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Employment Support Services and Migrant Integration in the UK Labour Market

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Dr. Alessio Cangiano

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Glossary of acronyms

BME – Black and Minority Ethnic

DfES – Department for Education and Skills

DIUS – Department for Innovation, University and Skills

DTI – Department for Trade and Industry

DWP – Department for Work and Pensions

EMB – Ethnic Minority Business

EMO – Ethnic Minority Outreach

ESOL – English for Speakers of Other Languages

IELTS – International English Language Testing System

JCP – Jobcentre Plus

JSA – Jobseekers' Allowance

LORECA – London Refugee Economic Action

LSC – Learning and Skills Council

NARIC – National Academic Recognition Information Centre

NHS – National Health Service

NINo – National Insurance Number

NRIF – National Refugee Integration Forum

PRA – Performance and Resources Agreement

PRESTO – Partnership for Refugee Employment through Support, Training and Online Learning

PSA – Public Service Agreement

RETAS – Refugee Education Training and Advisory Service

RIES – Refugee Integration and Employment Service

SBS – Small Business Service

SUNRISE – Strategic Upgrade of National Refugee Integration Services

1. Introduction

The labour market outcomes of migrant workers are typically different from those of native workers. Several factors may be responsible for this, the main of which are usually identified in the different educational/skill levels – in general, the different socio-demographic background – and the lack of fluency in the host-country language. However, even when comparing migrants with native-born individuals homogeneous in terms of observed characteristics, other unobservable factors – e.g. the non-transferability of skills that migrants have acquired in their home country; discriminatory practices excluding migrants from the most qualifying jobs; attitudes of migrants who might be available to accept low-skilled or low-paid jobs where demand is high and the supply of local manpower is scarce – may still be responsible for different labour market patterns and outcomes.

The observable factors responsible for the lower performance of many migrant and ethnic minority groups in the UK labour market in comparison with local workers have been extensively investigated in the recent literature (see for instance Dustmann *et al.*, 2003; Dustmann and Fabbri, 2005). Conversely, a wide knowledge gap exists as regards the role of the institutional context and the effectiveness of strategies aimed at improving the outcomes of migrants and other groups at risk of economic exclusion. Labour market structures and practices, the educational system, the welfare regime and, most notably, immigration and integration policies¹ are all factors likely to shape the migrant and refugee integration experience. Their relative influence varies over time and according to the social context and the actors involved. What works well in one place (or for a specific migrant group) may not necessarily be effective in different conditions (or for other communities) (Ray, 2004).

In order to tackle the disadvantage in the labour market of some migrant and refugee groups, a wide range of services are available to improve employability and encourage labour participation, employment, and labour mobility. Some of these services are delivered within the “mainstream” employment policies addressing the exclusion from the labour market of the whole population. Access of migrants to the whole set of government programmes, benefits and services significantly varies – with temporary residents and migrants on labour migration schemes facing restrictions, and long-term residents entitled to unrestricted access². In addition, other policy measures aim to address some specific factors of migrant disadvantage in the labour market – e.g. the poor language skills or the barriers to recognition of qualification obtained abroad – or the needs of specific groups at high risk of economic and social exclusion – namely refugees.

Aim of this paper³ is to review the existing evidence on the support structures available to migrants and refugees in the UK labour market. It follows another expert report providing a comprehensive description of the legislation regulating the access to the labour market and

¹ It makes sense to distinguish between immigration and integration policies. Immigration policies define who is allowed to enter and settle in a country, for what purpose and under which conditions. Integration policies should ensure the immigrants’ participation in the various fields of society. Actually both types are closely related. Immigration policies can aim at improving the outcomes of the immigrant population acting at the source, that is selecting those individuals who are supposed to be most “suitable” to integrate in the host country. Integration policies are basically of two kinds: targeted and general. The former are explicitly targeted at immigrants and their descendants. The latter are policies of a general nature and aimed at all (potentially) disadvantaged members of the host population. As a general assumption, a successful integration policy should result in a non-significant differential between the performance of immigrants and that of the indigenous population.

² Normative aspects of the regulatory framework will be only occasionally mentioned here as they are extensively covered in a previous expert report of this project (Hunter, 2007).

³ This paper has been developed within the international project ‘Diversity, Integration and the Economy’ funded by the VW Foundation and coordinated by the Hamburg Institute of International Economics (HWWI).

entitlement to public services for the different categories of migrants in the UK (Hunter, 2007). Far from being an attempt to assess the success and failures of the existing framework, the paper will try to provide a critical overview of the evidence available from policy documents, commissioned evaluations, databases for monitoring users' access and academic publications.

The paper is organised into three main sections. First, the demographics and labour market outcomes of the migrant population in the UK labour market are reviewed relying on the Labour Force Survey data and on the main results of the literature on the determinants of migrant economic performance. Emphasis is placed on the diversity of characteristics and varying outcomes of the migrant labour force, which prevent from easy generalisations when looking at the patterns of migrant labour integration or disadvantage. Second, the evidence on the involvement of migrants in mainstream government programmes and services making up the Department for Work and Pensions operational framework is reviewed. An overview of the main support structures such as Jobcentre Plus services and the major labour market programmes (e.g. New Deal, Employment Zones, etc.) is provided and the possible involvement of migrants in these initiatives is discussed. As we shall see, migrants (except refugees) are never included among the target groups of these policies but when they have access they are likely to be involved as much as the native population. Finally, the impact of the policy interventions targeting migrant and refugee needs is discussed. Three areas of intervention are considered: the provision of language classes, the support structure for the recognition of qualifications obtained abroad and some specific initiatives targeting refugee labour market integration.

2. Migrants and refugees in the UK labour market: characteristics, outcomes and barriers

2.1 Characteristics and legal access routes

The migrant population in the UK is highly and increasingly diversified in terms of countries of origins, demographics, skills, length of stay, legal status and access routes. This high complexity makes it difficult to understand the barriers that distinct migrant groups face in accessing the labour market and the different support they may need to overcome these barriers. Before giving account of the employment related services available to migrants and refugees in the UK labour market, it is therefore useful to provide a brief overview of the different groups of potential users – and particularly of the groups with the highest levels of disadvantage. Notwithstanding all its problems in the coverage of migrant workers⁴, the Labour Force Survey can serve the purpose of mapping at least part of the diversity of characteristics and experiences of migrants in the UK labour market.

⁴ Recent migrants, many of whom work on the fringes of the labour market, are especially likely to be under-recorded. In particular, foreigners working in the UK for a short period are not covered at all – the LFS sample does not include people who have been resident in their household for less than 6 months and the population totals to which the results are weighted exclude those staying in the UK for less than a year. Among the categories who are most likely to escape the survey there are obviously also illegal migrants. The Home Office published a central estimate of 430,000 irregular migrants living in the UK (within a range from 310 000 to 570,000) – see (Home Office, 2005b). It is not known what proportion of this unauthorised migrant population is in work.

Estimates based on the LFS reveal that the stock of foreign-born⁵ working-age population⁶ in 2007 numbered 4.8 million (Table 1), corresponding to over 13% of the potential⁷ labour force. Despite the increasing diversification of migration routes, the national composition of the migrant stock still reflects to a large extent the traditional patterns of migration to the UK, with 3 countries of the Indian sub-continent – India (425 thousand), Pakistan (315 thousand) and Bangladesh (163 thousand) – in the top 10 countries of origin. The British colonial heritage is also reflected in the large presence of migrants from countries of the African Commonwealth (South Africa, Nigeria, Kenya, Zimbabwe, Ghana) and the Caribbean (Jamaica). Ireland and other developed economies (Germany, U.S., France, Australia, etc.) also were or still are major source countries. However, marked changes in the size and distribution by area of origin of the migrant workforce have occurred especially with the arrival of Central and Eastern Europeans after the EU enlargements. In particular, Poles are now the second largest group with 345 thousand migrants of working age⁸.

The whole migrant population is almost perfectly gender-balanced, but this may vary across groups – e.g. a majority of women among Filipinos and Somalis and a prevalence of men among migrants from Middle Eastern countries (Iraq, Iran, Turkey). Migrants are on average younger than UK born workers: for instance, 46% of the foreign-born working age population is between 16 and 34 (but over 80% of Poles and Slovaks), while this is the case for 38% of the UK-born population.

Major differences exist in terms of period of entry in the UK. For some groups migration to the UK essentially occurred in the colonial or post-colonial period – e.g. Kenya, Jamaica, Hong Kong. Migration from Ireland was also large in the 1950s and 1960s. A large share of Indians and Pakistanis entered the UK around 1970, but migration from these countries has continued over the next decades and is currently peaking again, especially for Indians because of highly skilled workers entering the country through labour migration schemes (see below). Bangladeshi migration increased around 1980 and has been rather stable for two decades, while it has been decreasing since the beginning of the 2000s. Asylum migration was also particularly high in the 1980s and 1990s – e.g. many Somali and Kurdish refugees entered the country in that period. For many groups migration to the UK is a much more recent phenomenon: for instance this is the case for mainland Chinese migrants, Filipinos, and above all Central and Eastern Europeans – 9 out of 10 Poles entered the UK after the 2004 enlargement.

London is by far the preferred destination of migrants coming to the UK. However, the territorial distribution of migrant groups across the UK regions significantly varies. Some migrant communities are highly concentrated, with more than half residents living in London – i.e. Somali, Sri Lankan, Turkish, Nigerian, Ghanaian, Bangladeshi. Other groups are rather dispersed across the UK – e.g. Poles, Slovaks, Zimbabweans.

⁵ As a proxy of the migration status, the country of birth is generally preferable to the citizenship because it allows to consider also non recent migrants who took the British nationality. However, this criterion is not exempt from problems since it considers as foreign migrants also people born overseas with a British background.

⁶ The working-age population is defined according to the LFS definition as men 16-64 and women 16-59.

⁷ “Potential” because the working-age population includes inactive people, who are excluded from the labour force as generally defined.

⁸ Accession country nationals are particularly likely to be underestimated in the LFS sample because of their recent arrival, temporary stays and high levels of undocumented work.

Table 1 – Foreign-born working age population in the UK. Selected demographic and socio-economic indicators, 2007

	Country of birth	Abs. Val. (1,000)	% female	Period of entry in the UK		Main region of settlement		Qualification		Employment rate	
				More than 20 years ago (%)	in the past 5 years (%)	Region	(%)	NVQ4 or above (%)	other (%)	M	F
1	India	425	46.0	37.7	35.3	London	36.0	32.0	34.3	79.7	56.8
2	Poland	345	44.4	2.1	91.0	London	26.6	10.8	62.3	93.0	72.2
3	Pakistan	315	46.5	44.1	20.6	London	24.3	15.9	30.0	73.2	18.9
4	Ireland	234	47.6	63.2	8.7	London	29.9	33.4	18.6	73.7	68.3
5	Germany	194	51.8	57.3	11.0	South East	18.9	29.2	12.8	84.9	67.9
6	Bangladesh	163	49.2	40.7	12.6	London	55.1	18.0	19.8	68.0	23.4
7	South Africa	153	53.0	22.5	29.2	London	30.1	37.7	37.1	90.4	76.6
8	Nigeria	130	49.8	18.0	32.0	London	60.5	50.8	25.6	82.2	69.8
9	United States	126	51.1	25.6	40.4	London	36.8	40.2	35.4	87.0	59.7
10	Kenya	116	47.9	74.4	5.8	London	43.9	34.0	14.4	81.0	66.2
11	Jamaica	105	58.5	54.0	9.2	London	59.3	20.1	14.7	72.8	64.7
12	France	101	58.7	18.0	39.5	London	43.0	49.9	29.7	82.3	77.9
13	Australia	101	49.6	27.3	39.1	London	47.1	37.0	34.8	88.7	77.7
14	Sri Lanka	95	46.1	22.0	22.4	London	68.5	34.2	33.1	86.2	52.0
15	Zimbabwe	86	52.6	17.7	43.8	East of England	16.5	37.0	20.9	80.3	71.5
16	China	83	54.5	7.5	59.6	London	29.5	43.1	32.2	46.1	41.6
17	Ghana	76	47.6	25.9	31.4	London	60.5	31.5	25.7	87.0	69.4
18	Philippines	75	65.9	12.9	50.6	London	29.2	33.1	43.2	92.7	85.8
19	Somalia	68	62.9	2.9	22.2	London	74.7	10.4	15.6	35.3	15.3
20	Italy	67	41.4	35.3	28.1	London	40.5	35.3	39.5	78.9	74.4
21	Hong Kong (China)	64	52.8	56.1	14.8	London	30.2	39.5	13.5	80.1	63.8
22	Turkey	62	41.3	13.5	25.2	London	66.7	10.8	31.4	67.4	24.3
23	Portugal	56	54.8	16.4	40.6	London	46.9	7.3	32.0	81.6	62.2
24	Canada	51	51.3	48.6	19.1	London	24.7	49.2	20.9	81.0	66.9
25	Iran	48	40.5	33.3	34.1	London	46.4	34.7	31.1	49.4	37.8
26	Malaysia	47	61.2	48.0	22.9	London	41.5	60.7	16.2	80.7	64.5
27	New Zealand	46	48.9	27.0	33.8	London	35.7	38.6	34.6	94.6	77.2
28	Slovakia	45	52.9	0.0	91.8	East of England	21.4	8.4	50.8	92.7	69.8
29	Iraq	45	33.4	22.3	32.4	London	43.6	26.9	24.3	57.7	8.9
30	Lithuania	45	50.5	0.0	83.9	London	50.5	8.6	53.2	87.6	77.8
	All foreign-born	4,827	49.8	31.5	33.8	London	39.5	29.9	30.7	77.9	58.2
	United Kingdom	31,874	48.3			South East	13.8	28.0	5.4	78.8	71.8

Source: own elaboration on Labour Force Survey, 4 quarters average

Also in terms of qualification levels migrants are not a homogeneous group. The LFS data confirm the polarisation of migrants' qualification profile in relation to that of the UK-born population, i.e. a larger proportion of the migrant workforce is found at the top and bottom of the qualification ladder. Large differences exist across groups, with some groups characterised by very high levels of qualification – e.g. Nigerians, Chinese, EU-15 nationals and North Americans – and others less educated – for instance Somalis, Bangladeshis, Pakistanis, Turks, Jamaicans. However, the distribution of migrants by level of qualification is highly influenced by the high number of LFS respondents who cite 'other' qualifications. Migrants who completed their education and training abroad may find it difficult to map their qualifications – especially non-academic ones – to the UK system. As discussed below, the non-recognition of the educational titles and qualification certificates may result in a significant barrier to access jobs matching their skills. Migrants from EU Accession countries are by far the groups with highest share of qualifications not corresponding to a UK equivalent. This is much less the case for migrants from Commonwealth countries, whose educational systems are more likely to be shaped on the British system.

