24 down, EU14 workers are more likely to be in skilled work than EU10 workers, with 69% of EU14 and 28% of EU10 workers occupying roles skilled to level 3 or 4. This means that almost three quarters of the 872,000 EU10 workers are in low skilled work, as are nearly one third of the 400,000 EU14 migrants.

Table 5. EU and UK Born Workers by ONS 1 Digit SOC Code and ONS Skills Level (thousands). (See Annex A for exact figures)

EU Born and UK Born Workers in Labour Market by SOC One-Digit Code/Skills Level in Q2 2014 (thousands)					
	Skills Level	EU14	EU10	EU24	UK Born
Managers Directors and Senior Officials	4	41	28	69	2616
Professional Occupations	4	153	39	192	4973
Professional and Technical Occupations	3	67	35	102	3772
Skilled Trades Occupations	3	14	143	157	2897
<b>Total Skilled</b>		<b>275</b>	<b>245</b>	<b>520</b>	<b>14258</b>
Administrative and Secretarial Occupations	2	26	39	65	2891
Caring, Leisure and Service Occupations	2	21	74	95	2390
Sales and Customer Services Occupations	2	19	42	61	2076
Process, Plant and Machine Operatives	2	9	155	164	1528
Elementary Occupations	1	46	318	364	2559
<b>Total Low Skilled</b>		<b>122</b>	<b>627</b>	<b>749</b>	<b>11443</b>
<b>TOTAL - ALL SKILLS LEVEL</b>	<b>1,2,3,4</b>	<b>396</b>	<b>872</b>	<b>1268</b>	<b>25701</b>

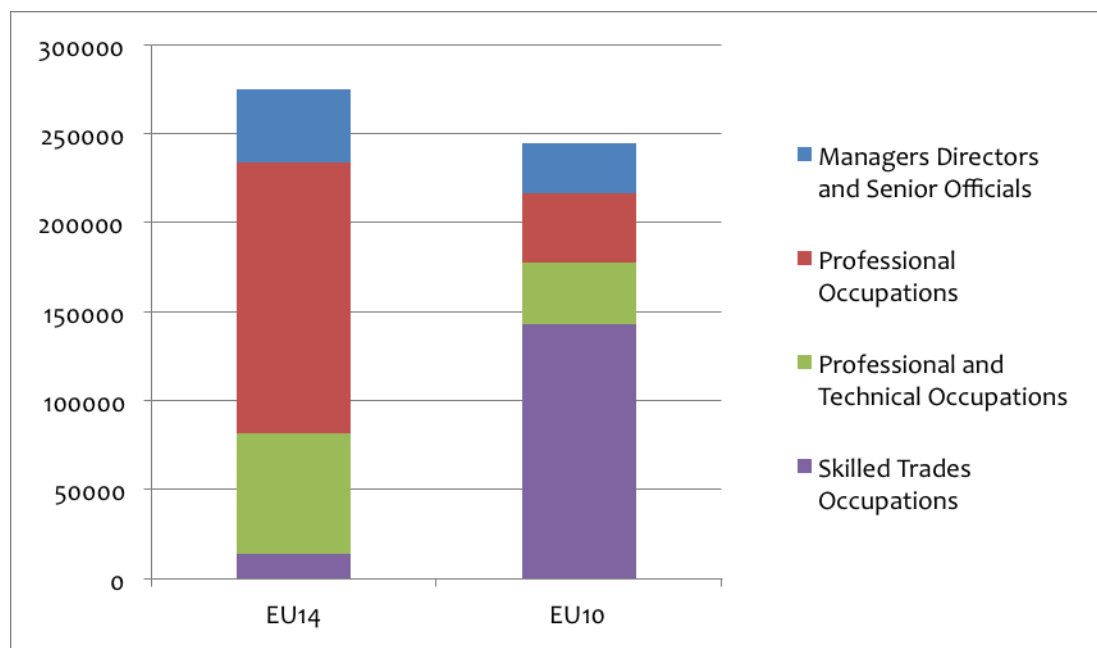
Figure 1. EU14 and EU10 workers by Skills Level (MAC Definition), Q2 2014.



15. The EU14 are more likely to be in the highest skilled category 'Managers, Directors and Senior Officials' with 10% of all workers in these roles compared to 3% of the EU10.

