

Response to Migration Advisory Committee Call for Evidence

North East Brexit Group
October 2017

1. Introduction and Summary

North East economic partners are working together to monitor economic evidence and the views, experiences and response of business, education and other organisations in the North East Local Enterprise Partnership area as the UK moves through the Brexit process. In this work our shared aims are to:

- understand potential opportunities and impact areas
- identify and address relevant support needs of businesses and employees, and interventions to support the regional economy
- ensure that national policy reflects an understanding of the economic structure, ambitions and conditions of the North East.

We welcome the opportunity to submit joint comments in response to the Migration Advisory Committee's Call for Evidence. This paper reflects an agreed position from the North East organisations or the North East teams from national bodies¹ and reflects a regional perspective. Individual signatories to this paper may also submit evidence through their own sectoral networks or as membership organisations.

The Migration Advisory Committee has sought responses which address themselves to questions outlined in their briefing document including evidence about:

- Migration Trends to and from EEA members states
- Evidence about recruitment, training and skills practice
- Economic, social and fiscal impacts

This response has been informed by a number of studies, surveys and ongoing discussions with economic partners from across the area. It provides evidence which will inform analysis of the issues highlighted by the EEA.

It also raises other issues of importance to the North East which follow the significant analysis and engagement across the region during 2016 as part of the refresh of the North East Strategic Economic Plan (SEP) and invite the MAC to reflect these issues in its work.

The SEP is the primary economic document for the North East LEP area, prepared by the Local Enterprise Partnership in consultation with partners from all sectors. It draws from a comprehensive evidence base about:

- the industrial strengths and opportunities, innovation and wider business growth opportunities within the region
- infrastructure needs and priorities
- the position with reference to human capital, in particular the size, scope and trends within our population and labour force and the current and future skills position required to fulfil our economic aims.

This process of refreshing the SEP highlighted the condition of the labour market as a key area for policy focus and intervention to support the economic ambitions of the region to improve the number and quality of the economic opportunities for local people and businesses. In particular it highlighted the importance of a positive response to the changing demography of the region and the need to address imbalances in the supply and demand for skills in the labour market as one of the over-riding issues of concern going forward. The comments below should be placed within this context.

¹ The Brexit Group is an informal group including participants from the following: CBI North East, North East Chamber of Commerce, North East Federation of Small Businesses, Entrepreneurs Forum, North East EEF, Northern TUC, North East Local Enterprise Partnership, North East Combined Authority. At the time of preparing this submission, other organisations are in the process of nominating participants.

Summary of key messages

Economic performance

- The North East Economy has been growing at a stable rate since the 2008 recession. There has been business growth in key sectors and employment has been growing and has been at record levels over the last two years, although with some slow down in the last two quarters. From a labour market perspective, the North East has been closing the gap with national averages in terms of both the employment rate and economic activity rate, offering new and better job opportunities for local people. These are key performance indicators for the SEP.

Demographics

- Over recent decades the North East has experienced periods of population decline, and has only recently returned to population growth, whilst at the same time seeing significant population ageing. Labour market growth, age balance and vibrancy in the labour force has been supported both by migration and higher birth rates amongst migrant populations are likely to be important in maintaining this position.
- Given the age structure of the population forward projections anticipate that to deliver on our economic plan and to ensure the continuing viability of public services we will need to plan for both growth in the labour force, and address very significant replacement demand as older cohorts leave the labour force. This will require a combination of approaches including continuing labour market mobilisation, skills retention and positive flows of migration. This applies at all levels of the labour force and this was a prominent issue in the engagement around the SEP.

Migrant profile and role in the population

- Whilst the absolute numbers of migrants in the population are relatively small compared with other regions of the UK, there are some key and distinctive features including:
 - A high number of students enrolled in our 4 Universities and concentrated in our key urban centres with much lower concentrations in other parts of the region
 - A relatively highly skilled profile in the employed migrant labour force with evidence suggesting that there are concentrations of migrant workers in our higher value industrial and smart specialisation sectors in professional, managerial and technical roles and in key public sector occupations including our Universities and Health care organisations. Case studies from engineering, digital and shared services sectors show the importance of these workers to key sectors.
- At the same time, the North East exhibits above national average skills shortages for managers, professionals, skilled trade occupations and machine operatives. Migrant labour has played a key role in filling such vacancies.
- Looking at migration flows directly from the EEA into the North East, data about the most recent location of incoming migrants, evidence suggests that once students are extracted, the next highest cohorts of recent incomers are likely to be UK citizens returning from Southern Europe in older age and forces personnel returning from postings in Germany. This does not cover flows into the North East from migrant labour which originally located into other parts of the UK and then relocated
- The North East has to work hard to retain higher level skills and high employment scenarios at national levels can lead to an outflow of labour to other parts of the economy. A key part of our economic strategy is to support the lengthening of careers escalators in a group of key parts of our economy to provide a more attractive offer to both existing residents and incomers. Whilst there is no quantitative data available showing patterns of movement of EEA nationals into the North East from other parts of the UK, evidence from a number of our leading companies suggests that this is important. There are therefore concerns that any future system which makes it hard for migrants to move out of the capital and south east into roles in the region, or limits overall labour force movement, will have the net effect of drawing

labour from the regions to 'thicker' jobs markets with more extended careers escalators and challenging our ability to build and maintain our labour force

Internationalisation of businesses

- Both the North East economy and many individual businesses have an international focus and operating model. Foreign direct investment has played a significant and disproportionate role in the North East's recent economic transition. Companies in a number of key sectors such as Nissan, Proctor and Gamble, Ubisoft, MSD, Komatsu and Hitachi have brought significant investment to the North East with the net result that parts of the region have a significantly higher proportion of employment in foreign owned businesses compared with other parts of the UK.
- Many of these investors regard our region as an important platform for accessing European markets and our flows of trade reflect strongly integrated supply chains.
- Whilst the overall stock of businesses hosting high numbers of international workers is small, those who do find them very valuable and freedom to recruit into employment and on to training schemes across Europe within a common framework of regulation and employment policy has been an important factor in decision making.
- We are concerned that both the current tone of the discussion on migration and emerging proposals will have an impact upon these existing investments and future opportunities. Complicated migration controls, uncertainties faced by current employees and increased costs may well in time disincentive investment and lead to relocation of key businesses to inside the European market. The impacts on the wider supply chain would also be substantial.
- The NE has a smaller business base compared to other areas, so any weakening of this base or reduction in the competitiveness of businesses (due to labour force restrictions) will result in proportionally greater impacts on our economy than would occur in other areas.

Implications and recommendations

In its work it is important, therefore, that the Migration Advisory Committee consider:

The distinctive demographic characteristics of the North East including:

- both the relatively small size of the current stock of migrants in the labour force, but also the longer term demographic trends and the flows and trends as a result of internal and external migration
- the relative concentration of migrants in higher value roles in key growth sectors including manufacturing, life sciences, digital and tech services and education and their importance to the regions key businesses
- that in considering numerical data about migration in the North East the presence of students and returning UK citizens in the data needs to be understood

Labour market modelling should take into account the dynamic effect of an overall reduction in migration on labour markets in the UK regions. If there is a significant reduction of migration from the EEA, or indeed elsewhere, into London, it should identify the extent to which this will pull migrants and other workers into the capital and the South East. Past experience and trends would suggest that, unless managed carefully, an overall reduction of migration into the UK would have a proportionately much greater impact on the regions and would have a damaging effect on those specialisations where capital or labour is particularly mobile such as in the digital and tech sector.

The economic priorities set out by business and political leaders in the region articulated in the North East Strategic Economic Plan to maintain growth in the quantity and quality of employment and to improve the regions employment and inclusion rates. The tone of the discussion on migration and the proposals which emerge should not deter investment by damaging confidence that labour will be available or unwelcome, and existing EEA workers should be assured about their future and guaranteed the right to remain.

In the context of any future schemes, businesses in the region are concerned that:

- schemes which set down requirements for an earnings level for migrants must take into account the fact that wages in general are lower in the NE and there needs to be a

mechanism for ensuring that any new requirements do not disadvantage regions outside of London for example by ensuring that wage levels are set relative to levels prevailing in local labour markets.

- schemes which seek to put a ceiling on the number of migrants entering the country should not do so in such a way which disadvantages the North East's need to build its working population to both grow employment and meet replacement demand
- schemes which seek to direct migrant labour to specific parts of the country must not create friction for those internationalised businesses whose workers move in and out of the UK, or who need to move around the UK to and from the North East
- sectoral classifications need to be considered carefully in the design of any sectoral allocations given the way that sectors are developing. In the North East context for example, recruitment in key manufacturing sectors increasingly relies on digital skills to support high value manufacturing processes. Many North East shared services centres (often mistakenly described as call centres) deliver high level support in both the public sector and private sectors in organisations such as PWC Legal services, HMRC and DWP IT services.

Given the importance of the Universities to the North East, schemes should not prevent the recruitment of EEA staff and students, and should enable higher skill students to join work related training schemes and remain to fill skills shortages in key North East businesses.

North East Brexit Group: Current participants

CBI North East:	Sarah Glendinning (Regional Director)
Entrepreneurs Forum:	Gillian Marshall (Chief Executive)
North East Chamber of Commerce:	Jonathan Walker (Head of Policy and Campaigns)
North East EEF:	Scott Duncan (Membership & External Affairs Manager)
North East FSB:	Simon Hanson (North East Development Manager)
Northern TUC:	Beth Farhat (Regional Secretary)
North East LEP:	Helen Golightly (Executive Director)
	Richard Baker (Head of Strategy and Policy)
North East Combined Authority:	Rob Hamilton (Head of Economic Policy, Newcastle Council)
	Sarah McMillan (Corporate Lead, Strategy, South Tyneside)
	Vince Taylor (Head of Strategy Sunderland Council)

For more information contact: Richard Baker, North East Local Enterprise Partnership on richard.baker@nelep.co.uk

North East economic and employment context

The North East is a fast growing economy offering a diverse and flexible location for business and an attractive place to live and learn. It is home to almost two million people² and its economy generates over £37 billion each year, contributing 2.6% of national output³.

GVA per head in the North East LEP area is relatively low, £18,925 in 2015 (5th lowest out of 38 LEPs) but improving. GVA per head grew by 15.3% between 2010 and 2015. This was the 11th highest rate of growth (out of 38 LEPs) over this period⁴.

Service sectors account for 75% of North East LEP area's GVA⁵ and 83% of North East LEP area's employment⁶ and there were £3.5 billion of service exports from North East (region) in 2015⁷.

Notwithstanding this, manufacturing remains critically important to North East economy and accounts for 14% of North East LEP area's GVA⁸ and 11% of North East LEP area's employment⁹. Just under 4,200 companies exported £12 billion of goods in 2016¹⁰ from the North East region and there is a focus on advanced manufacturing – in automotive sectors, pharmaceuticals manufacturing, subsea and offshore technologies working in particular into energy sectors.

