

Migration from Bulgaria and Romania: Lessons from the most recent enlargement

On 22 July 2006 the Home Office released figures showing that 427,000 people from new EU member states have registered to work in the UK since May 2004. The figures also show that benefit claims by people from the new member states are increasing rapidly. While there had been 6,853 successful benefit claims made by workers from new member states this time last year, there have now been 42,057 successful claims. The figures shed light on the current debate about how to handle migration from Bulgaria and Romania when they join the EU (expected to be from the start of 2007).

A new briefing note released by Open Europe today argues that the UK *should* allow free movement of workers from Bulgaria and Romania - but that the UK must repeal the EU legislation which limits the government's ability to control the movement of criminals and the rights of non-workers to access benefits.

We project that if the current policies remain in place then the UK should expect around 450,000 people from Romania and around 170,000 people from Bulgaria to come to the UK to work over the first two years after their accession. Making a success of such a large movement of people will require a new and better system than the Government's current Worker Registration Scheme (WRS).

Briefing: key points

The Home Office does not have accurate figures for the number of migrants in the UK

- The Government's current Worker Registration Scheme (WRS) is flawed. It fails to monitor the total number of people in the country, or the total number of new migrants claiming benefits. This is because it is expensive for workers and businesses to register, which encourages migrants to operate in the grey economy. Its main purpose is to act as a statistical reference for the number of migrants to the UK, but it does not capture: (a) the numbers of self-employed workers, (b) posted workers or (c) dependents and non-workers that have migrated. People who have been in the UK for more than a year are no longer required to register in the WRS.
- Because workers are charged £70 to register with the WRS, and have to send away their passport, it encourages migrants to operate in the grey economy. The chair of the Commons Home Affairs select Committee John Denham has suggested that "The number of people at the local level is often estimated at between two or three times the number the Government thinks are on the Worker Registration Scheme."¹
- Various other measures suggest the total number of people in the UK is higher than suggested by the WRS. In particular, figures from the ONS International Passenger Survey show that since EU enlargement over 4.5 million citizens from the accession countries have visited the UK. In the equivalent period of time going back to January 2002 there were 1.4 million visitors to the UK from the accession countries. This increase of 3.1 million visitors does not seem compatible with an increase of just 427,000 workers.
- Research conducted for Defra and the Home Office in 2004 showed that labour providers are supplying over 100,000 Accession State workers a year to agriculture and food processing. But in the first year of the WRS only 29,970 workers registered to work in agriculture and 11,385 in food processing, suggesting nearly 60,000 workers (or 60% within this industry) are "missing".

Failure to restrict access to benefits

- In 2004 the then Home Secretary David Blunkett promised that: "we will require accession nationals to be able to support themselves. If they are unable to do so, they will lose any right of residence and will have to return to their own country... If people want to come and work in Britain openly and legally, that is right. If they want to come and claim our benefits, that is wrong."²
- However, in reality the WRS has failed to restrict access to benefits for migrant workers. There have now been 42,057 successful benefit claims by workers from the accession states. It is important to stress that these are only the claims made by those individuals who are on the WRS, and does not cover those who are not on it or no longer on it.

