

Working Paper 60

# Migrant employment in low-skill work

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March 2014



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**Greater London Authority**  
**March 2014**

### **Published by**

Greater London Authority  
City Hall  
The Queens Walk  
London SE1 2AA

**[www.london.gov.uk](http://www.london.gov.uk)**

Tel 020 7983 4922

Minicom 020 7983 4000

ISBN 978-1-84781-573-6

### **Cover photograph**

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## Executive summary

In September 2013, the Migration Advisory Committee (MAC) called for evidence on migrants employed in 'low-skilled work', the factors driving it and its impacts on communities and British workers. This paper analyses labour market data of migrants and non-migrants living and working in London, and compares this to the rest of the UK.

In London four out of every 10 employed residents was born overseas (three outside the EEA (European Economic Area), one within the EEA). In the rest of the UK only one out of every 10 employed residents was born overseas. Therefore, London's labour market is more dependent on those born overseas – particularly those from non-EEA countries – than the rest of the UK.

In London, EEA-born individuals have a higher employment rate<sup>1</sup> (74.4 per cent) than either UK-born (71.1 per cent) or non-EEA-born (63.1 per cent).

Over time, the proportion of jobs in low-skilled occupations in London has declined. By 2036, GLA Economics projects that the proportion of jobs in low-skilled occupations in London will fall to 29.3 per cent (or a total of 1.69 million).

In London, 38 per cent (1.4 million) of all individuals in employment work in low-skilled occupations. Forty-seven per cent of individuals employed in low-skilled occupations in London are non-UK-born (EEA-born account for 13 per cent (187,000) and non-EEA-born for 34 per cent (474,000)). In the rest of the UK, 47 per cent (11.5 million) of all those in employment are employed in low-skilled occupations (UK-born account for 88 per cent (10.1 million) and, EEA-born and non-EEA-born for five and six per cent respectively). Again, London is more dependent on those born overseas when compared to the rest of the UK.

For both UK and non-UK-born, around a quarter of London residents employed in such 'low-skilled' occupations had degree level qualifications. In contrast, in the rest of the UK, only a fifth of the non-UK-born population employed in 'low-skilled occupations' had degree level qualifications, and this was double the share for UK-born.

Looking at low-skilled occupations in more detail, in London over six out of every 10 people employed in 'elementary occupations' were born overseas. In particular, in London, over 70 per cent of those employed as waiters, waitresses, employed in elementary construction and employed as cleaners are non-UK-born. Outside London low-skilled occupations with the highest proportion of non-UK-born individuals are packers, bottlers, canners and fillers occupations (56 per cent).

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<sup>1</sup> These figures include full-time students.

# 1. Introduction

In September 2013, the Migration Advisory Committee (MAC) called for evidence on migrant employment in low-skilled work<sup>2</sup>. The call for evidence sets out to investigate the issue of low-skilled work migration, the factors driving it and the resulting economic and social impacts on local communities and British workers. This paper analyses labour market data of migrants and non-migrants in London, and compares this to the rest of the UK.

The paper begins by setting out the definitions used within the document, the data sources used and some of the limitations faced in producing the analysis. It then looks at how jobs in low-skilled occupations in London have changed since 2001 and how they are projected to change in the future. It then analyses the labour market situation of London residents by region of birth and compares this to residents elsewhere in the UK.

## Definitions, data sources and limitations

For the purpose of its consultation, MAC defines migrants as ‘people born outside the UK, who have been, or plan to be, in the UK for a period greater than 12 months’. Unfortunately, the data sources used in this paper do not capture information on the length of stay or intended length of stay. As such, the analysis in this paper is confined to country of birth only.

Further, the consultation focuses on the impacts of migrants that have arrived in the UK since the early 1990s with the intention to distinguish between migrants from the European Economic Area (EEA) and non-EEA countries whenever possible. Again, it is not possible to separate the data according to these criteria, but, where possible, EEA and non-EEA-born are distinguished.

The analysis uses MAC’s definition of low-skilled which is based on the classification system devised by the Office for National Statistics (ONS), namely the Standard Occupation Classification (SOC) system. MAC’s definition of low-skilled includes occupations that are SOC skill level 1 and 2, on the basis that the corresponding occupations tend to require only general education, are usually acquired by the time compulsory education is completed (aged 16) and do not tend to require long periods of on-the-job training or work experience. Table 1 provides a more detailed breakdown of the sub-major groups that, under the consultation are defined as low-skilled occupations.

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<sup>2</sup> For more information, see Call for Evidence: Review of Migrant Employment in Low-skilled Work, Migration Advisory Committee, September 2013

**Table 1: Occupations in Standard Occupational Classification 2010 framework that MAC defines low-skilled**

Low-skilled occupations in SOC 2010 framework as defined by MAC		
SOC Major Group		
<b>4</b>	<b>ADMINISTRATIVE AND SECRETARIAL OCCUPATIONS</b>	
	41	<i>Administrative Occupations</i>
	42	<i>Secretarial and Related Occupations</i>
<b>6</b>	<b>CARING, LEISURE AND OTHER SERVICE OCCUPATIONS</b>	
	61	<i>Caring Personal Service Occupations</i>
	62	<i>Leisure, Travel and Related Service Occupations</i>
<b>7</b>	<b>SALES AND CUSTOMER SERVICE OCCUPATIONS</b>	
	71	<i>Sales Occupations</i>
	72	<i>Customer Service Occupations</i>
<b>8</b>	<b>PROCESS, PLANT AND MACHINE OPERATIVES</b>	
	81	<i>Process, Plant and Machine Operatives</i>
	82	<i>Transport and Mobile Machine Drivers and Operatives</i>
<b>9</b>	<b>PROCESS, PLANT AND MACHINE OPERATIVES</b>	
	91	<i>Elementary Trades and Related Occupations</i>
	92	<i>Elementary Administration and Service Occupations</i>

Source: Call for Evidence, based on SOC framework published by the ONS

In 2011 the ONS made revisions to the SOC framework (moving from SOC 2000 to SOC 2010). To date, the ONS have not produced a conversion table between SOC 2010 and SOC 2000 that would enable a comparison of changes in occupations over time. As a part of the 'London Labour Market Projections' publication by GLA Economics (April 2013)<sup>3</sup>, historic jobs data on a SOC 2000 basis were converted to the new SOC 2010 (using a probability model). However, given the time constraints it was not possible to carry out similar conversions for the residence-based analysis used in much of this work. Time series data is therefore confined to jobs only.

Analysis of jobs is taken from GLA Economics' 'London Labour Market Projections' publication. These are largely based on the ONS Workforce Jobs series combined with ONS Annual Population Survey (APS) proportions for occupation and qualification breakdowns. The remainder of the analysis in this paper, which focuses on the labour market from a worker perspective, is taken from the APS. These are based on where people reside and, unless otherwise stated, considers only people's main job. The data for both jobs and residence-based employment is confined to working age (16-64 year olds). It is important to note that both jobs and workers/residence analysis are based on surveys and is thus subject to sampling variability. This can be particularly large when data is analysed across several variables (eg, region of residence, region of birth, education and occupation of employment). Small differences should thus be treated with some caution.

<sup>3</sup> [London Labour Market Projections, GLA Economics April 2013.](#)

Further, the APS data has yet to be re-based in line with findings from the 2011 Census. Whilst the re-weighting to Census findings is not expected to alter significantly the proportions derived from the APS, the absolute numbers will be different. For example, according to the 2011 Census, the employment rate in London was 69.2 per cent in 2011, compared to 68.0 per cent based on APS (with 95 per cent confidence employment rate of individuals aged 16 to 64 is between 67.3 per cent and 68.7 per cent). On the other hand, the 2011 Census shows that 3.91 million Londoners were in employment in 2011, compared to 3.67 million from the APS (with 95 per cent confidence employment of individuals aged 16 to 64 is between 3.61 million and 3.72 million). In spite of this caveat, absolute numbers from the APS are included within this note to provide an approximate guide to the size of relative markets.

Additionally, this analysis does not provide insight into the terms and conditions of employment. For example, it will not consider differences in working patterns and whether individuals are employed on a full-time or part-time basis, or provide information on the terms of their contract (permanent or temporary contracts). In addition, there is likely to be a range of other factors that influence these discrepancies between UK-born and non-UK-born such as differences in pay or whether the occupation refers to the main or second job.

A further issue arises when analysing qualifications. Qualifications included in 'other qualifications' are typically below degree level<sup>4</sup> and include foundation and entry level qualifications. These qualifications include, for example, an NVQ level 1, a foundation Welsh Baccalaureate but also cover responses that have not specified exactly what the highest qualifications obtained are<sup>5</sup>.

Due to differences in the educational systems of different countries, historically, these qualification groupings based on the UK system did not always capture foreign qualifications well. However, in 2011, ONS changed the approach to collecting data on people's highest educational qualifications in order to obtain better information on foreign qualifications. Yet, findings from the APS still show that migrants more commonly hold 'other qualifications' than UK-born and this would suggest that the APS may still misrepresent educational attainment among migrants. According to Census 2011, 33.7 per cent of migrants in England and Wales from EU A8<sup>6</sup> and A10<sup>7</sup> countries have other qualifications as their highest educational attainment and a significantly higher proportion than among any of the other identified country groups. This makes drawing conclusions on qualification attainment between migrants and non-migrants difficult.

Finally, it is important to note that the analysis does not necessarily lend itself to understanding what changes might be expected as a result of 'external shifts', such as changes in immigration policy. This is because the analysis is only a static analysis of the labour market (with even the jobs projections based on the assumption of continuing past trends). For example, the introduction of a ban or cap on foreign-born individuals allowed to work in low-skilled occupations may not change the employment outcomes for UK-born unemployed or inactive. There are several reasons why this may hold true: for example, the policy introduction may reduce the number of available jobs in the economy as the number of jobs in an economy is not

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<sup>4</sup> Labour Force Survey User Guide, [Volume 3: 2012 Details of LFS Variables](#) (Variable HIQUAL11).

<sup>5</sup> The qualification categories are: (1) degree or equivalent, (2) higher education, (3) GCE, A-level or equivalent, (4) GCSE grades A\*-C or equivalent, (5) Other qualifications, (6) no qualifications and (7) don't know.

<sup>6</sup> A8 countries are: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.

<sup>7</sup> A10 countries are: A8 plus Cyprus and Malta.

static ('lump of labour fallacy'<sup>8</sup>) or UK-born individuals may not be able, suitable or willing to fill the low-skilled jobs that may become available (for example they may only be temporarily unemployed/between jobs and so unable, or they may choose to remain inactive to look after their family or home and so unwilling). Therefore, in the absence of further information the analysis in this paper should not be used to draw conclusions about what might happen were there to be changes affecting the labour market.

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<sup>8</sup> The idea that there is a fixed amount of work to be done in the world.



## 2. London jobs in low-skilled occupations

This section looks at how demand or the number of jobs in ‘low-skilled occupations’ in London has changed over time, before outlining GLA Economics’ future outlook for jobs in low-skilled occupations.

The findings from this section are taken from the ‘London Labour Market Projections’ publication by GLA Economics (April 2013). It should be noted that the SOC major groups were given slightly different names in that publication. Those relating to ‘low skilled’ as defined by MAC occupations are:

- Clerical and secretarial occupations (SOC 4)
- Personal and protective service occupations + Sales occupations (SOC 6 & 7)
- Plant and machine operatives + other occupations (SOC 8 + 9)

### Historic trends in jobs in low-skilled occupations and the future outlook

Over time, the demand for skilled workers in London has increased and employment of managers, professionals and associate professional occupations has grown strongly, whilst the number of jobs in low-skilled occupations as a proportion of the total has reduced.

In 2001, 43.0 per cent of jobs in London were in low-skilled occupations, equivalent to nearly two million jobs. Thirty-six per cent of these low-skilled jobs were in craft and related occupations, with a further 34.1 per cent in plant & machine operatives and other occupations and the remainder in personal & protective services and sales occupations. Over a third of these jobs (37.9 per cent) were within retail, transport & storage, and administrative & support service activities.

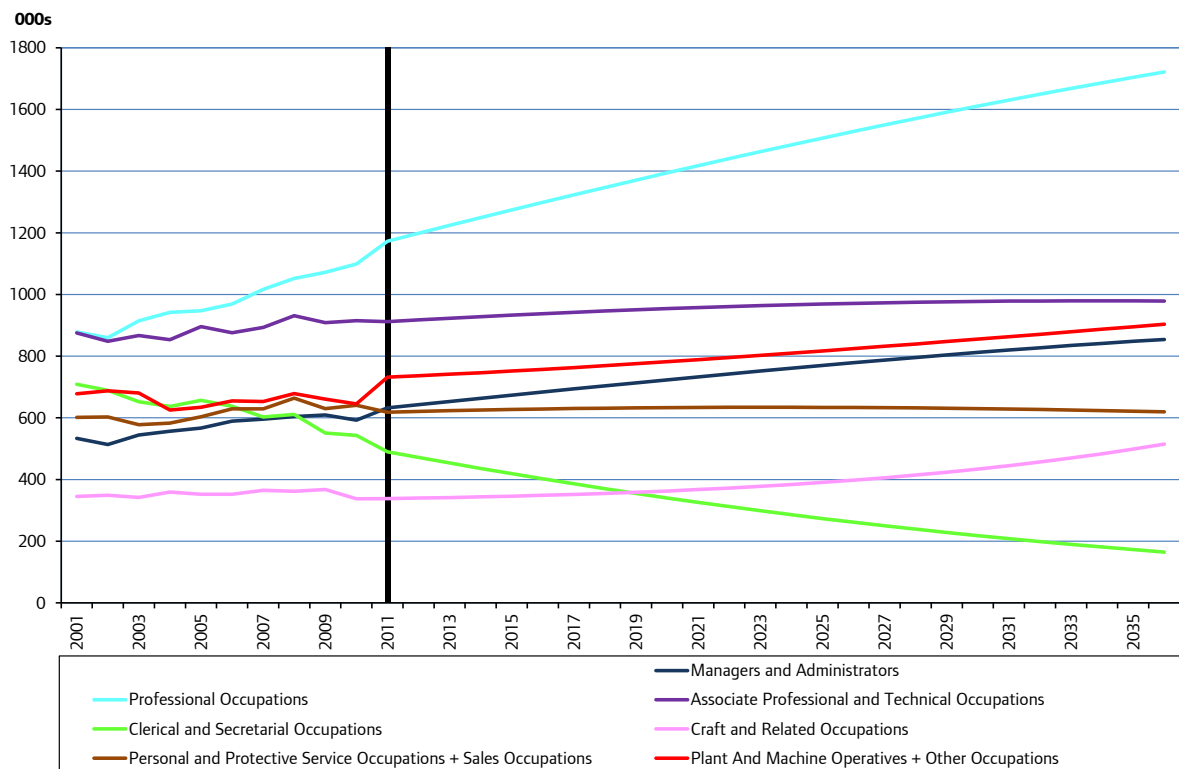
By 2011 the proportion of jobs that were in low-skilled occupations had fallen to 37.6 per cent (or 1.84 million), with the absolute number of jobs in low-skilled occupations falling by 9.5 per cent. These jobs were heavily concentrated within the wholesale, retail, transport & storage and entertainment, accommodation, food & other services sectors. Just over half of these were held by people with GCE A-level or equivalent and below qualifications. However, nearly a fifth of jobs in low-skilled occupations were held by people whose highest qualification was an ordinary degree or equivalent.

By 2036, GLA Economics projects that the proportion of jobs in low-skilled occupations will fall to 29.3 per cent (or a total of 1.69 million), driven by falls in clerical and secretarial occupations<sup>9</sup>. Jobs in plant & machine operatives + other occupations are expected to see an increase of 171,000 jobs over this time period, driven by demand from the administrative and support service activities sector (Figure 1).

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<sup>9</sup> GLA Economics’ projections group low-skilled SOC sub-main groups differently than MAC has outlined in its consultation document and the forecasts to follow combine personal and protective service occupations with sales occupations. Furthermore, plant and machine operatives are combined with elementary trades and administrative occupations.

**Figure 1: Changes in occupation demand (2001 to 2036)**



Source: GLA Economics calculations

Over the same time period, GLA Economics estimate that the proportion of these low-skilled jobs requiring higher education or above qualifications will rise by 3.4 percentage points (Table 2) from 29 per cent to 32 per cent.

**Table 2: Year-on-year change in qualification employment within occupations (2011 to 2036)**

	Higher degree	Ordinary degree or equivalent	Higher education	GCE, A-level or equivalent	GCSE grades A* - C or equivalent	Other qualifications	No qualification	Total
Managers and Administrators	1.9%	1.6%	1.0%	0.7%	0.9%	0.5%	-1.0%	1.3%
Professional Occupations	2.0%	1.6%	1.2%	0.9%	1.4%	0.3%	1.8%	1.6%
Associate Professional and Technical Occupations	1.1%	0.7%	-0.1%	-0.6%	-0.3%	-1.6%	-1.1%	0.3%
Clerical and Secretarial Occupations	-2.4%	-3.3%	-3.7%	-5.0%	-5.0%	-8.3%	-8.9%	-4.4%
Craft and Related Occupations	2.9%	2.6%	2.1%	0.6%	1.9%	2.7%	0.8%	1.8%
Personal and Protective Service Occupations + Sales Occupations	1.7%	0.9%	0.5%	0.1%	-0.6%	-0.6%	-1.4%	0.0%
Plant And Machine Operatives + Other Occupations	2.6%	1.5%	0.9%	0.1%	1.0%	0.9%	0.5%	0.9%
<b>Total London</b>	<b>1.7%</b>	<b>1.1%</b>	<b>0.6%</b>	<b>-0.1%</b>	<b>-0.1%</b>	<b>0.5%</b>	<b>-0.2%</b>	<b>0.7%</b>

Source: GLA Economics calculations

However, it should be noted that this is all from a stock perspective or how the total number of jobs in each industry is expected to change over the projection period. Whilst this provides information of the likely areas of change, on their own, such projections would provide a misleading picture of the potential future jobs demand in London. This is because the labour market is not a static entity; instead it is subject to significant flows. GLA Economics estimated that in 2012, nearly half of all outflows from occupations were from these low-skilled occupations. Most of these outflows, as in other occupations, were met by internal labour market supply (that is, from people moving into employment from other occupations, moving back into employment from inactivity or those moving back into employment from unemployment). However, some of this outflow will be met from new entrants to the labour market, including from education and in-migrants to London (both from the UK and internationally).

