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Economic impact on the London and UK economy of an earned regularisation of irregular migrants to the UK



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The interpretations in this work are our own, as are all errors and omissions.

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Executive Summary

The background

1. The GLA has stated it wishes to explore the proposition of an earned regularisation scheme for irregular migrants in the UK. The context for this initiative includes: ongoing changes in immigration legislation which introduce a points system limiting entry in relation to skill shortages; increased emphasis on more rapid processing of asylum requests; stronger implementation of removal powers; and improved border controls. At the same time the government is separately looking to introduce a more transparent path to earned citizenship, which would set out what is required of potential citizens and would limit benefits until full citizenship is achieved.

The report

2. This study was commissioned to provide an appraisal of the likely economic impacts, within London and across the UK as a whole, of this model of earned regularisation for irregular migrants who have been in the country for at least five years. The report includes four main sections:
   - An estimate of the numbers of irregular migrants in the UK and in London and the proportion who might be eligible for regularisation;
   - A discussion of the factors to take into account when designing a scheme;
   - An assessment of the impacts of regularisation on social welfare through its potential effects on migrants' engagement with the labour market, the housing market, neighbourhoods and social cohesion; and
   - An estimate of the fiscal impacts from increased tax revenues on the one hand and increased costs of public services and financial support on the other.

   It is important to note that because of the limited availability of official data and also because of complex political and public attitudes to migration, this research and any regularisation scheme can only advance on the basis of approximate and estimated impacts. Hard data are few and far between.

Who counts as an irregular migrant?

3. Formally, 'migrants' are defined as those who enter the country expecting to remain for more than a year. Regular migrants are those who enter with the correct papers and who are given permission to stay under a widely varying set of conditions attached to their permission to enter.

4. There are fundamentally three categories of irregular migrants:
   A. Illegal entrants – including both those who evade formal migration controls and those who present false papers;
   B. Migrants who have been lawfully present in the country but remain after the end of the permitted period. This category includes two main subcategories:
      i. failed asylum seekers who stay in the country despite a final decision refusing them continuing right to remain; and

ii. overstayers whose period of legal residence has expired without renewal. This group includes those who are no longer eligible to apply for extensions because of the introduction of the points system,

C. Children born in the UK to irregular migrant couples. They are not migrants themselves, but have no right to remain.

The two types of overstayers within B above - asylum seekers and those who do not regularise their migration situation after their permission expires - are likely to behave very differently from one another. We therefore look at the evidence for four distinct sets of people within the irregular resident population.

5. In addition there is another group, comprising those who are legally in the country but who work in breach of their visa status. These are irregular workers rather than irregular migrants. This category has been excluded from the analysis, because people in this position are very unlikely to qualify for the proposed scheme. Their status will almost certainly change before five years' residence has been achieved, either because they have left, or because their position is clarified as either legitimate workers or irregular residents.

Estimating the numbers

6. Official estimates of 'Total International Migration' to the UK include, in principle, not only regular migrants but also all those in categories 1 and 2 above, except for those who evaded controls on entry, and visitors (ie, those who entered for less than one year) who stayed in the UK but never officially transferred to migrant status. Irregular migrants are thus not necessarily uncounted migrants.

7. The one widely accepted set of estimates of the size of the irregular population was produced by Woodbridge (2005) for the Home Office and the ONS. It uses a 'residual' method that compares the total *de facto* foreign-born population derived from the 2001 Census with estimates of *the lawfully resident* foreign-born population. The residual method is used because it is not possible reliably to build up an estimate from counts of the various groups of irregulars. It thus in principle includes all irregular migrants but not their UK-born children. The resulting overall estimate was presented as a range of between 310,000 and 570,000 with a central estimate of 430,000, as at census day 2001. In addition there were at that time 175,000 quasi-legal migrants, whose right to remain depended on future determination of their asylum status.

8. Informed observers have not seriously challenged the Woodbridge figures, except with respect to omission of the children of migrants born in the UK. Migration Watch's estimate, for instance, simply added an extra ten per cent for the UK-born.

9. The Woodbridge figures are not disaggregated either by types of irregular migrant or by area of residence. Official statistics of asylum seekers suggest, however, that in 2001 there would have been some 286,000 failed asylum seekers in the country – representing two-thirds of Woodbridge's central estimate of irregular population. Another important group are those whose applications for an extended stay were

refused, but who nevertheless remained in the country. This group could account for some 50,000 to 80,000 irregulars, while there may be others who did not even apply – as well as the category of illegal entrants (other than asylum seekers).

10. The stock of irregular migrants will have changed since 2001 for a number of reasons: the continued arrival of asylum seekers; the clearance of the backlog of asylum cases; further illegal migrants entering and leaving the country; further migrants overstaying their permission; and the regularisation of previously irregular migrants, including those from EU accession countries whose status has become legal.

11. The stock of asylum seekers remaining after refusal appears to have increased by some 220,000, though the rate of inflow has been sharply cut back since 2004. Similarly, while there is very little evidence on other overstayers, their numbers are likely to have increased more or less in line with the flow of migrants. On the other hand there are large numbers of formerly irregular migrants from the A8 who are now regular. In 2007 the government introduced a 'case resolution scheme' to clear the backlog of asylum decisions, which has also resulted in regularisation, as well as removals.

12. Taking all these factors into account, Table 1 provides our best estimate of the likely stock of irregular *residents* as at end 2007. In terms of irregular *migrants,* the numbers are somewhere in the range of 373,000-719,000 with a central estimate of 533,000. Including *children born in the UK* to irregular migrant couples adds between 12 per cent and 20 per cent to this total. Overall therefore the central estimate of the number of irregular residents (ie, migrants and their children) in the UK at the end of 2007 is 618,000, with a range of 417,000-863,000.

Table 1: Updating Estimates of the UK Irregular Resident Population 2001-end 2007

Thousands

	Central Estimate	Lower Estimate	Higher Estimate
Woodridge: 2001 estimate of irregular migrants	430	310	570
2001-7 change in numbers of:			
resident failed asylum seekers	+219	+219	+219
overstayers / illegal entrants	+50	+21	+79
Regularised 2003-07 (inc. from EU accession countries)	-166	-177	-149
Total irregular migrants at end-2007	533	373	719
UK-born children	85	44	144
Total irregular resident population at end-2007	618	417	863

Origins and duration of residence

13. Failed asylum seekers come from a wide range of countries with major groups from the Middle East, South Asia, Eastern Europe and sub-Saharan Africa. Those refused extensions tend to come from South Asia, the rest of Asia and Africa. Origins of illegal migrants, on the evidence of removals, are concentrated in South and Central America, Africa and 'other' Asia. Importantly, these countries of origin are all within the 'poor country' category; evidence suggests that relatively few regular migrants from these countries return home.

14. Assuming that the likelihood of remaining is similar to that for regular migrants from the same countries, the evidence suggests that some 62 per cent of all irregular migrants will have remained in the UK for at least five years. On this basis the central estimate of the number eligible for regularisation, on the basis of five years' residence, would be 412,000 with a range of 273,000 to 583,000.

Estimating London's share of the stock of irregular migrant

15. London has had a disproportionately large share of almost all types of migrant to the UK, but an especially large share of asylum seekers, at least until 2000. Thereafter, those publicly assisted asylum seekers who were given accommodation were dispersed out of London, while those who simply received financial assistance concentrated there. Failed asylum seekers are not eligible for assistance (except on a short term basis if they are waiting to return home), and do not have constraints on their area of residence. Nevertheless the proportion of post-2000 entrants living in London is likely to be significantly less than for earlier cohorts.

16. Our estimate is that 80 per cent of failed asylum seekers from before 2000 are in London, together with around 60 per cent of those entering later. For other groups the only available evidence is about the proportion of all those (legal or illegal) from the relevant national origins who are living in London. This suggests an overall London share for them that is a little lower than for asylum seekers. Table 2 provides our summary estimates, with a range between 67 per cent and 73 per cent of all irregular residents living in London – and a best estimate of 442,000.

Table 2: Estimates of London's Irregular Population as at end 2007

Thousands

	Central Estimate	Lower Estimate	Upper Estimate
Failed asylum seekers as at 2001	229	215	243
Growth in failed asylum seekers	131	99	164
Overstayers/Illegal entrants	121	28	226
Regularisations 2003-07 (inc. EU accession countries)	-100	-91	-108
UK-born children	61	30	105
Total irregular residents	442	281	630

17. The number of residents who might be eligible for regularisation (on a five-year residence basis) is estimated at some 412,000 nationally (with a range of 273,000 to –583,000), with 294,000 in London (with a range between 194,000 and 425,000).

The design of regularisation schemes

Who would be eligible?

18. Eligibility depends on two factors: length of time living in the country and the legality of behaviour. The question of how proof of time in the country would be determined is a major issue that would affect both eligibility and take-up. Legality of behaviour is also a problem, as almost by definition, irregular migrants will have broken at least some laws in remaining in Britain. The assumption must be that the restriction would apply only to those found guilty of a crime prior to application – but even here there is an issue about how serious a conviction would have to be to act as a bar to eligibility.

What are the benefits of regularisation?

19. The benefits to the economy depend first, on whether the migrant will become able to work or get a better job, second, on the chances of a later reversal of legality because the migrant cannot meet the requirements for the new residence status (e.g. no recourse to public funds); and third, on whether they actively begin to access additional public services, which in turn depends on current usage and the terms of the residence status granted.

20. International experience suggests that each of these factors can vary greatly, affecting both the extent to which people would take up the scheme and the likelihood of achieving regular status in the long-term. These factors in turn affect the societal benefits and the chances of success for the scheme.

Current eligibility

21. The extent to which legal migrants are able to access public services varies enormously, from complete access for those accepted as refugees, to 'no access to public funds' and limited access to parts of the health service for others. The only service where all migrants, whether legal or irregular, have full rights is education up to school-leaving age. Equally providers are paid in relation to these numbers, not to legal status. It is evident that many irregular migrants are already accessing a number of public services, so any move to regular status would have limited cost implications. Access to housing and social security by irregular migrants is likely to be more limited.

'Path to Citizenship'

22. The government intends to introduce a formal 'Path to Citizenship' by which legal migrants would go through three stages: temporary residency, where they must prove that they are self sufficient and contribute through taxation as well as abide by the law; probationary residence after perhaps five years, where they would achieve additional services but no welfare benefits (this period would last at least a further year); and finally full citizenship/indefinite leave to remain.

23. It is unclear what the proposed regularisation scheme would offer. However if it were only to place people on the Path there would be a high chance that many would not be able to meet the conditions and would therefore fall back into irregularity.

24. Finally there are important issues with respect to the administration of the actual process. International experience suggests this could be very costly, with potentially continuing costs of reassessment and removal.

Assessing the impacts of regularisation

25. The impacts of regularisation on the economy and social welfare depend upon: the current position of irregular migrants; their position after regularisation; the effect that removing constraints has on their behaviour; and the impacts of these on the labour market, the housing market and quality of life. These factors all depend not just on the architecture of the scheme but also on how effectively the irregular migrant has been integrated into the workforce and society.

26. With respect to the labour market the two main questions are: Will the productivity of the migrants be increased? And how will this affect wages and taxes?

27. The UK has a more limited informal sector than many of the other countries that have previously undertaken regularisation schemes. There is also less reliance in Britain on formal identity papers and a lower representation of illegal (as opposed to irregular) migrants. As a result it is likely that a large proportion of irregular migrants that work are already working in the formal sector.

28. Evidence from the Labour Force Survey suggests that those from 'irregular origins' who are in work may be earning about 30 per cent less than those from legal origins. It also suggests they are very much more likely to be workless, with perhaps 50 per cent of adults not working in a given week as compared to about 25 per cent of the whole migrant population. A large part of the differential in employment rates seems, however, to reflect the influence on migrants' labour market outcomes of constraints other than residential status. After allowing for these factors, the gap in employment rates may only be about six per cent. The estimated gap in earnings is, however, not significantly reduced when these factors are taken into account.

29. International experience suggests that regularisation does improve the possibility of accessing better employment, especially for those who start off heavily disadvantaged. However other evidence, particularly from the USA, suggests that many irregulars are already well integrated into the labour market.

30. Potential impacts of regularisation on GDP in the UK are uncertain, both because of data limitations and because their achievement would be contingent on complementary policies, toward equal opportunities, immigration control and the informal sector. Illustrative estimates, that assume employment rates of irregulars could be raised by six percentage points and earnings by 25 per cent, imply an addition of £3 billion per annum (or about 0.2 per cent) to national GDP.

Impacts on housing

31. Impacts on the housing market are likely to be limited. Irregular migrants are currently mainly accommodated in the private rented sector or living with family and friends. Except to the extent that their incomes increase, there will be very little additional demand. In the short run at least, very few additional households would be eligible for either benefits or social housing.