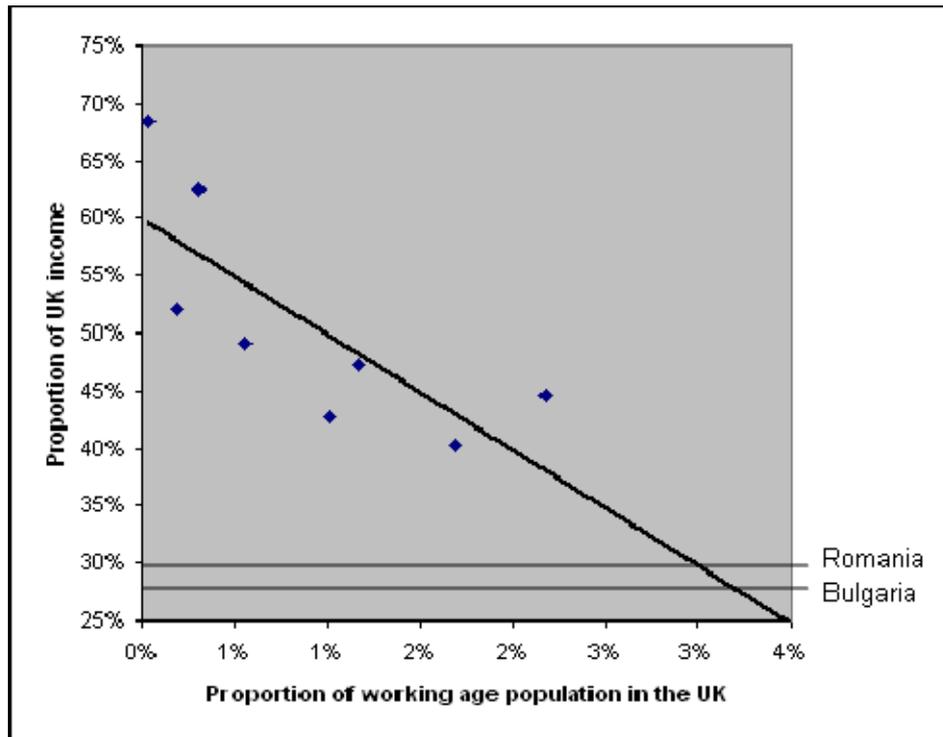
¹ Express, 12 August 2006

² Hansard, 23 February 2004

Benefit	Successful claims by Q2 2005	Successful claims by Q2 2006
Income Support	16	193
Income Based Jobseekers Allowance	35	564
State Pension Credit	0	11
Child benefit	5021	27,280
Tax Credits	1781	14,009
Total	6853	42,057

Outlook for Bulgaria and Romania

- Managing migration from Bulgaria and Romania will be more challenging than the previous round of accessions to the EU. Research by the Home Office has found that during the recent round of accessions to the EU the proportion of people coming to the UK from each new member has been very strongly linked with the income level of their home country. Romania and Bulgaria have substantially lower incomes than any of the previous entrants.
- Incomes in the countries which joined in 2004 varied between 72% of the UK average (in Cyprus) and 40% (in Latvia). Overall, the average was 54% of UK income per head. In Romania and Bulgaria incomes per head are 30% and 28% of the UK average respectively.
- If the strong relationship between home country income and numbers arriving in the UK continues to hold, and the same policy is applied as for workers from countries which recently joined the EU, we should expect around 450,000 people from Romania and 170,000 people from Bulgaria to register for legal work over the first two years of their membership of the EU.
- However, because our projection is based on the WRS, it is worth stressing that this is not the same as the total number of people who will be in the country at any given time. On the one hand it does not measure non registered workers and on the other it does not measure those who come for a short period and then leave.



Quotas for legal work may not be the answer

- In the light of concerns about Bulgaria and Romania's accession there has been discussion about introducing quotas for the number of people from those countries who could legally work in the UK. Such controls are sometimes misrepresented as controls on the number of people coming to the UK. However, this is misleading.
- EU legislation means that once Bulgaria and Romania join the EU, the UK will have to abandon its visa requirements from those countries anyway. People from both countries will also get an automatic three month EU 'right to reside' - so even if the Government limits their right to *work* in the UK many will still be able to come to Britain. The experience of countries with such "controls" suggests that many will then work in the grey economy. This means that they will still be able to access public services such as the NHS, but will not pay tax and indeed are more likely to be employed at illegally low wage rates, increasing downward pressure on the wages of low paid workers.
- Quotas could also be legitimately circumvented by a number of legal routes under EU legislation. Under the EU's 1996 "Posted Workers Directive" Bulgarian and Romanian companies would still be able to post workers to the UK, and Bulgarians and Romanians would still be able to set up companies and come here as self employed workers, under the EU's freedom to provide services.
- Quotas for legal work could potentially lead to the worst of all worlds. Migrants who genuinely come to seek work legally, pay tax and contribute to society would be turned away, while criminals and those who come with no intention of working would still be let in. This could lead to substantial

abuse of the UK's welfare system, but without providing any real economic benefit to Britain.