Another important factor likely to shape the experience of migrants within the labour market is the legal entry channel – and related immigration status gained once in the country. Broadly speaking, there are four major categories of migrants admitted in the UK: workers, dependants, asylum seekers and students. In terms of access to the labour market, each of them have different opportunities and rights and is subject to different restrictions – see Hunter (2007) for a detailed account. The past decade has been characterised by a sharp increase of labour migration, with about 400 thousand foreign workers entering the UK at mid 2000s (Salt and Millar, 2006). Students have also significantly increased, while the inflow of dependants has been rather constant and that of refugees has been declining since the end of the 1990s.

Migrant workers have been recruited through a variety of schemes, each with different rules establishing either the professional skills (e.g. Work Permits and Highly Skilled Migrant Programme, converging in the new point-based system which will be fully operative this year), economic sector (e.g. the Seasonal Agricultural Workers Scheme and the Sector Based Scheme for the hospitality industry, both phased out), nationality (the Workers' Registration Scheme for Accession countries' nationals) or particular mechanism for recruitment (e.g. Au Pairs and domestic workers). While the HSMP or the work permits for migrants entering the UK with a job offer – corresponding to tier 1 and 2 of the point-system – allow migrants to apply for permanent residence after a period of continuous stay, other schemes are (or were) purposely devised for managing temporary migration and do not grant to migrants the right of settlement – see Hunter (2007).

Around the end of the 1990s and beginning of 2000s labour migration was especially characterised by an expansion of the work permit system – the total number of approved work permit applications rose from 33 thousand in 1995 up to 139 thousand in 2004 (Salt and Millar, 2006). Working Holiday Makers were also numerically important – they peaked in 2004 with over 62 thousand applicants – although their contribution to the UK labour market can not be judged by the same standards of full-time workers⁹. Since the 2004 EU enlargement Accession country nationals have been granted full rights to reside and work in the UK, becoming by far the largest source of migrant labour to fill in vacancies in low and

⁹ Working Holidaymakers must be Commonwealth citizens who want to come to the UK for an extended holiday and taking some occasional employment. Since February 2005 the fact that employment must be incidental to the holiday has been formally regulated establishing that people in the UK under this scheme can work for only 12 months out of the 24 months of the Working Holiday Visa duration.

medium skilled occupations. A cumulative total of 766,000 applications to register on the Worker Registration Scheme were approved between 1 May 2004 and 31 December 2007 (Home Office, 2008)¹⁰.

No comprehensive data exist on the entry patterns of recent migrants. Reviewing different sources it can be inferred that:

- Indians have been the largest group of work permit holders, especially since the beginning of the 2000s. They have also dominated the HSMP and many have entered the country on a student visa;
- Recent Pakistani and Bangladeshi inflows were dominated by marriage migration and family reunification. Some entered through labour migration channels (e.g. Pakistani with the HSMP and Bangladeshi with SBS permits) and other routes (student, asylum seekers);
- White immigrants from other high income Anglophone countries (US, Australia, Canada, South Africa, New Zealand) entered the UK as work permit holders (over 100 thousand U.S. nationals in the past decade), students, working holiday makers (over 100 thousand Australians since 2000), or were granted the right to settle in the UK on the basis of ancestry;
- Filipinos as well as some African migrants – from Nigeria, Ghana, Zimbabwe – also entered the country on the work permit system, mainly as health and social care workers;
- Somalis, Afghanis, Iraqis and Kosovars were the main groups granted refugee status or exceptional leave to remain for humanitarian reasons in the past decade;
- After the 2004 EU enlargement Ukrainians, Bulgarians, Romanians, Russians were the main applicants for the SBS and SAWS permits – until these were phased out.

Given the features and factors outlined above, it is not possible, or indeed helpful, to think of a generic experience for migrants in the UK labour market. Situations of migrants may range from migrant workers coming to the UK with good English language and technical skills who already have a job offer in a qualified occupation, to forced migrants from non English-speaking countries with no readily transferable technical or academic qualifications who may experience a long career break while their refugee status is recognised.

However, research has identified a number of barriers which are likely to affect the labour market pathways of newcomers. Refugees in particular, experience certain barriers (such as legal issues and access to work permits while still claiming asylum) which can make access to the labour market more difficult. In the next paragraph an overview of the main factors affecting the migrant labour market outcomes will be provided.

2.2 Migrant employment outcomes and determinants of labour market performance

Not surprisingly the different characteristics of migrant communities also results in different outcomes in the UK labour market. Most male migrant groups have higher employment rates¹¹ than the UK-born population – some of them i.e. Poles, Slovaks, Filipinos, South Africans, New Zealanders above 90%. In contrast, some groups have significantly lower employment levels than the native population, Somali men being the most striking example. Overall female migrants have significantly lower employment rate than UK born women, but the variability across groups is even higher than for men – e.g. 86% of Filipinas are employed as compared to 9% of Iraqi women. High levels of employment are also found among Eastern European women, while low employment rates also affect female migrants from Bangladesh,

¹⁰ This does not indicate the number of long-term migrants into the UK as many are likely to stay for limited periods.

¹¹ The employment rate is the ratio of people in employment out of the working age population.

Pakistan, Turkey and Somalia and are ascribable to both high inactivity and high unemployment¹².

In order to assess the labour market outcomes it is important to look beyond the mere access to the labour market and consider other measures describing the “quality” and structure of employment. In terms of occupational structure, overall migrants are found to be more concentrated than the UK-born in both high and low skilled occupations (IPPR, 2007). However, recent data seem to confirm a trend towards a lesser skilled migrant workforce, mainly due to the high concentration in low skilled occupations of workers from the A8 countries (Salt, 2006).

Patterns are not uniform for the various migrant groups, indicating that different groups have different roles in the UK labour market. Migrants from western Europe and other high income countries are significantly overrepresented in managerial and professional positions in the financial and business service sector. Asians are more concentrated than the local labour force in the hospitality and retail sectors. Africans are especially to be found in the transport and communication industry. A8 citizens display a disproportionately high representation in manufacturing and construction, as do the Irish although to a much lesser extent than in the past (Salt, 2006).

As the significant differences in terms of education, skills, demographic structure, regional distribution, duration of residence in the UK are likely to affect migrant economic success and integration, a number of studies used statistical analyses to estimate the labour market outcomes of migrants after controlling for these observable factors. Since the debate on immigration in the UK is traditionally focused on ethnic minorities, these studies predominantly addressed the reasons of the underperformance of British Minority Ethnic (BME) groups – some of them including the second generations born in the UK. Results are not always comparable – because of different data, periods of reference, variables included in the model, target groups (migrants, ethnic minorities or second generations), etc. However, commonalities can be found and generalisation is to some extent possible. The main factors – positively or negatively – affecting migrant employment outcomes can be summarised as follows:

- *Age* – Lower employment outcomes of some migrant groups are partly determined by their young age structure, notably by the high concentration in the age group 18-24 which is typically the most exposed to the risk of unemployment (Dustmann *et al.*, 2003; Dustmann and Fabbri, 2005).
- *Education* – Educational attainments are a major factor of migrants’ labour market success (Shields and Wheatley Price, 2003). Returns to educational qualifications for ethnic minorities are likely to be even greater than those for white groups (Clark and Drinkwater, 2005). However, one area of concern is that not all immigrant groups seem able to translate their high educational levels into positive labour market outcomes. Some groups, such as the Polish-born, may be working several levels down from their own skills level (Anderson *et al.*, 2006) due to the temporary nature of their migration. Even more problematic is the fact that

¹² According to the LFS international standards, unemployed are those who have no job at the time of the survey but have been looking for a paid employment in the last three months and would be available to start working in the next two weeks. Those who are not in employment and have not been actively seeking for a job are classified as inactive. Reasons for inactivity significantly vary. For instance, full-time students, home carers and long-term unemployed who gave up looking for work are all considered inactive. Data referring to the different categories of inactive people show for instance that the share of ‘voluntary’ inactivity – e.g. people looking after their family and claiming they do not like to work outside their home – is particularly high among Pakistani and Bangladeshi women.

other more settled groups appear unable to access jobs at a level commensurate with their levels of education, which is possibly an indicator of discrimination in the labour market (IPPR, 2007).

- *Where qualifications are obtained* – One reason – perhaps the main one – for migrants to work at a lower level than their education would allow is that UK qualifications are more highly valued in the UK labour market than qualifications obtained abroad. Some research has clearly proved that migrants who complete their education or training in the UK are more likely to experience a successful economic integration. This holds true even for long-established migrant groups (Clark and Lindley, 2004).

- *English language fluency* – migrants who are fluent in English have a significantly enhanced probability of employment (Dustmann *et al.*, 2003; Shields and Wheatley Price, 2002; 2003). Immigrants with fluent English language also earn approximately 20% more than those with lacking language skills (Dustmann and Fabbri 2003). The labour market premium to fluency is greatest for those BME migrants with the least success in the labour market and the lowest language skills (Shields and Wheatley Price, 2003). Language disadvantage among non-white females seems to lead especially to higher inactivity rates (Leslie and Lindley, 2001).

- *Region of settlement* – on arrival many migrants settle in areas with higher demand for labour, which can affect positively their employment and earning opportunities (Dustmann and Fabbri, 2003; 2005). However, research focusing on ethnic minorities emphasized the possible negative impact on employment opportunities of geographical concentration in relatively deprived urban areas (Clark and Drinkwater, 2005).

- *Religion* – Muslim migrants suffer a considerable employment disadvantage relative to non-Muslims with similar characteristics. Perhaps surprising is that, other things being equal, White Muslims as well experience an employment penalty (Lindley, 2002; Clark and Drinkwater, 2005).

- *Duration of stay* – migrants in general have a lower probability of participation and/or employment when they arrive, gradually improving the longer they stay in the UK (Dustmann and Fabbri, 2003; 2005; Shields and Wheatley Price, 2003). In fact studies focusing on the process of adaptation of migrant workers over time suggest that the initial gap in terms of employment and participation levels tends to narrow over the migration cycle. Dustmann and Fabbri (2003) estimate that after about 20 years of residence participation and unemployment rates of migrant men with an ethnic background are similar to those of UK-born whites. Conversely, differences remain significant for female BME migrants, who do not seem to catch up on white UK-born participation rates no matter how long they have been living in the UK.

- Besides the possible long-term adaptation, the employment outcomes of immigrants are clearly affected by the consequences of the economic cycle on the labour market. Since the beginning of the 1980s unemployment levels peaked in correspondence with two major economic recessions. In these circumstances, unemployment rates of BME migrants displayed a much greater volatility than those of both foreign-born and UK-born whites. They rose faster than those of white-British workers in the economic downturn, whereas fell at a faster rate in the subsequent upturn. This pattern, observed for both males and females, suggests that migrants are more affected by economic fluctuations, losing employment faster than native workers but also re-entering employment faster in an upward trend (Dustmann and Fabbri, 2005).

Overall, results in the literature suggest that observable variables only explain a part of participation and employment differentials. After controlling for such characteristics, many

migrant groups are still found to have worse economic outcomes than the UK-born white population. The participation levels of some groups – such as black Africans, Afro-Asians and whites from Old Commonwealth countries – even deteriorate after controlling for some background variables, suggesting that the socio-demographic structure and regional distribution of these groups actually favour their overall involvement in the labour market (Dustmann and Fabbri, 2005). Especially Bangladeshis, Pakistanis and Black Africans retain a sharp disadvantage in the labour market, but also Caribbeans and white non-EU migrants display a non-negligible gap in comparison with British-born whites.

Research on ethnic minorities relates the presence of an unexplained “ethnic” employment differential to discriminatory practices in the labour market (Blackaby *et al.*, 2002; 2005; Lindley, 2005). According to Lindley (2005), only half of the gap between white and non-white unemployment can be attributed to differences in observed characteristics and the unexplained discriminatory element has become even larger in the last decade for Pakistani and Bangladeshi men.

However, other non measurable factors may also be responsible for migrant hardship in the access to employment. One of them is that newly arrived migrants may lack important ‘soft-skills’ which are essential both for searching suitable job opportunities and for succeeding in the application procedures. For instance, in relation to the practicalities of job search, barriers faced by migrants may include lack of knowledge of how vacancies occur and how they are advertised, lack of familiarity with the UK style of CV and application forms, internet applications and interview techniques (OECD, 2006). Attitudinal and emotional factors may also act as barriers to labour market integration, especially for refugees. These may include anxiety, stress, loss of identity and sense of self-esteem, low motivation – due to long periods out of work and training – loss of employment-related networks, feeling of being discriminated against.

It is also important to stress that some immigrant communities with poor labour market outcomes are predominantly made up of people who have come to the UK for non-economic reasons - e.g. to join family members or to seek asylum (IPPR, 2007). In others words, these groups may be made up of large numbers of people whose admission into the UK is not based on a migratory project which places work at its core. Work may rather be a necessity to survive or to reach economic self-sufficiency.

The different rules regulating the entry of different categories of foreign migrants in the UK and their access to the labour market are also likely to have an impact on both immediate outcomes and prospects of long-term economic integration. Most labour migration schemes bind migrants to specific jobs, meaning for instance that work permit holders have to find another employer available to ask for a new work permit if they want to move on to a new job and are not allowed to stay and look for another job if their employer-employee relationship ends. Other immigration statuses undergo different types of restrictions – e.g. asylum seekers are not allowed to work until they are granted the refugee status, for working holidaymakers periods of work must not overcome half of their stay in the UK, students are allowed to work only up to 20 hours a week during term time (Hunter, 2007). On the whole, it is arguable that professional mobility (both upward and horizontal) and career development of many migrants working in the UK is hindered – at least at the beginning of their stay – by legal restrictions related to their immigration status¹³.

¹³ As stressed by Anderson (2007) migrant workers who do not have full access to the labour market but want to work anyway may be dependent on informal routes (intermediaries, friends, family, gangmasters) to access work. Whilst this potentially offers a degree of support, it can often lock migrants into a situation characterised

A final point it is worth to discuss in this paragraph are the self-employment outcomes of migrant groups. Self-employment is an important option of economic integration for migrants. Studies examining the self-employment probabilities of migrants in the UK show that, on average, immigrants are more likely to be self-employed than the majority population (Dustmann *et al.*, 2003; Dustmann and Fabbri, 2005). This holds true for many migrant groups, although there is also considerable variation in self-employment rates. An IPPR study analysing 2005/6 LFS data (IPPR, 2007) show that Turks¹⁴, Pakistanis and Iranians are by far the groups with the highest propensity to self-employment. For all three groups self-employment rates of the active population are above 30%, as compared to 13% of the UK-born workforce. Among the larger migrant groups Bangladeshis (21%), Kenyans (19%), Chinese (17%), North Americans (17%), Australians (15%), Jamaicans (15%) have all high probabilities of self-employment than the UK-born while Indians (11%), South Africans (10%), Nigerians (9%) turn to entrepreneurship less frequently than natives. For other groups (e.g. Filipinos) this strategy of economic integration is extremely rare.