32. In the longer term however there would be an impact on the demand for social housing. In London for instance there might be 128,000 households regularised. Earlier evidence suggested that perhaps 40 per cent of those from similar backgrounds have over time been able to access social housing. This would imply adding 52,000 units to the stock at a public sector cost of perhaps £4.4 billion. over a long period. Across the UK the figures might be as many as 72,000 units required at an estimated cost of £6.2 billion. However the much more likely outcome is simply that there would be longer waiting lists both in London and across the country as a whole.

Impact on quality of life

33. The quality of life of both regularised migrants and their neighbours should be improved by their greater willingness to interact with the police and through a general increase in perceptions of legality. Any harm caused by having a cohort of irregular citizens would be reduced. However, there is also a risk of some increasing tensions if people felt that regularisation enabled people to 'jump the queue'.

Fiscal Impacts

34. There are three main service areas where costs might increase as a result of the regularisation programme:

- direct costs of implementing the scheme;
- additional demands on public services;
- potential increases in welfare benefits to eligible households.

Administrative costs

35. The closest comparator available to estimate per-unit administration costs of a regularisation scheme is the current UKBA 'legacy' programme (with a total cost of some £1 billion). The latter scheme was wholly concerned with asylum cases, but we assume that equivalent costs per unit would be involved in processing non-asylum seekers also. The additional costs for them are estimated at around £300 million. This new cost might be increased if the scheme generated an incentive effect, encouraging additional migrants.

Public service costs

36. Our analysis of the impact on public service costs is based on an interview programme that was concentrated in London – and initial cost estimates related to this city.

37. The most important issues relate to what services irregular migrants are currently able to access; the extent to which demand may be increased by regularisation; and the extent to which constraints on access are removed as a result of regularisation.

38. The education service is at one extreme of the spectrum in that all parents or guardians, whatever their status, must send their children of between five and 16 years to school, and funding is provided per student. At the other extreme are welfare benefits to which neither irregular nor some other migrants are eligible – so that any impact will only occur once the migrant has been given indefinite leave to remain or citizenship.

39. The costs of a large proportion of local public services would not change significantly, simply because the irregular migrants are already in the country and using services. This applies to fire, the environment, planning, culture and leisure services and transport. For many of the other services the only check made is to confirm that the applicant's address is within the borough. The objective of the providers appears to be to ensure that everyone obtains the service rather than to test the migrants' immigration status and thus exclude particular groups. This finding also applies to nursery schools and social care for both children and adults. Any increases in costs in these services would come from the regularised migrants feeling more able to access the services.

40. For other services, notably police and ambulances, there might be offsetting reductions in demand – eg if fewer irregular migrants became victims or needed A&E.

41. The two service areas where there might, at least in principle, be large changes in costs are health and housing. In the context of health, irregular migrants may well avoid using services because of the fear that checks will be carried out. However with respect to primary care there is little evidence of exclusion. The situation may be different with respect to hospitalisation, especially where 'health tourism' is an issue. However again little evidence was adduced showing formal attempts at exclusion, although concerns were raised about pregnancy and cancer care. Certainly the costs of A&E are higher than those for GPs, while the extent and timing of when people present themselves for treatment depends upon migrant fears of deportation. Removing this fear should result in earlier diagnosis and therefore lower treatment costs as well as benefits to public health, especially because of earlier diagnosis of contagious disease. Overall, the costs to the NHS would increase on regularisation even allowing for offsetting reductions as health improved.

42. The issues with housing are very different. Anyone 'subject to immigration control' is ineligible for social housing or housing benefit. The costs of regularisation will thus be minimal until the migrant receives indefinite leave to remain (ILR). Over time as regularised households achieve ILR or citizenship the costs could be disproportionately high. Many households will be lower-income families who might be eligible to receive housing benefit and to be accommodated through homelessness provisions and waiting list allocations. The long-run costs with respect to housing could therefore be significant.

43. Many of the same arrangements apply to social security, tax credits and other benefits where eligibility will increase over time.

44. Overall our estimate of the annual UK costs specific to public services is of the order of £410 million per annum, including housing benefit, social security and child benefit, which some households will become eligible for once they receive indefinite leave to remain, thereby raising this figure to around £1 billion.

45. The costs in terms of public services are relatively low, mainly because access to most services does not depend on regularity *per se,* but on whether or not migrants are 'subject to immigration control'. Thus the immediate costs are much lower than most commentators might expect. The major costs relate not to services but to welfare benefits: mainly child benefit, social security and housing benefit. Some countries limit migrants' access to such benefits — and indeed this government intends to do so for those seeking indefinite leave to remain or citizenship.

The impact on tax revenues

46. The most widely perceived benefit of regularisation is that tax revenues will increase because more migrants will be employed in formal jobs (where taxes are collected) and that they will achieve higher-paid employment. Evidence from the USA (which

seems to be the closest comparable case) indicates that many (perhaps a half of) irregular migrants already pay income tax and the equivalent of national insurance. Some regression analyses with UK evidence suggest a similar pattern may apply here too. On this evidence, a shift of status from irregular to regular might be expected to add the equivalent of 15 per cent of weekly earnings to the tax/insurance take. This could imply perhaps £1,450 per annum per regularised adult.

47. If, over the long run, regularisation closed the gap between current employment and earnings rates of irregulars and those of otherwise comparable migrants, the tax/insurance yield could be raised by a further £1,171 per regularised adult. Together, on these assumptions, the tax/insurance revenue from a regularised population could increase by some £846 million per annum.

48. Our best guess is that there would be some net benefit to the public purse in the short to medium term based on the costs to public services alone, while access to welfare benefits is restricted. However, these costs will increase over time as more regularised migrants gain indefinite leave to remain.

Bringing the story together

49. Overall, we estimate the UK has a population of some 618,000 irregular residents, within a range between 417,000 and 863,000. London has about 70 per cent of this total, with a central estimate of 442,000 and a range between 281,000 and 630,000. Of these totals, we estimate that nationally 412,000 (67 per cent) might be eligible for regularisation; of these, 294,000 would be in London.

50. Regularisation of these groups could be expected to contribute to higher levels of national output to the extent that it enabled a greater proportion of irregular residents to work and to make better use of their human capital. Indicative estimates suggest that over the longer run and with supportive policies this might add something like £3 billion per annum (or 0.2 per cent) to GDP.

51. The regularised might generate a total of £846 million per annum additional tax revenue for the UK as a whole. This can be compared to a possible increase in public service costs of £410 million per annum. In addition potentially available welfare costs might in time raise this figure to £1 billion; there would also be a one-off cost of the regularisation scheme and administration of £300 million.

52. The figures for London on a similar basis are around £596 million per annum additional tax revenue, compared to £240 million for public service costs; £713 million when including welfare costs plus £210 million one off costs.

53. If, as we would expect, not everyone who was eligible took up the option of regularisation, both tax benefits and costs would be lower. The balance between tax revenue and costs could also be substantially affected by whom it was who actually took up the option of regularisation.

54. The figures presented here are based on the numbers of irregular residents in the country at the end of 2007. Many of these migrants are likely anyway to be regularised under the current schemes, which are based on case-by-case assessment of individual circumstances, including the length of time spent in the country. What a regularisation scheme would do is clarify the position of those

irregularly in the country and allow irregular migrants to come forward for regularisation within a clearly defined set of rules. This is consistent with the general intention of enhancing the ethos of legality within immigrant communities and localities with high concentrations of migrants. A simple scheme with clear rules also increases the chances of achieving the high take-up and success rate that would be necessary to generate a step-change in legality.

55. The main objection raised to a formal regularisation scheme is that it could incentivise additional irregular migrants. Much of the evidence for such incentives however relates to countries with much illegal immigration across land borders from nearby countries. The likelihood of large-scale additional irregular immigration is far lower in the UK, where most irregulars come from much further afield – and could only occur if border controls were ineffective.

56. The costs in terms of public services are relatively low, mainly because access to most services does not depend on regularity *per se,* but on whether or not migrants are 'subject to immigration control'. Thus the immediate impact on public services is much lower than many commentators might expect. The major long-term costs relate to welfare benefits, including child benefit, social security and housing benefit. Some countries limit migrants' access to such benefits — and indeed this government intends to do so for legal migrants until they receive indefinite leave to remain or citizenship.

57. Making a regularisation scheme work effectively in social and economic terms would require careful design, involving a progressive programme (integrated with a version of the current 'paths to citizenship' proposal) and complementary policies to address equal opportunities issues and parts of the informal economy which have exploited irregular labour.

58. The issue of irregular migrants and how to deal with them has been difficult to research because official agencies have little information and few data about the question - and a lack of clarity about the position of irregular migrants, in part because immigration is a topic of controversy. However, the fact that immigration is 'difficult' politically does not mean there cannot be debate, followed by improvements to public policy. This report provides some evidence as a contribution to such a debate.

Chapter 1 Context and Issues

1.1 Introduction

Immigration is a complex and politically challenging issue. A significant increase in the number of immigrants to the United Kingdom during the past decade has created new demands on central and local government. The centre has, in response to popular pressure, attempted to moderate the scale of immigration by restricting asylum-seeking and, more recently, by introducing a points-based system to determine who may or may not come to Britain to work. In fact, immigration has seen more legislation and regulation than any other social policy area since 1997. Local authorities have faced issues created by the need to integrate migrants, as well as to ensure public service provision adapts to the needs of overseas-born residents. Opinion polls suggest the public generally opposes immigration (four-fifths of people say they would like to see less of it), but at the core of public concern are lack of control and illegality.

Britain as a whole has become a country with a substantial level of net international in-migration since the late 1980s, with the largest growth occurring in London. Key features of the 'legal' or 'regular' component, accounting for the majority of these flows are outlined in Appendix 1. During the period from 1997 to 2002, a large influx in the number of asylum seekers in particular led to a particular (additional) growth in the number of 'irregular' migrants, since many had their claims rejected but did not leave the country. Irregular migrants and their children comprise a population of irregular residents, defined as all those living in the country without legal authority. This population, its size, characteristics, and likely potential responses to regulatory changes are the focus of this report, although official data sources are necessarily weak on the subject of people who are living an irregular existence, which is in some respects outside the law.

Once a substantial population of irregulars has built up, a number of public policy questions are begged. For example, should the government attempt to reduce the number and if so, how? Are other public (or publicly funded) agencies required to identify irregular migrants to assist in a policy of removal? What services should be provided for people who are living without full residence status? How far should efforts to accommodate migrants differentiate between regular and irregular ones? Can a long-term solution be found to reduce the extent of irregularity? These questions should be asked in the context of two wider questions: What are the impacts, both positive and negative, of irregular migration on British society? And what is the experience of irregular migrants in this country?

There is no doubt the issue of migration is politically sensitive. For this reason, national politicians and officials have sought to run two kinds of policy in parallel. On the one hand, the government has made strenuous attempts to 'talk tough' about migration, including publicising its efforts to remove failed asylum seekers and to reduce the number of irregular migrants living in the UK. On the other, many public service providers, such as local authorities and schools, have made major efforts to ensure migrants are properly treated and that social cohesion is maintained.

Despite government efforts in the last decade to tighten controls on immigration, a sizeable number of irregular migrants remain in Britain. London, which has long been the main centre of international in-migration to the UK, has become home to many large communities of people born overseas. Being a city of many nationalities, religions and identities has become a distinctive element in London's self-image. And within this melting pot of identities, a substantial cohort of irregular residents has evolved. While a vast city can, because of its scale and anonymity, absorb many irregular citizens with apparent ease, no one would pretend that having a large irregular population was inherently desirable.

The post-2008 recession may intensify the salience of migration, both regular and irregular. Politicians will, presumably, wish to lessen any potential damage to social cohesion by adopting a number of policies to manage the implications of large numbers of irregular residents in London and elsewhere. Given the apparent reality that, despite the best efforts of government, it will be impossible to remove a large proportion of irregular migrants, proposals have been made for a scheme of 'earned regularisation' for these individuals. Under such a scheme, people with irregular status would be able to apply – in certain circumstances – to have their immigration status become 'regular'.

This report is about the scale of the issue involved, the possible characteristics of a regularisation scheme and the potential costs and benefits of implementing it. In it we attempt to assess impacts both for the UK as a whole and more particularly for London. Because of the lack of official data and other sources to assess many of the consequences of a regularisation scheme, much of this report is, inevitably, tentative – with substantial margins of error to which we draw attention. However, the conclusions are based on the best information currently available and are intended to provide a 'best estimate' of the likely ramifications of a regularisation policy, if one were implemented along the lines suggested by the Mayor.

