In May 2004, the European Union expanded to include ten new countries from Eastern Europe, providing a new source of migrant labour. Two new member states were granted full EU rights (Cyprus and Malta) but the others were restricted on their automatic right to work (the A8 states). This new supply of workers increased again in January 2007 when Bulgaria and Romania (the A2 states) also joined the EU.

Labour shortages in certain sectors of the UK economy have led employers to view migrant labour as an increasingly attractive way to fill gaps in skills in the labour market. However, enthusiasm for the economic benefits that migrant labour brings to UK businesses has been tempered by evidence of emerging tensions, in particular where migrants are in competition with existing workers for scarce resources.

This briefing outlines the background to the most recent trend in migration to the UK, considers the housing conditions of these migrant workers, and puts forward options for reform.

- Many migrants have moved to areas outside of London and the South East, including rural areas. There has been a significant lack of planning for the housing and welfare needs of those who have arrived.
- A common perception is that migrant workers are prioritised for social housing over and above British-born households. Yet, the system of entitlements is extremely complicated and, in practice, the numbers of migrant workers allocated social housing is negligible.
- While migrant workers make a net contribution to the economy, they often take home very low wages and routinely live in sub-standard accommodation. Local authorities need to prioritise inspection and enforcement of conditions in the private rented sector (PRS), where many migrant workers live. A8 and A2 nationals who cannot find work or who lose their jobs can easily become destitute.
- The increase of migrant labour in the UK has led to a resurgence in the amount of tied accommodation. The Gangmasters Licensing Authority attempts to regulate unlawful activity of rogue employers, however its remit is limited.

1 These countries are Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.
Background

A report published in 2007 states that the number of foreign nationals working in the UK has reached 1.7 million, nearly half of which are from European countries. The arrival of several hundred thousand migrant workers from the newly enlarged EU has intensified the public debate as to whether an open-borders policy is a positive approach, or whether it results in scarce resources being spread ever more thinly, to the detriment of existing resident households.

For a long time, the UK has operated a system of managed migration whereby those from outside the EU wishing to work here can apply for a work permit. Generally, the granting of a work permit correlates to the skills needs of the labour market at any time, and is granted on the condition that the individuals accommodate and support themselves without recourse to public funds.

However, EU nationals are not required to apply for a work permit and have the right to freedom of movement within the EU. In 2004, when new accession states joined the EU, existing member states were given the option of implementing transitional arrangements to restrict the right of the new A8 nationals to work for a transitional period. However, the UK was one of only three of the existing member states to open its borders and allow full access to UK labour markets. A Worker Registration Scheme was set up in the UK for A8 nationals seeking work. It was intended to be a light touch scheme to enable the monitoring of the effects of access on the labour market in a way that did not burden employers.

For employers, this approach meant that the workforce was a flexible one. The A8 nationals arriving in the UK became a useful source of labour. The Government, the Confederation of British Industry (CBI) and, to some extent, the Trades Union Congress (TUC) all welcomed this new flow of migrant workers to the UK.

Later, when Bulgaria and Romania became members of the EU on 1 January 2007, the Government did opt to place restrictions for a transitional period on access to the UK labour markets for nationals from these two countries. They are subject to a slightly different Worker Authorisation Scheme that limits A2 nationals to working in certain sectors, unless they are able to find ‘highly skilled’ work, and they must obtain an accession worker card before commencing employment.

Scale

There is a lack of accurate statistical information on the numbers of migrant workers in the UK at any given point. A number of migration reports have highlighted the weakness in national data. The numbers of new accession state nationals coming to the UK has significantly exceeded Home Office expectations.

The absence of accurate statistical information about the numbers of migrant workers in the UK has led researchers and policy makers to rely on other sources to give an indication of numbers. One of these sources is the record of National Insurance registrations. The Department for Work and Pensions (DWP) now publishes figures for the numbers of foreign nationals applying for a National Insurance number. In 2006/7, 713,500 foreign nationals were allocated a National Insurance number, 45 per cent of whom were from the new accession states, with Poland at the top of the list.

