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The reason for migration and labour market characteristics of UK residents born abroad

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The views expressed in this report are those of the authors, not necessarily those of the Home Office (nor do they represent Government policy).

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Summary

The demographic and employment characteristics of migrants in the UK, and the labour market destinations of migrants in different visa categories are of particular interest to both researchers and policy makers. There has been detailed information on the characteristics of migrants from different countries using household surveys such as the Labour Force Survey (LFS) and the Annual Population Survey (APS), and on the intentions of migrants entering the UK via the International Passenger Survey (IPS), but until recently there had been no dataset that links these together. On August 2014, the Office for National Statistics (ONS) published headline statistics on the migrant population residing in the UK by main reason for migration using a recently commissioned Home Office variable¹.

This Home Office report uses the recently commissioned variable from the LFS and APS to provide detailed analysis of the labour market position for those UK residents born outside the UK, regardless of whether they are now UK citizens or still foreign nationals, by their original purpose for migrating to the country.

This paper presents data for the two years from 1 January 2012 to 31 December 2013 (referred to as 2012–13 below) and investigates the labour market characteristics of the total migrant population, by reason for initially coming to the UK.

Key findings

Migration route of foreign born migrants: Migration for work or family reasons were the dominant routes of entry for the total stock of foreign born migrants resident in the UK during 2012–13.

An estimated 7.7 million foreign migrants were resident in the UK during 2012–13, of which around two-fifths arrived for family related reasons; 1.6 million (21%) were migrants who arrived primarily for family reasons; and 1.5 million migrants (20%) came originally as dependants of other types of migrant. Of the family and dependant group around 60 per cent arrived to the UK aged 18 or less.

Approximately 2.0 million (26%) foreign migrants came for economic reasons, arriving either to take a job or to seek work. A further 1.0 million (14%) were studying or had initially come to study, and 380,000 (5%) were refugees².

This picture of the original purposes given for migrating by people resident in the UK who were born abroad is different from that produced when looking at the migration flows reported in the IPS. For example, the proportion of people who come for family purposes or as a dependant takes greater significance, due to the higher propensity of people who come for relationship reasons seeking to stay longer. Similarly, although many foreign students are temporary this analysis confirms findings in other studies that a number of foreign students do stay on as residents³.

¹ Office for National Statistics (ONS 2014), *Population by Country of Birth and Nationality Report, August 2014*. Available at: <http://www.ons.gov.uk/ons/rel/migration1/migration-statistics-quarterly-report/august-2014/rft-table-2---population-by-cob.xls>

² Respondents who stated that they came to the UK as asylum seekers are classified as 'refugees' in this report.

³ Home Office (2014) *Migrant Journey Analysis, fourth report*. Available from: <https://www.gov.uk/government/publications/migrant-journey-fourth-report/migrant-journey-fourth-report>

Of the total population of migrants, more than one-half (57%) of economic migrants came from within the European Economic Area (EEA)⁴; while three-quarters of the total stock of student and family migrants (74% and 75% respectively) came from outside the EEA.

Data in this report relate to people who were born abroad and although these are also referred to as 'migrants' this does not indicate whether they still hold a foreign nationality. The 2011 Census shows that almost one-half (46%) of usual residents in England and Wales who were born abroad had acquired British citizenship by the time of the Census⁵.

Economic activity by migration route: The employment rate among economic migrants was relatively high, at 87 per cent for both current UK residents who were born in the EEA and those born in non-EEA countries. Family migrants and students also have rights to take employment, and many enter the labour market after originally coming to the UK for non-work purposes. The current employment rates for the family and student categories of migrant were lower than for those who came with an original intention to work; among family migrants the employment rate was 66 per cent (EEA) and 58 per cent (non-EEA); and for student migrants it was 66 per cent (EEA) and 62 per cent (non-EEA). The current employment rate was lowest among those who came originally as a refugee (47% for non-EEA), which reflects the particular integration challenges faced by many refugees⁶.

Overall EEA born residents had higher employment rates and lower unemployment rates than those born outside the EEA, in part reflecting the higher proportion of EEA migrants who came primarily for economic reasons. However, the employment rates of EEA and non-EEA economic migrants were very similar (86.5% and 86.9% respectively). The economic inactivity and unemployment rates were higher in the non-EEA born group as a whole due to the different mix of migrant types. Unemployment rates were relatively high among family migrants, at 9 per cent (EEA) and 12 per cent (non-EEA), but were highest among non-EEA refugees (24%). Inactivity rates were also highest among non-EEA refugees (38%).⁷ Both family migrants and refugees feature more prominently amongst those born outside the EEA.

Occupational skill level: The distribution of skilled and unskilled work was very different between EEA and non-EEA migrants. The majority (57%) of employed economic migrants who were born within the EEA were in low-skilled employment, and the low-skilled proportion rose to 64 per cent among more recent EEA economic migrants (i.e. migrants that arrived in the last five years). In contrast, more than two-thirds of those born outside the EEA were in high-skilled employment (69%, and 70% for more recent non-EEA economic migrants). This reflects the recent policy of attracting the brightest and the best for managed migration. In 2013, of an estimated 4.4 million workers aged 16 and over who were born abroad, a total of 2.1 million (48%) were in low-skilled jobs, and of these around

⁴ Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, Netherlands, Portugal, Spain, Sweden, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, Cyprus, Malta, Romania, Bulgaria, Iceland, Liechtenstein and Norway.

⁵ See Office for National Statistics (2013a) http://www.ons.gov.uk/ons/dcp171776_310441.pdf

⁶ See, for example, Daniel and Zurawan (2010) *Summary of the Survey of New Refugees December 2005–March 2009*. London: Home Office.

⁷ Employment and economic inactivity rates are based on individuals aged between 16 and 64. Unemployment rates are based on individuals aged 16 and over.

0.9 million were from other EU countries and the remaining 1.2 million were from outside the EU⁸.

A higher proportion of employed migrants who came for the purpose of study from inside the EEA were in high-skilled occupations (65%; 111,000) than those from outside the EEA (62%; 278,000). Around one-half of employed family and dependant migrants from both inside and outside the EEA were in low-skilled occupations⁹. As noted, refugees had low employment rates, and those refugees who were employed were mostly concentrated in low-skilled occupations (68%).

In line with previous studies, the different occupational skill levels did not appear to be explained by length of time in education. This is because some overseas qualifications might not be recognised in the UK or that certain skilled jobs may require specific training rather than a formal education. The data suggest that non-EEA born migrants have generally received a similar length of education as those born in the EEA (with the average age at which people left education being 20 years for both groups).