1.2 The brief

The brief for this short project states that it should 'explore the proposition of an earned regularisation of irregular migrants in the UK coupled with planned changes in immigration legislation.' As such it requires an examination of the likely economic impacts (both on London and the UK as a whole) of a simple version of the Mayor's proposal for 'earned regularisation' of migrants, for which all irregular migrants who had lived in the UK for a minimum of five years without committing any serious criminal offence would be eligible to apply. In particular the study aims to estimate the numbers of irregular residents in the country and in London; the numbers who might qualify for a regularisation scheme based on length of stay in the country; and the potential impacts on the economy, particularly in terms of the effects on the labour market and the use of public services, and the associated effects on tax receipts and public-sector expenditure.

1.3 The context for regularisation proposals

The past 20 years, and more especially the last decade, have been a period of unprecedentedly high migration into the UK as a whole and especially into London, which is the country's most cosmopolitan city and major reception area for most kinds of migrant.

This population boom had many components: short-term and more permanent arrivals from both rich and poor countries, large numbers moving within the free labour market of an expanding European Union, asylum seekers from a succession of conflict areas, and young people from all around the world arriving to study or for extended visits. Some of these flows have now abated (notably asylum seekers - though changes to the asylum system may mean that people are still coming but no longer claim asylum and become irregular migrants instead). Flows of other types of migrants are likely to fall as the new points system for legal immigration is implemented and the recession curtails new opportunities for highly skilled job seekers. This great array of flows both in and out has mostly been welcome, but has proved hard to monitor statistically or administratively. As a result, steps have been taken to tighten up on admissions and on in-country enforcement of controls.

This tightening of controls on immigration is not peculiar to Britain. Similar developments elsewhere, particularly in Europe, have stimulated a range of initiatives to control population movements. These have included not only intensified border control and removal of unauthorised residents, but also programmes of conditional/earned regularisation for some of this group (see eg MPI/Weil, 2004; Dayton-Johnson et al, 2007) Recent proposals by London mayor Boris Johnson[1] follow this mixed approach, which seeks to reduce the gap between those migrants who are here legally and those who are not, to reduce avoidable insecurity, and to allow more effective economic use of those who migrate to the UK.

In this introduction we briefly discuss who comprises the irregular population of this country before outlining the key arguments for and against regularisation; what can be learned about these from the experience of regularisation programmes elsewhere; and the significance of recent UK approaches to resolving the issue of what has become a quite large irregular population.

1.4 Irregular migrants and irregular residents

In formal terms, irregular migrants (or more broadly irregular residents) are those whose presence in a country is not legitimated by rights of birth, citizenship, grants of settlement or by satisfying the terms of a current visa/grant of leave to stay etc. In the UK context, they include five main groups:

- those who entered the country illegally, whether by avoiding border controls or presenting false papers
- those who entered legally and overstayed the permitted duration of their stay

[1] In his press release of 9 March 2009 'Mayor condemns government immigration failure' [http://www.london.gov.uk/view_press_release.jsp?releaseid=21277], Johnson said: '… it is time for a twin track approach to this issue. Firstly we need far tougher border controls to control the flow of people into our country. Secondly we need a frank debate about what to do with the half a million in the capital who are not able to join the economy legally. I believe we should carefully consider the merits of an earned amnesty for long-term migrants to maximise the economic potential of these people so they can pay their way. 'I do not want to be the Mayor of two categories of people in our great city, one group who live normally and another who live in the shadows unable to contribute fully to rest of society.'

- those who (having entered the country legally or not) made a claim for asylum which was definitively refused, but did not leave the country as required
- children born in the country to parents who are both irregular migrants; and
- those who are legally present in the country, but are engaged in activities inconsistent with their visa conditions, eg holders of student visas who work more than the permitted number of hours per week.

The term 'irregular' is now used to describe this group of people. Only some of them are covered by more traditional labels such as 'illegal' or 'undocumented' migrant, which are also seen to be inappropriately pejorative, particularly as they can wrongly associate migrants with criminality.

It should be noted that the final category — those legally present but engaged in activity inconsistent with their migration status — is different in kind from the other four; they are irregular in terms of their employment status but not their migration status. This group has therefore been excluded from the research.

We are therefore concerned with four main groups: failed asylum seekers[2], overstayers, illegal entrants, and the UK-born children of persons in these categories. The groups are of different sizes; in the UK at present it appears to be failed asylum seekers who are numerically dominant.

Government may have to treat failed asylum seekers differently from other types of irregular migrants. In particular, it tends to be more difficult to enforce removal of failed asylum seekers (as compared with overstayers or illegal entrants) because of the moral support engendered by claims for political asylum, even when these have been legally rejected; because there can be practical barriers to their return, such as health problems, lack of documents, or lack of cooperation from the receiving country; and because the legal concept of non-refoulement[3] forbids the deportation of an individual if in the country they are being returned to they face a risk of death, torture, or 'inhuman and degrading treatment'. Finally, people cannot be deported to a country if it is not certain that is where they came from.

Because failed asylum seekers make up the majority of irregular residents, it is important to look at trends in asylum seeking. Since 2004 the great wave of asylum claimants has largely abated, making the management of those who remain unlawfully more of a 'legacy' issue than one growing substantially in scale through further large-scale inflows. New asylum claims, which were running at 75,000 per annum in the years 1999 - 2002, have come down since 2005 to about 25,000 per annum, no doubt in part reflecting a much more discouraging policy stance on the part of the UK government, although asylum claims across the OECD area have declined since 2002. In 2007, the last year for which figures were available, some 28,320 persons including dependants claimed asylum in the UK. Of these,

[2] This term, though officially adopted by the Home Office, is also contested – but accurate in referring to those whose claims for the protection of asylum (and refugee status) have proved unsuccessful.
[3] As captured in the UN Refugee Convention and the European Court of Human Rights Article 3.

the great majority (20,430) were initially rejected. Some but not all rejected applicants left the UK; others stayed and became irregular residents.

The accumulated stock of irregulars in the UK is relatively large (somewhere between 0.4 and 0.8 million on the estimates set out in Chapter 2) although still a much smaller proportion of the population than in, for example, the USA, where there are now some 12 million undocumented migrants.

Even within a single category such as asylum seekers, there is clearly a very great variety of circumstances — not least in terms of the assets individual 'irregulars' can draw on (human and social capital, as well as financial). And, despite popular stereotypes as to what 'illegals' might be, the evidence is that they come from many different national origins. They are, like most of those who come to the UK to live, predominantly from much poorer countries. But, in common with the other migrants from these countries, the 'irregulars' are by no means uniformly unskilled; rather, they have a spread of educational attainments probably not that different from a similarly aged group of UK-born persons. As Reyneri (2001) concludes from a review of available data on irregular residents in Italy, Spain, Greece and France, these span the range from uneducated people with very deprived backgrounds to the relatively wealthy and highly skilled. In general, he concluded, most were not from deprived backgrounds: in Italy 'a lot ... belonged to the elite youth in their own countries,' while in France 'most regularised migrants belonged to the relatively privileged social classes, less affected by unemployment in their countries of origin, rather than the poorer classes.' (pp. 16, 17). This might also very well be true in the UK.

1.5 The case for regularisation

The case for some form of conditional/earned regularisation[4] is based on several arguments. It is argued that regularisation will produce (in theory quantifiable) benefits for society and migrants themselves because it will:

- reduce the social and administrative costs of immigration control/enforcement, without significantly lowering its effectiveness;
- improve the fiscal position of other taxpayers by extending the effective tax base without incurring an equally large addition to expenditure commitments; and/or
- add substantially to the nation's productive capacity by allowing it to better use a workforce who will anyway be present in the country.

In addition there are non-quantitative arguments for regularisation that it will:

- strengthen law-abiding behaviour and increase migrants' willingness to cooperate with the police
- improve social cohesion; and, importantly
- recognise the moral imperative to treat those living in the country with compassion.

[4] as developed particularly by the Washington-based Migration Policy Institute in MPI/Weil, Papademetriou, 2005, Dayton-Johnson et al., 2007; Papademetriou and Somerville, 2008.

Our analysis will concentrate on the first three arguments, which adduce benefits from regularisation that are in principle quantifiable. Each of these arguments rests on a set of assumptions/judgements about both the current position of irregulars (in terms of their numbers and behaviour, and the treatment they receive) and how that position would be affected by an appropriately designed regularisation scheme. The nature of irregularity inevitably means that such judgements are rather hard to test or substantiate empirically, though there is relevant evidence to be found both from the UK situation and from experience of regularisation programmes elsewhere.

The first line of argument for regularisation is that it would reduce the cost — both human and financial - of immigration control. In terms of human costs, it starts from the proposition that although irregulars are in a weak legal position, the political/economic reality is that relatively few will be removed from the country, because the effort this would involve and the opprobrium the authorities would incur would be judged excessive (as has been the case in the past). These long-term irregulars should therefore be given legal status and access to benefits; the social benefits in terms of relief from insecurity and the need to conceal themselves would outweigh any risk that many others would be encouraged to use irregular means to come/stay. If, however, it were shown that regularisation programmes did not in fact stem the growth in numbers of irregular residents this argument would lose much of its strength — particularly if a growth in numbers of irregulars were accompanied by an increase in the size of the underground economy.

There are also financial costs and benefits. On the one hand, provided regularisation is sufficiently extensive, it should be possible to reduce the monitoring of entitlement to services and migration status of those already in the country. On the other, regularisation will involve significant one-off costs (especially given the need to guard against fraud). To the extent that regularisation provides an additional incentive to enter/remain in the UK unlawfully, it will occasion further expenditure on border controls or (more significantly) on policing potential overstayers and future failed asylum seekers. These will be difficult issues to judge, because the realities of administrative operations are somewhat obscured, and because political judgements about acceptability/feasibility of controls appear to be changing.

The second line of argument is that regularisation would benefit the public exchequer. It is (at least in principle) a simpler one, hinging on the assumption that irregular residents must be receiving income from some economic activity, but presumably not one that is directly taxed, since they could not be legitimately employed by mainstream/formal businesses that administer PAYE systems. If this is the case, regularisation should bring a substantial group within the purview of the tax system: the individuals themselves will become administratively visible, and will no longer be confined to working in a shadow economy effectively outside the tax system.

Offsetting this, regularised migrants would presumably gain much fuller entitlement to the use of public services, which would require additional expenditure - although studies of legal migrants have generally found that their tax contributions exceed expected additions to service costs (see for example Sriskandarajah, Cooley and Reed, 2005; Gott and Johnston, 2002[5]).

[5] Some witnesses to HoL challenged this conclusion however (2008) [the Select Committee report].

Key to this argument is the assumption that a very large proportion of irregulars operate outside the mainstream, paying (at best) only indirect taxes and receiving only minimal public services. In the UK case this assumption is questionable, especially given that there seem to be large concentrations of irregular residents in core areas of London, where both the state presence and the formal economy appear very strong (see Chapter 2). This is one of several issue areas where national contexts matter greatly – particularly the scale of the underground/shadow economy and the degree of engagement of irregular migrants in this economy.

Evidence from the US (discussed further in Chapter 5 below) indicates that a large proportion of the irregular population, including some working in otherwise unregulated activities, do have federal income and social security taxes withheld from their earnings – and in this respect at least the US may be closer to the UK situation than (for example) southern European countries. Equally, in terms of expenditure, our interviews with a number of public service 'gatekeepers' in London suggest that many do not currently monitor the migration status of their clientele. In addition, the latest government proposals for progression of migrants towards eventual citizenship (Home Office, 2008) mean that newly regularised migrants (and their children) may get little more access to benefits than they do now.

The third line of argument for regularisation is that it would benefit the economy as a whole. It starts from the proposition that irregular migrants have considerable economic potential, which is largely wasted because of constraints on their access to work. They tend to be under-employed both quantitatively (with depressed employment rates) and qualitatively (in under-productive and under-paid roles).

The degree to which these assumptions are valid depends on how tightly formal controls have actually been enforced outside the immediate sphere of migration control. Some irregular migrants do have national insurance numbers and the implications that past 'flexibility' has had for the ability of irregular migrants to gain work inside the formal sector of the economy. Controls are clearly being tightened up now, but this will probably not affect those irregular migrants already employed in the formal economy.

The argument that regularisation would benefit the economy by allowing better use of migrants' skills is strongest in countries where irregulars seeking some continuity of employment are crowded into the informal sector, where businesses make money through a combination of regulatory evasion and depressed wages (which offset the less productive technologies and business practices they employ). This sort of employment is probably much less common in the UK than in some other European countries. Even so, there are some formal businesses willing to take on workers with questionable legal status.