- The solution is to allow free movement of workers - but repeal the EU legislation which makes it more difficult to control the movement of criminals and the rights of non-workers to access benefits. Overall, in order to manage migration from Bulgaria and Romania the Government should make four key changes to the current system as a priority:

1) Repeal EU legislation which prevents criminals from elsewhere in the EU from being automatically deported. An EU directive agreed by the Government in 2004, which came into force in May this year (the Free Movement directive) means that the UK will not be able to automatically deport those who come to the UK and commit crimes.

2) Introduce "World Cup" style arrangements with Bulgarian and Romanian police to share information and ban known criminals from coming to the UK. At present there are no restrictions on criminals coming to the UK. In return for allowing free movement of people the Government should make deals with Bulgaria and Romania which will stipulate that the countries have a duty to inform the UK Immigration Service if known criminals are travelling to the UK.

3) Tighten access to welfare to avoid legal problems later. The WRS limits migrants' access to welfare: but only to some types of benefits and then only for their first year in the UK. Stricter limits on access to welfare and for a longer period are going to be necessary if migration from Romania and Bulgaria is to be a success. Another reason to repeal the 2004 Free Movement directive is that it expands access to welfare benefits for non-workers from other member states. Indeed, the Government is said to be worried that the current restrictions could be challenged as a result. A Home Office memo leaked to the Mail on Sunday warned that the legal basis for the current restrictions "is precarious and there is a strong risk of a successful challenge. This is a concern." Earlier in the year the Government had to pass emergency legislation after losing a court case about access to council housing. The Government should tighten controls now to avoid legal problems later.

4) Count people in and out - reintroduce embarkation controls. Rather than focus on monitoring a small section of those who have entered the UK, the Government needs to get a fuller picture. One simple and effective way would be to immediately introduce embarkation controls at all British ports and airports. This would enable the authorities to count the numbers entering and leaving the country. The Government has announced that it wants to introduce electronic embarkation controls - but only by 2014.

Briefing in detail

Why the Worker Registration Scheme is flawed

Currently, the economic impact of workers from the new member states is almost impossible to meaningfully discuss, due to the lack of any reliable figures for the number of workers from new members states who are present in the UK, and the lack of statistics about how long such workers have stayed for (or will stay for).

In the months prior to the accession of the new Eastern European member states to the EU the British Government rushed through legislation designed to limit new migrants' access to the UK's benefit system.

The legislation, known as the Worker Registration Scheme (WRS), obliges Eastern European workers to register with the Home Office within a month of finding employment in the UK. Cyprus and Malta were excluded from the scheme due to their relative size and wealth.

After working for a year, people from the scheme are given right of residence, and are no longer included in the monitoring figures. Every three months the Home Office releases the number of people who have signed up to the scheme.

The scheme is failing in three main ways:

(1) It has failed to collect accurate figures for the number of people coming to the UK. The main use of the WRS is to act as a statistical tool to determine the number of migrants who have entered the UK. However in this regard it is woefully inadequate. 427,000 people have been accepted onto the WRS but the actual number of migrants who have entered the UK is much higher. Some experts such as John Denham, chairman of the Home Affairs select committee, have suggested that the true figure will be about three times higher.

This is because the figures only represent a partial view of the number of Eastern Europeans who have come to Britain. They fail to account for the number of self-employed workers, the number of workers 'posted' by foreign companies, the number of economically inactive migrants who never enter the labour force such as dependents and retired people, and those who work in the grey economy because they choose not to register.

This means that the numbers in the report are substantial underestimates. In Denmark, for example, trade unions have estimated that the country has received three times as many posted workers since the 2004 enlargement - who wouldn't be captured by the UK scheme - as normally registered workers.³

The figures also fail to account for the number of migrants who have left the UK before they have worked for 12 months and thus receive their resident permits, making the figures, and the scheme itself, practically meaningless.

Unless the Government is able to accurately assess the numbers of migrants who have entered and left the UK it is impossible for it to assess the economic benefits of EU migration. It is also crucial for local providers of public services to be given the adequate resources to deal with large increases of people in their area due to

³ Jon Erik Dølvik and Line Eldring, 2005

immigration. Without the correct figures it is impossible for the Government to be able to do this.