Wages: Differences in skill levels are reflected in differences in wages for those in full-time occupations. Amongst the non-EEA born, economic migrants tended to be paid the most (£615 per week on average) as these were more predominantly in high-skilled jobs compared with EEA economic migrants (£369). Amongst the EEA born, those migrants who arrived as students tended to be paid the most, while non-EEA migrant refugees earned the least. It is likely that non-EEA migrant refugees may include highly skilled workers with qualifications not reflected by their employment status or occupation in the UK. In addition, discrimination in the labour market could be another factor as to why pay varies.

⁸ For further information on low-skilled employment in the UK, see Migration Advisory Committee (2014) https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/327997/MAC-Migrants_in_low-skilled_work_Full_report_2014.pdf

⁹ For more information on trends in skill-levels amongst employed foreign nationals see Campbell, Cooper and Simmons (2014) *Employment and occupational skill levels among UK and foreign nationals*. London: Home Office

1. Background

Since 2010 the Home Office has sponsored the addition of a new question on the Labour Force Survey (LFS) and the Annual Population Survey (APS), which asked adults who were born abroad to give their main reason for originally coming to the UK.

The response options are:

1. *Employment*
2. *Study*
3. *To conduct a marriage ceremony in the UK (short-term visit)*
4. *As a spouse/dependant of a UK citizen or person settled in the UK*
5. *As a spouse/dependant of someone coming to the UK*
6. *Seeking asylum*
7. *As a visitor*
8. *Other reason.*

Alongside the demographic and labour market information available in the LFS and the APS, the responses to this question allow the comparison of the characteristics of migrants who originally came to the UK for different purposes. It should be noted that migrants may come for more than one reason and decide to stay in the UK for other reasons. The purpose of the question is to provide an indication for the migrant's main reason for originally coming to the UK.

Those who come to the UK for the purpose of employment, either to take up employment or to seek a job, are categorised as economic migrants. Those who originally came to study are classified as student migrants. This will include recent migrants who are still studying as well as those who have remained in the UK since the completion of their studies. This report categorises those who choose category 4 as 'family' migrants, as they have arrived primarily for family reasons linked to a UK citizen or person settled in the UK, for example, spouses of UK citizens. Those responding under category 5 are considered as 'dependants' as their primary reason for arriving in the UK is linked to the arrival of a different migrant, usually an economic or study migrant. The answer to 6 has been reclassified as 'refugee' (to reflect their stated reason for coming to the UK, but not necessarily the final outcome) and those who answered 3, 7 or 8 have been grouped together as 'other' migrants. The eight possible responses to the question are thus used to identify six different categories of migrant – 'economic', 'study', 'family', 'dependant', 'refugee', and 'other'.

For non-European Economic Area (EEA) residents who were born abroad, these categories broadly correspond to the main UK visa categories. Thus analysis of the stock of resident migrants using these routes may give useful insights into the characteristics and labour market destinations of those who enter and are recorded in the visa statistics. The 'refugee' category may also be useful in assessing the integration of those who originally came to the UK seeking asylum.¹⁰ EEA migrants, who are not subject to immigration control,¹¹ provide an additional comparison group. Although non-EEA born residents are asked to report their reason for coming to the UK based on their original visa

¹⁰ The 'refugee' category may also contain some asylum seekers who have not been granted refugee status, and are therefore not allowed to work in the UK.

¹¹ Bulgarian and Romanian migrants were subject to certain labour market restrictions until January 1, 2014.

category, some respondents' answers may not correspond exactly to the visa issued, as this may have been issued some time earlier. However, for the purposes of this report the responses to the new question are believed to be a reasonably close indication of their original reason to enter the UK.

The APS and LFS are based on overlapping sample surveys, but this report mostly uses the former dataset rather than the latter, as the larger sample size in the APS reduces the statistical uncertainty of the estimates. This is especially important when studying relatively small groups of foreign migrants. However, wage information is not available in the APS and so the LFS is used in the final section of this report to compare median wages across the different migrant categories. As all the figures in this report are based on a survey, rather than on a census or administrative data system, they are subject to sampling variability, and are estimates rather than precise counts. Averages combining data from two years (2012 and 2013) in the APS and LFS data have been created to increase the sample sizes and improve the statistical reliability of the estimates.

It should be emphasised that this report concerns the characteristics of people who were born abroad and are now living in the UK, rather than the characteristics of foreign nationals now entering the country. The number of migrants entering the UK to take up usual residence at any time is relatively small compared with the number already resident in the country, and nationally representative household surveys such as the LFS and APS would therefore cover few such new entrants. The total stock of foreign born migrants resident in the UK is 7.7 million. The additional number estimated to add substantively to the population (that is according to the UN definition of a migrant as someone who is looking to change their normal place of residence for a year or more), rather than as temporary visitors, is around 200,000 per annum at present (2013). This much smaller number cannot be as reliably estimated from the LFS. The International Passenger Survey (IPS) remains the best source of information on the volume and characteristics of incoming migrants.

It should also be noted that this report identifies current residents by their country of birth as this gives a broader long-term coverage of those who have migrated to the UK. From a policy perspective, data on migrants by nationality are of most interest as immigration control applies to foreign nationals and many of those who were born abroad are not recent entrants, and may have obtained UK citizenship since arriving. Census data for England and Wales show that almost one-half of the non-UK born usually resident population held a UK passport in 2011 (Office for National Statistics, 2013a), that is around one-half of those who were born abroad will have since become British citizens. However, focusing on country of birth allows the report to draw conclusions on the labour market activity of all long-term migrants rather than focusing solely on those who remain foreign nationals.

2. Demographics

2.1 Volume of migrants by migration category

The Annual Population Survey (APS) suggests that there were an estimated 7.7 million foreign born residents in the UK in 2012–13 (see Appendix A for information about the sample and survey methodology). During the same time period, there were 4.9 million foreign nationals resident, suggesting that a statistically significant number of foreign born residents have since become UK nationals.¹² Data from the 2011 Census show that the acquisition of citizenship is much more likely for those born outside the European Economic Area (EEA), due to the freedom of movement already available to EEA citizens.

The propensity to become a UK citizen varied with the reason for migrating to the UK, as well as the country of birth. EEA born migrants coming to the UK for work or study reasons appeared to be much less likely to become a UK national than those coming for family reasons, possibly because a family connection such as marriage implies a more permanent commitment to the UK than would be the case for those coming to the UK initially for a temporary purpose, such as work or study. Those coming as a dependant were likely to be accompanying a work or study migrant, thus their propensity to become a UK national will mainly reflect the decisions of those coming for work or study reasons. These patterns were also true for non-EEA born migrants, although in general all non-EEA born migrants were much more likely than EEA born migrants to become a UK national.