Sector allocation of self-employed immigrants has also been investigated – using a pool of LFS data – and turned out to be considerably different from that of white British-born individuals (Dustmann *et al.*, 2003). Self-employed ethnic minority migrants are concentrated in distribution, hotels and restaurants – 43%, compared to 16% of UK-born whites. The distribution of white immigrants is more spread out and not too dissimilar from that of the white British-born – with a high concentration in the construction sector (24% on the whole but 55% of Irish, compared to 31% of UK-born whites). Even among migrants from different countries of origin there are very unequal self-employment patterns. A very high concentration in the hospitality sector characterises mainly Chinese (76%) and the African Asians (51%). Remarkable is also the large percentage of Pakistanis who are active in the transport and communication sector (46%).

The mechanisms of the self-employment choice are not fully explained. It is interesting to pose the question of whether migrant groups have high rates of self-employment because they are genuinely more entrepreneurial or because they are diverted into self-employment due to difficulties accessing the labour market as employees. A popular hypothesis is that immigrants choose to become self-employed largely because of opportunity structures of the labour market rather than by intrinsic propensity. Empirical evidence supporting this assumption is weak (Dustmann *et al.*, 2003). However, the fact that the groups with the highest self-employment rates are among those facing the highest level of exclusion from employee-positions seems to suggest that this explanation has some ground in the UK labour market.

Another common explanation for the higher propensity of immigrants to engage in self-employment is that some immigrant groups may have a comparative advantage in engaging in certain sectors – e.g. “ethnic” restaurants – where their expertise and know-how are unlikely to be challenged by local entrepreneurs. In the U.S. literature the higher probability to be self-employed of immigrants has been explained in terms of “enclave effect”. According to Borjas (1986) the very high concentration of immigrants in some geographical areas would increase the self-employment opportunities for other members of the respective ethnic group.

by low pay, poor employment practices and infringements of employment rights, particularly within the informal economy.

¹⁴ The high level of entrepreneurship of Turks may be partly explained by the less stringent requirements to enter the country to set up a business established by the UK-Turkey Association Agreement (1973). In particular Turkish entrepreneurs are not required to invest a minimum amount of money (which in the current Rules is set at £200,000) or to employ staff (Hunter, 2007).

However, Clark and Drinkwater (2002) find that ethnic concentration affects self-employment rates negatively, which contrasts with Borjas' findings. Over time, self-employment probabilities are found to increase relative to UK-born whites for all groups after arrival. Immigrants tend to recover their initial disadvantage in self-employment opportunities and become more likely to be self-employed.

Recent field research carried out in London (Sepulveda *et al.*, 2006; 2007) has confirmed that the immigrant entrepreneurship in the capital has increasingly diversified, with visible emerging business communities from the Horn of Africa, West Asia, mainland China, Vietnam, Latin America, and Turkish-speaking countries placed side by side with the traditional BME enterprises. The study emphasizes the importance of entrepreneurship as a way to move from a 'culture of benefits' towards a 'culture of self-determination', boosting a sense of integration into the UK society and creating hubs for migrant and refugee communities.

Major barriers faced by migrants and refugees starting up a new business identified by the study were the lack of relevant (or transferable) business experience for people who were largely 'pushed' into businesses as a means to tackle a lack of job opportunities and discrimination in mainstream labour markets; the limited availability of financial resources (for investing in the business and to cover living expenses in the start up period); the hardship in opening a bank and accessing credit due to the lack of a recognised track record; the uncertainty about the developments of their legal situation and the consequent uncertainty in relation to their long-term plans; the limited understanding of UK regulatory environment and business institutions; the lack of trust in mainstream support institutions (see par. 3.10). The research stresses the fundamental role that informality plays in filling in the gap between immigrant entrepreneurs and the business support policies, allowing immigrant businesses to survive and compete in the marketplace without accessing conventional sources of business knowledge and finance, with no professional marketing, and in the absence of managerial strategies (Sepulveda *et al.*, 2006; 2007).

3. Labour market programmes: evidence on migrant involvement

Since 1997, a multiplicity of measures have been introduced to extend employment opportunities to the most disadvantaged and disengaged groups. Labour market participation has been regarded as the key route out of social exclusion, and most of these initiatives have been introduced to enhance participation and employability. The New Deals focusing on the longer-term unemployed and excluded groups form the centre-piece of welfare-to-work initiatives. Since 2001 Jobcentre Plus has been working as the Department for Work and Pensions' operational arm. The stated objective of JCP was to provide more tailored individual help, by building flexibility into the development of programmes, thus enabling enhanced response to specific local needs. In order to better "make work pay" a National Minimum Wage as well as a series of in-work benefits have been introduced (DWP, 2004).

The understanding of the possible impact of policy initiatives in reducing the labour market disadvantage of ethnic minorities and other disadvantaged groups has become a very relevant issue in the policy agenda¹⁵. Refugees have been more and more included amongst the

¹⁵ DWP has a Public Service Agreement (PSA) target to increase the employment rate of ethnic minority groups and significantly reduce the difference between their rate and the overall employment rate. The Strategy Unit report on Ethnic Minorities and the Labour Market (2003) estimated that if ethnic minority employment rates were to match those of white people, over 125,000 more ethnic minority men and nearly 200,000 more ethnic

priority groups in need of special support. In contrast, migrant workers and their family members are never targeted by these initiatives. Also, access to benefits and public support services is denied to migrants with restricted access to the labour market (e.g. work-permit holders). However, economic migrants as well as dependants may access Jobcentre Plus support services after they have obtained the right to reside permanently in the UK – A8 nationals are entitled to benefits and employment related services after one year of stay (Hunter, 2007).

This section attempts to summarise the results of the main programmes and schemes carried out in the UK labour market, focussing as far as possible on the experience of migrants. However, as labour market policy evaluations are typically complex and expensive, quantitative estimates of the impact of labour market programmes are often unavailable. Assessing the impact of universal employment services on the migrants' labour market performance is also difficult because migrants are never identified as a target groups, and no data are collected to monitor their access and outcomes – i.e. no info on the country of birth/nationality of participants is available.

With all these limitations, in the following pages the main outcomes of the existing schemes are reviewed and the possible impact for migrants is discussed. To fill in part of the information gap on the involvement of the migrant population we shall refer to the results available for ethnic minorities, who are often chosen as a major target group of labour market policies. In order to formulate some conjectures about the possible implications for the migrant participants particular attention is paid to the outcomes of ethnic groups with a high prevalence of first generation migrants.

3.1 Jobcentre Plus

In October 2001, the Department for Work and Pensions launched *Jobcentre Plus*, bringing together the Employment Service and those parts of the Benefits Agency dealing with working-age people. Jobcentre Plus has been fully rolled by 2006. Its aim is to deliver work-focused service to all benefit claimants of working-age and to help employers filling their vacancies. Jobcentres also act as the main point of access to most DWP labour market programmes.

JCP places an explicit work-focus in the delivery of the benefit system. Anyone making a claim for benefit at a Jobcentre receives an interview with a Personal Adviser to discuss the opportunities available for taking up work and has access to information on job vacancies, advice, training and support¹⁶. Along with Jobseeker's Allowance (JSA) claimants who traditionally have been the target of relevant work-focused policies, Jobcentre Plus targets a much wider group of clients both unemployed and inactive and including lone parents, ethnic minorities¹⁷ disabled people and family carers. Refugees have also been included by DWP

minority women would be in employment. With the aim to increase the employment rate for ethnic minority groups DWP has devised the Ethnic Minority Employment Strategy.

¹⁶ At the interview the personal advisor and the client complete a Jobseeker's Agreement (JSAg) for Jobseekers Allowance claimants or a voluntary Customer Action Plan (CAP) for receivers of other state benefits.

¹⁷ The Performance and Resources Agreement (PRA) in operation since 2002/03 between DWP and Jobcentre Plus sets out how resources will be spent over the operational year. The basis of the structure is to award point scores for job placing for different categories of customer and related to the area of residence. The higher the priority of the client group, the more points are earned for the job entry. From 2003/04 Additional points became applicable in 30 local authority districts (LADs) with a disadvantaged labour market and 258 local authority wards (LAWs) with both unemployment at one and a half times the national average and ethnic minority population three times the national average. The additional points were designed to boost activity in specific wards and bring about increases in the number and share of overall job entries achieved by ethnic minority

among the groups of client who may be eligible to join support earlier than otherwise and a JCP Refugee Operational Framework to help them into employment has been devised – see par. 4.3. Another stated objective is to tackle possible discrimination faced by ethnic minority clients. In order to remove this barrier JCP aims to engage with employers on issues of equal opportunities (EMETF, 2004).

Jobcentre Plus also works in partnership with organisations in the public, private and voluntary sector who complement its services. In addition to national partnerships, JCP currently engages in a range of partnerships at a regional and local level on refugee issues according to the needs of the local community (see par. 4.4).

Evaluation of Jobcentre Plus outcomes has been carried out at regular stages of the roll out process (Corkett *et al.*, 2005) but no specific administrative data showing the involvement of foreign-nationals/foreign-born/ethnic minorities were released. *A priori* we know that work-permit holders are not entitled to public benefits and are excluded from Jobcentre Plus services in case they lose their job. General findings of evaluations point to some success in helping the most disadvantaged priority groups (Karagiannaki, 2005). Established foreign-born and other migrants with access to the Government's services (e.g. family members) could be overrepresented within these groups, but this is no more than a conjecture.

The information provided by the LFS can again be used to explore possible differences in the use of jobcentres by UK-born and migrant unemployed (Fig. 1)¹⁸. The largest proportion of both migrants and natives look for advertisement on newspapers and journals as the main job-search strategy, while the attending a jobcentre is the second preferred choice. The share of unemployed people visiting jobcentres as the main strategy to find a job shows only little variation across groups – ranging between 24% and 29% – with the exception of migrants from North America, Australia and New Zealand who are less likely to attend jobcentres (19%). Interestingly, migrants from the new EU member states and non-EU countries show more or less the same propensity to use jobcentres as UK-born unemployed – despite not all people within these groups are eligible to access JCP services.

Eastern Europeans seem to be characterised by a larger diversification of job-search strategies in comparison to other groups, with a significant number of them mainly relying on private employment agencies (14%) and personal contacts (9%). Overall, the preferred job-search strategies seem to be related to the skill levels of the different groups: while migrants from the EU-15 and other high income countries predominantly use sources for high skilled recruitment (e.g. replying to advertisement or sending CVs), Eastern Europeans and non-EU migrants are more likely to prefer jobcentres or informal methods.

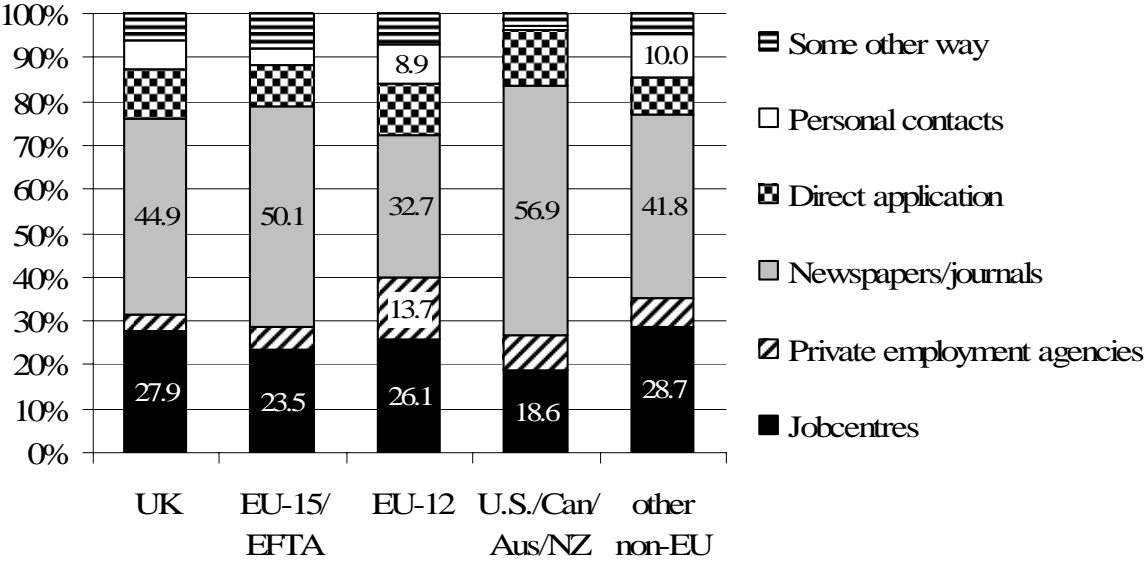
Shifting the angle and looking at people who have recently – within the past three months – found a job we can provide some rough evidence of the success of job-search strategies for the different groups. The proportion of respondents who have obtained their present employment through jobcentres is very low for both UK born and migrant workers (Fig. 2).

Interestingly, Accession countries nationals are twice as likely than natives to have found a job through JCP – 12% and 6% respectively. The most plausible explanation for this result is that jobcentres have been successful in linking these recent migrants to the demand of manpower in sectors with shortage of low-skilled workers (e.g. construction, manufacturing, hotel and food industry).

customers. Research from the Policy Study Institute into the additional points system (quoted in EMETF, 2004) suggests that additional points were positively associated with job entry performance and that this strategy could lead to significant advances in connecting ethnic minority people to work.

¹⁸ Because of the small size of the sample – only unemployed people are considered – migrants are grouped by major areas of origin.

