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Accession to Recession:

A8 migration in Bristol & Hull

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Executive Summary

The aim of this study was to examine the differential labour market effects from A8 migration on two contrasting city economies - Bristol and Hull. The research was conducted during October 2008 and January 2009 - a time when both labour markets underwent a significant contraction, as a result of the global downturn. By the end of January 2009, there were five Jobseeker's Allowance (JSA) claimants for every job vacancy in Bristol, compared to 22 in Hull. For the first time, A8 migration is now taking place against the backdrop of increased competition for fewer jobs.

Prior to the recession, much of the migration debate revolved around the possibility of displacement. This study finds the real barrier keeping the long-term workless out of the labour market, however, was not migration - but the workings of the welfare system (the 'benefits trap'), job quality (hard-to-fill vacancies), and a 'soft' skills deficit amongst the local workforce (in contrast to migrant workers 'work ethic').

As the recession deepens, and job vacancy rates decline, the global downturn leads us to a very different labour market dynamic. Previously hard to fill vacancies are becoming less hard to fill, and the increase in JSA claimants - those who are both actively seeking and able to work - could lead to more direct interaction between A8 migrants and the newly unemployed. The economic impacts will, however, play out very differently in each city - depending on the type of migrants attracted, their length of stay, and the structure of the local economy.

There has been no exodus of migrants from either city in response to the recession, so far. In Hull, migrants are predominantly employed in factory work, channelled through recruitment agencies - which have prevented direct competition with the local workforce. In Bristol, there is greater evidence of settlement, and of migrants possessing higher level skills. Migrants are employed in a wider range of sectors, and utilise a variety of recruitment channels. Taken together, these factors *could* point to more direct competition with the local workforce for fewer jobs, relative to Hull, as the recession deepens.

Accession to Recession:
March 2009

Policy recommendations

Bristol: The evidence suggests that a higher proportion of immigrants are settling in Bristol, relative to Hull, despite the recession. It is time to stop thinking of A8 arrivals as 'migrants'. Rather, the City Council and partners on the Employment and Skills Board should be thinking about how to integrate 'immigrants' into the local economy, to maximise the benefits for local businesses.

A8 arrivals predominantly work in low value sectors and occupations that are expected to be hit hard by the recession. Measures need to be in place to help keep immigrants, as well as the local population, in work. In the longer-term, businesses should be encouraged to make full use of immigrants' skills - this will maximise their economic contribution, and help to fill the skill gaps that are expected to re-emerge in the upturn.

"All cities need to do more to understand and integrate A8 workers into their local economy"

- In the short-term, the West at Work, functioning as the Area Action Force for the city-region, will need to ensure that existing measures to promote business and job retention extend support to immigrants, as well as the local population.
- In the longer term, Bristol City Council and the West of England Employment and Skills Board should implement an immigrant economic integration strategy, to improve the flexibility of ESOL provision (English for Speakers of Other Languages), and encourage employers to promote the progression of immigrant workers into jobs in line with their qualifications, including improved recognition of foreign qualifications.

Hull: A8 migration patterns in Hull have been more short-term than those in Bristol. The city needs to manage the way these flows have effectively created a 'dual labour market', with little interaction between A8 workers, and the rest of the local population. In the recession, there will be greater pressure to open up these channels of work.

- In the short-term, Hull City Council, East Riding and Jobcentre Plus should focus on improving relationships and joint working with migrant recruitment agencies. This will improve information on entry-level job opportunities for both local and immigrant workers, and help break down the 'silos' forming in the local labour market.
- In the longer-term, measures are required to 'make work pay' for local benefit claimants - who currently have insufficient financial incentive to take up entry-level jobs, unlike migrants. Strategies to deliver this are the focus of a separate Centre for Cities report written for Hull City Council (forthcoming).

All cities: All cities need to do more to understand and integrate A8 workers into their local economy.

- Councils should use the new economic assessments to measure immigrants' role in, and contribution to, city-regional/sub-regional labour markets.
- This information should be used to inform councils' use of 14-19 training powers from 2010 - to ensure that local young people have 'soft' skills, which businesses credit for their readiness to employ migrant workers.

Introduction to the study

In May 2004 Poland, the Slovak Republic, the Czech Republic, Latvia, Slovenia, Lithuania, Hungary and Estonia ('A8' countries) joined the European Union. The UK was one of only three European countries to allow the free movement of A8 workers immediately following accession. Since 2004, over a million A8 migrants have come to work in the UK.[1] In 2007, Romania and Bulgaria ('A2' countries) were admitted into the EU, but restrictions have been extended on their ability to obtain work.[2]

Since 2004, the influx of A8 migrant workers has been higher than anticipated. While there is no available data on the number of A8 migrants currently in the UK, the number of in-coming migrants applying for the Workers Registration Scheme (WRS) has halved between the last quarter of 2007 and 2008.[3] Despite the decline in A8 arrivals, and media headlines reporting that migrants are 'all going home', levels of public anxiety over migrants taking 'British jobs' in the recession has heightened - demonstrating the fluidity, and uncertainty, of the current situation.

"Since 2004, the influx of A8 migrant workers has been higher than anticipated"

In the recession, economic theory would suggest that the decline in vacancies could result in:

- An increase in competition for jobs available, especially those in low skilled sectors and entry-level positions - which are expected to be hit the hardest by the recession. This may increase the likelihood of displacement; and/or
- The out-migration of A8 workers, such that labour supply will contract in line with the decline in demand. This assumes a cyclical pattern of A8 migration, where immigrants arrive in greater numbers during upswings, and go home during a recession.

Although national studies have failed to find a causal link between migration and rising unemployment, few studies have been conducted at the local level - and the global downturn presents unchartered waters. This study aims to fill the gap in understanding of the local labour market impacts by contrasting the impact from A8 migration on a (pre-recession) high performing city, Bristol, with the impact on a city where demand for labour is comparatively low, Hull.

1. Department for Work & Pensions - NINo data, latest annual figures to April 2008 and additional quarterly data to September 2008
2. A2 nationals have the right to reside in the UK, but are subject to restrictions on entering the labour market. The following must obtain an accession workers card before they can start work in the UK: skilled workers (who must obtain a work permit first); less skilled workers (who can obtain work through the Seasonal Agricultural Workers Scheme (SAWS) and the Sectors Based Scheme); family members of A2 nationals, subject to worker authorisation; or migrants with limited leave to enter or remain under national immigration rules. Students can work freely provided they obtain a registration certificate confirming their status (see Migration Advisory Committee (2008) The labour market impact of relaxing restrictions on employment in the UK of nationals of Bulgarian and Romanian EU member states. London: MAC).
3. The number fell from 51,000 to 27,000 between Q4 2007 and Q4 2008. Source: Home Office and Office of National Statistics (Feb 2009), Control of Immigration: Quarterly Statistical Summary, UK October - December 2008

Europe in recession

The UK is now officially in recession and the fall in GDP in the last two quarters (2.1 percent decline) is now nearly as deep as the whole of the 1990's recession (2.5 percent). The problems within the financial system, which have constrained the supply of available credit, are far from solved and the forward looking indicators in the latest business surveys suggest that output has continued to deteriorate during the first quarter of 2009.

Nationally, the claimant count measure of unemployment has risen by 1.4 percentage points over the last year to reach 3.8 percent (1.2m) whilst the broader ILO measure is now just below 2m or 6.3 percent, having risen from 5.2 percent on a year ago. Vacancies have fallen by 209,000 to 479,000 between January 2008 and January 2009 (30.4 percent). The manufacturing and construction sector, where many A8 workers are concentrated, has been hit hard.[4]

"This relative economic context ...casts doubt over the anticipated 'mass exodus' of migrant workers"

A8 migration, as strongly employment motivated, is expected to be sensitive to economic conditions. Eastern and Central Europe economies, however, are struggling to refinance their debts after substantial cross border lending from Western European banks. Latvia has seen GDP collapse by 10 percent - the second A8 country, after Hungary, to receive an international financial bailout. Since the summer, the Polish Zloty has depreciated by 30 percent against the Euro, and is now falling against the British pound. There are similar variants of this story across the region. With export markets weak and investment collapsing, job losses are beginning to mount.

This relative economic context - alongside continuing differentials between the UK and A8 countries in terms of wages, employment opportunities, and standards of living - casts doubt over the anticipated 'mass exodus' of migrant workers. If migrants stay, as the recession deepens, this could point to more direct competition with the newly unemployed.

Political context

Migration is a politically sensitive issue, rarely departing from media headlines. Public sentiments that migrants 'take' jobs that should otherwise be going to local residents have influenced recent debate and policy development. Gordon Brown's 'British jobs for British workers' line, widely criticised in recent months, was taken by some to suggest there should be greater domestic preference in hiring.

Although the recent contracting of Italian and Portuguese workers at the Lindsey refinery in Lincolnshire provides one recent example of displacement - this was not a case of migrants displacing British workers, but sub-contractors posting workers from abroad. The wildcat strikes that followed demonstrate the level of public fear over hiring practices that disadvantage British workers.[5]

4. ONS (February 2009), First Release: Labour Market Statistics.
5. Overseas companies cannot legally refuse to employ UK nationals. Sub-contracts, however, can be let to firms within the EU, enabling them to legally supply their own employees from elsewhere in the EU. This may mean that UK workers are not offered the opportunity to apply for these posts. According to EU law, any attempt to prevent a firm from an EU state from bringing its own existing workforce over would create a barrier to free movement of enterprise. Once the EU company is in the UK, however, and a vacancy arises, the firm cannot legally refuse to advertise the position to UK nationals or refuse to employ British workers. Employees from a foreign EU country who work for a foreign EU company which works in the host state - 'posted workers' - are protected only by these mandatory rules for minimum protection. Although a foreign company could chose to sign up to a collective labour agreement in the host member state, it is not legally required to do so. Source: www.cloisters.com/news_story.php?newsID=180

Against this backdrop, and Opposition calls for migration quotas, the Government is keen to be seen to be tightening-up migration controls. A new Points-Based System was introduced in 2008, restrictions have been extended on the entry of economic migrants from Romania and Bulgaria, and visa rules have been hardened for several other countries, including South Africa. These restrictions, however, do not apply to migrants from within the EU, including A8 workers.

A review of the literature

Despite mounting public concern, national studies have not found evidence of a causal link between the increase in migration and displacement of British workers.[6] A review of the national evidence points to an overall positive economic impact from migration.

"A review of the national evidence points to an overall positive economic impact from migration"

Gilpin et al (2006), for example, found no statistical evidence to suggest that A8 migration had contributed to the rise in claimant unemployment in the UK.[7] The economic impact was overall found to be small, but positive as the labour market adapted. Manacorda et al (2007) found that regions with the biggest increases in Eastern European migrants have actually seen the smallest rise in their unemployment rates. This suggests that migrants are attracted to places where unemployment rates are low, and there are greater job opportunities. The literature, however, provides no indication of what will happen in a global downturn.

There is some evidence of distributional effects. Tentative evidence has been put forward to suggest that migration may reduce wage inflation amongst low skilled workers in the short-term, and increase wage inequality among the bottom half of earners.[8] Although Blanchflower et al (2007) found no evidence of displacement effects from Eastern European migration to the UK, they contend that, by increasing supply more than demand, migration has reduced inflationary pressure on wages and the natural rate of unemployment. The overall effects on existing low skilled workers are, however, small and remain highly contested.[9]

Several studies have pointed to a relationship between A8 migration and the post-2004 rise in youth unemployment, particularly pertinent in the current economic climate (unemployment of those aged 18-24 years increased by 55,000 in the three months to November 2008, around 40 percent of the total increase in unemployment over the same period).[10] Causality, however, has been difficult to prove. Stronger evidence has been found that more established migrants may lose out in the labour market as a result of migration, particularly those with poor language skills.

6. Blanchflower D, Salheen G & Shadforth C (2007) The impact of recent migration from Eastern Europe on the UK economy Bank of England www.bankofengland.co.uk/publications/news/2007/002.htm; Coats, D (2008) Migration Myths: Employment, Wages and Labour Market Performance. London: The Work Foundation; Riley R & Weale M (2006) 'Commentary: Immigration and its effects' National Institute Economic Review 198 (4)
7. Gilpin N et al (2006) 'The impact of free movement of workers from Central and Eastern Europe on the UK labour market' Department for Work & Pensions, Corporate Document Services Working Paper No 29
8. Manacorda M, Manning A & Wadsworth, J (2007) The impact of immigration on the structure of wages and employment: theory and evidence from Britain Working Paper, www.econ.ucl.ac.uk/cream/Accepted_Papers/Marco%20 Manacorda/manacorda_manning_wadsworth.pdf
9. Dustmann C, Glitz A & Frattini T (2008) The Labour Market Impact of Immigration Discussion Paper Series CDP No 11/08 Centre for Research and Analysis of Migration; Longhi et al (2005) The Impact of Immigration on the Employment of Natives in Local Labour Markets www.iser.essex.ac.uk/publications/working-papers/iser/2006-10.pdf
10. ONS (February 2009) First Release: Labour Market Statistics.

Research produced for the Department for Work & Pensions (DWP), however, concluded that recent migration from Eastern Europe has not displaced local workers in any demographic subgroup - low-skilled, women, or workers under the age of 25. Overall, it is clear that other factors affect wages and employment much more than migration (such as skill levels and technological change).

Until recently, few studies have been undertaken at the *local* level, reflecting an important gap in our understanding of the impact migration can have on local economies. One study for the City of London did, however, find that the concentration of migrants in low skilled jobs in the capital corresponded with a reduction in wages at the bottom end of the labour market.[11] The lack of any displacement effects was put down to business expansion in response to the increase in labour supply.