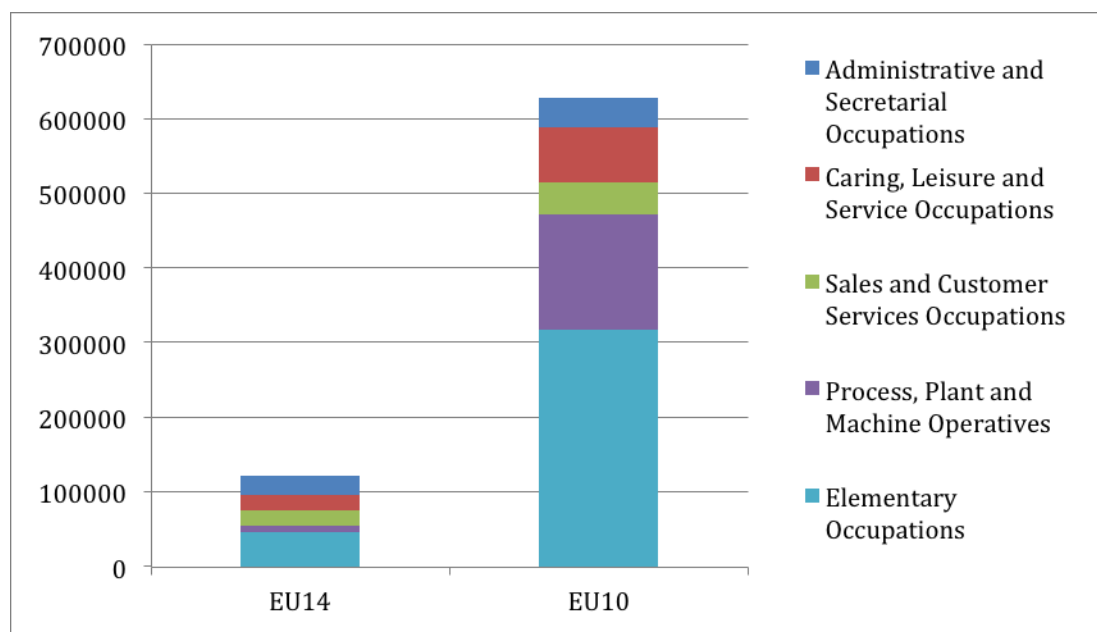
16. Those EU10 workers in skilled work are mostly in Skilled Trades Occupations (SOC 1-Digit Code 5) such as plumbing work and building work etc., as figure 2 below demonstrates. Of all of the skilled EU10 workers, 58% are in this category. This compares to just 5% of skilled EU14 workers that are in a Skilled Trades Occupation.

Figure 2. Breakdown of Skilled EU14 and EU10 Workers by 1-Digit SOC Code Description, Q2 2014.



17. There is also variation across the low skilled sector. As Figure 3 below shows there is a greater propensity for low skilled EU10 to work in the lowest skills level occupations (SOC Code 9 - Elementary Occupations, skilled to ONS Skills Level 1) with 51% in these occupations, compared to 38% of low skilled EU14 workers working in Elementary occupations. Indeed **over one third (36%) of all workers from the EU10 are in the lowest skilled Elementary occupations**. These findings are consistent with the findings of the National Institute of Economic and Social Research, which, in 2011 found that the impact of EU8 and EU2 migration on GDP per capita was expected to be 'negligible'.<sup>11</sup>

Figure 3. Breakdown of Low Skilled EU14 and EU10 Workers by 1-Digit SOC Code Description, Q2 2014.



11 NIESR, Labour mobility within the EU – the impact of enlargement and the functioning of the transitional arrangements – Discussion Paper No. 379 - NIESR, April 2011, URL: <http://ec.europa.eu/social/BlobServlet?docId=7120&langId=en>

18. The UK born are much more evenly spread across the skills levels, as is to be expected of such a large population. This means that there is not the same concentration of workers in certain categories as there is for the EU10 in Skilled Trades Occupations (SOC Code 5) and Elementary Occupations (SOC Code 9) as Figures 4 and 5 demonstrate.