Evidence that irregulars have substantially lower employment rates and wage levels than legal migrants lend credibility to the argument that regularisation would benefit the economy. But it is difficult to know to what degree these differentials reflect irregular status, as opposed to lower levels of human capital, poor social integration, or racial/religious discrimination – not all of which would be altered by regularisation. Also, it may be that those people who have survived, and adapted to, economically marginal roles over the period required to

achieve eligibility for regularisation (five years in this case) may find it difficult to make a successful transition to full-time work in a more appropriate mainstream job, especially if they have no guarantee about their long-term position. One plausible scenario is that only those who had already overcome the constraints of irregularity would choose regularisation, while others would opt to retain their familiar roles and networks (MPI/Weil, 2004).

These are three powerful lines of argument. Their application to the UK case needs both a careful examination of the available evidence on key issues, and exercise of intelligent judgement about the rest in the light of experience elsewhere.

1.6 The experience of regularisation programmes elsewhere

Regularisation programmes, amnesties, or both have been relatively common in many countries that have built up substantial populations of irregular migrants over the years. The difference between 'amnesty' and 'regularisation' seems to be that 'regularisation' programmes are relatively more sophisticated and aim to resolve some of the structural problems associated with irregularity – perhaps on a continuing basis – whereas 'amnesties' are basically one-off exercises in writing off the consequences of past failures of migration control, and/or political gestures to the irregulars themselves. In practice, the difference between the two is not always clear.

The most relevant international examples to consider in relation to a potential UK 'regularisation programme' are those from the USA, France, Spain, Italy and Greece, key features of which are summarised in Table 3.1 (in Chapter 3). These programmes have differed substantially both in terms of their eligibility criteria (mostly expressed in terms of qualifying periods of residence) and what kind of residence/work permit is offered to successful applicants (especially in terms of duration). At one extreme was the US Immigration Control and Reform Act (IRCA) legalisation in 1986, which required five years' continuous residence and offered permanent legal residence to (almost all) applicants. At the other are a series of schemes in the Mediterranean countries with minimal residential requirements, which generally offer no more than two-year residence permits. Somewhere between lie several French programmes, notably that of 1997 - 1998, which required a combination of five/seven years residence, family ties and/or employer support, to qualify for a prospect of permanent residence. Such variations seem partly to reflect quite different ways in which irregular migrants fit into national economies, with a sharp contrast between the US, where most undocumented migrants are believed to work in the formal economy, and Mediterranean economies, where they tend to be embedded in large shadow economies which require a more fluid workforce.

International experience can offer some evidence that is relevant to the three main arguments for regularisation, although in we could find no research that actually quantified the balance of costs and benefits of a particular regularisation programme. The international literature on regularisation is largely descriptive, focusing on the legal framework and mechanisms and reporting outcomes primarily in terms of application and approval rates, with little quantitative evidence on costs and benefits. In the words of a recent comparative European study, this reflects 'an appalling lack of data, systematic follow-up or research' (ICMPD 2009a p.44).

The first argument in favour of regularisation is that it would draw a 'realistic' line under past waves of uncontrolled immigration. International experience offers little hard information about how well this can succeed. One key question is the extent to which programmes may serve unintentionally to encourage further waves of illegal immigration, and/or extend the stays of those who come. It is obviously difficult to separate the effect of immigration policies from that of other economic and political influences — but in fact most countries have not even attempted such an evaluation (as a US government review noted — US Government Accountability Office 2006). In general it seems clear that irregular migration flows are most affected not by policy changes in the receiving country, but by economic prospects: in particular the chance of employment. Thus movements are closely aligned with the business cycle — there has been a dramatic drop in new illegal immigration to the USA since 2007, for example.

Most external studies have concluded that regularisations do tend to increase illegal immigration — or at least do nothing to decrease it. The more comprehensive studies have focused on US experience, particularly the large-scale IRCA amnesty in 1986 (see Chapter 3). This is believed to have slowed inflows for a period of about six months, after which they reverted to their previous level or possibly increased. Such growth was attributed not to the incentive effects of further prospective amnesties, but rather to regularisation reinforcing the role of networks and family ties (Orrenius and Zavodny 2001; Levinson 2005). Conversely, in relation to Italian and Spanish regularisations of the 1990s, which did not demand extended residence in the country, the studies of Foot (1995) and Reyneri (2001) conclude that such prospects did serve as substantial incentives and significantly boosted rates of unauthorised migration (eg by some 50,000 in Spain after June 1999). The evidence of incentive effects appears to be stronger where irregulars come predominantly from nearby countries, rather than the distant origins (from which most of the failed asylum seekers in the UK's irregular population originate)[6].

Both programme design and national contexts seem to have contributed to the rather different experiences in the US and Mediterranean cases. The US example could be more directly relevant to the UK case, even though in the UK most irregular migrants are failed asylum seekers, while the US and Mediterranean countries they tend to be illegal entrants – and the dynamics of these groups may be quite different. These differences in the proportion of illegal entrants may largely reflect the ease with which such entry can be controlled; obviously Britain, as an island, can more easily control its borders than can the USA.

Two other issues affect the degree to which a regularisation would 'draw the line' under the problem. One is that where a minimum residence period, and/or other significant conditions, is a requirement for regularisation, a sizable proportion of the irregular population may fail to qualify yet has no particular inducement to leave. In the US IRCA case, for example, where five years' residence was required, about half of the irregular population were left in their previous situation (ICMPD, 2009a). Conditional regularisation in the UK could well produce a similar outcome.

[6] Reported by Albert Kraler from International Centre for Migration Policy Development (Vienna) at Clandestino workshop 'Understanding Irregular Migration in Northern Europe', London, March 2009.

The other issue is that of people who are regularised, but then slip back into irregular status. This may occur where successful applicants gain only a limited-term permit for legal residence, with unclear or overly demanding procedures for renewal. It may also occur where opportunities in a shadow economy are simply more attractive for some groups than those that they can access in the formal economy. In some countries (eg Italy) a combination of these factors has meant that the same migrants have moved in and out of legality several times under various regularisation programmes.

Even without these issues of continuing stocks and flows of un-regularised migrants, experience elsewhere suggests that the direct costs of administering a regularisation programme can turn out to be unexpectedly high. According to the ICMPCD review:

> 'The management of large-scale programmes has been a significant problem for almost all countries, with unexpectedly large numbers of applicants, insufficient machinery to receive and process applications, staff shortages and various unpredicted difficulties. The consequence, in almost every country, has been long queues of applicants, massive delays, and (in many cases) continuous extension of deadlines and postponement of decisions.' (ICMPD 2009a, p.46)

Fraud may also be a very substantial issue, as in other areas of migration control. The clearest evidence here comes from the two IRCA programmes in the US: one a seasonal agricultural programme with minimal residence requirements, and the other a mainstream programme requiring five years' residence. In the first case the number of applications granted was three times greater than estimates of the potentially qualifying workforce, while in the other, surveys suggested that three-quarter of Mexican applications were fraudulent, with fake documents being used by people who may not previously have been resident in the US (Passel, 1999: Donato and Carter, 1999; Orrenius and Zavodny 2001).

In relation to the *second* line of argument, that there will be net fiscal gains as a result of regularised migrants starting to pay tax, there is a bit more evidence. This has been a key motive for regularisation, as for example in Greece (Levinson 2005, p.36). And there is evidence from the Spanish 2005 regularisation at least of very considerable increases in numbers of foreign workers registered in the social security system (up by some 600,000, or about three-quarters) and tax/social security receipts (together up by some €186 million) (ICMPD 2009b). On the other hand, US studies have pointed to a surprisingly high incidence of income tax and social security payment by currently undocumented aliens. McCrohan's (1990) review, IRS estimates for individual tax returns (cited in CBO, 2007) and US Social Security estimates all point to about 50 per cent coverage – though other researchers have estimated that up to 75 per cent of irregular workers either had taxes withheld from their pay or filed tax returns. In considering how this coverage might be further boosted by (conditional) regularisation, there is obviously a question about the extent to which current non-tax-payers would actually be among those who were regularised, and became fully visible to tax authorities. But this is clearly another field where context can make a big difference, particularly the much stronger association between illegal residence and irregular work in southern Europe than in the US (ICMPD 2009a). Our expectation is that the UK would be much closer to the US in this respect, as the structure of the UK economy is more like that of the USA.

In terms of the difference that regularisation actually makes to eligibility for, and expenditure on, public services, the evidence is more restricted. US studies have generally focused on education, health care and law enforcement (CBO 2007), saying that for legal and practical reasons these are the areas where governments are least able to limit access to services (and thus cost) – though it is unclear how far calls on law enforcement services are actually restricted by irregularity. What is clear, however, is that programme design makes a critical difference. In the US under the 1986 Immigration Control and Reform Act, most eligible aliens are actually barred from receiving most federal benefits — including Medicaid — for five years after being granted temporary resident status (US GAO, 1994).

On the *third* line of argument, about potential additions to national output (or other aspects of societal welfare) from removing the constraints on employment of the stocks of human capital among irregular migrants, the evidence from programmes elsewhere is especially limited. The beneficial effect on national output and social welfare is not a given, however. Reviews suggest that in practice, regularisation programmes have often failed to have a real positive impact on wages, occupational mobility or the wider integration of immigrants (ICMPD, 2009). Once again there seems to be a contrast between experience in Mediterranean countries and in the US. In the former, a continuing strong demand for irregular (undeclared) work in sectors where regularised migrants are concentrated has meant that few have managed to achieve regularised employment, while others have had their chances of work actually reduced (Levinson, 2005; Reyneri, 2001). In the US, on the other hand, a study of workers regularised under the 1986 IRCA found that regularisation:

- increased earning power, usually through enhanced occupational mobility
- strengthened the link between earnings and the human capital; and
- encouraged migrants to invest more heavily in their own human capital (ICMPD 2009a).

A common theme emerging from various studies which is relevant to each of these lines of argument is that previous schemes have not been well enough designed to capture the potential benefits of regularisation. Generic failings identified by proponents of a more sophisticated model of 'earned regularisation' include:

(i) lack of attention to the behaviour and needs of migrants

(ii) expecting one policy to achieve too many goals

(iii) a lack of evaluation, and especially of experimentation; and

(iv) a failure to integrate regularisation with complementary policies.

1.7 Regularisation-style exercises in the UK

The earned regularisation scheme currently proposed by the Mayor of London would, if implemented, represent the most radical initiative in British immigration policy. As

Papademetriou and Somerville (2008) note: '*there has never been an official amnesty or regularisation in the UK*' (p11, emphasis added).

There have, however, been a number of other procedures through which regularisation has in fact been undertaken during the last decade (as well as the *de facto* changes of status that occurred with successive EU enlargements). Some of these have operated on a relatively modest scale. The most extreme example was the 1998/89 concessions for domestic workers who lost their legal status when switching employers, which attracted only 200 applicants (Papademetriou and Somerville, 2008). A more significant example is the long-term residence provision, originally operated on a discretionary basis but incorporated in the immigration rules from April 2003. This provides that those who have lived here for 10-14 years — or seven years if they have children — may be granted Indefinite Leave to Remain. Over the five years between 2003 and 2007, some 22,000 people were granted ILR on this basis.[7] The one-off Family ILR Exercise was introduced later in 2003, which allowed asylum-seeking families who had a dependant child and had been in the country for four years or more to apply for regularisation. This attracted some 53,000 applications (excluding duplicates) by spring 2007; of these 46 per cent were approved, granting ILR to some 24,000 principal applicants and 58,000 dependents.

The most recent example is the 'case resolution' process launched by the UK Borders Agency in mid-2006 to 'clear the backlog' of older cases from the so-called 'legacy cohort' of asylum cases (which make up a large proportion of irregular residents). This programme was expected to deal with some 450,000 cases within a five-year period. Up to end-October 2008, 98,000 cases[8] had been dealt with, though almost half of these had been formally 'closed' for one reason or another, without a substantive conclusion. Of the remainder, some 57 per cent had been granted leave to remain - ie effectively been regularised – with the others being removed. Cases involving dependants were much more likely to be regularised, however, with a much smaller percentage being closed or removed. In fact, 75 per cent of the dependants in all cases considered had received grants of residence, representing 23,500 individuals in addition to the 28,500 principals[9].

Overall it appears that some 75,000 principal applicants and at least 86,000 dependents have been regularised since 2003 under these various schemes. Many more may be expected to follow as 'case resolution' proceeds – although the large proportion of 'closed' cases, many of whom may be people who were simply untraceable, means that a large rump will be left (as after the otherwise dissimilar IRCA programme in the US).

1.8 Issues for this report

The aim of this study has been to provide an independent and timely review of what can be learned from accessible sources and informants about potential numbers of eligible irregular migrants, and the costs and benefits of regularisation, in order to inform the Mayor of London

[7] Phil Woolas: written answer to PQ from Dominic Grieve MP (undated).
[8] This figure relates to the number of principal applicants, though another 32,000 dependents are involved.
[9] Case Resolution Directorate UK Borders Agency, letter 'Updating the Home Affairs Select Committee', 1 November 2008.

in considering how to take forward proposals for a possible national programme of migrant regularisation in the UK.