"Few studies have been undertaken at the local level, reflecting an important gap in our understanding of the impact migration can have on local economies"

Green et al (2007a; 2007b) studied the economic impacts of migration to the West and East Midlands, but did not find statistically significant evidence of a rise in local unemployment, or a fall in wages. Migrants were found to fill labour market gaps, where employers benefited from migrants' 'soft skills' and a strong work ethic - which may have contributed to an increase in business productivity.[12]

Several adjustment processes have been held to account for the lack of a displacement impact on the local workforce:

- According to Manacorda et al (2006), immigrants and locals may be imperfect substitutes, and therefore do not compete for the same types of jobs. Migrants take the jobs that local workers do not want, and are therefore more likely to compete against each other more than the local workforce.
- Local workers respond to immigration flows by moving into jobs where migrant competition is weaker, or migrate out of the area.
- Local economies respond to a larger labour supply by creating new jobs at the lower end of the labour market, instead of adopting labour saving technology or outsourcing. Brezis & Krugman (1993) argue that migration can encourage businesses to take advantage of available labour, making it cheaper to produce more goods and services, increasing labour demand and reducing the downward pressure on wages.[13]

11. Gordon I et al (2008) The Impact of Recent Immigration on the London Economy London: LSE
12. Institute of Employment Studies (2006) Employers' Use of Migrant Labour, Home Office Online Report www.homeoffice.gov.uk/rds/pdfs06/rdsolr0406.pdf; Green A, Jones P & Owen D (2007a) Migrant workers in the East Midlands Labour Market Final report submitted to the East Midlands Development Agency
Green A, Owen D & Jones P (2007b) The economic impact of migrant workers in the West Midlands Birmingham: Learning and Skills Council West Midlands Region
13. Brezis S & Krugman P (1993) Immigration, Investment and Real Wages NBER Working Papers 4563, National Bureau of Economic Research, Inc; Brown R & Danson M (2008) Fresh talent or cheap labour? Accession state migrant labour in the Scottish economy. Scottish Affairs No.64; Stenning A et al (2006) Assessing the Local and Regional Impacts of International Migration London: DCLG

"At the local level, one might expect migration to be most benign for local workers if migrants work in stronger city economies"

Research project aims

Although very little is known about the impact of migration on labour markets during an economic downturn, intuitively the above adjustment mechanisms will not hold true.[14]

At the local level, one might expect migration to be most benign for local workers if migrants work in stronger city economies - where unemployment rates are lower, and demand for labour higher. This report tests this premise by contrasting the impacts from A8 migration on a stronger performing city, Bristol, with a city that has experienced comparatively lower rates of growth, Hull. The study focuses on three key questions:

- How have businesses benefited from A8 migration - how are migrants filling skill gaps and effecting vacancy rates?
- How has A8 migration effected the local workforce - are local workers being displaced, and have wages been suppressed?
- How is the recession changing these economic impacts?

Methodology

The Universities of Bristol and Hull were commissioned to undertake a quantitative data analysis - drawing on the Labour Force Survey, National Insurance Number Registrations (NINo), Worker Registration Scheme (WRS), Annual Population Survey (APS), Jobcentre Plus (JCP) and Census data. The data was used to establish the profile and characteristics of migrant workers and discern some of the labour market impacts, such as their sectoral distribution and the impact on vacancy rates.[15]

The data limitations are well known. In particular, the WRS and NINo data do not take into account the numbers of workers who leave their jobs, or the country altogether. Once an individual has registered they can leave and return to the UK without de-registering. The Annual Population Survey draws on the Labour Force Survey, but due to the small sample size (50 A8 migrants in Hull and 46 in Bristol) this data was only used in collaboration with other data and qualitative findings (see Annex 2 for more detail on data limitations).

Due to the above limitations, 60 qualitative interviews were conducted in Bristol and Hull during October 2008 and January 2009 - with public sector stakeholders (20 interviews), migrant workers and associations (20 interviews), employers, trade unions, and employment and skills agencies (20 interviews). These were used to supplement the local data analysis.

The Centre for Cities has been working with Bristol and Hull throughout 2008/09, as part of its Partner Cities programme, with city reports due to be published in March and April of this year. Bristol was also used as a case study city in the *Into Recession* paper, which analysed the impact of the recession on Bristol's manufacturing sector.[16]

14. Somerville W (2009) Immigration in the UK: the Recession and Beyond. Equality and Human Rights Commission/ Migration Policy Institute February 11th 2009
15. This analysis was carried out by Sue Adamson & Gary Craig (University of Hull) and Olga Gora & Ann Singleton (University of Bristol).
16. Larkin K & Cooper M (2009) Into Recession. London: Centre for Cities

Context

This section presents the economic profile of the two cities, and analyses the data on the respective size of the flows and the reasons behind migrants' choice of destination. The data is examined according to the local authority boundaries of Bristol and Hull. This particularly skews the economic assessment of Hull, where the tightly drawn boundary excludes the more prosperous area of East Riding.[17] Nevertheless, the overall contrast between the two local authority areas offers a useful backdrop.

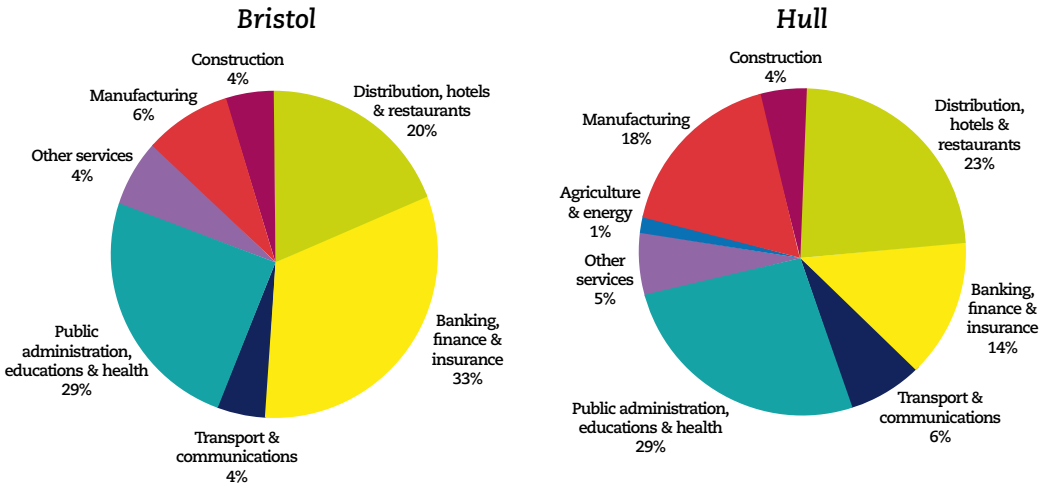
The profile of A8 migrants is examined in terms of the age and gender of migrant workers, the number of dependents and intended length of stay. Establishing a clear picture of this is far from an exact science, given the data deficiencies explained in Annex 2. The data presented here draws on both the Workers Registration Scheme (WRS) and National Insurance Numbers (NINos), which provides the best approximation.

"Hull is heavily reliant on the manufacturing sector... By contrast, Bristol has a diverse economic structure"

The economic profile of Bristol & Hull

Figure 1 shows the sectoral make-up of the two cities. Hull is heavily reliant on the manufacturing sector, which makes up 18 percent of the economy (compared to six percent in Bristol) and is largely confined to the production of low value-added goods. By contrast, Bristol has a diverse economic structure and benefits from a higher value-added manufacturing and service sector, including a large financial, banking and insurance sector (33 percent compared to 14 percent in Hull). Key indicators on wages, employment and skills reflect the different economic structure of the two cities (Table 1).

Figure 1: Industrial profile for Bristol & Hull



Source: NOMIS 2008 Annual Business Inquiry Employee Analysis (ABI) for 2007 data.

The breakdown of occupations reveals the cities' contrasting labour market profiles (Figure 2). The working population in Hull has a disproportionate number working as skilled tradesman, process operatives and in elementary occupations. Bristol's occupational structure is skewed towards managerial, professional and technical positions.

17. The available data on migrant workers is for the local authority areas of Bristol and Hull. The data presented here therefore does not use primary urban areas, but is presented for the local authority boundaries of each city. The Centre for Cities is shortly publishing a report that considers the functional economic area of Hull and East Riding.

Table 1: Economic Profile of Bristol, Hull & Great Britain

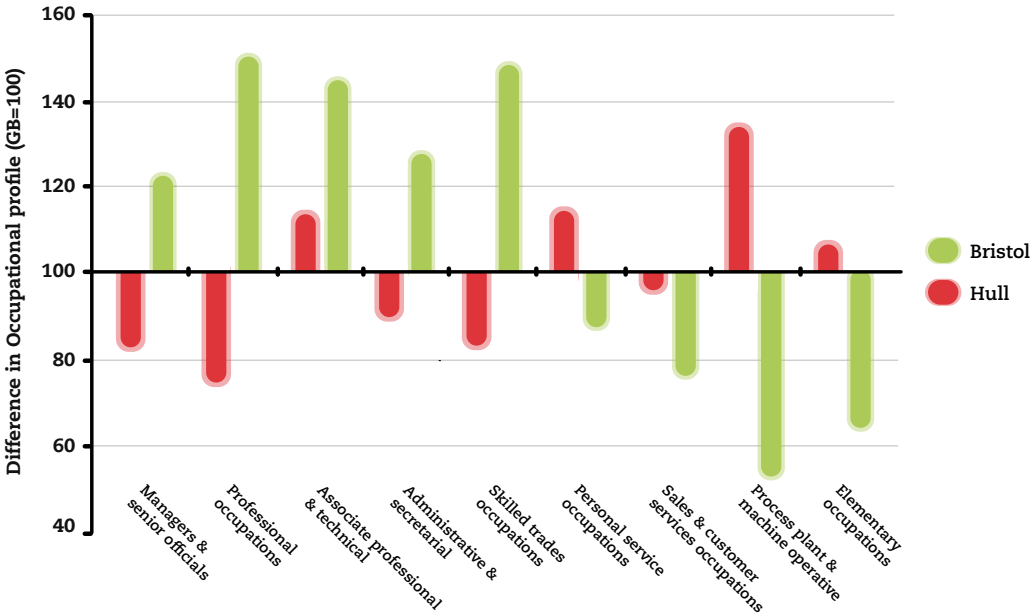
	Bristol LA	Hull LA	Great Britain
Total population (2007)	416,400	257,000	59,216,200
Annual population change (1997-2007)	0.7%	-0.2%	0.4%
Percentage of working age population in employment (July 2007-June 2008)	73.8%	64.9%	74.5%
Average earnings per week (2008)	£447	£357	£475
Percentage of working age population claiming benefits (August 2008)	14.2%	20.8%	13.9%
Percentage of working age population with no qualifications (2007)	10.7%	21.1%	13%
Percentage of working age population with degree level qualifications (2007)	36.4%	15.3%	29%

Sources: NOMIS, Data for Bristol and Hull Local Authority Areas – ONS Annual Population Survey 2008; Annual Business Inquiry 2008; Annual Survey of Hours & Earnings 2008; JSA Claimant Count November 2008; DWP Benefit Claimants August 2008.

"The two cities offer contrasting economic scenarios against which the local impacts from A8 migration can be explored"

Whilst these statistics portray Bristol as a much stronger economy, the real story is more complex. Not all parts of Bristol have shared in its success – notably South Bristol, and parts of the inner city, which face longstanding challenges of concentrated deprivation and worklessness. While both cities are significantly underbounded, the exclusion of the more prosperous area of East Riding from the Hull statistics dramatically changes the city's economic profile. Despite these nuances, the two cities offer contrasting economic scenarios against which the local impacts from A8 migration can be explored.

Figure 2: Comparison of the occupational profile for Bristol & Hull (GB=100)



Source: NOMIS, 2008, Annual Population Survey (APS).

Bristol & Hull: into recession

The Centre for Cities' recent annual report *Cities Outlook 2009* highlighted how all cities will be exposed to the recession. Bristol and Hull have been no exception. The sharp deterioration in economic conditions is expected to significantly alter the employment prospects of A8 migrants, with implications for the impact on local labour markets.

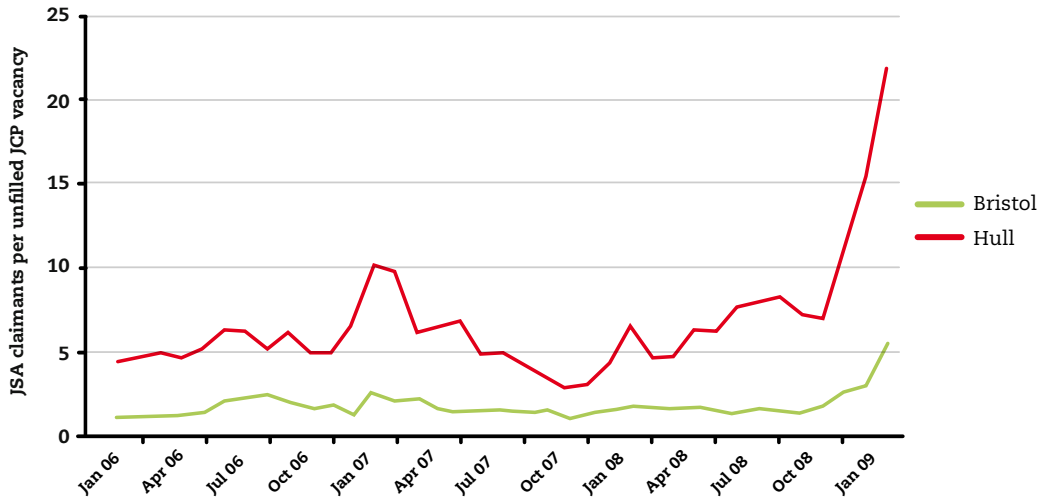
Figure 3 illustrates the speed and severity of the labour market contraction between October 2008 and January 2009. By January, there were five JSA claimants for every unfilled job vacancy in Bristol, compared to 22 in Hull.