Figure 1 – Main method for looking for work, by country of birth (major areas), 2007 (%)



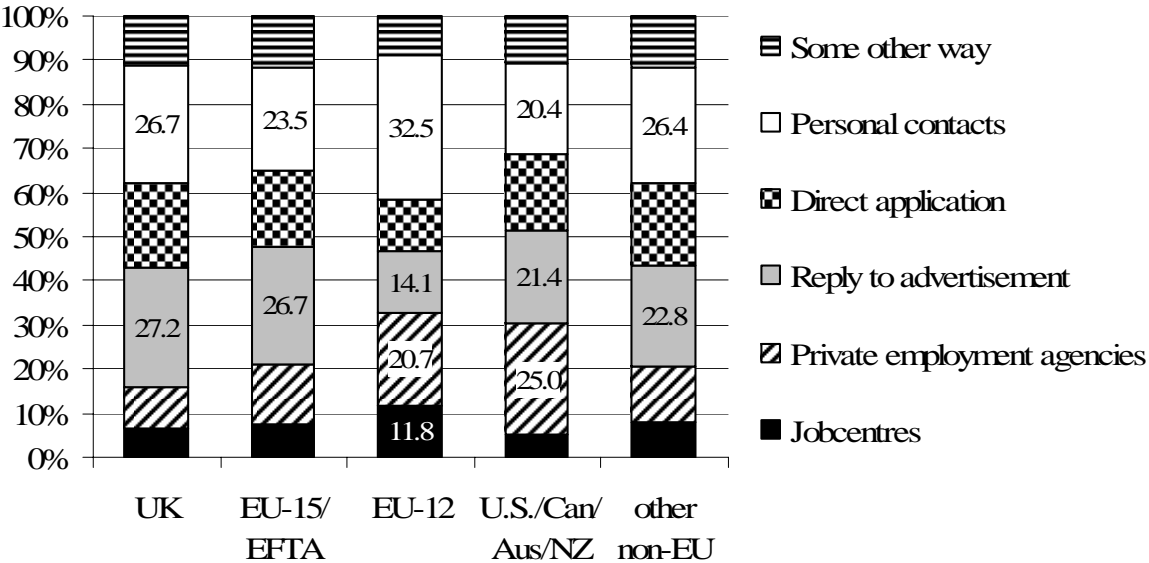
Source: own elaboration on the Labour Force Survey (4 quarters average)

The most successful job-search strategy varies across groups: it is replying to a job advertisement for UK born and EU-15 workers, relying on personal contacts for Eastern European and non-EU migrants, and turning to a private employment agencies for North Americans, Australians and New Zealanders. It is also interesting to stress that there seem to be a lack of consistency – for migrants as well as for natives – between the preferred and what seem to be the most effective job-search methods: for instance, while looking out on newspapers is the preferred job-search strategy for a very high share of unemployed (ranging between 33% and 57%), only between 14% and 27% of people who have recently take up a new job have found it in this way. In contrast, while less than 1 unemployed in 10 use personal contacts as a main method of job-search, between 20% and 33% of new employees have found their job with the help of friends, relatives or colleagues. Also, private employment agencies seem to be more effective than what people assume in their set of preferences for the different job-search options. As the data used refer to different groups of people – the current unemployed and the recently employed – the comparison between preferred and effective strategies is not entirely meaningful, but it would be interesting to shed more light on the rationale for these marked differences.

Our results are to a large extent consistent with those of a recent study focusing explicitly on the job search methods of migrants¹⁹ – and importantly bringing some evidence on the probability of getting into work of the different search strategies (Frijters *et al.*, 2005).

¹⁹ Unfortunately results are not fully comparable because Frijters *et al.* (2005) used a longitudinal sample of unemployed individuals subsequently observed in work drawn from quarterly LFS data (from 1998 to 2000) and also because of the clustering of migrants on the basis of the ethnicity. The share of the unemployed using jobcentres is reported between 27% and 37%.

Figure 2 – Method by which the current job^(a) was obtained, by country of birth (major areas), 2007 (%)



Note: only jobs obtained in the past three months
 Source: own elaboration on the Labour Force Survey (4 quarters average)

White immigrants were found to use jobcentres less frequently than the UK-born, while the opposite held true for South-Asians. Successful employment outcomes are found not to vary enormously by method used and, interestingly, the resort to jobcentres is not the most effective strategy of job search for both migrants and natives – the only exception being British-born ethnic minorities. As compared to the white UK-born population (20%) the probability to find a job through jobcentres was particularly lower for South Asian migrants (13%).

3.2 Migrant use of unemployment-related benefits

Another aspect which is interesting to consider as it links the public support with the labour market inclusion is the use of state benefits. There is general concern in the public opinion that migrants may be overrepresented among the beneficiaries of benefits and place pressure on the welfare programmes. Before the EU enlargement in 2004, for example, much of the media attention was focused on the possibility of migrants from the new member states coming to the UK solely to claim benefits (IPPR, 2007).

A number of studies across Europe addressed the issue of a possible higher dependency on benefits of foreign households relative to their native counterparts and whether this may place them in a welfare-trap and discourage active economic participation. Results generally show that when migrants are overrepresented among the receivers of welfare-benefits is especially because of their weaker economic performance, but there is some evidence of a higher propensity to claim benefits for which they are eligible in European countries with a generous welfare-state (e.g. Netherlands, Denmark). In the UK migrant dependency is not found to be significantly higher than among natives – see Nannestad (2007) for a review.

According to the LFS data, migrants do not display a significantly larger use of unemployment-related benefits relative to the native population²⁰. IPPR (2007) research reveals that even where there is a relatively high level of unemployment among some groups, the proportion of people who claim unemployment-related benefits is very low. The incidence of claimants on the working age population may be higher only for migrants with the British nationality. EU-15 and EFTA nationals are not significantly distinguishable from natives while other overseas nationals display a lower probability to receive a Jobseeker's Allowance – perhaps because of the restricted eligibility linked to some visa type and to a minimum amount of national insurance contributions (IPPR, 2007). The very low use of welfare provisions by A8 nationals is largely ascribable to the fact that A8 nationals who have not worked lawfully in the United Kingdom for 12 months – or who are not registered with the Workers Registration Scheme – are excluded from most benefits (Hunter, 2007). On the whole, observed trends seem to confirm that the prior to accession concern of a possible abuse of the welfare-state by Eastern Europeans was largely groundless (Gilpin *et al.*, 2006). Further evidence consistent with these patterns is available from the flow statistics of foreign nationals registering for a National Insurance and claiming benefits within six months of registration (Tab. 2). Since 2002/03, both the amount and the share of migrants claiming welfare support after arrival have halved. Recent figures are lower than earlier years because Accession nationals are required to have worked continuously for 12 months before they are entitled to income-related benefits. The latest available figures (2005/06) show that only 3% of foreign nationals allocated a National Insurance Number (NINo) ask for out-of-work benefits. Out of these, over 80% were actively seeking work (receiving Jobseekers' Allowance).

Table 2 - Foreign nationals allocated a NINo and claiming an out-of-work benefit within 6 months of registration, by Year of Arrival^(a)

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Jobseeker's Allowance	23.3	26.7	25.8	14.8	13.7	13.0
IB / IS ^(b)	9.2	9.1	8.5	5.6	3.7	2.7
Total	32.9	36.1	34.7	20.6	17.7	15.9
% on out-of-work benefits	11%	12%	10%	6%	3%	3%

Source: ONS – DWP (2007)

Note: (a) figures in thousand rounded to the nearest hundred (b) Incapacity benefits or Income support

As far as Accession countries' nationals are concerned, figures on NINo allocations for benefit and tax credit purposes have been very low so far. For the period 1st May 2004 to 31st December 2007, only 0.8% were allocated for benefit purposes and 1.6% for tax credit purposes. Most applications for non-employment purposes were dismissed on the basis of the Right to Reside and Habitual Residence Tests (Home Office, 2008). The number of A8 applicants for benefits and tax credits is however increasing as is the proportion of applications allowed to proceed for further consideration (29.5% in 2007 as compared to 7.8% in 2005). This is due to a growing number and proportion of Eastern European residents

²⁰ The LFS information about receipt of benefits is not consistent with benefits data from administrative sources, and results are valid under the assumption – not necessarily true – that reporting errors affect uniformly all compared groups.

who have been continuously working in the UK for more than one year and are therefore entitled to access state benefits.

3.3 *The New Deal*

Starting in 1997, the New Deal is the largest Government's programme to get people from welfare into work. Both the New Deal for Young People (NDYP) for 18-24 years-old, and the New Deal for people aged 25 and over (ND25+) provide individual support to jobseekers and are mandatory after a period on Jobseekers' Allowance. Other New Deal variants address the barriers to work faced by specific disadvantaged groups (lone parents, over-50s, disabled, musicians). All New Deal's options provide help with job-search as well as opportunities to improve the employability of participants (i.e. training and subsidised employment). The New Deal has two main components, Gateway and placement. At the first stage (Gateway) participants who are ready for work are helped to find a suitable unsubsidised job, while those less 'job-ready' are prepared for other New Deal options. The main actions for this are the allocation of a 'Personal Adviser' and the development of an individual action plan. The second stage is the placement itself. This consists of different options: subsidised employment with a public or private sector employer, placement with a voluntary organisation or an environmental task force, or full-time training. Approximately two thirds of New Deal clients are found in the first stage of the individual plan (Gateway) (DWP, 2004).

The New Deal is meant to be an important component of the good performance of the UK labour market in the last decade. A comprehensive monitoring programme has been set up for the New Deal, and monthly figures on participation in the various stages of the programme are disseminated. A New Deal Evaluation Database is compiled with data from various sources including the Employment Service's own Labour Market System and the Joint Unemployment and Vacancies Operating System (JUVOS) (DWP, 2004). These data do not provide information on country of birth or nationality of participants, so migrants can not be identified. Data are instead provided by ethnicity. In the rest of this paragraph we will refer to ethnic minority outcomes, focusing on groups with a high share of first generation migrants (especially Black Africans and Bangladeshis).

The importance of making the New Deal work for ethnic minorities is explicit in the design of the programme²¹. However, during the implementation of the programme concerns arose that, despite the strategy to engage ethnic minority jobseekers, some BME groups may not benefit from these programmes to the same extent as their White counterparts (Moody, 2000; Fieldhouse *et al.*, 2002). This issue has recently become central to the New Deal evaluation process. In 2003 the Cabinet Office Strategy Unit published a report in which the involvement of ethnic minorities in the main labour market schemes was examined and some possible strategies to connect more ethnic minority people to work were identified (Strategy Unit, 2003). In 2004 the Ethnic Minority Employment Task Force examined how the Strategy Unit's recommendations were being met, and how far these recommendations tackled the serious disconnection from the labour market experienced by some ethnic minority groups (EMETF, 2004). The results of these analyses showed in fact that the involvement of ethnic minorities in the programme is not always as successful as that of white people and that significant variations exist in the experience of different ethnic groups.

²¹ Previous youth training programmes – such as the Youth Opportunities Programme (YOP) and the Youth Training Scheme (YTS) – have been criticised as having little relevance for minority ethnic communities because of their minimum impact on unemployment levels (Fieldhouse *et al.*, 2002).

According to the New Deal Database²², out of 1.8 million people that the New Deal helped into work in 10 years (1997-2007), 203 thousand (or 11%) had an ethnic minority background – a further 5% opted not to disclose their ethnic origin. The share of BME groups involved in the New Deal is higher than their proportion in the population, reflecting their higher levels of long term unemployment.

Among the participants in the New Deal for Young People (people aged 18-24) Black Africans are the only ethnic groups with a high proportion of migrants in the population – about 70%, which reflects the recent arrival of large number of migrants from Sub-Saharan Africa, many of them with a refugee status. Owing to their well-known disadvantage in the UK labour market, they are overrepresented among participants. Black Africans display a share of leavers taking-up unsubsidised employment through the programme until May 2007 (55%) significantly below the white clients (67%).

As the proportion of migrants within the BME population aged 25-50 is high, migrants are more likely to be included among the participants in the ND25+. Besides Black Africans, Ethnic minority groups with a higher proportion of migrants (above 80%) are Bangladeshi and Chinese. For all the three groups, the share of participants who left the programme into employment until May 2007 is lower – 55%, 54% and 51% respectively – than for the white group (64%).

These recent figures confirm results of previous studies suggesting that, despite some success of the New Deal in raising the economic participation of ethnic minorities, parity with the majority population has not been achieved. This underperformance of ethnic minorities has to be tackled also because evidence shows that ethnic minority entrants in the New Deal already have relatively high qualifications (Strategic Unit, 2003). Also, there is evidence that the worse outcomes might be ascribable to the different choice of placement in the various options of the programme – BME participants are more likely than white people to be placed in training initiatives and less likely to be in subsidised employment.. In addition, results are not encouraging even for those involved in training – less than 20% of participants leave the NDYP with the qualification for which they enrolled (Strategy Unit, 2003). On the other hand, research has shown that where members of ethnic minority groups had obtained access to the Employment option, they were significantly more likely to be employed than if they had participated in any other option (EMETF, 2004). All these evidences therefore suggest that a greater involvement of ethnic minority New Deal participants in the employment option would be highly desirable. Also, the New Deal seems not to have fully succeeded either in raising significantly the participation level of the inactive population²³.

3.4 Employment Zones

Introduced in April 2000, Employment Zones (EZs) are currently operating in 13 areas²⁴ experiencing high levels of long-term unemployment. They were conceived to helping find work long-term unemployed – people aged 25 and over who have been claiming Job Seekers Allowance (JSA) for at least one year. EZs were expanded in 2004 to include lone parents,

²² Figures referred to in this paragraph are computed using the New Deal for Young People and New Deal 25+ tabulation tools available on the Department for Work and Pension's website accessed in April 2008 (http://www.dwp.gov.uk/asd/asd1/tabtools/tabtool_nd.asp)

²³ However, according to Fieldhouse *et al.* (2002) a moderate positive impact on the rate of economic inactivity for ethnic minorities – a reduction of 1.4 percentage points – should be ascribable to the effects of the programme.

²⁴ Birmingham, Brent, Brighton, Doncaster, Glasgow, Haringey, Heads of the Valleys and Caerphilly, Liverpool, Middlesbrough, Newham, North West Wales, Nottingham, Plymouth, Southwark and Tower Hamlets.

unemployed young people (18-24) otherwise returning to NDYP and JSA claimants entitled to early entry owing to the higher barriers they face in the labour market. Recognised refugees and foreign nationals granted exceptional leave to enter the UK were included among the disadvantaged categories entitled to early entry²⁵. Given the focus of the programme on areas at high risk of unemployment where ethnic minorities are heavily concentrated, the staff is ethnically mixed and has specialist language skills in order to reflect the background of the client group. Clients with poor English were identified as being harder to help because this represents a particular barrier to entering work (Griffiths and Jones, 2005).

Employment Zones work in partnership with private and voluntary sector organisations. The time spent on a Zone by a participant can be up to 52 weeks. Jobseekers and their Personal Advisers are allowed to a flexible use of the resources available to overcome individual barriers to work. Providers are paid varying sums when clients obtain and retain a job. Since April 2004 more than one provider delivers the services in the largest EZs (Glasgow, Liverpool, Birmingham and London). The start-up of Multiple Provider Employment Zones (MPEZs) aimed at introducing an element of competition into the model. A performance bonus directly related to their success in placing clients into sustained employment has been established for each MPEZ area (Hirst *et al.*, 2006).

