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1 Executive Summary

1.1 In August 2017, Cornwall Council and the Cornwall and the Isles of Scilly LEP (CIOS LEP) commissioned S4W Ltd to research the economic implications of a changing migration policy, particularly linked to the implications of an exit from the EU Single Market, would have on local businesses, the wider Cornish economy and local communities within the area.

1.2 Allowing or encouraging economic migration to fill gaps in the labour market has been a long standing post-war economic policy. UK migration policy with regards to the market labour over the past 15 years has generally been based upon visa-driven specialist recruitment for skilled staff from key nations and a wider labour market expansion through the Single Market (although increasingly, many skilled posts have also been filled from EU countries).

1.3 According to the 2011 Census, of the 534,476 residents of Cornwall and the Isles of Scilly, 95.6% were born in the UK and 4.4% were born overseas (of which 39.7% were from EU nations – 9,433). Inbound migration, particularly from the EU and notably Accession States has continued since the 2011 Census. In the year to June 2015 there were a total of 2,847 National Insurance Numbers issued to overseas nationals in Cornwall and the Isles of Scilly, although that number has fallen to 2,527 in the year to June 2017. The emphasis has switched recently from the EU8 Accession nations to Romania and Bulgaria.

1.4 The Annual Population Survey estimate for 2015 suggest a population of 26,000 non-UK born residents in Cornwall and the Isles of Scilly. Using data on migrants in school suggests there are at least 14,000 EU nationals in Cornwall and estimations on the issue of National Insurance Numbers suggest in the region of an additional 8,000 EU migrants have chosen to remain in Cornwall over the past 6 years (increasing the population of EU nationals to around 17,000.

1.5 Census data from 2011 suggests around half of all migrants for EU Accession states live in urban areas in Cornwall and the main concentrations of migrant families from school’s data are in the areas around Bodmin, St Austell and Redruth/Camborne.

1.6 Most businesses in Cornwall and the Isles of Scilly employ no or very few migrants and the economy is dominated by micro-businesses and has a very high self employment rate. Most businesses that employ EEA area migrant labour are medium to large businesses, with the business survey identifying that of the businesses that had over 15% of their staff from overseas, 60% employed more than 100 people.
1.7 In most cases it had been a strategic business decision to employ EEA area workers, although some sectors have followed this business model since 2004 (and in some cases earlier) and it would not be possible in the current labour market to reverse their workforce structure or recruitment processes. Most businesses recruited EEA area workers the same way they would recruit any staff, and just employed the best candidates that applied, some vacancies are advertised across Europe to attract a wider pool of candidates and some businesses, most commonly in agriculture and food processing, directly recruited from EU Accession States via agencies.

1.8 Major employers of EU workers in Cornwall and the Isles of Scilly include:

- Major retail establishments
- the health and care sectors, especially predominant are residential and nursing homes
- large hotels and businesses that supply the visitor economy
- large agriculture and food and fish processing businesses
- manufacturing businesses, especially those larger businesses that have fluctuating order books

1.9 According to the business survey, over half of all recruitment of overseas labour was because businesses either couldn’t recruit staff within the UK or had a seasonal demand for labour, with a further 28% of businesses recruiting from overseas to fill skills gaps. Issues around aptitude and costs of overseas labour were in the minority.

1.10 Overall, businesses reporting that entering the labour market with a handful of vacancies over a short period of time could fill these from the indigenous population, but overall the use of EU labour has been more prominent in the following circumstances:

- Businesses that recruit larger numbers of staff in relatively short timeframes, either because of:
  - seasonal demand;
  - fluctuating order books; or
  - due to growth
- New economic or business projects that require initial recruitment

1.11 Demand for EU labour is unlikely to change in the short term, even though numbers of EU workers entering Cornwall and the Isles of Scilly are already falling according to National Insurance Number registrations.

1.12 Cornwall and the Isles of Scilly are a peripheral location to Europe, with limited direct transport links to the continent and distant from many of the UK’s main population centres. This will make Cornwall a less competitive location in attracting any migrant workforce that it needs when numbers are more restricted. We would require this disadvantage to be acknowledged and redressed in some way in any future migration policy.
1.13 Overall the study found very limited evidence of migrant workers directly displacing UK and local labour, although there are some structural and skills gaps that could be addressed in the longer term to ensure local people can become more competitive in key industries in the future. There were also few examples of migration having an impact on wage rates, with no businesses recruiting from the EU directly because of lower costs. Many businesses identified the living wage and national minimum wage as levellers of wage costs.

1.14 There were mixed views on whether those that are under-employed or inactive in the labour market could fill some of the roles currently undertaken by migrant workers. Businesses reported mixed experiences in this area and scepticism about the ability of those unemployed to work across a number of sectors. However, this may become a new economic reality for many businesses if there are fewer overseas workers in the labour market.

1.15 Key policy recommendations include working with businesses on their Leadership and Management capabilities to source labour in the future, especially linked to active and inclusive labour market interventions and policies.

1.16 Overall Cornwall and the Isles of Scilly rely on EEA area workers less than other parts of the UK, but any future migration system, to meet Cornwall’s needs has to ensure the areas requirement for lower qualified workers is still recognised as still being economically important, there are specific solutions in place for seasonal labour in areas such as agriculture, food processing and tourism and ideally, there are ways of supporting migrant workers in any visa system to locate to peripheral parts of the UK such as Cornwall and the Isles of Scilly.
2 Scope and Background to the Study

- Cornwall and Isles of Scilly GVA per capita is only £17,964 compared to £25,351 across the UK
- Average wages are £11.41 per hour locally, compared to £13.66 across the UK
- Less than a third of the Cornwall and Isles of Scilly workforce are qualified to NVQ Level 4 or above
- Cornwall has an over-representation of employment in Wholesale and Retail, Health and Social Work, Accommodation and Food Services and Construction compared to the rest of the UK.

2.1 In August 2017, Cornwall Council and the Cornwall and the Isles of Scilly LEP (CIOS LEP) commissioned S4W Ltd to research the economic implications of a changing migration policy, particularly linked to the implications of an exit from the EU Single Market, would have on local businesses, the wider Cornish economy and local communities within the area.

2.2 Cornwall Council and the CIOS LEP and partners will use the findings of this research to inform a Cornish perspective on the current Migration Advisory Committee call for evidence on the social and economic impacts of EEA area workers on the UK labour market. The research will also support efforts to ensure local businesses and the economy are as resilient to any economic change as possible and in planning for future economic and social interventions, programmes and services.

2.3 The key objectives of the study are highlighted below and can be classified as social cohesion aspects, labour market aspects, and enterprise and productivity aspects. These are addressed through each relevant chapter of the study:

- An understanding of the volume and nature of EEA migration into Cornwall
- How does EEA area migration address some of Cornwall’s skills shortages?
- How do businesses recruit labour from EEA area countries?
- Which sectors of the economy are most exposed to a reduction in EEA migration into the local economy?
- What are the skills and occupational profiles of EEA area migrants in Cornwall
- An assessment of the possible impact of a reduction in EEA area workers by sector and potential contingency plans businesses may adopt

2.4 The UK Government is still engaged in wider negotiations about our future relationship with the European Union, with no clear agreement reached at this stage as to the future status of recent migrants and details on whether they have the right to carry on living, working and applying for potential citizenship in the UK. There is also no clarity on future policy relating to economic migration from both EU member states and changes to the visa system with the rest of the world.
2.5 Without a clear national policy steer, the outcome of this study is to identify what the Cornish economy is likely to need to sustain its labour force to meet the needs of local businesses and critical public services and ensure the area has a balanced population demographic.

**Cornwall and Isles of Scilly economic context**

2.6 Cornwall and the Isles of Scilly are home to a resident population of 556,000 people, of which 326,700 are of working age. The proportion of working age population in Cornwall and the Isles of Scilly (at 58%) is lower than the South West Region (60.9%) and the UK (63.1%)¹.

2.7 Unemployment, especially in terms of the claimant count, is relatively low in Cornwall and the Isles of Scilly, as indeed it is across much of the UK at the moment. Economic growth has been positive over recent years and the claimant count, with around 3,000 claimants, stands at 0.9% of the working age population². This is largely in line with the rates for both the South West and the UK. The employment rate in September 2017 is 78.1% across Cornwall and the Isles of Scilly, higher than the South West rate (77.9%) and national rate (74.4%). Cornwall and the Isles of Scilly’s employment rate is buoyed by a very high self-employment rate³.

2.8 Despite the low levels of unemployment, there are some structural labour market issues in Cornwall. The latest available data (2015) shows GVA per capita is presently (2015) £17,964, an increase of £1,345 since 2011. However, the area lags significantly behind South West GVA per capita (£23,031) and the UK (£25,351)⁴. Residency based average earnings are low in the area, with pay rates of £11.41 per hour compared to £12.80 across the South West and £13.66 across the UK⁵.

2.9 There is a high prevalence of disability and long-term sickness amongst the economically inactive, with 21,790 people on Incapacity Benefit or Employment Support Allowance, or 6.7% of the working age population. The rate across England is 5.8%⁶. In addition, there is a general ageing of people claiming Employment Support Allowance. In February 2017, over 46% of all claimants were aged over 50, compared to 41% in February 2014.

2.10 According to the Standard Occupational Codes classification (Chart 2.1 overleaf), there is a higher dependence on skilled trade occupations, caring, leisure and other services occupations and elementary occupations in Cornwall and the Isles of Scilly than the South West or the UK. This is offset by lower than expected levels of jobs in occupations such as Professional, sales and customer service and administrative and secretarial. Many of the jobs within the skilled trades and elementary occupations relate to skilled and semi-skilled agriculture and food processing occupations.

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¹ ONS Mid-Year Population Estimates 2016  
² ONS Claimant Count (August 2017)  
³ Cornwall’s self-employment rate is 17% of the working age population, compared to 12% in the South West and 10.6% across the UK.  
⁵ ONS Regional Gross Value Added (Income Approach) – provisional data (2015)  
⁶ Annual Survey of Hours and Earnings (2016)  
⁷ DWP Benefit Claimants (November 2016)
Coupled with relatively lower pay rates, Cornwall also suffers from lower levels of skills within the economy. Less than a third of the workforce are qualified to NVQ Level 4 or above, compared to 37.8% in the South West and only 54.3% are qualified above NVQ Level 3 compared to 59.4% in the South West.