Table 1 shows the estimated numbers of people born abroad and resident foreign nationals, from EEA and non-EEA countries, in each of the immigration categories in this study. This shows, for example, that there were 5 million UK residents who were born in non-EEA countries and a further 2.6 million residents born in another EEA country in 2012–13. Of those born outside the EEA, 1.2 million came for family reasons and a further 1.1 million arrived as dependants of another migrant.

The table also shows the ratio between the numbers of foreign nationals in each group and the total number of residents who were born abroad, as an indication of their relative propensity to acquire British citizenship. For example, the number of resident foreign nationals was around 63 per cent of the total number of residents who were born abroad, but whilst most EEA born residents were also EEA nationals (ratio 0.92) only around one-half of those born outside the EEA were now foreign nationals (ratio 0.48). People who came to work or study were less likely to acquire citizenship compared with the other categories of migrant.

¹² There may also be some UK nationals who were born in a different country but who have always been UK nationals.

Table 1: Foreign born and foreign national population, by immigration category, EEA and non-EEA, 2012–2013 (thousands)

	Country of birth group			Foreign nationality group			Ratio		
	EEA	Non-EEA	Total	EEA	Non-EEA	Total	EEA	Non-EEA	Total
Economic	1,163	873	2,036	1,127	459	1,586	0.97	0.53	0.78
Study	275	772	1,047	258	490	748	0.94	0.63	0.71
Family	401	1,195	1,596	190	416	605	0.47	0.35	0.38
Dependant	466	1,076	1,542	386	436	821	0.83	0.41	0.53
Refugee	13	368	380	6	178	183	0.45	0.48	0.48
Other	315	782	1,097	268	311	579	0.85	0.40	0.53
No answer	10	22	32	200	159	358	*	*	*
Total	2,643	5,087	7,730	2,433	2,448	4,882	0.92	0.48	0.63

Source: Annual Population Survey, 2012–13 average – Home Office calculations. Notes: Males and females, all ages.
* Estimates are suppressed as they are not considered statistically reliable.

Of the estimated 7.7 million foreign born people resident in the UK during 2012–13, around 2.0 million (26%) were economic migrants arriving either to take a job or to seek work, 1.0 million (14%) originally came to study, 1.6 million (21%) were family migrants, 1.5 million (20%) were dependants of other migrants and 380,000 (5%) were refugees. Together, those originally coming as a family member, either on the basis of a relationship or as a dependant of another migrant, comprised more than two-fifths of all foreign born residents in the UK, and many of these first came to the UK as children (see below).

The majority of the UK resident stock of economic migrants came from within the EEA (1.2 million, accounting for 57% of economic migrants) while most of the stock of students (772,000, 74%), family migrants (1.2 million, 75%) and dependants (1.1 million, 70%) came from outside the EEA. Almost all refugees came from outside the EEA.¹³

Table 2: Proportion of foreign born residents, by original reason for coming to the UK, 2012–13

	EEA born (%)	Non-EEA born (%)	All foreign born (%)
Economic	44	17	26
Study	10	15	14
Family	15	23	21
Dependant	18	21	20
Refugee	0	7	5
Other	12	15	14
Total	100	100	100

Source: Annual Population Survey, 2012–13 average – Home Office calculations. Notes: Males and females, all ages.

Table 3 shows the ten largest countries of origin for EEA and non-EEA foreign born residents in the UK in 2012–13, and the volume and proportion of economic, student,

¹³ The few EEA migrants who came as refugees may have arrived from the countries of Central and Eastern Europe before the collapse of communism (1989), or from any EEA countries during World War II. Most such refugees would now be British citizens, but a small number retain their original nationality.

family and dependant migrants for each country of origin. The table does not show the 'refugee' and 'other' categories, which account for the remaining percentage in each row.

The pattern of migration varied for different groups of countries of origin. As found in previous research, economic migration was a particularly frequent motivation for migrants from three of the ten countries that joined the EU in 2004, with the majority of Polish born (60%), Lithuanian born (55%) and Latvian born (61%) migrants having come to the UK to seek employment.¹⁴ Economic immigration was also prevalent among migrants from Romania (53%), which joined the EU in 2007. However, a lower proportion of the foreign born from the pre-2004 EU countries arrived as economic migrants – for these migrants, student and family immigration were more important. Around one-third of Irish born¹⁵ (31%) and a larger proportion of German born (64%) migrants were either family or dependant migrants, and relatively large proportions of Spanish born (19%), French born (18%) and Italian born (20%) migrants arrived as students. Some of those born in Germany may be married to, or children of, British armed service personnel who were stationed there.

For those born outside the EEA, economic migration was generally a less prevalent reason than for EEA born migrants and family migration was a more important reason. This was a particularly frequent motivation for those born in the countries of the Indian subcontinent, with large proportions of Pakistani born (58%), Bangladeshi born (66%), and Indian born (47%) migrants having come to the UK originally for family reasons.¹⁶ This was also a commonly cited motivation of those born in the USA (51%), Kenya (52%) and Jamaica (50%). Student immigration was also relatively common for migrants of the Indian subcontinent and USA, but was most prevalent among Nigerian born (30%) migrants.

These findings are consistent with the *Migrant Journey Analysis, fourth report* (Home Office, 2014), which found that statistically significant proportions of those coming to the UK from India, the USA, South Africa or the Philippines had come to work. However, the report also found that Indian, Pakistani and Bangladeshi family migrants accounted for a large proportion of those entering and settling in the UK for family reasons.

¹⁴ This is consistent with qualitative evidence on the motivations of migrants from the 2004 EU accession countries (for example, see Cook *et al.*, 2011).

¹⁵ Irish migrants have been coming to the UK in substantial numbers over a longer period than other EEA migrants, which may partly explain the relative prevalence of family immigration in this group.

¹⁶ Either as family member of a UK resident or as a dependant of another migrant.

Table 3: Largest country of birth groups, by immigration category, EEA and non-EEA, 2012–13 (thousands and row %)

EEA				
	Economic	Study	Family	Dependant
POLAND	401 60%	35 5%	53 8%	108 16%
IRELAND	176 45%	30 8%	47 12%	75 19%
GERMANY	40 13%	25 8%	134 45%	57 19%
FRANCE	53 38%	25 18%	23 16%	22 16%
ITALY	57 42%	27 20%	13 9%	21 15%
LITHUANIA	75 55%	12 9%	13 9%	24 17%
ROMANIA	61 53%	8 7%	12 10%	23 20%
PORTUGAL	46 47%	8 8%	11 12%	19 19%
LATVIA	46 61%	5 6%	5 6%	13 17%
SPAIN (EXCEPT CANARY ISLANDS)	30 41%	14 19%	8 11%	11 14%
Non-EEA				
	Economic	Study	Family	Dependant
INDIA	173 24%	91 12%	171 23%	176 24%
PAKISTAN	46 10%	43 9%	167 35%	111 23%
BANGLADESH	18 8%	27 12%	79 35%	70 31%
SOUTH AFRICA	67 31%	7 3%	52 24%	40 19%
USA	43 21%	26 13%	54 26%	52 25%
NIGERIA	26 14%	54 30%	36 20%	31 17%
JAMAICA	33 23%	10 7%	39 26%	36 24%
KENYA	17 12%	17 12%	34 24%	40 28%
SRI LANKA	19 14%	23 18%	21 16%	28 21%
PHILIPPINES	54 43%	6 5%	30 24%	26 21%

Source: Annual Population Survey, 2012–13 average – Home Office calculations. Notes: Males and females, all ages.