The three basic questions it seeks to answer are:

- How many potential candidates are there for such regularisation in London and across the UK as a whole?
- What are the nature and scale of costs and benefits, for the economy and society as a whole that could be expected from its implementation?
- What is the likely range of fiscal impacts from consequent shifts in tax revenue and in demand for/entitlements to public services?

These are addressed in turn in the following Chapters, within the considerable constraints imposed by available information. Two basic facts about the population of currently irregular migrants that have to be recognised in this work, as with similar analyses, are that:

- by virtue of the unlawfulness of their position the population of irregular migrants is elusive, and hence hard to measure or characterise; and
- this is a diverse population including groups who occupy very different legal, economic and social positions. Some are much more readily distinguishable from the regular population than others - and the most visible groups are not necessarily the largest.

A third fact that has become increasingly clear during this work is that:

- in the UK there is great variation in how different public and private agencies treat irregular migrants (and their children).

Chapter 2: Estimating the size of the target population

2.1 Introduction

Efforts to estimate the sizes of the 'irregular' population of the United Kingdom as a whole, or of London in particular are fraught with statistical and methodological difficulties. Any attempt at direct measurement of a part of the population that has an interest in remaining 'invisible' is inevitably very problematic. On the other hand, it cannot be simply assumed that irregular residents are excluded from normal overall counts of the population. The population of a country or city is not, at the margin, a straightforward thing to measure, and the 2001 Census faced particular challenges because of the rapid increase in international in-migration to the UK after the mid-1990s. In principle, however, its 'single number' covered all residents regardless of legal status, and the subsequent mid-year estimates updating local and national population numbers draw on estimates of flows within which irregular migrants are likely to be included.

Because the statistical base for determining the number of irregular migrants is weak, and the immigration status of many migrants changes from time to time, it is impossible to produce an agreed and wholly robust figure for the number of irregular migrants in the UK or London. The best that can be done is to collect all the existing official sources that tell part of the story, and then logically try to infer numbers, and the margins of uncertainty around these. In particular, it is vital that methods are explained so that others can understand them and provide a critique.

The politically contested nature of migration, whether legal or illegal, makes the use of estimated numbers all the more delicate. In considering possible approaches and relevant sources of evidence, we made efforts at triangulation, by investigating a wide range of possible indicators and potentially knowledgeable observers (see Appendix 2). The method we finally chose, which is described below, follows a straightforwardly quantitative approach. It relies on calculations based on a small number of aggregate data sources, chiefly the census, Home Office immigration statistics and the Census/Labour Force Survey. In using these, our aim has been to both to make the best use of available data, and to indicate clearly the various judgments and assumptions that we have used in seeking to draw inferences from them. The resulting numbers are not precise, and are clearly open to argument, but represent our best efforts at calculating a key starting point for any discussion about the merits or demerits of new policies affecting irregular migrants.

The chapter moves through the following stages:

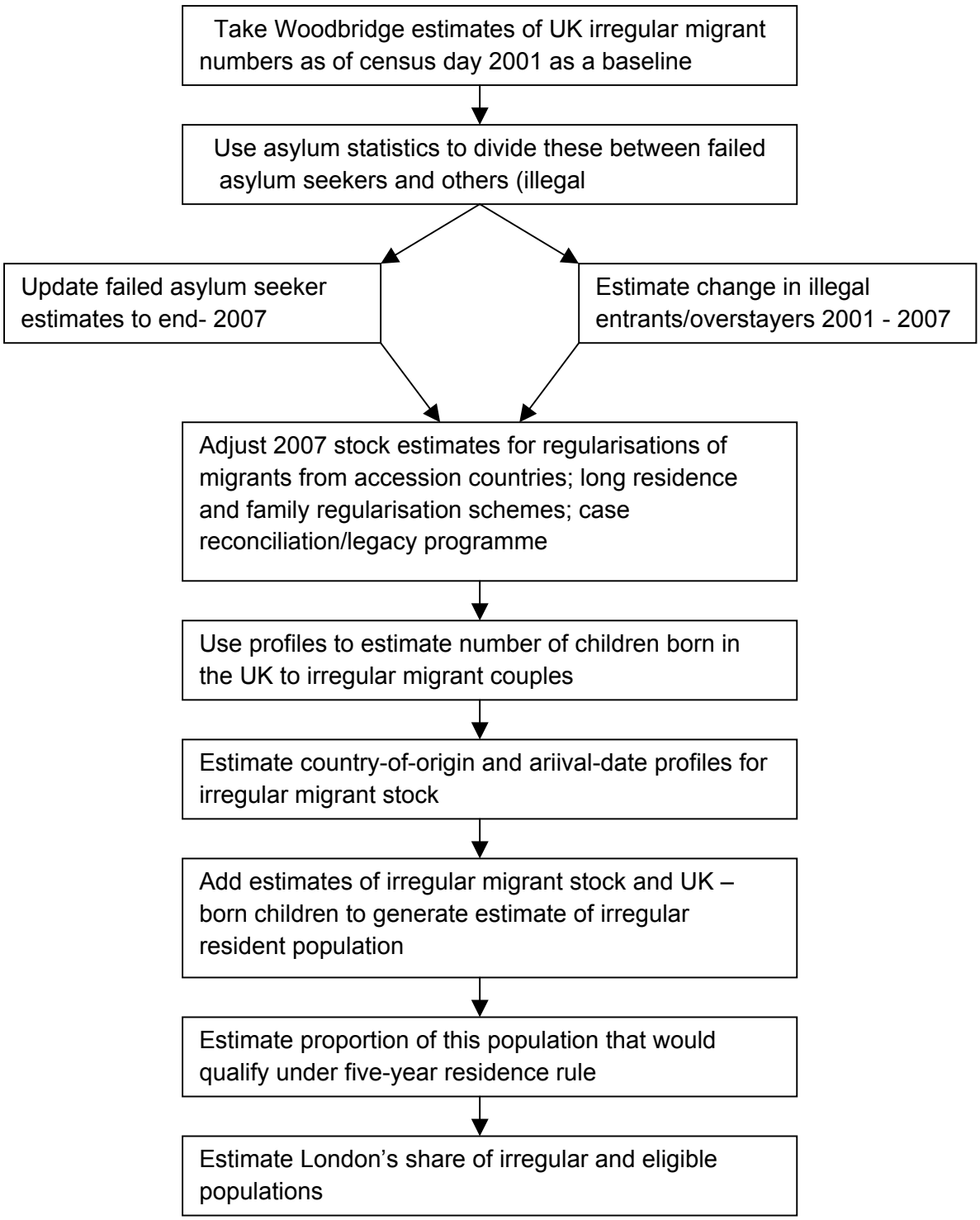
1 defining who is to be counted
2 reviewing the available methods for estimating numbers
3 estimating numbers for the asylum-seeker sub-group
4 generating national estimates for end-2007[10]

[10] End-2007 is taken as our benchmark, since it is the last point for which a complete set of data on asylum cases is available (from the Home Office's annual volume of *Asylum Statistics*). Likely net changes over the following 12 months, as a consequence of further inflows, on the one hand, and of the case resolution process, on the other, are discussed in the concluding section of this Chapter

5 disaggregating these by origin and date of arrival
6 adding in UK-born children of irregular migrant couples
7 estimating the proportion that would qualify under a five-year rule; and finally
8 estimating London's share of irregular residents and those eligible for regularisation.

The process is presented graphically in Figure 2.1.

Figure 2.1: Steps in estimating the population eligible for a five-year residence-based regularisation scheme



2.2 Who counts as an irregular resident?

A crucial step in assessing the likely economic impacts of potential 'earned' (or conditional) regularisation schemes is to estimate the numbers who are likely to benefit – as a preliminary to considering the balance within this target population of people in different kinds of *de facto* position. The size of the target population itself (and the degree of take-up of a scheme) would clearly depend on how such a scheme were designed and eligibility criteria, as well as its timing and continuity (see Chapter 3). But a necessary starting point is to consider the likely size of the current population of 'irregular' residents, both across the UK as a whole and in London.

In policy debates over recent years (including Farrant et al, 2006) 'irregularity' has become the preferred label to refer to people whose residential status within a country is insecure. More traditional terms such as 'illegal migrant' are misleading or simply inaccurate, in relation to some/many of those involved, who may have entered (or in some cases been born in) the country quite legally, and not be involved in any unlawful activity.

For the purposes of this research, irregular residents are those people (excluding 'visitors', in the country for less than a year) who are present in a country without lawful authority, whose rights are consequently restricted, and who lack security of residence because the state may require them to leave at any time (whether or not that is likely in practice).

In principle, this population might be simply divided into four groups:

1. People who have illegally entered the country, whether independently or with traffickers, by either:
    i. physically evading formal immigration control; or
    ii. presenting false papers to immigration control;

2. People who legally entered the country for a fixed period which has expired; they did not renew their permission to stay and are thus unlawful overstayers.

3. Asylum seekers who legally entered the country to pursue a case for refugee status, but who remain despite a final decision refusing them a continuing right to remain; and

4. Children born in the country to such 'irregular migrants', who also lack a right to remain although they are not themselves migrants.

In practice, as visa requirements prior to travel have been tightened up, it has become increasingly common for asylum seekers to enter the country illegally before registering their claim to asylum. Where these are then formally recognised as asylum seekers, we exclude them from the category of illegal entrants.

Another group that could be included are:

5. Those migrants who are lawfully entitled to reside in the country, but are in breach of some visa condition, notably by working more than their immigration status permits.

In particular, this group could include both residents with student visas restricting their rights to work and asylum seekers with no such rights. We have chosen to exclude the group as a whole, however, because the primary issue at stake in regularisation would be the right to remain legally in the country. This group is already legally present in the country; it is their employment status that is irregular.

The number of residents who fall into each category of 'irregular resident' is, and has been, a matter of policy/political concern for several reasons. Some policy concerns involve only a subset of the groups identified above – or in some cases just specific sub-groups within them. Some of these distinctions will be discussed in the following Chapters, when we consider the likely incidence of various costs and benefits of regularisation.

There is clearly also a much wider concern about the overall scale of immigration (in terms of flows and/or stocks). This centres upon a perceived lack of national control over the volume and character of the migrant population, and the extent to which this may exceed the numbers in published statistics and official statements. The existence of irregular flows affects both of these issues. But this report does not directly address these questions. It is focused purely on the issue of irregularity, rather than migration flows generally.

It is also important to make the point that our estimates of the likely size of the irregular resident population are not estimates of potential understatement in migration statistics – since many (indeed, in our view, the great bulk) of 'irregular' migrants/residents are already included in official estimates of migrant flows and of the foreign-born population. Specifically, in terms of the 'irregular' migrant groups identified above, the only ones not covered by official estimates of Total International Migration (TIM)[11] flows should be:

1 Those who physically evaded formal immigration control; and

2 Those overstayers who entered the country as visitors and were never officially transferred to 'migrant' status (even on a short-term visa).

In terms of 'stock' estimates of the foreign-born population, the issue is less clear-cut, but the principle is that these are compiled on a *de facto* basis, without regard to anything other than length of residence in the country – and with an attempt (for the last census year, 2001) to allow for that part of the irregular resident population who might not have been directly enumerated (Woodridge, 2002; see section 2.4 below).

2.3 Possible methods of estimating numbers of irregular residents

Counting the numbers of people who are unlawfully present in a country is intrinsically difficult. The most obvious reason is that such people may very well think that being identified as present in the country and/or of falling into one of the categories of 'irregular'

[11] The National Statistics Agency's TIM measure of migrational flows into/out of the UK is an inclusive one, combining data from the National Travel Survey, with separate data on Irish flows, and administrative data from the Home Office on asylum seekers, and those switching between visitor and migrant status.

resident exposes them to a risk of removal, or at least to further restriction of their effective rights. In addition, the irregularly resident population is very heterogeneous. Not only is there the basic division (just considered) between illegals, overstayers and failed asylum seekers, but within each of these groups individuals may have achieved very different *de facto* statuses, both in terms of labour market and economic position, and in relation to integration in the tax, benefit and public service systems. These different *de facto* statuses are also likely to affect whether and to what extent they are covered by official statistics.

In the UK, up to now, this situation has been reinforced by a generally low and weakly integrated requirement for personal identification – for established citizens or settlers as well as others. Unlike in some other EU states, in the UK it is thus effectively impossible to produce direct counts of the numbers of 'regular' residents from administrative sources, for comparison with those who may be '*sans papiers'*.