Between 2008 and 2009, Oxford Economics forecast 6,800 jobs losses in Bristol - or 2.7 percent of the workforce.[18] The scenario was estimated in November 2008, based on a 2 percent GDP contraction during 2009. Given the momentum of the decline, GDP during 2009 is now expected to contract by more than three percent. These forecasts will therefore significantly underestimate the number of jobs that will be lost. The recession has hit the city's financial services, manufacturing and construction industry the hardest, with knock-on effects feeding through into retail, hospitality and transport (Figure 4). Of the Core Cities, Bristol has seen the biggest decline (59 percent) in total vacancies over the period January 2008 - January 2009.[19]

"The sharp deterioration in economic conditions is expected to significantly alter the employment prospects of A8 migrants"

While Bristol has experienced one of the lowest rises in JSA Claimants, a 1.1 percentage point increase during January 2008 - January 2009, Hull has experienced one of the highest rises of all UK cities to date, a 2.6 percentage point increase.[20] Despite a relatively low employment rate (66.3 percent against 76.6 percent in Bristol), the conservative Oxford Economic forecasts predict that Hull will lose 3,600 jobs between 2008 and 2009 - 2.7 percent of the 2008 workforce. Job losses have been most acute in the manufacturing sector - where the caravan industry and factories have announced substantial job losses. Employment agencies report a sharp decline in labour demand, particularly for temporary workers. The number of vacancies in Hull has fallen by 45 percent (January 2008 - January 2009).[21]

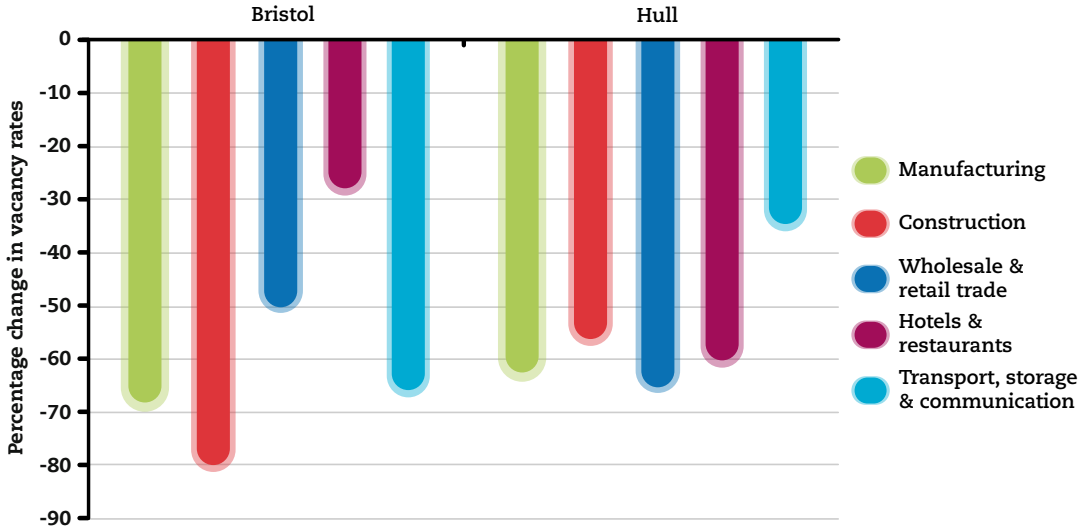
Figure 3: JSA claimants per unfilled vacancy in Bristol & Hull (2006-2009)



Source: NOMIS, 2009, ONS claimant count with rates and proportions/ Jobcentre Plus vacancies - summary analysis (January 2009).

18. Centre for Cities (2009) Cities Outlook 2009 London: Centre for Cities
19. Nomis, Annual change (Nov 2009-Jan 2009) in Jobcentre Plus vacancies, 2009
20. JSA Claimant Count, 2009
21. Nomis, Annual change (Nov-Jan 2009) in Jobcentre Plus vacancies, 2009

Figure 4: Percentage change in vacancy rates, Bristol & Hull (Jan 2008 - Jan 2009)



Source: NOMIS, 2008-09, JCP vacancy data.

"Between 2004 and 2008, Bristol and Hull have each been the destination for approximately 5,000 A8 migrants registering with the WRS"

A8 migrant workers in Bristol & Hull

The size of A8 migrant flows

The size of A8 migrant flows in each city is measured by the number of A8 migrants registering under the Workers Registration Scheme (WRS - which provides data by place of work), and the number applying for national insurance numbers (NINos - recorded at place of residence). The data provides information on migrants arriving in the UK but, because individuals are not required to de-register if they leave employment or the country, does not provide an estimation of current stock.

Between 2004 and 2008, Bristol and Hull have each been the destination for approximately 5,000 A8 migrants registering with the WRS (Table 2).[22] A significantly higher proportion have registered for NINos in both cities. This reflects the high number of A8 migrants who apply for NINos in Bristol or Hull (in particular, through recruitment agencies) and work in employment centres outside the main conurbation, or in rural areas.[23] [24]

Reflecting national trends, the vast majority of A8 migrants in both cities are Polish (Figures 1 and 2, Annex 1) and age between 18-34 years - although migrants in Hull have a slightly older age profile (Table 2, Annex 1).

22. The WRS registration indicates the local authority area where the person registering works and the NINos are recorded at place of residence. The data provides information on those coming to the UK but, because individuals are not required to de-register if they leave employment or leave the country, cannot provide a current picture. Furthermore certain groups such as those who are self employed are not required to register.
23. Adamson S & Craig G (2008) Migrant workers in Hull. Unpublished report for Centre for Cities. Centre for Research in Social Inclusion and Social Justice, University of Hull.
24. The higher proportion of migrant workers registering for NINo, relative to WRS, in Bristol reflects the higher proportion of employment opportunities available in the wider region, relative to Yorkshire and Humber. Source: Gora O & Singleton A (2009) Migrant Workers in Bristol and the South West A report for the Centre for Cities, unpublished

Table 2: Total NINos and WRS registrations (2004-2008)

	Total WRS Registrations	Allocation of NINos	
		All countries	A8 countries
Bristol	5,170	25,600	9,580
Hull	4,900	10,750	6,780

Source: Department for Work & Pensions, 2008, NINo data. Home Office, 2008, WRS data.

In Bristol the proportion of NINos that are from the eight accession countries is significantly lower than in Hull, reflecting the large number of migrants coming from other European countries to work for companies such as Airbus, and other aeronautical engineering firms (Figures 3 and 4, Annex 1).[25] A8 migrants in Hull make up almost three quarters of all migrants in Hull (compared to just over one quarter in Bristol). This suggests that A8 migration is relatively more important in understanding migration patterns for Hull.

"A8 migration is relatively more important in understanding migration patterns for Hull"

Change in number of A8 migrant workers in Bristol & Hull

Although the absolute number of A8 migrants registering in Bristol was initially higher, Hull has experienced the most rapid increase - in particular between accession and 2005/06, where the number of NINo allocations increased by 283 percent against an increase of 164 percent in Bristol. Overall there has been more than a tenfold increase in the number of A8 migrants in Bristol and Hull between 2004/05 and 2007/08.

Table 3: Change in number of NINo allocations to workers from A8 countries per year, and the percentage increase since accession

	2004/05	2005/06	2006/07	2007/08	Total 2004/08
Bristol	820	2,170	3,540	3,050	9,580
		(283%)	(796%)	(1168%)	
Hull	540	2,070	1,990	2,180	6,780
		(164%)	(852%)	(1256%)	

Source: Department for Work & Pensions, 2008, NINo data.

More recent figures released on NINo registrations show that A8 migrants continued to arrive in Bristol and Hull, despite the start of the economic downturn. During April and September 2008, there were 890 new arrivals to Hull and 1,170 to Bristol.[26]

Why are migrants settling in Bristol & Hull?

Overall, Bristol's population has increased by 6.8 percent between 1997 and 2007, above the national average (see Table 1, Annex 1). By contrast, Hull's population has only recently started to stabilise after years of decline. Since 2001 there has been a 2.8 percent increase in the population. Part of this stabilisation can be associated with the influx of A8 migrants, with Polish communities settling around Springbank and Beverley Road where they have established shops and restaurants, which have helped to revive run down neighbourhoods.

25. Gora O & Singleton A (2009) Migrant Workers in Bristol and the South West. A report for the Centre for Cities, unpublished
26. DWP, NINo registrations financial year 2008/09 (April-September).

Bristol has a long history of Polish immigration dating back to the 1830s - where the role of established networks, in addition to the presence of supporting infrastructure (such as Polish community support groups and the Polish Church) acts as both a significant pull and retention factor. There is strong evidence from interview results that the majority of migrants came to Bristol due to the presence of friends or family in the city, over and above the availability of jobs. Transport links also played a role – in particular the ease of cheap direct flights, and bus connections between Poland and Bristol.

In Hull, qualitative evidence revealed that migrant workers were drawn to the city because of the abundance of factory work, close proximity to rural areas (which offer agricultural employment opportunities), and low cost housing. Other research has noted that higher proportions of migrant workers are resident than employed in Hull postcodes. This suggests that transport links to other nearby centres of employment have helped to attract newcomers.[27] Local research also reveals that migrant workers predominantly live in private rented accommodation in Hull, but work in market gardening and food processing factories in both Hull and East Riding.[28]

"The decision to remain in the UK or return home is not a one-off decision, but rather one most migrants are constantly evaluating"

Intended Length of Stay

Estimating migrants' intended length of stay is crucial to understanding the impact on local labour markets, particularly in the recession, and how cities should respond.

Figures 9 and 10 show the intended length of stay in each city according to WRS responses. One of the biggest differences between the two cities is that most migrants in Hull intend to stay for less than three months, whereas migrants in Bristol are more uncertain - reflecting the tendency to see how work pans out first. As revealed in the interview findings, the decision to remain in the UK or return home is not a one-off decision, but rather one most migrants are constantly evaluating. This may be particularly so in the current economic climate. The high level of uncertainty is important, and difficult for cities to plan for. A8 migrants tend to be young, with few dependents, and can opt to stay or leave at short notice.

Over time, trends have not changed significantly, although there has been a recent increase in the number of migrants intending to stay for one to two years in Hull,[29] and a fairly consistent proportion intending to stay for more than two years in Bristol.

Qualitative evidence from the interview findings, however, reveal that the planned length of stay is often very different from migrants actual length of stay. For example, a Polish migrant association in Bristol indicated that the average length of stay is 36 months.[30] Although the WRS data is only available up to June 2008, qualitative interviews did not reveal that migrants were planning to shorten their stay in light of the recession.

27. Audit Commission (2007) Crossing borders - responding to the local challenges of migrant workers. London: Audit Commission
28. MRU MRUK (2007) Gateway Housing Renewal Market Research GATEWAY/ Market Research UK Limited
29. Adamson S & Craig G (2008) Migrant workers in Hull. Unpublished report for Centre for Cities. Centre for Research in Social Inclusion and Social Justice, University of Hull.
30. Stakeholder interview with Polish migrants association, Bristol. The average length of stay was approximated from completed P85 forms (which migrants complete before they leave the UK, in order to claim taxes back from HM Revenue & Customs).

"A particularly high proportion of migrants in Bristol have brought dependents"

Figure 9: Variation in length of stay over time, A8 WRS, Bristol

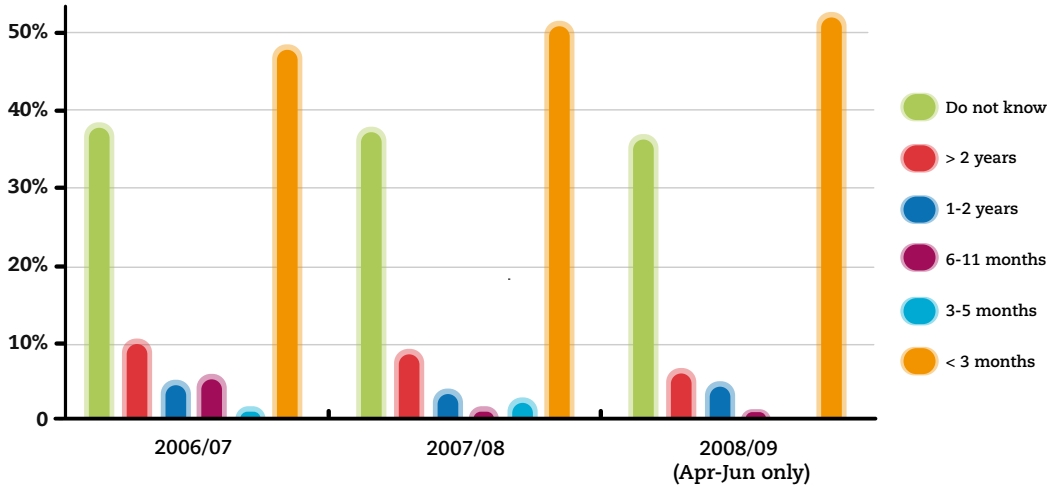
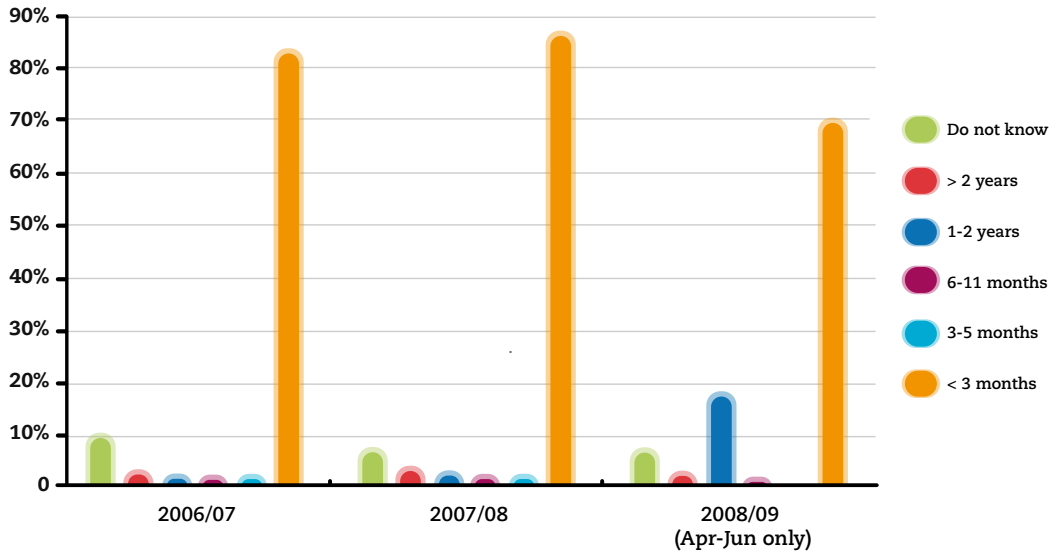


Figure 10: Variation in length of stay over time, A8 WRS, Hull



Source: Home Office, 2008, Workers Registration Scheme data.