Figure 4. Breakdown of Skilled British Born Workers in UK Labour Market (Q2 2014)

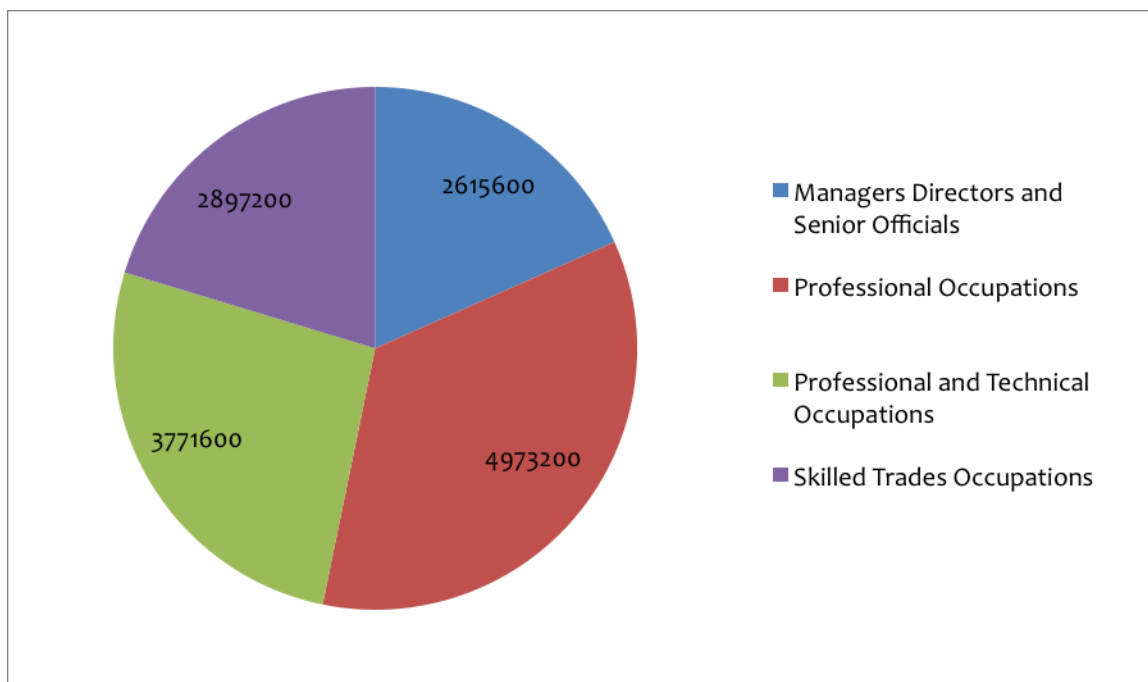
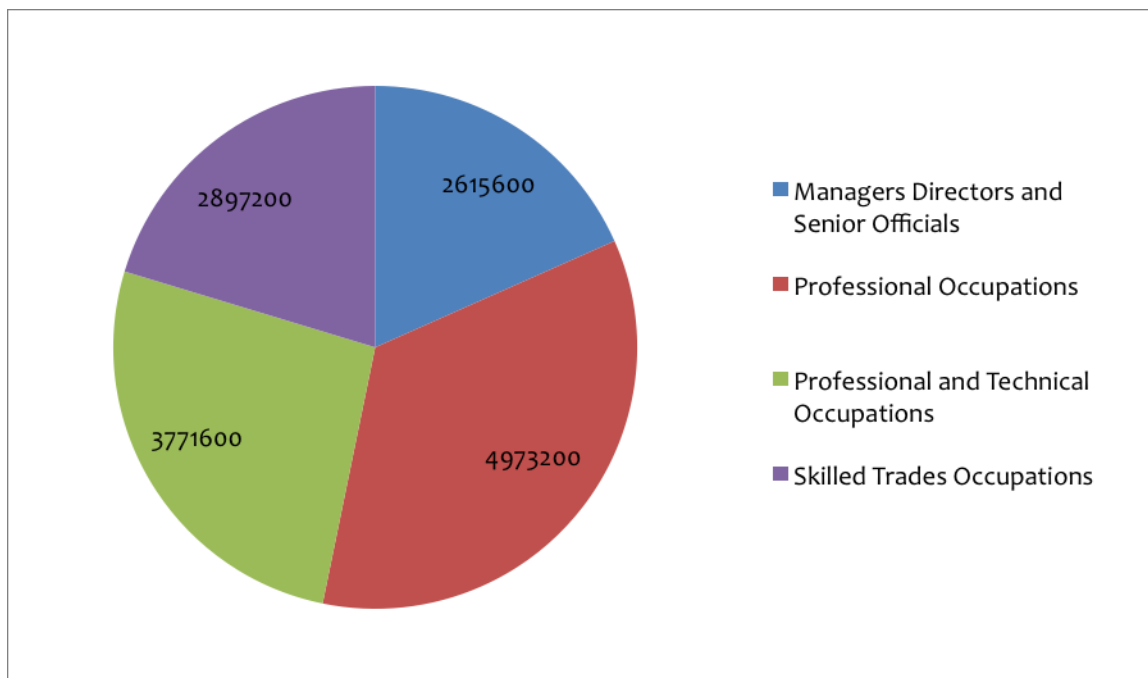