Employment reached record levels in 2016 with 904,000 North East residents in employment¹¹. The North East Strategic Economic Plan (SEP)¹² has established a target to increase the number of jobs by 100,000 between 2014 and 2024. In the year to June 2017, there were 859,200 jobs in the North East LEP area, an increase of 47,600 from the SEP launch (year to March 2014)¹³. 76% of the additional jobs are 'better jobs' defined as managers, directors and senior officials, professional occupations; and associate professional and technical occupations.

The North East SEP is the primary economic document for the North East LEP area, prepared by the Local Enterprise Partnership in consultation with partners from all sectors. Refreshed in 2016, and launched in March 2017, the SEP draws from a comprehensive evidence base about:

- the industrial strengths and opportunities, innovation and wider business growth opportunities within the region
- infrastructure needs and priorities
- the position with reference to human capital, in particular the size, scope and trends within our population and labour force and the current and future skills position required to fulfil our economic aims.

The SEP sets out a medium term plan to drive 6 key performance indicators for the North East economy. Two absolute targets include an uplift of 100,000 jobs in the regional economy in the period 2014-2024, of which 70% should be in 'better' jobs. Four relative targets aim to close performance gaps with national averages on the employment rate, private sector employment density, productivity and economic inclusion. Good progress has been made on 4 out of the 6 of these since the original plan was agreed (see figure 1 below).

The priority agreed during the refresh process was to drive, in particular, the focus on productivity and higher quality employment.

This process of refreshing the SEP highlighted the condition of the labour market as a key area for policy focus to support the economic ambitions of the region. In particular it highlighted the importance of a positive response to the changing demography of the region and the need to address

² Population estimates (ONS/Nomis)

³ GVA for LEPs (ONS)

⁴ GVA for LEPs (ONS)

⁵ GVA for LEPs (ONS)

⁶ Business Register and Employment Survey (ONS/Nomis)

⁷ Regionalised estimates of UK service exports (ONS)

⁸ GVA for LEPs (ONS)

⁹ Business Register and Employment Survey (ONS/Nomis)

¹⁰ Regional Trade Statistics (HMRC)

¹¹ Annual Population Survey (ONS/Nomis)

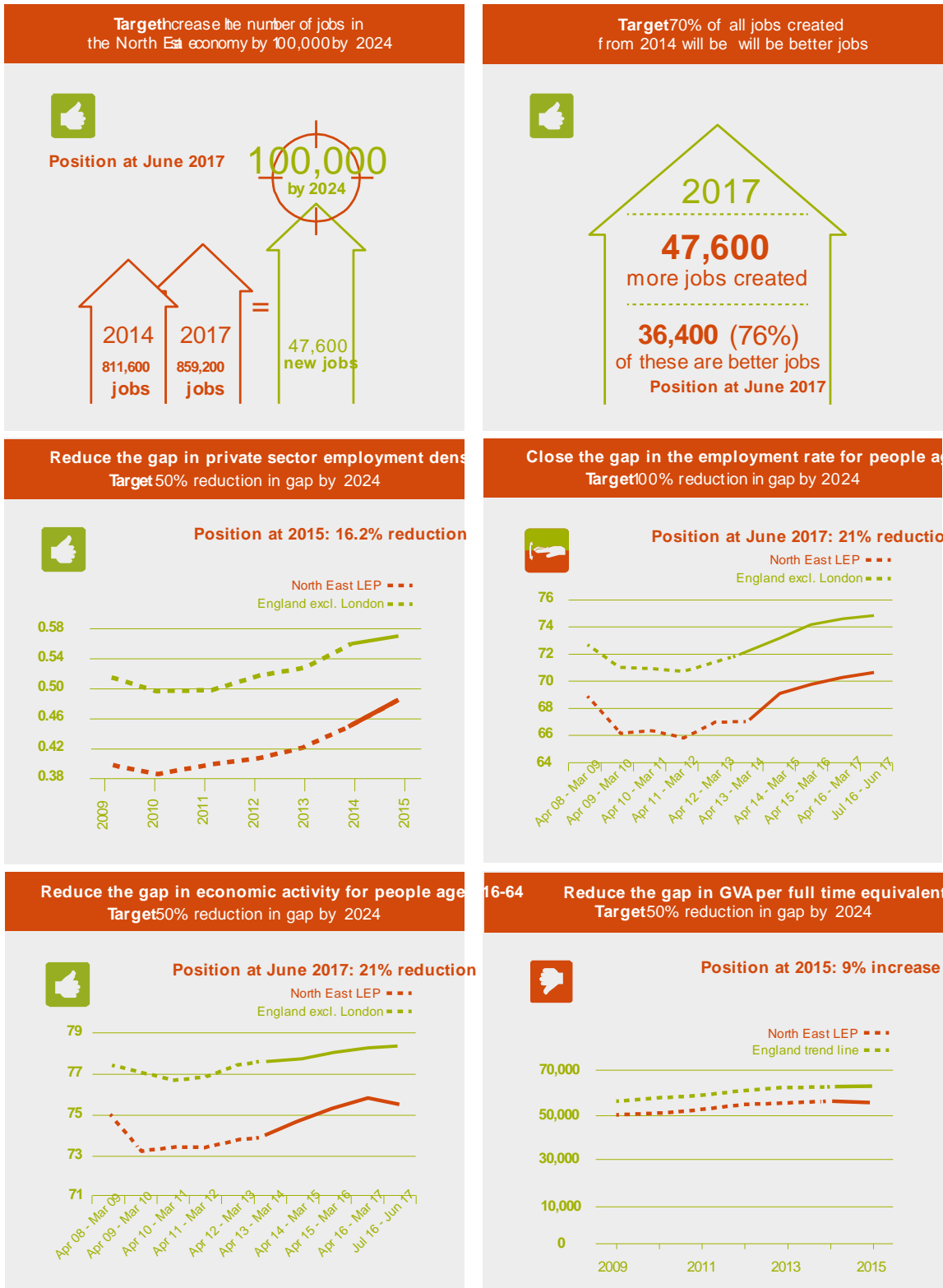
¹² Available at <https://www.nelep.co.uk/the-plan/>

¹³ Annual Population Survey – Workplace Analysis (ONS/Nomis)

imbalances in the supply and demand for skills in the labour market as one of the over-riding issues of concern going forward.

Figure 1:

Performance against Strategic Economic Plan targets since 2014 (Last updated October 20



2. North East demographics

Looking forward, demographic data suggests a genuine risk from a population ‘crunch’, with a combination of population growth levels and ageing meaning that the labour force will be inadequate to respond to growing demand for labour if current patterns continue.

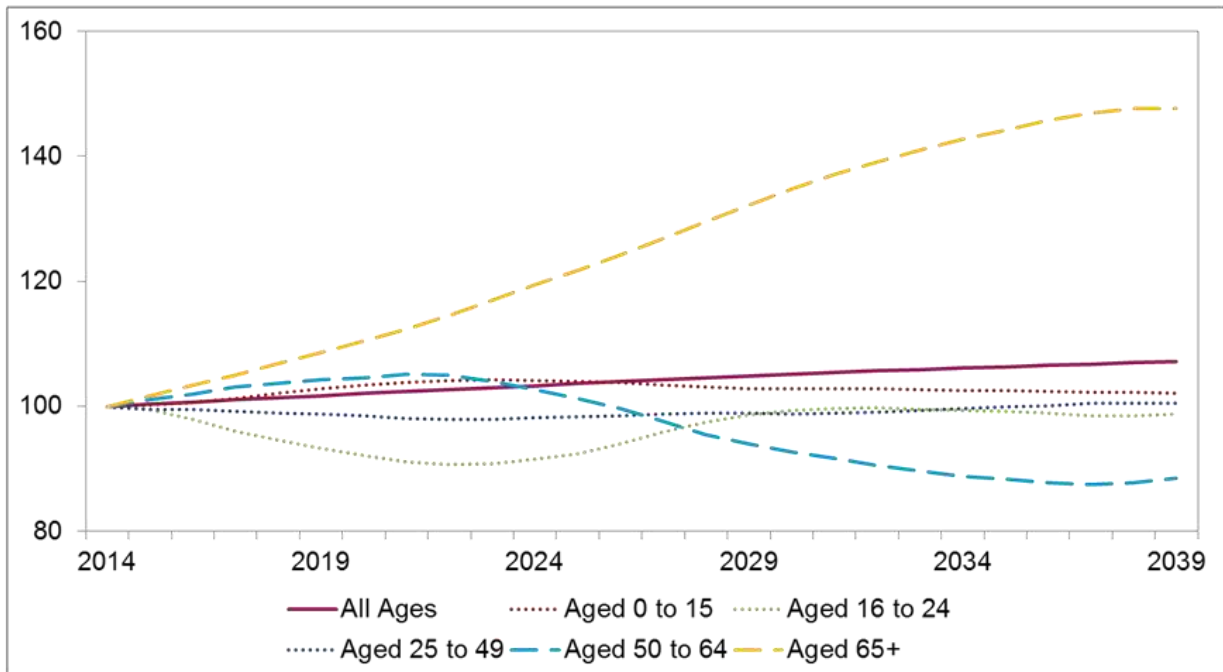
Compared to England as a whole the North East LEP has older age structure. 20.1% of the NELEP population is aged 50 to 64 compared to 18.2% in England and 19.2% of the population is aged 65 and over compared to 17.7% nationally¹⁴.

Population has grown by 64,000 over last 10 years (2005 to 2015), with an increase in older population (50-64 and 65+) and declines in the number of young people (0-15) and 25-49 population. Growth in working age population (16-65) over the last 10 years has been modest (1.5%) with the population and working age population growing at slower rate than England as a whole¹⁵.

The population of the North East LEP area is expected to remain relatively stable over the next 25 years, with only a 7.2% increase projected between 2014 and 2039, compared to 16.5% across England as a whole¹⁶.

However, there will be considerable change within the structure of the population. It is projected that there will be a distinct ageing of the population over the period, with the number of people aged 16-64 expected to fall by 44,000 (a decline of 3.5%, compared to a 6.6% increase across England), whilst the number aged 65+ will increase by 177,000 (an increase of 47.7%). The number of children (aged 0-15) will remain relatively steady (with growth of just 2.2%, compared to 10.2% across England)¹⁷. This is a key challenge for the North East LEP area.

Figure 2: Index of change in population by age band (2014 = 100), North East LEP area, 2014 to 2039



¹⁴ Population estimates (ONS/Nomis)

¹⁵ Population estimates (ONS/Nomis)

¹⁶ Population projections (ONS/Nomis)

¹⁷ Population projections (ONS/Nomis)

Demographic impact on the labour force

Maintaining its employment base while the working age population is falling suggests the need for a comprehensive strategy to encourage higher rates of economic activity and employment and the attracting of skilled labour to the region. The North East Strategic Economic Plan sets out a plan to deliver all of the following:

- To mobilise the older workforce through ongoing skills and return to work activity
- To train and retain younger workers including those that study here
- To attract and retain new sources of labour from UK and overseas

The North East has previously experienced periods of population decline and recent population growth, and in indeed labour market age balance and vibrancy has been so far strongly supported by migration

Given the age structure of the population and future employment projections, without policy intervention, it is expected that significant labour market replacement demand for workers may well not be met unless there is a significant level of migration of working age population. This is a particularly prominent issue for the North East's economy. Achieving levels of employment growth anticipated in the SEP are projected to add a further 60 000 jobs to the economy over and above natural growth.