**Table 2.1 Employment by Sector 2016**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Jobs (CIOS)</th>
<th>% of Jobs - CIOS</th>
<th>% of Jobs South West</th>
<th>% of Jobs UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale &amp; Retail Trade; Repair of Motor Vehicles &amp; Motorcycles</td>
<td>40,000</td>
<td>19.2</td>
<td>16.7</td>
<td>15.3</td>
</tr>
<tr>
<td>Human Health &amp; Social Work Activities</td>
<td>32,000</td>
<td>15.4</td>
<td>14.7</td>
<td>13.3</td>
</tr>
<tr>
<td>Accommodation &amp; Food Service Activities</td>
<td>30,000</td>
<td>14.4</td>
<td>9.0</td>
<td>7.5</td>
</tr>
<tr>
<td>Education</td>
<td>19,000</td>
<td>9.1</td>
<td>9.3</td>
<td>8.9</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>17,000</td>
<td>8.2</td>
<td>9.3</td>
<td>8.1</td>
</tr>
<tr>
<td>Construction</td>
<td>13,000</td>
<td>6.2</td>
<td>5.3</td>
<td>4.6</td>
</tr>
<tr>
<td>Administrative &amp; Support Service Activities</td>
<td>12,000</td>
<td>5.8</td>
<td>7.1</td>
<td>9.0</td>
</tr>
</tbody>
</table>

Source: ONS Annual Population Survey (March 2017)
2.12 As identified in table 2.1, there is more employment in Cornwall and the Isles of Scilly concentrated in sectors such as retail and wholesale, health and social work, accommodation and food services, education and manufacturing and construction sectors than across the South West and/or UK.

2.13 Another critical factor in the Cornwall and the Isles of Scilly is the fact that the area has one of the country’s most self-contained labour markets, surrounded on three sides by water and with relatively small local travel-to-work areas within which employers must operate. Cornwall is the 12th largest county by area in England, the 8th most sparsely populated County, but critically has no major city within its boundaries. The nearest big city is Plymouth, which is over an hour and a half drive from west Cornwall and Bristol, the nearest of England’s core cities, is 190 miles from Penzance and still 125 miles from Launceston.

2.14 As a result of being isolated from major sources of labour and having only settlements largely up to a population of 30,000 there is a very restricted pool from which businesses can recruit. This is further exacerbated by the lower level of infrastructure, lack of motorways or significant high-speed rail network.

2.15 As of July 2017 the average price of a house in Cornwall was £218,737. This is 3% cheaper than the UK average, but considering the average wage level within Cornwall, has contributed to a significant housing affordability crisis. This is exacerbated by a large number of second home owners in some of the more picturesque areas of the County, where one in every three houses is a second home.

2.16 These two factors, coupled with the cost of living in a rural area, have a considerable impact on the Cornwall labour market, making it less affordable to live in Cornwall and not easy to commute into or around Cornwall for work. All these factors, linked to lower skills and wages within the local economy, contribute to reducing the productivity of labour in Cornwall and the Isles of Scilly.
3 Methodology

3.1 The study took place between August and October 2017, and was overseen by a steering group set up by Cornwall Council and CIOS LEP. The steering group included public, private and voluntary sector representatives. Research undertaken comprised:

- Analysis of official data including Census data, Labour market data (notably through the Annual Population Survey which comprises elements of the Labour Force Survey), DWP (National Insurance Number data), Home Office data, Higher Education Statistical Agency Statistical Releases (on Higher Education participation) and other local data sources, including main languages spoken in schools in Cornwall.

- A review of existing literature on migrant communities and their role in the Cornwall and Isles of Scilly economy, including the work of the Cornwall and Isles of Scilly Futures Group into local implications for BREXIT in January 2017 and the Migration Advisory Committee.

- Engagement with local businesses and business representative bodies including the Cornwall Chamber of Commerce, the Federation of Small Businesses, Cornwall Manufacturing Group, the Cornwall and Isles of Scilly Construction Strategy Partnership, Visit Cornwall and the Cornwall Marine Network.

- Discussion with key education sector providers including Falmouth University, the University of Exeter and Cornwall College.

- Discussions with key public sector agencies including Cornwall Council, the Council of the Isles of Scilly, the NHS and voluntary sector representatives including Inclusion Cornwall and the Cornwall VCS Forum and discussion with individuals within the EEA area migrant workforce in Cornwall.

- Direct interviews and meetings with key business leaders in Cornwall (included as Appendix A) and an online business survey with responses from 80 businesses across a broad range of sectors.

3.2 One of the biggest challenges in understanding the local impacts of migration is the limitations, unreliability or incompatibility of national data when applied to a local level. Where possible and practical, national data has been cross-referenced with local sources and any anecdotal input from interviewees to test hypothesis and findings. Some data sources have wide confidence intervals when used at local levels, notably the Annual Population Survey and Labour Force Survey.
3.3 The most robust data on migration comes from the 2011 Census, but this is now six years old data in a relatively fast-moving policy area. Since 2011 restrictions on those from Romania and Bulgaria working in the UK have ended, the economic climate in many other more established Accessions countries has improved and the UK has voted to leave the European Union, coupled with a structurally lower exchange rate. These changes have had a considerable impact on migration patterns.

3.4 The issue of new National Insurance Numbers to non-UK residents is a significant source of data on economic migrants, but the data in merely an on-flow and is unable to capture whether people are here to work temporarily or long term, or if people move around the UK after their initial registration. Based on the discussions held with EU migrants and employers, there is a significant proportion of workers who move around the UK with seasonally orientated work in areas like agriculture or project orientated work like construction.

3.5 Key gaps in data exist in the sectors within which migrant labour is employed, updating the 2011 Census data, ways of effectively estimating how many seasonal/temporary workers there are in Cornwall and the Isles of Scilly, which seem to be significantly under-represented and up to date representations of overall numbers of migrants resident in Cornwall.

3.6 Another data issue is the geographical classification of migrants in key data sources. Census data covers the EU in terms of all EU nations and sub-sections of the EU15 (excluding the UK and with Ireland as a separate category) and Accession states – sometimes split by EU8 and EU2. Some of the Census data is available in less geographical detail at a County or Local Enterprise Partnership level than a regional level and has been referenced accordingly. Some data sources refer to country of birth as EU only, some cover the wider European Economic Area and some just refer to ‘not born in the UK’. We have expressed in the chapters which geographical coverage is represented, with further information provided in Appendix B.

3.7 CIOS LEP ensured the business survey was widely distributed and a broad range of businesses had the chance to contribute to the local evidence base. However, there are some factors that may affect the findings. Firstly, businesses that have an interest in the subject area are the most likely to respond and secondly some sectors are over-represented in the results (such as the care sector with 27 responses) and some are under-represented, notably the tourism and hospitality sector, with only 3.

3.8 Map 3.1 overleaf shows the strong geographical spread of survey responses across Cornwall (although there were no business responses from the Isles of Scilly).
3.8 Finally, we have also tried to ensure that we are not reflecting the views of an entire sector of the economy based on the input of one or two businesses. Where there are business survey results and interviews have taken place, we have worked with business representative bodies to cross reference where this might fit in a more generalised ‘sector’ picture, recognising there are always exceptions within each sector.
4 Migration - A UK Context

- In 2011 a total of 13% of the England and Wales population (7.1m people) were born outside the UK
- Net migration from the EU into the UK fell from 184,000 in 2015 to 133,000 in 2016, with 3.7m people born in the European Union now resident in the UK and a growing number arriving from EU Accession states
- 83.5% of those born in EU Accession countries arrived in the previous 10 years according to the 2011 Census

4.1 Allowing or encouraging economic migration to fill gaps in the labour market has been a long standing post-war economic policy. UK migration policy with regards to the market labour over the past 15 years has generally been based upon visa-driven specialist recruitment for skilled staff from key nations and a wider labour market expansion through the Single Market (although many skilled posts have also been filled from EU countries).

4.2 Of the 54 million people usually resident\(^7\) within England and Wales at the 2011 Census, 7.1 million or 13% were born outside the UK. In 2001 this was 9 per cent (4.6 million). Around half of all migrants residing in England and Wales (3.8 million) arrived in the UK between 2001 and 2011.

4.3 Europe provided the largest cohort of migrants in the period 2001-11 and 47.6% of these were from EU Accession states. The most common non-UK countries of birth for usual residents of England and Wales were India, Poland and Pakistan. Poland showed a nine-fold rise over the last decade. As of 2011, 83.5% of all usual residents born in EU Accession states had arrived in the preceding decade.

4.4 ONS Long-term Migration and Migration Quarterly reports indicate a continuing upward growth in European migration into the UK since 2011, with a commensurate general downward trend from elsewhere in the world. However, net migration from the EU peaked in 2015 and has been slowly falling back after the referendum vote to leave the EU.

4.5 In 2016, inflows of EU nationals migrating into the UK were estimated at 250,000, down from the peak of 269,000 in 2015. Net migration of EU citizens was estimated at 133,000 in 2016, down sharply from 184,000 in 2015.

4.6 The latest Labour Force Survey to March 2017 estimates there are now 3.7m people resident in the UK who were born in countries within the European Union. Around 2.4m of these residents were active in the UK labour market in either employment or self-employment. In 2004, about 85% of those in employment in UK that were born in the EU were from EU14 countries, whereas in 2017 this figure stood at 42%. This shows how within a decade the emphasis on economic migration has switched to the Accession States.

\(^7\) Anyone born outside the UK who has stayed or intends to stay for three months or more, but less than a year
4.7 Around 400,000 migrants in the UK were born in the Republic of Ireland (around 16.6% of all EU born nationals at the 2011 Census) and this is a long-standing source of migration into the UK\(^8\). In legal terms, the 1922 Common Travel Area agreements between Ireland and the UK pre-dates the European Union and Irish nationals enjoy rights to live and work in the UK and apply readily for citizenship. Whilst the status of the Common Travel Area (CTA) is subject to wider BREXIT discussions, both UK and Irish governments have expressed a desire for the CTA to continue.

4.8 The Migration Observatory, using HMRC data for 2016, show that in the year to April 2014, 2.54 million people who were EEA nationals with a National Insurance number were recorded as having been employed at some point in the year. This is higher than the estimate of 1.8 million EU citizens employed in 2014, according to the Labour Force Survey\(^9\).