Another way to measure the intended length of stay is to examine the proportion of migrants bringing dependents (children, partners or both).

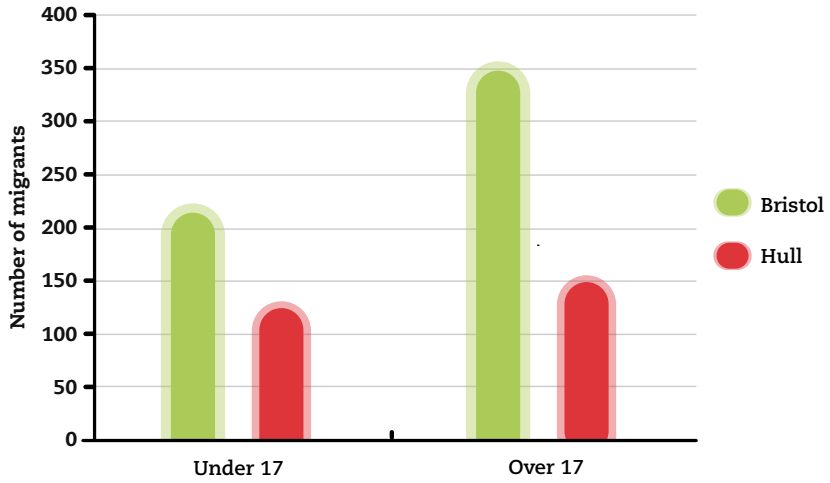
A particularly high proportion of migrants in Bristol have brought dependents, especially dependents over the age of 17 (Figure 11). Approximately 18 percent of migrants who registered in Bristol between 2006-08 brought their children, partners or both - above the national average (14 percent).[31] Local studies have reported an increase in A8 migrants' length of stay - reflected in an increasing number of Polish children registered at local schools, baptisms at the Polish Church, the rise of Polish Saturday schools, and a growth in self-help and support groups.[32] The high proportion of migrants in Bristol with dependents may also help to explain the narrow gender gap, relative to Hull (Figures 5 and 6, Annex 1).

31. Calculated by taking the average number of migrants applying for WRS from April 2006-08, who declared that they had dependent s living with them. For national data see - Home Office (2009) Accession Monitoring Report May 2004 – December 2008 A8 Countries. www.ukba.homeoffice.gov.uk/sitecontent/documents/aboutus/reports/accession_monitoring_report/

32. SLIM (2007) Migrant Workers in the South West Exeter: Skills and Learning Intelligence Module www.swslim.org.uk/downloads/sl2561.pdf

By contrast, only seven percent of migrants in Hull brought dependents (children, partners, or both) during 2006-2008. Whilst this is low relative to Bristol, primary school pupils of 'Any Other White' ethnicity have increased from 1.2 percent in 2006 to 3.9 percent in 2008, and secondary pupils from 1.4 percent to 3.1 percent.[33] This increase may reflect the recent rise in the intended length of stay in Hull (Figure 10). The majority of migrants in Hull, however, continue to be male (Figure 6, Annex 1).

Figure 11: Number of migrants bringing dependents in Bristol & Hull (2006-2008)



Source: Home Office, 2008, Workers Registration Scheme data.

"The implications of longer-term residence will be very different to managing short-term flows"

Overall, whilst a high proportion of migrants were uncertain regarding their intended length of stay in Bristol, the data on dependents and qualitative evidence suggests that migrants are more likely to settle, relative to their Hull counterparts. This suggests that there should be a shift away from thinking of all A8 arrivals as 'migrants'. What many cities, such as Bristol, are dealing with are 'immigrants' - with rights of domicile and employment.[34] The implications of longer-term residence will be very different to managing short-term flows.

The impact of the recession

Although A8 movements are widely perceived to be circular (meaning that they travel back and forth from their home country, and stay for different lengths of time), this study found that semi-permanent communities (those staying for more two years) are also beginning to form. The research found no evidence of a 'mass exodus' in response to the recession in Bristol or Hull.

As the global downturn begins to affect A8 countries, the majority of migrants interviewed in both cities felt that it was easier to find a job in the UK during the recession than it was in countries such as Poland. The majority of migrants interviewed felt that, if they did lose their job, they would be able to remain in the city and find a new one. Migrants perceived their flexibility to work in any job meant that they were less likely to be unemployed relative to the local workforce.

33. Hull Children and Young People's Services, 2009
34. A8 immigrants are those that plan to stay in the UK, to settle here with their families and not return to their country of origin for a prolonged period of time.

The continuing cost of living and wage differentials was still a strong pull (and retention) factor. *'There is a limit to how much [A8] immigration figures will fall. A higher standard of living exists in Britain than many other countries, even during a recession'.*[35] In support of this, Polish community groups in Bristol reported an increase in demand for support with family welfare issues, and there was a slight increase in the number of benefit claimant enquiries in both cities.

Summary

In determining the economic impacts from A8 migration, not only is the city's economic make-up relevant, but also the types of migrants that are attracted to each city. Bristol and Hull have attracted different kinds of A8 workers. We should not think of them as a uniform group. In Hull, migrants are more likely to be older, male and Polish, and come without dependents. Bristol has received a higher number of female migrants and there is qualitative evidence to suggest that they intend to stay longer. More generally A8 migrants make up a much larger proportion of all migrants in Hull than in Bristol. Although the data is only available up to June 2008, before the onset of the recession, qualitative evidence did not reveal an exodus of migrants, or a reversal of decisions to bring dependents.

"Bristol and Hull have attracted different kinds of A8 workers. We should not think of them as a uniform group"

It is clear that whilst a significant proportion of migrants intend to stay for only a short period of time, others will settle. It may be time to stop thinking of all A8 arrivals as 'migrants'. Cities, such as Bristol, should be thinking about how to integrate 'immigrants' into the local economy, to maximise the benefits for local businesses.

35. Stakeholder interview, migrant recruitment agency, Bristol

The economic impact of migrant workers

Due to the paucity of available data, this section draws more heavily on the findings from the stakeholder interviews to examine the impact of A8 migrant workers on:

- **The demand side:** Which businesses in Bristol and Hull are benefiting from migrant labour, how are they benefiting, and what impact has the recession had?
- **The supply side:** How are migrant flows affecting the size, skill level and flexibility of city labour markets? Is there evidence of displacement of local labour, and how are migrants reacting to the recession?

"Businesses in Bristol and Hull have been the key beneficiaries from A8 migration"

The demand side: the impact on business and enterprise

Businesses in Bristol and Hull have been the key beneficiaries from A8 migration, benefiting from access to a wider pool of skills and labour. Businesses were unanimous in their positive attitudes towards employing migrant workers - pointing to an increase in retention rates, productivity, and a decline in hard-to-fill vacancies. *'A8 migration has helped local businesses to become more competitive by providing motivated, hard working employees.'*[36]

What businesses have benefited?

Although migrant workers are heavily skewed towards low value sectors and entry-level occupations in both cities, there are clear differences between Bristol and Hull, reflecting their divergent economic profiles:

- In Hull, an analysis of migrant registrations by occupation reveals that the vast majority work as process and warehouse operatives, packers, mechanics and in food processing (76 percent, Figure 12).
- An analysis of migrant registrations by industry (Figure 7, Annex 1) shows that over 80 percent of migrants work in the administration, business and managerial services sector. This industrial classification masks the high proportion of A8 workers who are registered with recruitment agencies, and are predominantly employed in factory work.[37]
- Data from the Annual Population Survey supports these findings, with the majority of respondents working in elementary occupations in the food processing industry, particularly in meat and poultry.[38]

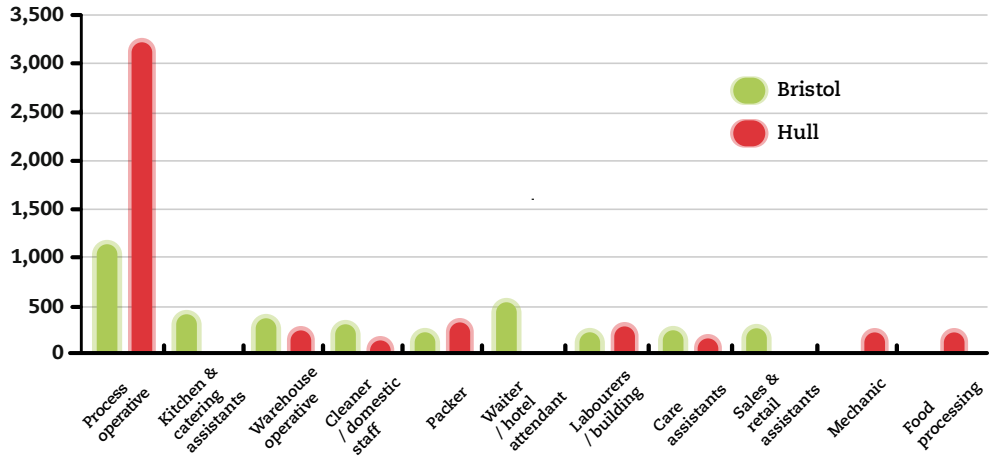
36. Local business interview, Bristol
37. Adamson S & Craig G (2008) Migrant workers in Hull. Unpublished report for Centre for Cities. Centre for Research in Social Inclusion and Social Justice, University of Hull. Due to the small samples used at the city level in Labour Force Survey data, the study was unable to uncover the proportion of migrant workers who accessed work through recruitment agencies. Interviews with migrant workers and local businesses in both cities, however, indicated that this is most likely to account for the 'black box' that is the administration, business and managerial services sector. The Accession Monitoring Reports confirm that the majority of A8 workers in this sector are comprised of agency work. Current estimations indicate that approximately 30 percent of A8 migrants are likely to be working with an agency, nationally (see Jayaweera H & Anderson B (2008) Migrant Workers and Vulnerable Employment: A Review of Existing Data Oxford: Compas). There is no question about working through agencies in the WRS or NINo form.
38. Adamson S & Craig G (2008) Annual Population Survey – Analysis of respondents of A8 countries who have arrived in the UK in 2004 or later. Unpublished report for Centre for Cities. Centre for Research in Social Inclusion and Social Justice, University of Hull.

In Bristol, A8 migrants registered in a much broader range of sectors, reflecting Bristol's diverse economic structure:

- In Bristol, although approximately half of migrants work as process operatives, warehouse operatives and packers, A8 migrants also work in a diverse range of other occupations - including catering, as waiters/ waitresses, labourers/builders, carers and in retail (Figure 12).[39]
- This is reflected in the industrial profile of migrant workers (Figure 7, Annex 1) - where A8 migrants are registered in hospitality (22 percent), manufacturing (seven percent), construction (five percent), retail (six percent), health (six percent) and directly in the transport sector (six percent).
- Again this division was reflected in data analysed from the Annual Population Survey. A8 migrants were working in a wider range of industries, including in hotels and restaurants, factories, and the transport sector. Migrants in Bristol were less likely to be in working in elementary occupations, relative to migrants in Hull.[40]

"In Bristol A8 migrants registered in a much broader range of sectors"

Figure 12: A8 WRS registrations by occupation, Bristol & Hull (2004-2009)



Source: Home Office, 2008, Workers Registration Scheme data.
This chart shows the top eight or nine occupations only where migrants are registered as working in each city, and takes no account of workers leaving the UK or changing jobs.

The impact on vacancy rates

A central argument for allowing economic migrants into the country is that they can help to meet unmet demand by filling vacancies in the labour market. An influx of migrant labour can also help businesses to expand - creating additional jobs, and reducing the downward pressure on wages. The number of job vacancies was analysed in each city to ascertain whether the number of available positions had changed since accession.

An analysis of vacancy data in Hull and Bristol did not reveal any clear trend in the number of available jobs - even for migrant rich occupations, such as plant operatives (Figures 8 - 12, Annex 1). In Hull, this was reflected in interviews with local businesses, where there were mixed responses regarding levels of pre-accession labour demand.

39. Gora O & Singleton A (2009) Migrant Workers in Bristol and the South West A report for the Centre for Cities, unpublished
40. Adamson S & Craig G (2008) Annual Population Survey – Analysis of respondents of A8 countries who have arrived in the UK in 2004 or later. Unpublished report for Centre for Cities. Centre for Research in Social Inclusion and Social Justice, University of Hull.

Nevertheless, interviews with food processing employers revealed that up to 60 percent of the workforce were from A8 countries. These businesses were concerned that, if migrants did return home, they would face recruitment problems.