Another important source of information is the number of registrations on the Worker Registration Scheme. Between May 2004 and March 2008, a total of 812,000 people from the A8 states had successfully registered on the scheme in the UK. Approximately 70 per cent were Polish, 82 per cent

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3 The other two countries that allowed A8 nationals to have full access to their labour markets were Sweden and the Republic of Ireland.

4 Details and requirements of the scheme are set out in the Accession (Immigration and Worker Registration) Regulations 2004, SI 2004/1219.

5 The Worker Registration Scheme is not to be confused with the work permit scheme. The Worker Registration Scheme does not limit the applicant to particular types of work or allocate points before allowing work. Rather it requires A8 nationals to register within one month of starting work. On payment of a fee, a registration card and certificate are issued to the worker. On changing jobs, the migrant worker is obliged to apply for a new certificate.

6 Further guidance on the Worker Authorisation Scheme and A2 nationals’ entitlements to benefits can be found in Border and Immigration Agency, ‘Living and working in the UK: rights and responsibilities of nationals from Bulgaria and Romania from 1 January 2007’, 2007.


were between 18 and 34 years old, and there were slightly more men than women. Only a small number declared they had dependants in the UK. While historically the majority of migrants to the UK have been based in London and the South East, research suggests that A8 nationals have begun to spread more widely around the UK, following labour market gaps in agriculture and food processing.

From the A2 states, 360 applications for accession worker cards were successful in the first quarter of 2008, compared to 210 approvals for the same quarter in 2007. The health and medical profession attracted the largest proportion of A2 workers in that time period. However, figures suggest that there are many more A2 nationals working within the UK than these numbers indicate.

**Impact**

According to a report from the Treasury, high levels of migration into the UK are set to continue into the future, boosting the working age population and economic growth rates. However, there is now some evidence to suggest that the number of migrant workers arriving from A8 and A2 countries is decreasing. An integral part of the Government case for immigration to the UK is that it creates large economic benefits, including increased wages for existing workers. The Government has said that migration contributed around £6 billion to the growth of the economy in 2006.

However, not everyone has been as convinced as the Treasury that high levels of immigration are a good thing. The House of Lords Select Committee on Economic Affairs has argued that the overall size of an economy is not an index of prosperity but, rather, there should be a focus on the GDP per capita of the resident population. Their overall conclusion from existing evidence is that immigration has a very small impact on GDP per capita. The Committee found that, in the short term, immigration creates ‘winners’ and ‘losers’ in economic terms. While some highly-paid migrant workers, and their employers, in the UK may be among the ‘winners’, those in low-paid jobs, and directly competing with the new migrant workers, are likely to be the ‘losers’.

Both the scale and speed of this immigration has had an impact on host communities. Between 1998 and 2007, the percentage of the workforce comprising foreign nationals nearly doubled, rising from 3.9 per cent to 7.2 per cent.

One consequence of underestimating these numbers has been a lack of planning for the housing and welfare needs of those who have arrived. This has been a challenge for local authorities that have little capacity, knowledge or skills to respond effectively. As migrant workers from the EU accession states have followed labour market vacancies, they have moved to areas of the UK with no history of migration and therefore without the necessary expertise in decision-making, or in dealing with the subsequent issues of community integration and racism.

Furthermore, the inadequacies of the current migration data cause a number of problems. Allocations of Government resources to councils, which allow them to provide public services, are calculated on formulae that are directly linked to the size of each district’s population. Local councils argue they are expected to provide public services such as education to migrant communities but are not receiving an appropriate funding allocation to do so. Local authorities nationwide have called for an extra £250 million a year in Central Government funding to cope with strains caused by unexpected inflows of migrant workers.

The Government set up the Migration Advisory Committee (MAC) to provide evidence to ministers on where the economy needs migration and where it does not. The Migration Impacts Forum (MIF) was subsequently launched in June 2007, and is tasked with helping to build up an evidence base of

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10 UK Border Agency and DWP, **Bulgarian and Romanian accession statistics: January – March 2008**.
13 **The economic impact of immigration**, op cit, para 221.
14 **International migration and the United Kingdom: report of the United Kingdom SOPEMI correspondent to the OECD**, op cit.
15 **The economic impact of immigration**, op cit, para 149.
the effects that migration has on communities and public services throughout the UK and how these challenges can best be met.