4.9 Although these figures cannot be compared directly, it suggests that for every 10 EEA area workers that is in permanent employment in the UK, there is potentially up to another 4 that are in temporary or seasonal employment that lasts under 12 months. This however, is a relatively crude estimate of seasonal employment as also includes EEA residents in the UK who only work temporarily.

4.10 The most common reasons people migrated to the UK in 2015 were ‘work-related’ and study\(^10\). These were significantly skewed by the intention of EU citizens to work – with more non-EU citizens reported coming to study than work. Although changes to student visas over the long term may change these proportions.

4.11 59.8% of all those over the age over 16, who arrived between 2001 and 2011 were either employed or self-employed. 5.1% are registered unemployed but actively seeking work. 20.7% are undertaking either full or part-time studies. The employment aspirations of the remaining 14.4% are unclear, but the data indicates that 85.6% are in work, actively seeking work or studying.

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8 2011 Census. The corresponding figure for Cornwall is 18%
9 http://www.migrationobservatory.ox.ac.uk/resources/briefings/eu-migration-to-and-from-the-uk/ 12/10/2017
10 ONS International Long-Term Migration estimates based mainly on data from the International Passenger Survey (IPS)
5 EEA Migration - A Cornwall and Isles of Scilly Context

- Only 4.4% of the Cornwall and Isles of Scilly population (23,741 people) were born outside the UK, and only 1.7% from the European Union (9,433).
- 85% of migrants from EU Accession states were of working age (compared to 58.8% of the local population)
- National Insurance Numbers registered to EU nationals in Cornwall and the Isles of Scilly peaked in the year to June 2015 at 2,847, falling to 2,527 by June 2017
- The Annual Population Survey estimates there are around 26,000 non-UK residents in Cornwall and the Isles of Scilly. Calculations based on the number of children in school who speak EU languages suggest there are at least 14,000 EU residents now in Cornwall.
- Almost half of all migrants from Accession States live in urban areas, with concentrations in Bodmin, St Austell, and Redruth/Camborne.

2011 Census

5.1 According to the 2011 Census, of the 534,476 residents of Cornwall and the Isles of Scilly, 95.6% were born in the UK and 4.4% were born overseas (of which 39.7% were from EU nations – 9,433). The number of people born overseas and residing in Cornwall had increased from 17,182 in the 2001 Census to 23,741 by the 2011 Census. In 2001 the proportion of EU nationals that made up the population of those born overseas was lower at 36%.

5.2 As of the 2011 Census, 45.7% of the EU born residents of Cornwall were from EU Accession countries. At the 2011 Census, 78.2% of European migrants were of working age (between 16 and 64), which rose to 84.7% from the EU Accession countries.

5.3 However, to put these figures into perspective, across England 86% of the population were born in the UK, around ten percentage points lower than Cornwall and the Isles of Scilly. The EU born population across England was 4.4%, compared to just 1.7% in Cornwall and the proportion of EU residents born in Accession states across England was 46%, largely similar to Cornwall.

5.4 Chart 5.1 overleaf shows, at a South West level, the proportion of individuals from different countries of birth that arrived after 2004, until the Census in 2011. There is a very clear distinction between the accession states, with over 80.5% of all migrants arriving after 2004 and the EU15, with only 27.8% of all migrants arriving after 2004. Over 90% of those born in Lithuania and Poland but resident in the South West arrived after 2004.
5.5 The 2011 Census Data also reported on short-term residents, classified as anyone born outside the UK who has stayed or intends to stay in the UK for 3 months or more, but less than a year. Across the whole of Cornwall and the Isles of Scilly, there were only 392 short term residents (or 1.6% of the migrant population). Of these 105 were from the EU15 nations and 123 were from accession countries.

**Recent Migration Trends**

5.6 Inbound migration, particularly from the EU and notably Accession States has continued since the 2011 Census. In the year to June 2015 there were a total of 2,847 National Insurance Numbers issued to overseas nationals in Cornwall and the Isles of Scilly, although that number has slightly fallen over the last 2 years to 2,681 in the year to June 2016 and 2,527 in the year to June 2017. This is broadly in line with feedback from businesses who have stated that the uncertainty leading up to and since the BREXIT vote and the subsequent fall in the value of the pound have made it slightly harder to recruit EU nationals.

5.7 Chart 5.2 overleaf shows the dominance of Europe in terms of economic migration in Cornwall and the Isles of Scilly. In each of the three years covered, migration from EU nations accounted for almost 90% of all overseas National Insurance Numbers (NiNos) awarded. However, this hides some significant changes in migration source over the past three years. The traditional 8 EU accession countries11 were responsible for over 40% of all National Insurance numbers registered in the year to June 2015, the figure had fallen to just over a quarter (26.1%) by June 2017. Absolute numbers of National Insurance numbers have also fallen from the EU8 over the same period, from 1,158 in the 2015 period to 659 in June 2017.

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11 Poland, Czech Republic, Slovakia, Hungary, Latvia, Lithuania, Estonia and Slovenia joined the EU in 2004
By contrast the EU2 have increased their share of all NiNo registration from 24% in the year to June 2015 to 41.2% by 2017 (although peaking in the year to June 2016 at 42.9%). Absolute numbers have also increased significantly from 683 in the year to 2015 to 1,041 in 2017 (although numbers were higher in 2016 at 1,150).

Numbers of NiNo’s from the EU15 have also fallen between 2015 and 2017, falling from 709 in the year to June 2015 to 523 by the same period in 2017.

Some of the limitations on using National Insurance Number data have been identified within the methodology section, but it is still a useful form of data to look at the changing nations that are coming to the UK for work.

**Estimates of numbers of EEA migrant workers in Cornwall**

At the Census in 2011 there were 9,433 permanent residents of Cornwall and the Isles of Scilly that were born in Europe, with a further 392 temporary residents. Given that the Census took place in March, it is likely to underestimate the main summer influx of temporary migrant labour.

Since the Census, initial restrictions on free movement of labour for citizens of Bulgaria and Romania ended in 2014, the UK voted to leave the European Union and the value of sterling has fallen against the Euro, making the UK a less competitive location to work relative to countries in the Euro.
Chart 5.3  Estimates of migrant numbers in Cornwall

5.13 Chart 5.3 above is an estimation of the numbers of all non-UK born individuals within Cornwall drawing from the Annual Population Survey (and therefore excluding some students and temporary workers). The estimate for 2015 is a population of 26,000 non-UK born residents, with a very broad confidence interval of +/-10,000. This figure also covers non-EU nationals, which were 44% of the non-UK born population in 2011, but are now likely to be a lower proportion.

5.14 An alternative means of calculating the number of EU migrants is to utilise local school data and apply this data to the school age proportion of EU-born nationals in the Census. Data from Cornwall Council in 2016 identifies 2.6% of the primary school population in Cornwall speak one of the main overseas language and a further 2% in secondary schools. Therefore over 4.5% of the school age population are likely to have been born to parents born overseas, although again this includes non-EU languages (and indeed some pupils who speak European languages may not be from European nations).

5.15 This represents 1,251 pupils, of which 1,063 speak languages of EU nations (or 85%). According to the 2011 Census, 10.3% of the population born in the EU were of school age, suggesting an overall population of EU settled migrants of almost 14,000 – although on this methodology the figure is likely to be higher as some languages did not have numbers attached (such as Bulgarian, Czech and Dutch). The number of children speaking the main EU languages has increased by over 40% between 2013 and 2016.

5.16 As stated in section 4.9, it is difficult to obtain a detailed assessment of the number of temporary EU workers and the data reported in the Census is likely to be a considerable underestimate.
5.17 As identified in chart 5.4 above, only 7% of businesses reported the typical length of stay for their overseas staff was less than 6 months or for short term seasonal posts, with a further 7% reporting six months to a year. This figure is based on the number of businesses reporting this as being their normal employment pattern and does not relate to the number of jobs. A quarter of all migrant positions typically last for over 5 years.

5.18 Each year there have been in the region of 2,200 additional National Insurance Numbers registered to EU nationals working in Cornwall, but clearly some of the people who register in Cornwall either move to other parts of the UK or return to their own nation or other EU countries. Section 4.9 suggests that for every 10 EEA area workers that are in permanent employment in the UK, there is up to another 4 that are in temporary or seasonal employment that lasts under 12 months.

5.19 This would suggest that up to 900 national insurance number registrations in Cornwall are for EU workers who do not stay in Cornwall. This would suggest an increase over the last 6 years of at least 8,000 long term residents of Cornwall (around 1,300 per annum) taking the number since the Census up to around 17,000 – which is in line with changes in the Annual Population Survey and is slightly in excess of local calculations using school data (which is likely to be an underestimate). Overall in the time period since the survey, the population of Cornwall has increased by 20,000. This clearly demonstrates, if the increase in numbers of migration suggested are remotely accurate, that the majority of local population growth has not been driven by EU migration.

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12 Source: National Insurance Number Registrations (ONS)
13 Source: ONS Mid Year Population Estimates
Geographical location of EU migrants in Cornwall

5.20 Across Cornwall 38.5% of the population in 2011 lived in urban areas. The figure for migrants from the EU15 nations was 44.2% living in urban areas and even higher for those from accession states at 49.6%. Overall EU migrants are more likely to live in Cornwall’s urban settlements than rural villages\(^{14}\).

5.21 The most up to date data on where in Cornwall EU migrant labour may be residing can be drawn from the main language data drawn from schools. The number of pupils of primary and secondary school age speaking the main seven EU languages are concentrated in the following Cornwall locality areas\(^ {15}\):

Chart 5.4 Location of school children in Cornwall speaking main EU languages

5.22 The main concentrations of migrant families are in the areas around Bodmin, St Austell and Redruth/Camborne. There are some variations in nationalities between different parts of Cornwall. The Polish population are evenly spread across the County, although with a cluster in the wider Bodmin area. Around 67% of Lithuanian population are located within the wider Penzance and Redruth/Camborne areas – anecdotally linked to employment in the food processing sectors. The Portuguese population is heavily concentrated in the wider St Austell and Bodmin areas.

5.23 In terms of residential choices, there are many migrant workers living in caravans on site within some of the areas farms and food processing businesses, whilst some migrants have progressed into the private rented sector or even home ownership, most notably in some of the more affordable parts of Cornwall such as Redruth and Camborne.