4. Migration in the North East

A initial look at migration data may imply that the North East may not face some of the big immediate workforce risks of other areas, but in the context of the demographic trends described in section 3, the combination of labour market demand, the need for in-migration to support our economic ambitions and the potential knock-on impacts from elsewhere in the country give cause for concern if an inappropriate menu of proposals are brought forward.

A full analysis of migration data is included in annex 1 to this report. The main points emerging from analysis of this date includes

- The North East has lower proportion of non-UK born and non-British population than UK average¹⁸.
- Proportions vary across the region, with Newcastle having similar rates to UK as a whole¹⁹.
- The non-UK born population has grown at a faster rate than the UK average over the last 5 and 10 years²⁰.
- Immigration into the North East (as a percentage of population) is also lower in the North East than the UK as a whole²¹.
- Student migration is particularly important for the North East – and underpins the lower employment rate for migrants in the North East than the national average in the 2011 Census²².
- Migrants to the North East are much more likely to have high skill levels than UK average.
- Net international migration has been an important part of the overall population growth in the region – helping keep population growth positive²³.
- The 2011 Census provides some insights into where recent migrants (moved in 12 months prior to the Census) lived in prior to moving to the UK. The most common locations was China (accounting for 12.9% of those who moved from outside the UK into the North East LEP area). This is likely to reflect the large migrant student population in the North East. The next most common locations were in order the Middle East, India, USA, Spain, Germany and

¹⁸ Local Area Migration Statistics (ONS)

¹⁹ Local Area Migration Statistics (ONS)

²⁰ Local Area Migration Statistics (ONS)

²¹ Local Area Migration Statistics (ONS)

²² Census 2011 (ONS/Nomis)

²³ Local Area Migration Statistics (ONS)

Australia. Migration from the EU A8 countries was less common than across England and the UK as a whole.

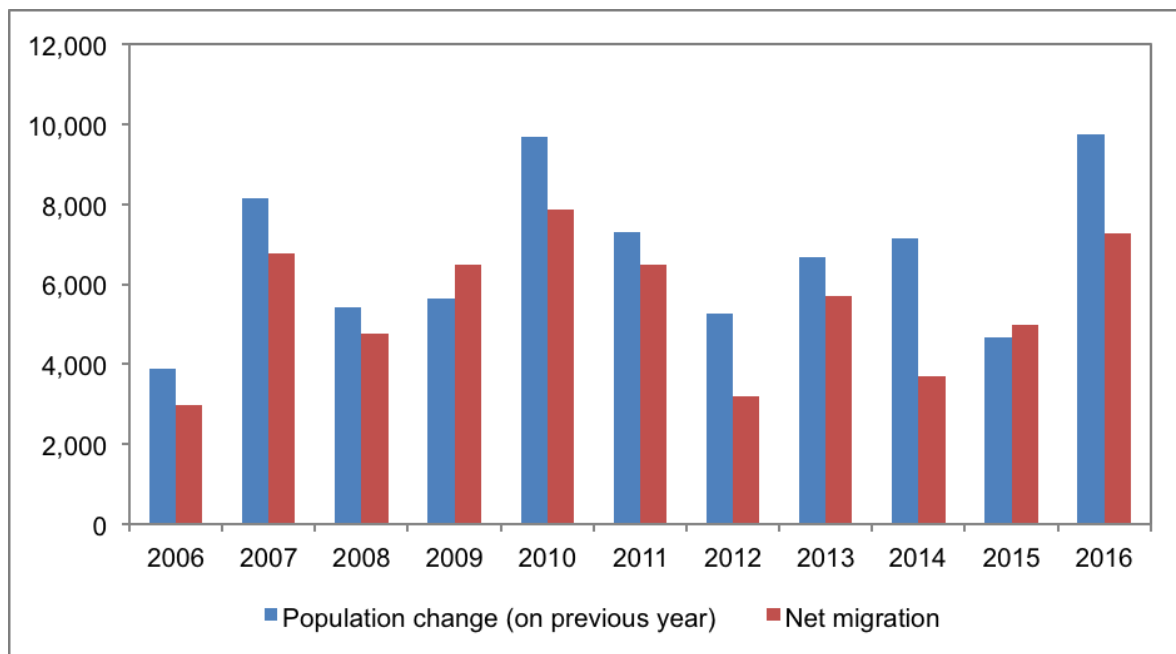
- Looking at other data about those in-migrants from the first two EEA countries suggests that the bulk of the population from Spain are likely to be older UK ex pats returning to the UK and the group from Germany will include UK forces personnel.

The non-UK born population of the North East LEP area was 109,000 in 2016 (5.6% of the population) and the non-British population was 70,000 in 2016 (3.6% of the population). These are considerably lower proportions than England and the UK but there have been considerable increases over the last 5 and 10 years, albeit from a lower base. It is also important to consider the future population growth, with over 2,300 births to non-UK born mothers in the North East LEP area in 2016. This represents 11.1% of all births and suggests higher fertility rates in migrant communities²⁴.

Net migration into the North East LEP area was equivalent to between 0.2% and 0.4% of the population each year between 2005/06 and 2015/16. Over the last 10 years, net migration has generally accounted for the majority of population change in the North East LEP. On two occasions (2008/09 and 2014/15), net migration was higher than population change, meaning the North East LEP population would have decreased had it not been for migration²⁵.

In each of the last 10 years, the North East population has increased by less than 10,000 and in most cases, the increase has been less than 8,000. Given that in-migration has been between 10,000 and 14,200 in each of these years, even a small decline in in-migration will lead to lower population growth in the North East (and will also have significant impacts on the population structure). A large decline in in-migration is likely to result in the North East population declining. Similarly, an increase in out-migration (for example, as a result of non-UK EU citizens leaving the UK) is likely to have a significant and detrimental effect on population growth in the North East.

Figure 3: Population change and net migration, North East LEP, 2006 to 2016



The distribution of migrants within the NE is not evenly spread. For example, the four universities in the NELEP area attract international staff and students into Newcastle, Gateshead, Durham City and Sunderland. In addition parts of the NELEP area with high concentration of knowledge economy

²⁴ Local Area Migration Statistics (ONS)

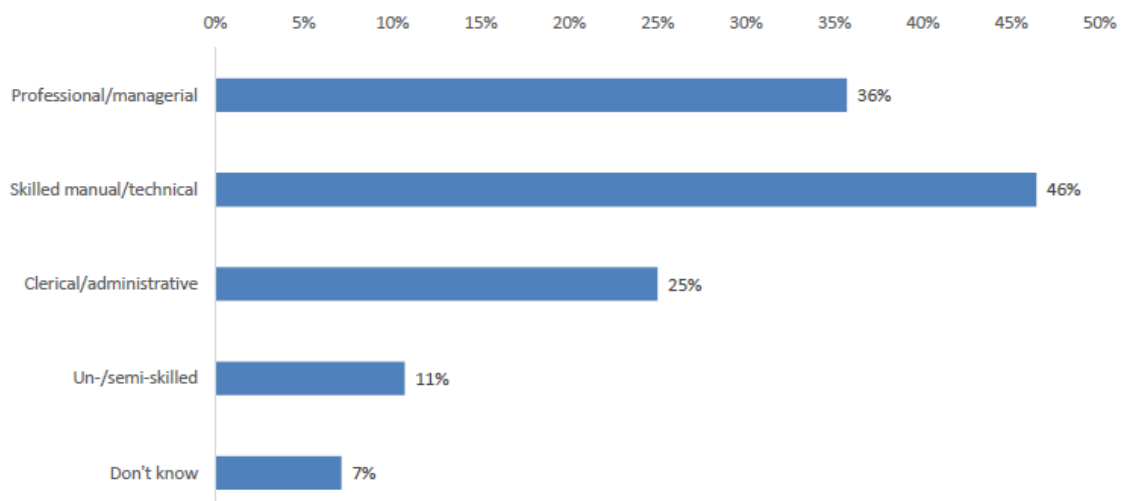
²⁵ Local Area Migration Statistics (ONS)

businesses attract a relatively higher proportion of skilled migrants whereas other parts of the NELEP area face different population and skills challenges.

The 2011 Census shows that majority of migrants into the North East LEP area came from elsewhere in the UK. This will include both UK and non-UK citizens. 45% of those who moved from outside the UK into the North East LEP area in the 12 months prior to the Census were economically active (33% in employment and 11% unemployed) whilst 55% were economically inactive. A lower proportion were economically active than across England (61%) and UK (60%). Whilst this could be interpreted as a negative finding, it reflects the much higher proportion of migrants that were students (43% compared to 24% and 25% respectively)²⁶.

In terms of the skills levels of migrants, the Chamber of Commerce Workforce survey²⁷ of members shows that 41% nationally and 30% of businesses in the North East employ staff from EU countries and 24% nationally and 25% in the North East employed staff from non EU countries. Whilst a snapshot from a relatively small sample of about 100 companies, this survey suggested that the skills levels of non UK employees in the North East are mainly in the professional/managerial (36%) and skilled manual/technical (46%) categories with a smaller that the national average proportion (11%) classed as un/semi-skilled

Figure 4: Skills levels of non-UK employees in North East companies



This snapshot is supported by analysis by the What Works Foundation²⁸ which also illustrates that the North East hosts comparatively fewer migrants than other areas, but that the EEA and other foreign workers are more likely to have degree level qualifications and above compared to UK nationals in the North East, but not compared to EEA nationals in the UK as a whole. Other foreign nationals are more likely to have degree-level qualifications compared to other parts of the country. A reduction in the flow of migrants may compound skills shortages for certain professional and technical occupations central to the delivery of the strategic economic plan.

Whilst the North East does have relatively low levels of migrants the analysis from Centre for Cities and the survey by the Chamber of Commerce suggests they tend to be more highly skilled. There is therefore a potential impact on our higher value sectors if migration controls have a negative impact on the flow of labour into professional and technical occupations. In a number of the sectors which have higher levels of migrants such as automotive, collective agreements between employers and trade unions ensure good employment conditions and pay for migrants and local workers alike, and have increased the productivity and value of the businesses.

²⁶ Census 2011 (ONS/Nomis)

²⁷ British Chamber of Commerce (2017), Workforce Survey 2017

²⁸ What Works Foundation (2017), Impact of Brexit on Local Economic Growth, North East CA

5. Recruitment Practices, Training and Skills

The North East faces challenges in the immediate term responding to skills gaps and mismatches and in the longer term demographic changes described in section 2.