Ethnic minorities and especially black minorities are significantly represented among EZs' participants, reflecting their concentration in the high unemployment areas targeted by the programme. Given the priority granted to people under humanitarian assistance, some African refugees could be among the beneficiaries. Recent migrants are unlikely to be involved because of the requirement that participants must have been on Job Seeker's Allowance for at least one year. However, the importance attached to clients with poor English skills is likely to increase the participation of the foreign-born population.

Between April 2000 and July 2007, about 180 thousand people started on Employment Zones²⁶. By July 2007, Employment Zones had helped about 85,700 people into work. Among them, 6.2k Black Caribbean, 4.3k Black Africans and 2.5k Bangladeshis. These results are quite remarkable considering that they refer to long-term unemployed people for whom mainstream Jobcentre Plus services have previously proven to be unsuccessful. The positive outcomes of EZs have been confirmed by recent evaluations, which pointed out also their effectiveness «at building confidence and motivation in many clients and channelling this (new found) enthusiasm into more effective job search and longer-term job goals» (Hirst *et al.*, 2006: p.85). As far as the participants from minority groups with a high share of foreign-born are concerned, Black Africans are less successful than the majority population (46% of participants leaving EZs 25+ into jobs in comparison to 54% of white clients) while better outcomes are observed for Bangladeshis (55% into jobs).

3.5 Action Teams

To tackle the obstacles to employment in some of the worst affected areas Action Teams were launched in 2000 in 65 areas of England, Scotland and Wales. The initiative concentrates on those people who are often called 'the hardest to help' – among them ethnic minorities, those whose first language is not English and refugees. Led either by the Employment Service (ES) or by Employment Zones, they work closely with local communities providing flexible and

²⁵ <http://www.employmentzones.gov.uk/>

²⁶ Figures referred to in this paragraph are computed using the Employment Zones tabulation tool available on the Department for Work and Pension's website accessed in April 2008 (http://www.dwp.gov.uk/asd/asd1/tabtools/tabtool_nd.asp)

targeted help to individual circumstances. Many teams started with a broad client group comprising all jobless people within a geographical area. Lately, specific groups within these areas – including asylum seekers/refugees – have been targeted. Ethnic minorities are highly represented especially among clients of Employment Zones-led teams – only 55% of them are white (Cox *et al.*, 2002).

Early evaluation carried out in 2002 found that between July 2000 and September 2001 Action Teams had placed 15,084 jobless people into work out of a total of 37,887 clients (40%). However, a minority of clients who secured work were actually among ‘the hardest to help’ – people on inactive benefits, in long-term unemployment or facing multiple barriers to labour-market participation. Overall, 43% of white clients secured work, higher than the equivalent figure for each of the other ethnic groups. Ethnic minorities’ outcomes were better for Employment Zone-led teams, where the proportion of Pakistani, Bangladeshi or ‘black other’ participants entering employment was higher than the proportion for white clients (Cox *et al.*, 2002).

The programme has come to a close and its funding incorporated into the Deprived Areas Fund.

3.6 Step-Up

In other 20 areas the Government has piloted the Step-Up scheme, providing a subsidised job and support for up to 50 weeks to those who remained unemployed six months after completing their New Deal option. An independent Managing Agent sources jobs from employers in the private, public or voluntary sectors, and Jobcentre Plus places participants into the jobs for which employers are paid a wage subsidy of at least the minimum wage. The subsidised employment is of 33 hours a week, below the usual number of working hours in order to leave time for job-search activities.

According to the evaluation report (Bivand *et al.*, 2006), Step-UP produced a modest improvement in job entries compared to equivalent Jobcentre Plus customers, but below the level of statistical significance. Overall, including those who did not participate in Step-UP, job outcomes were 3.1 per cent higher in Step-UP areas.

The Step-UP eligible group had a higher proportion of people from ethnic – and particularly black – minorities than the whole unemployed population. The difference was most marked amongst the 25-49 age-group. However, incidence of BME clients varied significantly by area. Since the Step-UP evaluation survey included comparatively few respondents with an ethnic minority background, differential outcomes are not reported for each group but compare only BME as a whole with white respondents. In terms of job entries, Step-UP does not achieve equality of outcome, although the difference is not statistically significant. The same applies to the job sustainability measure and earnings.

3.7 Work Based Learning

A total of 519,000 people participated in Work Based Learning during 2004/05: about 300,000 were in learning, 154,000 on apprenticeships and 26,000 on Entry to Employment (E2E) programmes. The most popular areas of learning are Engineering, Technology and Manufacturing (20%). 92.1% of learners in WBL were recorded as being of white ethnicity and 6.9% from ethnic minorities (Learning and Skills Council, 2005). Since access to this programme is allowed also to people who are subject to immigration control, this programme could be very useful to migrants – it could be used for instance to improve language skills

(Hunter, 2007). Unfortunately, no evidence on the involvement of migrants in the programme seems to be available.

3.8 Train to Gain

This programme piloted by the Department for Education and Skills from September 2002 (formerly named National Employer Training Programme) has been progressively rolled out across the country and is fully operative from 2007-08. It aims at encouraging employers to develop the skills of their workforce. Train to Gain adopts a different approach compared to the conventional way of funding and operating skills training programmes in that it provides grants directly to employers to invest in upgrading the skills of their low and semi-skilled employees. Therefore, the employer can choose on the local training market which provider is best suited to the firm's and employees' needs. Early evidence suggests that Train to Gain could be an effective instrument to increase the skills of ethnic minorities in the workforce: in 10 out of the 12 original pilot areas, ethnic minority participation rates exceed corresponding rates in the local population. This appears to be in large part because of a specific aim of the programme to target firms in disadvantaged urban areas (National Employment Panel, 2005). Plausibly migrant workers with a regular employment contract can also benefit from the programme but no mention of their involvement has been found.

3.9 Programmes targeting ethnic minorities

Both in response to the Strategy Unit recommendations (Strategy Unit, 2003) and as part of the strategy to meet the ethnic minority Public Service Agreement (PSA) targets, DWP and Jobcentre Plus have developed some specific measures to connect ethnic minorities with work²⁷. Because of the high proportion of migrants in many BME groups these initiatives are likely to include significant numbers of people who have migrated to the UK at some point of their life – but recent migrants are likely to be excluded because of restricted eligibility to welfare support. However, there is no specific focus on migrants in these measures, no information is available on their actual impact on the migrant labour force. It is nevertheless interesting to give a short account of the main characteristics and outcomes of the Ethnic Minority Outreach (EMO) programme, which may arguably considered one of the most innovative experiences in this field.

EMO was launched in 2002, with the specific aim to attract ethnic minority people to the mainstream labour market and to build links with Jobcentre Plus services. Funding initially ran for a two-year period (£15 million was earmarked to support the service) and were then extended up to 2006 (with additional £8 million). The programme worked through private and voluntary sector organisations with good reputations among ethnic minority communities and recruiting mediators with good knowledge of the employment problems faced by ethnic groups, fluency in native languages, and sensitivity to cultural practices. The project workers used to go to places where communities socialise, such as markets, *melas* and places of worship, introducing the idea of employment and training gradually. In addition, the use of media such as television, radio, text messages and the internet enables Ethnic Minority Outreach providers to reach people who would otherwise be unlikely to use a Jobcentre or a community centre.

Evaluation of the EMO pilot was commissioned to the Policy Study Institute and involved quantitative analysis of data on participants and qualitative in-depth interviews with

²⁷ High emphasis on ethnic minority labour market outcomes is also placed in the DWP-JCP Performance Resource Agreements (PRAs) – see footnote 15.

participants, providers and other stakeholders (Barnes *et al.*, 2005). The evaluation report found that the EMO had been successful in moving ethnic minority people towards the labour market, although the participants who had been out of work for the shortest time were the most likely to get jobs. The report found that members of BME groups which were less likely to use Jobcentre Plus services were more likely to take up the EMO scheme. The positive outcomes of Ethnic Minority Outreach went beyond the number of jobs it produced. A major impact has been found in the increase ethnic minorities' awareness of employment and training opportunities, especially among Indian and Pakistani women but also among people from the Chinese, Turkish and Somali communities. The innovative approach has been recognised as a key factor of the programme's success. The evaluation report recommended that the programme should be expanded in order to widen its impact.

Despite these positive outcomes and the large consent for the programme among stakeholders, the programme was wound up in 2006, and its funding incorporated into the Deprived Areas Fund. Concerns were raised by many observers that this would have implied a reduced commitment on the part of the DWP to improving employment opportunities for ethnic minority groups (House of Commons, 2007).

3.10 Self-employment support strategies

Information on businesses run by migrants is lacking, as most research and data have focused on ethnic minority entrepreneurship. Recent estimates suggest that BME-run firms are nearly 100,000, representing roughly 10% of all UK businesses today (National Employment Panel, 2005). Many of the challenges they face are the same as those experienced by all Small and Medium Enterprises (SME). However, research has consistently shown that members of ethnic minority communities face additional barriers to those faced by other small firms, particularly at start-up. (Ram and Smallbone, 2001; 2003; British Bankers' Association, 2002 – quoted in Strategy Unit, 2003). There is not much documented evidence of ethnic minority businesses suffering discrimination by finance providers in the UK, but some BME businesses' owners perceive that they are treated unfairly (Bank of England, 1999).

The UK Government has programmes to promote enterprise across society, and particularly in under-represented communities and deprived neighbourhoods. The *Small Business Service (SBS)*, based within the Department for Trade and Industry (DTI), offers help to a wide range of customers including micro-, small- and medium-sized enterprises – sectors in which ethnic minority businesses are heavily concentrated – through its Business Link operators. SBS has among its objectives “to help different ethnic minority entrepreneurs overcome any specific barriers to entrepreneurship” (SBS 2001-02 Business Plan, quoted in Strategy Unit, 2003, p. 94) and has introduced a system to monitor ethnic minority clients through quarterly customer surveys. It has also secured agreement that all local Business Link operators will have a target to ensure that their customer base reflects the proportion of BME businesses in the area within three years. Unfortunately, migrants with an ethnic background are not considered as specific target group, so no precise reference to them is made.

An important source of finance available to small firms is the *Small Firms Loan Guarantee Scheme (SFLGS)*, which provides a Government guarantee on loans up to £250,000, in return for which the DTI charges the borrower a premium. The scheme is conceived to assist small firms that are unable to raise funds through the conventional channels because of lack of warranty. However, as originally designed this scheme did not seem to meet the needs of ethnic entrepreneurship especially because the retail and catering sectors – where ethnic minority firms are strongly represented – were excluded from the SFLGS. From April 2003

changes to the scheme have been introduced to overcome these limits, extending the eligibility to additional sectors, including retail and catering (Strategy Unit, 2003).

Despite the SBS's commitment, evidence suggests that many Business Link operators are still behind in formulating effective strategies towards ethnic minorities. Less than one in three Business Link operators has implemented specific policies towards ethnic minority businesses (National Employment Panel, 2005). On the side of ethnic minority entrepreneurship, a consistent finding of research is the low propensity to use mainstream business support agencies, often relying instead on self-help and informal sources of assistance (Bank of England, 1999). The SBS's Omnibus Survey 2001 estimates that only 8% of ethnic minority-owned businesses have used Business Link operators – compared with 15% of the total businesses (Strategy Unit, 2003). Similar findings were reported by a MORI poll commissioned in June 2000 (MORI, Business Support Needs survey, 2000 – quoted in Strategy Unit, 2003) and by a British Bankers Association (BBA) survey (British Bankers Association, 2002 – quoted in National Employment Panel, 2005).

Given the scale and coverage of the UK's business support infrastructure, this low usage is probably related to the specific barriers faced by the SBS mainstream initiatives when dealing with BME clients. Barriers to the take-up of support include identifying and reaching EMBs, the inappropriateness of 'product-oriented' approaches and a lack of confidence and trust in those delivering support on the part of EMB owners (Ram and Smallbone, 2003; Strategy Unit, 2003). But probably the most obvious explanation is the lack of awareness of existing provision. The SBS Omnibus Survey indicated that there is a marked difference in Business Link brand awareness between all firms (68%) and BME businesses (46%) (National Employment Panel, 2005).

Some forms of specialist interventions have been designed to support ethnic minority enterprise. An agency with specific remit to support EMBs – the *Ethnic Minority Business Forum (EMBF)* – has been established to provide independent advice to Government in relation to SME practices relating to ethnic minority business and to help SBS to tailor targeted policies. EMPF has been launched by DTI Ministers in July 2000 to strengthen the Government's dialogue with BME entrepreneurs. One of its main tasks is to listen to the views and needs of ethnic minority business communities and convey them to Government and policy makers. However, it does not provide advice to individual BME businesses or deliver any business support services, for which the local Business Link is always responsible (National Employment Panel, 2005). DTI has also established the *Phoenix Fund*, designed to encourage entrepreneurship in disadvantaged areas. In 2003, the Fund had already supported over 150 organisations to promote enterprise in the most disadvantaged communities (Strategy Unit, 2003).

Unfortunately, large scale empirical evidence allowing to verify the impact of all these strategies on immigrant entrepreneurship is not available. Qualitative research carried out in London has drawn a rather negative picture of the relationships between immigrant entrepreneurs and the mainstream business support system (Sepulveda *et al.*, 2006; 2007). Detachment from official business support services is reported because of a number of factors comprising: the belief that advice and guidance is inadequate for immigrant businesses; suspicion following the negative experiences individuals may have had with public sector bodies with regard to their immigration status; the perception of being discriminated against; the lack of time to visit business support agencies and to produce the paper work required; the lack of language confidence; and the rather formal appearance of agencies and managers.

The role that the informal support system plays in underpinning entrepreneurship and enterprise development is therefore central to immigrant businesses (Sepulveda *et al.*, 2006;

2007). Critical information, advice and guidance in relation to the start-up process are accessed through the entrepreneur's personal (co-ethnic) network, while start-up capital is often facilitated by family and friends from within the community. However, the study also points to the challenges of informal support networks, suggesting that community-based organisations may not have the actual expertise and resources to support potential entrepreneurs and orientate them within the UK regulatory system. Policy implications suggested by the research included the need for introductions to UK business institutions for new arrivals in their own language; the need for collaboration between mainstream support services and community-based organisations; and the need to help people open bank accounts and encourage loan finance that does not require traditional collateral, including the promotion of alternative community-based finance solutions.

4. Targeted measures for migrants and refugees

In order to tackle specific barriers hindering the access of the migrant population to the UK labour market specialist services are funded by the Government and implemented by a wide range of public, private and voluntary organisations. As mentioned earlier in this paper, only refugees are targeted by these initiatives as a group in special need of support, while there are no specific measures to get labour migrants and their family members into work. However, two main policy areas which are highly related to the improvement of employment opportunities are actually meant to address the wider needs of the immigrant population: the English language tuition and the support structure to help recognising overseas qualifications. This section of the report first describes the impact of the support services available to the migrant population in these areas, and then provides an overview of the Government strategy to tackle refugee unemployment. Services delivered by public organisations as well as developed through referrals and partnerships with private and voluntary organisations are reviewed.