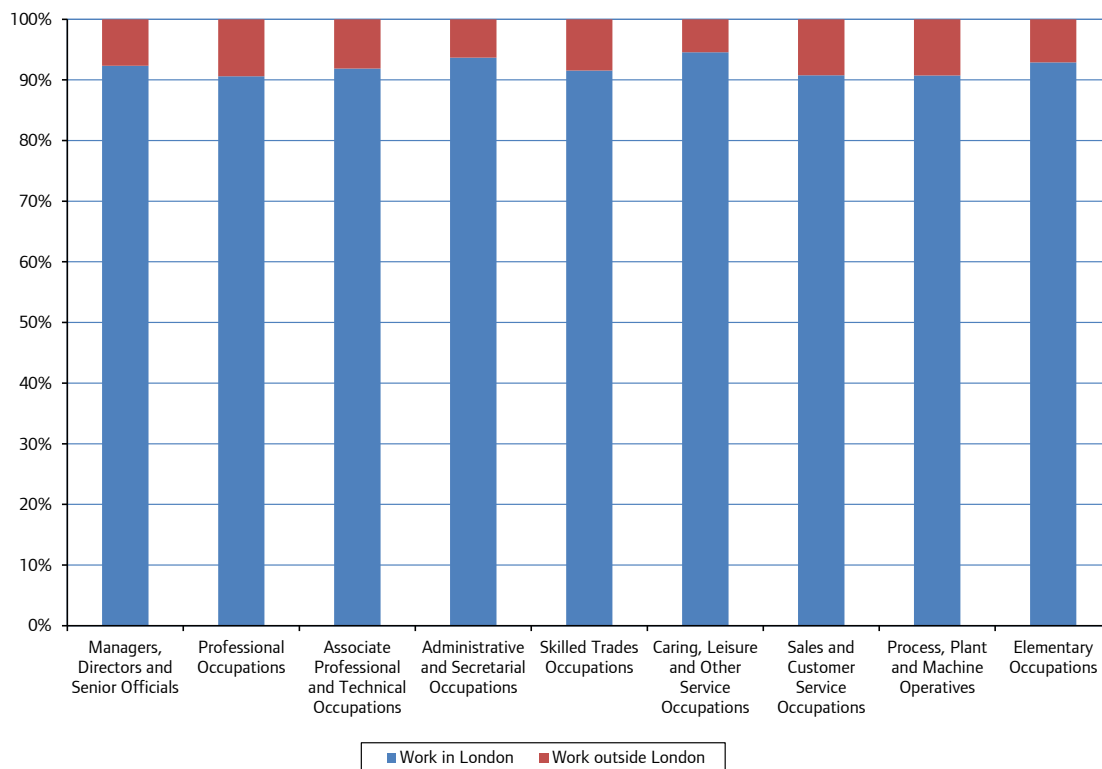
### 3. Labour market status

This section looks at the labour market activity of residents in London and looks at how this compares with people living outside the capital. The analysis then focuses on educational attainment to assess the association between skill level and employment outcomes and how UK-born compares with foreign-born individuals.

It should be noted that Section 2 looked at *jobs* in low-skilled occupations, providing an indication of the importance of such jobs to London's economy. However, the analysis that follows is based on *workers*. The distinction between jobs and workers (or people) is important. The number of jobs in London provides an indication of demand but does not provide information on who is employed and this is important as people can have more than one job. Secondly, a distinction should also be made between workplace and residence-based analysis. The remainder of the analysis in this paper is residence based ie, considers people based on where they live as opposed to where they work. This allows for the analysis of the labour market status of people (ie, analysis of whether people are employed, unemployed or inactive) to be consistent with the analysis that follows later on. In the absence of people commuting between regions for work, workplace and residence-based analysis of people in London would be identical.

The vast majority of London residents live and work in London. Indeed, of the 2.16 million UK-born living in London, 91 per cent both live and work in London. Similarly, 94 per cent of 456,000 EEA-born and 93 per cent of 1.07 million non-EEA-born people living in London also work in London. Generally, the proportion of employed people across all occupations who both live and work in London is relatively high, between 91 per cent and 95 per cent, depending on occupational grouping (Figure 2).

**Figure 2: Employment of all individuals living in London by occupation**



Source: Annual Population Survey 2012, ONS

## Labour market status by region of birth

Figures 3 and 4 show the labour market state of individuals by region of birth broken down by those living in and outside London separately.

According to the ONS Annual Population Survey (APS), out of the total stock of 3.07 million UK-born individuals between the ages of 16 and 64 living in London, 71.1 per cent (2.18 million individuals) are employed, 6.7 per cent (205,000) are unemployed and 22.2 per cent (681,000) are recorded as inactive<sup>10</sup> (Figure 3). Thirty-five per cent of all UK-born Londoners that are employed are employed in low-skilled occupations. This makes up 53 per cent of the total numbers employed in low-skilled occupations.

This compares to a total stock of 2.35 million non-UK-born individuals living in London out of which 66.1 per cent (1.55 million people) are in employment, whilst 7.3 per cent (171,000) are unemployed and 26.7 per cent (626,000) are inactive. In London, non-UK-born individuals account for 42 per cent of the total number of individuals in employment. Amongst the non-UK-born, those born in the EEA are more likely to be employed in London than UK-born, with 74.4 per cent (460,000) of the working-age population in employment, compared to 71.1 per cent of UK-born. The share of non-EEA-born in employment living in London is 63.1 per cent (1.1 million). UK-born Londoners are less likely to be inactive (22.2 per cent) than non-UK-born

<sup>10</sup> According to the International Labour Organisation (ILO) definition, **unemployed** people are 1) without a job, have actively sought work in the last four weeks and are able to start work in the next two weeks or; 2) out of work, but have found a job and are waiting to start it in the next two weeks. **Economically inactive** people are not in employment but do not meet the definition of unemployment because they have not been seeking work within the last four weeks and/or they are unable to start work within the next two weeks.

generally (26.7 per cent). However, EEA-born have the lowest inactivity rate of 20.1 per cent, while non-EEA-born are most likely to be inactive (29.0 per cent). Both EEA-born and non-EEA-born employed Londoners are more likely to be employed in low-skilled occupations (41 per cent and 44 per cent respectively) than UK-born (35 per cent).

If we look at labour market participation in the context of total population of Londoners (including all employed, unemployed and inactive between the ages of 16 and 64), EEA-born account for a greater proportion of the employed than their share of the total population. EEA-born account for 11 per cent and non-EEA-born 32 per cent of the total population but EEA-born's share of all employed individuals is 12 per cent and 9 per cent of all inactive Londoners. In comparison, non-EEA-born make up 29 per cent of all employed Londoners and 38 per cent of inactive people, whilst accounting for 32 per cent of population.

These results suggest that, firstly, EEA-born are more likely to be employed than either UK-born or non-EEA-born individuals and, secondly, EEA-born are more commonly in employment than their relative share of the total population would suggest.

However the analysis is somewhat affected by London's large student population. Excluding full-time students from the analysis produces higher employment and lower inactivity for both UK and non-UK-born Londoners (with approximate differences of six percentage points in employment and five percentage points in inactivity). Excluding students, however, has a similar impact amongst UK and non-UK-born and so does not alter the relative situation between UK and non-UK-born; UK-born are more likely to be employed and have lower inactivity rates than non-EEA-born. However, when full-time students are excluded the share of EEA-born in employment as a proportion of working age population tends to be higher and the inactivity rate lower than both UK-born and non-EEA-born (UK-born have a lower inactivity rate than EEA-born and non-EEA-born if full-time students are included in the analysis).

The differing age distribution provides some explanation for differences in labour market states across groups born in different regions. An assessment of labour market activity by age group also demonstrates the potential impact of students on inactivity rates in London<sup>11</sup>. Out of the total number of inactive UK-born individuals living in London 40 per cent are aged 16 to 24, a significant proportion. Similarly, individuals aged 55 or over account for almost a quarter of all inactive people in the capital. Non-UK-born individuals display similar results with respect to employment if students are excluded from the analysis. However, the age distribution of this group is more even and the skew towards the young or individuals aged 55 or over is less significant.

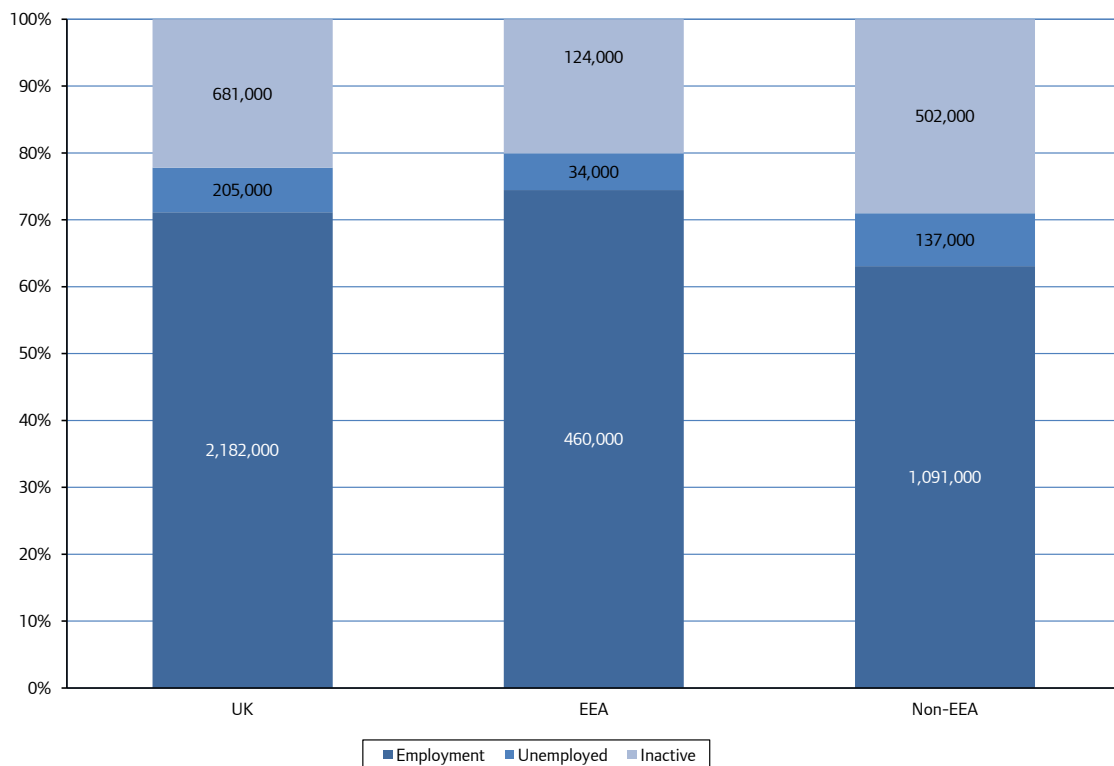
Higher inactivity rates amongst non-EEA-born migrants compared to EEA-born may be slightly influenced by the number of asylum seekers. This is because under exceptional circumstances only may an asylum seeker seek permission to work (eg, if an applicant has waited for a decision over 12 months). In 2012, there were 21,053 applications for asylum in the United Kingdom from main applicants of working age, according to the Home Office's latest Immigration Statistics (July to September 2013)<sup>12</sup>. Applicants from outside Europe accounted for 94 per cent of these applications.

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<sup>11</sup> See Appendix for age distributions by labour market status and region of birth (Figures AI to AX).

<sup>12</sup> Home Office: [Tables for 'Immigration statistics, July to September 2013'](#)

**Figure 3: Labour market status by region of birth in London**



Source: Annual Population Survey 2012, ONS

Turning to the labour market activity of residents outside London, 71.4 per cent (22.04 million) of UK-born were in employment, 6.0 per cent (1.85 million) were unemployed and 22.6 per cent (6.98 million) were inactive. In comparison, EEA-born individuals (75.8 per cent or 1.07 million of working age are in employment), are slightly more likely to be employed than UK-born (71.4 per cent) or non-EEA-born (62.1 per cent equivalent to 1.54 million). Over half (51 per cent, equivalent to 1.3 million) of non-UK-born were employed in low-skilled occupations, compared to 46 per cent of UK-born (10.1 million).

Moreover, 58 per cent of employed EEA-born worked in low-skilled occupations. EEA-born individuals are also least likely to be inactive with an inactivity rate of 18.8 per cent, compared to 22.6 per cent of UK-born and 30.8 per cent of non-EEA-born.

Again, excluding full-time students from the analysis on individuals living outside London produces higher employment and lower inactivity rates among all groups<sup>13</sup>. However, accounting for this factor in the data does not change the key finding that UK-born individuals are more likely to be in employment than foreign-born generally, but EEA-born are less likely to be unemployed and have lower inactivity rates than UK-born or non-EEA-born.

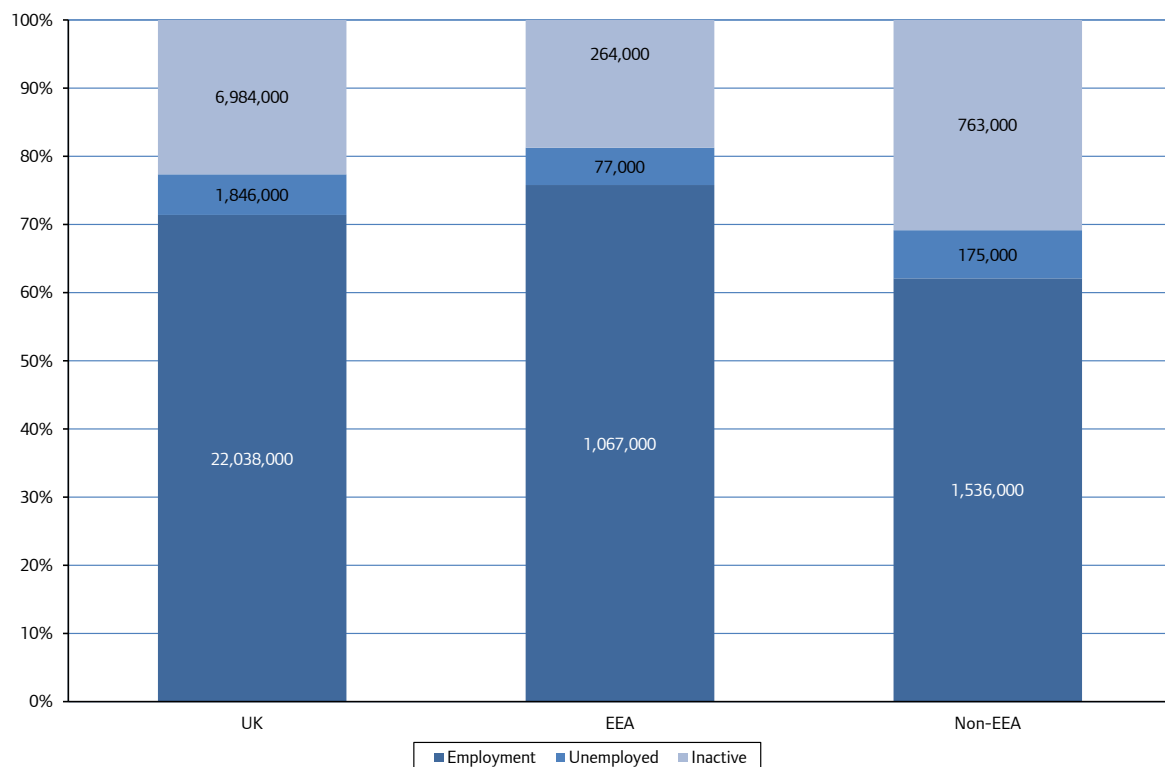
A comparison between labour market participation of Londoners and those in the rest of the UK shows some similarities. EEA-born are more likely to be employed than UK-born or non-EEA-born and non-EEA-born are more likely to be unemployed and have the highest inactivity rates

<sup>13</sup> Age distribution by region of birth may be one of the driving factors behind inactivity but outside London only UK-born show a clear skew towards the young and people age 55 or over. Over a quarter (29 per cent) of UK-born individuals outside the capital is aged 16 to 24 and over a third (35 per cent) is 55 or over. In contrast, 27 per cent of non-UK-born individuals is between the ages of 16 and 24, whilst only 18 per cent is 55 or over.

across the three groups. However, the importance of foreign-born workers as a proportion of the total is significantly lower than in London. Outside the capital, EEA-born and non-EEA-born account for four per cent and six per cent of the total stock of employed people respectively, compared to 12 per cent and 29 per cent in London.

In conclusion to this section, although UK-born are more likely to be employed than non-UK-born generally, EEA-born have the highest employment rate of the three groups covered in this analysis. It is also important to note that, in comparison to the population outside London, the non-UK-born population makes up a significant proportion of the employed population in London. Whilst in the rest of the UK only one in 10 employed individuals are non-UK-born in London this rises to over four in 10.

**Figure 4: Labour market status by region of birth in rest of UK**



Source: Annual Population Survey 2012, ONS

### Labour market status by qualification and region of birth

This section expands on the analysis above by incorporating educational attainment to assess whether labour market participation between UK and non-UK-born differs substantially by level of qualification. In this analysis, educational attainment is divided into three categories: post-secondary education, lower education and other qualifications<sup>14</sup>. Each education category is looked at in turn.

