

AGENDA MANAGEMENT SHEET

Name of Committee Cabinet

Date of Committee 7th December 2006

Report Title Migrant Workers

Summary This report provides an overview of the available information on the recent influx of migrant workers to the UK.

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Would the recommended decision be contrary to the Budget and Policy Framework? Yes/No

Background Papers None

CONSULTATION ALREADY UNDERTAKEN:- *Details to be specified*

- Other Committees
- Local Member(s)
(With brief comments, if appropriate)
- Other Elected Members Councillor M Jones)
Councillor P Barnes) for information
Councillor P Morris-Jones)
- Cabinet Member Councillor C Saint – I welcome this assessment.
(Reports to The Cabinet, to be cleared with Council policies should dovetail with those of appropriate Cabinet Member) partners.
- Chief Executive
- Legal I Marriott – agreed.
- Finance
- Other Chief Officers

- District Councils
- Health Authority
- Police
- Other Bodies/Individuals

FINAL DECISION **YES/NO** (*If 'No' complete Suggested Next Steps*)

SUGGESTED NEXT STEPS :

Details to be specified

- Further consideration by this Committee
- To Council
- To Cabinet
- To an O & S Committee
- To an Area Committee
- Further Consultation

Cabinet – 7th December 2006

Migrant Workers

**Report of the Strategic Director for
Environment and Economy**

Recommendations

That Cabinet:-

1. Notes the baseline information for migrant workers.
2. Considers the impact on public services.

1. Background

- 1.1 Levels of international migration have increased over recent years, both for the UK and many other countries. In the UK, migration both into the country and out of the country have increased. This pattern is reflected in many countries, including most of those in the European Union (EU).
- 1.2 Large-scale migration is not a new phenomenon to the UK. Over the centuries Britain has experienced waves of immigration from around the world. Economic migration on a mass scale was first experienced from the late 1940s onwards with the arrival of people from the then-colonies of the Caribbean and later from the Indian sub-continent.
- 1.3 The opening up of the UK labour market to citizens of the new member states of the EU in May 2004 initiated an influx of migrant workers that, in number terms, is the biggest ever single wave of migration in British history¹. The numbers involved far outweighed initial government estimates made in the run up to enlargement and have prompted publicity from a number of angles.
- 1.4 Discussion on the impact of migrant workers in Warwickshire took place during Question Time at Council on 18th July 2006 and again at Council on 31st October 2006. A report to Cabinet was promised, and the matter would be a regular item on the Council's agenda. This report provides baseline information and considers the impact on public services including schools.

¹ The arrival of the Protestant Huguenots from France in the late 17th Century may have been bigger as a share of population.

2. UK Migration Trends

- 2.1 There is no official register of the population in the UK and hence no direct measure of migration. In some European countries an administrative register facilitates the measurement of migration. Estimates of international migration in the UK are therefore primarily based on the results of interviews conducted with samples of people at points of entry/exit to the UK.
- 2.2 Migrants are defined as individuals who change their country of usual residence for a period of at least a year, so that the country of destination becomes the country of usual residence. This definition of migrant, used to produce official population estimates, does not include visitors or short-term international migrants, some of whom are migrant workers.
- 2.3 The UN defines a migrant worker as: "A person who is to be engaged, is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national." A migrant worker who stays in the UK for less than 12 months will not be defined as an international migrant and therefore will not be counted in UK population estimates.
- 2.4 The UK has experienced increasing levels of both inward and outward international migration. Migration into the country increased from 314,000 in 1994 to 582,000 in 2004, with most of the increase to inflows after 1997. Out-migration increased from 238,000 in 1994 to 360,000 in 2004.
- 2.5 The net in-flow of 223,000 in 2004 is 72,000 higher than in 2003 and is the highest net in-migration since the present method of estimation began in 1991.
- 2.6 The estimate of net migration for 2004 is set within the context of accession to the European Union (EU) for ten countries – Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia – occurring part way through 2004 on 1 May.
- 2.7 In 2004 an estimated 74,000 more EU-25 citizens migrated to the UK than left. Of this net inflow, an estimated 48,000 were citizens of the 10 countries that joined the EU in 2004.