Recently, the Institute for Public Policy Research found that hostility towards migrants is more pronounced in areas where other people have difficulties accessing affordable housing. The research found a strong relationship between the affordability and availability of local housing and the extent of concern among research participants over the impact (real and perceived) of new migrants on housing markets.\(^\text{16}\)

EU expansion and the arrival of A8 and A2 workers appear, in some areas, to have emphasised existing strains within the housing system. Shelter believes that housing pressures existed before EU expansion in 2004 and the subsequent arrival of workers from the A8 and A2 countries. The crisis in affordability combined with underinvestment in social housing over decades has resulted in a shortage of social rented homes in many parts of the country.\(^\text{17}\) Shelter welcomes the Government’s commitment to increase the social housing supply and believes that this is key to tackling the wider housing crisis.

### Housing impact

#### Social housing

In May 2007, shortly before the launch of the MIF, the then Trade and Industry minister, Margaret Hodge MP, fuelled the debate on migration from both inside and outside of the EU by claiming that migrant workers were gaining access to social housing at the expense of British households.\(^\text{18}\) The public perception that some foreign nationals jump social housing queues led the Equality and Human Rights Commission and Local Government Association to commission research into whether migrants are given unfair access to social housing. Interim evidence from this research shows no evidence that social housing allocation favours foreign-born residents over UK-born residents.\(^\text{19}\)

In fact, the evidence is that migrant workers from A8 countries have scarcely gained access to social housing at all. In 2006/07, less than one per cent of all housing association lettings were to A8 nationals.\(^\text{20}\) Moreover, during 2007 only 0.7 per cent of homeless acceptances were from A8 and A2 households.\(^\text{21}\)

#### Entitlement to social housing

There is widespread confusion around the housing entitlements of migrant workers, mainly because different migrant workers have different entitlements.

- **Migrant workers from outside the EU**
  Migrant workers from outside the EU who are granted work permits in the UK, are generally required to accommodate and support themselves with no recourse to public funds, ie without applying for benefits or for housing assistance.

- **Migrant workers from states that were members of the EU prior to 2004**
  Migrant workers from the EU states that were members before the accession states joined, and Cyprus and Malta, have the same rights to benefits and housing as UK nationals, providing they are working. In certain circumstances, some of these workers retain their rights to housing and benefits, even when not employed.

- **A8 and A2 migrant workers.**
  There are different rules again restricting eligibility to housing and benefits for A8 migrant workers, who have to prove they are working and registered on the Worker Registration Scheme (A8 nationals) or Worker Authorisation Scheme (A2 nationals) in order to be eligible for public funds. Once registered on the scheme, they are eligible to apply for welfare assistance, including housing, immediately.

However, once A8 and A2 nationals cease to work and therefore cease to be registered as a worker, their eligibility is lost. Only if they have completed 12 consecutive months on the Worker Registration Scheme or Worker Authorisation Scheme are they allowed to apply for housing and benefits on the same terms as other EU nationals from the older EU member states. Many A8 and A2 nationals are employed in seasonal work, with gaps in between jobs that easily lead to deregistration from the scheme, and to ineligibility for housing and benefits. Therefore, A8 and A2 nationals may go in and out of entitlement, never quite completing the full 12 months that would free them of the need to prove registration on the scheme.

In practice, many migrant workers either do not apply for housing assistance or are screened out due to the multiple hurdles explained above. Even for those migrant workers who find their way through the maze

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19 http://tinyurl.com/4fn3ul
20 CORE annual digest 2006/7.
21 CLG, Live Table 629.
of entitlements and eligibility, there are no extra benefits and no preferential treatment in priority for housing. Need is assessed in the same way as for everyone else.

Need for simplification

The system of entitlement to welfare assistance, including social housing, is complex. The rules on entitlement even vary within the UK. An A8 worker who loses their job when resident in Scotland retains their eligibility for social housing, whereas in England they would lose it. The criterion requiring A8 workers to demonstrate 12 full months on the Worker Registration Scheme is time limited until 2009. The Government may then extend the scheme for a further two years until 2011. For A2 nationals, the restrictions under the Worker Authorisation Scheme will apply until 2012, and again the Government will have the power to extend the scheme for an extra two years until 2014.