In Bristol, many employers reported a sharp decline in job vacancies post-accession - reflecting the city's previously tight labour market. A8 migration was reported to have played a central role in supporting the provision of essential public services, such as care workers and bus drivers. The majority of these positions were described as 'hard-to-fill', due to their low status and low levels of pay.

Over the past three months, the recession has resulted in a sharp decline in vacancy rates in both cities, but particularly in Bristol (Figure 3). This was evident from interviews with employers, none of whom were hiring at the time of writing. Transport and hospitality employers had put recruitment on hold. Retail and in particular construction employers had laid off staff, including A8 migrant contractors. Levels of staff turnover were reported to have dropped significantly, and there were reports of an increase in local people applying for these jobs.

"In both cities average migrant wages were found to be considerably lower than the average city wage"

Are businesses getting more for their money? Working hours and wages

Economic migrants can be beneficial to businesses by giving them access to a cheaper and more flexible labour force.

In both cities average migrant wages were found to be considerably lower than the average city wage, reflecting the migrants' occupational profile. The average A8 wage in Bristol is £6.40 per hour (compared to the city average of £11.44) and in Hull £5.95, just above the national minimum wage of £5.73 (compared to a city average of £9.79).[41]

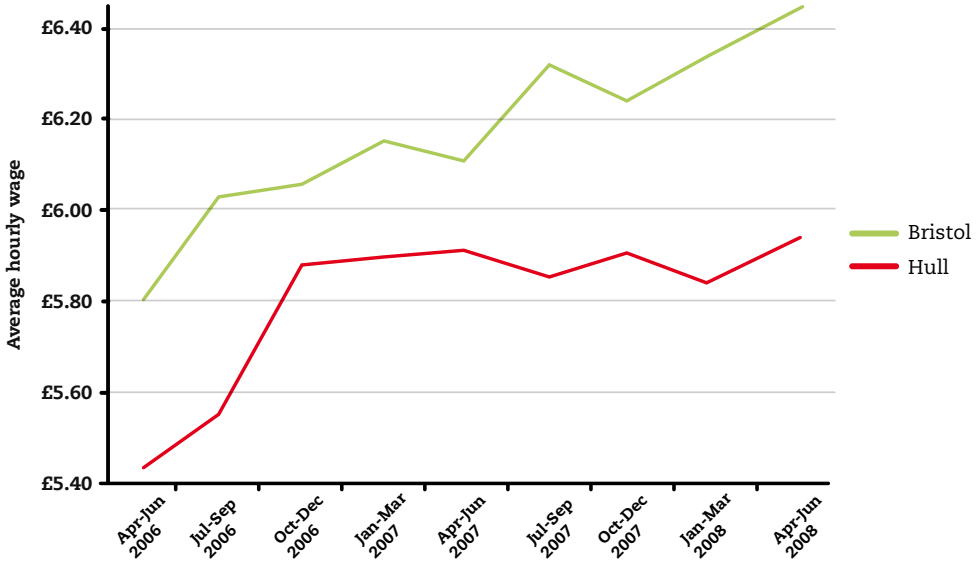
Since 2007, the A8 wage gap has widened between the two cities. This reflects Bristol's higher living costs, higher rates of economic growth, and the diversity of sectors within which migrants work relative to Hull. This could also indicate that A8 migrants in Bristol have higher level skills.

Figure 13 shows the trends in A8 wages in both cities overtime. The increase in A8 wages in Bristol follows the wider city trend, where wages increased from £10.74 to £11.44 during 2006-08. In Hull, whilst the average city wage has increase from £8.80 to £9.79, A8 wages have remained close to the minimum wage (see Figures 13 and 14, Annex 1).

Despite the low average rates of pay, qualitative evidence in Hull did not point any wage dampening impact as a result of A8 migration. National minimum wage legislation was thought to have helped to prevent wages from falling further. The counterfactual of this is that, without A8 migration, wages could have risen to a level that would have provided a financial incentive for benefit dependents to seek work. Many businesses, however, would have struggled to survive.

41. ONS annual survey of hours and earnings - resident analysis, NOMIS, 2008

Figure 13: Average Hourly Wage for A8 workers, Bristol & Hull



Source: Home Office, 2008, Workers Registration Scheme data.
The average wage per quarter was calculated by taking the mid-point of each wage segment (e.g. the mid point of £3.00-£3.80 is £3.40).

"Without A8 workers, several employers said that they would have had to raise wages"

In Bristol, the qualitative findings differed by sector - with the hospitality and construction industry most likely to report wage suppression, than sectors with a strong trade union presence, such as the transport sector. '*Before 2004, there was a labour shortage, so wages were higher*'.[42] Without A8 workers, several employers said that they would have had to raise wages in order to attract the local workforce into these positions. Businesses reported that they were unable to do this - due to competitive pressure, or public sector funding formulae (as in the health sector).[43]

It was clear from the interview results that A8 migrants were prepared to work for less than local workers. There were anecdotal reports in Bristol of migrant workers being paid below the national minimum wage and of migrants working 50 hour weeks, and receiving two pay slips - masking the actual number of hours worked. This may be reflected in the data on the number of working hours, which appears to be significantly under-reported (Figure 15, Annex 1). The average migrant working hours (35.2 hours) is below the Bristol average (37.5 hours) - whereas the interview findings strongly suggest that the majority of migrants work more than full time.[44]

Migrant workers in Hull were found to work longer hours relative to their counterparts in Bristol (37.13 hours).[45] This may reflect the skew towards factory work, which often requires shift work and overtime. Many migrants in Hull were also reported to have at least two jobs.

42. Source: interview with local business, Bristol (conducted pre-recession)
43. Stakeholder interviews revealed that levels of pay, for example in the care sector (which accounts for a high proportion of hard-to-fill vacancies in Bristol), could not be raised due to the substantial gap between public sector funding and increasing levels of demand. This places restrictions on the level of funding local authorities are able to allocate.
44. Gora O & Singleton A (2009) Migrant Workers in Bristol and the South West A report for the Centre for Cities, unpublished
45. Adamson S & Craig G (2008) Migrant workers in Hull. Unpublished report for Centre for Cities. Centre for Research in Social Inclusion and Social Justice, University of Hull.

Entrepreneurship

Whilst data on self-employment rates was not available (migrants who are self-employed do not need to register for WRS), there was anecdotal evidence of migrant entrepreneurship in both cities - including a visible increase in the number of Polish-owned shops, cafes and restaurants. In Hull there were reports of migrants working as painters, plumbers and cleaners - often working on a cash-in-hand basis. In Bristol there was evidence of business cards offering translation, cleaning, and Polish recruitment services; construction contract workers, and a rise in the availability of Polish foodstuffs (Polish beer, sausages and bread).

The supply side: labour market impacts

A8 migration may have benefited businesses with hard-to-fill vacancies, but what are the implications for the supply side of the labour market? What skills do migrants bring, and what has this expansion in the labour force meant for the existing workforce, in the recession?

"There was evidence of significant under utilisation of skills in Bristol"

Skills

Migration has the potential to have a positive impact on city economies through raising the local skills profile - this can help to unlock the potential of businesses through increasing productivity.

Little evidence of this, however, was found in Bristol and Hull. Although there was anecdotal evidence of migrants possessing higher level skills, A8 migrants were found to be significantly under-employed.[46] The extent and nature of this was different in the two cities, reflecting their sectoral composition and the skill levels of migrants.

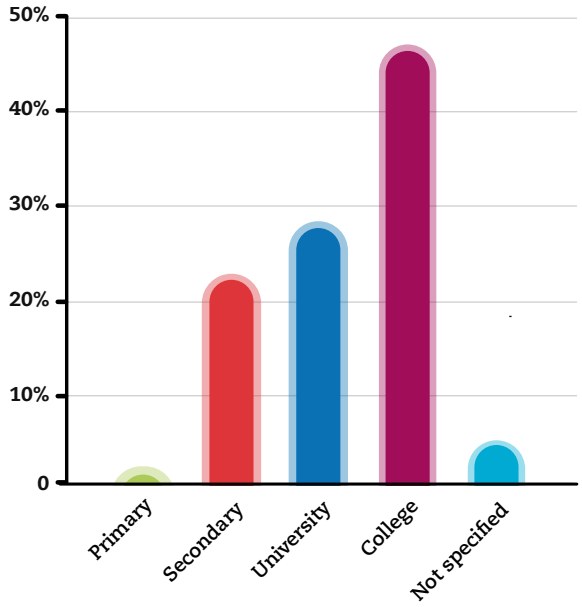
Analysis of the Annual Population Survey found statistically significant differences between the two cities regarding the age of completion of full time education (Table 3, Annex 1). The average age for A8 migrants in Bristol was 22, three years later than Hull. The majority of A8 migrants responding to the survey in Bristol had continued onto further education. A8 migrants in Hull were much more likely to have left school between the ages of 16 and 18 years old.[47]

In support of this, qualitative interviews in Hull showed that, although migrants were often under-employed, they were not substantially over-qualified. Migrants were, for example, down-grading from being a plumber to a machine operator. The interview findings revealed that most were not considering moving into other work, largely because they did not see many opportunities.

By contrast, there was evidence of significant under utilisation of skills in Bristol. Local research conducted on Polish migrant workers in Bristol found that amongst 107 respondents, 45 percent had received a college education and 28 percent had gone to university (Figure 14). This was strongly reflected in the migrant interviews, where the majority of interviewees held level 4 qualifications, but were performing entry-level tasks.

46. Stakeholder interviews, Bristol and Hull
47. Adamson S & Craig G (2008) Annual Population Survey - Analysis of respondents of A8 countries who have arrived in the UK in 2004 or later. Unpublished report for Centre for Cities. Centre for Research in Social Inclusion and Social Justice, University of Hull.

Figure 14: Education level of Polish migrant workers, Bristol (2007)



Source: Anglo-Polish Society, Bristol City Council and Gloucester City Council (2007) Polish community in Bristol and South Gloucestershire. www.bristol.gov.uk/ccm/cms-service/stream/asset/?asset_id=24273040

"Some of the skills migrants claim to possess are key shortages in the Bristol economy"

Under-employment in Bristol was first and foremost put down to a language barrier. Over time, the role played by migrants was found to change. As their language skills improved, migrant workers progressively moved onto higher skilled positions. As a secondary issue, problems were reported in the recognition of foreign qualifications - in particular teachers, nurses and midwives. This was put down to a cost and awareness issue. '*Many migrants do not realise this until they arrive and do not have the financial resources to get this [accreditation] done before they come over*'.[48] But this was also due to the fact that many employers often did not hold a degree from a Polish university in the same regard as one from a known UK university.

The often cited motivational issue for A8 migration - the principal reason being to earn money and learn English, as opposed to migration as a career move - was supported in the interview findings. Nevertheless, all but one interviewee in Bristol was keen to use their skills, and frustrated at not being able to do so. Some of the skills migrants claim to possess - notably social workers, nurses, engineers and teachers - are key shortages in the Bristol economy, and listed on the national shortage occupation list.

The willingness of migrants to use their skills reveals scope to use ESOL and improve the recognition of foreign qualifications as levers to maximise the economic impact from migration, in the longer term. Scope to achieve this is more limited in Hull, where there are limited employment opportunities to enable higher skilled migrants to upgrade.

48. *Interview with employment and skills agency, Bristol*

Impact on training

No evidence was found in either city that employers were avoiding training local people because they were able to draw on a ready supply of migrant workers. The majority of vacancies migrants were filling did not require much training. Migrant workers in Bristol, however, were generally perceived as keen to learn and receive training, relative to the local workforce.

A few of the larger employers in Bristol, such as First Bus, did provide ESOL training to A8 migrant workers - as public provision did not fit around the shift patterns of drivers. Many employers and public sector stakeholders stressed the need for more flexible ESOL provision to fit around working hours, and for courses to provide 'employability' ESOL. Poor English language skills were reported to be a particular problem when businesses recruited through migrant agencies.

"Bristol's 'hard-to-fill' vacancies are becoming less 'hard-to-fill', in the recession"

Other businesses, notably factories in both cities, employed Polish shift managers with a good command of the English language to act as intermediaries between management and the workforce. In Hull, due to the dominance of factory work, where there is less demand for English language proficiency, this was less of a business concern.

For migrants in Hull wanting to improve their English language skills, ESOL provision was found to be flexible around working hours. There continued to be reports, however, of irregular shift hours preventing migrants from accessing provision.

Displacement impacts

Simple arithmetic would suggest that, given the same number of jobs in a local economy, an increase in the number of migrant workers would create more competition for available positions. British residents may be unable to compete, or may be pushed out in preference for migrant workers.

In reality, labour markets are more complex. The number of jobs in a local economy is far from static, and an influx of migrant labour may help businesses to expand, creating additional jobs at the lower end of the labour market. Businesses can also have unfilled vacancies, as in Bristol's 'hard-to-fill' occupations - notably bus drivers, care workers and in the hospitality industry construction sector - where migrants can help to fill unmet demand. In addition, immigrants themselves can contribute to demand for goods and services, in turn increasing demand for labour.

Prior to the recession, stakeholder interviewees in both cities strongly questioned any displacement impact:

- Migrants were doing the jobs locals would not do. Given the nature of the work and levels of pay – minimal competition was identified between local people and A8 migrant workers in both cities.

- Although there was no clear evidence of business expansion, A8 migration had enabled businesses to survive in the face of labour shortages. This was particularly the case in Bristol, where several firms said that, without A8 migrant workers, they would not have been able to continue - *'houses would not have been built'*.[49]

- In both cities, long-term benefit dependency was identified as a reason for the lack of competition. Long-term claimants, such as incapacity benefit claimants, were a significant distance from the labour market - regardless of the number of migrant workers.