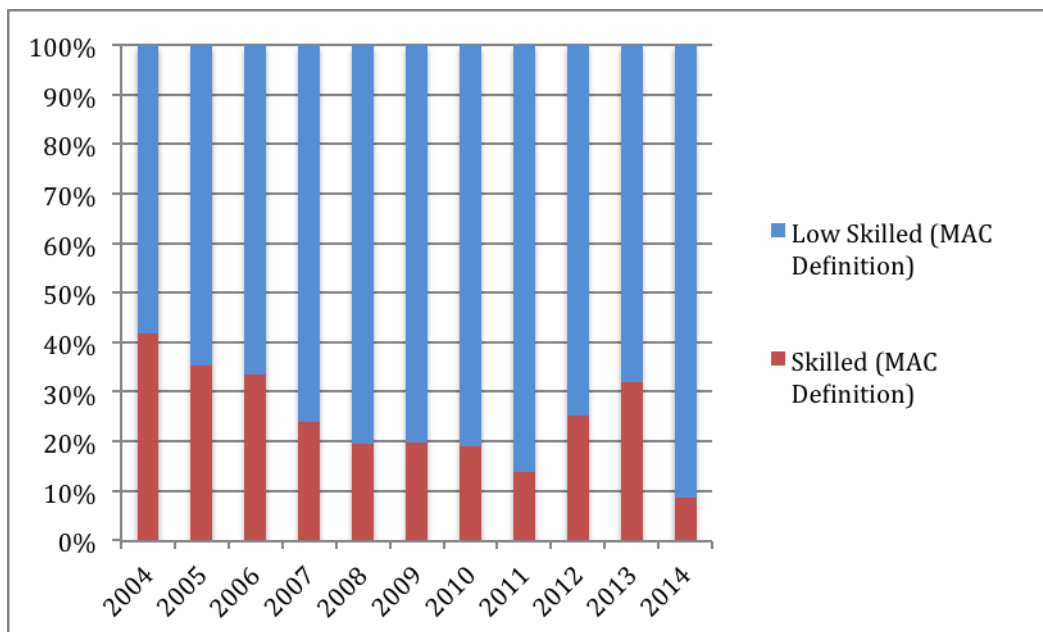
Figure 5. Breakdown of Low Skilled British Born Workers in UK Labour Market(Q2 2014)



19. This analysis finds that there is a trend towards occupying a skilled role with length of residence. This is to be expected as some people progress in their jobs. However, it remains the case that the majority of workers who first arrived in 2004 are in low skilled work. Figure 6 below shows the breakdown of EU10 workers by occupation skills level and year of arrival and shows that the majority those who arrived ten years ago remain in low skilled work (58%). Of those that arrived in 2014 91% are in low skilled work.