Several different methods of filling this informational gap have been tried and/or discussed internationally – including in the USA, which has some of the same difficulties as the UK in monitoring the numbers and distribution of people with different immigration statuses (see Pinkerton et al, 2004). Three methods in particular have been extensively investigated to quantify the magnitude of the irregularly resident population:

1. Consolidating the judgments of expert practitioners about the size of some or all of the sub-groups involved (sometimes via a semi-formal 'Delphi method', involving a sequence of exchanges of information about the bases for judgments);

2. Extrapolating back from the representation of one or more of these groups in some counts from particular administrative procedures (sometimes formalised in statistical capture-recapture models); and

3. Comparing estimates of an overall *de facto* population (from census/survey sources) with those of the numbers expected to be lawfully present (from a combination of administrative sources with modelling of demographic processes). This allows computation of the number of irregular residents as a 'residual' (ie, the difference between these two estimates).

In the early 2000s, after the great upsurge in migrant flows and controversy over the accuracy of UK censuses, there was a methodological debate about which approaches might be applicable in the UK. The conclusion was that only the residual method was usable to generate aggregate estimates of (what were then termed) the 'unauthorised (illegal) migrant population' (Woodridge, 2005).
In our judgement this remains basically the situation, although an increasing amount of information has become available in recent years from administrative and expert/informed sources about one of the component groups – the failed (but still resident) asylum seekers. This should be useful at least for updating estimates generated by the residual method, since the method is not readily applicable for a post-census year, especially by those lacking access to Home Office/UK Borders Agency records, or within the short time frame of this project. Very much less information is available about the other types of irregular resident, since while asylum seekers have submitted themselves to an administrative process, illegal entrants or (most) overstayers have not, as they wish to remain invisible.

A particular interest in this study for the GLA is the incidence of irregular residence within London, measurement of which raises further substantial problems. In this case, one of the data requirements for the residual method – an estimate of the *de facto* resident population born outside the UK – is available, at least for the census year. However, annual updates of the resident population estimates, using data from the International Passenger Survey (IPS) and other sources to assign international migrants to a local origin or destination, are likely to have particular problems in monitoring inter-regional movements of irregular migrants. More fundamentally, the mid-year estimate system is not designed to provide data on changes in the number of residents who were born abroad. On the other side of the comparison, there is simply no available basis (for any year) from which to estimate London's lawfully resident population, given the lack of any data on the sub-national distribution or movement of people with different kinds of residential status.

Our judgement, then, is that it is impossible to directly apply the residual method to estimate the overall share of irregular migrants that is resident in London. For this task we shall have to rely on:

1 estimates of the expected London share of particular subsets of the UK's irregular population (eg by type and by country of origin); together with limited cross-checking against

2 administrative/expert intelligence from within London on the numbers in particular sub-groups (again by type of migrant/country of origin).

It will be necessary to use a similar combination of indirect methods to assess the proportion of the irregular resident population that could qualify for a regularisation scheme based on some specified durations of residence in the UK.

2.4 Estimates of the national irregular population in 2001

The one widely accepted set of estimates of the size of the UK's irregular population was produced by Woodridge (2005) for the Home Office and Office of National Statistics using a version of the 'residual' method. This involved comparing figures for:

1 the total (*de facto*) foreign-born population, derived from the 2001 Census and adjusted for likely underenumeration of illegal migrants; and

2 the lawfully resident foreign-born population, derived from administrative records of inward migration and grants of settlement, adjusted for likely mortality and re-emigration rates.

The resulting overall estimate for the 'illegal / unauthorised' migrant population (as of late April 2001) was presented as a range – between 310,000 and 570,000 – with a central estimate of 430,000. The estimates cover those groups we have identified as components of the 'irregular population', with three exceptions: the Woodbridge estimates do not include British-born children; they do not include people who entered on (so-far undetected) false documents; and they do include what Woodbridge calls 'quasi-legals'. These are persons

with a right to remain only until the conclusion of decision-making or appeals in their asylum or residence-extension cases. These numbered 175,000 in 2001 – a level reflecting backlogs in processing cases from the previous years of peak immigration. The size of this group is important, because many of them would have been en route to becoming 'irregulars', given the combination of high rejection and low deportation rates prevailing for asylum seekers in particular.

The Woodridge estimates have upper and lower bounds rather than a single figure, because assumptions were required for a number of intermediate calculations underpinning the two (*de facto* and *de jure*) resident population figures. The key assumptions were:

De jure (lawful residents)

1. number of foreign-born EEA citizens in the UK arriving post-1970 (307k ± 22k)
2. emigration of legal foreign-born (236k ± 11k)
3. death of legal foreign-born (247k ± 3k)
4. foreign-born with settlement pre-1970 (728k ± 23k)
5. quasi-legal backlogs (175k ± 20k)
6. emigration of quasi-legal/temporary foreign-born (218k ± 9k)

De facto (all residents)

7. estimated undercount of unauthorised foreign-born in census (45k: 0k-102k)

The upper-bound estimate of the number of irregular migrants was derived by combining all the assumptions that tended to minimise the number of legal residents and maximise the *de facto* population, and taking the difference between the two figures. The lower bounds were derived by the opposite procedure. Overall, some 40 per cent of the overall margin of uncertainty (on both up-side and downside) derives from the issue about the undercounting of irregulars by the census (where the limiting assumptions are of 0 - 20 per cent omission).

Comparison with an estimate for the failed asylum seeker stock in 2001

Annual Home Office *Asylum Statistics* provide fairly full time-series data on the elements that should determine the stock of (unlawfully resident) failed asylum seekers, specifically the numbers of:

1. applicants for asylum
2. withdrawn applications
3. refused applications
4. deportations and voluntary departures.

Figures are available for each of these, at least in relation to principal applicants, from years from 1988, when the contemporary inflows effectively began – though for 1988 - 1992 item 4 has had to be imputed (using the relation with application numbers found for later years). Data on dependants is slightly less complete, especially for years before 2001.

Using figures from the 1996 and 2005 reports (and assuming that one-third of numbers for calendar year 2001 relate to the period before 29 April, census day), the number of principal applicants in each of these four categories, and the implied stock of failed asylum seekers resident in the UK, are shown in Table 2.1 below.

Table 2.1: Key statistics for the UK stock of asylum seekers 1988-2001

Thousands

	Principal applicants	Numbers including dependants
Asylum applications	494	649
Withdrawn applications	20	26
Refused applications	274	362
Deportations and voluntary withdrawals	57	75
Estimated stock of failed asylum seekers	217	286

Sources: *Home Office Asylum Statistics United Kingdom*, 1998, and 2005 issues

Notes:

1. figures cover calendar years 1988 - 2000 plus an estimate for the period to census date in 2001 (one-third of the total for the calendar year). They relate to events occurring in a particular period, rather than to outcomes for a given set of applications.
2. numbers including dependants (apart from applications) are partly estimated, using dependency ratios for applicants and refusals at original decision stage.

Overall, it is estimated that there were probably about 286,000 failed asylum seekers and dependants still resident in the UK at census date 2001. This represents two-thirds (67 per cent) of Woodridge's central estimate of the unauthorised / illegal population at that date – implying that each of the other categories included in these figures (illegal entrants and overstaying temporary migrants) must be substantially less important. The margin of error on this failed asylum seeker estimate should be relatively small, though there could be some voluntary withdrawals falling outside the coverage of Home Office statistics, which at this time appear only to include 'assisted' voluntary withdrawals. Only from 2005 on is there coverage of other (known) withdrawals, but the number seems modest, growing from about 500 in 2005 to about 2,000 in 2007 (and averaging 1,300 per annum for 2005-08). It is likely to have been significantly lower before 2001, when there was a much smaller stock of asylum-seekers, most of which had more recently arrived. In computing our estimates we have assumed that unassisted / unmonitored withdrawals in this period had an insignificant impact on the stock of failed asylum seekers in 2001.

The apparent precision of the figure for failed asylum seekers might suggest that the great bulk of the margin of error in Woodbridge's estimates came from the illegal / overstayer components. If we assume the figure for failed asylum seekers is precise, it would suggest a range for the other two groups together of between 24,000 and 284,000 — although that is not really meaningful.

Our analysis suggests that failed asylum seekers made up the bulk of the irregular population in 2001. As for origins of the remainder, the consensus among informed observers has been that overstayers were likely to be a much larger group than illegal entrants. For example, the *IPPR Fact File* (Farrant et al., 2006) suggests that, while

> ‘There is very little publicly available data about how migrants enter the UK, ... it is likely that more overstay their visa than enter clandestinely’ (p10).

It is not clear whether they mean to include failed asylum seekers among either the overstayers or those entering clandestinely. But their judgement about the limited importance of illegal entrants reflects both the tightening up of UK border controls and the dangerous nature of many of the routes that are used for clandestine entry.

In determining the number of overstayers and illegal entrants, there appear to be two relevant statistical indicators (for this period). One is the number of illegal entrants to the country, as reported in Home Office *Control of Immigration Statistics*. This shows an increase from 3,000 to 47,000 per year between 1990 and 2000, with a total of 155,000 over these 11 years (of whom 42,000 were removed). It is not evident from the published data how many of these subsequently made recognised claims for asylum (given that the number of ‘in-country’ applications for asylum in 2000 was significantly larger even than peak number recorded for un-removed illegal entrants).

In relation to overstayers, a second possible benchmark is the Home Office data series on the numbers of unsuccessful applications by existing temporary migrants for settlement or extensions of residence – since we might reasonably expect that, where there was a legal possibility of extending a stay, migrants would attempt this before deciding to remain unlawfully. An exception might be where the applicant thought the odds of success were low, and did not want to risk becoming more visible to the authorities, and thus more readily removable in the event of failure and a decision to remain unlawfully. In other (rather different) cases, those migrants who were in employment and receiving relevant public services, and who did not expect to travel abroad, might simply neglect to apply. Even so, we might expect that the great majority of overstayers would have applied for official extensions. Over the years 1997 - 2000, and excluding EEA nationals, a total of 30,000 such applications were recorded as being refused (some 8,000 per annum), representing a refusal rate of just four per cent.

If the majority of those refused permission to stay actually remained in the UK permanently, then we estimate that legal arrivals since the 1980s could have generated a stock of perhaps 50 - 80,000 irregulars via this route by 2001. At the same time, given a count (in the Woodbridge calculations) of some 800,000 legal temporary residents in 2001, only a very small proportion would have to remain on an informal basis after their leave expired (with no extension application) to generate many more overstayers.

Clearly these data do not allow either any real testing or disaggregation of Woodridge’s estimates. Except in respect of the omission of children born to irregular migrants, her figures have not been seriously challenged by informed observers – even Migration Watch (2005), who have a generally critical position both in relation to migration policy and migration statistics. The range between Woodridge’s high and low estimate is very wide, signalling the major uncertainties in assessing the size of this (somewhat concealed) population. But it should be emphasised that the low and high estimates represent (respectively), combinations of *all* the assumptions that would point to lower (or higher) numbers. Since these assumptions involve quite unrelated issues, it is extremely unlikely

that either all the high or all the low variants would actually apply. Thus the overall margins of uncertainty around her central estimate could be a bit overstated.

2.5 Estimating changes since 2001 in asylum seekers, overstayers and illegal entrants

The stock of irregular residents could be expected to have changed significantly since 2001 for several reasons:

1 Asylum seekers continued to arrive in substantial numbers, though on a considerably reduced scale after 2002 – with some 290,000 further principal applications over the next seven years;

2 The backlog of undecided asylum cases (including appeals) was very greatly reduced after end-2000 – down by some 88,000 (excluding dependants);

3 The flow of Illegal entrants continued, on a scale presumably greater than the outflow, despite successive moves to tighten border/immigration control;

4 The number of potential overstayers would have continued to increase (from migrants who arrived both before and after 2001), possibly boosted recently by application of the Points Based System to work-permit holders wishing to prolong their stay;

5 Some migrants from ECE countries that subsequently joined the EU, whose position was unlawful in 2001, would have ceased to be irregulars.

We consider these developments below.

The number of failed asylum seekers has increased. Table 2.2 presents estimates of the rise in the number resident in the country between census date and end-2007. The high incidence of refusals during these years partly reflects the timing issue noted above. For applicants in 2003 - 2007, the effective refusal rate appears to have been 64 per cent - or 60 per cent after deduction of removals/withdrawals.

Table 2.2: Key statistics for the UK stock of asylum seekers 2001-2007

Thousands

	Principal applicants	Numbers including dependants
Asylum applications	287	352
Withdrawn applications	9	11
Refused applications	213	268
Deportations and voluntary withdrawals	40	49
Estimated growth in stock of failed asylum seekers	173	219

Sources: *Home Office Asylum Statistics United Kingdom 2007*

Notes: 1. Figures cover calendar years 2001 - 2007 less an estimate for the period 1 January to census date in 2001 (one-third of the total for the calendar year) 2. All figures relate to events occurring during this period, rather than outcomes for new arrivals during this time. Thus the numbers for refused applications are based on final outcomes less the number of successful appeals, as determined during these years, irrespective of when migrants originally arrived/claimed asylum; 3. See notes to Table 2.1.