In a recession, however, the above factors will not necessarily hold true. Businesses are more likely to downsize, or close, than expand. As vacancies decline, and JSA claimant rates rise, this could result in increased competition for fewer jobs – including for previously 'hard-to-fill' vacancies.

"Long-term claimants were a significant distance from the labour market - regardless of the number of migrant workers"

In Bristol, this is tentatively supported by reports from local employers of an increase in the number of local people applying for positions traditionally taken up by migrant groups. This indicates that the recently unemployed are starting to widen their labour market search. Bristol's 'hard-to-fill' vacancies are becoming less 'hard-to-fill', in the recession.

In both cities, there were reports of raised employer expectations – reflected in a (pre-recession) preference amongst some employers towards employing migrant groups. Employers consistently cited work ethic and 'soft' skills, as opposed to 'hard' skills, as the key benefit of employing migrant workers. Notable attributes include motivation, punctuality, reliability and lower levels of absenteeism - attributes stated as lacking in the local workforce.[50] Looking forward, this could point towards more direct competition with local workers, as the recession deepens.

The labour market impacts from A8 migration in the recession, however, will be different in Bristol and Hull - reflecting the type of migrants attracted, their length of stay and the structure of each local economy.

In Hull, migrants are predominantly employed in factory work, especially in food processing and packing, channelled through recruitment agencies - many were (unofficially) 'Polish only'. Unless you were Eastern European, recruitment agencies were unlikely to put you on their books. This may have prevented the same vacancies from being advertised to local people.

In Bristol, there was anecdotal evidence that migrants held higher level skills. Migrants with dependents are more likely to be attracted to the city, and there was greater evidence of settlement. Migrants are employed in a wider range of sectors, and utilise a variety of recruitment channels - ranging from migrant recruitment agencies and word of mouth, to general recruitment agencies, such as Jobcentre Plus, in addition to direct job applications to employers. Taken together, these factors could point to more direct competition, relative to Hull, as employment opportunities decline.

49. Interview with local business, Bristol
50. 'Soft' skills include interpersonal skills (such as team work and the ability to communicate), but also refer to attributes such as time keeping, and attitude to work. 'Hard' skills, by contrast, are more immediately visible and can be quantified/measured - such as a diploma, or university degree.

Summary

Pre-recession, A8 migrants are found to work in 'hard-to-fill' vacancies, where there was little competition with the local workforce. Although wages could have risen, had immigration not occurred, many businesses would have struggled to survive. In the recession, however, hard-to-fill vacancies are becoming less hard-to-fill. This could result in increased competition for fewer jobs. The labour market impacts will, however, play out very differently in each city.

In Hull, the majority of migrants are engaged in factory work, with recruitment agencies as the key intermediaries. This may have helped to create a 'dual labour market' in the city, preventing direct competition with the local workforce. In the short term, closer working with recruitment agencies will be important - if cities are to access better information on entry-level jobs, and how these are being filled. In the longer term, measures to tackle benefit dependency, will be key to incentivise local people into work.

In Bristol, migrants are more likely to have higher skills, work in a wider range of sectors, and utilise a variety of recruitment channels. There was also greater evidence of A8 settlement, despite the recession. This may point to more direct competition with the local workforce, in the future. Given that migrants were significantly under-employed, and are more likely to contemplate longer term stays – measures to help migrants use their skills will be important to maximise their economic impact, in the longer-term.

"In the longer-term, measures are required to 'make work pay' for local benefit claimants"

Policy recommendations

This study reveals the complexity of labour markets. The real barrier to work for local residents is not migration, but the workings of the welfare system (the 'benefits trap'), job quality (hard-to-fill vacancies) and a 'soft' skills deficit amongst the local workforce (in contrast to migrant workers 'work ethic'). Left unaddressed, these factors will continue to keep long-term benefit dependents out of the labour market, regardless of migration.

As the recession deepens, and vacancy rates decline, there has been no exodus of A8 workers from either city. This imbalance of labour supply versus demand could point to more direct competition with the newly unemployed. This study shows that the impacts will play out very differently in each city.

"This imbalance of labour supply versus demand could point to more direct competition with the newly unemployed"

Bristol

In Bristol, the evidence suggests that a higher proportion of immigrants are settling in the city compared to Hull, despite the recession. It is time to stop thinking of A8 arrivals as 'migrants'. Rather, the City Council and partners on the Employment and Skills Board should be thinking about how to integrate 'immigrants' into the local economy, as part of the local workforce. Given their prevalence in lower value sectors and occupations that are expected to be hit the hardest from the recession, measures need to be in place to keep immigrants, as well as the local population, in work. In the longer-term, businesses should be encouraged to make full use of their skills - this will maximise their economic contribution, and help to fill the skill gaps that are expected to re-emerge in the upturn.

- In the short-term, the West at Work, functioning as the Area Action Force for the city-region, will need to ensure that existing measures to promote business and job retention extend support to immigrants, as well as the local population.
- In the longer-term, Bristol City Council and the West of England Employment and Skills Board should implement an immigrant economic integration strategy, to ensure that longer-staying A8 workers make the maximum positive contribution to the city economy. The strategy should better tailor existing provision to the needs of A8 arrivals. This should complement efforts to help the local population into work, not replace it. The strategy should include ways to improve:
    - The flexibility of ESOL provision: through joint working between the Learning and Skills Council and City of Bristol College to tailor provision to business demand, including provision during out of work hours and at relevant levels, focusing on 'employability English'. The Employment and Skills Board and West at Work should engage businesses in course development. Employers should also be encouraged to offer publicly funded ESOL provision, and to make up for any shortfalls by funding provision themselves (as they are the key beneficiaries of immigrant labour).

- Employment and skills agencies should work more closely with employers to promote the progression of A8 workers into jobs in line with their skill levels, encourage the recognition of foreign qualifications, and provide assistance in helping immigrants access mainstream vocational provision. Employment and training agencies should also work more closely with third sector organisations (often the support agency of choice for A8 arrivals) to raise awareness of wider labour market opportunities and encourage them to use their skills.

Hull

A8 migration patterns in Hull have been more short-term than those in Bristol. The city needs to manage the way these flows have effectively created a 'dual labour market', with little interaction between A8 workers, and the rest of the local population. In the recession, there will be greater pressure to open up these channels of work.

- In the short-term, Hull City Council, East Riding and Jobcentre Plus should focus on improving relationships and joint working with migrant recruitment agencies. This will improve information on entry-level job opportunities for all workers, and help break down the 'silos' forming in the local labour market.

- In the longer-term, measures are required to 'make work pay' for local benefit claimants - who currently have insufficient financial incentive to take up entry-level jobs, unlike immigrants. Strategies to deliver this are the focus of a separate Centre for Cities report written for Hull City Council (forthcoming).

All Cities

All cities need to do more to understand and integrate A8 immigrants into their local economy.

- Councils should use the new local economic assessments to measure immigrants' role in, and contribution to, city-regional/sub-regional labour markets.

- This information should be used to inform local training provision, to ensure the local workforce has the skills necessary to access the new jobs that will be created in the upturn. This should include using devolved 14-19 education (from 2010) as a lever to ensure that young people have the 'soft' skills local businesses claim are the reason they prefer A8 workers.

Whilst this report, and the policy recommendations made, are aimed at cities, the findings underline the importance of central government pushing even harder to break down worklessness and the benefits trap.

"The findings underline the importance of central government pushing even harder to break down worklessness and the benefits trap"

Acknowledgements

Centre for Cites would like to acknowledge Sue Adamson and Gary Craig (University of Hull) and Olga Gora and Ann Singleton (University of Bristol) for their quantitative analysis of WRS, NINo and Jobcentre Plus vacancy data.

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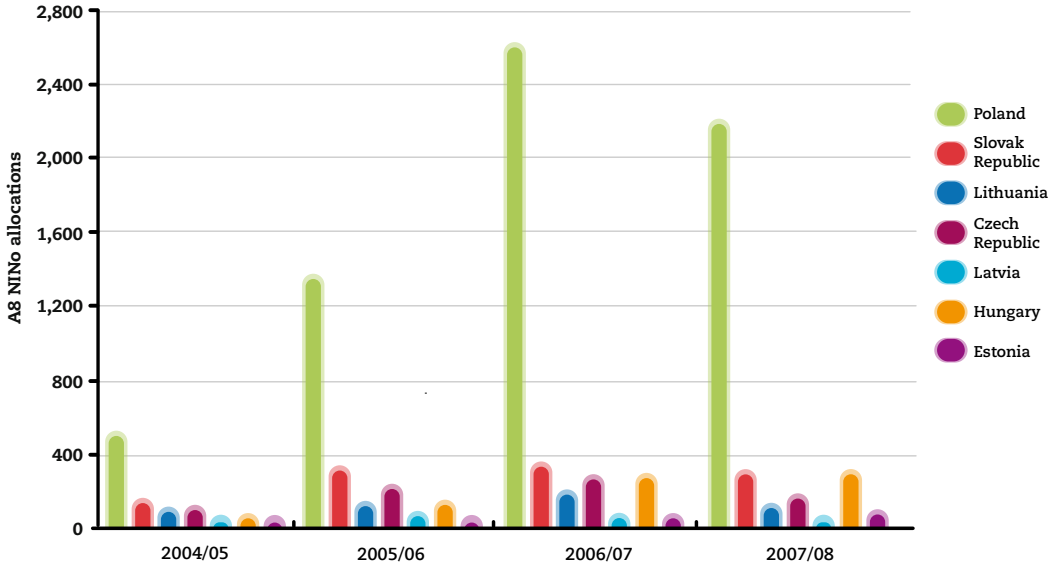
Annex 1: Additional data

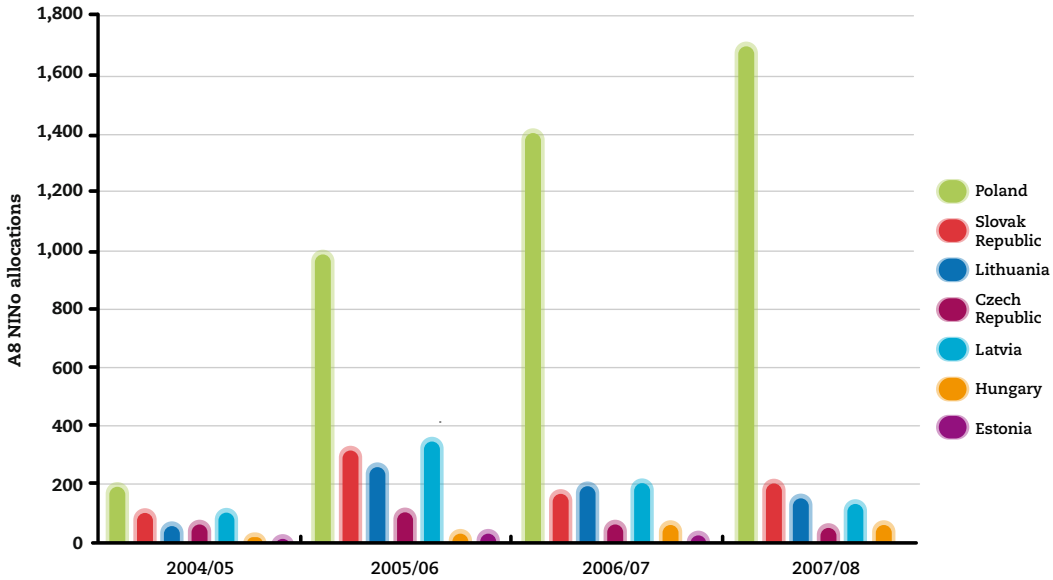
The majority of A8 migrants in Bristol and Hull are Polish.

Figure 1: A8 NINo allocations by year, Bristol



Source: Department for Work & Pensions, 2008, NINo data.

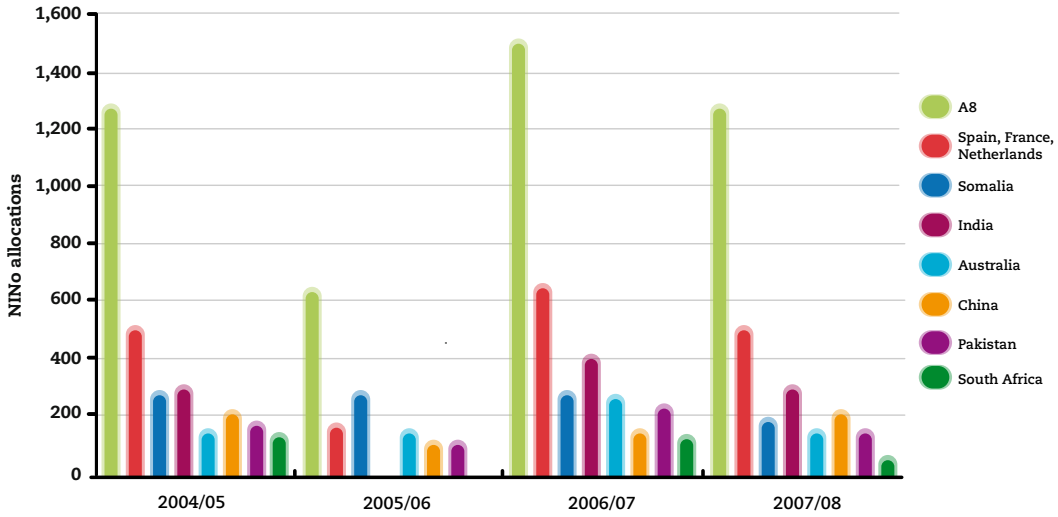
Figure 2: A8 NINo allocations by year, Hull



Source: Department for Work & Pensions, 2008, NINo data.