3. EU Enlargement

- 3.1 In May 2004 ten new member states joined the EU – Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. From that date, nationals of Malta and Cyprus have had full free movement rights and rights to work, throughout the European Union.
- 3.2 Free movement of persons is one of the most fundamental freedoms guaranteed by European Community (EC) law. But, prior to enlargement, existing EU member states had the right to regulate access to their labour markets by nationals of the other eight countries – the "Accession 8" or "A8" – during a three-phase transitional period that will irrevocably end in 2011.

- 3.3 The UK was the only large European country not to apply restrictions on access to its labour market by A8 nationals, although it does require migrants to register as part of the Workers Registration Scheme² and has limited their access to benefits. Sweden and Ireland were the other countries not to apply restrictions. All other EU countries maintained a work permit regime, sometimes combined with quotas.
- 3.4 The first phase of these transitional arrangements ended on 1st May 2006. Spain, Finland and Greece – all countries that had imposed restrictions on the access rights of A8 nationals to their labour markets during the first phase – have now lifted these restrictions. France will lift some of its restrictions gradually, but in other EU-15 states, notably Germany and Austria restrictions will remain in place.
- 3.5 Prior to enlargement the UK government published a prediction of the likely migration that has proved wildly wrong. The study suggested that the net inflow of workers (taking into account those that return) would be only 13,000 a year up until the end of the decade. However, this figure was based on limited data and assumed that other EU states would also open their borders to workers from A8 states.
- 3.6 In total, 447,000 A8 nationals have applied to the government's Workers Registration Scheme between 1st May 2004 and 31st June 2006, of whom 427,000 were issued with Worker Registration certificates and cards. The highest proportion of successful applicants were Polish (62%), followed by Lithuanian (12%) and Slovak (10%).
- 3.7 European law prevents self-employed people, like builders and plumbers, from being forced to register. Tony McNulty, during his time as Immigration Minister, said estimates that included self-employed people would put the total number of immigrants from the A8 states at around 600,000.
- 3.8 The reported number of applicants to the Worker Registration Scheme (WRS) does not represent a measurement of net migration to the UK (inflows minus outflows). It is a gross figure for the number of workers applying to the WRS. The WRS is likely to overstate the true increase in the stock of A8 migrants as it does not take into account A8 migrants who work in the UK for only a short time, returning to their country of origin relatively quickly. There are no requirements to de-register from the WRS so no usable administrative data on outflows to construct an estimate of net A8 migration.
- 3.9 Numbers registering on the WRS will also include some A8 nationals who were resident in the UK prior to 1st May 2004 and have since entered employment and decided to register. Another issue is the level of non-registration amongst migrants from the A8 countries. A survey of 500 Polish migrant workers carried out for BBC2's Newsnight programme found only 64% had signed the WRS. Non-registration rates were higher for workers living in London than for those living elsewhere in the country.

² Under the WRS scheme A8 nationals are obliged to register on the Home Office administered Worker Registration Scheme (WRS) if they are employed in the UK for a month or more.