4.1 ESOL provision

A number of studies cite English language proficiency as one of the main factors that limit access to the labour market (see par. 2.2). Non-English speaking migrants are often concentrated in low paid, unskilled roles with few promotion prospects. In order to tackle this important barrier hindering the full inclusion of migrants in the labour market and in the society, a major stream of the Government funding for migrant and refugee integration is devoted to the provision of English classes.

The term ESOL (English for Speakers of Other Languages) is used to cover all English language tuition for adult speakers of other languages. This includes different types of providers (e.g. colleges of adult education, private training providers, employers, voluntary and community organisations) and all settings where teaching and learning take place.

ESOL provision has a long established tradition in the UK which dates back to the 1960s – with the first Immigration Act allocating funding to local authorities for the needs of new immigrant communities from Commonwealth countries. However, short-term, erratic funding has been the norm for most of the past decades (Hamilton and Hillier, *forth.*).

ESOL provision is currently funded from a range of sources, each governed by different eligibility rules, targets and reporting requirements. At the beginning of the 2000s it has been incorporated into the Skills for Life policy, the new Government centralised national strategy

to improve access to adult education²⁸. This was an important shift because language was located under a generic umbrella of ‘basic skills’ – e.g. literacy and numeracy. The Learning and Skills Council (LSC) is responsible for Skills for Life and is by far the major funder of ESOL public tuition.

The number of learners accessing ESOL provision has been steadily increasing over the last two decades, and many areas are experiencing unprecedented demand for English language tuition. Significant budgets have been allocated to ESOL especially since the beginning of the Skills for Life Strategy in 2001, with over 2 million students accessing free classes. Demand for ESOL courses has tripled over this period: nationally, ESOL enrolments on LSC funded provision rose from 159,000 in 2001-2 to an estimated 504,000²⁹ in 2005-6 (Policy Research Institute, 2007), with approximately 50% of LSC funded ESOL provision in London (KPMG, 2005). Spending also tripled to about £270 million in 2005-6 – more than half of the Skills for Life budget, 14% of the overall adult learning budget (Policy Research Institute, 2007).

Owing to the growing importance of ESOL in the policy agenda, evaluations of the capacity of existing provision to meet learners’ needs were carried out. A review of ESOL provision was undertaken by KPMG on behalf of the Skills for Life Strategy Unit and the Learning and Skills Council (KPMG, 2005). An independent Committee of Inquiry coordinated by NIACE (the National Institute of Adult Continuing Education) was established in November 2005 to assess the outcomes of the provision in England (NIACE, 2006). Several other studies were also carried out in the past few years. Most evaluations concluded that public provision was not meeting the increasing and wide-ranging demand for English language classes, pointing to a number of different challenges.

There is large unmet demand which is unevenly spread across the country and concentrated in cities or regions to which asylum seekers and refugees have been dispersed, or where large numbers of migrant workers have been employed. Most ESOL learners are from UK-born minority ethnic groups, with British Asian learners being the biggest group among them. 15 per cent of them were asylum seekers, and an increasing proportion were new migrants from Accession countries³⁰. The current allocation of funding is insufficient to provide free classes for all learners and reports of long waiting lists are common (KPMG, 2005; NIACE, 2006). Delay in accessing tuition is problematic as research indicates that learners’ progress is inversely correlated with length of time in the UK. Specifically, newcomers who have been living in the UK for five years or less improve their English skills more rapidly than long-term residents (Baynham *et al.*, 2007).

It is, however, difficult to quantify this demand as this information is neither gathered nor collated on a national basis. There is a scarcity of quantitative data in relation to language levels, learning needs and achievements of the different groups of learners³¹. Existing studies emphasize the need for better quality data about the specific types of demand from different groups (KPMG, 2005; NIACE, 2006; Policy Research Institute, 2007).

²⁸ The UK government’s Skills for Life policy relates only to England. Many of the matters raised in this paragraph, however, could be relevant for Scotland, Wales and Northern Ireland which are also experiencing increases in immigration with consequent demand for English language development, although these might be characterised in diverse ways in the different national contexts.

²⁹ Taking into account the large proportion of part-time learners, this equated to about 224,000 full-time equivalent (FTE) learners. Latest available data estimates 272,000 learners in 2006-07 (LSC, 2007).

³⁰ While several reports suggest that A8 migrants increasingly require access to ESOL provision, the data that underpins these conclusions are scarce (KPMG, 2005; NIACE, 2006; Policy Research Institute, 2007).

³¹ LSC data on learners are especially inadequate to monitor access and outcomes of migrants and refugees because there is no consistent information on the migration background but only very broad ethnic categories (NIACE, 2006).

The patchy evidence collected by different studies and across different regions suggested that migrants who were most likely to be excluded from ESOL courses included low-skilled EU migrant workers, migrants living in rural areas, seasonal and temporary workers, and the less educated among refugees. Gender is also significant as women often face particular challenges. Some women, especially Pakistani and Bangladeshi, have been in the UK for many years but never learned English. The lack of independence or other gender related cultural factors can restrict their chance to take up learning. Other factors such as the lack of information about opportunities or the difficulty to organise childcare have also prevented women from attending English classes (Phillimore *et al.*, 2007). Anecdotal evidence submitted to the NIACE ESOL inquiry also indicates that local funding allocations have started to prioritise funding for Level 1 and 2 provision. Concerns were raised that if Entry level provision is being reduced, learners' progression can be jeopardised because of the lack of opportunities to reach the higher levels needed for accessing vocational provision (NIACE, 2006).

Many studies – see for instance Baynham *et al.* (2007), Phillimore *et al.* (2007), Policy Research Institute (2007) – pointed out the high heterogeneity of ESOL learners. Groups such as asylum seekers, settled immigrants and migrant workers are neither static nor internally homogeneous. Differences and commonalities can relate to factors such as nationality, immigration status, length of stay in the UK, family circumstances, gender, age, cultural background, education and work experience. For instance, length of time in the UK has proved to affect significantly preferences for different types of provision and learning achievements, as some newcomers may want intensive provision to make immediate progress while settled immigrants can decide to develop more fluency in English many years after arrival. Also, first language literacy and education are likely to play an important role because adults with little literacy in their mother tongue or lacking study skills from previous experience of formal education can be slower learners and require more intensive and customised support, while people who already hold educational qualifications tend to seek provision that enables them to make rapid progress (Baynham *et al.*, 2007).

As a result, English language learning needs are very diverse and require a range of responses. There is a need to differentiate between the ESOL needs of settled communities, new long-term migrants and refugees and short-term flows from Accession countries. For example, migrant employees working long and unsocial hours or doing shift work might need flexible arrangements that accommodates working patterns; refugees might need sustained support over long time periods in order to return to their original careers or re-orientate their skills; women with children might need childcare support in order to facilitate their attendance. In addition, full time tuition proved to be the most effective approach for many but not all learners – e.g. older women might need longer periods in which to get used to learning and start to make significant progress (NIACE, 2006; Ward, 2008). Trying to respond to the diverse and complex needs and priorities of different individuals within heterogeneous classes can be extremely difficult (Baynham *et al.*, 2007), while more flexible support can be delivered by community based provision. Outreach through or in partnership with community based voluntary and faith sector organisations is possibly a more effective means of engaging learners least likely to access provision, especially some groups of women. Major advantages of community based provision may be that partners are trusted by learners and aware of their specific needs (e.g. cultural barriers); and that venues are accessible and familiar to learners (Dalziel and Sofres, 2005).

Another challenge often referred to by existing studies is the variable quality of provision. In particular, it is widely recognised that the expertise of ESOL teachers is a major factor in

effective ESOL practice (NIACE, 2006; Phillimore *et al.*, 2007; Baynham *et al.*, 2007), while substantial shortages of experienced and qualified ESOL teachers are found in many regions (NIACE, 2006). Also, qualified ESOL teachers are mainly employed by the largest providers. Difficulties in attracting new entrants to work in the ESOL field are exacerbated by the employment conditions, which are unlikely to attract candidates seeking permanent full-time posts and a linear career pathway. Instead, relatively few teachers hold full-time jobs while many are employed on an hourly paid basis.

Evidence from ESOL inquiries also indicated that there is a preponderance of generic provision and insufficient employment related tuition, which is inadequate to prepare adults to enter and progress in the UK labour force. According to these inquiries inappropriate referrals are made, for instance, to discrete ESOL programmes when learner's aspirations and language levels would make supported vocational programmes more appropriate (KPMG, 2005; NIACE, 2006).

It is also widely acknowledged that considerable business benefits can accrue to employers who support training provision in their work places. For instance, practices of effective workplace ESOL provision have been developed through the ESOL Pathfinder pilot (Dalziel and Sofres, 2005). Success has been demonstrated to rest on convincing employers and employees of the benefits and design appropriate recruitment strategies and customised provision that accommodates working patterns – often in partnership with union learning representatives (Dalziel and Sofres, 2005). In spite of this, insufficient involvement of employers, varying attitudes and practices were reported. ESOL inquiries concluded that the situation was not conducive to the implementation of a comprehensive strategy to invest in workforce language development (Dalziel and Sofres, 2005; NIACE, 2006).

Specific challenges for unemployed people were also pointed out by the ESOL inquiries. High dropout rates of participants who take up work are referred to as an important challenge, especially because ESOL participants who leave before the end of the course often stay in these jobs for a short time (Steel and England, 2004). Problems may also arise because of a target-based approach of employment support services. For instance, Jobcentre Plus targets to move people into work as quickly as possible can contrast with the time needed by some learners to develop their language skills. This can be a particularly serious challenge for highly skilled refugees needing intense language development and assistance to gain recognition of their previous experience or take part in vocational skills reorientation programmes.

Finally, ESOL evaluations emphasized the lack of specific provision for IELTS (International English Language Testing System) related courses in the LSC Skills for Life strategy, suggesting that this is a challenge for those subsisting on low incomes. For instance, this qualification is a requirement for overseas medical professionals wishing to practice in the UK and the costs of the provision is reported to be a significant economic barrier especially for refugee doctors.

The increasing pressure on the budget allocated to ESOL provision, as well as the above mentioned challenges in its implementation, led the Learning and Skills Council to a substantial revision of the objectives of the Skills for Life strategy and criteria stating the eligibility to publicly-funded learning provision (LSC, 2006). With the new funding regime, the LSC anticipates a decrease of the number of ESOL learners by about 10% until 2010-11 (LSC, 2007). The main changes – introduced from August 2007 – provided that:

a) asylum-seekers aged 19+ are no longer be automatically eligible for publicly funded Further Education provision. Only those who are granted refugee status, humanitarian protection or discretionary leave by the Government are be eligible;

b) all ESOL learners pay fees unless they are in receipt of means-tested benefits. People out of benefits have to pay 37.5% of the costs (going up to 50% in 2010), with the remainder continuing to be subsidised by Government.

In addition, LSC announced its intention to rebalance the public and private contribution to the cost of learning, working with partners to secure greater employer contributions to the cost of ESOL training. In particular, employers who recruit workers from outside the UK are expected to bear the full cost of any necessary English language training. New shorter ESOL for Work qualifications – accredited by the Qualifications and Curriculum Authority – have also been introduced aiming to support a more job-focused approach to English language skills.

In order to evaluate the impact of the changes to ESOL funding the Department for Education and Skills undertook a Race Equality Impact Assessment (DfES, 2007). Responses to the consultation raised concerns that several groups who already face serious risk of economic and social exclusion would have been prevented to access public provision.

There was alarm about the removal of the entitlement for adult asylum seekers. Opponents point out that this can cause a great deal of hardship for individuals who are prevented from working and have no other sources of funding to learn English, with negative impact on future work opportunities and higher risk of social isolation – also because of a policy to disperse them across the UK.

Unions also lobbied against the new funding regime stressing that especially low paid workers – who are just above the threshold for eligibility for fee remission – may be excluded and the fact that the proposed changes could have a detrimental impact on the health and safety of workers with ESOL needs. In particular, the Trade Union Congress pointed out that the new provision will prevent Accession countries' workers to access free ESOL classes – stressing that only very few of them are on benefits – despite the fact that 8 out of 10 Eastern European workers earn between £4.50 and £5.99 an hour (TUC, 2006).

Concerns were also raised in relation to the possible exclusion of women from public ESOL provision, particularly those without access to documentation or independent income, and newly-arrived spouses and family members, who are not eligible for state-funded benefits for at least one year after arrival with negative consequences for their prospects of settlement (DfES, 2007).

Some respondents also claimed that not only the changes will not allow LSC to reduce significantly ESOL spending, but they also contrast with the requirement that all people seeking to live in the UK permanently will have to pass English language and knowledge of life in the UK tests (DfES, 2007).

In response to the results of the Race Equality Impact Assessment, the government introduced a number of measures designed to address the concerns raised. These include reinstatement of eligibility for asylum seekers who have not received a decision on their application after six months, or who are unable to leave for reasons beyond their control; the introduction of a Learner Support Hardship Fund (£4.6m in 2007-08) for vulnerable learners – including spouses and low-paid workers; and the development of guidance to encourage providers to support learners in giving evidence of entitlement to fee remission (LSC, 2007).

The latest developments in the policy debate around ESOL are set out in a new paper from the Department of Innovation, University and Skills suggesting that ESOL funding should be targeted on community cohesion and allocated to priority disadvantaged and excluded groups, identified through local planning structures such as Local Area Agreements and City Strategies (DIUS, 2008). While the LSC should remain responsible for managing ESOL spending, local authorities and their partners should determine how ESOL funding allocations

are best aligned against community need. A consultation around the proposal was launched at the beginning of January 2008. Early responses seem to support the overall aims of the consultation but emphasize that privileging particular groups could sow the seeds of future community unrest (Ward, 2008). Any changes resulting from the consultation are expected to take place in the 2009/10 financial year (DIUS, 2008).

4.2 Recognition of qualifications

Migrants with academic, vocational or professional experience or qualifications can face difficulties in gaining recognition for and building upon qualifications and experience acquired overseas. Many studies have identified this as a major problem which can lead migrants to take up jobs well below their capabilities – see for instance Phillimore *et al.* (2007) and Policy Research Institute (2007) for the UK.