Figure 5 demonstrates that of individuals in employment in London, around 70 per cent have post-secondary education with people with higher educational attainment more likely to be

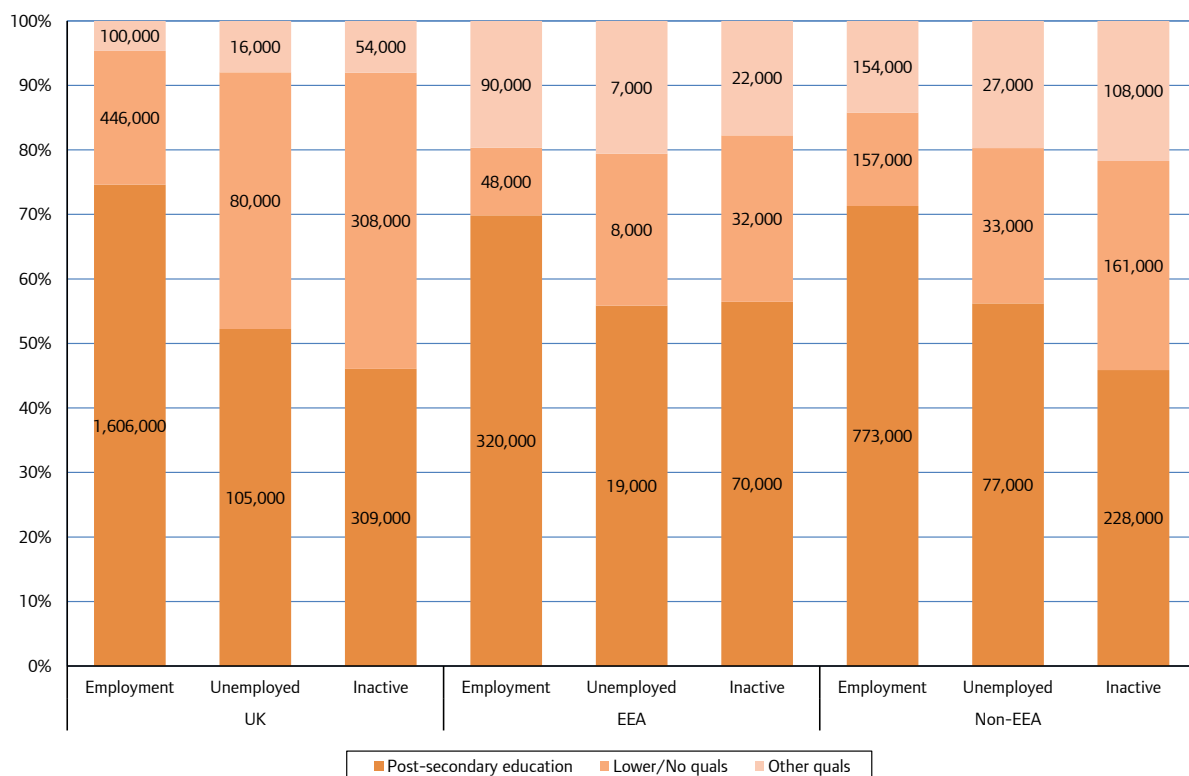
<sup>14</sup> Educational attainment is grouped as follows: 1) Post-secondary education: degree or equivalent level, higher education and GCE A-Level or equivalent; 2) Lower/None: GCSE grades A\*-C or Equivalent, and No qualifications and 3) Other qualifications: Other qualifications (often gained abroad).



employed. This difference is prevalent across all groups irrespective of their region of birth. In London, 79.5 per cent of UK-born (1.6 million), 78.3 per cent of EEA-born (320,000) and 71.7 per cent of non-EEA-born individuals (773,000) that have post-secondary education are in employment. Amongst EEA-born with post-secondary education the share of unemployed people in the working-age population is the lowest, 4.7 per cent (19,000), whilst 5.2 per cent (105,000) of UK-born and 7.1 per cent of non-EEA-born that have post-secondary education are unemployed. Non-EEA-born with post-secondary education have the highest inactivity rates across the three groups (21.2 per cent), whilst 17.0 per cent of EEA-born and 15.3 per cent of UK-born are inactive.

Whilst a significant proportion of individuals with post-secondary education are employed, only around half of individuals with lower qualifications are. Among UK-born 53.4 per cent of people (446,000) with lower educational attainment are employed, compared to 54.3 per cent (48,000) of EEA-born and 44.7 per cent (157,000) of non-EEA-born. Amongst individuals with lower or no qualifications UK-born are most likely to be unemployed (9.6 per cent of the working-age population), compared to 9.4 per cent for non-EEA-born and 8.7 per cent for EEA-born. Lower educational attainment is also associated with higher inactivity rates with 45.9 per cent of non-EEA-born and 37.0 per cent of both UK-born and EEA-born with lower or no qualifications inactive.

**Figure 5: Labour market status by qualification and region of birth in London**



Source: Annual Population Survey 2012, ONS

The third qualifications category covers other qualifications<sup>15</sup> as the highest educational attainment. There is currently very little information on the composition of 'other qualifications'

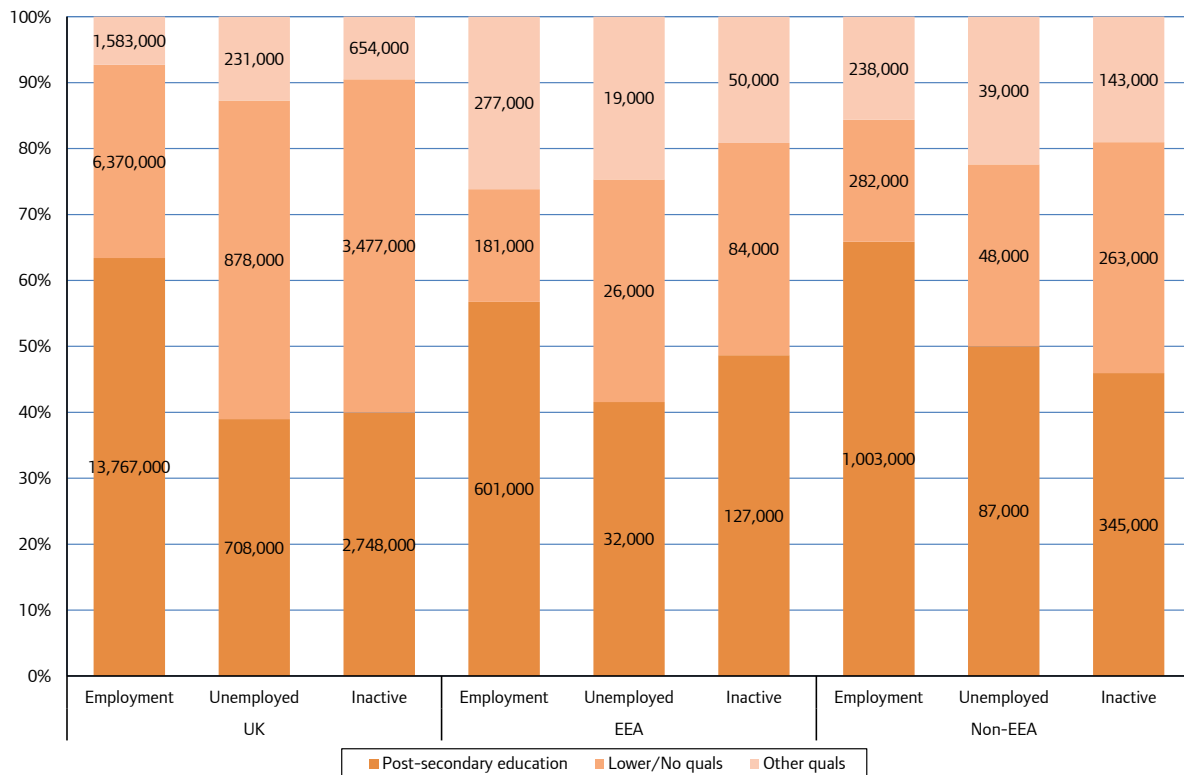
<sup>15</sup> Other qualification includes, for example, an NVQ level 1 and a foundation Welsh Baccalaureate. For more information, the Labour Force Survey User Guide – Volume 3: Details of LFS variables Q1 2013, p.262-263, answers 58 to 78.

by nationality and whether there are significant differences between UK-born and non-UK-born in terms of the kind of qualifications that individuals typically have. However, it seems plausible that many 'other' qualifications are likely to be below degree level, where international comparisons are likely to be less straight forward.

Looking at other qualifications by region of birth, EEA-born individuals are significantly more likely to report other qualifications as their highest qualification, compared to either UK-born or non-EEA-born. Also the differences in employment rates between EEA-born that have other qualifications and the other two groups are significant. Out of 119,000 EEA-born individuals that report other qualifications as their highest qualification, 76.2 per cent (90,000) are employed, compared to 59.0 per cent (100,000) of all UK-born and 53.4 per cent (154,000) of non-EEA-born. Similarly, the share of unemployed people in the working age population amongst these EEA-born is the lowest at 5.7 per cent, compared to 9.2 per cent and 9.4 per cent amongst non-EEA-born and UK-born respectively. EEA-born with other qualifications are also least likely to be inactive amongst the three groups (18.1 per cent of EEA-born are inactive), compared to 31.7 per cent of UK-born and 37.4 per cent of non-EEA-born.

Analysis of educational attainment and labour market activity in the rest of the UK (Figure 6) shows similar trends to the capital. Post-secondary education is associated with better chances of being in employment with 79.9 per cent (13.8 million) of UK-born with higher qualifications employed, whilst 79.2 per cent (601,000) of EEA-born and 69.9 per cent (1.0 million) of non-EEA-born people with post-secondary education employed. The differences in employment rates between London and the rest of the UK are small, around two percentage points. UK-born and EEA-born that have post-secondary education living outside London are somewhat less likely to be unemployed than in the capital although the differences are small. The share of unemployed people in the working-age population amongst UK-born and EEA-born with post-secondary education are 4.1 per cent and 4.2 per cent respectively, whilst 6.0 per cent of non-EEA-born with similar qualifications is in unemployment. Non-EEA-born are most likely to be inactive out of the three groups (24.1 per cent), compared to 16.7 per cent of EEA-born and 16.0 per cent UK-born.

**Figure 6: Labour market status by qualification and region of birth in rest of UK**



Source: Annual Population Survey 2012, ONS

Individuals with lower educational attainment living outside London, irrespective of their origin, are somewhat more likely to be employed than those with similar qualifications residing in London (differences with London range between 2.9 percentage points amongst non-EEA-born and 8.0 percentage points amongst EEA-born). However, similarly to those in London, non-EEA-born individuals are less likely to be employed and more likely to be inactive than either UK or EEA-born individuals: over half of UK-born (59.4 per cent, equivalent to 6.4 million) with lower or no qualifications living outside London, and 62.3 per cent (181,000) of EEA-born were in employment, compared to only 47.6 per cent (282,000) of non-EEA-born. Looking at inactivity, 44.4 per cent (263,000) of non-EEA-born are inactive, compared to 32.4 per cent among UK-born and 28.8 per cent of EEA-born.

Similarly to those in London, EEA-born individuals outside the capital are more likely to hold 'other qualifications' and are more likely to be employed than either UK-born or non-EEA-born: 80 per cent of EEA-born (277,000) with other qualifications are employed compared to 64 per cent (1.6 million) of UK-born and 57 per cent (238,000) of non-EEA-born. The share of EEA-born of working age in unemployment (5.7 per cent) and inactivity rates (18.1 per cent) are lower than either UK-born and non-EEA-born; 9.2 per cent of UK-born and 9.4 per cent of non-EEA-born are unemployed, whilst over a quarter of UK-born and a third of non-EEA-born are inactive.

In conclusion, for both residents in and out of London, post-secondary education is associated with an increased likelihood of employment. Non-EEA-born individuals are also most likely to be inactive and least likely to be employed across all educational attainments, both in and out of London. In contrast, EEA-born individuals are least likely to be unemployed and most likely to be employed, both in and outside London, than either UK-born or non-EEA-born.

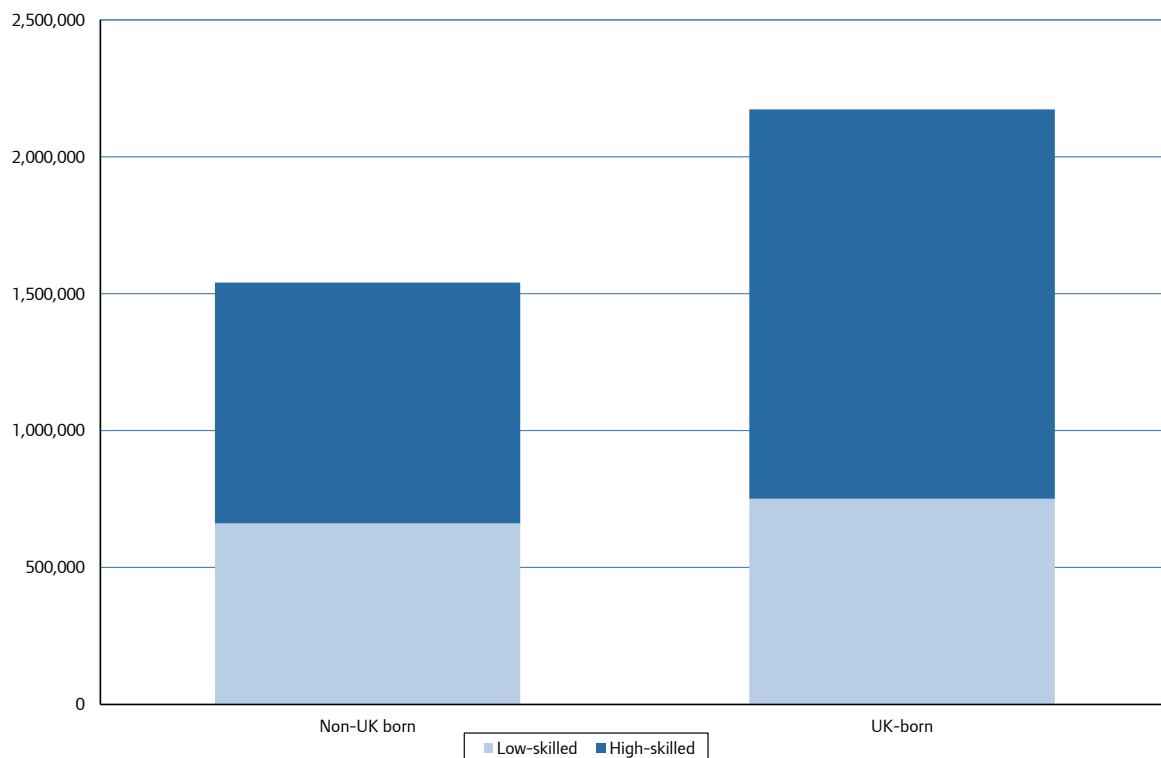
## 4. Low-skilled employment and occupations in London and the rest of the UK

Whilst the previous section looked at labour market activity by region of birth for those in London and the rest of the UK, this section focuses on occupations (high and low-skilled) in which people born in different regions are employed. Unless otherwise stated, the analysis excludes full-time students.

### UK residents employed in low- and high-skilled occupations

In London, 38 per cent (1.4 million) of residents, employed in 2012, were employed in low-skilled occupations (Figure 7) and of these, just under half (47 per cent) were non-UK-born<sup>16</sup>. A more detailed analysis by region of birth of non-UK-born shows that EEA-born accounted for 14 per cent (181,000) and non-EEA-born for 33 per cent (437,000) of the total individuals employed in low-skilled occupations<sup>17</sup>.

**Figure 7: Number of individuals employed in low- and high-skilled occupations in London**



Source: Annual Population Survey 2012, ONS

If we then turn to look at Londoners employed in high-skilled occupations it is clear from Figure 7 that foreign-born individuals account for a smaller share of the total than in low-skilled occupations (38 per cent (880,000 individuals)). Out of all non-UK-born employed in high-skilled occupations, EEA-born accounted for 12 per cent (265,000) and non-EEA-born for 26 per cent (594,000).

<sup>16</sup> These figures include full-time students.

<sup>17</sup> The analysis was also carried out with the inclusion of full-time students, but this made little difference to the proportions.

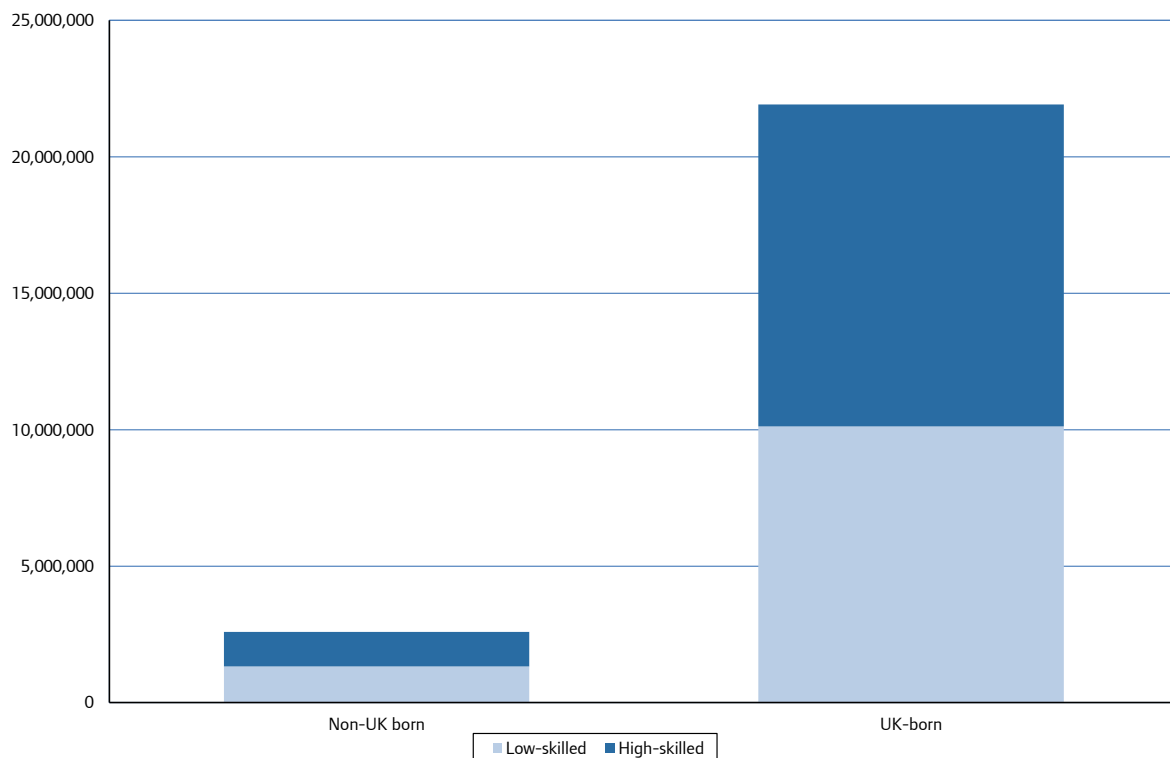
Comparing these results to the working-age population living and working in London by region of birth (Figure 3), UK-born accounted for 58 per cent (2.1 million) of all employed individuals, whilst EEA-born and non-EEA-born accounted for 12 per cent and 29 per cent respectively. This suggests that UK-born are somewhat underrepresented in low-skilled occupations (where they make up 53 per cent of the total) in London and overrepresented in high-skilled occupations (where they make up 62 per cent of the total).