4. The Local Picture

- 4.1 The primary source of estimating international migration to and from the UK is the International Passenger Survey (IPS). The IPS is unable to provide reliable estimates of migration at the local level.
- 4.2 The lack of information available to local authorities on migration levels and specifically the recent influx of migrant workers has been highlighted by the Central and Local Government Partnership (CLIP), which has asked the Office for National Statistics (ONS) to identify potential data sources that could assist local government planning.
- 4.3 In response to CLIP's request ONS have made available, local authority level, data on National Insurance Numbers (NINOs) allocated to overseas nationals.
- 4.4 National Insurance Numbers (NINOs) are required for employment/self-employment purposes or to claim benefits and tax credits. The Department for Work and Pensions (DWP) has responsibility for allocating NINOs to overseas nationals.
- 4.5 The data cover people allocated a NINO for all types of work – including students working part-time, plus those arriving with the intention not to work, but then applying for a NINO to work at a later date – and whatever the length of stay in the UK. It also covers overseas nationals allocated a NINO to claim benefits or tax credits.
- 4.6 The NINO data do not show when overseas nationals subsequently depart the UK, nor show length of stay in the UK. The figures therefore give a measure of inflow of overseas nationals registering for a NINO, but do not measure outflow or overall stock of overseas nationals in the UK.
- 4.7 The number of overseas nationals registering for a NINO in Warwickshire has risen significantly since enlargement.
- 4.8 In 2004/05, the first year post-enlargement, an extra 1,000 overseas nationals registered for an NINO in Warwickshire compared to the previous year. In 2005/06 the number registering increased to 3,910, 51% higher than in 2004/05 and nearly 2.5 times the pre-enlargement level.

Figure 1: National Insurance number allocations to overseas nationals, 2002/03-2005/06

	2002/03	2003/04	2004/05	2005/06
UK	349,200	370,700	439,700	662,400
West Midlands	23,400	23,200	28,100	41,700
Warwickshire	1,510	1,590	2,590	3,910
<i>Of which:</i>				
North Warwickshire	50	40	130	190
Nuneaton & Bedworth	220	250	280	530
Rugby	320	390	650	1,010
Stratford-on-Avon	310	330	740	1,110
Warwick	610	580	790	1,070

Source: Department for Work & Pensions.

- 4.9 The numbers involved, both absolute and as a proportion of the resident population, have been greatest in Rugby, Stratford-upon-Avon and Warwick.
- 4.10 NINo allocations are reported on the resident address supplied at the time of application. Some of those registering for a NINo may have been resident in Warwickshire prior to May 2004 and some of those allocated a NINo will have left Warwickshire or returned to their country of origin.
- 4.11 The totals shown in Figure 1 include all overseas nationals allocated a NINo, not just those from the new Accession states.
- 4.12 Allocations to A8 nationals in 2005/06 accounted for 54% of total NINo registrations, up from 34% in 2004/05 and 2% pre-enlargement. The increase in NINos allocated to A8 nationals accounts for a large proportion of the overall increase in NINos allocated to overseas nationals in Warwickshire during the last two years.

Figure 2: National Insurance number allocations to overseas nationals, Warwickshire, 2002/03-2005/06

	2002/03	2003/04	2004/05	2005/06
Total	1,510	1,590	2,590	3,910
A8 nationals				
Czech Republic	0	0	90	130
Estonia	0	0	0	10
Hungary	0	0	30	60
Latvia	0	0	50	50
Lithuania	0	0	40	50
Poland	20	30	570	1,680
Slovakia	0	0	90	140
Slovenia	0	0	0	0
Total A8	20	30	870	2,120
<i>A8 as % of total</i>	1%	2%	34%	54%
Non-A8 nationals				
Australia	80	70	100	100
France	70	50	90	100
India	190	240	230	280
Portugal	150	180	180	140
South Africa	200	170	220	230
Others	800	850	900	940
Total non-A8	1,490	1,560	1,720	1,790

Source: Department for Work & Pensions.

- 4.13 As is the case for the rest of the UK by far the greatest numbers have come from Poland. Over the last two years 2,250 Poles have registered for a NINo in Warwickshire, accounting for 75% of all NINos allocated to A8 nationals.
- 4.14 NINos allocated to nationals of non-A8 accession states have also been increasing, up from 1,490 in 2002/03 to 1,790 in 2005/06.