Working Futures 2014-2024²⁹ highlights major changes in occupational demand in the labour force. Key highlights include:

- Employment projections by sector
 - Decrease in manufacturing employment
 - Increase in services employment
- Employment projections by occupation
 - Declines in operative, administrative and secretarial and skilled trades
 - Largest increases in managers, professionals and associate professional and technical
- Most job openings will relate to replacement demand

Total replacement demand for the North East region is forecast to be 455,000 between 2014 and 2024. In addition, the total number of jobs in the North East region is expected to grow by 57,000 over this period before the additional impact of the SEP is taken into account, so there will be a total of 512,000 job openings (policy off) over the 10 year period. The greatest demand will be for those with QCF level 4- 6 qualification and (212,000 job openings) and QCF level 3 (119,000 job openings). However, demand for QCF level 7-8 qualifications will grow most (with the share of jobs requiring these skills increasing from 6.9% to 10.1% between 2014 and 2024)³⁰.

In terms of the change in employment, higher skilled occupations dominate - professional, managers, associate professionals and technical, with substantial additional numbers in care and leisure. There will however be a reduction in the middle of the occupational range, with fewer skilled trades and process/operators and administrative jobs. Notwithstanding the impact of intervention, the main source of employment opportunities will continue to be replacement demand. This will generate demand across the occupational spectrum, including for skilled trades and administrative jobs³¹.

The What Works Foundation analysis³² illustrates skills shortage vacancies by occupation and shows that the North East is showing above national average skills shortages for managers, professionals, skilled trades occupations and machine operatives. This was based on a 2015 BIS Employers Skills Survey by BIS. As illustrated by case studies in this report and the programmes set out in the Strategic Economic Plan key employers and development agencies invest, and are continuing to increase involvement in skills development for local workers. However, given the data set out in this report there is concern that these skills shortages are likely to increase if a restrictive migration system for EEA nationals is introduced.

²⁹ Working Futures 2014-2024 (UK Commission for Employment and Skills)

³⁰ Working Futures 2014-2024 (UK Commission for Employment and Skills)

³¹ Working Futures 2014-2024 (UK Commission for Employment and Skills)

³² What Works Foundation (2017), Impact of Brexit on Local Economic Growth, North East CA

Figure 5: Skills shortage vacancies by occupation

	Managers	Professionals	Associate professionals	Administrative/clerical staff	Skilled trades occupations	Caring, leisure and other services staff	Sales and customer services staff	Machine operatives	Elementary staff	Unclassified staff
West of England LEP	1	15	11	4	24	21	6	8	10	0
Greater Cambridge (Cams)	4	21	11	3	25	14	7	3	11	0
Enterprise M3	4	19	16	6	21	15	9	3	7	0
Hull	15	9	3	10	24	17	5	12	5	0
Leeds	2	16	32	11	17	8	1	2	10	0
North East LEP	6	18	11	8	23	9	4	11	10	2
Birmingham	1	23	19	1	25	8	6	10	6	2
Preston (Lancashire)	1	11	9	11	24	11	14	14	5	0
Sheffield City Region CA	2	20	12	8	20	6	4	12	17	0
Peterborough (GCGP exc Cams)	4	10	9	2	40	9	8	8	10	0
National average	3	15	16	6	23	12	8	7	9	0

Business representative organisations have continued to highlight their member's concerns regarding skilled labour. For example data from the CBI/Pertemps Employment Trends Survey 2016³³ indicates nearly a third of firms (31%) are concerned about current access to highly skilled migrants. Firms anticipate access to skills and people will be a bigger threat over the next five years following the UK's exit from the EU. Nearly six in ten (58%) expect leaving the European Union will have a negative impact on their ability to access highly skilled migrants, while half of firms (50%) anticipate access to labour supply will be a top threat to competitiveness in the future.

In 2016 the CBI surveyed its members³⁴ on their high-level priorities for the new migration system. CBI's members in the North East top priority was 'A system that is responsive to economic need' with 57% citing this as important. It is also worth noting that access to labour (48%) was a higher priority than access to skills.

Advanced engineering, the tech sector, education, health innovation and other parts of the knowledge economy, where access to global talent is essential to remain competitive, are growing particularly rapidly in parts of the North East. Migration policy needs to be dynamic and to accommodate and stimulate economic growth, which will in turn help to tackle regional inequalities by contributing to the generation of the new jobs envisaged in the strategic economic plan.

³³ CBI (2016), CBI Pertemps Employment Trends Survey

³⁴ CBI (2016), Business priorities for a new migration system

Case study:

Sevcon, A BorgWarner company, Research & Development centre historically based in Gateshead

Sevcon is a designer and manufacturer of traction systems for Hybrid and Pure Electric vehicles. The company has been doing so for over 60 years. Recently it was acquired by BorgWarner (BW) for \$200M.

The R&D centre was the main attraction for BW as it contained world class engineering teams which had proven their ability to deliver on substantial projects for world renowned automotive customers. Those teams have been built by the business over nearly a decade. The skill sets involved are scarce globally. The UK based resources do not exist. So as a necessity our search has always been a global one. Up until now, we have had little trouble bringing these individuals to the country.

Engineers capable of joining the Sevcon R&D team are quite scarce. We have, for example, engineers from all over Europe including Hungary, Poland, the Ukraine as well as from the Indian subcontinent, Asia and China. This is primarily because we, as a nation, have not produced either the quality or quantity of Electrical and Electronic engineers capable of joining the teams.

Sevcon itself has taken several actions to address this problem over the last 10 years. We started a sponsorship program at Newcastle University to attract, educate and retain local talent. This proved successful and was rolled out to each of Durham, Sunderland and Northumbria Universities over the course of the next 8 years. Today the program is full.

However, the country of origin of the students, in geographic terms, is heavily non-UK educated. This is primarily because of the lack of school leavers in the UK going into Engineering. To help alleviate this for the future we have engaged with several programs in primary education to support engineering as a career.

In addition to all of this work Sevcon has a number of apprentices. We try to keep the ratio of apprentices at 10% of skilled engineers. This has become impossible to maintain due again to the lack of school leavers looking at engineering as a career. We hear that it is "too hard" all too often.

In addition, we have subsidiaries in Europe and from time to time we supplement labour here by internal transfers from Europe, mainly Italy.

SEVCON will continue to work to develop local labour but our long term needs require us to attract, hire and relocate skilled engineers to the UK from abroad. The requirement exists despite our best efforts to train from within the UK.

Matt Boyle, MD Sevcon Limited

Case study:

Skills and immigration policy requirements for the Video Games sector

Video games are a growing part of the UK's creative industries sector and one of the six economic sectors noted by the Government to be of particular strategic importance in the negotiations as we leave the EU and in the post-Brexit environment.

The North East has a concentration of leading games companies including both locally growth businesses and inward investments from both Europe and North America within its wider, rapidly growing tech economy. As an example, one international games company with a North East base has provided details of its current employment base, with approximately 70% of the workforce from the UK, 25% from Europe and 5% Rest of World.

Departure from the EU implies the need to build agility into be built into a new system to recognise the evolutionary nature of technology and the skills associated with it.

Current labour market circumstances

There is currently a skills shortage in the video game sector and businesses are adopting a number of responses including training, internal promotion and development and bringing expertise from another part of global organisations into our UK company. The latter is both a response to skills needs and can have a wider economic benefit enabling a new specialism being created in the UK, leading to either upskilling current employees or by recruiting additional employees and enabling UK competitiveness both in international markets and for follow through investment from international companies.

Recruitment practices employed in the sector

Competition is fierce for specialist and newly emerging skills and for people who have worked on successful titles. When looking for candidates that have a proven track record of success, there is often only a small number of people globally with the experience required. In order to attract them, swift and smooth process keeps them engaged.

As an example, the company mentioned above carries a 5% vacancy level at any one time due to the lack of adequately qualified and experienced people available in the UK. It is creative in attracting people but often reaches critical points where the only possibility to fill key roles is to transfer into the UK individuals employed elsewhere within the global organisation who have specific knowledge sets to keep projects on target and viable. Restrictions in access to EEA workers would bring an unacceptable level of risk in planning for project allocation. The companies development facilities tend to employ high-skilled workers, predominantly but not exclusively, trained to degree level and above. As an inherently global industry, recruitment practices in this sector do not differ for EEA, UK and non-EEA workers. Roles are principally advertised by default to a global audience online and offered to the best applicant. 2

The initiatives undertaken by the sector to help train and grow local talent.

The video games sector is pro-active in engaging with education and academia to ensure UK students and young people have a wealth of relevant courses available. However, there is tremendous growth in the tech sector meaning the demand for qualified people is high.

Tech is rapidly evolving at the same time so there is a demand to keep courses relevant. The games degrees themselves are considered to be hugely variable in quality and there is often a gap between what is industry-relevant and what is taught. In some cases, degrees or similar qualifications are not yet developed.

Key businesses engage in a number of activities with education and academic institutions influence these qualifications and to stimulate interest via career insights and provide pathways to the sector, as well as supporting relevant teaching at regional and national levels. In particular at a national level, the sector is involved with a number of leading initiatives:

- *Next Gen Skills Academy - responsible for identifying gaps in qualifications and developing industry-led programmes to fill those gaps. The award-winning 'Aspiring Women Leaders' programme was set up with sector guidance.*
- *Rolling out Level 3 qualifications and leading on apprenticeship development is a core goal for the next few years.*
- *TIGA Accreditation – setting up this accreditation programme of industry-standard degree (and other) programmes signposting students, parents, educators and companies.*
- *Creative Skillset Accreditation – delivery of this programme of industry-standard degree programmes, signposting students, parents, educators and companies for 3 years.*

Whilst these initiatives will help equip UK nationals for future jobs in the industry, there nevertheless remain immediate skills shortages in vital roles and a need for a diverse global workforce in order to compete globally. It is therefore crucial for businesses to continue to have access to the European and international talent they need to operate and grow.

It is important that Migration Advisory Committee modelling takes into account the dynamic effect of an over-all reduction in migration on labour markets in the UK regions. If there is a significant reduction of migration from the EEA and other countries into London and the South East, there needs to be consideration of whether, and the extent that this will pull migrants and other workers into the capital with its stronger labour market demand. If there is an overall reduction of migration to the UK, will this result in proportionately much greater impact on the regions?

Businesses in the North East have continuously raised the impact on recruitment as a result of spousal career or personal position – the issue of spousal employment in higher levels of the labour market was raised by Universities and the NHS, both of which reported the need to support the families of high level workers to come to the region as a key enabler to addressing skills gaps, during the SEP refresh process, and is an action area for the skills programme. There will be concern if the outcome of the current consultation establishes a further barrier.

The information above sets out the skills and labour market challenges for the North East LEP area and illustrates the ongoing and potential future role of migrant labour in supporting economic growth in areas such as the North East.

A great deal of work, including national demonstrator projects on careers advice and guidance in schools³⁵, and strong performance on apprenticeships is ongoing in the region with business and education providers to ensure that UK residents entering the future workforce of the North East have the right skills to support the economy. The SEP includes a programme to ensure that older workers are retained and retrained.

However these changes will take time to work through the economy and given the improving employment rate and the regions demographics this work is regarded as additional and complementary rather than a displacement for migration. Evidence from businesses and other employers suggests that both will be required to support the growth of the economy and the delivery of public services.