Looking at the occupations of employed residents outside the capital (Figure 8), 47 per cent (11.45 million) were employed in low-skilled occupations, with UK-born accounting for 88 per cent (10.12 million) of the total (a significantly higher share than in the capital), whilst both EEA-born and non-EEA-born accounted for 6 per cent each.

Similarly to those in London, the UK-born share of people employed in high-skilled occupations was greater than the share employed in low-skilled occupations. The total number of people employed in high-skilled occupations consisted of 90 per cent (11.6 million) UK-born, with EEA-born accounting for three per cent (429,000) and non-EEA-born six per cent (797,000).

Again, a comparison of the above analysis to the total population of working-age individuals demonstrates that UK-born account for 89 per cent, whilst EEA-born account for four per cent and non-EEA-born for six per cent of the total (Figure 4). This suggests that, outside the capital, all three groups are broadly equally represented among low-skilled and high-skilled.

**Figure 8: Number of individuals employed in low- and high-skilled occupations in rest of UK**



Source: Annual Population Survey 2012, ONS

In summary, in London non-UK-born account for a larger share of the total stock of employed people across all occupations than in the rest of the country and, in 2012, 41.5 per cent (1.54 million) of all Londoners employed were born outside the UK, compared to only 10.6 per cent

outside London. Additionally, non-UK-born are more likely to be employed in low-skilled occupations than UK-born, particularly in London (43 per cent compared to 34 per cent), whilst the discrepancy outside the capital is less significant. When comparing the number of individuals employed in low and high-skilled occupations in London with the labour market status by region of birth in London, UK-born are somewhat underrepresented in low-skilled occupations and overrepresented in high-skilled occupations, whilst UK-born living and working in the rest of the UK are generally not.

### **Employment in low-skilled occupations by region of birth<sup>18</sup>**

This section looks in more detail at people employed in low-skilled occupations. The distribution of foreign-born workers is likely to be different across low-skilled occupations as some occupations may be more suitable to foreign-born workers than others. For example, language skills may be a barrier for access in certain low-skilled occupations such as administrative roles, whilst other occupations may be well suited to accommodate foreign-born individuals where foreign language skills may be valuable in serving an international customer base (eg, in retail). This section analyses the composition of workers, by region of birth, across different low-skilled occupations both for London and the rest of the UK.

Figures 9 and 10 demonstrate the distribution of people by region of birth across low-skilled occupations for those living in London and the rest of the UK. Looking at Figure 9, across all low-skilled occupation categories non-UK-born account for between 62 per cent (elementary occupations) and 34 per cent (administrative and secretarial occupations) of the total. Looking across all low-skilled occupations the share of non-UK-born is largely dominated by non-EEA-born, ranging from 42 per cent in the process, plant and machine operatives occupations to 25 per cent in the administrative and secretarial occupations.

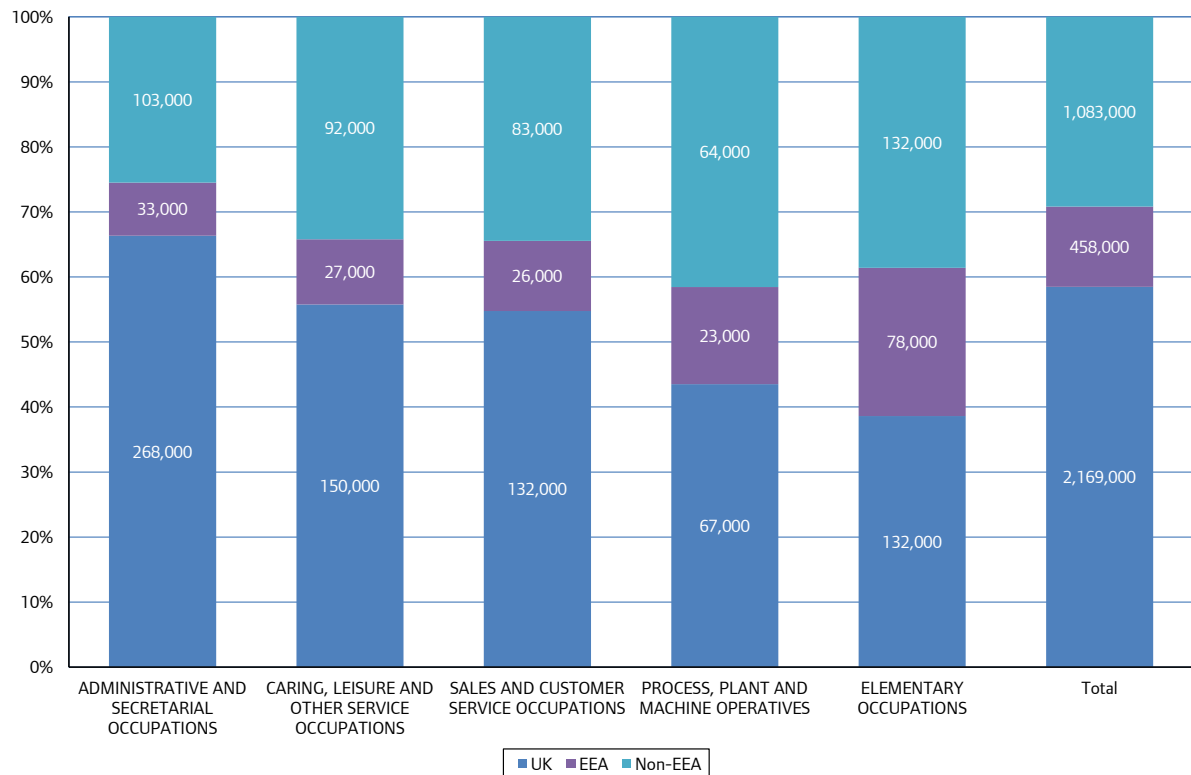
In London, the highest number of non-UK-born are employed in elementary occupations (210,000); non-EEA-born and EEA-born account for 39 per cent and 23 per cent of the total respectively. The second most significant occupation in terms of the number of non-UK-born employed is administrative and secretarial occupations (136,000). Non-EEA-born account for a quarter of the total stock of individuals employed in these occupations and EEA-born for eight per cent.

If we then look at individuals employed across all low-skilled occupations in the context of the total working population, non-UK-born are underrepresented in administrative and secretarial occupations (accounting for 34 per cent of the total in administrative and secretarial occupations), when in fact non-UK-born account for 42 per cent of the total stock of individuals employed in low-skilled occupations. In contrast, non-UK-born are overrepresented in elementary and process, plant & machine operatives occupations accounting for 62 per cent and 56 per cent of the total respectively.

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<sup>18</sup> These results include full-time students and excluding them do not have a significant impact on these findings.

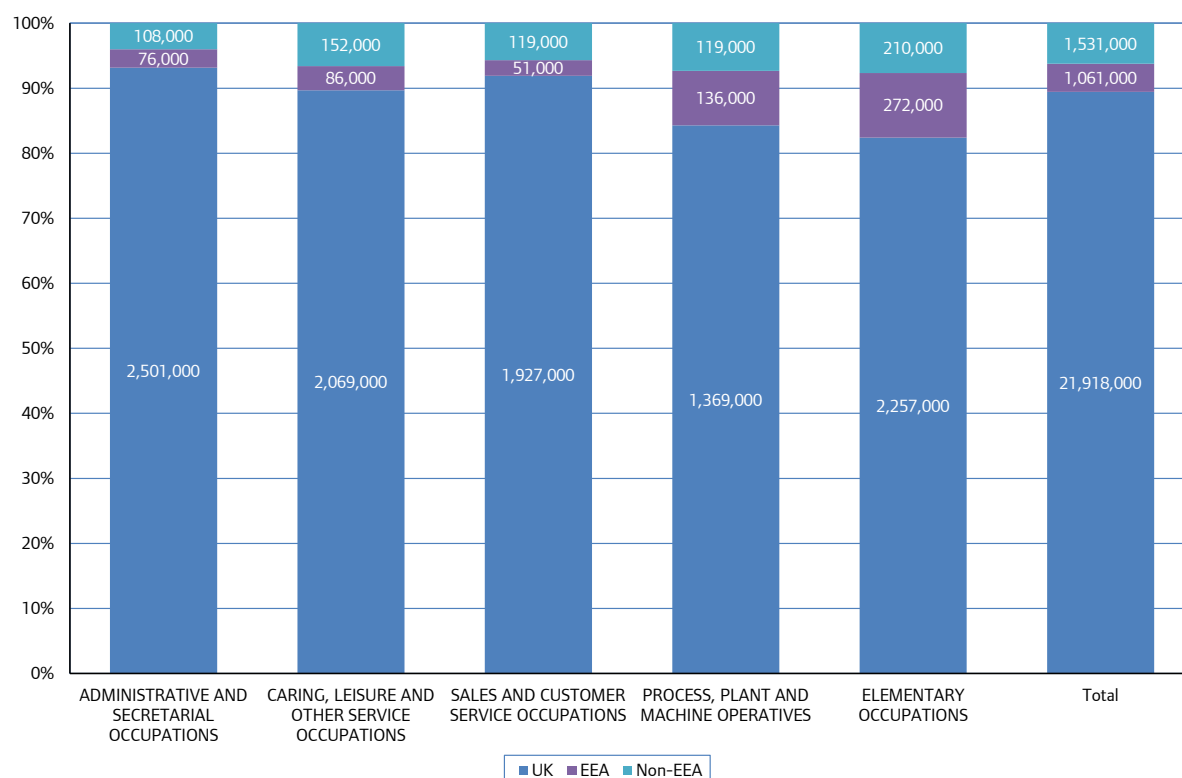
**Figure 9: Individuals employed in low-skilled occupations by region of birth in London**



Source: Annual Population Survey 2012, ONS

For residents outside London the UK-born population is significantly more dominant across all low-skilled occupations, accounting for between 93 per cent of people employed in administrative and secretarial occupations and 82 per cent of the total in elementary occupations (compared to between 66 per cent and 39 per cent amongst those in London). However, similarly to workers in London, the non-UK-born share of workers in elementary occupations is the highest across the low-skilled occupations (Figure 10) but also the most significant in terms of number of individuals employed. Here 10 per cent (272,000) of people employed are EEA-born and a further eight per cent (210,000) are non-EEA-born.

**Figure 10: Individuals employed in low-skilled occupations by region of birth in rest of UK**



Source: Annual Population Survey 2012, ONS

In summary, non-UK-born are most commonly employed in elementary occupations both in London and the rest of the UK. In London, non-UK-born account for the lowest share of the total number of individuals employed in administrative and secretarial occupations but in absolute terms these occupations employ the second highest number of non-UK-born.

### A more detailed picture of employment in low-skilled occupations by region of birth

The following section breaks down the analysis above to look at employment at a more detailed level of occupation (at the two-digit SOC level).

Figures 9 and 10 demonstrated that non-UK-born individuals, both in London and outside London, are most commonly employed in elementary occupations. Figure 11, showing employment by occupation and region of birth in London, indicates that this is driven by employment of non-UK-born workers in elementary administration and service occupations (92 per cent of non-UK-born employed in elementary occupations worked within this sub-major group). Within elementary administration and services, non-UK-born account for 61 per cent (192,000) of the total. Non-UK-born also dominate in elementary trades occupations accounting for 72 per cent (18,000 people) of the total, although the absolute numbers are relatively small.

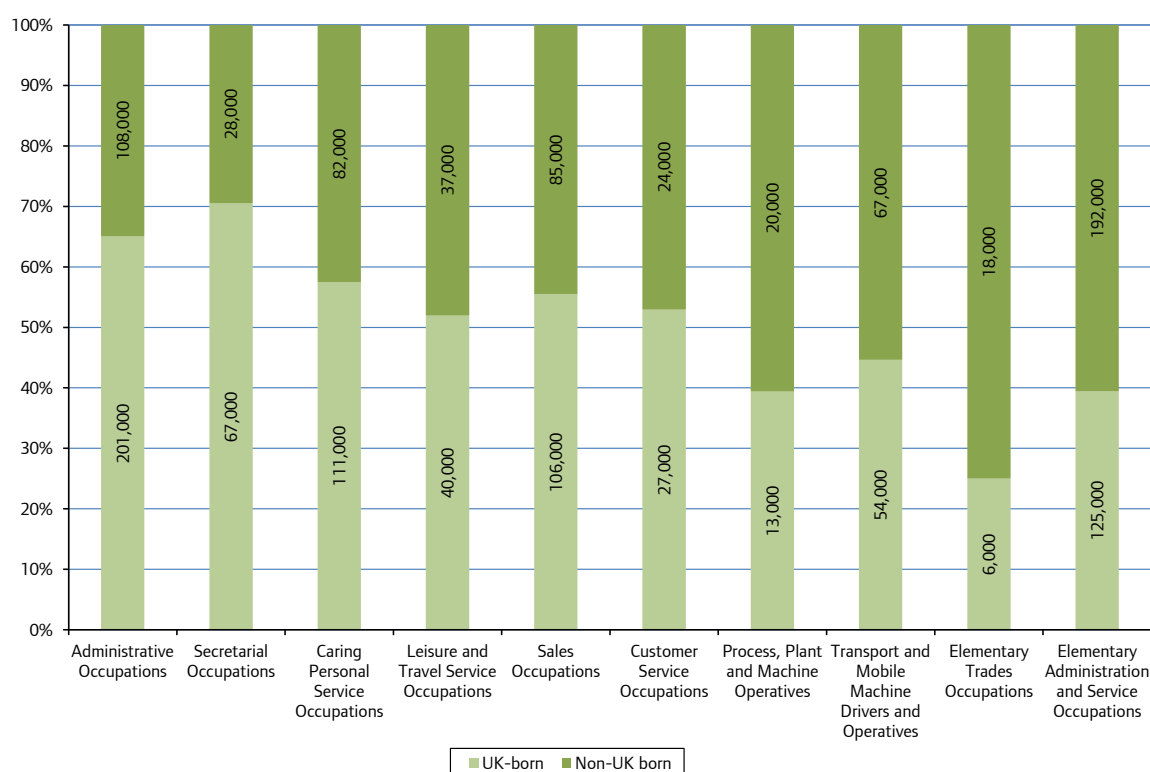
In London, foreign-born individuals also account for a high proportion of people employed in occupations covering process, plant and machine operatives. The majority (77 per cent equivalent to 67,000) of these non-UK-born are employed in transport and mobile machine drivers and operatives occupations, working as van, bus and taxi drivers.



Even though non-UK-born account for only 35 per cent of Londoners employed in administrative occupations, in absolute terms this accounts for 16.3 per cent (108,000) of all non-UK-born employed in low-skilled occupations. Further, whilst non-UK-born make up less than half (45 per cent) of the total number of people in London employed in sales occupations in London, in absolute terms this accounts for 12.9 per cent (85,000) of all non-UK-born employed in low-skilled occupations. Similarly, non-UK-born employed in caring personal service occupations account for 42 per cent (82,000) of the total, but these occupations still employ 12.4 per cent of all non-UK-born working in low-skilled occupations.

Analysis at an even more detailed occupation level (four-digit<sup>19</sup>) suggests that the proportion of non-UK-born workers living in London is highest in the cleaners and domestic cleaning occupation where they account for 84 per cent of the total, whilst non-UK-born account for 74 per cent of individuals employed in elementary construction. These are followed by waiters and waitresses where 72 per cent of individuals employed are born outside the UK. Looking at absolute numbers reveals that cleaning and domestic cleaning occupation is also the most important single occupation category for non-UK-born (61,000) followed by sales and retail assistant occupations (56,000).