\(^{14}\) Source: 2011 Census. An area is classified as urban where there are over 10,000 residents.
\(^{15}\) Polish, Lithuanian, Portuguese, Romanian, German, Spanish, Latvian
6 Economic Impacts of Migration for Cornwall/Isles of Scilly

- 38% of businesses responding to the business survey do not employ any overseas born labour, although the actual proportion of businesses across the economy is likely to be significantly higher
- Of the businesses that had over 15% of their staff from EU nations, 60% had over 100 staff
- Only 17.2% of migrants from EU Accession States are qualified to NVQ4, much lower than the norm across England. The rate for EU15 nations is 41.9%.
- Levels of self-employment of EU migrants are lower than the UK born population, which is the inverse of the rest of England

6.1 At the 2011 Census, 4.4% of the population of Cornwall and the Isles of Scilly were not born in the UK, of which 1.7% were born in the EU, although clearly this percentage has been increasing since 2011.

6.2 According to the business survey, 38% of businesses do not employ any migrant labour, although in reality this figure is likely to be considerably higher. A further 32% of businesses reported around 1-5% of their workforce were born overseas. The distribution of the business survey picked up very few of the micro businesses (only 23% of respondents had 10 or less employees) that dominate the Cornwall and Isles of Scilly economy.

6.3 According to national research by the Chartered Institute for Personnel Development (CIPD), micro businesses (with fewer than 10 staff) rarely employ migrant staff (13% of respondents), while 77% of the largest organisations record employing migrant labour\textsuperscript{16}.

6.4 As shown by Chart 6.1 overleaf, by way of context, only 11% of businesses completing the survey employed more than 15% of their workforce from overseas. Importantly this mean that there are high concentrations of labour from overseas/the EU in only a small proportion of businesses. Of the businesses that reported they employed 6% or more of their workforce from overseas, only 7% of those businesses employed less than 10 staff. Of the businesses that had over 15% of their workforce from overseas, 60% had over 100 staff.

Throughout interviews with businesses, there were examples given of highly qualified personnel from Eastern Europe undertaking relatively low skilled jobs in sectors such as agriculture or food processing. Census data for Cornwall suggests this might be an exception rather than the norm. A total of 26% of all EU workers were qualified to NVQ Level 4. The proportion of the 16-64 year old workforce from the EU15 nations qualified to Level 4 was 38.39%, whereas the proportion within Accession states was much lower at 17.2%. The qualification levels across England for EU15 nations is slightly higher than CIOS at 41.9%, but the qualification rates for EU accession countries is considerably higher at 24.39%. Cornwall is attracting less skilled and qualified workers than the rest of England.

Chart 6.2 below identifies the types of jobs that migrant workers are undertaking in local business, although the type of work has been self-defined by businesses and is therefore not comparable with Standard Occupational Classifications. It is also based on the reported use of labour within the business and is not reflective of actual numbers of jobs.

As shown in chart 6.2, over a third of businesses reported using staff in low skilled, semi-skilled or trainee level positions, a further third reported using overseas labour in skilled positions, with a quarter of businesses using migrant labour in management or professional roles. A total of 7% of businesses reported using employees for seasonal posts.
6.8 As a general rule, businesses that reported using overseas staff for management and professional roles were generally recruiting from the EU15 nations, former Commonwealth nations or English speaking nations. Those recruiting low skilled or semi-skilled labour were recruiting predominately (although far from exclusively) from Accession States. Skilled positions had a strong mix of Accession States, EU15 countries and other parts of the world.

Chart 6.3 Reasons for recruiting overseas labour

6.9 As identified in Chart 6.3 above, over half of all recruitment of overseas labour was because businesses either couldn’t recruit staff within the UK or had a seasonal demand for labour, with a further 28% of businesses recruiting from overseas to fill skills gaps. Issues around aptitude and costs of overseas labour were in the minority. Where businesses reported using migrant labour to fill skills gaps, it was always for skilled or professional positions. One of the main references in the ‘other’ category were businesses stating that they ended up employing EEA area worked through local open recruitment processes.
Self Employment and Enterprise

6.10 According to the 2011 Census, 14.4% of recent EU Accession migrants were self-employed across England. It is unknown as to whether this rate has increased or decreased since this point. This compares to a self-employment rate of 8.8% for usual England residents aged 16-64.

6.11 Whilst some of this cohort of migrants will be running a business, it may also be an early reflection of the growing trend of sub-contracting in some industries (e.g. construction) and use of self-employment contracts by companies seeking a large, flexible workforce. There is no way of distinguishing this from the source data.

6.12 In Cornwall and the Isles of Scilly however, the self-employment rate amongst the UK born population (12.25%) was higher than all categories of EU migrants. The rate for EU accession states was only 7.2% and from the EU15 (including Ireland) was 11.91%. Partly due to the reasons identified above, these rates may have increased since the Census.\(^\text{17}\)

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\(^{17}\) This is the rate of self-employment (both part time and full time) amongst individuals aged 16-64 – with analysis that included EU passport holders resident in Cornwall and all usual Cornwall residents (Census 2011)
7 Sector Based Economic and Labour Market Analysis

- Within the tourism and hospitality sector, the biggest users of EU labour are the larger hotel chains, who require EU labour for both skilled and unskilled positions. Recruitment is from both EU15 and Accession states.
- Recruitment in tourism and hospitality is generally from migrants already in the UK, to whom tourism and hospitality is deemed a good career choice.
- EU workers make up 4.45% of the NHS workforce in the South West, with 1.44% from Accession countries.
- 72% of care sector businesses have less than 5% of their workforce from overseas workers, with employment concentrated in residential/nursing homes, particularly those who treat people with complex needs.
- Agriculture and food processing are major users of EU labour, with several major employers employing hundreds of staff from Accession states. Work in Cornwall and the Isles of Scilly is less seasonal than other parts of the UK.
- There is clearly a significant under-reporting of seasonal workers in the agricultural and tourism and hospitality sectors.
- Most of the larger fishing boats that employ EU labour are based in Newlyn.
- Around half of local manufacturing businesses employ some EU labour, with EU labour being critically important in businesses with fluctuating order books such as marine engineering.
- Across the UK, almost 17% of academic staff at Universities are from EU countries, including many at HE sites in Cornwall. There are around 300 EU students studying in Cornwall.
- The construction sector would appear to employ few EU migrants in Cornwall, but staff shortages elsewhere in the UK and South West could have an impact on future labour demand and supply.
- Registrations of EU migrants at GP surgeries in Cornwall is 0.38% of the population, compared to 1.3% across England. The rate in the Isles of Scilly was 1.65%.
- The number of live births to non-UK born mothers is 7.8% of all births, compared to 29% across England.

7.1 The use of and reliance upon a migrant workforce is not felt equally across all sectors of the economy in Cornwall and the Isles of Scilly. The use of migrant labour fills different gaps and skills niches within different business sectors and each business within those sectors has dictated their own recruitment policies which, to differing extents, can involve recruiting EU labour. Business size has also had a major bearing on the recruitment of EU labour, with larger businesses able to draw more readily on direct and larger scale recruitment through agencies and smaller businesses generally recruiting from existing migrants already in Cornwall.
7.2 Overall, businesses reporting that entering the labour market with a handful of vacancies over a short period of time could fill these from the indigenous population, but overall the use of EU labour has been more prominent in the following circumstances:

- Businesses that recruit larger numbers of staff in relatively short timeframes, either because of:
  - seasonal demand;
  - fluctuating order books; or
  - due to growth
- New economic or business projects that require initial recruitment

7.3 Across the UK, the largest employer of EEA area labour is the retail sector, which may well be the same case in Cornwall. Recruitment into retail tends to be open and locally advertised. The key sectors the study has concentrated on include:

- Tourism and Hospitality
- Health and Social Care
- Agriculture, Fisheries and Food Processing
- Manufacturing, Engineering and Logistics
- Education
- Construction
- Wider Public Services
Tourism, Leisure and Hospitality

8.1 The tourism sector within Cornwall and the Isles of Scilly is valued at £990m Gross Value Added, representing 9.9% of the economy, with 36,000 employees\(^18\). There are estimated to be over 4 million tourists to Cornwall and the Isles of Scilly each year, with 335,000 of these being international visitors\(^19\).

8.2 The numbers of individuals in employment in tourism related sectors across the UK has grown from 2.366m in 2011 to 2.62m in 2015, growth of over 10%\(^20\). Chart 8.1 overleaf identifies the proportion of the labour force in tourism that are from the UK, the EU and the rest of the world. Whilst the proportions of the workforce from the UK has generally been static, there has been a considerable increase in those of EU nations, who now represent 9% of the workforce. There has been a 50% increase in the numbers of EU workers in the tourism sector since 2011, compared to a 5.5% fall in those from the rest of the world.

8.3 Of particular note is the workforce in the Isles of Scilly, whereby the summer population almost doubles compared to the year-round population as visitor numbers spike. EU migrant labour is a critical part of this surge in a labour force that service the visitor and agricultural economy on the islands.

*Chart 8.1 Percentage of employees in the UK tourism industry by nationality*

<table>
<thead>
<tr>
<th>Year</th>
<th>UK</th>
<th>EU27</th>
<th>Rest of World</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>75%</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>2012</td>
<td>75%</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>2013</td>
<td>75%</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>2014</td>
<td>75%</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>2015</td>
<td>75%</td>
<td>10%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: Annual Population Survey 2011-2016

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\(^{18}\) 2013 (ONS) data taken from A Catalyst for Change (2017) Cornwall Futures Group
\(^{19}\) A Catalyst for Change (2017) Cornwall Futures Group
\(^{20}\) Annual Population Survey (2016) employment in Tourism
The most prolific use of migrant labour in tourism is in larger hotels, although recruitment is often for skilled, customer facing positions or skilled Chefs as much as it for more process driven work. There are a broad range of nationalities working in the sector, not just from EU Accession States. There has been a general view expressed that the level of aptitude and customer service is higher amongst EU workers where the hospitality sector is deemed more of a long-term career option than it might be in the UK.

There are some examples of larger hotels using agencies to source overseas workers, but there were more examples of migrant workers being recruited through the same channels as local workers, with most EU labour in the sector being already settled residents of Cornwall and the Isles of Scilly. One of the major skills shortages that EU migrants are presently filling is Chefs, particularly higher-level roles. Businesses stated that there was a major shortage in skilled chefs that had forced some businesses to reduce the number of covers they offer and others to downgrade their menus, linked to findings in 8.11.

The smaller and micro-businesses within the sector tend not to use EU labour frequently, although that does not mean they will be unaffected by any changes.

