Brexit uncertainties and migrant labour

In his monthly column, **Professor Frank Peck**, of the University of Cumbria's Centre for Regional Economic Development, looks at the difficult decisions facing workers from the EU

Much has been said about the possible effects of Brexit uncertainties on business decision-making.

In this column in last month's issue of in-Cumbria, it was noted that uncertainties associated with impending deadlines were generating volatility in national indicators of growth arising from fluctuations in stock levels in manufacturing in particular; in the second quarter of 2019 (April to June), manufacturing output actually fell compared to the previous quarter (-0.2). The monthly figures for July released on September 9 indicate a slight bounce back for manufacturing output (+0.3 per cent) though the Office for National Statistics suggest the overall picture is mixed with only seven out of 13 subsectors experiencing growth.

The overall trend still appears to show decline (manufacturing output was down 0.7 per cent comparing the three months to July 2019 with the same period in 2018).

While those responsible for managing businesses face difficult decisions under uncertain circumstances, the same is true for many employees from EU countries currently working in the UK.

'It is not the case that immigration has halted – but that the balance between those arriving and leaving the UK has altered'

Official data from the annual census of population (which is based on a sample survey of households) indicates that in 2017 there were over nine million foreign-born residents in the UK, 33 per cent of whom were from EU countries (Migration Observatory Briefing on Migrants in the UK, published October 2018).

It is interesting to note that while the proportion from EU countries has risen to this level from around 28 per cent in 2004, the majority of the foreign-born in the UK are still from non-EU countries.

The analysis conducted by the

Migration Observatory shows that the numbers of foreign-born (from all countries) nearly doubled between 2004 and 2017 from around 5.3m to 9.4m.

The distribution of migrants across regions is highly uneven, however, with 36 per cent residing in London and around half in the South East of England. In the North West, the number of foreign-born residents is estimated at around 677,000 or nine per cent of the population in 2017.

The annual population survey provides estimates (based on a sample survey) of the numbers of migrants engaged in the labour market in the regions of the UK. The number of workers from EU Member States (excluding UK and Ireland) in the North West region was estimated at around 144,700 in March 2019, constituting approximately 4.2 per cent of the total labour force.

This total had grown significantly from 76,700 in 2012 (2.4 per cent of total) to a peak year in 2017 when there were 148,400 EU workers in the region (4.4 per cent of total). Since 2017 however the growth trend has reversed and appears to have reached a plateau just above four per cent.

Particular interest is associated with migrants from the new-accession states, the EU-8 that joined in 2004 (Czech Republic, the three Baltic States, Hungary, Poland, Slovakia and Slovenia) and the EU-2 that joined later in 2007 (Bulgaria and Romania).

The table shows that the numbers of migrant workers from the EU-8 in the North West region also peaked in 2017 at around 92,700 representing 2.8 per cent of the total workforce in that year.

Since then, and most likely as a consequence of Brexit uncertainties, the growth trend has halted and the latest figure stood at 72,600 (2.1 per cent of total).

In terms of source countries from the EU-8, two stand out – in the peak year of 2017 there were an estimated 44,000 Polish workers in the North West and a further 22,000 from Lithuania.

It is also significant to note that the numbers of migrant workers from the EU-2 (Romania and Bulgaria) grew dramatically from only 2,900 in 2012 to 13,600 by 2017 and despite Brexit uncertainties, this upward trend has continued beyond 2017 and the total now stands at nearly 25,000.

‘In the North West, the number of foreign-born residents is estimated at around 677,000 or nine per cent of the population in 2017’

While growth rates have been high, it should be noted that the percentage of total employment accounted for specifically by East European migrants in North West England is currently less than three per cent.

This figure, however, underplays their significance for certain types of work and specific sectors.

A recent briefing from the Migration Observatory has examined migrants involved in the UK labour market (published by the Migration Observatory, July 2019, seventh revision).

Compared with workers from the UK, East European migrants are over-represented nationally in retailing (accounting for 17 per cent of all EU-8/2 migrants), manufacturing (17 per cent), transport and storage (10 per cent), construction (10 per cent), hospitality (nine per cent) and administrative support activities (nine per cent).

Due to sample sizes, reliable data is not available for Cumbria, but it is pertinent to note that the sectors that are more dependent on East European migrants are prominent in the Cumbrian economy (manufacturing, visitor economy, transport, retailing).

ONS published its latest Migration Statistics Quarterly Report in August.

The following points are made about national trends:

- EU immigration for work purposes has fallen and is now less than half the level recorded at the peak in the year ending June 2016;
- However, “work” is still the main stated reason for EU citizens moving to the UK;
- In the past 12 months, EU immigration overall may have fallen, but there are still more workers arriving than those leaving the UK;
- However, while migrants from EU-8 countries have continued to arrive, net migration data show that more EU-8 citizens have left the UK than those arriving.

These trends obviously have complex causation, involving many individuals making decisions about future work strategies and aspirations.

It is not the case that immigration has halted – but that the balance between those arriving and leaving the UK has altered.

The data also indicates significant differences between the various groups of countries within of the EU. It is clear, however, that Brexit has played into these decision-making processes and added to the uncertainties faced by many businesses in the region that have come to depend not only on recruitment but also retention of EU migrant workers.

Workers from the European Union in the North West Region (aged 16 and over)*

Date (March)	Total employment	Total EU workers a)		EU-8 b)		EU-2 c)
	N	N	%	N	%	N
2012	3,152,900	76,700	2.4	53,200	1.7	2,900
2013	3,193,600	76,900	2.4	53,200	1.7	2,700
2014	3,189,600	95,000	3.0	61,400	1.9	4,400
2015	3,233,100	107,400	3.3	75,500	2.3	5,100
2016	3,317,000	131,900	4.0	85,200	2.6	9,400
2017	3,345,400	148,400	4.4	92,700	2.8	13,600
2018	3,411,300	139,600	4.1	69,600	2.0	17,400
2019	3,433,000	144,700	4.2	72,600	2.1	24,900

* N.B. This data is based on a sample survey and therefore subject to sampling variability.

a) All EU States excluding UK and Eire. b) Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia.

c) Bulgaria, Romania. Source: Annual Population Survey - Regional - Nationality - accessed via NOMIS