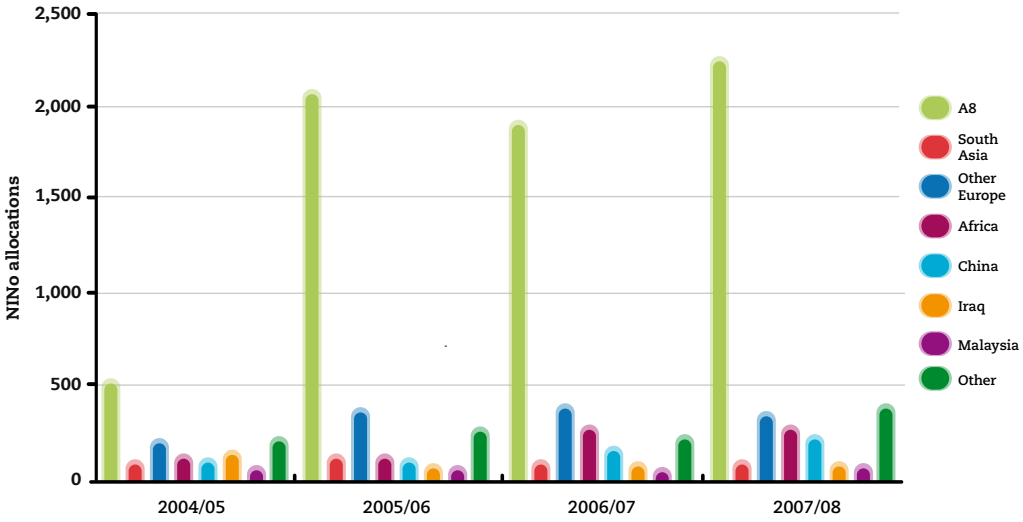
In Hull, the immigration story is about A8 migrants. In Bristol, A8 migrants are only part of the story.

Figure 3: Migrants from other countries by year (NINo allocations), Bristol



Source: Department for Work & Pensions, 2008, NINo data.

Figure 4: Migrants from other countries by year (NINo allocations), Hull



Source: Department for Work & Pensions, 2008, NINo data.

Bristol's population increased by 6.8 percent between 1997 and 2007, above the national average. Hull's population has only recently started to stabilise after years of decline. Since 2001 there has been a 2.8 percent increase in the population, the majority of which occurred after accession.

Table 1: Population change, Bristol & Hull

Year	Kingston upon Hull	Yorkshire & Humber	Bristol	South West	Great Britain
1997	261,900	4,957,600	389,200	4,827,300	56,643,000
1998	259,800	4,957,700	389,400	4,849,500	56,797,200
1999	255,900	4,956,300	391,000	4,881,000	57,005,400
2000	252,300	4,958,600	390,400	4,917,100	57,203,100
2001	249,900	4,976,600	390,000	4,943,400	57,424,200
2002	250,100	5,001,800	391,000	4,973,400	57,626,900
2003	251,300	5,027,500	393,500	5,005,000	57,854,700
2004	253,200	5,064,000	397,500	5,041,700	58,135,500
2005	254,700	5,107,500	405,600	5,086,700	58,514,000
2006	256,200	5,142,400	410,500	5,124,100	58,845,700
2007	257,000	5,177,200	416,400	5,178,000	59,216,200

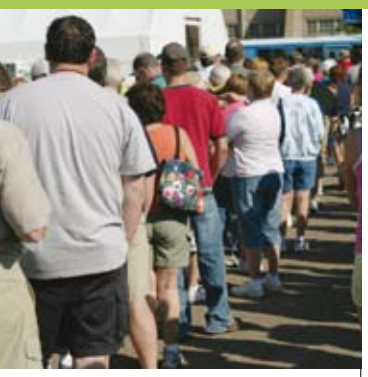
Source: NOMIS, 2008, ONS mid-year population estimates.

Although migrants in Hull have an older age profile, the vast majority are within the 18-24 year age bracket in both cities.

Table 2: Age of WRS registrations, Bristol (2004-2008)

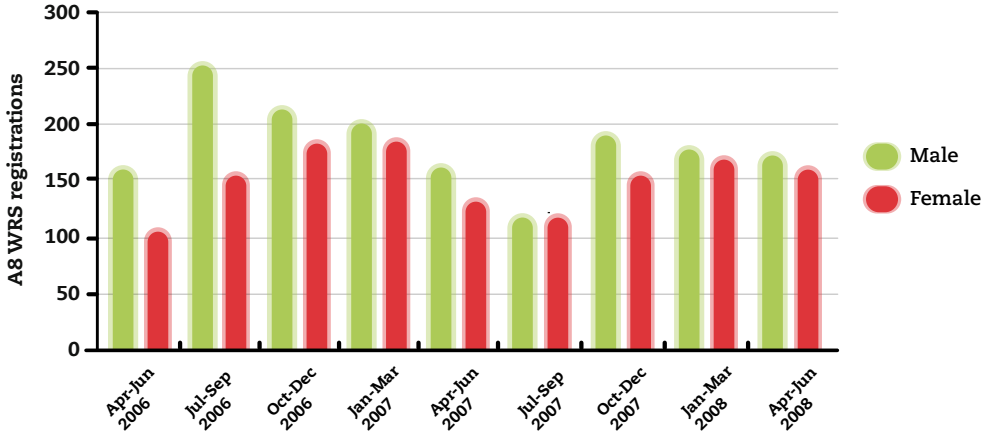
	<18	18-24	25-34	35-44	45-54	55-64	65+
Bristol	15	2,150	2,240	380	275	20	0
	(0.3%)	(42%)	(44%)	(7%)	(5%)	(0.4%)	
Hull	0	2,075	1,790	735	505	45	0
		(40%)	(34.8%)	(14.3%)	(9.9%)	(0.9)	

Source: Home Office, 2008, Workers Registration Scheme data.



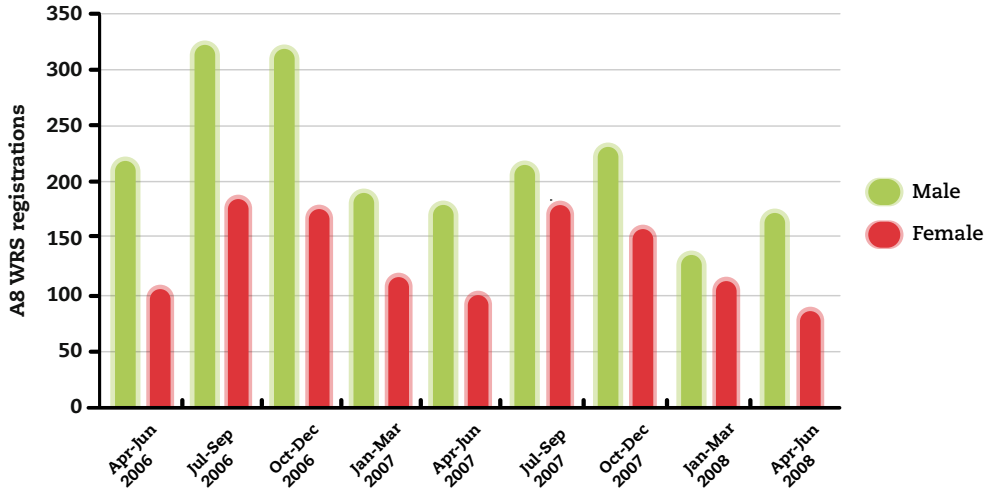
Over time, the gender gap in Bristol has narrowed. In Hull a larger majority of migrants are male.

Figure 5: Variation in gender over time, A8 WRS, Bristol



Source: Home Office, 2008, Workers Registration Scheme data.

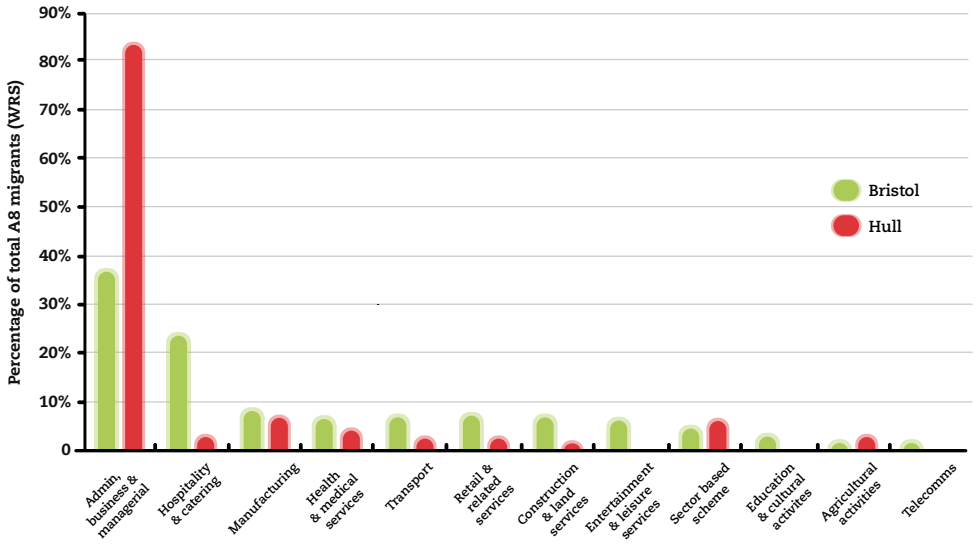
Figure 6: Variation in gender over time, A8 WRS, Hull



Source: Home Office, 2008, Workers Registration Scheme data.

Migrants in Bristol work in a much wider range of low value added industries. 38 percent of migrants work in the administration, business and managerial services sector. This is substantially lower than in Hull, and encompasses a high proportion working in factories, as well as in sectors such as transport, channelled through migrant recruitment agencies. In Hull, a much larger proportion of migrants are channelled through agencies to work in factories – subsumed under the 'administration, business and managerial' classification.

Figure 7: A8 WRS registrations by industry, Bristol & Hull



Source: Home Office, 2008, Workers Registration Scheme data.
In 2002, the Sector based scheme was introduced to enable migrants to work in the UK for up to twelve months to meet identified skills shortages. In response to the large wave of migration post-2004, particularly from Eastern Europe, the programme was to be phased out by December 2006. However, with the addition of Bulgaria and Romania to the EU on 01 January, 2007, the government decided to extend the programme to nationals of these countries. The sector based scheme currently only covers the food manufacturing Industry.

Figures 8-12 do not reveal any clear trend between the number of available jobs and the number of A8 migrant workers - even for migrant rich occupations, such as plant operatives.

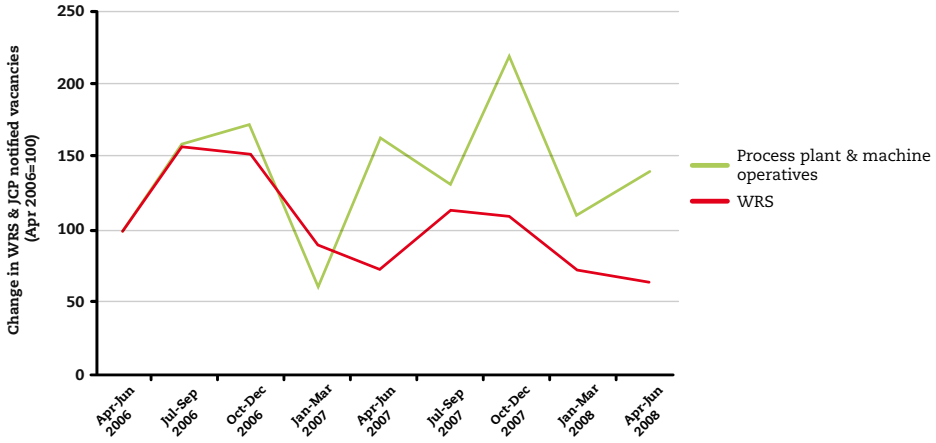
Figure 8: The relationship between the change of Migrants on the WRS and Vacancies (April 2006=100), Bristol

Source: Home Office, 2008, Workers Registration Scheme data. NOMIS, 2008, Jobcentre Plus vacancies, summary analysis.

Figure 9: The relationship between the change of Migrants on the WRS and Vacancies (April 2006=100), Hull

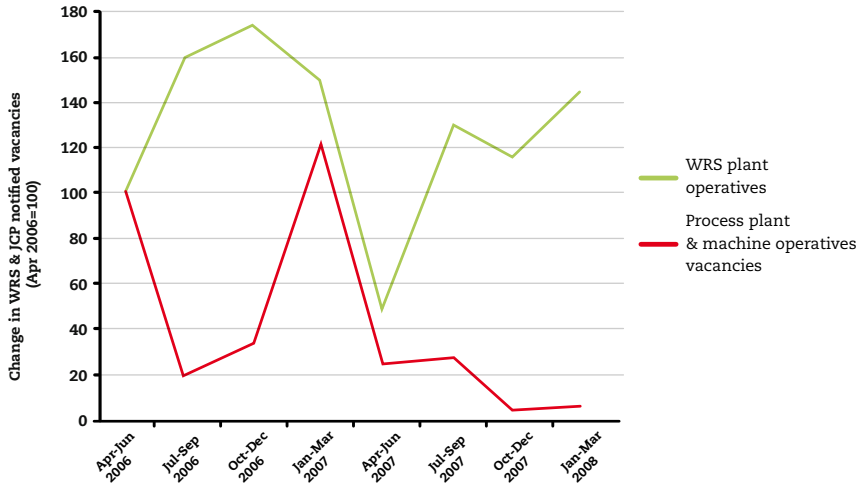
Source: Home Office, 2008, Workers Registration Scheme data. NOMIS, 2008, Jobcentre Plus vacancies, summary analysis.