Private rented sector (PRS)

It is rare for new migrant workers to obtain secure, general needs housing from a council or a housing association. Instead, they are much more likely to live in the private rented sector (PRS). In January 2008, a report to the Migration Impacts Forum found that around 90 per cent of people who arrived in the UK in the last two years are living in the PRS, often accepting poor and overcrowded conditions.

According to recent research, new migrants have little choice of the type and location of housing they live in during the early years of settlement. Their circumstances are dominated by constraining factors and often bear little relation to the settlement patterns of long-standing residents.

Migrant workers may initially arrive in large numbers in a neighbourhood due to the actions of one local employment agency, employer or large landlord.

The impact of migrant workers on a local housing market will vary from place to place. In some areas, new migrants have filled the vacancies in the local housing market, often created by other residents moving to more desirable areas. However, in areas of high housing demand, vacancies are few and far between. There is intense competition for a scarce resource and migrant workers compete with other low-waged workers for properties at the bottom end of the PRS.

In some areas, employers have increased the available housing stock by dividing up houses to accommodate several workers. The Housing Act 2004 introduced mandatory licensing of some houses in multiple occupation (HMOs), yet duties to licence and inspect are not fully enforced. Shelter is concerned that some local authorities may be unable to keep up with inspections due to lack of resources and the rapidly increasing number of new multiple occupancy properties appearing in their areas.

An investigation by the Local Authorities Coordinators of Regulatory Services has found that more than half of all local authorities have noted problems with private landlords exploiting migrant workers. The survey results came as early findings of an evaluation of the new licensing powers given to local authorities for HMOs. Most councils expressed concerns about the housing conditions of migrant workers, and this was particularly prevalent in rural areas. For example, 93 per cent of councils in Yorkshire said that they had an issue with the housing of migrant workers, as did 75 per cent of councils in the North West. The survey described some officers finding: ‘appalling and overcrowded conditions in which some workers are forced to live, exceeding the legal occupancy limit and endangering the safety of those living there.’

In Cornwall and Scotland there was evidence of migrant workers sharing rooms with six to eight others in converted farm buildings that were not licensed as HMOs. Across Leicestershire, Nottinghamshire, Derbyshire and Staffordshire it was revealed that a room measuring 2.8m x 3.8m housed three adults, two children and a baby on a double mattress, single mattress and a child seat. In addition, Slough Council has found up to 20 Polish workers living in three-bedroom houses, and fire officers have reported regularly entering houses with migrants sleeping in corridors and kitchens.

Shelter is very concerned about reports of migrant workers living in overcrowded and poor conditions. It remains a concern to Shelter that only some HMOs are covered by the mandatory licensing regime.

23 www.communities.gov.uk/documents/communities/pdf/651075
26 These examples and others can be found on the GLA website in the news section www.gla.gov.uk
27 See http://tinyurl.com/5yakwk page 39, footnote 6 (footnote 6 is on page 102).
Current Government policy promotes the PRS as the primary sector to absorb surplus housing need, at least in the short to medium term. Those on low incomes and unable to access owner occupation are increasingly being encouraged to see renting privately as a solution to their housing difficulties. The sector is used in homelessness prevention, as discharge of duty for those in temporary accommodation, to house asylum-seekers awaiting a decision on their application, and as an alternative to long waits for larger social rented homes for overcrowded tenants. However, it is a relatively small sector and the availability of private rented accommodation varies hugely from area to area. Furthermore, it is the most expensive and least secure of rented options, with some of the worst housing conditions. Yet, it is where many migrant workers find themselves – leaving them in an insecure tenancy with few housing rights.