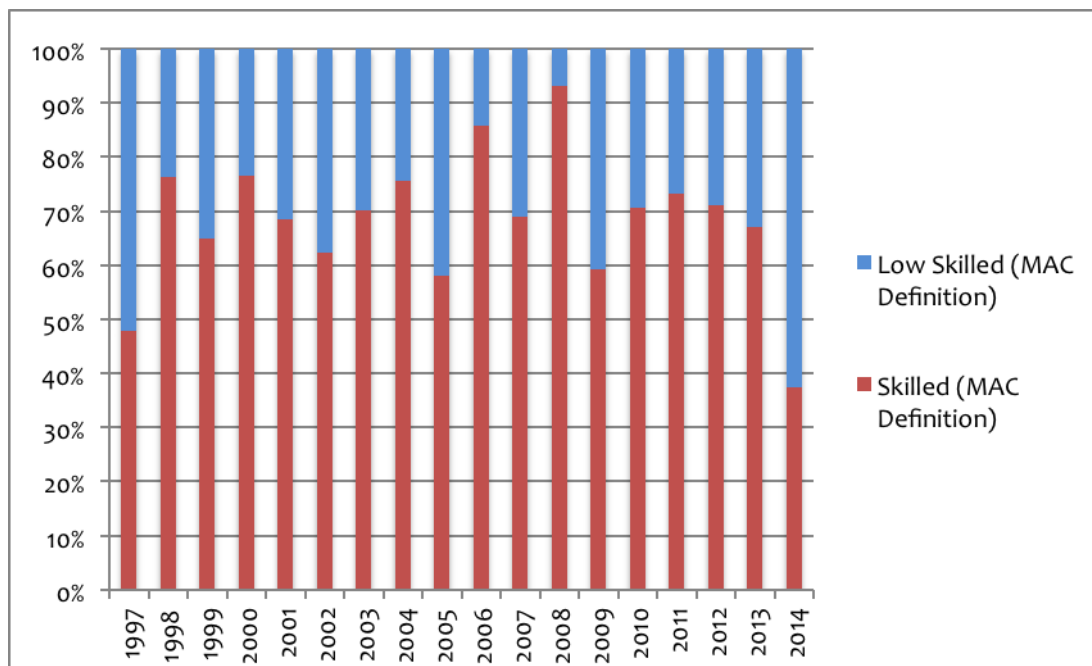


Figure 6. Proportion of EU10 Workers in Skilled and Low Skilled Work by Year of Arrival, 2014.



20. EU14 workers have always been more likely to occupy skilled roles and therefore have not shown a pattern of moving from low skilled to skilled work as Figure 7 below demonstrates.

Figure 7. Proportion of EU14 Workers in Skilled and Low Skilled Work by Year of Arrival, 2014.



## The Migration Observatory and Recent Migrant Workers in Skilled/Low Skilled Work – A Correction

21. The Migration Observatory have looked at Recent Migrant Workers (RMW are people born abroad but who have arrived in the last five years) in the labour market by skills level. Their March 2015 report 'Recent Migrant Workers in the UK Labour Market: What has changed in the last five years?'<sup>12</sup> cited Labour Force Survey data which showed that in 2014 there were just 80,000 RMWs in Elementary occupations from the A8. This could easily be misunderstood to mean that there were just 80,000 A8 workers in low skilled work which would be misleading. A correction of this work shows that there were 206,500 RMWs from the A8 in low skilled work (as per the MAC definition) in 2014, a fall from 235,500 A8 RMWs in low skilled work in 2009. For more on this see Annex B.

### Conclusion

20. The data show that EU14 workers are more likely to be in skilled occupations than the UK born however there are more than twice as many workers in the UK from the EU10 countries who are much more likely to be in low skilled work than the British born. Indeed three quarters of the 870,000 EU10 workers in the UK are in low skilled work and a third are in the lowest skilled occupations. It is therefore extremely unlikely that EU10 workers will be making even the very small fiscal contribution that has been claimed for them. Indeed this is consistent with the findings of the National Institute of Economic and Social Research which made clear in 2011 that the impact of EU10 migration on GDP per capita was expected to be 'negligible'.

20<sup>th</sup> May 2015

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12 Migration Observatory, 'Recent Migrant Workers in the UK Labour Market: What has changed in the last five years?', March 2015, URL: <http://migrationobservatory.ox.ac.uk/commentary/recent-migrant-workers-uk-labour-market-what-has-changed-last-five-years>

## Annex A

Table A1: Breakdown of EU born in the UK Labour Market in Q2 2014 by country of birth and year of arrival. (Unrounded numbers)

Total Number of EU Born in Labour Market by Year of Arrival		
Country of Birth	Year of Arrival	Number in Employment
EU14	Since 1997	396485
EU8	Since 2004	744329
EU2	Since 2007	127528
<i>Malta &amp; Cyprus</i>	<i>Since 2004</i>	1241
<i>Croatia</i>	<i>Since 2013</i>	0
<b>TOTAL EU27</b>		<b>1269583</b>

Table A2. Breakdown of EU born workers in the UK Labour Market in Q2 2014 who arrived prior to Accession to the EU. (Unrounded numbers)

Total Number of EU Born in Labour Market, Arrival Prior to EU Accession		
Country of Birth	Year of Arrival	Number in Employment
EU8	1997-2003	86756
EU2	1997-2006	27189
<i>Malta &amp; Cyprus</i>	<i>1997-2003</i>	2425
<i>Croatia</i>	<i>1997-2012</i>	2706
<b>TOTAL</b>		<b>119076</b>

Table A3. Breakdown of UK and EU Born Workers by ONS 1 Digit SOC Code and ONS Skills Level. (Unrounded numbers)