³⁵ See <https://www.nelep.co.uk/skills/>

6. Economic, social and fiscal impacts of migration in the North East

This paper has highlighted the potential of the North East LEP's economy to grow and the role of migration in supporting current and future growth. There are a number of distinctive economic and fiscal issues which need to be taken into account in terms of the regions long term economic prospects.

Internationalisation of North East business and employment

The North East is highly integrated into the global economy in terms of its business base and employment. It is home to many foreign owned firms and has links to global supply chains. 3,680 non-financial businesses in the North East (region) are foreign owned, equivalent to 5.1% of all non-financial businesses and a higher proportion than England (3.9%), UK (3.9%) or any other region³⁶.

Foreign owned businesses in the North East account for a slightly higher proportion of turnover and GVA than in England and UK as a whole. EU 28-owned businesses account for 42.5% of the North East's foreign owned businesses which is above national proportions and 4th out of the 9 English regions. 7.1% of North East foreign owned businesses are Asian owned – the third highest proportion (after London and South East). However, these companies make a disproportionate contribution to turnover – accounting for 29.4% of turnover and 18.3% of GVA by foreign owned businesses in the North East³⁷.

The North East has also been successful over recent decades in attracting major overseas investors to the region, with examples including Nissan and Hitachi. Foreign Direct Investment (FDI) can create significant numbers of high value and high skilled jobs in the economy. In 2016/17, the North East LEP area secured 56 FDI projects, helping create over 3,900 new jobs³⁸. This is equivalent to 3,160 jobs from foreign direct investment or reinvestment for every one million working age residents. The UK average was 1,600 jobs. The North East is therefore second only to London per capita for investment performance. The long term result of these trends is that locations in the North East have a high proportion of their employment in foreign owned firms. For example, in Newcastle 19.7% of employment is in foreign-owned firms, close to the national average and in Sunderland, this figure is 31.4%, well above the national average.

In addition, the North East has strong trade links, exporting £12 billion in goods in 2016 and importing £12.4 billion in goods³⁹. Firms in the North East are more likely to be exporting to the EU than other English regions, with 61% of goods exports by value going to the EU (compared to 49% of English and 49% of UK goods exports). The ONS has recently started publishing regionalised estimates of value of services exports. They estimate that in 2015, the value of service exports from the North East of England was £3.5 billion⁴⁰.

In this context, businesses in the region have raised a number of issues about potential restrictions of movement between EEA states and the UK in particular of higher value personnel, which need to be taken into account with particular potential impact on the region:

- Transfers of key staff within firms may be harder if migration controls are put in place. Businesses have highlighted the need for flexibility to move employees around Europe and the wider world. The CBI/Pertemps Network Group *Employment Trends Survey 2016*, shows that three in ten businesses see intra-company transfers as a priority for the future migration system, rising to four in ten (39%) for large businesses who may be more likely to have operations in multiple countries.

³⁶ Annual Business Survey (ONS)

³⁷ Annual Business Survey (ONS)

³⁸ Foreign Direct Investment (FDI) Results (DIT)

³⁹ Regional Trade Statistics (HMRC)

⁴⁰ Regionalised estimates of UK service exports (ONS)

- The proportion of firms reporting this as a priority rose significantly in sectors that need to be able to move highly skilled workers on project based work such as energy sector and professional services. Enabling easy intra-company transfers must be a critical part of the UK's future migration system as this will be critical for existing firms and for firms considering future investment in the UK.

Case Study:

Liebherr Sunderland Works Ltd: Movement of Staff within the European Economic Area (EEA)

Liebherr is a manufacturer of customised cranes for the maritime environment. Next to the superior quality of our products one of our main selling points is the ability to deliver projects on time. Clients are prepared to pay a premium price for this. Customer demands require us to be flexible and being able to conduct major modifications to the product up the last minute. For those operations we need the expertise of fully trained, skilled tradesmen. Unfortunately those personnel are not readily available on the domestic labour market.

For these short-term needs, we are still heavily dependent on free movement within the EU. We constantly exchange personnel with our sister plants in Ireland, Austria and Germany, generally for relatively short periods only (a few weeks mainly). We either host personnel from those sites, or we send staff from Sunderland over to those countries where we have sites. This is to cover peak production periods at short notice because it not possible to find the skilled tradesmen immediately from within the domestic labour market. And even though we continue to enhance our apprenticeship scheme those short term demand scenarios can't be fully predicted or accommodated. Restrictions of free movement from EU countries would therefore significantly harm the flexibility and hence competitiveness of Liebherr's business. The absence of such flexibility could result in our having to reduce our output of cranes, impacting on our turnover, profit and subsequently investment and employment figures.

Regarding Liebherr's longer term needs for skilled tradesmen (i.e. welders, fabricators), up to 2007 we were heavily dependent on recruiting workers, especially from Poland. We were not able to find the skilled workforce on the domestic labour market and in addition up to 2004 were not able to set up an apprentice scheme because missing support from training providers and FE institutions. However, since 2007 we have been able to 'reap the fruits' of our apprenticeship efforts to meet our longer term needs.

Figures can be provided on request.

Ralph SAELZER Managing Director Liebherr-Sunderland Works Ltd. October 2017

In other sectors evidence suggests that many of the highly skilled migrants move to the region having originally arrived in the UK in another city (mainly London). Any future system which makes it hard for migrants to move out of the capital into roles in the regions risks making our skills challenge worse.

It is important to note that North East partners and businesses have already noticed an impact following the referendum result and there is an overall concern that barriers or complexities of this nature will have an overall impact on levels of Foreign Direct Investment impacting directly on employment and output in these key investments and creating wider spillover effects through regional supply chains.

Higher education

There are 4 Universities in North East LEP area which make a significant economic and social contribution, and there is further and higher education provision at the regions 10 colleges.

Across the North East LEP's 4 Universities, in 2015/16 there 63,975 undergraduate students, representing 4.5% of all undergraduates at English higher education and 17,790 postgraduate students (4.0%)⁴¹.

Non-European students (especially postgraduates) account for a larger proportion of North East LEP's students than across England as a whole and these contribute significantly to the migration statistics reported in this paper. There was a low proportion of EU student admissions to the North East in 2014/15 (3.8% compared to the national average of 5.4%). These students contribute £15.2 million in tuition fees (and will also contribute to the North East economy through local spend)⁴².

The regions universities are concerned about the impact of changes to both migration policy and participation in EU research activities on the recruitment of both staff and students. In the last year, international students to the region's universities have dropped compared to previous years and there is a concern that this important part of the regional economy will be negatively affected by the tone of the discussion and that quality of research and teaching will decline if staff are deterred from working in the UK.

Case Study

Newcastle University: The economic, social and fiscal impacts of EEA and non-EEA staff and student migration

Newcastle University is a community of learning and benefits hugely from the rich diversity created through the participation of students and staff from the EU and further afield. We aim to integrate an international, intercultural and global dimension into teaching and research in our UK, Singaporean and Malaysian campuses.

As well as our contribution as a Russell Group institution to UK research and innovation, we play a major role in the region. Being able to access talent from around the world and bring highly knowledgeable and skilled people to Newcastle has enormous benefits for the North East of England – bringing spending power from students and supporting collaboration with local business, investment in infrastructure and creation of employment opportunities.

The University is proud of its tradition of welcoming international staff, students and visitors to our region. This brings a diversity of people to the region, particularly in Newcastle, which would be markedly lacking if we were not able to recruit overseas talent.

Newcastle University Students: Newcastle University is home to over 23,500 students from more than 130 different countries. It has the 19th largest international student population in the UK, 15% of whom are from the EU. Over 6,000 international students study at Newcastle University, bringing over £514 million of annual investment.

Since August 2015, 77 EU and 320 International students have engaged with Rise Up, the Newcastle University Careers Service programme that provides expert guidance, training, resources and

⁴¹ Students in Higher Education 2015/16 (HESA)

⁴² What Works Foundation (2017), Impact of Brexit on Local Economic Growth, North East CA

opportunities to help students and graduates explore and develop their entrepreneurial skills and aspirations. They have launched 21 business start-ups here between 2012 and 2016.

Newcastle University staff: International researchers and teaching staff play a huge role in developing the knowledge and skills of both research staff and students – postgraduate and undergraduate. They create an international diversity of ideas, knowledge and culture which is an essential part of Higher Education in a global economy.

At the end of April 2017 out of 1156 Research staff, 40% are from outside the UK with 23% are from the EEA. Out of 1,551 academic staff, 27% are from outside the UK. 17% are from the EEA.

7. Conclusion

This paper has provided an initial response from partners in the North East to the MAC Call for Evidence. We believe that the outcome of the discussion which flows from this report will be critical to the future health of the North East economy given the importance of the labour market issues in the successful delivery of the strategic economic plan and that the views and evidence from North East economic partners should be taken into account.

We would welcome the opportunity for further discussion and engagement with our regional partners as the MAC begins to form its overall analysis and begins to prepare conclusions and recommendations.

ANNEX 1: MIGRATION STATISTICS

Key messages

Population

1. The non-UK born population of the North East Local Enterprise Partnership (LEP) area was 109,000 in 2016.
 - This is equivalent to 5.6% of North East LEP population.
 - The proportion of the North East LEP's population who are non-UK born is considerably lower than across England and UK as a whole (15.4% and 14.1% respectively).
 - Newcastle upon Tyne has the largest population of non-UK born residents within the LEP area (47,000) and the highest proportion of non-UK born residents (16.1%).
 - The non-UK born population in the North East LEP has increased by 25% over the last 5 years and 70% over the last 10 years. The rate of growth has been higher in the North East LEP area than across England and UK as a whole (but from a lower base).

2. The non-British population of the North East LEP area was 70,000 in 2016.
 - This is equivalent to 3.6% of North East LEP population.
 - The proportion of the North East LEP population that are non-British (3.6%) is considerably lower than in England (9.9%) and the UK (9.3%).
 - Newcastle upon Tyne accounts for almost half of the North East LEP's non-British population (34,000), with 11.6% of the population of the city being non-British.
 - The non-British population in the North East LEP has increased by 27% over the last 5 years and 56% over the last 10 years.

3. There were just over 2,300 births to non-UK born mothers in the North East LEP area in 2016, equivalent to 11.1% of all births.
 - This is considerably lower than the English (29.0%) and UK (27.4%) proportions.
 - Reflecting the larger non-UK born population, the proportion of births to non-UK born mothers was much higher in Newcastle upon Tyne (28.1%) than the other local authority areas.

Immigration

4. Over the last 10 years, net international migration into the North East LEP has been positive in each year (i.e. the number of in-migrants has been higher than the number of out-migrants).
 - In most recent year (mid-2015 to mid-2016), net migration into the North East LEP was 7,257, with 12,081 in-migrants and 4,824 out-migrants.
 - Net migration peaked at 7,869 in 2009/10.
 - In-migration has ranged from 9,988 to 14,232 per year.
 - Out-migration has ranged from 4,453 to 10,672 per year.