2.2 Gender and age on arrival of migrants in each category

There were little differences in the age of arrival and gender between EEA and non-EEA migrants in 2012–13. Among EEA born migrants a slight majority of migrants were female

(53%). Females formed the majority of student (59%) family (60%) and dependant (60%) EEA born migrants. Over one-half of economic migrants were male (55%). Among non-EEA born migrants, males and females were equally represented overall, but males constituted the majority of the economic (66%), student (58%) and refugee (58%) migrant categories. As with EEA born migrants, females constituted a majority of family (60%) and dependant (59%) migrants (see Annex 2 for more details).

Overall, residents born in EEA countries (who migrated to the UK as an 18+ adult) tended to be younger on arrival than people born in non-EEA countries, although the difference was small. Unsurprisingly, student migrants were substantially younger among both EEA and non-EEA born migrants (arriving at the age of 23 to 25 years), while adult family and dependant migrants arrived at an older age (around 30 years). Economic and student migrants, both from EEA and non-EEA countries, were more likely to arrive in the UK as an adult. Around one-half of EEA family migrants and two-thirds of dependants arrived in the UK as children. Around one-half of non-EEA born family migrants and around two-thirds of dependants arrived as children. In total, therefore, of the approximately 3 million foreign born migrants who came to the UK for family-related reasons, that is either as partners or dependants, around 60 per cent arrived in the UK aged 18 or younger¹⁷.

The proportions arriving as an adult were very similar for EEA and non-EEA economic and student categories. However, there were statistically significant differences in the family and dependant categories. The data presented below suggest that male family and dependant migrants, for both EEA and non-EEA migrants, were much more likely than females to come to the UK as children. Adult dependant migrants were more likely to be female accompanying a male main migrant.

Table 4: Estimated average arrival age in years of those arriving as adults, by gender and by immigration category, EEA and non-EEA migrants, 2012–13**

Country of birth and category		Average arrival age in years			Proportion migrating as an adult		
		Men	Women	Total	Men (%)	Women (%)	Total (%)
EEA	Economic	28	27	28	93	91	92
	Study	24	23	23	80	80	80
	Family	32	29	30	11	42	30
	Dependant	29	30	30	8	38	26
	Refugee	*	*	*	*	*	*
	Total	28	27	28	67	70	68
Non-EEA	Economic	30	29	30	92	93	92
	Study	25	25	25	84	77	81
	Family	31	29	30	33	57	47
	Dependant	30	30	30	20	47	36
	Refugee	30	31	30	71	71	71
	Total	29	29	29	63	66	65

Source: Annual Population Survey, 2012–13 average – Home Office calculations. Notes: Age 18+ at time of migration.

*Estimates are suppressed as they are not considered statistically reliable.

** Small differences should be interpreted with caution as these figures are calculated using current age and reported year of arrival, and include slight variation caused by arrival at different points in that year. However, these are the best possible estimates and any error should not affect one category more than another.

¹⁷ Family-related includes 1.6 million family migrants and 1.5 million dependants (see Table 1).

3. Labour market characteristics

3.1 Labour market status

Current labour market status varies for different countries of origin and also reasons for migration. Differences in labour market outcomes may arise due to the skills of individuals, economic conditions in the area of the country where people choose to live, discrimination against certain groups or a variety of other reasons.

In 2012–13 the overall employment rate for UK residents who were born abroad was lower than for those born in the UK (67.0% compared with 71.8%). Migrant unemployment and economic inactivity rates were higher than the overall UK rates. The non-UK born unemployment rate was 9.0 per cent compared with the UK born unemployment rate of 7.4 per cent, and non-UK born migrant economic inactivity rate was 26.3 per cent compared with the UK born inactivity rate of 22.3 per cent¹⁸.

¹⁸ Annual Population Survey, 2012–13 dataset. Employment and inactivity rates of men and women aged 16 to 64. Unemployment rate of men and women aged 16 and over. All adults in the UK are classified as 'employed', 'unemployed' or 'economically inactive' by internationally agreed definitions. To be 'unemployed', a person needs to be actively seeking work, and available to start work within the next two weeks (ONS, 2013b). People can be 'economically inactive' for many reasons, including full-time education, looking after children, or long-term sickness.

Table 5: Foreign born population age 16 and over, by economic activity and immigration category, EEA and non-EEA, 2012–13 (thousands and % rate)

Country of birth and category		Economic activity		
		Employment rate	Unemployment rate	Inactivity rate
EEA	Economic	906 86.5%	51 5.3%	206 8.5%
	Study	171 66.4%	13 6.9%	87 28.7%
	Family	189 66.0%	19 9.3%	119 27.2%
	Dependant	153 56.3%	19 11.3%	136 36.4%
	Refugee	* *	* *	8 33.9%
	Total	1,597 75.7%	116 6.8%	669 18.7%
	Non-EEA	Economic	642 86.9%	27 4.1%
Study	450 62.0%	42 8.5%	276 32.2%	
Family	565 57.7%	79 12.2%	435 34.2%	
Dependant	455 54.7%	66 12.6%	383 37.3%	
Refugee	159 47.5%	49 23.6%	143 37.8%	
Total	2,692 62.6%	310 10.3%	1,751 30.1%	

Source: Annual Population Survey, 2012–13 average – Home Office calculations. Notes: Levels represent men and women, aged 16 and over. Employment and economic inactivity rates are a proportion of the working age (16–64) population. Unemployment rate is a proportion of the economically active 16 and over population.

* Estimates are suppressed as they are not considered statistically reliable.

However these differences were not reflected across all migrant groups. European Economic Area (EEA) born migrants were more likely to be employed (75.7%) than those born in the UK (71.8%),¹⁹ while non-EEA born migrants were less likely (62.6%). The higher employment rate of EEA than non-EEA migrants was generally observed across all migrant categories, with the exception of economic migrants where both groups had high rates; however, the large difference in the overall employment rates was a result of the different make-up of migrant categories between EEA and non-EEA born migrants reported in section 1. With the exclusion of refugees, the employment rate was highest among economic migrants, at 86.5 per cent for EEA migrants and 86.9 per cent for non-EEA migrants, and lowest among dependant migrants, at 56.3 per cent and 54.7 per cent respectively. Family migrants²⁰ also had much lower employment rates than migrants overall. The higher proportion of dependant and family migrants amongst those born in non-EEA countries reduced the overall employment rate for the non-EEA born migrants.