Table 2.2 suggests that if nothing else had changed, the irregular population would have increased by some 220,000 (over 50 per cent) in the six years since the baseline for Woodridge's estimates, just because of growth in the number of failed asylum seekers.

In terms of changes in the number of other overstayers and illegal entrants since 2001, there is (again) much less direct evidence to go on. A key issue is how long migrants remain in the UK and how that affects the relation between stocks and flows of irregular migrants. In the absence of other information, we might start by assuming that the rates of inflow of illegals into the UK, and of legal migrants into the overstaying category, were likely to have been much the same in the years since the 2001 Census as in the five years before it. If people only remained in these situations for five years before re-emigrating (or becoming regularised), that would leave their numbers (ie the stock in the category) at about their 2001 level.

If, on the other hand, these people neither emigrated nor became legalised, their numbers could have grown substantially. This rather depends on who these people actually are (an issue discussed below), since the norm in recent times has been for rich country migrants to go home or move on, while migrants from poor countries generally stay (Gordon et al., 2007).

In our view, the great bulk of overstayers and illegals will have come from poor countries (not least because they should include no-one from the European Economic Area), so we take as our baseline the case where neither overstayers nor illegals actually leave the UK - which has been our effective assumption for failed asylum seekers. In the absence of other evidence, we assume that the inflow of overstayers and illegal migrants varies in proportion to the total recorded inflow into the UK. Thus we expect the stock of overstayers at a point in time to be proportional to the accumulated sum of in-migrants.

Calculations on the basis of inflow data since 1975 show that on this assumption, the stock in these groups would have grown by about 35 per cent between census date and end-2007. Because gross rates of inflow have continued to increase since 2001, an alternative assumption - that the stock is proportionate to recent rates of inflow only - could suggest either a higher or lower figure than this. On either basis it seems likely that the numbers in these groups have grown rather than simply stood still since the census, though lack of hard data (even about the composition of this group) means that there must be large margins of error. We take +35 per cent (±20 per cent) as our best estimate.

The base number of overstayers and illegal entrants in 2001 was 144,000 (Woodbridge's central estimate of 430,000, less our estimate of 286,000 failed asylum seekers). Applying our estimate for percentage growth in this category would suggest a likely growth in absolute terms of 50,000 (± 29,000). There is clearly some additional uncertainty associated with the actual size of this group in 2001 – but we have no basis for estimating this (since simply deducting the estimate of numbers of failed asylum seekers from Woodridge's upper and lower bounds produces meaningless numbers).

There is one group whose numbers should have radically decreased since 2001: irregular migrants from what became the A8 EU accession countries of Eastern/Central Europe. Some partial evidence on this is contained in the asylum statistics. Available figures suggest that there were probably around 20,000 failed asylum seekers from these countries resident in the UK at census date, all of whom should now have been regularised if they remain in the UK. The Labour Force Survey indicates, however, that there were in 2001 some 54,000 residents in the UK (20,000 in London) from A8 countries who had arrived in the UK since 1989 – and many of those who were not asylum seekers are likely to have been irregulars. Regularisation of these nationals on accession may thus be expected to have reduced the stock of irregulars by 20,000 - 50,000, as compared with the situation on census date.

In addition, migrants from Romania and Bulgaria are now entitled to reside in the UK, subject to some (rather minimal) evidence on their economic means of support, though they do not yet have a general entitlement to work in the UK. They thus no longer meet our definition of irregular residents. For these two nations the 2001 LFS recorded some 8,000 residents as having arrived since 1989 – and we assume there were 3,000 - 8,000 who might have been counted as irregular in 2001 but should now be classified be classified as regular[12].

We also need to take into account of the various piecemeal regularisation schemes (listed in Chapter 1, Section 1.7) that have been undertaken since 2003. The first two of these, for families and long residents, led quite straightforwardly to the regularisation of some 104,000 people by 2007.

The current UK Border Agency's 'case resolution' exercise has since mid-2006 been working its way systematically through files on the 'legacy' of asylum cases. This exercise is in a different class from the others, and has rather more complex outcomes. As discussed in Chapter 1, case resolution has produced three distinct types of outcome: removal of the

[12] Of the first 19,500 cases formally 'closed' under the 'case resolution' procedure, 8,000 involved people who were now EU nationals, among whom the largest group were Romanians (BIA memorandum to, HofC, HASC, 18th February 2008).

migrant from the country, effective regularisation with grant of leave to remain, or file closure/archiving.

We assume that the first set — migrants who were removed — was already covered by the count of removals/known voluntary withdrawals in the annual Asylum Statistics report[13]. No further adjustment thus seems necessary. The second group—those who were granted leave to remain—are no longer irregular residents, and should be subtracted from our totals; we have thus incorporated an estimate of the number of persons granted leave to remain under the case resolution process by end-2007.

The third group was initially comprised of three kinds of case: a small number (2,500 up to end May 2008) where duplicate files were found; a larger number (5,500 cases plus 2,500 dependants up to end May 2008) involving people who are now EU nationals; and a majority (23,500 plus 1,500 dependants) involving error, such as retention of files for people who had already been removed from the country. Subsequently this category was expanded to include cases that were simply untraceable after six months of attempt to make contact[14]. No estimates have been released of the numbers falling into this category.

We have made no adjustment for cases resolved in this way during 2006 - 2007. There are several reasons for this. The first is that, for those already included in the Woodbridge ('residual'-based) estimates for 2001, the only relevant adjustment would be for deaths after that date; we do not have a number for these, but would expect them to be small. For those arriving after census date 2001, the same adjustment should in principle be made (but again is unlikely to be substantial). Those with live files that were recorded elsewhere as having been removed should already have been deducted from our estimates of remaining asylum-seekers. In relation to the discovery of (a small number of) duplicate files, this would only be relevant to our calculations if asylum applications/refusals themselves were double-counted. We suspect this is unlikely. And those removed from consideration because they are now EU nationals represent a sub-set of the wider group of formally regularised cases for which we have already made allowance.

The final type of 'file closure' was where the UKBA archived cases if after six months they could not trace the individuals, despite issuing questionnaires and checking against a range of internal and external databases. Some of these cases may represent migrants who already left the country voluntarily without assistance; from 2005 they may have been included in the wider count of voluntary withdrawals. The same could apply to any cases archived between now and the completion of the exercise in 2011. However, we have no way of estimating the possible number of such cases, and the small number of 'other voluntary departures' of asylum-seekers since 2005 (running at 1,300 per annum) does not suggest there are likely to be many such which have been missed over the years. It is much more credible to believe that a large fraction of irregular migrants have either chosen to

[13] Since the 'case resolution' procedure simply applies 'existing law and policy' to backlog cases (BIA oral evidence to House of Commons Home Affairs Select Committee, 15th January 2008, Q51/52).

[14] In January 2008, BIA stated that no cases had been closed on this basis, though they were 'struggling to trace a number of cases', including some Turks, Sri Lankans and Chinese (oral evidence to House of Commons Home Affairs Select Committee, 15th January 2008, Q68/69). By November, however, they reported that untraceable cases were being archived (UKBA Case Resolution Directorate: Updating the Home Affairs Select Committee, 18th November 2008).

remain invisible, or have become so through the circumstances of a marginal existence and unstable residential circumstances.

On the other hand, it has been suggested to us that those failed asylum seekers still present in the country could be expected actively to pursue regularisation through the case resolution process. We have no firm evidence about the perception of case resolution among the client group, within which there will clearly be great differences both in circumstances and prospects. It is reasonable to note, however, that (despite the substantial number of regularisations that have resulted) the Home Office has not suggested that case resolution represents any change of policy or practice toward people whose claims have already been rejected at least once – nor is there any way in which a migrant not directly reached by UKBA can 'apply' to be considered. Many who have survived in the UK for years without regularisation, and fear for their fate in their home country, will perceive a very real risk that making themselves visible to case resolution teams will simply lead to forcible removal. For these reasons, we did not take the existence of a large proportion of 'closed' cases as evidence of substantial unrecorded emigration by any group of irregular migrant, and have made no adjustment to numbers on this basis.

The one adjustment we have incorporated into the end-2007 estimate as a consequence of the case resolution procedure is to reduce the estimated stock by of irregular residents by 22,000 to account for those who were regularised (including dependents). Taken together with the two earlier initiatives (discussed in Chapter 1, Section 7), regularisations between 2001 and end-2007 appear to have reduced the stock of irregular residents across the UK as a whole by 126,000. The final set of estimates for the number of irregular migrants present at end-2007, which incorporates these adjustments, is shown in Table 2.3 (below).

Table 2.3: Updating estimates of the UK irregular migrant population from 2001 to end-2007: failed asylum seekers, overstayers, illegal entrants and EU accession

Thousands

	Central estimate	Lower estimate	Higher estimate
Woodridge: 2001 estimate	430	310	570
2001-7 change in numbers of :			
resident failed asylum seekers	+219	+219	+219
overstayers / illegal entrants	+50	+21	+79
irregulars from EU accession countries	-40	-51	-23
Regularised 2003-2007	-126	-126	-126
Totals for end-2007	533	373	719

To these we still have to add estimates of the likely number of UK-born children of irregular migrant couples, who should also be counted within the irregular resident population. We turn to that issue in Section 2.9 below, having first tried to establish when and from where the irregular migrants would have come into the UK, as this is relevant to the distribution of family sizes.

2.6 Origins and durations of residence

Any assessment of the likely impacts of a regularisation programme requires not only estimates of the current size of the irregular population, but also of:

- the numbers eligible for a specific proposed scheme
- likely take-up rates among that target population
- how these may be expected to change in future (for schemes not operating on a one-off basis); and
- the current *de facto* position of potential beneficiaries (in terms particularly of labour-market participation and effective access to services).

Several of these questions will be investigated in following sections of this report, but first we consider two basic features of the current irregular population with a more or less direct bearing on each of them – namely their likely distribution in terms of:

- countries of origin; and
- duration of stay in the UK.

The second question is of particular concern, since the scheme we have been asked to investigate sets a threshold of five years' residence in the UK as a basic criterion of eligibility. (There is an additional requirement of not having committed a serious criminal offence, but unless the definition of such offences includes crimes directly related to illegal entry, unlawful work or misuse of services, this is unlikely to have any important effect on numbers eligible.)

We approach these questions using those aggregative national sources on which we based overall estimates; some relevant qualitative evidence on these questions (particularly from London) is reviewed in the Appendix 2, but was not directly used in making our estimates.

We start with the issue of countries of origin, since in our earlier work this emerged as a key influence on durations of residence among the migrants of recent decades (Gordon et al., 2007). Among those coming to the UK (and London in particular) to live and/or work, there have been high levels of turnover or 'churn', both among those intending to work for a few months – not technically counted as 'migrants' but as 'working visitors' (including most of those from A8 countries under the Worker Registration Scheme) – and those who stay for several years before returning and moving on. Our basic finding, from a comparison of a series of Labour Force Surveys, was that migrants from poor countries tended to remain permanently in the UK, whereas those coming from rich countries did not.

The distribution of national origins of failed asylum seekers (who represent three-quarters of the irregular population on our central estimates) can be reasonably inferred from published Home Office statistics on the national origins of those whose claims for asylum were refused at the time of initial decision. This pattern has changed somewhat over time, reflecting the

shifting distribution of conflict situations around the world. For the majority of those currently present in the UK, the pattern is, however, reasonably represented by data on those whose cases were initially determined in the calendar years 1997 - 2006.

Table 2.4: Origins of principal asylum seekers refused asylum, exceptional or discretionary leave to stay at initial decision, 1987-2006

Origin	Share of failed asylum seekers (%)
EU accession countries	7
Serbia-Montenegro	7
Turkey	5
Other (Eastern) Europe	6
Iran/Iraq/Afghanistan	15
China	7
India/Pakistan/Sri Lanka	16
Other Asia	6
Sub-Saharan Africa	28
Caribbean/Latin America	3

Source: Home Office, *Asylum Statistics* (various years).

The breakdown in Table 2.4 shows that failed asylum seekers have actually come from a rather wide range of origins, with major groups from the middle East, south Asia, eastern Europe and (notably) sub-Saharan Africa. These include some major conflict zones from outside the traditional range of origins of migrants to the UK (eg, Somalia, Democratic Republic of Congo, Iraq and Afghanistan), but also places from which substantially larger numbers have come to the UK for other reasons (eg, India, Pakistan, China, Nigeria and Turkey). What all the significant origins have in common is that they fall within our category of 'poor countries', from which migrants to the UK have tended to be long-term, and for the great majority effectively permanent. Asylum seekers may be a partial exception to this pattern in those cases where the threat that provoked their migration is clearly removed by a change of regime or end to hostilities before migrants have achieved an acceptable/stable situation in the destination country.