Whilst there are seasonal shifts in visitor numbers and employment in the visitor economy, peaks and troughs are not as pronounced as elsewhere. Cornwall and the Isles of Scilly have improved the out-of-season offer to visitors. This has allowed businesses to offer more permanent positions and keep their seasonal staff for longer.

Across much of the sector, the decision to employ EU staff has often been a business decision to follow this path rather than a necessity, but as previously highlighted, when businesses are going into the labour market looking for more than a handful of employees (which the still seasonal nature of tourism means larger businesses have to do) they struggle to find recruits within local labour pools. There were examples given, most notably by the Eden Project, of businesses having to recruit earlier in the visitor season to ensure there was sufficient headcount to cover the peak times, increasing wage costs and reducing labour productivity.

It is also important to note that many sectors that supply the tourism industry also use migrant workers. Business that identified high use of migrant labour were in areas such as business services, transport and taxi drivers, food wholesale and distribution and logistics, some of whom were interviewed as part of the research process. One business which supplied linen to hotels and care homes had over 40% of their workforce from the EU.

The sector is growing its employment base and continuing to have vacancies despite recent EU migration inflows, therefore there is little evidence that migration within the visitor economy is substituting local labour to any great extent.
8.11 Much of the visitor offer in Cornwall is based around being a premium tourism location within the UK, offering high quality at higher end prices. As a result, parts of the sector need to deliver excellent quality and customer service to visitors. This can only be delivered through the quality of staff employed and providing a quality ‘experience’. This is something that is very difficult to automate or increase levels of labour efficiency such as on the Travelodge or self-service catering models.

8.12 The workforce in the tourism sector in Cornwall has been growing (as it has across the UK) and there is a clear feeling that the EU workforce is an important part of maintaining quality and labour supply to the sector. Some business in particular may need additional support in adjusting to new recruitment process or to work within the new migration framework.

8.13 Within mainland Europe, work within hospitality and catering is deemed a more attractive career option than in the UK, something to aspire to. Many businesses reported that as migrant workers had settled in Cornwall or the rest of the UK and their language skills and cultural knowledge improved, they were seeking to leave work in primary sectors, with tourism and hospitality often a destination industry. As the level of female migration has increased, they too have sought employment in this sector.

Potential Mitigation Factors

8.14 The fact that existing migrants view a career in the visitor economy positively may mean many EU workers continue to progress into work in the sector, should they be allowed to stay in the UK under ‘Settled Status’. The fact there is only limited recruitment directly from EU nations into the tourism and hospitality sector mean there should also be opportunities to employ current EU migrants who are employed elsewhere in the economy.

8.15 Better training and promotion of the career opportunities in the visitor economy will also support more of the UK born population to enter and excel within the sector, especially if growing GVA in the sector leads to increasing wages. As identified, the opportunities within the tourism and hospitality sector are not just entry level positions and there are career opportunities.

8.16 Recent enhancements to safeguarding and health and safety processes for businesses employing under 18s has made it both more bureaucratic for businesses to employ young people as seasonal or permanent staff members and acted as a strong psychological barrier to using this labour force. Tourism and hospitality has traditionally been a sector that has employed significant numbers of young people, both under 16 and between 16 to 18. Businesses in the tourism and hospitality sectors reported an increasing dependency on migrant workers, in part as a result of a declining use of younger people in their workforce.
9 Health and Social Care

9.1 It is difficult to assess numbers of EU staff working in the health and care sector as the Annual Population Survey data at a local level covers a broad public sector definition. However, according to data from Health Education England, the NHS in the South West Region is less reliant on overseas staff than the rest of England. Table 9.1 below identifies the top 10 nationalities of staff in the NHS nationally and in the South West. A total of 92.47% of the workforce of the NHS in the South West are White British, compared to 88.52% across England.

9.2 The percentage of staff from the EEA is 4.45%, slightly lower than the rest of the country at 4.96%, but the South West has 1.44% of its workforce from accession states, compared to 1.37% nationally. The total numbers of EU staff in the South West region are 2,479 from the EU15, 25 from the European Economic Area (including Switzerland) and 1,389 from all EU Accession States. The South West has also been less reliant on staff from Commonwealth nations and the rest of the world than the rest of England.

Table 9.1 Percentage of England and South West NHS workforce by nationality

<table>
<thead>
<tr>
<th>South West</th>
<th>England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nationality</td>
<td>Staff Numbers</td>
</tr>
<tr>
<td>British</td>
<td>80,090</td>
</tr>
<tr>
<td>Indian</td>
<td>1,044</td>
</tr>
<tr>
<td>Polish</td>
<td>747</td>
</tr>
<tr>
<td>Irish</td>
<td>692</td>
</tr>
<tr>
<td>Philippine</td>
<td>656</td>
</tr>
<tr>
<td>Spanish</td>
<td>573</td>
</tr>
<tr>
<td>Portuguese</td>
<td>313</td>
</tr>
<tr>
<td>Italian</td>
<td>311</td>
</tr>
<tr>
<td>German</td>
<td>197</td>
</tr>
<tr>
<td>Romanian</td>
<td>187</td>
</tr>
</tbody>
</table>

9.3 The NHS in the South West advertised almost 6,000 full time equivalent jobs with “NHS Jobs” between the 1st October 2016 and the 31st March 2017 and regularly advertises over 2,000 jobs per month. In the first quarter of 2017, the South West advertised almost 1,400 nursing, midwifery and health visitor positions. Nursing in particular was perceived to be an area of considerable risk due to ongoing staff shortages and reducing bursaries for nursing students.

9.4 A total of 27 responses to the business survey were received from businesses directly or partly involved in the care sector (including limited childcare). A total of 30% had no overseas workforce, with a further 42% hosting between 1 and 5% of their workforce. Half of care businesses reported using overseas labour because of not being able to recruit UK staff and a third to fill skills gaps.

21 NHS Digital. NHS Vacancies February 2015 – March 2017
As the population has aged, more of the tasks within the care system that deal with the most frail and vulnerable have professionalised and taken on a much more medical orientated role. Financial pressures in the care system from a stagnation in Local Authority payment rates and increased demand have made it more difficult for the care sector to offer specialist care, recruit and retain staff or increase relatively low wage rates.

One response that many businesses have pursued is to recruit staff from overseas to meet either skills gaps in the workforce or to fill vacancies to ensure there is enough cover. The response to a changing care sector through recruiting overseas workers has largely been a business choice rather than prevalent across the entire sector. Some care businesses had no overseas staff and reported only limited recruitment difficulties, while others were touching 40%. According to the business survey and interviews with care providers, this is more prevalent in the residential care system than the home care system. We had examples of residential homes recruiting qualified nurses from overseas (both within and outside the EU) to fill the more technical and skilled posts they could not fill locally.

Some of the group care homes that were consulted during this research that had facilities over the South West said the workforce pressures were greater in Cornwall than the wider peninsula.

This also corresponds with national data for the care sector from the Annual Population Survey as highlighted in table 9.2 overleaf. Residential nursing care has the highest rate of non-UK born staff at 26.5%, with 8.5% of all staff being EU nationals and 17.9% non-EU nationals, which across the board in the care sector is where the majority of non-UK staff are sourced. Social work without accommodation was less reliant on migrant labour. This also chimed with the findings of the business survey, where any migrant labour was also not overwhelmingly from Europe. There were views expressed that labour from former Commonwealth nations were generally better suited to work in the care sector due to better language skills and closer cultural and educational similarities.

It is entirely possible that, in line with the NHS in the South West having a lower proportion of non-EU migrant labour, the EU labour is more critical to the local care system in Cornwall than elsewhere.
Table 9.2  UK born, EU and non-EU staffing in Social Work professionals in England

<table>
<thead>
<tr>
<th>Industry Job</th>
<th>% of UK born staff</th>
<th>% of EU born staff</th>
<th>% of non-EU born staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Nursing Care Activities</td>
<td>73.5</td>
<td>8.5</td>
<td>17.9</td>
</tr>
<tr>
<td>Residential Care Activities for Mental Health</td>
<td>81.7</td>
<td>6.6</td>
<td>11.7</td>
</tr>
<tr>
<td>Residential Care Activities for Elderly and Disabled</td>
<td>80.4</td>
<td>5.2</td>
<td>14.3</td>
</tr>
<tr>
<td>Other Residential Care Activity</td>
<td>91.3</td>
<td>2.2</td>
<td>6.5</td>
</tr>
<tr>
<td>Social Work without accommodation for elderly and disabled</td>
<td>86.5</td>
<td>5.0</td>
<td>8.5</td>
</tr>
<tr>
<td>Social Work without accommodation</td>
<td>87.2</td>
<td>4.4</td>
<td>8.4</td>
</tr>
</tbody>
</table>

9.10  Similarly to the visitor economy, most recruitment of migrant labour was through open recruitment locally, although the more specialist posts were often recruited through health care agencies with links overseas.

**Potential Mitigation Factors**

9.11  Automation is slowly entering the care system, which may slightly reduce the demand for labour, or at least continue to improve labour efficiency and productivity. It is the parts of the system that deal with the most vulnerable that require highly skilled staff at affordable rates that are most at risk through changes to migration.

9.12  The long-term outcome of Sustainability and Transformation Plans may have a bearing on recruitment and job roles within the care sector longer term, especially if work in the care sector can lead to progression to a career in the better paid health sector.

9.13  However, with wage rates unlikely to rise in the foreseeable future and reducing training bursaries for nurses, migrant labour will likely to continue to play a core role in recruitment in the care and health sectors. As identified above, there is currently larger scale in-migration from non-EU nations into the health and sector and this may be something for Cornish business to utilise more in the future should this opportunity remain open.

9.14  There may also be a growing role for apprenticeships within the health and care sectors, particularly given the requirement for the public sector to recruit additional apprentices. Another aspect where the care sector is similar to the visitor economy is the need to promote the sector as a potentially flexible and rewarding career opportunity to support new entrants into the workforce.
10 **Agriculture, Fisheries and Food Processing**

10.1 The Cornwall and Isles of Scilly economy is more reliant on agriculture than much of the rest of UK, making up 2.3% of Gross Value Added compared to 0.7% nationally\(^{22}\). The geography of Cornwall and the Isles of Scilly provides a mild winter climate and an extended and in many cases annual growing and harvesting season. This allows early crops of flowers and annual production of crops such as potatoes and brassicas. Dairy farming and other mixed farming is also prevalent.