There are two types of international recognition³² of diplomas and qualifications requiring different types of credential evaluation: academic recognition (for unregulated professions such as engineering or information technology) and professional recognition (for regulated professions like health professionals, teachers and architects). Academic recognition refers to decisions that allow a person to pursue or continue a course of study or confer the right to use a national title or degree from the host country on the basis of a title or degree acquired in the country of origin. Professional recognition relates to the methodologies and procedures for evaluating credentials for work purposes. The system of professional qualifications reflects both the national system of education and the organization of professions and industries. In countries like the UK professional qualifications are usually acquired upon completion of specific professional training that takes place outside and after university. Professional requirements can be set under national law, or by professional associations. Recognition procedures for regulated professions are generally lengthy, bureaucratic and expensive. Diplomas for non-regulated professions are evaluated more quickly but paths to employment may not be necessarily clear, and depending on the migrant's previous experience, can be complex and unpredictable. For instance, qualifications for unregulated professions are often assessed at lower level than EU diplomas (Divis, 2004).

The academic recognition of qualifications obtained in another country is largely guided by international legislation setting standards accepted by a large number of countries. Since the 1980s, the Council of Europe, UNESCO and the European Commission have been encouraging the development of international networks in the area of academic recognition (ECRE, 2007)³³. In 1984 a network of national centres for academic recognition, the National

³² From the early 1950s to the mid-1970s the purpose of credential evaluation was to establish equivalence. Diplomas were evaluated on a course-by-course basis and every component of the foreign programme had to be matched with every component in the receiving country's programme. In many countries, in the 1980s the concept of equivalence was replaced by that of recognition: the recognition of a diploma, qualification or course of study for a specific purpose. In this sense, recognition means that a qualification which is not completely equivalent is recognized for a certain purpose (for instance entry to a doctoral programme) if it fits that purpose (Divis, 2004).

³³ At the EU level, an important step was the Bologna declaration (1999) signed by the European ministries of education and calling for the adoption of a system of easily readable and comparable degrees in order to promote European citizens' employability. The EU qualification directive makes it possible for EU nationals who obtained their professional qualifications in one or more member states to pursue their profession in other member states. This directive is beneficial for those professionals who are EU nationals but does not cover professionals from non EU member states. The latter will have to go through usually lengthy, bureaucratic and expensive recognition procedures, even when they obtained their qualification in another EU country (ECRE, 2007).

Academic Recognition Information Centres (NARIC), were established. Each centre provides advice and information on the academic recognition of diplomas and periods of study abroad. The National Academic Recognition Information Centre for the UK (UK NARIC) is a government contract established by the Department for Education and Skills and run since 1997 by the private organisation ECCTIS Limited to provide official guidance on the UK level of overseas vocational, academic and professional qualifications. It is self-funded through service charges and corporate membership fees. UK NARIC holds a global qualifications database which is used as a guide for benchmarking qualifications from all over the world. This database provides a means of determining the UK academic level of overseas qualifications. Both individuals and organisations (universities, colleges, careers organisations, government departments, professional bodies and large private companies) use NARIC services. NARIC charges about £40 for processing each individual application and providing a letter of recognition. Large employers or organisations may subscribe to get access to the NARIC database (about £1,000 per year). Criteria considered in the evaluation include entry level requirement and the course durations, contents, structure and the outcomes.

Initiatives to support the recognition of qualifications are often embedded within wider projects for refugee labour market integration. In other words, UK NARIC services often form an essential component of other projects, involving broader labour integration aims than recognition of qualifications per se. The Migrants and Refugees Qualifications project is one such example. This is a pan-London project, involving the five London LSCs, the LDA and other partner organisations in conjunction with UK NARIC. This project aimed to identify the transferable skills and qualifications of migrant workers (including refugees) with a right to work in the UK and supports them to fulfil their potential in the employment market. The outputs specified for the project over its lifetime were 1,000 migrants accessing NARIC services. Interestingly, the project also had an economic orientation, in that it was targeted towards skills shortage sectors, such as construction, engineering and teaching.

Another example is the Refugee Education Training and Advisory Service – see par. 4.4 – which gives expert advice and guidance on professional re-qualification for refugees and has established a Re-qualification of Doctors scheme to support refugee medical doctors with the re-qualification process and procedures. This involves Education Action’s Employment Team providing initial advice on medical re-qualification and employment opportunities in the NHS. This is followed by a mentoring stage where a UK doctor coaches a refugee doctor. It is evident that employment support is a necessary adjunct to recognition of qualifications.

4.3 The refugee employment strategy

The evidence around the significant exclusion of refugees from the labour market collected at the beginning of the 2000s (see Bloch, 2002) urged the government to plan targeted intervention. Since then, policy makers across a range of government departments – mainly the Home Office and the Department for Work and Pensions – have devised new strategies aimed at getting refugees into the labour market. Early steps towards the construction of a new refugee policy were taken with the Government establishing the *National Refugee Integration Forum (NRIF)*, led by the Home Office and supported by a number of advisory subgroups to examine and report on ways in which refugees may better integrate. Later on (2005), the Home Office launched its refugee integration strategy, ‘*Integration Matters*’ (Home Office, 2005a), alongside DWP setting out its approach for helping refugees into the labour market in its document ‘*Working to Rebuild Lives*’ (DWP, 2005).

The *SUNRISE (Strategic Upgrade of National Refugee Integration Services)* project was at the core of the Home Office's refugee integration strategy (Home Office, 2005). Piloted since 2005 in five UK cities (London, Leeds, Sheffield, Manchester and Glasgow), SUNRISE aimed to provide each new refugee with all the support needed immediately after the recognition of the refugee status. During the 28-day period following receipt of a favourable decision, a caseworker recruited from local voluntary sector organisations helps refugees devise a Personal Integration Plan (PIP) covering the early critical issues as well as longer-term integration objectives – entry into employment, housing needs, contact with public services (health assistance, schooling for children, etc.), ESOL provision, opportunities for volunteering and contacts with cultural or faith communities. Services are delivered through partnerships between the SUNRISE caseworker and a range of service providers which the refugee will be signposted to in line with objectives of the integration plan. Employment support is mainly provided by arranging contact with Jobcentre Plus, but also following other pathways for particular groups of refugees, especially the highly skilled. The caseworker also advises refugee clients on the financial assistance available to help achieve their integration objectives, including the new Refugee Integration Loan³⁴.

Building on the positive evaluation of the SUNRISE pilot, the Home Office is rolling out the initiative at national level including its support services within the new *Refugee Integration and Employment Service (RIES)*. RIES will offer a 12-month service to each person granted refugee status or humanitarian protection. It will award 12 regional contracts which will be fully operational by October 2008. RIES focuses even more than SUNRISE on employment related support, setting the target of 30% of refugee clients to find work within 12 months of receiving their status.

The government strategy to get refugees into employment – set out in the DWP document 'Working to Rebuild Lives' (DWP, 2005) – took shape in the Jobcentre Plus operational framework, which brought together information and guidance for its staff in identifying refugees and addressing key issues to support them (Jobcentre Plus, 2005). The approach underlying this framework is not to use specific channels to get refugees into job, but to help them overcome possible factors of disadvantage (e.g. language, lack of knowledge of the UK labour market, discrimination) so that they can use the mainstream job-search support. Jobcentre Plus plays a key role in the DWP strategy for refugee employment. It is considered a priority that successful asylum seekers are immediately referred to Jobcentres during the 28-day period following receipt of a favourable decision. However, the importance of local partnerships with other government agencies³⁵, private providers and voluntary organisations is also emphasized. The voluntary sector is especially referred to as a specialist source of advice and guidance in developing opportunities to help refugee professionals towards skilled work³⁶.

Some measures implemented by Jobcentres are the following (DWP, 2005):

- From April 2004, *Jobcentre Plus* began screening all customers for literacy, numeracy and language needs. For those with poor knowledge of the English language interpreters are available to ease communication with the staff. Those with identifiable ESOL needs are

³⁴ The loan is interest-free and meant for use in ways which ease both the transition from asylum seeker to refugee and longer-term integration. Possible uses include funding vocational training, deposits or the purchase of tools (Home Office, 2005a).

³⁵ Key partners include: Local Authorities, the Learning and Skills Council, Regional Development Agencies as well as other Government Departments.

³⁶ Interestingly, it is clearly stated in the DWP document launching the Refugee Employment Strategy that «Jobcentre Plus does not have the expertise to advise those with higher or professional level skills» (DWP, 2005: 13).

offered help through work focused ESOL programmes or signposted to part-time ESOL provision delivered by contracted providers;

- Jobcentre Plus, Home Office and Inland Revenue have worked together to improve the allocation of *National Insurance Numbers (NINOs)* for new refugees, introducing a new process to issue NINOs at the same time refugees get their status recognised;
- The need to capture baseline and progression data about refugees' engagement with the labour market – and to use these data for policy planning – led to the introduction of a voluntary refugee 'marker'. This marker will help Jobcentre Plus capture information and monitor how its services and provision help refugees into work (NEP, 2005).
- A wide range of initiatives are locally-based and organised through local partnerships. One example is the secondment of support workers with a refugee background providing interpreting and advice in Birmingham Jobcentre Plus offices – see also the Trellis project below. Another one is the joint work of Jobcentre Plus and Refugee Action in Liverpool on a project to train refugees to act as advocates for other refugees in their dealings with statutory organisations. As part of this, short training sessions are also delivered to Jobcentre Plus front line staff to improve their knowledge of refugee issues.
- A number of number of initiatives have been developed in partnerships with the voluntary sector to get back in to work refugee professionals (doctors, nurses³⁷, teachers, engineers). Support may include help with recognition of qualifications, development of work-related language skills, re-training, acquisition of UK work experience. Examples were the Task Forces on nurses and teachers established in consultation with a wide range of stakeholders (Employability Forum, 2004).

The Employability Forum – an independent organization that promotes the employment of refugees and integration of migrant workers in the UK – has been asked by Department for Work and Pensions to evaluate the implementation of the Jobcentre Plus (JCP) Refugee Operational Framework. Among the positive outcomes of Jobcentre Plus, the evaluation pointed to the good links with employers offering low and semi-skilled roles; the commitment and flexibility of some advisors; the effectiveness of some partnerships building on real communication and interaction between Jobcentre Plus and the voluntary sector at the local level (McCabe *et al.*, 2006; Employability Forum, 2006). However, a number of issues that still needed to be resolved were also pointed out:

- The incomplete understanding by JCP staff of the implications of the refugee operational framework or the lack of information on active local partnerships.
- The perception by refugee clients of JCP front line staff as unfriendly or unable to deal with the specific needs of refugee clients, especially those with a professional background;
- The barriers of communication with JCP staff, for instance when it comes to identify and bring out prior work experience and qualifications gained in country of origin;
- The significant time constraints, staff rotation and compartmentalised nature of service delivery making it difficult to build a consistent relationship between an Adviser and a refugee customer;
- The high rigidity of contractual arrangements hindering the establishment of effective partnerships, especially in relation to refugee clients with professional backgrounds who may need multiple interventions from more than one provider;

³⁷ Encouraging refugees with health professional skills to continue their careers has been the goal of a number of initiatives carried out by both statutory and voluntary organisation. It is worth mentioning that also the Department of Health has funded many projects aiming to get refugee health workers into NHS jobs (Employability Forum, 2004).

- The insufficient supply of and referral to high quality and flexible ESOL provision;
- The negative attitudes of some employers towards employing refugees;
- The possible unsuitability of mainstream support services – i.e. the increasing focus on customer self-service and call centre access – for individuals who are already vulnerable in the labour market, have limited English language skills or need to be signposted for additional support with basic needs such as housing;
- The inappropriateness for refugees with complex needs of the target-driven approach of the New Deal which ignores training provided by independent providers to same client.

4.4 Refugee employment measures delivered by the voluntary sector

As it clearly came out from the evaluation of the JCP Refugee Operational Framework, the success or failures of the initiatives to get refugees into sustainable employment rests not only on the extent to which they achieve their goals, but also on whether they can successfully “signpost” migrants and refugees to assistance in other domains relevant to integration – such as health, housing, legal advice – and further support provided by other organisations.

There are in fact a huge number of locally-based projects across the UK carried out by NGOs, charities and other organisations of the voluntary sector which are funded by the Government or through other sources of funding – foundations, trusts, or European agencies (e.g. EQUAL or the European Refugee Fund). Many of these projects have proved to be successful because they provide individually tailored support and manage to engage other labour market actors such as employers and trade unions as well as community organisations. Some initiatives achieved very positive outcomes in getting refugee professionals back into work (mainly doctors, nurses, teachers and engineers). Others distinguished themselves by building up UK work experience through work placement or voluntary work.

Although it is not possible to give a full account of the wide and multi-faceted world of initiatives of the voluntary sector, it is useful to review some major projects and partnerships which had a larger-scale impact on the refugee population or succeeded in coordinating the action of several local actors.

Funded by the EU programme EQUAL, *PRESTO* (the *Partnership for Refugee Employment through Support, Training and Online Learning*)³⁸ brought together 11 organisations³⁹ between 2004 and 2007 to open up opportunities for refugee professionals – particularly in the health, education and engineering sectors – and entrepreneurs. The rationale of the project was to develop a partnership approach while avoiding the competition in the access to funding. In order to do this a referral strategy was developed, drawing up progression routes which offer services delivered by all partners. Aim of the referral strategy was to provide a range of services operating as a ‘whole system’ in which beneficiaries can be easily passed round the partnership to the most appropriate service. Collaborative work was also planned to facilitate progression for refugees into employment by linking with professional institutions, employers and training institutions, and extending links with the NHS, engineering institutions and the DfES.

³⁸ <http://www.prestopartnership.org.uk/>

³⁹ The PRESTO partners were Education Action International [RETAS], the Islington Training Network, the British Refugee Council, London Metropolitan University, the Refugee Women’s Association, the London Advice Service Alliance, Careconnect Learning, the Employability Forum, Refugees and Asylum Seekers Initiative for Skills Employability Ltd, Eventsforce Solutions Ltd, Islington Enterprise Agency and Manor Garden Welfare Trust.

The partnership worked also to influence national policy and assess its impact on refugee jobseekers. For instance, PRESTO partners monitored the impact of the Jobcentre Plus Operational Framework (see above) and were able to feed back issues and concerns through national conferences.

A very interesting feature of the PRESTO experience is that it underwent very thorough and transparent evaluation. This brought into light successes and challenges faced by the partnership, pointing to possible solutions to improve future similar programmes. 656 refugees came through PRESTO services, and most of them left with a qualification or an employment. Some of these services were reported to work remarkably well. However, the evaluation emphasized the complexity of setting up a 'whole system', with the referrals between partners not always taking place in the manner or scale that had originally been planned. Partners were initially geared up to meet funder targets and found it difficult to keep track of what others were doing. In the final consultations partners expressed pessimism about the prospects for similar services being replicated (Hutton *et al.*, 2007).