5. Migrant Workers and the Economy

- 5.1 The contribution of migrant workers from the new accession states to the UK economy appears to have been broadly positive. Earlier this year a report by the Ernst and Young Item Club, which uses the Treasury's own forecasting model for its calculations, reported that the influx of migrant workers has helped to keep inflation under control, boost output and raise tax revenue.
- 5.2 Employers' groups have been largely positive about the influx of migrant labour – reporting that migrant workers have helped them to fill labour gaps and skills shortages, and praising the work ethic of A8 workers. The CBI, the largest employers' group, has called immigration into the UK from the new EU member states, "a success story – benefiting the economy, businesses and the people who have come," and said that: "Workers from Eastern Europe have enabled

employers to address key skill shortages, particularly in the construction and distribution industries.”

- 5.3 A survey of local employers, commissioned earlier this year, by Warwickshire County Council, Coventry City Council and the Learning and Skills Council, Coventry and Warwickshire, found that among 739 Coventry and Warwickshire employers that had recruited staff in the past 12 months, 97 (13%) had employed at least one European migrant worker.
- 5.4 More recently, the CBI have called for the government to exercise caution before deciding how and when to welcome migrants from Romania and Bulgaria. In contrast, leaders of the UK’s biggest businesses have put their names to a statement issued by the Business for New Europe Group (BNEG) calling for the UK to continue with its open-door policy when Bulgaria and Romania join the EU at the beginning of next year.

6. Migrant Workers and the Labour Market

- 6.1 The labour market effects of increased migration are hard to identify with any degree of certainty, but some concern has been reported that opening the UK labour market to A8 migrants has led to an increase in unemployment.
- 6.2 At the time of accession the UK had one of the most strongly performing labour markets in the EU. Since accession, the UK labour market has continued to perform strongly, total employment is at a record high and the employment rate also remains close to its historic high.
- 6.3 However, there has been a rise in claimant unemployment of 130,000 between January 2005 and August 2006. It has been suggested that A8 migrants, predominantly working in low-skilled areas, could be increasing the competition for entry-level jobs, reducing the probability that unemployed people move into work.
- 6.4 The claimant count in Warwickshire has been increasing at a faster rate than the national average. Since January 2005 the Warwickshire claimant count has risen by more than 1,400 people (+30%).
- 6.5 A comprehensive study carried out on behalf of the DWP concluded that there is no discernible statistical evidence which supports the view that the inflow of A8 migrants is contributing to a rise in claimant unemployment in the UK.
- 6.6 The Home Office acknowledges that a high rate of unskilled immigration might cause problems, and is introducing a points-based system for managing migration from outside the EU. Entry to the UK will be easier for talented and skilled people, with most existing work-permit schemes for less skilled migrants being phased out on the assumption that all our unskilled jobs can from now on be sourced from within the enlarged EU.
- 6.7 There is also a danger that employers may come to view migrant workers as a quick fix for skills shortages and that this may undermine efforts to develop the existing workforce.

7. Migrant Workers Profile

- 7.1 So far evidence suggests that A8 migrants coming to the UK are mainly young and single. To-date, 43% of those who have applied to the WRS have been aged 18-24, and a further 39% aged 25-34. The male:female ratio is 58:42.
- 7.2 A small minority (7%) of registered workers declared that they had dependants living with them in the UK when they applied to the WRS. The 427,000 registered workers, who applied between May 2004 and June 2006, have brought with them 36,000 dependants. The number of dependants as a proportion of the number of registered workers has been gradually increasing.
- 7.3 There is a shortage of evidence on migrant workers intended (or actual) length of stay in the UK, which in any case given their age profile is likely to be fluid. In a survey of 500 Polish migrant workers for BBC2's Newsnight programme around 30% said they did not know how long they will stay in the UK. One in three definitely intended to go home within two years. More than 40% said they wanted to stay at least two years, and 15% of respondents said they wanted to stay in the UK permanently. Nearly a third were planning to bring their families to Britain or had already done so.
- 7.4 It should be noted that the survey sample of 500 is relatively small, and focused on one ethnic group.
- 7.5 Of registered workers who applied between May 2004 and June 2006 97% reported they were working full-time (more than 16 hours a week) and the numbers applying for tax-funded income-related benefits and housing support have remained low.
- 7.6 The majority (78%) of registered workers were earning £4.50-£5.99 per hour.
- 7.7 The top five occupation groups, for registered workers who applied between May 2004 to June 2006 were:-
- (i) Administration, business and management³ (34%).
 - (ii) Hospitality & catering (21%).
 - (iii) Agriculture (12%).
 - (iv) Manufacturing (7%).
 - (v) Food, fish and meat processing (5%).