**Tied accommodation**

For some A8 and A2 migrant workers, accommodation is provided by employers, employment agencies or gangmasters. Migrants whose housing is tied to their job are particularly vulnerable, as rent is generally subtracted from their wages. In situations where workers lose their jobs, they become homeless too, often with very little notice. A TUC-commissioned survey, published in September 2007, claimed that migration has reintroduced the ‘tied cottage’ into the British labour market, with employers providing accommodation (at a cost) and using it to increase their power over migrant workers. The survey found that 31 per cent of interviewees were living in accommodation that was found for them, or provided, by their employers. Over 40 per cent of those working for more than 48 hours a week were in accommodation provided through their employer. Individuals reported they had little control over working excessive hours because their employment was linked to their accommodation. More than half of those who described their living conditions as poor or very poor were in accommodation provided through their employer.28

**Need for housing advice**

Shelter believes that low paid migrant workers in poor housing will have additional obstacles to overcome in seeking and accessing housing advice and better accommodation, particularly if they struggle to communicate in English. Those working very long hours, being transported to and from work by their employer, and living in tied accommodation may find that there is little opportunity to seek out help and assistance. Research commissioned by Shelter found that there were a number of barriers to housing advice for black and minority ethnic communities, in particular the limited availability of advice provided in appropriate community languages. Shelter recommends that the Government should provide official induction materials in appropriate languages for migrants from EU accession states at points of entry into the UK. This material should cover migrant workers’ legal rights in relation to housing and other areas, and the sources of support and advice available.29

**Gangmasters Licensing Authority**

In February 2004, the media coverage of the cockle pickers drowned at Morecambe Bay in Lancashire exposed the extensive exploitation of migrant workers. Later that year, in an attempt to control illegal activity of gangmasters, an Act of Parliament was passed to set up the Gangmasters Licensing Authority (GLA). Its mission is to safeguard the welfare of workers while ensuring that labour providers operate within the law. The GLA opened for business in April 2006. Its main task is to operate and enforce a licensing system for labour providers. However, a major shortcoming of the Gangmasters Licensing Authority is that it only licenses labour providers in specific sectors: agriculture, horticulture, shellfish gathering, food processing and packaging. It has no powers to intervene to stop unscrupulous labour providers elsewhere in the UK economy. By the end of its first year of operation, only 17 per cent of those registered on the Worker Registration Scheme were working in these sectors. Gangmasters unwilling to pay for licences can simply move outside of the GLA remit into areas such as construction, cleaning or hospitality – which are areas where many migrant workers are employed.

All gangmasters operating within the GLA’s remit can have their licences revoked if they breach licensing standards.30 Licensing Standard 2 requires a gangmaster to pay the minimum wage, taking into account the rules on accommodation charges.31

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31 The current accommodation offset is £30.10 per week. See DTI, National minimum wage and accommodation offset, 2007.
Failure to do so constitutes a ‘critical’ failure of the standard and therefore an automatic revocation of the licence. However, other criteria that would impact on a migrant worker’s ability to be appropriately housed, score very lightly in the GLA standards. For example, if the gangmaster fails to provide itemised accurate payslips as evidence for each pay period, this alone would not result in revocation of the licence. However, the absence of appropriate wage slips would prevent the worker claiming income-related benefits to which they may be entitled.

Licensing Standard 4 is concerned with workers’ accommodation. The guidance for inspectors states that any accommodation provided by the gangmaster should conform to current legislation, that there should be no evidence of poor or overcrowded conditions, and that all local housing regulations on HMOs should be complied with. If inspectors find evidence that the gangmaster fails to provide appropriate facilities (e.g., water, power, heating, bedding, sanitation), or fails to provide tenants with copies of current gas safety certificates, there would be an automatic fail and a revocation of the licence.

However, it is much less clear how the GLA and local authorities work together to identify abuses. Local authorities have the Housing Health and Safety Rating System, which is intended as a tool to identify risk in residential properties; and they also have powers with regard to the licensing of HMOs. A framework for closer joint working between the GLA and councils could mean selective licensing of certain areas where abuses are suspected, and an increase in the number of abuses identified.

The guidance in the GLA standards states that details of any accommodation provided should be given to the worker, including the terms on which it is offered and the cost. However, the inspection test makes no mention of the need for the gangmaster to give a written tenancy or licence agreement to the worker.