UK and EU Born Workers in Labour Market by SOC One-Digit Code/Skills Level in Q2 2014					
	Skills Level	EU14	EU10	EU24	UK
Managers Directors and Senior Officials	4	40639	28269	68908	2615628
Professional Occupations	4	152517	38925	191442	4973214
Professional and Technical Occupations	3	67327	34895	102222	3771588
Skilled Trades Occupations	3	14176	142635	156811	2897204
<b>Total Skilled</b>		<b>274659</b>	<b>244724</b>	<b>519383</b>	<b>14257634</b>
Administrative and Secretarial Occupations	2	26496	38638	65134	2890514
Caring, Leisure and Service Occupations	2	20732	73696	94428	2390213
Sales and Customer Services Occupations	2	19452	42359	61811	2075816
Process, Plant and Machine Operatives	2	9110	154733	163843	1528170
Elementary Occupations	1	46036	317707	363743	2558611
<b>Total Low Skilled</b>		<b>121826</b>	<b>627133</b>	<b>748959</b>	<b>11443324</b>
<b>TOTAL - ALL SKILLS LEVEL</b>	<b>1,2,3,4</b>	<b>396485</b>	<b>871857</b>	<b>1268342</b>	<b>25700958</b>

### The Migration Observatory and Recent Migrant Workers in Skilled/Low Skilled Work – A Correction

B1. The Migration Observatory has looked at Recent Migrant Workers (RMW are people born abroad but who have arrived in the last five years) in the labour market by skills level. Their March 2015 report 'Recent Migrant Workers in the UK Labour Market: What has changed in the last five years?' cited Labour Force Survey data which showed that in 2009 there were 106,000 EU8 RMWs workers in 'Elementary Occupations' whereas in 2014 this number had declined to 80,000, even though the share of all RMWs in Elementary Occupations had increased. The report concluded that 'RMWs from Eastern European countries that joined the EU in 2004 (the EU-8) are more likely to be working in low-skilled jobs, although the total number doing this work has declined'.

B2. The Migration Observatory claimed that there had been a decline in the number of EU8 in low skilled work yet the report only focused on one of the 1-digit SOC codes (9 - Elementary Occupations) and excluded the remaining four SOC Codes that the Migration Advisory Committee also class as low skilled, 4 – Administrative and Secretarial, 6 – Caring, Leisure and Service Occupations, 7 – Sales and Customer Services Occupations and 8 – Process, Plant and Machine Operatives. The report thus downplayed the number of EU8 working in low skilled jobs by suggesting that in 2014 there were just 80,000 working in low skilled jobs.

B3. A correction of this work finds that in Quarter 4 2014 there were 206,500 EU8 RMWs (those that arrived between 2010 and 2014) working in low skilled jobs (SOC Codes 4,6,7,8 and 9) rather than the 80,000 implied by the Migration Observatory, as Table B1 below shows. This is a fall from 2009 when there were 235,500 in low skilled work which reflects a reduction in the pace of migration from the EU8 but little else and certainly does not reflect a fall in the total number of migrants in the UK workforce as the Financial Times (which commissioned the Migration Observatory work) suggested:

*'Madeleine Sumption, director of the independent observatory, said it was striking that despite increases in net migration in 2014, the size of the migrant workforce was "considerably smaller" now than five years ago.'*<sup>13</sup>

B4. The corrected data also shows that between 2009 and 2014 the number of EU8 RMWs in higher skilled work fell by 44% from almost 82,000 to 46,000 and in 2014 represented just 18% of the total workforce of RMWs from the EU8.

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13 Financial Times, 'Migration research challenges warning of record inflow to UK', 29 March 2015, URL: <http://www.ft.com/intl/cms/s/0/dd46b3ce-d615-11e4-b3e7-00144feab7de.html#axzz3YiAd5ZRJ>

Table B1: EU8 Born Recent Migrants Workers in 2009 and 2014 by ONS 1-Digit SOC Code

<b>Recent Migrant Workers by SOC Code in 2009 and 2014</b>		
<b>One-Digit SOC Code &amp; Description</b>	<b>Q4 2009</b>	<b>Q4 2014</b>
1 Managers and Senior Officials	14206	1774
2 Professional occupations	10757	10016
3 Associate Professional and Technical	11464	6326
5 Skilled Trades Occupations	45420	27881
<b>Total Skilled</b>	<b>81847</b>	<b>45997</b>
4 Administrative and Secretarial	8622	6876
6 Personal Service Occupations	15916	12660
7 Sales and Customer Service Occupations	9041	12724
8 Process, Plant and Machine Operatives	60028	51444
9 Elementary Occupations	141970	122859
<b>Total Low Skilled</b>	<b>235577</b>	<b>206563</b>
<b>Total</b>	<b>317424</b>	<b>252560</b>