³ The majority of workers in the Administration, Business & Management occupation group work for recruitment agencies and could be employed in a variety of occupations. Analysis of data on occupations in which registered workers are employed suggests many of these will be working as process or warehouse operatives.

8. Pressure on Public Services

- 8.1 Many immigrants, both from A8 states and other countries, are employed in the provision of public services, but increased migration will also place added pressure on social infrastructure – notably housing, transport, welfare, schools and hospitals, plus the natural environment.
- 8.2 A leaked Home Office report, entitled, “Migration from Eastern Europe: Impact on Public Services and Community Cohesion”, warns of the potential impact on welfare services, schools and housing of further large-scale migration.
- 8.3 A key part of planning to deal with any increased pressure that migration is placing on public services is the availability of reliable estimates of migrant numbers at the local level.
- 8.4 The Local Government Association (LGA) has written to the Home Secretary, John Reid, criticising the current system of measuring the number of migrants in specific council areas as failing to ensure adequate funding to maintain council services to local people.
- 8.5 Slough Borough council has been highlighted as an example of how official population estimates are failing to take account of the influx of migrant workers from Eastern Europe.
- 8.6 The latest population estimates for Warwickshire (mid-year 2005 – 533,900) show the population continuing to increase at a faster rate than the national average. Of the 8,500 increase in population across the County, 5,000 is reported as due to net in-migration from overseas, the majority reported in South Warwickshire.
- 8.7 It is important to stress that these migration figures are only estimates, partly based on survey data and national trends. As such the estimates do not meet the stringent requirements made of National Statistics data and should be treated with caution.
- 8.8 The increasing importance placed on migration statistics has been recognised by the national statistician, Karen Dunnell. Ms Dunnell said in May, as she set up a cross-government review, there was "broad recognition" that estimates of migrant numbers were "inadequate" for managing the economy, policies and services.

9. Impact on Schools in Warwickshire

- 9.1 Data on the ethnic group of pupils attending Warwickshire schools are collected as part of the Pupil Level Annual Schools Census (PLASC). The "Other White" ethnic group, which is the group most likely to include the children of migrant workers from the new EU accession states, accounted for 1.5% of all pupils in 2006, up from 1.2% in 2004. The number of pupils in this ethnic group has increased from 926 to 1,117 over the same two year period, but currently there is no way of determining how much of this increase is due to children of migrant workers.

Figure 3: Ethnic group of pupils attending Warwickshire schools, 2004-2006

	Percentages			Numbers		
	2004	2005	2006	2004	2005	2006
Total pupils on roll	76,864	76,930	77,011	76,864	76,930	77,011
White						
British	87.4%	88.0%	87.9%	67,184	67,680	67,670
Irish	0.3%	0.3%	0.3%	229	221	193
Other White	1.2%	1.3%	1.5%	926	986	1,117
Mixed						
White & Black Caribbean	0.8%	0.9%	0.9%	650	667	678
White & Black African	0.1%	0.1%	0.1%	94	111	108
White & Asian	0.6%	0.6%	0.7%	428	474	516
Other Mixed	0.7%	0.7%	0.8%	521	561	631
Asian or Asian British						
Indian	3.1%	3.2%	3.2%	2,421	2,446	2,434
Pakistani	0.3%	0.3%	0.3%	225	243	246
Bangladeshi	0.0%	0.0%	0.0%	17	24	31
Other Asian	0.3%	0.4%	0.5%	263	303	400
Black or Black British						
Caribbean	0.2%	0.2%	0.2%	164	164	146
African	0.1%	0.2%	0.3%	107	146	193
Other Black	0.1%	0.1%	0.1%	49	61	69
Chinese						
Chinese	0.2%	0.2%	0.2%	163	179	177
Other Groups						
Traveller of Irish Heritage	0.0%	0.0%	0.1%	33	37	46
Gypsy Roma	0.1%	0.1%	0.1%	86	80	77
Other Ethnic Group	0.2%	0.3%	0.3%	178	203	216
Refused	2.9%	2.3%	1.9%	2,263	1,768	1,432
Not Obtained	1.1%	0.7%	0.6%	861	511	454