5. International in-migration into the North East LEP area was equivalent to between 0.5% to 0.8% of the population in each year between 2005/06 and 2015/16.
 - Again, this is below the English and UK rates (between 0.8% and 1.2%).
 - In-migration has been much higher into Newcastle upon Tyne – ranging from 1.7% and 2.5% of population per annum.

6. Looking at net migration into the North East LEP area, this was equivalent to between 0.2% and 0.4% of the population each year between 2005/06 and 2015/16.

- Again, this is below the English and UK rates and Newcastle has a higher rate than the other local authorities in the North East LEP area.
7. There were 66 National Insurance registrations to overseas nationals in the North East LEP area for every 10,000 working residents.
 - This is around a third of the English (215) and UK (198) rates.
 - The highest rate of registrations was in Newcastle upon Tyne (201 per 10,000 working age residents). This reflects a national trend, with most individuals initially registering in major conurbations.
 8. Over the last 10 years, net migration has generally accounted for the majority of population change in the North East LEP. On two occasions (2008/09 and 2014/15), net migration was higher than population change, meaning the North East LEP population would have decreased had it not been for migration.

Characteristics of migrants

9. The 2011 Census provides insights into those that moved into the North East LEP area between 2010 and 2011. Whilst the Census is now relatively dated (6 years old), it provides more detail than is available in other datasets.
 - 6.2% of those who moved into the North East LEP area in the 12 months prior to the Census moved from outside the UK (i.e. the majority of migrants into the North East LEP area came from elsewhere in the UK).
 - 45% of those who moved from outside the UK into the North East LEP area in the 12 months prior to the Census were economically active (33% in employment and 11% unemployed) whilst 55% were economically inactive.
 - A lower proportion were economically active than across England (61%) and UK (60%).
 - Whilst this appears to be a negative finding, it reflects the much higher proportion of migrants that were students (43% compared to 24% and 25% respectively). Students account for a high proportion of migrants in Newcastle upon Tyne (60%), Sunderland (45%) and County Durham (41%) but a low proportion in South Tyneside (14%), North Tyneside (6%) and Northumberland (2%).
 - The most common location that individuals lived 12 months prior to the Census was China (accounting for 12.9% of those who moved from outside the UK into the North East LEP area). This is likely to reflect the large student population outlined above. The next most common locations were other Middle East, India, USA, Spain, Germany and Australia. Migration from the EU A8 countries was less common than across England and the UK as a whole.
 - The most common location that residents lived in 12 months earlier varied by age. In particular, the majority of in-migrants aged 65-74 and 75+ came from countries in the EU15, USA, Canada, Australia and South Africa. These are likely to predominately be UK citizens returning to the North East LEP area after a period of living abroad.
10. More recent statistics (from Annual Population Survey) indicate that in the North East LEP area:
 - White, non-UK born residents have both a higher employment rate and unemployment rate than white, UK born residents but a lower economic inactivity rate. The rates for ethnic minority, non-UK born residents are very similar to those for ethnic minority, UK born residents (but are substantially worse than those for white residents).

White, non-UK nationals have a slightly lower employment rate than white, UK nationals, a higher unemployment rate and a lower economic activity rate. This is in contrast to the English and UK pictures where the employment rate is higher and unemployment and economic activity is lower for

white, non-UK nationals than for white, UK nationals. Again, outcomes are worse for ethnic minority communities (regardless of nationality) than for white residents. Within this, ethnic minority, non-UK nationals are less likely to be in employment, marginally less likely to be unemployed and more likely to be economically inactive than ethnic minority, UK nationals.

Population

Figure 1: Non-UK born population, 2016

	Non-UK born population	% of total population
Local authorities		
• County Durham	15,000	2.9
• Gateshead	11,000	5.5
• Newcastle upon Tyne	47,000	16.1
• North Tyneside	11,000	5.4
• Northumberland	10,000	3.2
• South Tyneside	6,000	4.1
• Sunderland	9,000	3.3
North East LEP	109,000	5.6
North East	152,000	5.8
England	8,373,000	15.4
UK	9,152,000	14.1

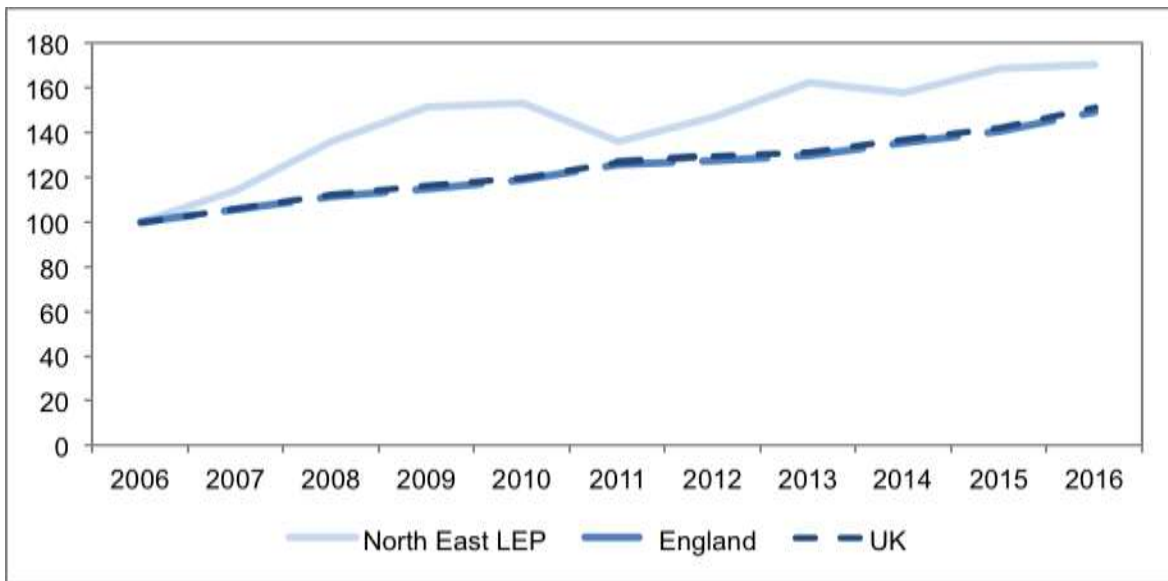
Source: Local Area Migration Statistics (ONS)

Figure 2: Change in non-UK born population, 2006 to 2016

	2006 to 2016		2011 to 2016	
	No.	%	No.	%
Local authorities				
• County Durham	6,000	66.7	3,000	25.0
• Gateshead	7,000	175.0	2,000	22.2
• Newcastle upon Tyne	19,000	67.9	15,000	46.9
• North Tyneside	5,000	83.3	3,000	37.5
• Northumberland	6,000	150.0	1,000	11.1
• South Tyneside	1,000	20.0	1,000	20.0
• Sunderland	1,000	12.5	-3,000	-25.0
North East LEP	45,000	70.3	22,000	25.3
North East	64,000	72.7	33,000	27.7
England	2,765,000	49.3	1,314,000	18.6
UK	3,118,000	51.7	1,490,000	19.4

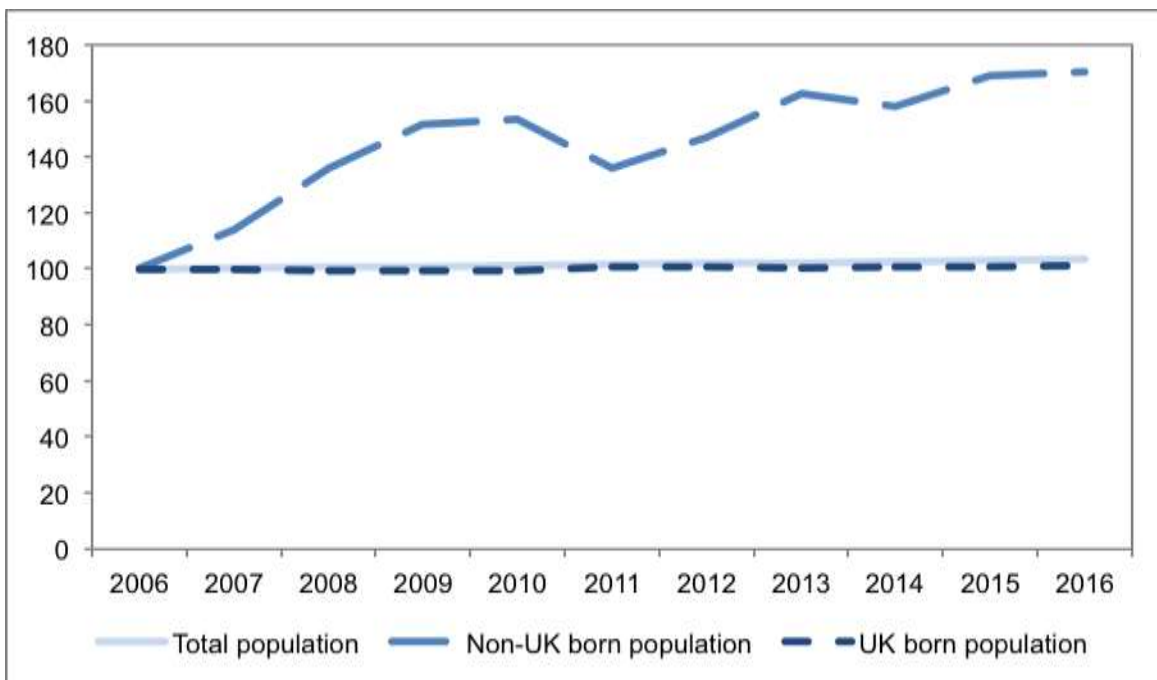
Source: Local Area Migration Statistics (ONS)

Figure 3: Change in non-UK born population, 2006 to 2016 (2006=100)



Source: Local Area Migration Statistics (ONS)

Figure 4: Change in population, North East LEP, 2006 to 2016 (2006=100)



Source: Local Area Migration Statistics (ONS)

Figure 5: Non-British population, 2016

	Non-British population	% of total population
Local authorities		
• County Durham	8,000	1.6
• Gateshead	9,000	4.5
• Newcastle upon Tyne	34,000	11.6
• North Tyneside	6,000	3.0
• Northumberland	5,000	1.6
• South Tyneside	4,000	2.7
• Sunderland	4,000	1.5
North East LEP	70,000	3.6
North East	101,000	3.9
England	5,416,000	9.9
UK	5,998,000	9.3