**Figure 11: Employment by occupation and region of birth in London**



Source: Annual Population Survey 2012, ONS

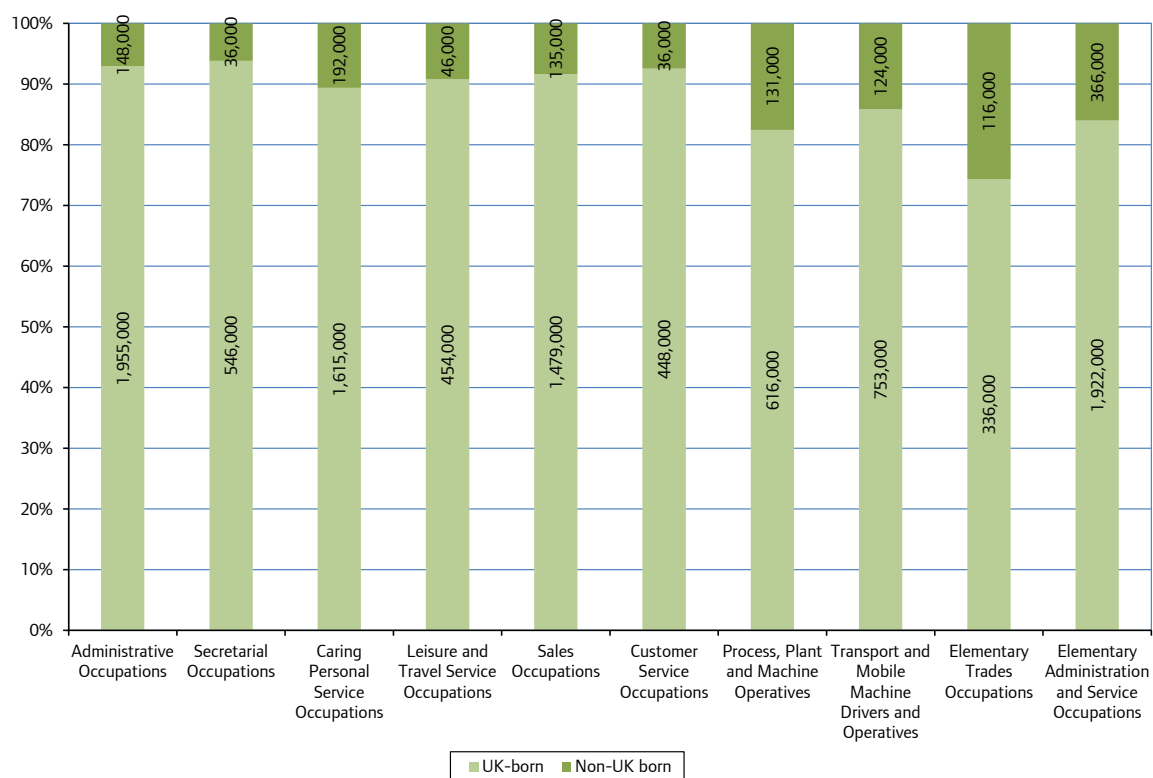
Contrasting these figures on Londoners with the rest of the UK shows that foreign-born workers made up the largest share of people employed in elementary trades and related occupations, accounting for 26 per cent (116,000) of the total (Figure 12). This was followed by elementary administration and service occupations, where non-UK-born accounted for 16 per cent

<sup>19</sup> The analysis at the four-digit level covers only occupations where the weighted estimate of the numbers of workers for both UK and non-UK-born is above 8,000

(366,000) of individuals employed, and process, plant and machine operatives occupations, where non-UK-born accounted for 18 per cent (131,000).

Looking at four-digit occupation data<sup>20</sup> shows that non-UK-born workers outside London account for a higher share of workers in different occupations to non-UK-born workers in the capital. Over half (56 per cent or 80,000) of individuals employed in packers, bottlers, canners and fillers occupations are foreign-born, the highest proportion of non-UK-born in any occupation outside London. The second highest ratio of non-UK-born to the total stock is in food, drink and tobacco process operatives (39 per cent or around 44,000). A third (approximately 52,000) of taxi and cab drivers living outside London are foreign-born, significantly lower than in London (65 per cent). Similarly, only 17 per cent (35,000) of waiters & waitresses and 10 per cent, (equivalent to 13,000) of elementary construction workers living outside London are non-UK-born. This is significantly lower than the proportions amongst Londoners, where 72 per cent and 74 per cent of people employed as waiters and waitresses and in elementary construction respectively were non-UK-born. However, looking at absolute numbers, the picture is more similar to London; care workers and home carers (91,000) is the most important single occupation category for non-UK-born workers followed by sales and retail assistants (80,000).

**Figure 12: Employment by occupation and region of birth in rest of UK**



Source: Annual Population Survey 2012, ONS

To summarise, elementary trades occupations has the highest proportion of non-UK-born in both London and in the rest of the UK (Figures 11 and 12). However, all individuals, both UK-born and non-UK-born, employed in these occupations only account for two per cent of all employed individuals in the UK. Although elementary administration and service occupations is

<sup>20</sup> Again excluding occupations where the weighted number of UK or non-UK-born workers is less than 8,000

the most significant occupational category in absolute terms among non-UK-born both in and outside London (192,000 and 366,000 respectively), administrative occupations in London and caring personal service occupations in the rest of the UK are also important occupations among non-UK-born (108,000 and 192,000 respectively). By specific occupation, cleaning and housekeeping occupations have the highest share of non-UK-born individuals of the total number of individuals employed in London, whilst outside London packers, bottlers, canners and fillers occupations have the highest share of non-UK-born.

## 5. Educational attainment of individuals in employment by region of origin

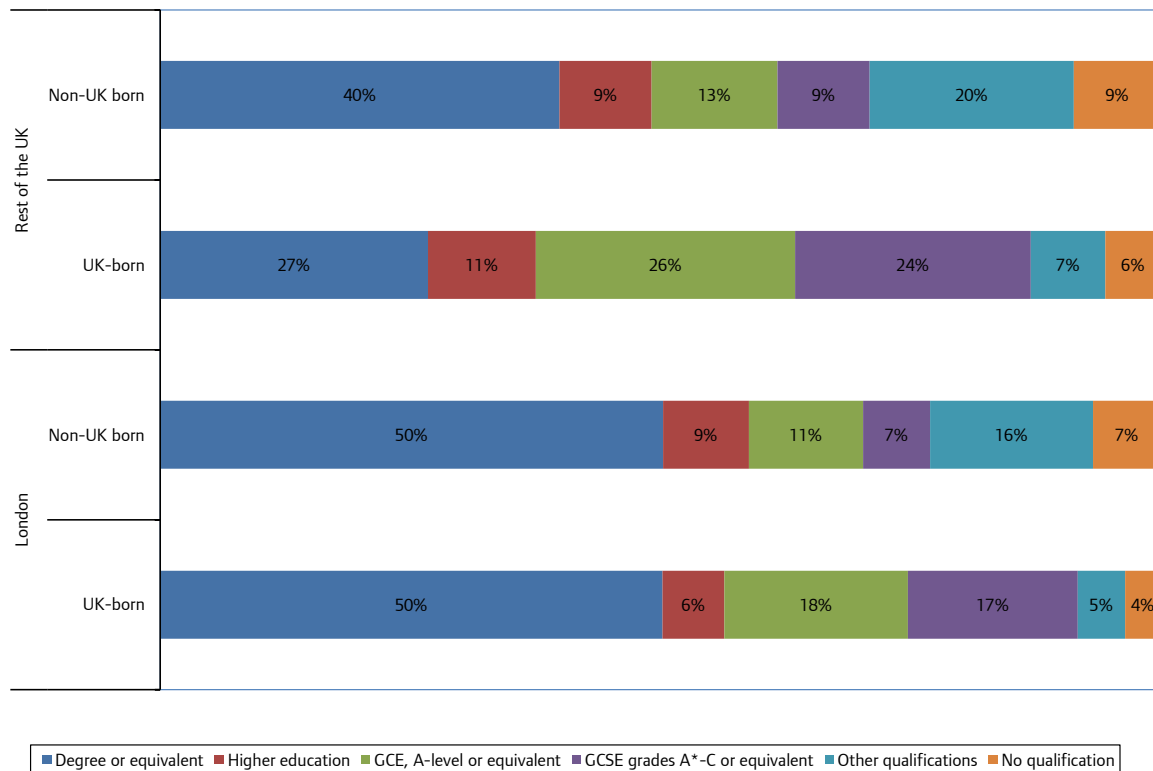
For the purpose of this consultation MAC has defined jobs as low-skilled if they are within occupations that fall under SOC skill level 1 and 2. An alternative approach is to assess the educational attainment of individuals in jobs as a proxy for the skill level of the job.

This section looks at the highest qualifications of employed UK-born and non-UK-born to understand better those working in low-skilled occupations (as per the MAC definition) and to assess whether migrants may be working in occupations below their skill level and training. These results include all individuals aged 16 to 64 and excludes full-time students unless otherwise stated.

Looking at all individuals living in London who are employed (irrespective of their occupation of employment) suggests that employed Londoners tend to have higher educational attainment than employed residents in the rest of UK (Figure 13). Half of both UK-born and non-UK-born employed Londoners have a degree, compared to only 27 per cent of UK-born and 40 per cent of non-UK-born outside the capital.

Non-UK-born are three times as likely to have 'other qualifications' as their highest educational attainment compared to UK-born living both in and outside London (16 per cent and 20 per cent of employed non-UK-born respectively). As a result of this the overall distribution of educational attainment may be distorted, particularly amongst the non-UK-born population. Nonetheless, UK and non-UK-born employed London residents appear to have a similar distribution of qualifications, but amongst the employed residents outside London, the non-UK-born population generally have higher educational attainment compared to the UK-born.

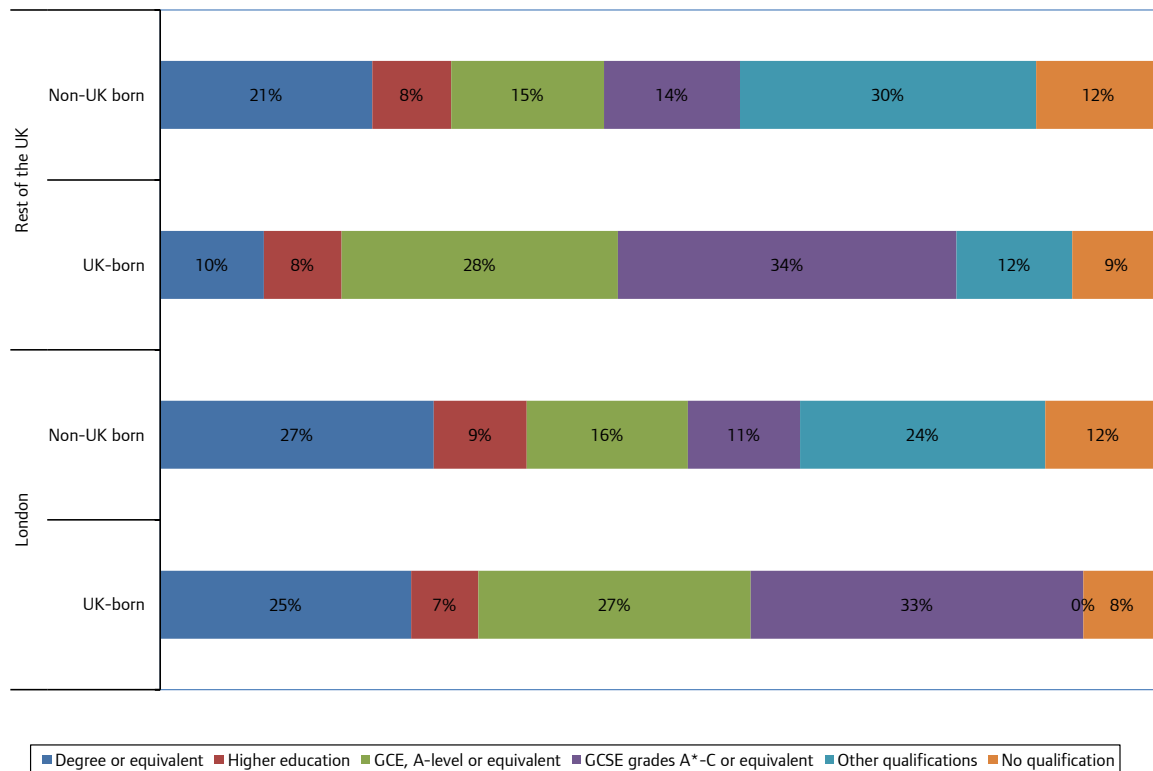
**Figure 13: Educational attainment of all in employment by region of birth**



Source: Annual Population Survey 2012, ONS

Looking at the qualifications of those employed in 'low-skilled' occupations only (as defined in the MAC consultation), there are differences in UK-born and non-UK-born, particularly amongst those outside London (Figure 14). Amongst all Londoners employed in low-skilled occupations, non-UK-born (27 per cent) are somewhat more likely to have a degree than UK-born (25 per cent), although the differences are very small and, given sampling variability, unlikely to be statistically significant (two percentage points). Outside London, non-UK-born individuals employed in low-skilled occupations are twice as likely to have a degree level qualification as UK-born with 21 per cent of non-UK-born having a degree, compared to only 10 per cent of UK-born (Figure 14).

**Figure 14: Educational attainment of low-skilled workers by region of birth**



Source: Annual Population Survey 2012, ONS

Among UK-born, both living in and outside London, employed in low-skilled occupations (Figure 14), GCSE level qualifications are the most common qualification level with around a third reporting these qualifications as their highest educational attainment. Amongst both those living in and outside London, 'other qualifications' are the second most common qualification among employed non-UK-born. Given these findings it is worth noting again that the importance of 'other qualifications' may conceal the relevance of some of the qualification categories and distort the overall distribution of educational attainment. However, as noted in the 'definitions, data sources and limitations' section, it is likely that many of these 'other qualifications' cover education attainment below degree level.

In the context of all individuals with a degree employed in low-skilled occupations (ie, accounting for the relative sizes of the different nationality populations), UK-born individuals make up for almost half of the total (48 per cent) in London but, outside the capital, their share is significantly higher at 78 per cent.

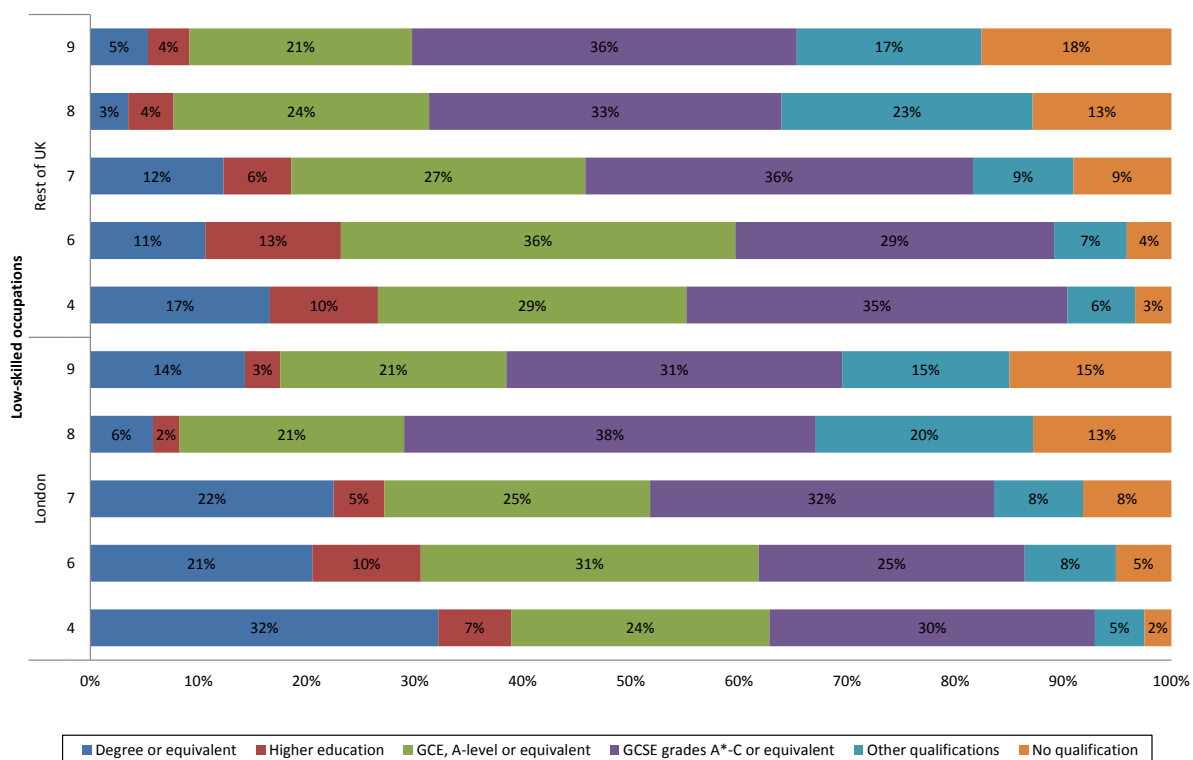
### **Educational attainment among people employed in specific low-skilled occupations**

Having looked at the educational attainment of people employed in all low-skilled occupations combined, this section breaks down the analysis to look at educational attainment within specific low-skilled occupations. Figure 15 shows educational attainment of UK-born residents both in and outside London who are employed within different low-skilled occupations. Across all low-skilled occupations, UK-born Londoners tend to be more qualified than individuals outside London. The largest discrepancy between educational attainment in and outside London is in administrative and secretarial occupations (SOC major group 4). In London, almost a third of UK-born in these occupations have a degree level qualification, whilst in the rest of the UK

only 17 per cent do. The administrative and secretarial occupation is the second most common low-skilled occupation of employment amongst UK-born London residents and second most common amongst UK-born residents in the rest of the UK. Further, amongst both residents in and outside London, this occupation has the highest share of UK-born workers amongst all low-skilled occupations (Figures 9 and 10). It is feasible that administrative and secretarial occupations include positions that require different educational attainment or language skills than some other occupations classified low-skilled by the MAC consultation. For example, given the position that London has as a key business location many multinational corporations are headquartered in the City and it might be argued that the chief executives of these firms may require more highly skilled personal assistants than companies based outside London mainly doing business with other national corporations. Therefore, these differences in educational attainment can be at least partially accounted for by differing occupational specifications.

These differences may be partially explained by the age distribution of the UK-born employed in low-skilled occupations living in London compared to those living outside. Figures AI and AIII in the Appendix indicates that the London population employed in low-skilled occupations tends to be younger than those in the rest of the UK. It seems plausible that younger people have higher educational attainment than their older counterparts as the importance of, and accessibility to, further education has increased over time.