With the exclusion of refugees, unemployment and economic inactivity rates were highest among dependant migrants, although family migrants had similar rates. For non-EEA born

¹⁹ Annual Population Survey, 2012–13 dataset.

²⁰ Aged 16 to 64.

migrants, unemployment and economic inactivity rates were highest among refugees, which suggests that refugees had poorer labour market outcomes than other types of migrants. This has been confirmed by other research – for example, the Home Office Survey of New Refugees²¹ reported significantly poorer labour market outcomes for its sample of refugees compared with the UK average, an employment rate of only 49 per cent at 21 months after being granted refugee status.

Annex 4A looks at foreign nationals rather than foreign born migrants, and Annex 4B at those foreign born nationals who have become British citizens. The data suggest that the economic activity of EEA nationals and EEA born migrants were in general similar. For example, the employment rate of EEA nationals was 76.4 per cent and for EEA born migrants it was 75.7%. This reflects the fact that EEA born migrants tend to retain their nationality compared with non-EEA born migrants, and so the individuals these estimates are based on are likely to be very similar.

The employment rate of non-EEA nationals was 59.0 per cent, a lower rate than for those non-EEA born migrants who subsequently acquired British citizenship (65.7%). This difference is likely in part to be due to the composition of these groups, for example, the numbers of non-EEA nationals who are currently studying. Non-EEA nationals that came to the UK for economic reasons had a higher employment rate (89.3%) than non-EEA born migrants (86.9%). Excluding the student group, the largest differences were for family migrants and dependants where the employment rates were lower amongst foreign nationals than the foreign born, perhaps indicating that family and dependant migrants do not necessarily take up employment immediately on arrival, but do so to a greater degree once established in the UK (and once British citizens). For example, for non-EEA foreign nationals who came as family migrants or dependants the employment rates were 49.5 per cent and 42.6 per cent respectively. However, for those non-EEA born nationals arriving on a family or dependant visa route, who later acquired UK nationality, the employment rate was 62 per cent in both cases, the same as the non-EEA born employment rate overall.

This difference was also noticeable for the refugee group, where those who still have a foreign nationality reported a lower employment rate (41%) than those who were originally refugees but who have since acquired British citizenship (54%) – although the employment rate for refugees was still low.

Annexes 5A and 5B present the labour market status of migrants born abroad who came to the UK before 2004 and during or after 2004. These time periods were selected for further analysis due to the large inflow of new EU citizens who came to the UK after the accession of ten Member States to the EU in that year. The data suggest that around 1.1 million EEA born migrants residing in the UK who are now aged 16 and over arrived in the UK prior to 2004 and approximately 1.2 million after 2004. Of those who came before 2004 for economic reasons, around 80.1 per cent were in employment (210,000 employment levels aged 16 and over) and 14.6 per cent were economically inactive. However, the employment levels of economic EEA born migrants who arrived after 2004 was over three times higher, at 690,000, and the employment rate was higher, at 88.5 per cent (only 6.6% reported being economically inactive). Despite this difference, total employment, unemployment and inactivity rates of EEA born migrants were not considerably dissimilar between the two time periods.

²¹ Daniel and Zurawan (Home Office, 2010)

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/116070/horr35.pdf

The majority of the non-EEA born migrant stock who are aged 16 and over arrived in the UK prior to 2004 (3.2 million compared with 1.5 million who arrived after 2004). The total employment rate of non-EEA born migrants who came to the UK before 2004 was higher (66.5%) than for those who arrived after 2004 (55.8%). When looking at the reason for migration, around 91.0 per cent of non-EEA born economic migrants who arrived after 2004 were in employment, a higher figure than for the EEA equivalents, and this compared with 83.3 per cent for those who came before 2004. Non-EEA migrants arriving after 2004 as family or dependants had lower employment rates than the earlier arrivals in these routes. As suggested previously, this may reflect time taken to learn the English language or to integrate, as well as the need to become established as a UK resident before seeking employment. Non-EEA migrants who came as refugees had the lowest employment rate of all groups, but the rate for those who came after 2004 was statistically significantly less (30.5%) than for those who arrived before 2004 (53.2%). Three-quarters of the refugees recorded in the Annual Population Survey (APS) data arrived prior to 2004.

Annex 6 shows labour market status by immigration category for recent migrants (defined as migrants who have arrived in the UK in the last five years) and non-recent migrants on 2012–13. For both EEA and non-EEA migrants, employment rates of recent economic migrants in each labour market status (i.e. employed, unemployed and inactive) were similar to those of all economic migrants, although the employment rates of recent economic migrants were slightly higher (87.9% for recent EEA migrants, compared with 85.6% for more established EEA migrants, and 91.3% for recent non-EEA migrants, compared with 85.4% for more established non-EEA migrants). Similarly economic inactivity rates of recent economic migrants were lower (6.2% for recent EEA migrants, compared with 10.0% for more established EEA migrants, and 5.1% for recent non-EEA economic migrants, compared with 10.9% for more established non-EEA economic migrants).

Recent student migrants had higher economic inactivity rates than earlier student migrants (50.4% and 59.3% for recent EEA and non-EEA student migrants, compared with 14.2% and 16.4% for earlier student migrants born in the EEA and outside the EEA respectively), reflecting that many recent students were still in full-time education. Recent student migrants also had a higher unemployment rate (12.5% and 13.7% for recent EEA and non-EEA student migrants, compared with 4.7% and 7.1% for earlier student migrants). This suggests that employment, which for non-EEA born migrants must also meet their visa conditions, may be harder to find for those who are still studying. Among family migrants, dependant migrants and refugees, employment was lower and unemployment and economic inactivity were much higher among recent migrants, which might suggest that labour market outcomes improve as migrants assimilate into UK life over time.

Annex 7 shows the proportion of EEA and non-EEA migrants in self-employment, by gender and immigration category. Overall, self-employment rates among male EEA born (20%) and male non-EEA born (20%) migrants were the same. This was also the case for female self-employment, 12% of EEA born and 11% of non-EEA born migrants. However, breaking the data down by reason for coming to the UK suggest that there were differences within these broad groups. Self-employment accounted for around 20 per cent of male EEA economic migrants and around 16 to 19 per cent of the study, family and dependant migrant categories. For female EEA migrants, self-employment accounted for around 11 per cent for economic migrants, but for a higher proportion of student migrants, at 14 per cent. Self-employment among non-EEA males was highest for those who came to the UK as a refugee (28%) and among non-EEA females was highest among foreign migrants in the 'other' category (13%). The 'other' category was likely to contain people

who came to the UK as entrepreneurs, which may partly explain this relatively high rate of self-employment, although it is not possible to identify such migrants directly in the APS.