Many of the workers who would normally be 'captured' by the WRS do not actually register and instead choose to work in the grey economy. This is largely down to the high cost of registration and the difficulties many non-English speakers have with the actual process.

£70 is a significant cost for most Eastern European workers on low wages, roughly equivalent to two days' pay after tax. Recent migrants will also often struggle to find a way to pay as most will not initially have bank accounts set up and will therefore be unable to pay by cheque. This means that they will have to send it by postal order, increasing the cost to £75.

In order to register these workers will also have to send in their passport at a time when they need it most in order to set up bank accounts and find somewhere to live and sometimes employment. It is also understandable that they might not want to send out their passports to the Home Office which has a reputation for delays.

The form they are required to fill in is long and is only available in English. This means that workers normally turn to their employers for help, which is estimated to take 30-45 minutes a time on average. The Association of Labour Providers calculated that this form filling will have cost British business to the tune of £2.2 million in the first year of the scheme in wasted time.

The high cost of the scheme, and the time and effort it will take the average non-English speaker to fill out the form act as a considerable disincentive to register. If they do not register, these workers will operate in the grey economy outside of the UK's tax system, and minimum wage constraints, causing greater downward pressure on wages at the low end of the scale.

(2) It has failed to restrict access to benefits for migrant workers. During the debate over the introduction of the Worker Registration Scheme, the then Home Secretary, David Blunkett, said that the scheme would be "a set of affirmative regulations that will allow access to the labour market, while ensuring that our benefits system is not open to abuse... we will require accession nationals to be able to support themselves. If they are unable to do so, they will lose any right of residence and will have to return to their own country... If people want to come and work in Britain openly and legally, that is right. If they want to come and claim our benefits, that is wrong."⁴

As the figures in the table below make clear, this has not worked. As awareness about the eligibility of accession state workers for benefits has grown in the last year so too have the number of successful claimants. The latest Home Office figures show that the number of successful claims for benefits by those enrolled in the scheme have risen six-fold since this time last year, from 6,853 to 42,057.

There have also been well publicised abuses of the system, such as recent reports that workers from Poland have been claiming child benefit for children who are still based in their home country. The rising number of claimants and obvious abuses of the system only serves to undermine public support for EU immigration in

⁴ Hansard, 23 February 2004

the UK. The Government should act to tighten up its access to benefits rules before Bulgarian and Romanian accession.

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(3) It does not prevent criminals from coming to the UK. Unless UK immigration services are warned by police authorities in other member states, or if there is Interpol information on particular very dangerous individuals, there is no way of knowing whether people with criminal records are coming to the UK from the accession countries.

In 2004 David Blunkett assured the House of Commons that the WRS would allow the Government to keep track of dangerous criminals as they entered the country. He said that "the scheme will enable us to do so, and we will be able to cross-reference in relation to registration, which will be helpful in that regard."⁵

Unfortunately this has not happened and there have been tragic consequences such as the rape and murder of West London schoolgirl Jeshma Raithatha by a Latvian who had served sentences in jail for rape in his home country. He was not stopped from entering the UK and the police were not even aware that he was here.

This means that while the current system for accession countries monitors the movements of law abiding citizens who want to contribute by working and pay taxes, it makes absolutely no provisions for keeping undesirable immigrants out. Furthermore, a recent EU directive actually makes this nearly impossible. It states that "previous criminal convictions shall not in themselves constitute grounds" for denying entry to a national from another EEA state unless there are serious fears for public safety.⁶

In return for allowing free movement of people the Government needs to do deals with Bulgaria and Romania which will stipulate that the countries have a duty to inform the UK Immigration Service if known criminals are travelling to the UK so that they can be turned away at the border. It also needs to negotiate with other EU members to repeal or derogate from the 2004 directive on free movement, which dramatically reduces the Government's ability to control the UK's borders.⁷

⁵ Hansard, 23 February 2004

⁶ Directive 2004/38/EC on free movement

⁷ For more details: <http://www.openeurope.org.uk/research/freemovement.pdf>