**Figure 15: Educational attainment of UK-born by low-skilled occupations**



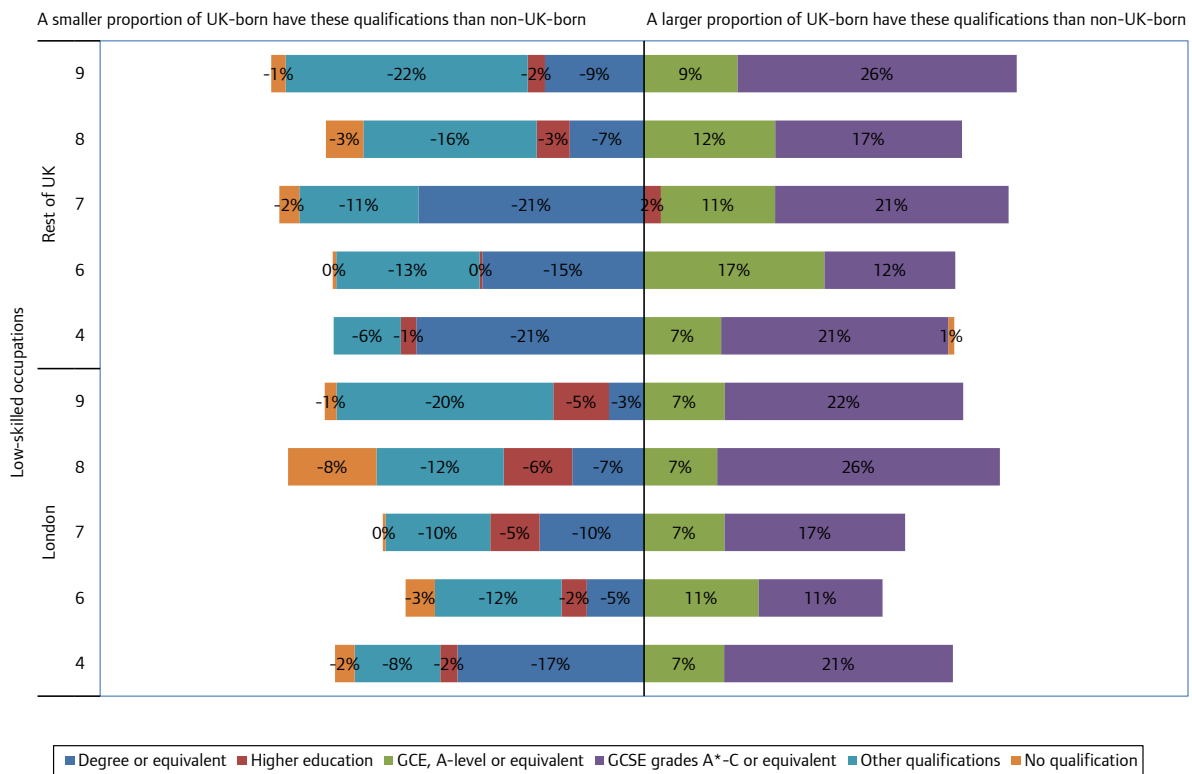
Note: Low-skilled SOC major groups are: 4) administrative and secretarial occupations; 6) caring, leisure and other service occupations; 7) sales and customer service occupations; 8) Process, plant and machine operatives; 9) Elementary occupations.

Source: Annual Population Survey 2012, ONS

Figure 16 outlines how the distribution of qualifications of non-UK-born differs from the attainment of UK-born across different low-skilled occupations. The differences are

demonstrated by percentage points. Negative differences on the left-hand side of the chart indicate that a smaller proportion of UK-born have these qualifications compared to non-UK-born. Similarly, the reverse is true and the right-hand panel of the chart shows that a larger proportion of UK-born have these qualifications than non-UK-born.

**Figure 16: Differences in educational attainment of UK-born and non-UK-born across low-skilled occupations**



Note: Low-skilled SOC major groups are: 4) administrative and secretarial occupations; 6) caring, leisure and other service occupations; 7) sales and customer service occupations; 8) Process, plant and machine operatives; 9) Elementary occupations.

Source: Annual Population Survey 2012, ONS

We will now focus on elementary occupations (SOC major group 9) in which non-UK-born account for the highest share and number of individuals employed both in and outside of London (Figures 9 and 10). Although non-UK-born only somewhat more commonly have degree level qualifications (the discrepancy between non-UK-born with a degree and UK-born in London is only three percentage points, outside London the difference is nine percentage points), there are significant differences in the proportion of individuals with 'other qualifications' or GCSE grades A\*-C or equivalent between UK-born and non-UK-born. The proportion of UK-born with GCSE grades A\*-C or equivalent level of qualifications is greater than non-UK-born (the difference is 22 percentage points in London and 26 percentage points outside the capital). In contrast, non-UK-born more commonly have 'other qualifications' than UK-born and the difference between the two groups is 20 percentage points in London and 22 percentage points in the rest of the UK.

Similar findings emerge amongst UK-born and non-UK-born employed in process, plant and machine operatives occupations (SOC major group 8) that have the second highest share of non-UK-born in and outside of London but also is the second most significant occupation in



absolute numbers outside the capital. The difference between UK-born and non-UK-born with GCSE grades A\* or equivalent level of qualifications is 26 percentage points in London and 17 percentage points in the rest of the UK. 'Other qualifications' are also more common amongst non-UK-born and the discrepancy compared to UK-born is 12 percentage points in London and 16 percentage points outside the capital.

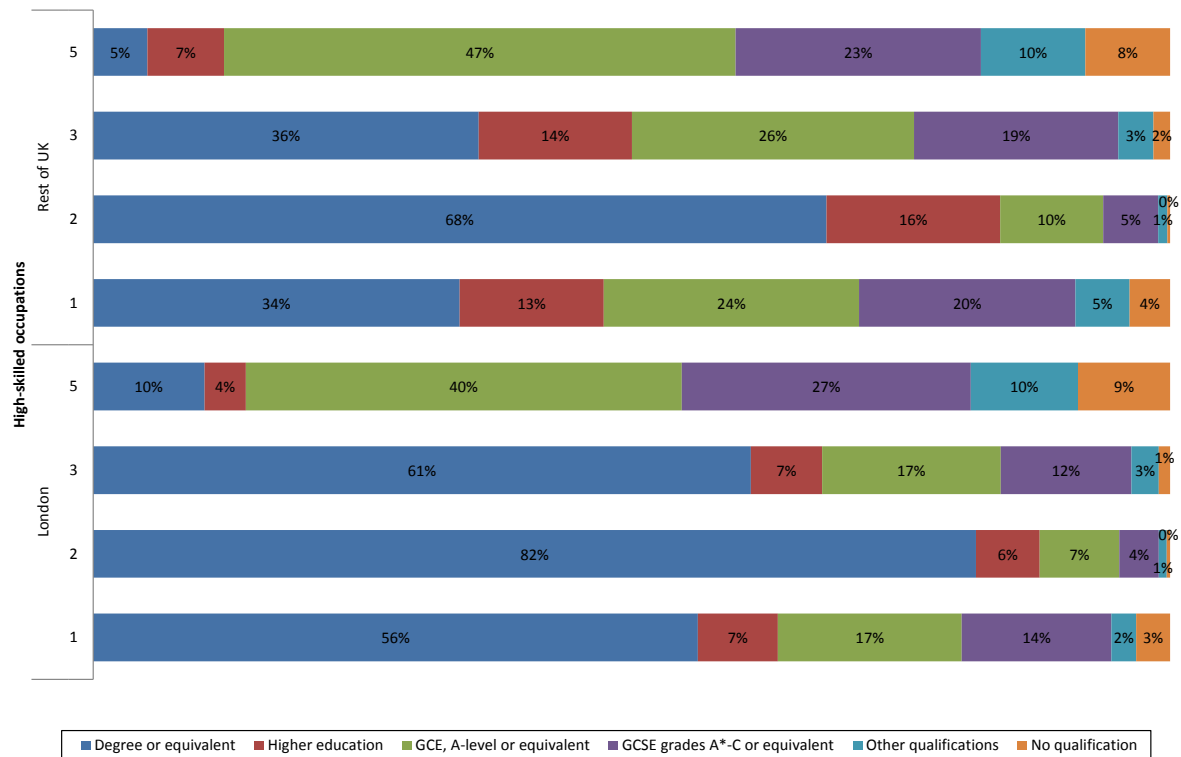
Looking at administrative and secretarial occupations (SOC major group 4) that employ the highest number of non-UK-born in London, non-UK-born tend to be more highly-educated than UK-born. The difference between non-UK-born and UK-born with a degree is 17 percentage points in London, whilst in the rest of the UK it is even greater (21 percentage points). However, some of these differences can potentially be explained by different educational requirements for example.

### **Educational attainment among people employed in high-skilled occupations**

Next the analysis compares the differences in educational attainment by regions of birth across high-skilled occupations to see whether the differences above (amongst workers in low-skilled occupations) also apply to people employed in high-skilled occupations. Figure 17 begins by outlining the educational attainment of UK-born across high-skilled occupations after which Figure 18 demonstrates how educational attainment of UK-born in these occupations compares with non-UK-born.

As with those employed in low-skilled occupations, UK-born Londoners tend to be more highly-educated across all high-skilled occupations than UK-born residing outside the capital. The largest discrepancy in the proportion of people with a degree is in associate professional and technical occupations (SOC major group 3). In London, 61 per cent of individuals employed in these occupations have a degree compared to only 36 per cent in the rest of the UK. Similarly, 56 per cent of UK-born employed as managers, directors or other senior officials (SOC major group 1) in London have a degree compared to 34 per cent outside the capital. The smallest difference between London and the rest of the country is in skilled trades occupations (SOC major group 5) although Londoners employed in these occupations are twice as likely to have a degree - 10 per cent have compared to 5 per cent outside the capital. Again, part of these differences may be explained by the age distribution of the UK-born employed in high-skilled occupations living in London as compared to those living outside. Figures AII and AIV in the Appendix suggests that the London population employed in high-skilled occupations is typically younger than those in the rest of the UK. It seems plausible that younger people are generally more likely to have higher educational attainment than their older counterparts as the importance of, and accessibility to, higher education has increased over time.

**Figure 17: Educational attainment of UK-born workers by high-skilled occupations**

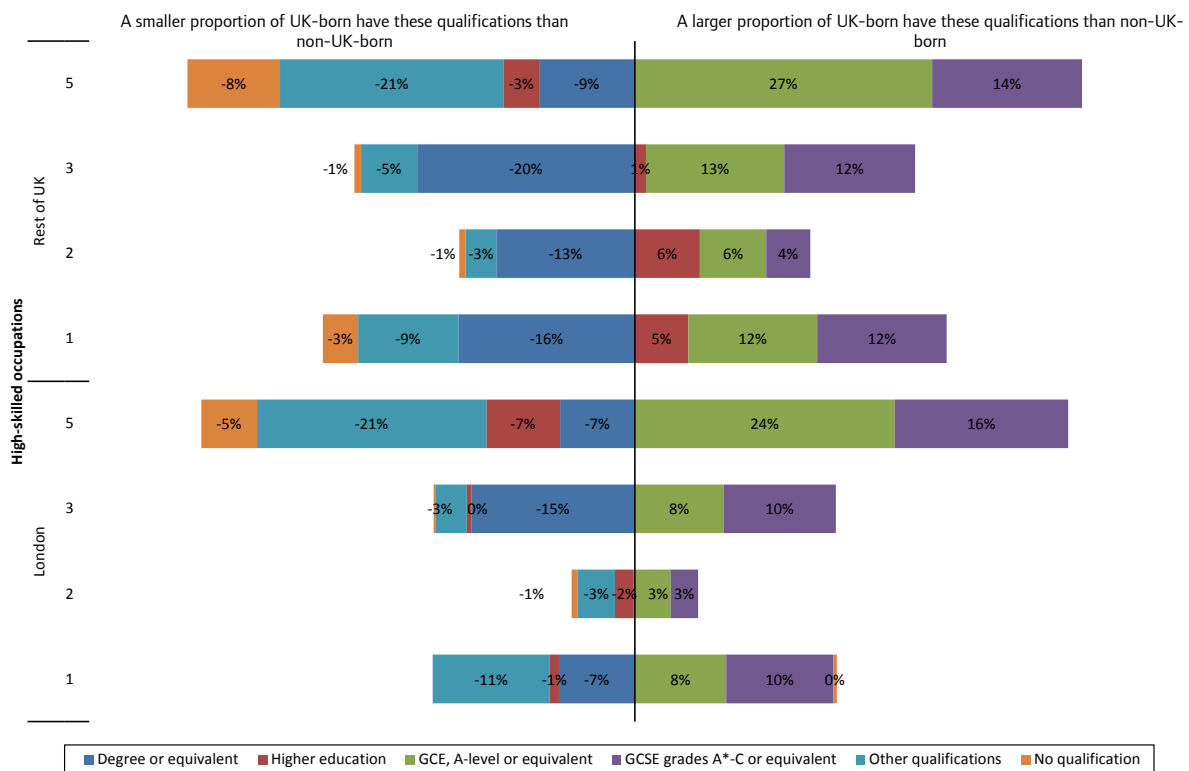


Note: High-skilled SOC major groups are: 1) Managers, directors and senior officials; 2) Professional occupations; 3) Associate professional and technical occupations and 5) Skilled trades occupations.

Source: Annual Population Survey 2012, ONS

Having looked at educational attainment of UK-born across high-skilled occupations, Figure 18 demonstrates that non-UK-born individuals employed in most high-skilled occupations tend to be more qualified than UK-born individuals and more frequently have a degree or equivalent level of qualification, with the exception of professional occupations (SOC major group 2). Amongst Londoners employed in associate professional and technical occupations (SOC major group 3), the difference between UK-born and non-UK-born is 15 percentage points (the largest share and number of foreign-born are employed in finance and investment analysts and advisers occupations, 53 per cent or approximately 28,000). In other high-skilled occupations the discrepancies between UK-born and non-UK-born are smaller. The differences in educational attainment between UK-born and non-UK-born are generally less significant than across low-skilled occupations.

**Figures 18: Differences in educational attainment across high-skilled occupations**



Note: SOC major groups are: 1) Managers, directors and senior officials; 2) Professional occupations; 3) Associate professional and technical occupations and 5) Skilled trades occupations.

Source: Annual Population Survey 2012, ONS

These discrepancies in educational attainment between non-UK-born and UK-born employed in high-skilled occupations persists also outside the capital. In particular, the difference between UK-born and non-UK-born with a degree employed in associate professional and technical occupations is noticeable (SOC major group 3), 20 percentage points. Similarly, a higher proportion of non-UK-born employed as managers, directors and senior officials (SOC major group 1) have a degree than UK-born and the difference with UK-born is 16 percentage points.

Nonetheless, UK-born Londoners still account for 61 per cent of the total stock of workers in high-skilled occupations with a degree, whilst in the rest of the UK their share is significantly higher (86 per cent). Furthermore, people in London with a degree are somewhat more likely to be employed in high-skilled occupations than those outside the capital: 85 per cent of working UK-born Londoners are employed in high-skilled occupations, compared to 82 per cent outside the capital. These are both higher than the comparative proportions for non-UK-born workers: 77 per cent of non-UK-born workers with a degree living in London are employed in high-skilled occupations and 73 per cent for those living in the rest of the UK.

Although non-UK-born employed in low-skilled occupations are more likely to have higher educational attainment than UK-born, the differences are the smallest in the occupation where non-UK-born are most prominent. Moreover, amongst those in London, the difference in educational attainment among individuals employed in low-skilled occupations is only two percentage points (25 per cent of UK-born have a degree, compared to 27 per cent of non-UK-born).

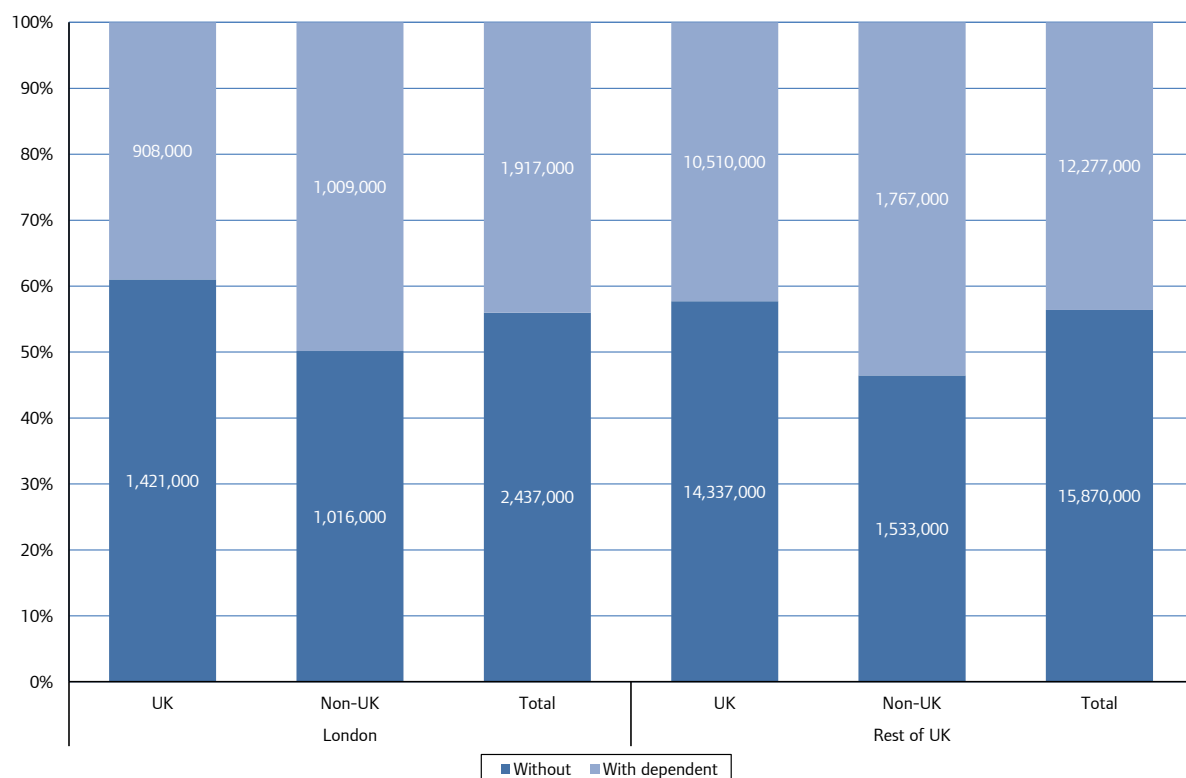
A similar pattern is also present amongst those employed in high-skilled occupations and the discrepancy is most significant in associate professional and technical occupations that include business, finance and other associate professional occupations employing approximately 68,000 non-UK-born individuals living and working in London.