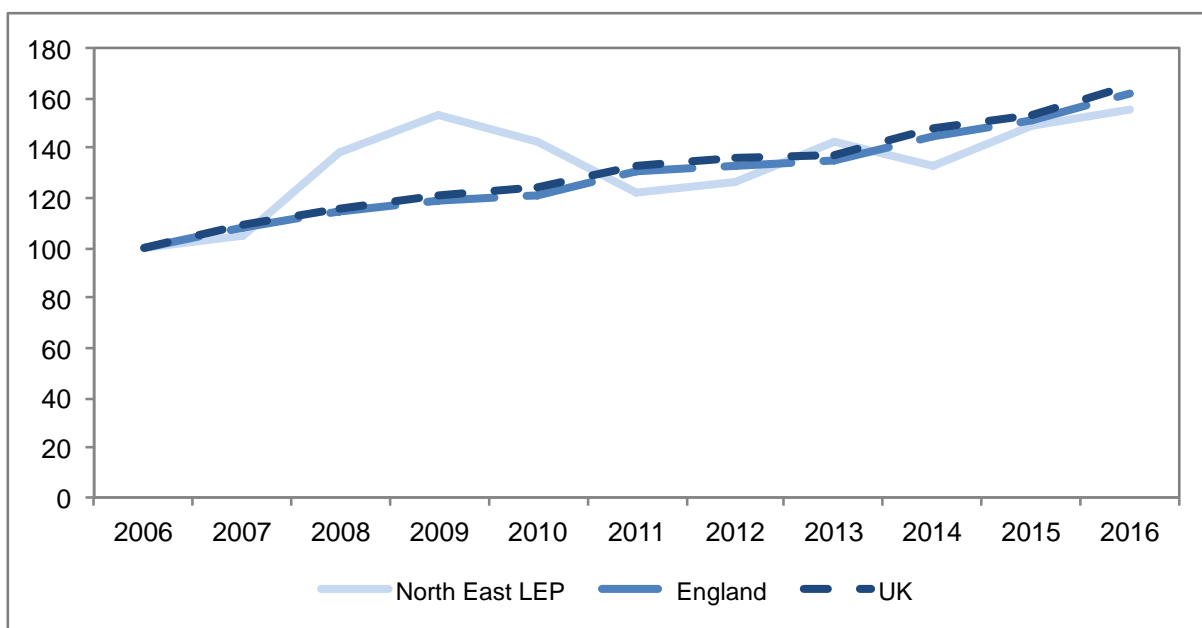
Source: Local Area Migration Statistics (ONS)

Figure 6: Change in non-British population, 2006 to 2016

	2006 to 2016		2011 to 2016	
	No.	%	No.	%
Local authorities				
• County Durham	2,000	33.3	1,000	14.3
• Gateshead	7,000	350.0	3,000	50.0
• Newcastle upon Tyne	11,000	47.8	12,000	54.5
• North Tyneside	2,000	50.0	1,000	20.0
• Northumberland	4,000	400.0	2,000	66.7
• South Tyneside	1,000	33.3	1,000	33.3
• Sunderland	-2,000	-33.3	-5,000	-55.6
North East LEP	25,000	55.6	15,000	27.3
North East	44,000	77.2	30,000	42.3
England	2,068,000	61.8	1,040,000	23.8
UK	2,374,000	65.5	1,173,000	24.3

Source: Local Area Migration Statistics (ONS)

Figure 7: Change in non-British population, 2006 to 2016 (2006=100)



Source: Local Area Migration Statistics (ONS)

Figure 8: Births to non-UK born mothers, 2016

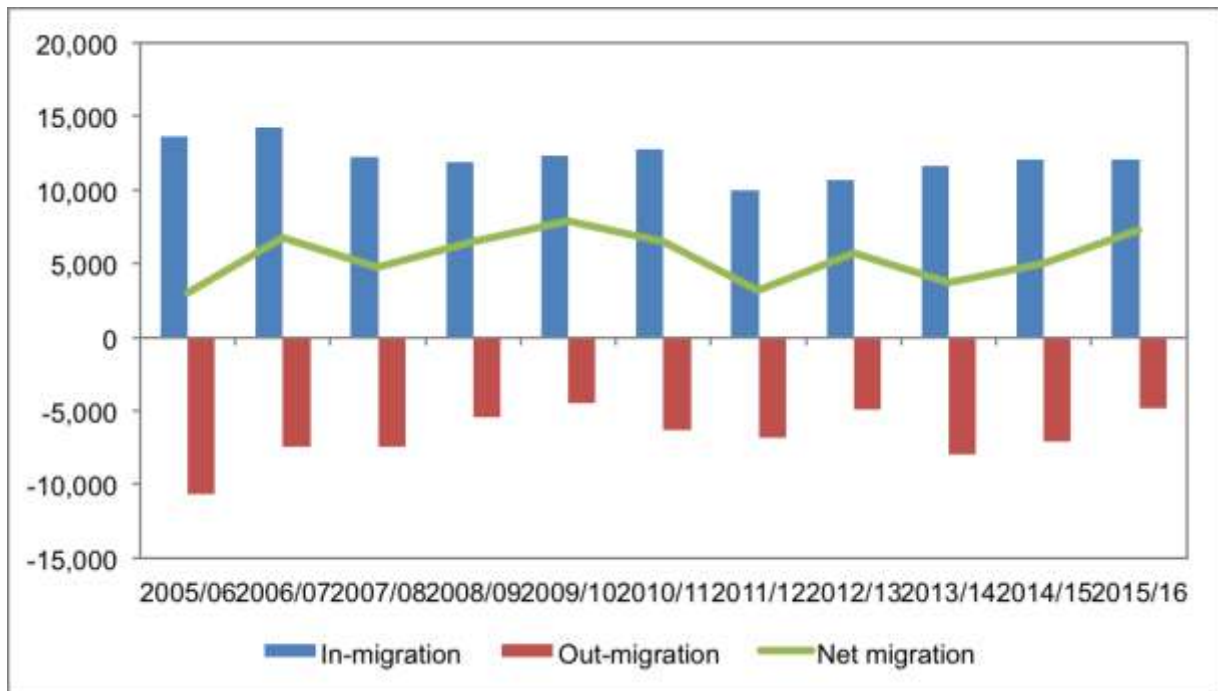
	Births	% of total births
Local authorities		
• County Durham	332	6.3
• Gateshead	299	13.1
• Newcastle upon Tyne	952	28.1
• North Tyneside	216	9.6
• Northumberland	146	5.2
• South Tyneside	117	6.9
• Sunderland	241	8.1
North East LEP	2,303	11.1
North East	3,179	11.1
England	192,355	29.0
Great Britain	205,472	27.4

Source: Local Area Migration Statistics (ONS)

Note: UK data not available.

Immigration

Figure 9: Long-term international migration, North East LEP area, 2005/06 to 2015/16



Source: Local Area Migration Statistics (ONS)

Note: Years are mid-year to mid-year (e.g. mid-2015 to mid-2016).

Figure 10: Long-term international in-migration as % of population, 2005/06 to 2015/16

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Local authorities											
• County Durham	0.5	0.4	0.5	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.4
• Gateshead	0.5	0.6	0.5	0.5	0.4	0.4	0.3	0.3	0.4	0.4	0.5
• Newcastle upon Tyne	2.4	2.5	2.1	2.1	2.4	2.3	1.7	1.9	2.0	2.1	2.0
• North Tyneside	0.3	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.3	0.3
• Northumberland	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.2	0.2
• South Tyneside	0.4	0.5	0.4	0.4	0.3	0.4	0.4	0.2	0.2	0.2	0.2
• Sunderland	0.7	0.7	0.6	0.5	0.6	0.6	0.5	0.6	0.7	0.6	0.6
North East LEP	0.7	0.8	0.6	0.6	0.6	0.7	0.5	0.5	0.6	0.6	0.6
North East	0.7	0.7	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.6
England	1.1	1.2	1.1	1.0	1.0	1.0	0.9	0.8	1.0	1.0	1.1
UK	1.0	1.1	1.1	1.0	1.0	1.0	0.8	0.8	0.9	1.0	1.0

Source: Local Area Migration Statistics (ONS)

Note: Years are mid-year to mid-year (e.g. mid-2015 to mid-2016).

Figure 11: Long-term international net migration as % of population, 2005/06 to 2015/16

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Local authorities											
• County Durham	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
• Gateshead	-0.2	0.1	0.1	0.2	0.2	0.1	-0.1	0.1	-0.1	0.0	0.3
• Newcastle upon Tyne	0.6	1.2	0.9	1.3	1.7	1.3	0.6	1.2	0.7	1.0	1.2
• North Tyneside	-0.2	0.0	0.0	0.1	0.1	0.0	0.0	0.0	-0.1	0.0	0.2
• Northumberland	0.0	0.1	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	0.0
• South Tyneside	0.1	0.2	0.2	0.3	0.2	0.2	0.3	0.1	0.0	0.1	0.1
• Sunderland	0.3	0.5	0.3	0.3	0.4	0.4	0.2	0.4	0.4	0.4	0.4
North East LEP	0.2	0.4	0.3	0.3	0.4	0.3	0.2	0.3	0.2	0.3	0.4
North East	0.2	0.3	0.2	0.3	0.4	0.3	0.1	0.3	0.2	0.2	0.4
England	0.4	0.5	0.5	0.3	0.4	0.4	0.3	0.3	0.5	0.6	0.6
UK	0.4	0.5	0.4	0.3	0.4	0.4	0.3	0.3	0.4	0.5	0.5

Source: Local Area Migration Statistics (ONS)

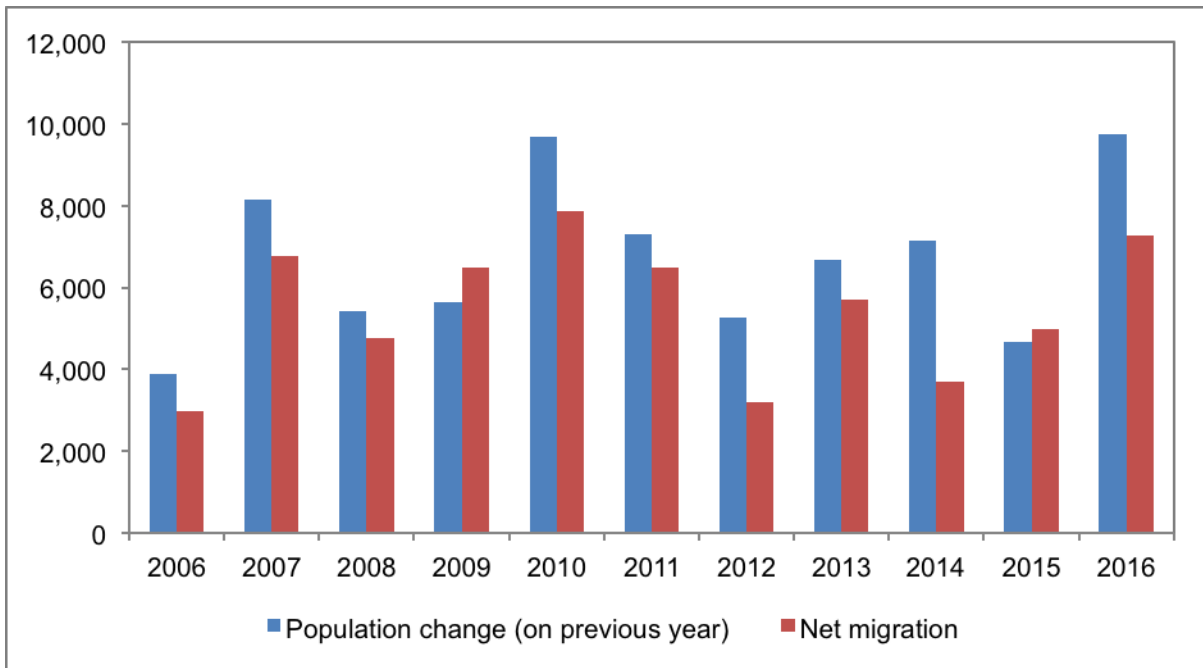
Note: Years are mid-year to mid-year (e.g. mid-2015 to mid-2016).