Street homelessness

Any entitlement that EU workers may have to emergency homelessness assistance from local authorities is invariably bound up with their need to prove they are a worker. Limited entitlement to benefits means that migrants who fail to find jobs, or who lose their jobs unexpectedly, can become homeless. Destitute A8 and A2 nationals are not entitled to even the most basic homelessness services in most cases. A 2007 report stated that nationals from the EEA countries represented the largest single group of migrants in the UK but were among the most excluded from support.32

The greatest impact has been felt in central London, where there has been an associated increase in rough sleeping. The Government estimates that migrants without recourse to public funds, including Eastern Europeans not in work, account for 15 per cent of rough sleeping in London.33 A significant minority of people using services such as night shelters, day centres and outreach teams are from Central and Eastern Europe.34 While some homeless day centres and charities are able to provide basic necessities, such as food and blankets, very few are able to provide accommodation. This is because emergency hostels are invariably reliant on the resident claiming housing benefit in order to pay their charges. A8 and A2 nationals who are not working would not be entitled to claim housing benefit and therefore are unlikely to be able to access these services.

The Government is committed to further reducing the number of rough sleepers to as close to zero as possible. It has also made a commitment to prevent those most at risk from ending up on the streets in the first place. There has been some recognition at a national level of the need to address rough sleeping among A8 and A2 nationals specifically. In 2007, Communities and Local Government (CLG) provided an additional £140,000 homeless grant to London local authorities where homelessness among A8 nationals had become a particular concern. The Home Office also provided a grant of £250,000 to Westminster City Council to help homeless A8 nationals to return to their home countries, and to employ a secondee from the Department for Work and Pensions to assist others into employment.35

However, Shelter has concerns over the policy of ‘reconnecting’ destitute migrants to their home countries. While it may be beneficial for some people, others may have specific needs that mean they have to remain in the UK longer and maintain access to appropriate housing and services.36

32 Support for people with no recourse to public funds, Conference Report for the British Red Cross and NRPF Network, 2007.
33 CLG, Rough sleeping 10 years on: from the streets to independent living and opportunity, 2008, para 9.
34 Homeless Link, A8 nationals in London homelessness services, 2006.
35 Homeless Link, Eastern Europeans and homelessness, update, April 2007.
36 For further discussion around supporting street homeless people with complex needs who have no recourse to public funds, see Byrne, S, Everitt, G, and McKeown, S, Good practice report: new directions, volume 2: supporting street homeless people with complex needs, Shelter, 2008, pages 10–12.
Recommendations

- The Government should ensure that accurate statistical information is available on migrant workers in the UK.

- Central Government needs to undertake greater strategic planning to cater for the welfare, and specifically housing, needs of migrant workers. Support, guidance and funding should be provided to local authorities to meet these needs.

- In 2009, the Worker Registration Scheme should be phased out to reduce confusion around rights and entitlements, by putting A8 workers on the same footing as workers from other EU member states.

- Mandatory licensing should be extended to cover all HMOs, and local authorities should enforce their existing powers more rigorously.

- Central Government must fully resource local authorities to carry out environmental health and HMO regulation. Local and regional housing strategies should make particular provision for migrant workers, especially in the PRS.

- The Government’s current review of the PRS should give special emphasis to the needs of those at the bottom end of the sector, such as migrant workers, and consider ways of improving inspection and enforcement of minimum standards.37

- The Government should provide official induction materials in appropriate languages for migrants from EU accession states at points of entry into the UK. This material should cover migrant workers’ legal rights, and the sources of support and advice available.38

- In the forthcoming GLA licensing standards review, evidence of failure to pay the minimum wage (taking accommodation charges into account) and of poor or overcrowded housing should remain breaches that result in automatic revocation of a licence.

- Failure to provide accurate payslips should be a critical breach of the GLA licensing standards.

- A statutory framework for closer joint working between the GLA and local authorities should be established to assist in the process of selective licensing where abuses are suspected or identified.

- The test applied during a GLA inspection should require a gangmaster to show evidence that, where accommodation is provided, tenancy/licence agreements have been provided to the worker.

- The remit of the GLA should be extended to cover all areas of employment with high levels of migrant workers, specifically construction, cleaning and hospitality.

- Local authorities should develop a range of housing options for migrant workers, which may be offered alongside reconnection services. This should include better access to mainstream benefits and housing services.

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37 For further information concerning Shelter’s submission to the Government’s PRS review, see http://tinyurl.com/4no2pu

38 The advice gap: a study of barriers to housing advice for people from black and minority ethnic communities, op cit, pages 48–49.