3.2 Migrants in low- and high-skilled occupations

Low-skilled and high-skilled employment can be defined in several ways, but the definition used here accords with standards used by the Office for National Statistics (ONS, see Appendix B) although other studies may adopt different definitions of skills for other purposes. The broad distinction in this paper is that high-skilled occupations require post-compulsory education, or equivalent experience, which is similar to the approach in Campbell *et al.* (2014). In this analysis, the skill refers to the job held by an individual and not their education or acquired skills.

Table 6: Employed foreign born population, by occupational skill level and immigration category, EEA and non-EEA, 2012–13 (thousands and row %)

Country of birth and original reason for coming to the UK		Skill level	
		Low-skilled	High-skilled
EEA	Economic	518 57%	384 43%
	Study	59 35%	111 65%
	Family	94 50%	94 50%
	Dependant	86 57%	65 43%
	Refugee	* *	* *
	Total	848 53%	743 47%
Non-EEA	Economic	198 31%	443 69%
	Study	170 38%	278 62%
	Family	283 50%	278 50%
	Dependant	229 51%	224 49%
	Refugee	107 68%	50 32%
	Total	1,207 45%	1,470 55%

Source: Annual Population Survey, 2012–13 average – Home Office calculations. Notes: Men and women, aged 16–64.
* Estimates are suppressed as they are not considered statistically reliable.

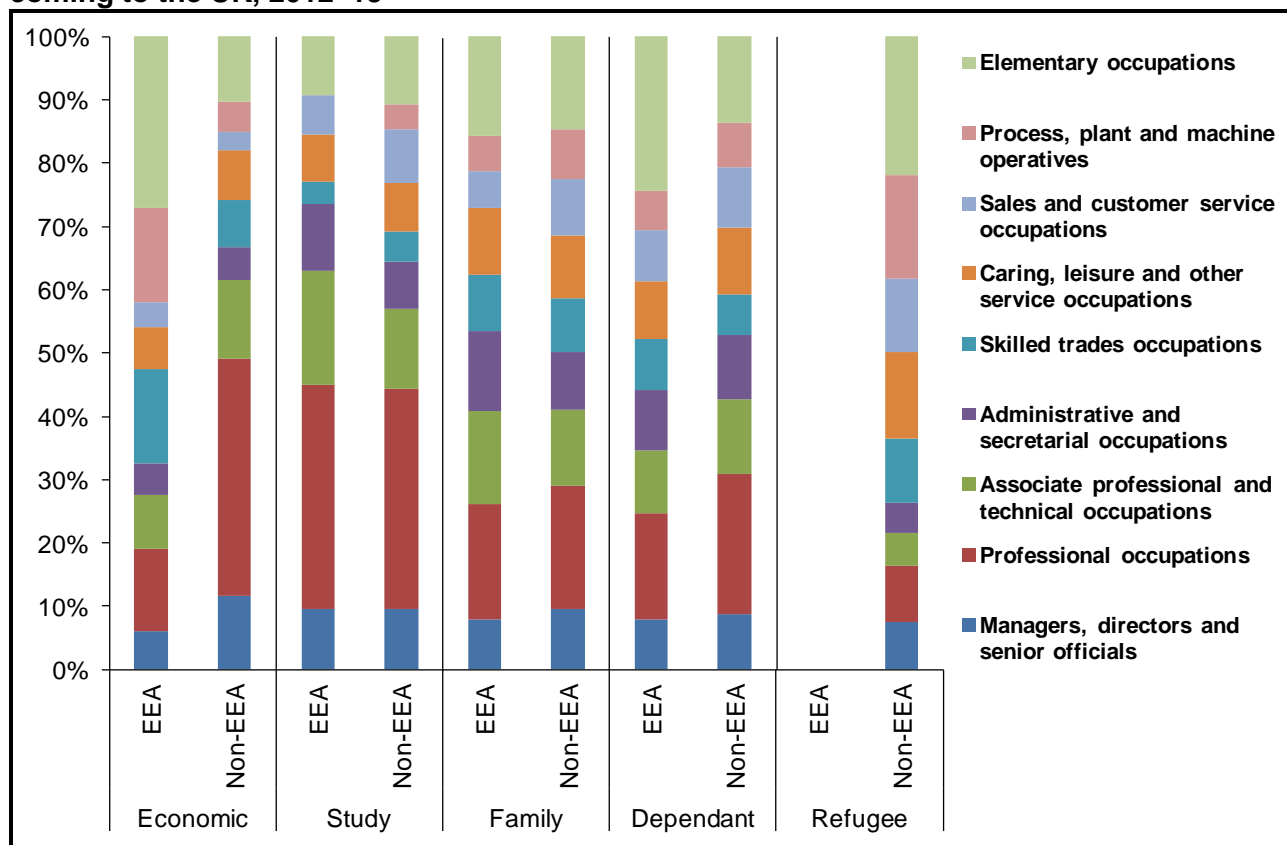
Occupational skill level varied by immigration category, and also followed a similar pattern across EEA and non-EEA migrants. While a majority of employed economic migrants from inside the EEA were in low-skilled employment (57% in 2012–13), most employed economic migrants from outside the EEA were in high-skilled employment (69%). Around two-thirds of employed migrants who originally came to the UK as a student both from the EEA and non-EEA countries were employed in high-skilled occupations.

Employed family migrants from both inside and outside the EEA were equally split between low- and high-skilled occupations. Dependants from within the EEA were more concentrated in low-skilled occupations (57%). Employed refugees were the group most concentrated in low-skilled occupations (68%) among the non-EEA born migrants.

A comparison of the occupational skill level of more recent against more established migrants (Annex 8) finds that more recent migrants were more likely to be in low-skilled occupations than more established migrants. This holds across most categories of migrants, economic, family, student and refugee, and for EEA and non-EEA migrants. The exception was one category of economic migrants. For those from outside the EEA the proportions of recent and more established migrants in low-skilled employment were similar, reflecting the focus of the immigration system on attracting highly skilled economic migrants. Those from EEA countries were more likely to be employed in low-skilled work when recently arrived. This is likely to reflect high levels of migration from the recent EU accession states since 2004.