Figure 12: National Insurance (NiNo) registrations per 10,000 working age population (16-64), 2006 to 2016

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Local authorities											
• County Durham	45	49	33	30	31	32	22	29	32	34	36
• Gateshead	74	85	58	58	55	50	41	48	59	65	66
• Newcastle upon Tyne	233	249	225	221	217	195	145	169	191	197	201
• North Tyneside	46	43	35	33	31	24	23	21	39	34	40
• Northumberland	36	37	22	19	21	22	15	17	22	21	17
• South Tyneside	81	84	72	58	61	39	23	25	25	36	31
• Sunderland	76	81	59	63	75	57	48	55	63	69	59
North East LEP	82	87	69	67	69	60	46	54	63	67	66
North East	75	80	66	62	66	57	44	51	61	67	66
England	164	207	175	162	177	177	135	161	202	217	215
UK	158	197	165	151	163	163	126	150	186	200	198

Source: Local Area Migration Statistics (ONS)

Figure 13: Population change and net migration, North East LEP, 2006 to 2016



Source: Local Area Migration Statistics (ONS)

Note: Years are mid-year to mid-year (e.g. mid-2015 to mid-2016).

Figure 14: Migration in 12 months to March 2011

	Number living at a different address compared to 12 months earlier	Migrants from outside the UK that have moved into the area in last 12 months as % of residents	Migrants from outside the UK that have moved into the area in last 12 months as % of migrants into area
Local authorities			
• County Durham	56,664	0.6	5.1
• Gateshead	19,428	0.5	4.8
• Newcastle upon Tyne	54,418	2.0	10.4
• North Tyneside	18,870	0.4	3.8
• Northumberland	29,508	0.3	3.6
• South Tyneside	12,508	0.4	4.2
• Sunderland	25,455	0.6	6.4
North East LEP	216,851	0.7	6.2
North East	285,370	0.6	5.9
England	6,502,326	1.1	9.2
UK	7,592,798	1.1	9.1

Source: Census 2011

Characteristics of migrants

Figure 15: Economic activity of migrants from outside UK that have moved into the area in last 12 months, 2011

	Economically active					Economically inactive					
	Total	In employment			Unemployed	Total	Retired	Student	Looking after home or family	Long-term sick or disabled	Other
		Total	Full-time	Part-time							
Local authorities											
• County Durham	44.5	35.9	26.5	9.4	8.6	55.5	7.1	41.2	3.3	0.7	3.2
• Gateshead	57.4	46.2	34.0	12.2	11.2	42.6	4.5	27.3	4.5	1.1	5.2
• Newcastle upon Tyne	33.3	22.3	13.3	8.9	11.1	66.7	0.9	59.6	3.1	0.2	2.8
• North Tyneside	69.9	56.5	42.5	14.0	13.4	30.1	10.7	6.1	6.4	1.4	5.6
• Northumberland and	73.8	61.4	49.5	11.9	12.3	26.2	10.9	2.4	4.6	1.1	7.2
• South Tyneside	60.4	45.6	37.3	8.3	14.8	39.6	7.6	14.4	7.6	1.9	8.1
• Sunderland	44.9	30.3	19.0	11.3	14.6	55.1	3.4	44.5	2.8	0.5	3.8
North East LEP	44.7	33.4	23.4	10.0	11.3	55.3	4.3	42.8	3.7	0.6	3.9
North East	46.6	35.0	25.2	9.8	11.6	53.4	4.4	39.5	4.2	0.7	4.5
England	60.7	50.1	38.6	11.4	10.6	39.3	4.4	23.8	5.5	0.6	5.1
UK	59.8	49.1	37.6	11.5	10.7	40.2	4.3	25.0	5.3	0.6	5.0

Source: Census 2011 (Nomis)

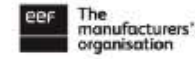
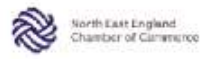


Figure 16: Passports held, 2011

	North East LEP	England
United Kingdom	76.3	75.8
No passport	20.9	16.5
Middle East and Asia	1.2	2.1
Other Europe: EU countries	1.0	3.6
Africa	0.3	1.0
Republic of Ireland	0.2	0.8
North America and the Caribbean	0.2	0.6
Other Europe: Non EU countries	0.1	0.3
Antarctica and Oceania	0.1	0.4
Central America	0.0	0.0
South America	0.0	0.1
British Overseas Territories	0.0	0.0

Source: Census 2011 (Nomis)

Figure 17: Location 12 months earlier of recent migrants, 2011

	North East LEP	England	UK
China	12.9	4.6	4.9
Other Middle East	6.3	4.0	4.0
India	5.6	6.7	6.7
USA	4.7	6.3	6.3
Spain (including Canary Islands)	4.6	5.0	5.0
Germany	4.5	4.2	4.2
Australia	4.5	5.4	5.4
Other EU members in March 2001	4.2	3.7	3.7
Other EU accession countries	3.9	6.4	6.3
France	3.8	4.6	4.6
Poland	3.7	5.6	5.9
Other South-East Asia	3.5	2.1	2.1
Nigeria	3.3	2.0	2.1
Pakistan	2.5	3.1	2.9
Malaysia	2.3	0.9	0.9
North Africa	2.2	1.1	1.1
Canada	2.0	1.8	1.9
Ireland	2.0	2.7	3.3
Hong Kong	1.4	1.3	1.2
New Zealand	1.4	1.7	1.7
Italy	1.3	2.5	2.4
Lithuania	1.3	1.9	2.0
Netherlands	1.2	1.2	1.3
South Africa	1.1	1.4	1.4
Other Eastern Asia	1.1	0.8	0.8
South America	1.1	1.5	1.4
Singapore	1.0	0.8	0.8
Non EU countries in N & W Europe	1.0	1.4	1.4
Non EU countries in S & E Europe	1.0	1.3	1.3
Sri Lanka	0.9	0.8	0.7
Romania	0.9	1.9	1.7
Philippines	0.9	0.9	0.9
Japan	0.9	1.1	1.0
Other Southern Asia	0.8	1.3	1.2
Portugal	0.8	1.1	1.1
Turkey	0.6	0.7	0.6
Iran	0.6	0.5	0.5
Bangladesh	0.6	0.6	0.6
Other South & Eastern Africa	0.6	1.0	1.0
Other Central & Western Africa	0.5	0.5	0.5
Isle of Man	0.4	0.2	0.2

Other Caribbean	0.4	0.5	0.5
Jersey	0.3	0.2	0.2
Kenya	0.3	0.4	0.4
Central Asia	0.3	0.2	0.2
Central America	0.2	0.4	0.4
Guernsey	0.2	0.2	0.2
Ghana	0.2	0.4	0.4
Zimbabwe	0.1	0.4	0.3
Other Oceania	0.1	0.1	0.1
Other North America	0.1	0.1	0.1
Jamaica	0.0	0.2	0.2
Channel Islands not otherwise specified	0.0	0.0	0.0
Other	0.0	0.0	0.0
Africa not otherwise specified	0.0	0.0	0.0
Somalia	0.0	0.1	0.1
Former European Countries	0.0	0.0	0.0
Antarctica	0.0	0.0	0.0
Other Australasia	0.0	0.0	0.0

Source: Census 2011 (Nomis)

Figure 18: Top 10 locations of recent migrants 12 months earlier by age band, North East LEP area, 2011

Aged 1-15	Aged 16-49	Aged 50-64	Aged 65-74	Aged 75+
Other Middle East	China	Other Middle East	Spain (including Canary Islands)	France
Poland	India	Spain (including Canary Islands)	USA	Spain (including Canary Islands)
Other EU accession countries	Other Middle East	USA	France	South Africa
Australia	Germany	France	North Africa	Australia
USA	Australia	Germany	Other EU members in March 2001	Other EU accession countries
North Africa	Other EU members in March 2001	Other EU accession countries	Other EU accession countries	Other Middle East
Pakistan	USA	Australia	Other Middle East	USA
Nigeria	Other South-East Asia	Other EU members in March 2001	Australia	Non EU countries in N & W Europe
Other South-East Asia	Spain (including Canary Islands)	Poland	Germany	Other EU members in March 2001
Germany	France	China	Canada	Germany

Source: Census 2011 (Nomis)

Figure 19: Population, employment rate, unemployment rate and economic inactivity rate by place of birth and ethnicity, North East LEP, England and UK, 2016

	North East LEP	England	UK
% of population aged 16-64 who are:			
• White, UK born	91.7	74.6	76.9
• White, not UK born	3.3	9.4	9.0
• Ethnic minority, UK born	1.0	5.7	5.0
• Ethnic minority, not UK born	3.9	10.2	9.1
Employment rate (16-64 year olds)			
• White, UK born	71.5	75.6	75.0
• White, not UK born	74.4	80.1	79.8
• Ethnic minority, UK born	58.2	63.4	63.4
• Ethnic minority, not UK born	58.2	64.6	64.1
Unemployment rate (16-64 year olds)			
• White, UK born	6.4	4.3	4.4
• White, not UK born	8.2	3.9	3.9
• Ethnic minority, UK born	11.4	10.5	10.3
• Ethnic minority, not UK born	11.6	7.3	7.2
Economic inactivity rate (16-64 year olds)			
• White, UK born	23.5	20.9	21.4
• White, not UK born	18.9	16.6	16.9
• Ethnic minority, UK born	34.3	29.1	29.3
• Ethnic minority, not UK born	34.2	30.3	30.8

Source: Annual Population Survey (Nomis)

Figure 20: Population, employment rate, unemployment rate and economic inactivity rate by nationality and ethnicity, North East LEP, England and UK, 2016

	North East LEP	England	UK
% of population aged 16-64 who are:			
• White UK national	93.0	76.8	79.0
• White not UK national	2.0	7.3	6.9
• Ethnic minority UK national	2.4	10.9	9.5
• Ethnic minority not UK national	2.6	5.0	4.5
Employment rate (16-64 year olds)			
• White UK national	71.6	75.7	75.1
• White not UK national	70.8	80.5	80.2
• Ethnic minority UK national	64.2	65.8	65.7
• Ethnic minority not UK national	52.5	60.6	59.9
Unemployment rate (16-64 year olds)			
• White UK national	6.4	4.3	4.4
• White not UK national	9.9	4.1	4.1
• Ethnic minority UK national	11.6	8.3	8.2
• Ethnic minority not UK national	11.4	8.7	8.6
Economic inactivity rate (16-64 year olds)			
• White UK national	23.4	20.8	21.4
• White not UK national	21.3	16.1	16.4
• Ethnic minority UK national	27.3	28.2	28.3
• Ethnic minority not UK national	40.7	33.7	34.5

Source: Annual Population Survey (Nomis)