10.2 Many other aspects of post BREXIT arrangements will have a major bearing on what elements of the agricultural sector are viable going forwards and will also shape future labour requirements. Direct subsidies\(^ {23}\), rural development activities, trade agreements and changes to environmental legislation will all have a major bearing on the shape of UK agriculture, along with sustaining access to a sufficient workforce. Margins in agriculture are slight and wage costs are a major issue on viability, even though work is often piece rate.

10.3 Like tourism and hospitality, whilst there are many seasonal jobs in agriculture - the extended season has meant there are more annual, permanent jobs in agriculture and food processing in Cornwall than other parts of the UK. Some agricultural sectors are fairly well automated and need little additional labour input, but some have little prospect of reducing their labour demands in the short to medium term.

10.4 According to the Labour Force Survey there were 27,000 people from EU member states working in agriculture in 2016 in England (around 8% of the workforce), with a further 116,000 working in the food manufacturing sector. This is then supplant by a large temporary workforce (in the region of 75,000 with 98% estimated to be from EU nations based on the previous SAWS programme – National Farmers Union).

10.5 The requirement for EU labour is all the more critical given the age structure of UK born nationals employed in agriculture. According to the Annual Population Survey, 64.4% of the agricultural workforce in the UK are aged over 45, whereas 72% of EU migrant labour is aged below 45\(^ {24}\).

10.6 DEFRA data for 2016 suggests a total of 11,800 staff employed in agriculture in Cornwall and the Isles of Scilly, an increase from 10,699 recorded in 2013. Most of the labour on farms (75%) was either full-time or part-time owners/Directors, with around 11% of labour being casual workers (most of which it is likely to assume is from EU Accession States).

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\(^{22}\) ONS GVA (2015) provisional figures

\(^{23}\) Common Agricultural Policy payments for Cornwall are expected to be in the region of £140m (A Catalyst for Change (2017) Cornwall Futures Group )

\(^{24}\) This figure is based on only limited data responses through the Annual Population Survey and may have a large confidence interval
Casual labour in 2013 was only 8% of all agricultural workers. By contrast, casual labour across the rest of England was recorded as 14.5%, but this is likely to be a significant under-estimate of the use of agricultural labour in Cornwall. The DEFRA data is also likely to underestimate the numbers of casual labour in Cornwall and Isles of Scilly farms. Discussions with key farms suggest a minimum of 7,000 EU labourers working in food processing and agriculture in Cornwall.

Farms/agri-food businesses in Cornwall include Southern England Farms and Riviera Farms, both of whom employ around 400-450 staff at peak times of year, almost all of which, with the exception of back office staff and some tractor drivers are from EU Accession States. Winchester Growers, who are horticultural and flower producers, employ around 1,000 casual staff at peak times of year, the overwhelming majority of whom are from EU Accession States. Tulip Foods locally employ over 50% of their bacon processing staff from EU nations. Other major agri-business employers in Cornwall include the Samworth Brothers. Roddas, who process dairy produce into clotted cream estimate only around 10% of their 200-300 workforce are from EU nations and processing is relatively well automated.

Most of the EU labour within the agricultural and food processing sectors in Cornwall and the Isles of Scilly is recruited through agencies directly from host countries, alongside a significant amount of recruitment from personal networks of migrants. As a result many migrants who work in large farms or processing plants are from the same parts of their host country as many colleagues.

As a major recruiter of labour direct from EU nations, mainly accession states, the agricultural sector is a good bell weather for trends in migration. The agricultural sector has seen changing trends in host nations, with migrants coming from initially Poland and the Baltic states to now much more of an emphasis on the EU27, initially through the Seasonal Agricultural Workers Scheme and then directly as restrictions on working the UK for these two nations ended in 2014.

After the BREXIT vote the concerns of farmers and horticulturalists across the UK about being able to harvest crops has been well documented. Several farms in Cornwall, large and small, report this year it had been much harder to recruit EU labour than previous years and has led to reduced productivity and some of this year’s crop going unharvested. All agricultural businesses reported virtually no demand for agricultural jobs from a British workforce and the demand for jobs in the food processing sector was also relatively low from UK workers. Jobs in the agri-food sectors are not substituting jobs for the local workforce, although there may be scope to support more people back to work into the food manufacturing sector. There were reports during the research of companies in Cornwall, notably Tulip, having to transport workers in short term from other parts of the UK (including EU migrants).

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25 Agricultural Labour Force on Commercial Holdings (2016) DEFRA
10.12 The use of EU labour in the fisheries sector has a more definitive role, being reasonably prominent on mainly larger deep sea trawlers that operate out of the larger ports and are out at sea for longer periods. As identified in chart 10.1 below, the fleet is predominately centred at Newlyn, which is one of the UK’s largest fishing ports. The smaller boats at smaller ports are less affected. The Cornwall Inshore Fisheries & Conservation Authority (CIFCA) 2009 survey of boats and ports revealed that there were 581 registered boats. Of these, 83% were 10m or smaller. There were 867 crew members employed on the boats, and of this number 67% were employed by boats 10m or smaller.

10.13 On the current Marine Management Organisation registration list there were 75 vessels with a length of over 10m in Cornwall. These boats are spread around Cornish posts on the following proportions. There were also 516 boats under 10m registered in Cornwall.

Chart 10.1 Spread of fishing vessels of over 10m in length across Cornwall


10.14 The fisheries sector, similar to agriculture, has other major post-BREXIT factors that will have a significant impact on the demand for labour and business viability including future fisheries policies and subsidies, access to fishing grounds and stock quotas, environmental legislation and trade agreements (as much of Cornwall’s catch is exported – especially the Crustaceans). The fish processing sector is also heavily reliant on EU labour. FalFish, who are one of the largest fish processors, use high numbers of EU migrant labour, estimated to be around 70% of their workforce in Redruth.

10.15 There are also wider issues around food security for the UK, with production likely to fall if the numbers of migrant labour in the agri-food sectors falls substantially, potentially resulting in higher wholesale and resale prices.
Potential Mitigation Factors

10.16 Much agricultural harvesting in Cornwall is less mechanised than the rest of the crop in UK and is therefore far more labour dependent. There is no short-term mechanisation answer. Most, if not all, the flower and brassica farmers have a significant majority of their workforce directly from the EU. The research process involved meeting with farmers and food processors that counted the number of EU staff on their books in the low hundreds including Tulip Food Processing, Southern England Farms and Riviera Produce. These businesses have indicated it would be devastating to their business if they couldn’t recruit sufficient labour and process driven solutions in food processing are expensive.

10.17 Businesses in the agriculture and food processing sectors need a supply of labour for the foreseeable future and, if continued free movement of labour is no longer possible, have requested a specific scheme for the sector to allow a flexible use of labour at times of peak sowing and harvesting.

10.18 Mitigation factors for the Cornish fishing industry will depend significantly on future changes to UK fisheries policy, but the issue is largely concentrated in Newlyn for the fishing fleet, although processing is undertaken across Cornwall.
11 Manufacturing, Engineering and Logistics

11.1 Manufacturing accounts for £746m of Cornwall and the Isles of Scilly’s Gross Value Added, 7.5% of the area’s total. The manufacturing sector in Cornwall and the Isles of Scilly employs 17,000 people (although this includes some elements of food manufacturing). Use of EU labour across the UK is around 10.9%\(^26\). Businesses have reported a mixed use of EU labour across Cornwall, some have no migrant labour and others have larger percentages of permanent and/or temporary staff.

11.2 The results of a survey from the Cornwall Manufacturing Group suggest around half of local manufacturers employ some EU labour, but mostly only up to around 5% of the workforce. Recruitment in manufacturing, outside of food manufacturing, is generally for more skilled and highly paid operatives and is from across a range of EU nations – not just a concentration on accession states.

11.3 Some businesses, especially in the marine sector which is a major feature of Cornish manufacturing, have fluctuating order books. It has been reported that larger manufacturers like Pendennis and A&P utilise temporary EU skilled labour to meet expansions in demand to allow the businesses to be flexible and productive. The process of flexing the workforce allows for manufacturers to retain a local core workforce. The use of migrants is generally facilitating jobs for Cornish and UK nationals, rather than substituting them by meeting skills gaps and providing a flexible labour pool for changes in short term demand – thus keeping the local manufacturing sector competitive. However, there may be opportunities to support more local people into employment into the sector.

11.4 Many businesses also anecdotally identified an issue for the logistics and haulage sectors in Cornwall. Whilst employment of EU labour was perceived to be relatively low in the sector in Cornwall, increased demand in other parts of the UK could mean local workers moving to better paid opportunities elsewhere.

Potential Mitigation Factors

11.5 One of the main strategies open to businesses in the manufacturing sector to reduce their need to recruit migrant labour is to enhance any plans for automation, although this is not an option open to all businesses due to the complexity of manufacturing process, margins and capital availability. Some businesses that have the option, may ultimately move some production overseas or to other parts of the UK and this was being considered by some businesses as a potential, if undesirable, solution. However, it was clear that many businesses are currently delaying investment decisions until future trade policy and regulations are clearer.

\(^{26}\) Annual Population Survey (2016)
Particularly at the more skilled level of employment, there may be more scope to enhance training and development of additional UK staff, both internally and externally to businesses, to fulfil more complex roles. However, a more detailed understanding of future requirements will be needed and a better alignment of skills and apprenticeship funding to areas of clear opportunity. For manufacturing and engineering, it is generally more expensive for HE/FE to train skilled workers due to higher capital costs and frequent need for placements and more investment will be needed in skills development.
12 **Education Sector**

12.1 Responses to the business survey from schools and Early Years providers suggest, perhaps unsurprisingly, that there is a very low proportion of workers from EU nations working in primary and secondary education. This pattern begins to change at Further and Higher education levels.

12.2 There is a drift away from Cornwall and the Isles of Scilly for well qualified young people and the area suffers from graduate retention, as identified in section 2.11. The growth of locally based Higher Education has been a significant asset to support local economic growth, with an expanding Falmouth University and the development of a Falmouth based Campus for Exeter University.

12.3 The Penryn Campus of the University of Exeter now hosts 2,313 students, an increase of a third since 2012/13, making it the University’s fastest growing campus. Exeter University had a total of 1,618 EU students across it’s Campuses in 2016/17, an almost 60% growth since 2011 (when overall student numbers have only grown by 24%). If the proportion of EU students at the Penryn campus reflects the rest of the University, that would suggest there would 170 EU under and post graduate students on campus. The two Universities combined would host around 300 EU students, all within the Penryn area.