In London there is a multiplicity of local projects/initiatives to support refugees. Over time, this has led to a very complex system reflecting the great number of actors and the complexity of the governance structures. The result is that it is difficult for refugees to identify the support services more suitable to their needs and for policy makers and providers to get a clear sense of the overall scope and impact of the framework. In order to tackle this complexity a number of regional and sub-regional strategic partnerships have emerged to provide some degree of co-ordination. One example is *LORECA (London Refugee Economic Action)* established in 2004 by the London Development Agency (LDA) as the lead body drawing together the work of a large number of statutory, voluntary and community organisations working on employment, enterprise and training for refugee and asylum seekers in London. The main aim is for LORECA to strategically plan and co-ordinate the activities of these actors with a particular focus on service provision, establishing itself as the key body in London that can speak authoritatively with government, bodies, funding organisations, service providers and employer/professional bodies about the needs of refugees and asylum seekers. Activities of LORECA include commissioning research to map service provision, establishing working groups to tackle key issues (e.g. ESOL), fostering opportunities for networking amongst community organisations and advising on the implementation of the LDA's refugee integration strategy.

RETAS – the *Refugee Education Training and Advisory Service* – was founded by the international London-based charity *Education Action* and aims to provide information, advice and support to help refugees and asylum seekers overcome difficulties in accessing education, training and employment. Funding came from several foundations, trusts and charities – including the London Development Agencies, the Big Lottery Fund and the Neighbourhood Renewal Fund. RETAS offered a series of 2-week job search and orientation courses, including an overview of the UK job market, training in a variety of fields and individual support such as careers assessment, CV preparation and work placement – some placements were available at the RETAS office. Information about the value of qualifications gained overseas through NARIC (see par 4.2) and re-qualification support – if needed – were also provided. RETAS provided IELTS (International English Language Testing System) practice classes for those with good English who want to access Higher Education or were undergoing professional re-qualification. Training was also available for external organisations on the asylum process and the refugee rights and entitlements to education and employment. RETAS was also one of the first organisations to deliver tailored business start up courses for refugees

in order to support them into self-employment. An Entrepreneurship Training and Support Programme started in January 2004 and ran until October 2006. In February 2006 RETAS's Drop-In Service had to be suspended due to lack of funding.

The *Trellis Project*⁴⁰ was established in 2005 by the Employability Forum to help refugees in Birmingham find sustainable employment matching their skills. It is funded by the Home Office, the Treasury's Invest to Save Budget, and Birmingham City Council's Neighbourhood Renewal Fund and implemented in cooperation with several agencies and organisations⁴¹. The operational approach of the project combines tailored support to refugee jobseekers and the engagement of employers, refugee communities and other social partners.

Information, advice and guidance are provided in nine community languages by a Link Officer who works individually with each refugee customer. Link Officers are former refugees fully-trained as career advisors and have an expert knowledge of the Birmingham labour market. As they have experienced first-hand many of the challenges of refugee jobseekers, they can provide culturally-sensitive support. They complete a full work-readiness assessment and develop a tailored action plan directing clients to the most appropriate support programme, training course, language class, or work placement scheme. Job-seeking support is also provided helping clients update their CV, fill in application forms, or prepare for interviews.

In parallel, the Trellis project work with other actors of the local labour market to promote refugee employment. They engage employers and trade unions to raise awareness of the benefits of employing refugees (e.g. organising events) and promote best practice in the recruitment and employment of refugees. They also work with refugee communities to strengthen their capacity to participate in the provision of employment related services.

Finally, it is worth mentioning an important instrument which has proved to be rather successful in getting refugees into work, i.e. *work placement schemes* (Employability Forum, 2007). A number of providers and voluntary organisations in the UK supported refugees back into work through work placement, many of them fully or partly funded by the Department for Work and Pensions. Work placement schemes do not all follow the same structure or practices. Many schemes are not able to subsidise clients while they are on placements, but cover travel expenses and some also help with childcare. Certain projects focus on the most disadvantaged refugee groups, such as women. The occupation, time commitment and duration of the placement significantly vary. Figures on the employment rates of refugees after having taken a placement are very positive. In addition to the measurable 'hard' outcomes, work placement schemes have also prove to be helpful for acquiring 'soft' skills – knowledge of the labour market, self-confidence, better language competences etc. A reported hindrance to the full success of these projects were the pressure put by Jobcentre Plus, which pushed refugee clients out of work placements questioning their entitlement to benefit allowance.

5. Conclusions

This paper has attempted to answer a seemingly easy question: what is the impact of policies on the migrants' access to and performance within the UK labour market? In broad terms, two

⁴⁰ See the Trellis website: <http://www.trellisproject.co.uk/>

⁴¹ The Trellis Project is a partnership of Birmingham City Council, Birmingham Voluntary Services Council, Employability Forum, Jobcentre Plus, the Learning and Skills Council, West Midlands Strategic Partnership for Asylum and Refugee Support, and the Refugee Employment and Training Advocacy Forum.

types of policies were considered: the mainstream programmes of labour market inclusion, in which some categories of migrants are allowed to participate; and the specialist measures devised to tackle specific areas of disadvantage of the migrant population (language, non-recognition of overseas qualifications) or specific groups at high risk of economic and social exclusions – i.e. refugees.

Our analysis of migrant participation in mainstream labour market policies was hindered by a generalised shortage of evidence, which did not allow to provide exhaustive and unequivocal answer to our research question. Not all surveyed initiatives have undergone comprehensive evaluations – which require significant resources. When evaluations have been carried out – e.g. for the major labour market policies such as the New Deal or the Employment Zones – data monitoring access and outcomes of participants are not collected by country of birth or nationality and therefore do not allow to identify migrants. This information gap clearly reflects the fact that migrants, with the exception of refugees, are never considered as a target group of these policies – which instead identify lone parents, ethnic minorities, disabled people, and long-term benefit recipients as priority groups.

A priori we know that some categories of migrants, generally people with immigration status which restricts their access to the labour market (e.g. work permit holders, students and working holiday makers), are not entitled to employment-related services. Since mainstream labour market policies have a strong focus on getting people off benefits, some other categories of migrants are also excluded when they enter the country because of a restricted access to state benefits – e.g. Accession country nationals are entitled to unemployment-related benefits only after they have been working in the UK for one year. However, all migrants enjoying unrestricted access to the labour market – e.g. recognised refugees and the vast majority of long-term residents who have gained the indefinite leave to remain or the British nationality – are entitled to participate in government labour policies, and probably also significantly represented among participants because of their economic disadvantage or ethnic minority background.

Within the DWP operational framework, Jobcentre Plus is the main gateway of access to job-seeking support and unemployment-related benefits. In order to shed more light on the actual patterns of migrant use of labour market services, the Labour Force Survey data on job-search strategies were analysed. For both UK-born and migrants, attending a jobcentre is not the main method of looking for work – all groups chose as the main option the advertisements on newspapers and journals. Migrants display more or less the same propensity to use jobcentres as the UK-born unemployed, which is an interesting finding given the restricted eligibility for job-seeking support of some immigration categories. Overall, the preferred job-search strategies seem to be related to the skill levels of the different groups: while migrants from the EU-15 and other high income countries predominantly use more sources of high-skilled recruitment (e.g. replying to advertisement or sending CVs), Eastern Europeans and non-EU migrants are more likely to prefer jobcentres or informal methods. It is also interesting to note that, although the proportion of those who have obtained an employment through jobcentres is very low among all groups, success rates seems also related to the type of jobs sought for. For instance, Accession countries nationals are twice as likely than UK-born unemployed to find a job through JCP. The most plausible explanation for this result is that Eastern European migrants are more keen than native workers to accept low-profile jobs managed by jobcentres. Evidence from the LFS as well as from administrative sources suggests that, despite these relatively high level of attendance of Jobcentres, migrants entitled to state benefits do not display a larger use of unemployment-related benefits relative to the native population. The proportion of people claiming benefits is actually low even among groups with relatively high

levels of unemployment. In particular, Accession country and non-EU nationals display a lower probability to receive a Jobseeker's Allowance – perhaps because of restrictions affecting members of these groups. Observed trends seem to confirm that the prior to accession concern of a possible abuse of the welfare-state by Eastern Europeans was largely groundless.

The lack of information on country of birth/nationality in the data available from the DWP monitoring system, did not allow us to give a detailed account of migrant involvement in the major labour market programmes. A priori we can assume that a significant number of refugees and long-established migrants may have access to the New Deal or the Employment Zones because they are overrepresented within target groups such as ethnic minorities or long-term unemployed. Evidence on the outcomes of ethnic minority participants in the New Deal suggests that groups with a high proportion of first generation migrants such as Black Africans and Bangladeshis under-perform the UK-born participants. Despite some better success of the Employment Zones in raising the economic participation of BME groups, Black Africans retain a disadvantage. This seems to suggest that, when involved in the mainstream programmes, some migrant groups are less successful than the UK-born participants, but this is more a conjecture than an evidence-based conclusion. A programme which proved to be rather successful in getting ethnic minorities closer to the labour market was the Ethnic Minority Outreach, but the programme was wound up in 2006 despite its positive outcomes and a large consent among stakeholders.

Public measures to support people who want to start up their own business also identify ethnic minorities (and not migrants) as target group, and large scale empirical evidence allowing to verify the impact of these strategies on immigrant entrepreneurship is not available. However, qualitative research carried out in London has drawn a rather negative picture of the relationships between immigrant entrepreneurs and the mainstream business support system. Detachment from official business support services is reported because of a number of factors comprising: the belief that advice and guidance is inadequate for immigrant businesses; suspicion following the negative experiences individuals may have had with public sector bodies with regard to their immigration status; the perception of being discriminated against; the lack of time to visit business support agencies and to produce the paper work required; the lack of language confidence; and the rather formal appearance of agencies and managers. Migrant and refugee entrepreneurs are instead found to rely on the informal support system, with information and guidance accessed through the entrepreneur's personal (co-ethnic) network and the start-up capital often facilitated by family and friends from within the community.

As far as specialist services for migrants are concerned, the provision of English language tuition assembles the main funding stream provided by the Government. A major reason for the high relevance of the ESOL provision in the policy agenda on immigration and integration is the belief that supporting non-English speakers to develop language skills is a fundamental element for labour market integration.

Despite the substantial financial resources devoted to this area, the increasing number of learners accessing publicly funded language classes has boosted the demand for English language tuition at unprecedented levels, putting significant pressure on provision. Owing to the growing importance attached to ESOL in the policy agenda, evaluations of the capacity of existing provision to meet learners' needs were carried out. Most evaluations concluded that public provision was not meeting the increasing and wide-ranging demand for English language classes, pointing to a number of different challenges. Evidence suggested that there is large unmet demand which is unevenly spread across the country and concentrated in cities

or regions to which asylum seekers and refugees have been dispersed, or where large numbers of migrant workers have been employed. One of the problems besetting research was that it is almost impossible to source reliable, up-to-date demographic data on immigrant language levels and learning needs. This constrains the ability of national, regional and local bodies and providers to formulate strategic responses to demand for ESOL.

Other challenges referred to by the commissioned evaluations were: the increasing diversity of learners, which calls for different types of provision according to the learners' specific needs; the variable quality of provision, and in particular the shortage of qualified teachers; the preponderance of generic provision and insufficient employment related tuition; the insufficient involvement of employers, who are rarely available to invest in their workforce language development; the high dropout rates of participants who take up casual work with no perspective of sustainable employment; the lack of specific provision for IELTS related courses, which is required to foreign doctors who want to practise in the UK.

The increasing pressure on the budget allocated to ESOL provision, as well as the above mentioned challenges in its implementation, led the Learning and Skills Council to restrict the criteria for the eligibility to publicly-funded tuition. Stakeholders consulted in this process raised concerns that several groups who already face serious risk of economic and social exclusion would have been prevented to access public provision. In response, the government introduced some measures designed to address the concerns raised – including the reinstatement of eligibility for asylum seekers who have not received a decision on their application after six months. ESOL provision remains a 'hot topic' in the policy arena with the latest paper launched by the Department of Innovation, University and Skills (January 2008) suggesting that funding should be targeted on community cohesion and resources should be managed by local authorities and allocated to priority groups on the basis of community needs.

Since the beginning of the 2000s, an increasing exclusion of labour migrants, dependents and asylum seekers from the public service provision has been paralleled by the a growing awareness of the huge barriers faced by refugees in the labour market and by the consequent implementation of a wide range of policies to better integrate them. The Home Office and DWP (through JCP) have developed their operational framework for refugee integration. Currently, each person granted refugee status or humanitarian protection receives individual advice covering the early critical issues as well as longer-term integration objectives. A system of referrals to a wide range of service providers across the public, private and voluntary sector has also been built, with many initiatives developed at local and community level.

Evaluation of the JCP Refugee Operational Framework to get people into work has shown that progress has been made thanks to the flexible support provided by some advisors and to the good links established with some employers and voluntary organisations. Nevertheless, a number of unresolved issues were also emphasized. Some of these issues were inherent to the jobcentres' procedures – staff poorly trained about the refugee framework, staff rotation and compartmentalisation of services not allowing to build up stable relationships between advisers and refugee customers, a high rigidity of contractual arrangements hindering the establishment of effective referrals. However, evaluations also pointed to the possible unsuitability of mainstream support services – particularly of the target-driven approach of the New Deal – for refugees with complex needs, e.g. those with professional backgrounds or those in highly vulnerable conditions who may need multiple interventions from more than one provider.

In order to tackle the complex barriers faced by some refugee clients, the flexibility of the voluntary and community sector enables them to fill a niche which is harder to fill for state agencies, particularly at the local level. Many projects carried out by NGOs, charities and other organisations of the voluntary sector have proved to be successful because they provide individually tailored support and manage to engage other labour market actors to build up UK work experience through work placement or voluntary work. One interesting example was the Trellis project in Birmingham, which employed at the local jobcentres former refugees fully-trained as career advisors for refugee job-seekers. Some other initiatives were successful in getting refugee professionals back into work (mainly doctors, nurses, teachers and engineers) or achieved positive outcomes in helping refugees willing to access Higher Education or professional re-qualification – e.g. RETAS.

Holistic inter-agency refugee integration programmes combining different employment related elements such as occupational English language, specialised information, job seeking skills, support to convert qualifications, training on the cultures and conventions of UK workplaces, work experience and voluntary work placements are a highly effective means of connecting refugee customers to the job market. This type of provision is not yet widespread, not least because not all these activities qualify for public funding and deliver targets fulfilling the contractual obligations. Interesting examples of good practice are some partnerships (e.g. PRESTO and LORECA) drawing together a number of statutory, voluntary and community organisations working on employment, enterprise and training for refugee and asylum seekers. Despite some challenges due to the complexity of setting up a holistic support systems, advantages of these projects is to provide some degree of co-ordination for the members' activities with a particular focus on service provision, to avoid the competition in the access to funding and to establish influential interlocutors that can speak more authoritatively with the Government.

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