Figure 10: Process plant and machine operatives vacancies compared to WRS numbers (April 2006=100), Hull



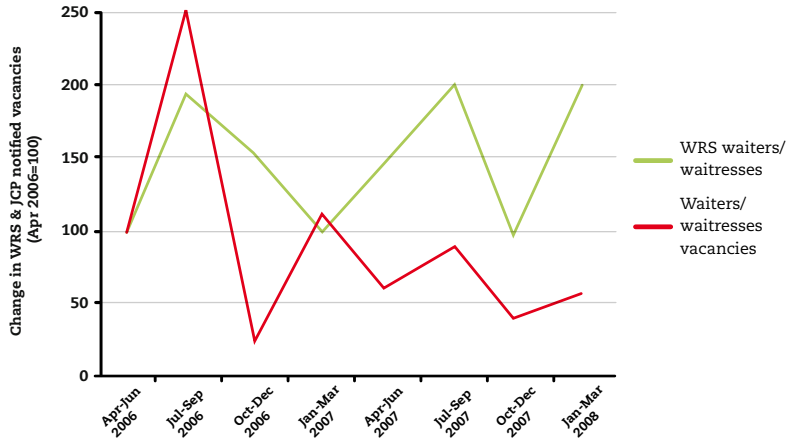
Source: Home Office, 2008, Workers Registration Scheme data. Hull Jobcentre Plus, 2008, JCP vacancy data.

Figure 11: Process plant and machine operatives vacancies compared to WRS numbers (April 2006=100), Bristol



Source: Home Office, 2008, Workers Registration Scheme data. Bristol Jobcentre Plus, 2008, JCP vacancy data.

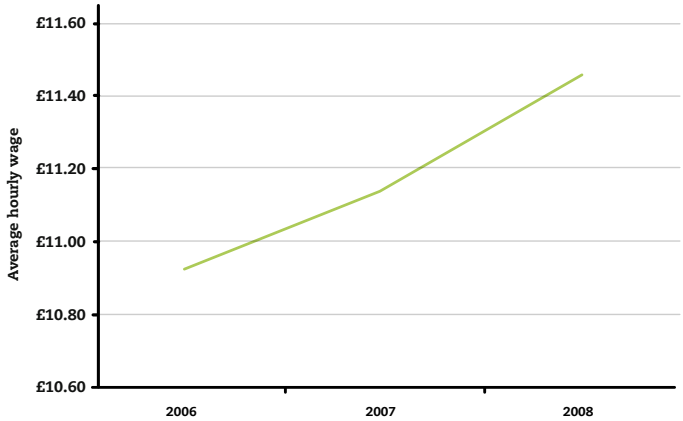
Figure 12: Waitress / waiter vacancies compared to WRS numbers (April 2006=100), Bristol



Source: Home Office, 2008, Workers Registration Scheme data. Bristol Jobcentre Plus, 2008, JCP vacancy data.

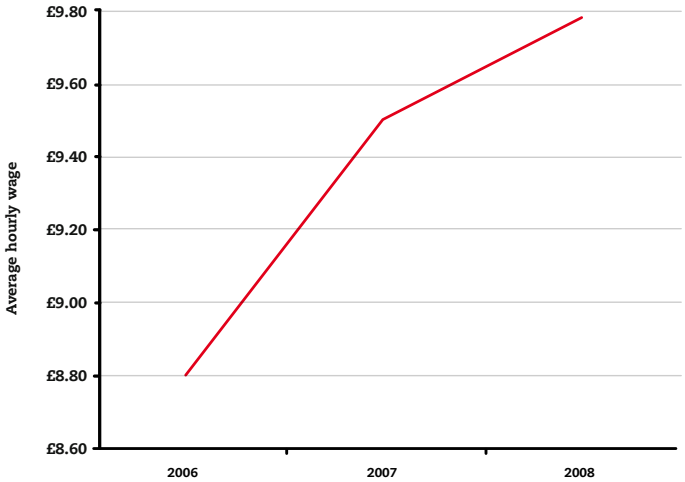
The average hourly wage in Bristol and Hull for all workers increased between 2006 and 2008. The trend in Bristol is similar to that of A8 workers. In Hull A8 wages have stagnated rather than grown.

Figure 13: Average hourly wage in Bristol for all workers



Source: NOMIS, 2008, ONS annual survey of hours and earnings - resident analysis.

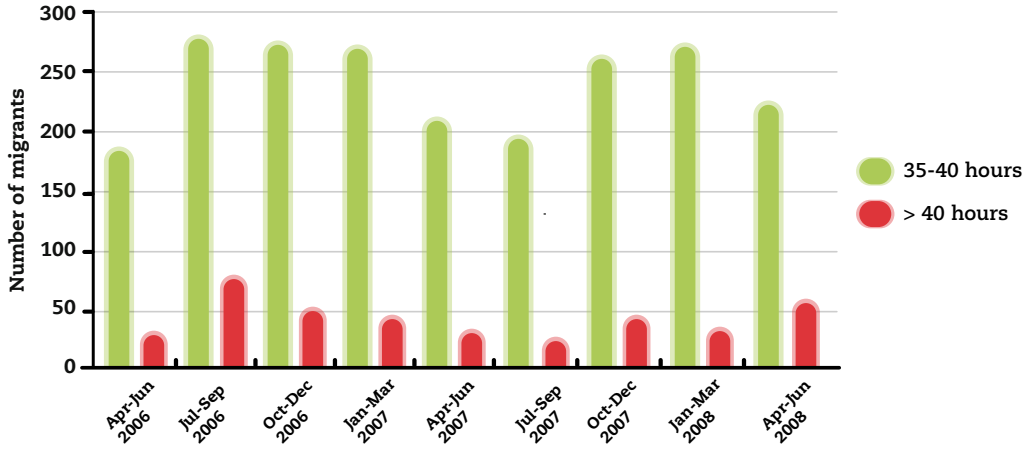
Figure 14: Average hourly wage in Hull for all workers



Source: NOMIS, 2008, ONS annual survey of hours and earnings - resident analysis.

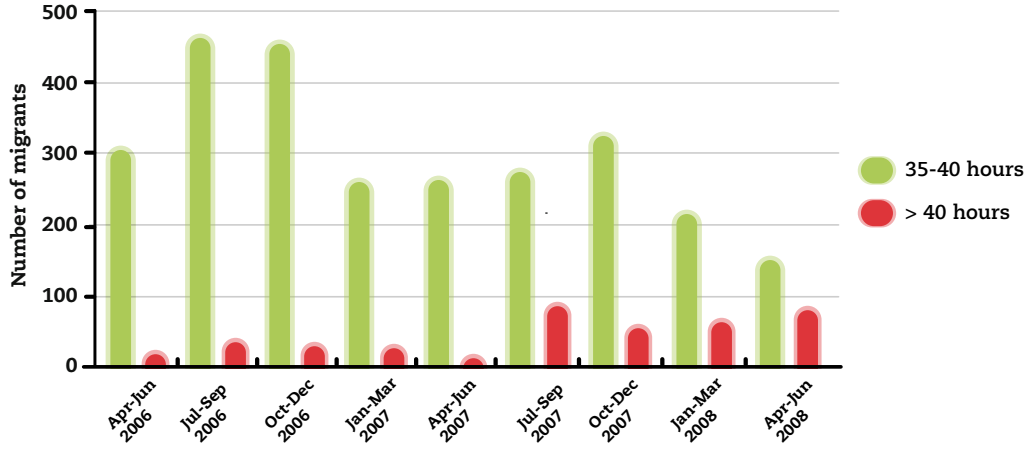
Migrants in Hull are reported to work longer hours than migrants in Bristol. Hull, in particular, has experienced a recent increase in the number of migrants working over 40 hours a week.

Figure 15: Hours worked per week, A8 WRS, Bristol



Source: Home Office, 2008, Workers Registration Scheme data.

Figure 16: Hours worked per week, A8 WRS, Hull



Source: Home Office, 2008, Workers Registration Scheme data.

The majority of A8 migrants responding to the Annual Population Survey in Bristol had continued onto further education. A8 migrants in Hull were much more likely to have left school between the ages of 16 and 18 years old.

Table 3: Age completed full time education taken from the Annual Population Survey

	Hull	Bristol
11-15	4	1
16-18	19	3
19-27	21	35

Source: NOMIS, 2008, ONS Annual Population Survey.

Table 4: A8 migration labour market impacts, Bristol & Hull

	Bristol	**Hull**
Population change	Rapid growth 0.7 percent per year (1997-2007)	Decline -0.2 percent per year (1997-2007)
A8 Migration flows	1168 percent increase (2004/05 - 2007/08)	1256 percent increase (2004/05 - 2007/08)
A8 settlement trends	Longstanding Polish community, and greater evidence of settlement	Small existing Polish community, new communities beginning to form
A8 recruitment channels	Diverse - from word of mouth to Jobcentre Plus	Migrant recruitment agencies dominate
A8 employment sectors	Factories, retail, hospitality, transport and care work	Migrants employed predominantly in food processing and packing
A8 skills-utilisation	Significant under-utilisation	Some under -utilisation
Wider labour market opportunities for A8	Opportunities for migrants to upgrade over time	Few higher skilled opportunities
Impact of the recession on vacancy rates	-59 percent decline (Jan 2008 - Jan 2009)	-45 percent decline (Jan 2008 - Jan 2009)
Impact of the recession on unemployment	1.1 percentage point increase in JSA claimant count (Jan 2008 - Jan 09)	2.6 percentage point increase in JSA claimant count (Jan 2008 - Jan 09)
Job competition	Little direct competition with the local workforce	Little direct competition with the local workforce
Impact of A8 on wages	Mixed reports from employers	No evidence
Increased competition in the recession?	Potentially more direct competition with local workers, as vacancies fall	The role of agencies helps to prevent direct competition

Annex 2: Migration data sources and limitations

There is no definitive way of measuring the size of the A8 migrant work force currently in the UK. The two available data sources that provide some indication of A8 migration trends are:

- National Insurance Number Allocations (NINo)
- Worker Registration Scheme (WRS)

The Worker Registration Scheme (WRS)

The Home Office, in collaboration with other Government Departments, administers the Worker Registration Scheme. It began in May 2004 and provides information supplied by citizens from A8 countries when they obtain a job in the UK. A8 citizens are required to re-register for subsequent jobs until they have worked a total of 12 out of 13 months. Applicants provide information about their employer, occupation type and wages, and a basic demographic profile including nationality, age and dependents. The benefits of registration include eligibility to obtain a residence permit after working for 12 months and, for migrant workers who become unemployed thereafter, to apply for benefits.

The National Insurance Numbers (NINo)

The NINo application process, administered by the DWP since 2002, provides intelligence on the profile and distribution of migrant workers. NINo registrations are required for employment, self-employment or to claim benefits or tax credits. Employment can begin without a NINo, but employers are asked to ensure that a number is obtained at the first opportunity. The process operates through Jobcentre Plus. The applicant's residential postcode is collected, alongside date of arrival in the UK, date of registration, country of origin, age and gender. Evidence suggests that some migrants take at least a year to register.

Data limitations

- Once an individual has registered they can come and go as they please. WRS and NINo data therefore does not tell us how many migrants are living or working in a city at any one period of time, or how long migrants remain in the UK.
- Migrants may register in one area, and work in another. This particularly seems to be the case in Bristol, reflecting the employment opportunities available in the wider region.
- WRS uses the employer address as the place of residence, which may not be the case, for example if migrants commute to work.
- The data sets do not provide any indication of movement of migrants within the UK.
- WRS data, in particular, can significantly underestimate the number of migrant workers in the UK:
  - Self-employed migrants – such as seasonal agricultural workers or construction contractors – are not required to register.
  - Once an individual has worked for 12 out of 13 months, employment moves do not need to be reported.
- The data does not provide the time of arrival to the area or country. Foreign nationals may have been in the area for some time before registering.

- Migrants may not register, or obtain national insurance numbers, because they work in the informal economy.
- Migrants may not register due to the high cost of registration (£90), and the lack of awareness of the legal requirement to do so. Evidence from the stakeholder interviews in Bristol reveals that many employers do not require workers to register, despite a penalty fine of up to £5,000 on employers. This may account for the discrepancy between the number of migrants registering under the WRS and the numbers of migrants registering for NINo.
- WRS includes a question on the number of 'intended' hours to be spent in work, but answers seem to significantly under-estimate the actual hours work. This may be because migrants believe that, by stating their full intended hours, they may have to pay higher taxes; due to work in the informal economy; or because migrants do not know so early on in their stay here.

Other data sources

The Annual Population Survey (APS): The APS can be used to build on the WRS and NINo data. It is a survey of 65,000 households, asking questions primarily about health, ethnicity, employment and education. It uses the Labour Force Survey as well as an APS boost sample which helps to ensure that there is a representative sample at local authority level.

The Labour Force Survey is the only regularly updated national source of data giving information on both the flows and stocks of foreign nationals living and working in the UK, the sectors migrants work in and their skill levels. It is a sample survey of households living at private addresses and is collected on a quarterly basis.

- The main difficulty with using the APS is the sample size of A8 migrants it captures at local authority level. Whilst it targets 510 economically active households at this geographical scale, the number of A8 migrants is very small. For instance, between 2004 and 2008 there was a total of only 46 A8 migrant respondents in Bristol, and 50 in Hull. Thus, not all of the analysis was deemed statistically reliable, and the data has to be triangulated against other findings.
- The APS uses the LFS were 99 per cent of the information is collected from private households; this underestimates the number of migrants living in caravan accommodation, for example many migrant workers in the agricultural industry.

Jobcentre Plus Data: JCP data reveals changing vacancy numbers both before and after A8 accession, sectoral breakdown of available jobs, and changing employment rates. This will provide a fuller picture of the labour market changes in Bristol and Hull. However, not all vacancies are registered with JCP – the statistics are therefore estimations.

Data improvements

The Office of National Statistics has an ongoing programme to improve collection of migration data including: procurement of a comprehensive system to track both in and out-flows of migrants for first time, and making more effective use of existing administrative and survey data sources.