12.4 Between 2002 and 2012 Falmouth University and the University of Exeter contributed £491 million to the economy of CIoS and £144 million to the UK Exchequer. Their contribution to CIoS’s Gross Domestic Product increased by almost 300% and the number of jobs supported by them increased by almost 200% during this period. The universities accounted for 1 in every 155 jobs in Cornwall.

12.5 Both institutions see overseas students as growth areas and overseas students form a major component of their respective business plans, especially attracting more students from the EU who currently benefit from being classified as home students for the purposes of tuition fees and loans.

12.6 According to HESA, across the UK 16.75% of academic staff in UK Universities were of EU origin (2015/16), reflecting a long history of research and teaching collaboration. Falmouth University has 34 staff members from EEA Countries and the University of Exeter has 580 staff members from EEA Countries across all sites.

12.7 Discussions with the Further Education sector via both Truro and Penwith College and Cornwall College suggest whilst there are both staff and students from EU nations working and studying in Cornwall, they are less exposed to any reductions in EU migration than Higher Education.

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27 A Catalyst for Change (2017) Cornwall Futures Group
Potential Mitigation Factors

12.8 The future need for EU staff is largely dependent on wider issues relating to BREXIT. This includes the UK’s role and more significantly ability to lead European wide research partnerships, participation in EU programmes such as replacements to Horizon 2020 and Erasmus and the status of EU students post-BREXIT. Also, much of the development of Cornwall’s Higher and to some extent Further Education facilities have been predicated on the investment of EU Structural Funds, therefore the future of UK regional policy will also have a major impact on the future of the two Universities.

12.9 The Further Education sector see themselves as having a significant role to play in the post-BREXIT environment in supporting the development of UK talent. However, at present there is little indication as to what businesses will demand post-BREXIT or what investment the UK Government will be making in skills, including replacing current European Social Fund investment.
Construction

13.1 Construction in Cornwall and the Isles of Scilly is worth a total of £753m in terms of Gross Value Added, worth around 7.5% of the total GVA for the area. According to BRES data, there are 13,000 people employed in construction in Cornwall and the Isles of Scilly.

13.2 Construction is an area often associated with migrant labour, but the picture seems to be somewhat different in Cornwall than to other parts of the UK. None of the businesses that completed the business survey reported having any more than 10% of their workforce from overseas workers. The general view of the Cornwall and Isles of Scilly Construction Strategy Partnership was that the sector overall was not a major employer of EU labour.

13.3 Whilst there is some recruitment of frontline construction staff, if businesses were recruiting overseas labour it was for skilled and management posts and was both from EU and non-EU nations. Quarrying was one area that was noted for its high use of accession states migrant labour, with Lantoom Quarry reporting recruiting a range of EU and non-EU staff that couldn’t be sourced locally.

13.4 The worry of the construction sector is the relatively mobile nature of the workforce, linked to better paid opportunities in other parts of the UK, may mean that any labour shortage in the rest of the UK (particularly if overseas labour is restricted) may also become an issue in Cornwall and the Isles of Scilly as employees move to better paid short and long-term opportunities. This is particularly a risk as there are long term plans to build significant additional infrastructure and housing across the area and labour demand may increase further in coming years.
14 **Wider Public Services**

14.1 Cornwall Council estimate it has no more than 5% of its workforce are from the EU, although there was no readily available data to support this. The view was the most exposed services were those linked to adult social care.

14.2 Relatively speaking, there are very few migrant children in local schools, although the number is on an upward trajectory. The number of live births to non-UK born mothers is now 7.8% of all births in Cornwall, but this is still amongst lowest ranking Local Authorities in England, where the average is 29% (ONS). This has risen in recent years, but only modestly.

14.3 New registrations of migrants at GPs within Cornwall has been increasing in recent years and has been in excess of 2,000 people for both 2015 and 2016, although this does not mean migrants are new to Cornwall the year of their registration, nor does it mean the people that register for a GPs surgery remain in Cornwall long term. New registrations in the Isles of Scilly in 2016 were 38.

**Chart 14.3 New migrant registrations at GP surgeries in Cornwall**

14.4 New migrant registrations across England currently stand at 1.3% of the population, whereas in Cornwall the number of registration represent 0.38% of the population. As with other measures of migration, whilst volumes look relatively high in the context of Cornwall, the ratios are still much lower than the rest of the country, although in the Isles of Scilly the ratio is 1.65% of the resident population.

14.5 Along with the data highlighted above, there is a relatively consistent view from partners that economic migrants tend to be of working age, come from countries where there is no real culture of public services or a mistrust of them and generally look after themselves. There were examples cited of migrant labour coming to the UK to qualify for benefit payments, but these were very isolated cases. There are very few services specifically aimed at migrant communities, with a common view that the faith sector had the most interaction with EU migrants from Accession States.
14.6 The views from the voluntary sector largely echoed this, but reflected that many members of migrant communities did not access services until they reached crisis and there were a number of examples cited of exploitation of migrant workers through housing, employment (including some illegal practices) and wider denial of rights. This included utilising zero hour’s contracts and classifying agency or flexible labour as self-employed. Some community organisations felt individuals with limited English and/or little knowledge of employment rights were unwittingly being exploited.

14.7 Although this is not deemed to be common practice across Cornwall, it is something that agencies need to be aware of, especially linked to the modern slavery requirements on employers.

14.8 There were some wider cohesion issues raised by a range of businesses and organisations, although it is difficult to clearly understand what is reality and what is more a pervading myth. Overall levels of crime remain low in Cornwall. There seem to have been some very isolated incidences of hate crime, although employers felt it was not occurring within the workplace.
15 The Future of EU migration into the Cornwall/IOS Labour market

- Overall levels of EU migrant workers in Cornwall is lower than much of the rest of the UK
- Many businesses in Cornwall have made a strategic decision to recruit EU labour, in the agricultural and food processing sectors it is now a structural part of the labour market in the sector
- Cornwall, due to its peripheral geographic location, low wages and poor connectivity to Europe, especially eastern Europe, make it a less attractive location for migrants to work should a ‘skills’ bar be placed on future migration criteria
- Businesses generally did not see BREXIT having a major impact on their wage bills
- Almost half of all businesses surveyed felt it would become harder to recruit overseas staff in the future

15.1 Our research could not foresee, at this current point, any likely reduction in demand from those businesses who utilise the European labour market in the near term. For some businesses it has been a recruitment regime that has been ongoing since 2004, or in some cases earlier.

15.2 Overall levels of migrant workers in Cornwall are low compared to many other parts of the UK (although London does distort UK and England averages) and it is still relatively few businesses with over 10% of their workforce from EU or other overseas sources. However, to many businesses this is a significant impact, especially if there is limited chance to recruit to the positions from elsewhere.

15.3 Discussion with representative bodies and businesses also suggested that freedom of movement of labour had allowed some businesses to circumvent complex and time consuming visa requirements for posts previously filled by non-EU workers. In other cases businesses had direct recruitment links through agencies and had a considerable proportion of their labour force from accession states, most notably in agriculture and food processing.

15.4 For those businesses that are most reliant in EU labour, it is not something that can be reversed, either quickly or in some cases at all. It is a real issue of economic resilience for the area - in some cases this is across whole sectors – and in other cases based on long term business choice. It is businesses in the latter category that local agencies may be able to assist most effectively during and after any transition periods.

15.5 There is clearly scope to work with businesses at a leadership and management level, to ensure businesses can future proof their workforce needs and develop any appropriate training strategies. Where skills shortages are likely to appear in the future, employment and skills agencies, especially the FE sector, can work with businesses to try and ensure young people are aware of their opportunities in the labour market.
15.6 Outside of policy commitments for EU migrants to stay on a ‘settled status’ it is not known the precise nature of the rights of many EU workers in the UK nor the precise nature of the UK’s future migration policy – both with EU nations and any changes to the current system for those outside the EU\textsuperscript{28}.

15.7 What is clear is that should the UK leave the Single Market and reject free movement of labour in any future post-BREXIT agreement, EU migration will most likely be subject to controls, either through a visa process, work permits or sector specific arrangements such as the former Seasonal Agricultural Workers Scheme. There were fears that any failure to put an effective migration system in place would lead to increase in illegal migration and practices.

15.8 If migration from EU nations is limited, it will likely reduce the number of people of working age coming into the UK, increase the bar in terms of skills level or salary requirements for entry into the UK and give those migrants who can enter the UK for work far more choice in terms of employment once they have a sponsored or unsponsored visa.

15.9 There are different views on the employability of those currently not engaged in the labour market as a potential way of reducing the demand for migrant labour, it is however, unlikely they can be direct like for like replacement for overseas labour – especially skilled positions. As highlighted, the scale of EU recruitment in some businesses mean it will be difficult to switch quickly and effectively to recruiting indigenous labour. The increasing age profile of those on out-of-work benefits, linked to personal circumstances, may make some roles unsuitable, but there have been successful examples of supporting people distant from the labour market back into employment and this will clearly be part of the solution going forwards.

15.10 Our discussions with migrant workers (especially from accession states), their employers and the agencies that work with them suggest that, in most cases, migrants came to Cornwall for the job first and the location as a secondary issue. The quality of life Cornwall can offer that attracts many UK migrants and second home owners has a more limited bearing on the decisions of international migrants. Many migrants knew very little about Cornwall when they first came to the area.

15.11 Recruitment into businesses directly from host nations has largely been into the agricultural and food processing sectors and has been based upon either networks from existing migrant labour or through agencies. Our discussions have also indicated that whilst some migrant workers settle in Cornwall, many have worked in different parts of the UK and would consider doing so in the future.

\textsuperscript{28} Settled status will allow EU residents who have been continuously in the UK for five years or longer the same rights as UK citizens – with a cut off date to be agreed as part of the BREXIT negotiations. It also allows people who arrived in the UK before the cut off date to apply for settled status after 5 years. For further information visit \url{https://www.gov.uk/guidance/status-of-eu-nationals-in-the-uk-what-you-need-to-know}.
Migrant labour in Cornwall is driven by the need to fill either relatively low skill/low wage positions or to fill positions that have proven extremely difficult to fill using UK based labour. As the bar potentially raises for immigration, these sectors could potentially struggle to compete in any new migration system with higher skills requirements and seeking higher wage positions.