EEA migrants as a whole were more commonly found in 'elementary occupations' (23% of all EEA born migrants in employment) in contrast to those from outside the EEA, who were more common in 'professional occupations' (26%). However, there were clear differences between migrants according to their original reasons for coming to the UK. Figure 1 shows that EEA born migrants who initially came to study or for family reasons were mainly employed in professional occupations (33% and 18% respectively). Although non-EEA migrants were more concentrated in professional occupations around one-quarter of employed non-EEA refugee migrants were in elementary occupations (22%). Family and dependant migrants were more evenly spread throughout all occupational groups. Annex 9 shows the volume of employed EEA and non-EEA migrants in each of the nine major occupation groups, by immigration category.

Figure 1: Occupational mix of employed EEA and non-EEA born migrants, by reasons for coming to the UK, 2012–13



Source: Annual Population Survey, 2012–13 average – Home Office calculations. Notes: Men and women, aged 16–64. Estimates for 'Refugee EEA' are suppressed as they are not considered statistically reliable.

The different occupational skill levels do not appear to be explained by length of time in education. This could be due to some overseas qualifications not being recognised in the UK or certain skilled jobs requiring specific training rather than a formal education. Both EEA and non-EEA born migrants had on average completed their full-time education at a higher age (20 years) than UK nationals (18 years). Annex 10 presents the average (mean) age when completed full-time education, by immigration category. This analysis also shows that non-EEA refugees received the least education overall, having completed education at 18 years of age on average.

3.3 Wages

The previously reported occupational skill levels were reflected in the average wages of EEA and non-EEA born migrants, with full-time non-EEA migrants on average earning a higher weekly wage (£500) than EEA migrants (£400) in 2012–13. There may be a variety of reasons for different wage levels, including the skills or qualifications held by migrants or differences between the sectors in which different migrant groups find employment. During 2012–13, full-time median wages for the UK born population were higher than for the EEA born, but lower than for those born outside the EEA at £471 per week. As for the UK population as a whole, full-time female migrants earned less than full-time male migrants. However, female part-time migrants and female UK born employees were estimated on average to have earned slightly more than male part-time migrants and male UK born employees.

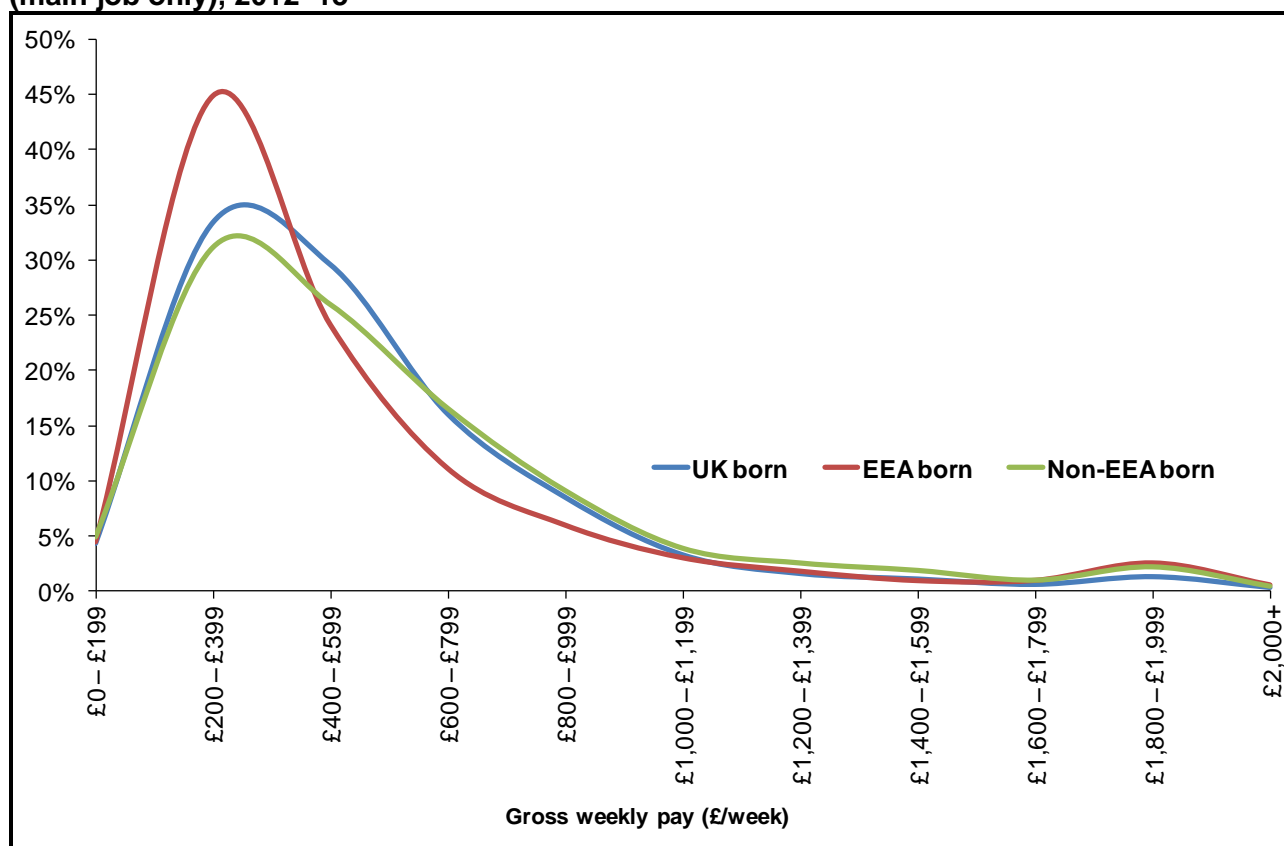
Table 7: Average (median) weekly earnings (£s) by full-time or part-time status and country of birth (main job only), 2012–13

	Full-time employment			Part-time employment		
	Men	Women	Overall	Men	Women	Overall
UK born	508	404	471	127	155	150
EEA born	420	363	400	138	150	145
Non-EEA born	519	471	500	140	148	144

Source: Labour Force Survey, 2012–13, 8-quarter average – Home Office calculations. Notes: Men and women, aged 16–64.

The distribution of earnings show that the majority of full-time employees across all groups earned a gross weekly wage of between £200 and £599 per week; 63 per cent for UK born employees, 69 per cent for EEA born migrants and 57 per cent of non-EEA born migrants. As previously indicated, the EEA born migrants were more prominent amongst low-skilled jobs, and this was reflected in the larger proportion (around 45%) with a gross weekly pay at the lower end of the scale, between £200 and £399. The distribution for non-EEA born migrants was slightly flatter than the other groupings, suggesting that there were more non-EEA born employees in the higher wage brackets in comparison with UK born and EEA born employees, and this was reflected by the higher average (median) wage of non-EEA born migrants presented in Table 7.