## 6. Labour market status by family 'type'

This section of this paper looks at the labour market status of those with or without dependent children. Dependent children are defined as those individuals aged 0-15 years and those 16-18 years that are in full-time education. The analysis looks at the labour market status of the head of the family or their spouses only and therefore excludes grown up children that are working but living with their parents in order to establish economic activity of parents. These figures also exclude full-time students.

Firstly, Figure 19 establishes whether there are significant differences in household compositions between UK-born and non-UK-born more generally. Out of all Londoners, 56 per cent (2.4 million) of individuals aged 16 to 64 lived in households with no dependent children, in 2012 (Figure 19)<sup>21</sup>. However, comparing UK-born and migrants from abroad suggest that there are differences in the household characteristics between these two groups. UK-born are more likely to live in households without dependent children (61 per cent) irrespective of their labour market status, compared to non-UK-born (50 per cent) in London. Furthermore, out of all UK-born unemployed people living in London, over half (54 per cent or equivalent to 58,000) live in households without any dependent children, whilst childless households are somewhat more common if the head of the family is inactive (61 per cent or 244,000). In contrast, over half (53 per cent) of employed (761,000) non-UK-born and unemployed (69,000) live in households without children, whilst only 41 per cent (185,000) of families with an inactive head do.

**Figure 19: Household compositions by region of birth**



Source: Annual Population Survey 2012, ONS

<sup>21</sup> If full-time students are included 57 per cent (2.6 million) of individuals live in households without dependent children.

If we then look at the labour market participation rates among households with and without dependent children, there are further differences between UK-born and non-UK-born (Tables 3 to 6). In London, the differences between UK-born living in a household with and without dependent children are small (1 percentage point), whilst non-UK-born without children are significantly more likely to be employed than non-UK-born with dependent children in the household (the difference is 8 percentage points). Non-UK-born with dependent children also have higher inactivity rates than non-UK-born without dependent children (the difference is approximately 9 percentage points) and compared to UK-born with dependent children the inactivity rate is higher (the difference between UK-born and non-UK-born is roughly 10 percentage points).

Tables 3 to 4 also demonstrate the association between household composition and occupation data amongst Londoners. UK-born are less likely to be employed in low-skilled occupations than non-UK-born. These data indicate that out of those non-UK-born employed and living in households with dependent children 45 per cent are employed in low-skilled occupations compared to 31 per cent of UK-born in similar circumstances.

**Table 3: Labour market status of UK-born Londoners with and without dependent children by region of birth**

In Employment			Unemployed	Inactive
Without dependent children		79%	4%	17%
of which	Low-skilled	29%		
	High-skilled	71%		
With dependent children		78%	5%	17%
of which	Low-skilled	31%		
	High-skilled	69%		

Source: Annual Population Survey 2012, ONS

**Table 4: Labour market status of non-UK-born Londoners with and without dependent children by region of birth**

In Employment			Unemployed	Inactive
Without dependent children		75%	7%	18%
of which	Low-skilled	38%		
	High-skilled	62%		
With dependent children		67%	6%	27%
of which	Low-skilled	45%		
	High-skilled	55%		

Source: Annual Population Survey 2012, ONS

If we then turn to look at households outside London similar findings emerge. First, UK-born are more likely to live in households without dependent children (58 per cent) than non-UK-born (46 per cent). For all UK-born in the rest of the UK over half of employed (10.4 million) and unemployed (607,000) live in households without dependent children. Similar to London, a

significant majority of inactive UK-born individuals do not have dependent children. This can be partially explained by the age distribution of inactive individuals but cultural differences may also play a role behind these differences<sup>22</sup>. Across all inactive UK-born, 66 per cent (3.3 million) live in households without dependent children. In comparison, childless households are less common where the head of the household is non-UK-born. Under half (48 per cent) of employed (1.1 million) and unemployed (95,000) of non-UK-born do not have dependent children in their household, whilst only 42 per cent (296,000) of households where the head of household is inactive do.

Similarly to London, non-UK-born living in households with dependent children are more likely to be inactive than UK-born and less likely to be employed. Interestingly, UK-born living outside London with dependent children are less likely to be inactive and more likely to be employed than UK-born without dependent children. The difference in inactivity and likelihood of employment between the two groups is 7 percentage points<sup>23</sup>. In contrast, non-UK-born living in households without dependent children are more likely to be in employment (74 per cent) than individuals living with dependent children (60 per cent). The inactivity rate amongst non-UK-born living with dependent children is 32 per cent, whilst 19 per cent of non-UK-born without dependent children are inactive.

Occupational data suggest that of those non-UK-born employed and living without dependent children half are employed in low-skilled occupations, whilst only 38 per cent of non-UK-born with dependent children are. A comparison between non-UK-born living with dependent children in London and in the rest of the UK suggests that individuals based in London are more commonly employed in low-skilled occupations (45 per cent) than non-UK-born living and working outside the capital (38 per cent). Contrasting these findings with UK-born and, in comparison, 44 per cent of employed UK-born living without dependent children outside the capital are employed in low-skilled occupations, whilst in London the corresponding figure is 29 per cent (Tables 3 and 5). The differences between UK-born in low-skilled employment with and without dependent children are small, approximately four percentage points.

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<sup>22</sup> The age distribution of inactive UK-born individuals outside the capital suggests that a large proportion of the inactive population can be accounted for by young people aged 16-24 (29 per cent of the total) and an older age group of individuals aged 55 and over (35 per cent). In comparison, the age distribution among non-UK-born is more skewed towards young people and people aged 16 to 24 accounts for 27 per cent of all non-UK, whilst individuals aged 55 and over make up for 18 per cent of the total.

<sup>23</sup> These results are not significantly affected by including students and the difference between the two groups is 8 percentage points.

**Table 5: Labour market status of UK-born people living outside London with and without dependent children by region of birth**

In Employment		Unemployed	Inactive
Without dependent children		4%	23%
of which	Low-skilled	44%	
	High-skilled	56%	
With dependent children		5%	16%
of which	Low-skilled	41%	
	High-skilled	59%	

Source: Annual Population Survey 2012, ONS

**Table 6: Labour market status of non UK-born people living outside London with and without dependent children by region of birth**

In Employment		Unemployed	Inactive
Without dependent children		6%	19%
of which	Low-skilled	50%	
	High-skilled	50%	
With dependent children		8%	32%
of which	Low-skilled	38%	
	High-skilled	62%	

Source: Annual Population Survey 2012, ONS

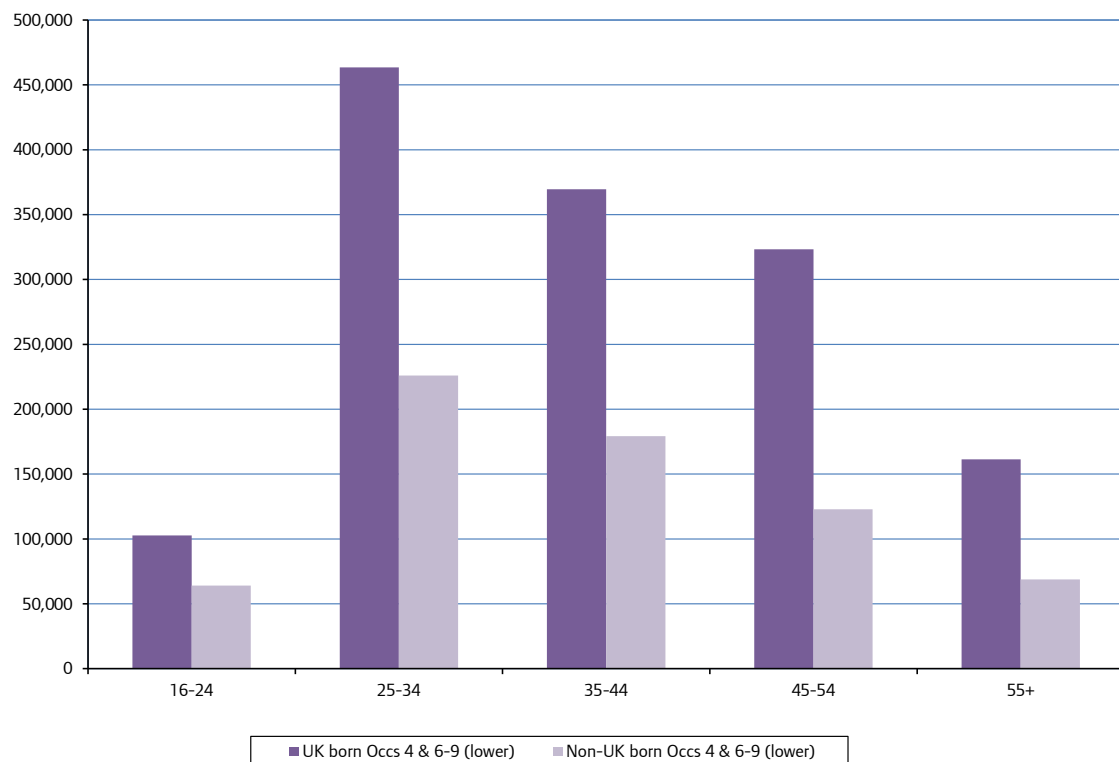
The analysis above illustrates that UK-born are more commonly in employment and have a greater tendency to be employed in high-skilled occupations than non-UK-born irrespective of their household composition. These differences between UK-born and non-UK-born can be partially explained by differences in age distribution but other factors are also likely to influence these findings. Interestingly, UK-born living outside the capital in households with dependent children are less likely to be inactive and more likely to be employed than individuals without dependent children, whilst in London the differences between UK-born living in households with and without dependent children are marginal. There are significant differences between non-UK-born living in households with and without children, however. Generally, non-UK-born with dependent children are less likely to be in employment than either UK-born or non-UK-born without dependent children. In addition, non-UK-born living with dependent children in London are more likely to be employed in low-skilled occupations than outside London



## Appendix

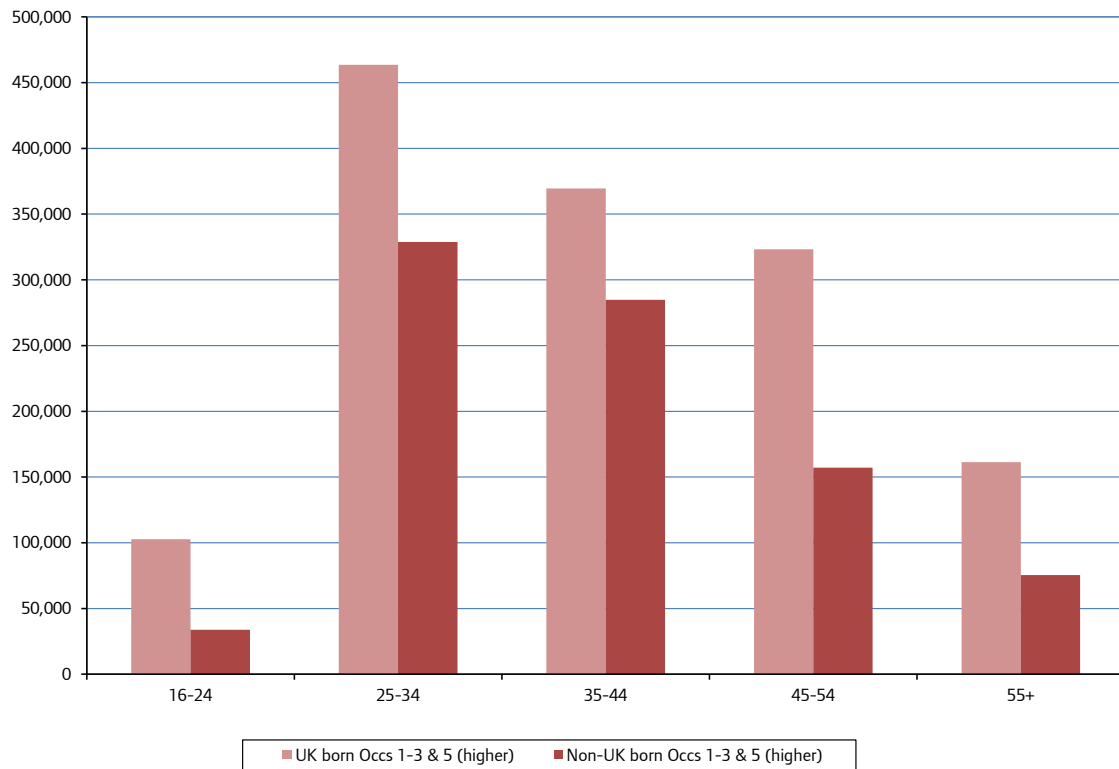
This appendix provides information on the age distributions of individuals employed in low-skilled and high-skilled occupations by region of birth, both in and outside London. The second section of this appendix provides information on the age distributions by labour market activity and the differences between London and the rest of the UK.

**Figure A1: Age profile by low-skilled occupations by region of birth in London**



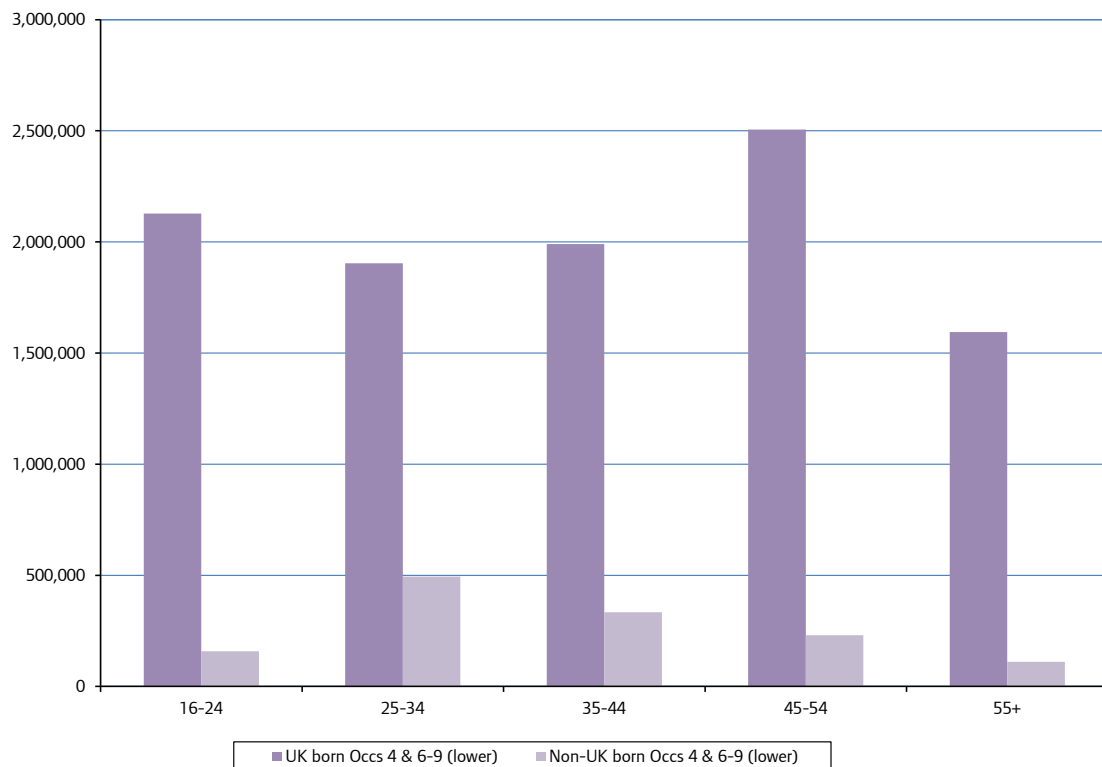
Source: Annual Population Survey 2012, ONS

**Figure All: Age profile by high-skilled occupations by region of birth in London**



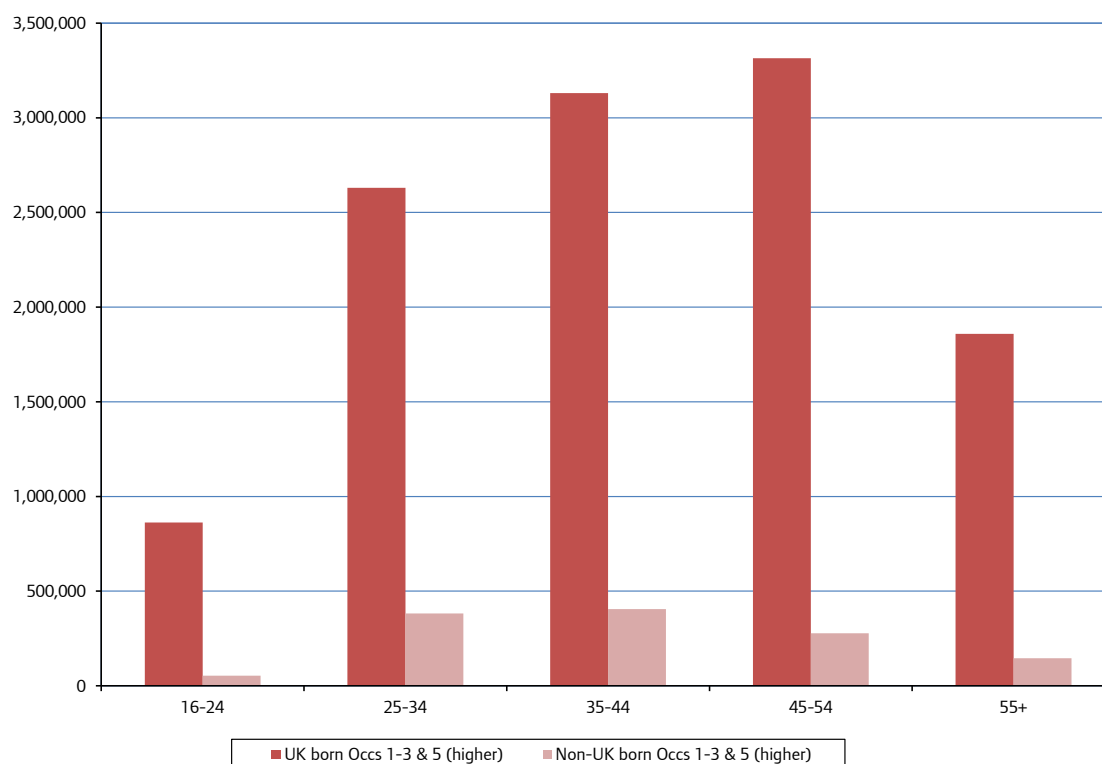
Source: Annual Population Survey 2012, ONS