A final element is the geographical location and connectivity of Cornwall. It is a long way from London and most international flights, Newquay and Exeter airports have a limited choice of flights to Europe, especially accession states and it is a difficult task for migrants to visit their home nations.

Any migration system that restricts incoming migration will, in all likelihood, increase economic choice for incoming migrants (before or after sponsorship) and this will make Cornwall a relatively uncompetitive location as there is a considerable draw to London and the South East. We are acutely aware that already many migrants are dismissing the UK as a place to work and are looking at alternative options in areas such as Germany or Scandinavia. This is being felt in Cornwall and the Isles of Scilly already. EU citizens will still have the right to work anywhere within the EU after BREXIT – and even with a post-BREXIT migration system in place, may not automatically choose the UK.

Many local businesses that need seasonal or permanent EU labour are already reporting difficulties recruiting this year and the negative press coverage of BREXIT around Europe and the fall in the value of sterling are already contributing to a fall in migrant numbers.

We have heard of examples of some crops being unpicked or unharvested in the agricultural sector due to labour shortages and some care homes running on a skeleton staff. Those businesses that have plants or locations outside of Cornwall have predominately said the issue is far more prevalent in Cornwall than elsewhere in the UK or the South West.

The impact of migrant choice is very likely to bias against Cornwall and the Isles of Scilly even in any system with regional quotas as migrants tend to choose urban areas to live and work (even in Cornwall) and the urban areas in the South West that offer more employment choices, affordable housing, better connectivity and higher pay rates are likely to secure better access to migrant labour.

**Impacts on Wages**

The study had limited scope to look at the impact of migrant labour on wages within Cornwall. At the business level, businesses reported pay levels largely been set by the market or legislation such as minimum wage. No business in the business survey reporting the main reason for recruiting from the EU was for lower cost wages.
There were examples cited, most notably in the care sector, where skilled staff could be recruited for lower wages than the equivalent skilled workers in the UK – but these EU and overseas workers were potentially freeing up more staff to work as nurses or in the wider health sector. As identified in Chart 15.1 overleaf, 42% of businesses felt leaving the EU would have hardly any impact on their wage bill compared to 24% who felt their wage bill would rise.

There were examples cited by partners whereby some of those on inactive benefits could potentially fill vacancies currently being filled by migrant workers. In some areas of the economy there may be scope to explore this further, but this is only likely to be feasible in certain sectors and job roles.

Overall jobs growth in Cornwall based on the Annual Population Survey has been in the region of 1,800 jobs per annum since 2011, compared to a very loose estimate of around 1,300 additional migrants entering the local labour market. Additional opportunities are still being created for the population.

Consequences for businesses

The main area of concern for businesses with regards to their workforce and BREXIT was increasingly complex processes for recruiting overseas staff, which was a statement that 48% of businesses agreed with. There was generally limited concern that existing staff would leave and return to their home nations, but there was a concern about businesses filling future vacancies.
16 Conclusions and Recommendations

16.1 It is important to point out that numbers of EEA (or indeed any) migrant workers in the Cornwall and Isles of Scilly economy are lower than much of the rest of the UK and most businesses in Cornwall will not be directly affected by any restrictions on free movement of labour. However, migrant workers are filling some critical roles within the local economy and different sectors of the economy each have very different needs from overseas labour.

16.2 Cornwall and the Isles of Scilly has a very localised labour market that makes it generally more difficult for businesses to recruit than in larger urbanised areas. This has become much more pronounced as the labour market has tightened over the past few years.

16.3 Migrant workers are filling positions in areas of the economy that businesses state they cannot recruit into from the indigenous population, particularly where jobs are deemed unattractive or seasonal. Migrant workers are also supporting businesses to facilitate their growth in a tight labour market and within Cornwall’s rural labour market. They are also providing key skill where there are genuine shortages of skilled UK workers.

RECOMMENDATION 1 – SUPPORT AN INCLUSIVE LABOUR MARKET

16.4 Despite the labour market being tight in Cornwall, efforts to support people on active and inactive benefits into work need to be maintained. There is still a pool of unemployed and under-employed people in Cornwall, but many of these are not ‘job ready’ and claimant counts such as Employment and Support Allowance have seen a generally rising average age of clients that may not be able to fill some of the more demanding manual jobs. An emphasis on supporting those that are under-employed to obtain additional work as Universal Credit is rolled out may also provide an opportunity to support more local people into employment.

16.4 Overall, we received few examples of EEA area workers potentially displacing Cornwall or UK workers. There were a number of examples of migrant workers facilitating some employment of local residents of Cornwall in sectors such as manufacturing.

16.5 It has been identified that the agri-food sectors are the main business sectors recruiting large numbers of labour directly from the EU via agencies or networks, with other sectors more dependent on migrant labour that is already settled within Cornwall. Many of the areas skilled posts are now advertised across Europe.
16.6 In terms of the sectors that are most exposed to a reduction in EEA area workers, the agri-food sectors are particularly at risk and heavily dependent on unskilled and semi-skilled labour. Other sectors at risk include the larger hotels, residential care homes and some of their suppliers, larger manufacturers with fluctuating demands and the fisheries sector in Newlyn. Some of these risks however, are also dependent on other outcomes within the BREXIT negotiations.

16.7 It is likely to the agri-food sector that is the first to feel the first effects of reduced migration (which indeed it already is) due to its significant direct recruitment. As identified, many other sectors of the economy are primarily recruiting from migrant pools who are already here and may feel the effects less, especially if significant numbers of migrants receive ‘settled status’.

**RECOMMENDATION 2 – A SPECIFIC SCHEME FOR AGRICULTURE AND FOOD PROCESSING AND SEASONAL WORKERS**

16.8 Given the specific requirements of Cornwall, it is recommended that partners in Cornwall lobby Government to ensure there is access to short-term labour from the EU and beyond to meet the critical needs of the sectors identified above. This should result in a system that is easy for businesses to administer, but is by design, a business led process.

16.9 The qualifications and skills levels of EEA workers coming into Cornwall are generally lower than the rest of England and the occupational roles they are filling are more process driven and deemed to be less skilled. This puts Cornwall at significant risk in any future skills, qualification and wages driven migration system. This may be part of the reason why there are relatively fewer migrants from outside the EU present in Cornwall and the Isles of Scilly.

**RECOMMENDATION 3 – LOBBY TO ENSURE LOWER SKILLED WORKERS ARE PART OF ANY FUTURE MIGRATION SYSTEM**

16.10 Many of the job roles that migrant labour is filling in Cornwall and the Isles of Scilly would not qualify for a visa under the current non-EU migration system. It is recommended that partners in Cornwall lobby to ensure there remains some access to lower skilled workers for Cornwall from the EU and beyond.

16.11 A further major risk in any system that restricts the supply of overseas labour into the UK is peripheral location of Cornwall and the lack of direct travel options into Europe. It is highly likely that migrants with additional choice will not choose to come to Cornwall to work in lower paid jobs, both in terms of skills levels and also relative pay levels compared to the rest of the UK.

16.12 In dialogue with many businesses any future trade agreements, regulations and subsidies are as important an aspect to BREXIT as migrant labour and in many cases the issues are inter-related and cannot be separated out as individual components, especially as many businesses that use migrant labour are also exporters.
RECOMMENDATION 4 – WORK WITH BUSINESSES TO TRAIN THEIR OWN FUTURE WORKFORCE AND MEET SKILLS GAPS LOCALLY

16.13 The may be opportunities to replace some migrant labour with labour sourced from Cornwall, especially in some of the more skilled positions and in areas where it has largely been business choice that has resulted in the employment of migrant workers. There should be early work with these businesses to support their economic resilience and to plug them in to employability and skills development activity. This is likely to be both a leadership and management function to support businesses to identify their future training needs, but also how to manage their future recruitment and workforce planning.

16.14 To achieve this will require both forward planning and longer-term surety of resources for the employment and skills system, at the same time the European Social Fund regime is likely ending.

16.15 Some of these businesses have already been identified such as larger hotels, residential care homes, some food processing businesses, manufacturing businesses with fluctuating demand and businesses that are either growing quickly in terms of recruitment needs or have large seasonal intakes of labour.

16.16 Where businesses have resorted to directly recruiting large numbers of staff from EU nations, especially over a long period of time, there appears to be less scope to use indigenous labour and any form of migration system would need to incorporate the following to overcome some of Cornwall’s challenges.

- Be a business driven system, which can respond to business need
- Where there are quotas in place, ensure there is an allocation specifically for Cornwall in any national/regional system given Cornwall’s geographical and economic disadvantages
- Allow businesses to recruit seasonal and temporary labour to meet flexes in demand, but in a timely manner, without overly complex bureaucracy
- Be a system that allows mid and long term flexibility to recruit from a range of nationalities to mitigate against migrants from EU nations exercising their freedom of movement in other EU member states instead of the UK
# Appendix A List of Contributors

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<td>Jim Grant</td>
<td>University of Exeter</td>
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<td>Tracey Martin</td>
<td>Victoria Community Care Cornwall Ltd</td>
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<td>Chris May</td>
<td>Winchester Growers</td>
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**Appendix B - Glossary**

| **EU15** | The EU15 covers Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom. For the purpose of the study the UK is not included in the EU15 definition. Ireland is included in the EU15, but has a separate free movement agreement with the UK that pre-dates both states membership of the European Union. |
| **European Economic Area** | The European Economic Area is the area in which the Agreement on the EEA provides for the free movement of persons, goods, services and capital within the European Single Market. Members include all EU member states (although Croatia is currently a provisional member after its Accession to the EU in 2013) alongside the European Free Trade Area members (Liechtenstein, Iceland and Norway). Switzerland has a separate bi-lateral agreement with the EU that allows for free movement and |
| **EU8** | The EU8 nations are the former centrally planned economies within Eastern Europe and the Baltic States (Poland, Hungary, Czech Republic, Slovakia, Slovenia, Latvia, Lithuania and Estonia) that joined the European Union in 2004. Two Mediterranean nations also joined the EU in 2004, Malta and Cyprus. There were no initial restrictions on migration into the UK from the EU8 or Malta/Cyprus. |
| **EU2** | The EU2 refers to Bulgaria and Romania, who joined the European Union in 2007. The UK opted in to transitional controls on the right to work for citizens of the EU2 nations, which ended in 2014. Many Bulgarians and Romanians entered the UK under the Seasonal Agricultural Workers Scheme up to its cessation in 2014. |