Source: PLASC, provided by Warwickshire Strategic Information Management Unit.

- 9.2 The Children's Young People and Families Directorate have not systematically surveyed schools about pupils from migrant worker families. However, since March 2006 to date the Directorate's Intercultural Curriculum Support Service (ICCS) have been notified of 117 new arrivals in 43 schools. These include five schools with between 8 and 16 new arrivals.

- 9.3 It is reported that many of these new arrivals are Polish, Portuguese or from other European countries. Most of them have little English and need initial support from ICSS although they are quick to acquire language and make a positive contribution to the school.
- 9.4 The ICSS are in the process of restructuring to better support new arrivals from Europe and will be writing to schools to ask them to inform ICSS, if they are not already doing so, of any new arrivals.

10. Planned Work

- 10.1 A County-Council-led workshop session with various partners was held recently to share knowledge and experience on migrant worker communities in South Warwickshire.
- 10.2 Stratford-on-Avon Area Committee has highlighted the lack of available evidence about migrant workers in the District – numbers, needs, demand on services, etc – and has allocated funds to support research aimed at addressing this information gap.
- 10.3 It is hoped that the research will provide an estimate of scale, in terms of numbers of migrant workers living and/or working in the District and their associated needs; identify the level of demand being placed on different public service providers; and identify ways in which the County Council and other public sector agencies might best respond to the growth of these emerging communities. This work is expected to be undertaken over the next few months.
- 10.4 Officers are also in contact with Worcestershire County Council who are planning their own research into migrant worker numbers.
- 10.5 Issues surrounding the recent influx of migrant workers were recently discussed by Rugby Borough Council's "Sustainable Inclusive Communities Panel" at a meeting in September.
- 10.6 The Audit Commission is examining the role of local authorities and partner agencies in addressing the challenges posed by current and future international immigration, focusing on both the needs of migrant workers, their inter-action with service users where they are involved in delivering public services, and issues of community cohesion which can be associated with migrant workers, and which affect all local residents. The study will be published later this year.
- 10.7 The Learning and Skills Council (LSC) are planning a major partnership research project examining the economic impact of migrant workers in the West Midlands region. The project aims to:-
- (i) Quantify the extent of migrant workers in the Region and profile demography, economic activity, household composition etc.
 - (ii) Assess the impact their activity is having on the West Midland's labour market and native UK workers.

- (iii) Investigate migrant workers' attitudes and motivation for coming to the UK, and specifically the West Midlands.
- (iv) Investigate the rationale of employers for employing migrant workers.
- (v) Assess the implications for skills and training provision in the Region, both for native and migrant workers; and
- (vi) Assess the impact of migrant workers on key services and areas of public life – specifically housing, health and community cohesion.

The project will involve Government Office for the West Midlands (GOWM), Advantage West Midlands (AWM), the Learning and Skills Council (LSC), and West Midlands Regional Observatory (WMRO). GOWM will also be inviting contributions from Local Strategic Partnerships (LSPs). Ways in which data and findings can be analysed and presented at a local authority level will be explored.

- 10.8 A number of other Local Authorities have initiated research into issues surrounding migrant workers. Examples include Wychavon District Council, South Somerset district council, and South Holland District Council and Boston Borough Council, which have established a dedicated website www.migrantworker.co.uk.

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22nd November 2006