Figure 2: Distribution of weekly earnings (£s) of full-time employees, by country of birth (main job only), 2012–13



Source: Labour Force Survey, 2012–13, 8-quarter average – Home Office calculations. Notes: Men and women, aged 16–64. Number of employees (using the LFS income weight and who responded to the question) are: UK born = 15.6 million, EEA born = 1.1 million and non-EEA born = 1.6 million.

Migrants who originally came to the UK to study perhaps unsurprisingly had the highest earnings for both male and females in the EEA group (£625 and £477 respectively). Their average earnings were broadly similar to those born outside the EEA who came to study,

but for the non-EEA migrants the earnings of these former students were lower on average than those who came for economic reasons. This reflects the different skill composition of EEA and non-EEA born economic migrants. EEA economic migrants earned considerably less than non-EEA economic migrants on average, reflecting the lower average skill levels of their occupations.

Non-EEA born full-time workers who came as economic migrants or as students were estimated to have higher earnings than those who came to the UK for family reasons, as dependants or as refugees. As with the UK born population and EEA migrants, male non-EEA full-time economic and student migrants appeared to earn more than female economic and student migrants.

Both male and female non-EEA refugees had the lowest average earnings, which was consistent with the high proportions found in low-skilled employment.

Table 8: Average (median) weekly earnings (£s), by immigration category and gender, EEA and non-EEA migrants, main job and full-time workers only, 2012–13

Country of birth and category		Men	Women	Total
EEA	Economic	390	330	369
	Study	625	477	531
	Family	510	387	462
	Dependant	481	346	400
	Refugee	*	*	*
Non-EEA	Economic	654	538	615
	Study	577	500	535
	Family	450	423	432
	Dependant	485	423	462
	Refugee	360	333	346

Source: Labour Force Survey, 2012–13, 8-quarter average – Home Office calculations. Notes: Men and women, aged 16-64.

*Estimates are suppressed as they are not considered statistically reliable.

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Appendix A: Methodology

The analysis in this paper uses the Annual Population Survey (APS) data for the two years from 1 January 2012 to 31 December 2013 (and is referred to as 2012–13). Averages combining data from two years, 2012 and 2013, in the APS data have been created to increase the sample sizes and improve the statistical reliability of the estimates. As wage information is not available in the APS, the Labour Force Survey (LFS) from Q1 2012 to Q4 2013 is used to compare median earnings.

Both the APS and LFS are sample-based surveys and use weights to reflect the size and composition of the general population. Sample-based surveys are subject to variability, and if the sample sizes are too small, the estimate would be considered unreliable. The Office for National Statistics (ONS) sets out guidance on minimum publication thresholds.²² This guidance suggests that for the 2012–13 APS and the LFS 2012–13, if the weighted population is less than 4,000, the estimates would not be considered statistically reliable. Furthermore, the ONS suggests that if the sample size is less than three, the results should not be presented to avoid the risk of disclosure.

The two tables presented below, which replicate Tables 1 and 8 respectively, show the levels as well as the sample size.

Table A1 shows that the estimated total foreign born population of 7.7 million is based on a sample size of 67,768.

Table A1: Foreign born population and sample size, by immigration category, EEA and non-EEA, 2012–2013

	EEA born		Non-EEA born		Total foreign born	
	Population	Sample size	Population	Sample size	Population	Sample size
Economic	1,163,000	9,679	873,000	7,502	2,036,000	17,181
Study	275,000	2,124	772,000	5,899	1,047,000	8,023
Family	401,000	3,912	1,195,000	11,019	1,596,000	14,931
Dependant	466,000	4,492	1,076,000	9,693	1,542,000	14,185
Refugee	13,000	118	368,000	2,970	380,000	3,088
Other	315,000	2,885	782,000	7,178	1,097,000	10,063
No answer	10,000	97	22,000	200	32,000	297
Total	2,643,000	23,307	5,087,000	44,461	7,730,000	67,768

Source: Annual Population Survey, 2012–13 average – Home Office calculations. Notes: Males and females, all ages.

Table A2 provides the levels and sample sizes for the main wage estimates and it is clear that these are based on much smaller numbers of respondents. Although these are well above the level suggested by the ONS as the minimum reliable, they are still small and would suggest that the estimates of wage levels may vary and small differences between groups are less likely to be robust.

²² See Labour Force Survey – User Guide Volume 1, page 136 <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/labour-market/labour-market-statistics/volume-1---2011.pdf>

Table A2: Average weekly earnings and sample size, by immigration category and gender, EEA and non-EEA migrants, main job and full-time workers only

Country of birth and category		Men			Women			Total		
		Wage	Levels	Sample size	Wage	Levels	Sample size	Wage	Levels	Sample size
EEA	Economic	390	399,000	1,096	330	231,000	753	369	630,000	1,849
	Study	625	53,000	137	477	66,000	209	531	118,000	346
	Family	510	61,000	209	387	53,000	205	462	114,000	414
	Dependant	481	40,000	128	346	49,000	168	400	89,000	296
	Refugee	*	*	*	*	*	*	*	*	*
Non-EEA	Economic	654	299,000	875	538	146,000	501	615	445,000	1,376
	Study	577	176,000	515	500	89,000	308	535	265,000	823
	Family	450	192,000	595	423	141,000	486	432	333,000	1,081
	Dependant	485	125,000	376	423	107,000	378	462	231,000	754
	Refugee	360	50,000	137	333	19,000	64	346	69,000	201

Source: Labour Force Survey, 2012–13, 8-quarter average – Home Office calculations. Notes: Men and women, aged 16–64. Levels based on the income weight.

*Estimates are suppressed as they are not considered statistically reliable.

Appendix B: Details of low and high-skilled occupations

Occupations are defined here as 'low-' or 'high-skilled' according to the skill level they are assigned in the Standard Occupational Classification (2010). Skill levels 1 and 2 are defined as 'low-skilled' and skill levels 3 and 4 are defined as 'high-skilled'. Low-skilled and high-skilled employment can be defined in several ways, but the definition used here accords with standards used by the Office for National Statistics (ONS) in its reports on non-UK born workers (Office for National Statistics, 2011), and graduates in the labour market (Office for National Statistics, 2012).

A full description of the criteria on which skill levels are assigned to occupations is available from the ONS (Office for National Statistics, 2010). However, the general distinction is that skill levels 3 and 4 require a body of knowledge associated with some kind of post-compulsory education, or equivalent experience. The occupational categories assigned to each skill level are listed below.

Table B1: Low- and high-skilled occupations

Low-skilled	High-skilled
Administrative and secretarial	Managers, directors and senior officials
Caring, leisure and other services	Professional occupations
Sales and customer services	Associate professional and technical
Process, plant and machine operatives	Skilled trades occupations
Elementary	

Source: Office for National Statistics (2010), Labour Force Survey.

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