**Figure AllI: Age profile by low-skilled occupations by region of birth in rest of the UK**



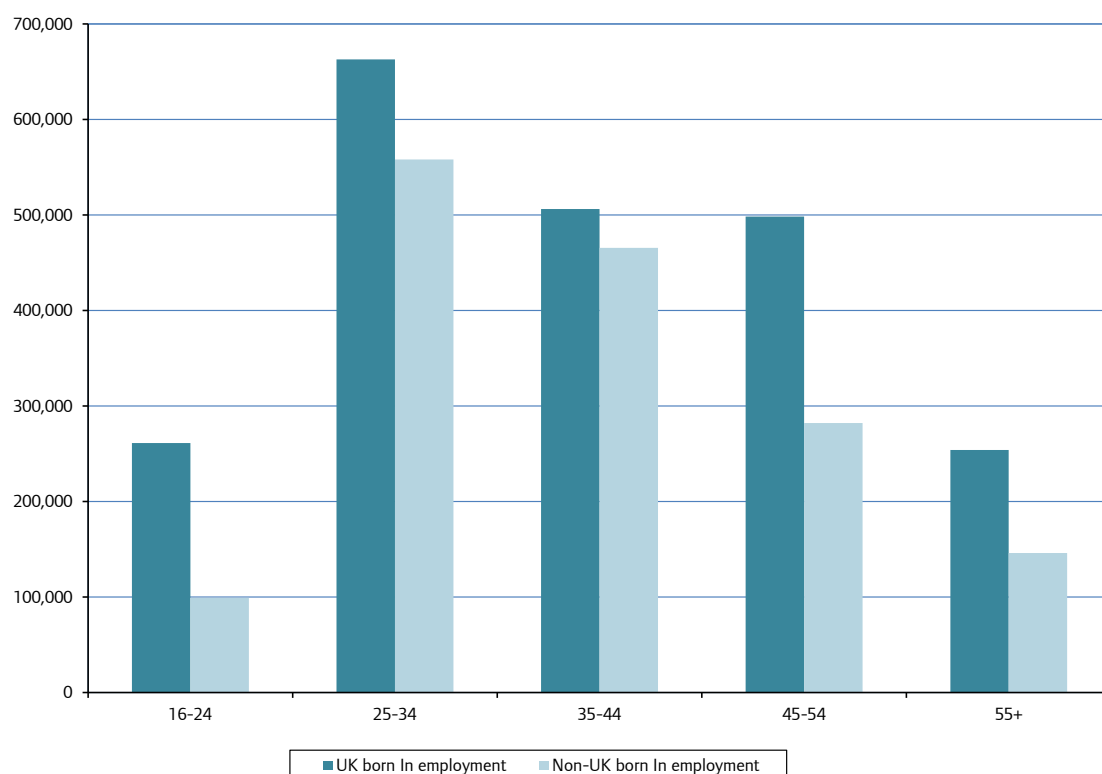
Source: Annual Population Survey 2012, ONS

**Figure AIV: Age profile by high-skilled occupations by region of birth in rest of the UK**



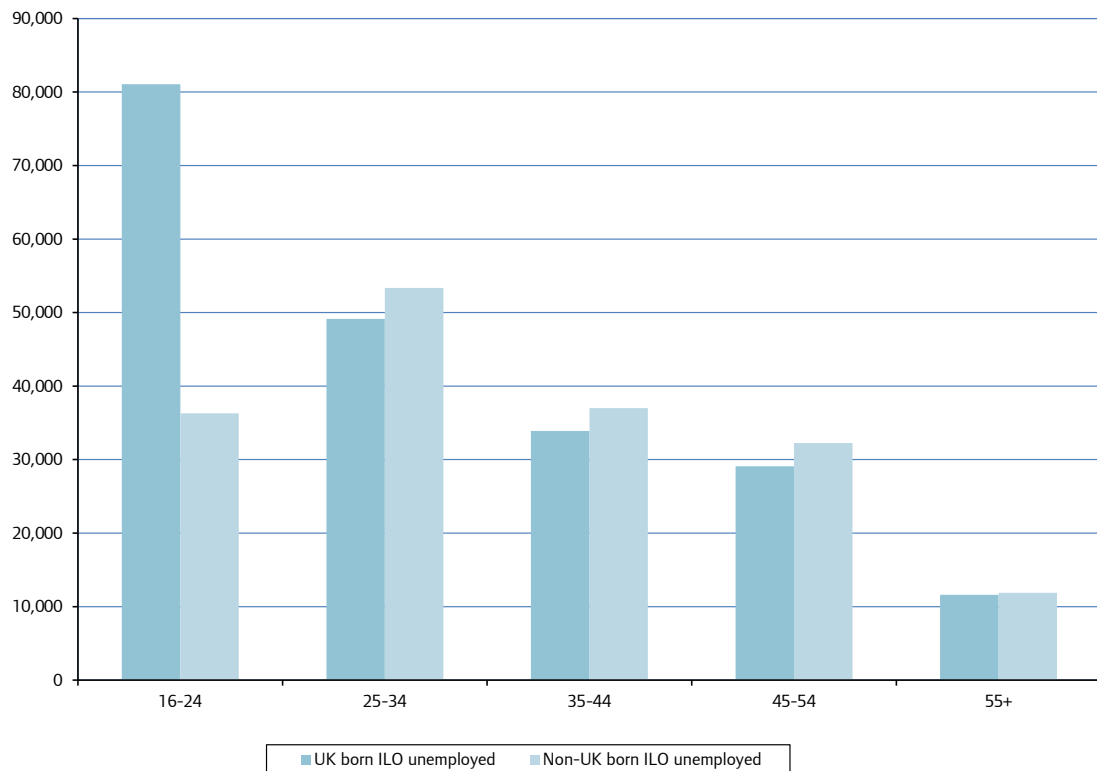
Source: Annual Population Survey 2012, ONS

**Figure AV: Age profile by labour market status by region of birth in London**



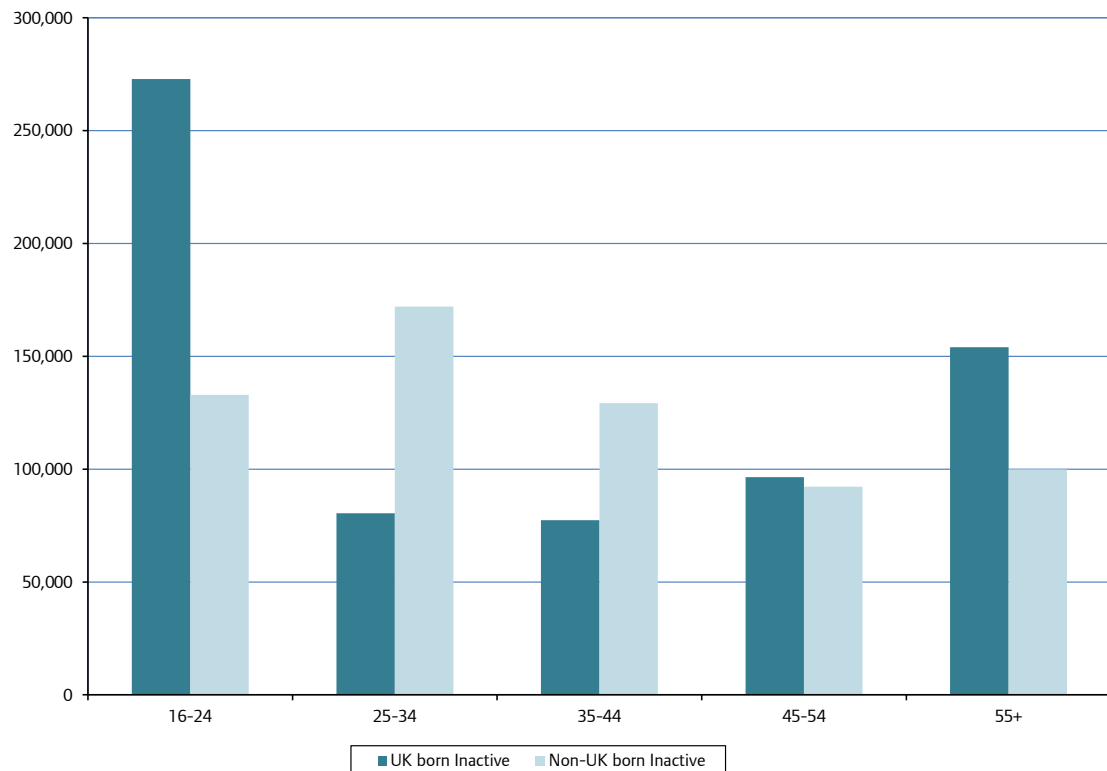
Source: Annual Population Survey 2012, ONS

**Figure AVI: Age profile by labour market status by region of birth in London**



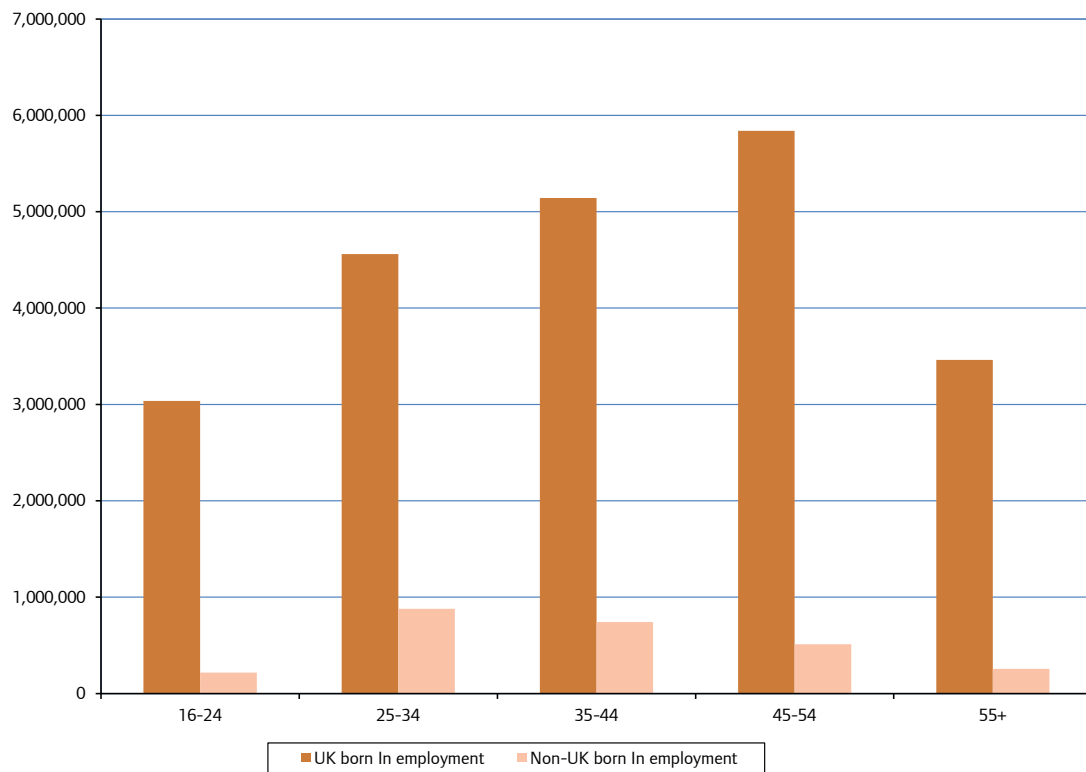
Source: Annual Population Survey 2012, ONS

**Figure AVII: Age profile by labour market status by region of birth in London**



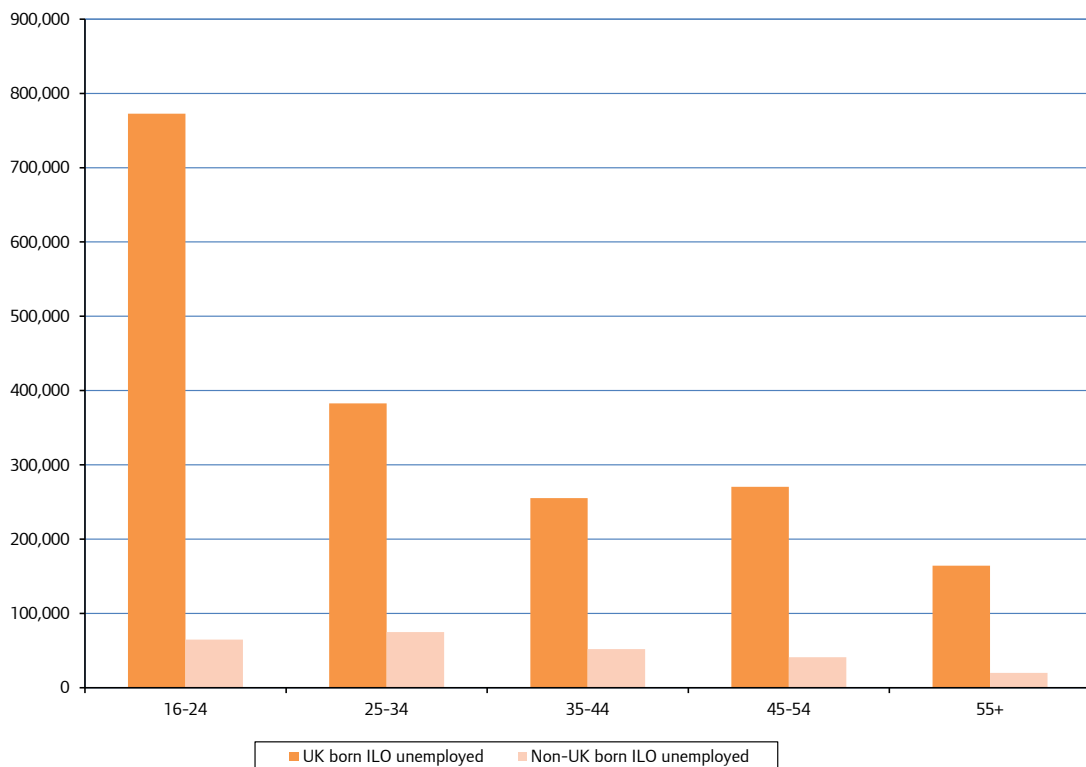
Source: Annual Population Survey 2012, ONS

**Figure AVIII: Age profile by labour market status by region of birth in rest of the UK**



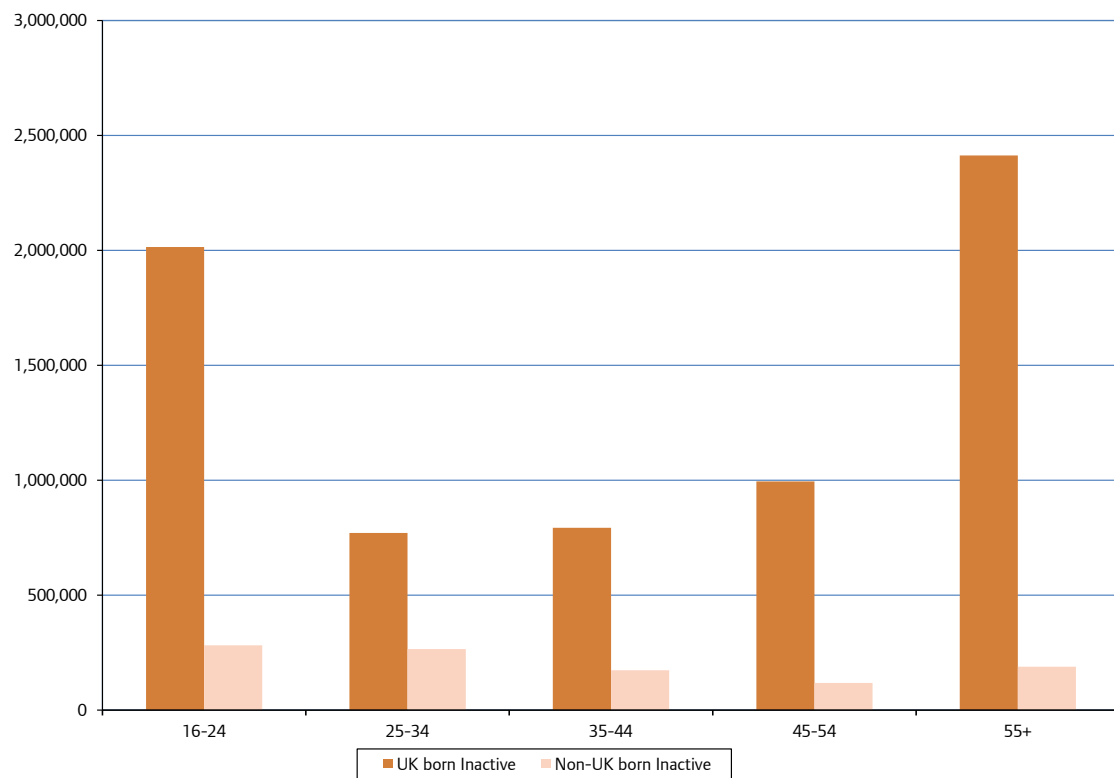
Source: Annual Population Survey 2012, ONS

**Figure AIX: Age profile by labour market status by region of birth in rest of the UK**



Source: Annual Population Survey 2012, ONS

**Figure AX: Age profile by labour market status by region of birth in rest of the UK**



Source: Annual Population Survey 2012, ONS

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