Next we consider the evidence about the country of origin of other categories of irregular resident: overstayers and illegal entrants. In the first case we take as our indicator the published Home Office figures on existing (non-asylum seeking) migrants whose applications for extensions and/or settlement were rejected (Table 2.5). For the latest year, these include a very small proportion from rich countries, strong concentrations from Africa and South Asia, and large numbers also from other parts of Asia. Applicants from Africa, Jamaica and Bangladesh have the highest rejection rates.

Table 2.5: Refusals of applications to remain/settle 2007 (excluding EEA)

Origins	Shares of the total (%)
Rich countries	7
Eastern Europe/Turkey	3
Jamaica	6
Other Americas	5
Bangladesh	6
India/Pakistan	15
China	3
Other Asia	18
Africa (ex Republic of South Africa)	36

Source: Home Office: *Control of Immigration: Statistics, 2007*

For illegal entrants other than asylum-seekers, the best available indicator appears to be the numbers removed from the country (Table 2.6). The major groups here are from Brazil and Africa, though a wide spread of origins within (principally) poor countries is represented. The numbers from Bangladesh, China and individual East European origins appear much lower than some popular discussion would suggest in relation to their representation in illegal inflows.

Table 2.6: Removals and related departures of non-asylum cases 2005-7

Origins	Shares of the total (%)
Rich countries	8
EU accession states	3
Other Eastern Europe/Turkey	8
Brazil	14
Other Americas	11
Africa	24
Middle East	6
Bangladesh	1
China	2
India/Pakistan	5
Other Asia	16

Source: Home Office: *Control of Immigration: Statistics, 2007*

In this report we are particularly interested in establishing what proportion of irregulars have been present long enough to qualify for a regularisation scheme based on five years' residence. We have used the same data source, but in a rather simpler way. Again the estimated distribution across origin countries has been taken as a starting point (using all countries on a weighted basis, rather than focusing on the most distinctive cases). We have then adopted the assumption that asylum seekers from a particular country have a residence pattern reflecting that of others coming from the same country over the period in question. This may not be entirely correct, since it is possible that asylum seekers come from particular strata of their respective societies - those that are better educated and more affluent, and thus better able to escape threatening situations. But the direction of bias is unclear and this appears the best available basis on which to proceed.

To gauge the likely proportion of currently resident irregular migrants that would satisfy a five-year residence requirement, we took the estimated pattern of origins for each of the three main sub-categories and combined them in the following proportions: failed asylum seekers (70 per cent), overstayers (20 per cent) and other illegal entrants (10 per cent)[15]. We then used these to derive a representative mix of origins from LFS data. For each area from the 2008 LFS, we have taken remaining migrants who arrived between 1980 and 2007 as the base and calculated what proportion of these arrived before 2003. When weighted by our estimate of the likely shares of countries/regions in the central estimate of the irregular resident population, this proportion is 62.3 per cent.

This 62.3 per cent is our estimate of the proportion of irregulars who could be eligible, on a simple criterion of five years' residence, for regularisation. Applying this proportion to the figures in Table 2.3 for the likely numbers of irregular migrants yields a central estimate of 332,000 who could be eligible for regularisation, with a range between 232,000 and 448,000. To this must be added UK-born dependents, estimated below.

2.7 Incorporating the UK-born children of irregular migrants

Our definition of the irregular resident population includes the UK-born children of irregular migrant couples, since their mobility and rights are also subject to constraints. Children with just one irregular migrant parent (the other being either a non-migrant or a regular migrant) are excluded from this category.

In the absence of any direct evidence on the numbers of such children, we have used the 2008 Labour Force Survey to construct an estimate based on the average numbers of dependent children (in different age bands) of adult women from typical irregular-migrant countries of origin with a range of UK arrival dates. The numbers of dependent children in five age ranges (0-1, 2-4, 5-9, 10-15 and 16-18) recorded as living with a family were cross-tabbed by years of arrival to provide estimates for each of the maximum and minimum proportions who could have been born before arrival in the UK: the average of these has been taken as the estimate for each age range. This yields the estimates in Table 2.7.

[15] The (rounded) estimate for the share of failed asylum seekers is based on our earlier estimates/analyses; division of the remainder between illegals and overstayers is, however, essentially a matter of subjective judgement, in the absence of direct evidence.

Table 2.7: Labour Force Survey-based estimates of family size and birth location for women from typical irregular-migrant source countries

Age range	Average dependent children per migrant woman	Estimated proportion born pre-arrival	Average pre-arrival births	Average post-arrival births
0-1	0.16	0.036	0.006	0.154
2-4	0.25	0.167	0.042	0.208
5-9	0.35	0.425	0.149	0.201
10-15	0.39	0.735	0.287	0.103
16-18	0.14	0.860	0.120	0.020
Total 0-18	1.29	0.468	0.603	0.687

The bottom row of the table suggests that women migrants from this mix of origins and dates of arrival have an average of 1.3 children, of whom just over half appear to have been born since arrival in the UK. It might be thought that irregular migrants would have smaller families than the average for all those coming from their home countries, because of the constraints under which they live. However, the LFS offers no evidence that family sizes were any smaller for the sets of origins where the density of irregulars is expected to be particularly high.

These estimates were checked against LFS data for those children of heads of households from these origins for whom dates of birth could more precisely be established. This suggested a similar number of children born prior to migration in the UK, but significantly more who would have been born subsequently. The main explanation for this discrepancy appears to be that heads of household (and their spouses) tend to have families of significantly above-average size, as compared with those living in households headed by others.

The estimates based on women's family sizes were preferred partly for this reason, but also because they allow a better estimate of the number of children who should be defined as irregular. Only children with two irregular parents will themselves be irregular. Because males are in a distinct majority among irregular migrants, the number of children born to women from this group will provide a much better approximation to the number in this situation than the number born to male irregulars, fewer of whom can have partners who are also irregular migrants[16].

The overall gender mix of irregular migrants is (of course) unknown, but there are data for asylum seekers at the point of making their claim. In 2007, for example, 67 per cent of asylum applicants over the age of 16 (both principals and dependants) were male. The ratio of younger dependents to women over this age was then 0.48, which is comfortingly close to the estimate in Table 2.7 of 0.47 children per adult female born before arrival. If this gender ratio were applied to all irregular migrants, the post-arrival birth count per female from Table

[16] In effect we are assuming that all female irregular migrants with children have a partner who is also an irregular migrant. This is very unlikely to be true of all, but there is no basis for any other assumption, and the great under-representation of women within the irregular migrant population suggests that the proportion in this position could well be very high.

2.7 would translate into an average of 0.2 UK births (up to 2008) per adult irregular migrant. This would indicate that the figure for total irregular arrivals (including dependants) should be increased by 16 per cent - with a plausible range of between 12 and 20 per cent. This compares with the original Migration Watch (2005) central estimate of 10 per cent - a clearly conservative figure arrived at by halving the adult-child ratio for all UK residents.

Combining these estimates for the UK-born population with those from Table 2.3 for the irregular migrant population yields estimates for the total irregular resident population at end-2007 of between 417,000 and 863,000, with a central estimate of 618,000 (Table 2.8).

The proportion of these UK-born children who would qualify for regularisation under a scheme requiring five years' residence would be significantly greater than the 62.3 per cent we estimated (in the last section) for irregular migrants themselves – even though it is the length of the parents' residence that would determine children's eligibility. The reason is simply that couples who have been resident in the UK for a longer period are more likely to have children born here – meaning that the ratio of UK-born children to irregular migrants will be above average for those who have been resident over five years. In fact, 2008 LFS data on the children of migrant heads of households (weighted to replicate the origin/arrival date of irregular migrants) suggests that some 93 per cent were born to a parent with over five years' residence in the UK. Combining estimates for these children with those for migrants themselves (cited in the last section) yields figures for the resident population eligible to be considered for regularisation under a five-year scheme of 273,000 to 583,000, with a central estimate of 412,000.

Table 2.8: Estimates of the irregular resident population of the UK at end-2007, including UK-born children

Thousands

	Central estimate	Lower estimate	Higher estimate
Irregular migrants	533	373	719
UK-born children	85	44	144
Total irregular resident population	618	417	863
Of which eligible for regularisation:			
62.3% of irregular migrants	332	232	448
93% of UK-born children	79	41	134
Total eligible for regularisation	412	273	583

Figures may not add due to rounding.

An age breakdown for the central estimate, combining figures for adults and both UK-born and foreign-born children, is presented in Table 2.9.

Table 2.9: Estimated age structure of the irregular population at 2008

Age range	Percentage of total
0-4	7
5-9	6
10-15	7
16-19	5
20-24	11
25-29	13
30-34	16
35-39	11
40-44	11
45-49	7
50-54	2
55-59	1
60-64	1
65-69	1
70+	1

Source: Estimates based on 2008 LFS, adjusted for the higher representation of dependants among regularised cases.

2.8 Estimating London's share of the irregular resident stock

London has a disproportionately large share of virtually all kinds of migrant, but the degree of this disproportion varies considerably, and there is no single percentage that might naturally apply to the irregular population. Rather we have to consider the major groups separately.

In the case of failed asylum seekers (as the largest sub-category) there are three natural starting points:

1. *An estimate of London's share of migrants in the pre-2001 census period: 85 per cent.* Initially derived from analysis of a sample of Home Office files for those granted asylum or exceptional leave to remain between 1983 and 1991 (Carey-Wood et al., 1995), it was applied to the period up to 1997 by Storkey and Bardsley (1999). In relation to the whole of the period up to 2001, this figure is arguably skewed upward because in earlier years a higher proportion of asylum seekers came from some African origins (and Sri Lanka), from which London has attracted a generally higher share of migrants.

2. *The recorded shares of areas of destination of publicly assisted asylum seekers in the period since introduction of dispersal policies in 2000.* These policies substantially reduced London's share of these new additions to the refugee population. For those supported with accommodation under the National Asylum Support Scheme, the proportion remaining in London has tended to be very low (five per cent or less), whereas for those just receiving financial assistance it has been closer to 75 per cent (Home Office, annual). Taking the two groups together, the proportion resident in London during this assisted phase has averaged about 30 per cent (falling over time). Those gaining permanent leave to stay have some

continuing incentive to remain in the dispersal areas as they can potentially access social housing (which is not possible elsewhere). This does not apply to those whose applications fail, that might be expected to drift back toward the area of natural preference (as reflected in the choices of those opting solely for financial assistance or of other arrivals from the same countries).

3. *An expected distribution based on that of all past migrants from the countries in question*, as recorded in the 2001 Census, weighted by the proportion by country of (initially) refused asylum applications (in the calendar years 1997-2006). This yields an estimate of London's potential share of 54 per cent (compared with about 64 per cent on the basis of the 1991 pattern of asylum origins).

In absence (or ignorance) of substantial further evidence, we conclude that were it not for dispersal policies, London's share of asylum seekers in general would be disproportionately high, both because it has established communities from many key origins (though this effect has weakened somewhat over the past 20 years as the balance between origins has shifted) and because it offers rather better opportunities and support for these vulnerable groups.

In terms of the percentage of failed asylum seekers living in London, we thus assume that:

1 at census date 2001, London had some 80 per cent (±5 per cent) of the stock; and

2 it accrued some 60 per cent (±15 per cent) of the post-2001 growth.

The percentage of London-based migrants regularised since 2003 is assumed to be equivalent to its estimated share of failed asylum seekers (ie 71 per cent ±9 per cent).

For the second substantial group of irregulars (the non-asylum-seekers), we have taken London's proportion of remaining post-1980 migrants in each of the national/regional groups (from the 2008 LFS) distinguished in the analysis of durations above, weighting each by their estimated share in the overstayers / illegal entrants combination. On this basis we estimate that London could have been expected to house some 57 per cent of those irregulars who were overstayers and illegal entrants. There is no simple basis on which margins of error could be attached to these estimates of London's share of illegals / overstayers, so we have simply applied them to the three sets of UK estimates (central, lower and upper).

Table 2.10: Summary of estimates of London's irregular population as at end-2007

Thousands

	Central estimate	Lower estimate	Upper estimate
Failed asylum seekers as at 2001	229	215	243
Growth in failed asylum seekers	131	99	164
Overstayers/Illegal entrants	121	28	226
Adjustment for accession countries	-10	-13	-6
Regularisations 2003-7	-90	-78	-102
Total irregular migrants	381	251	525
Estimate for UK-born children	61	30	105
Total irregular residents	442	281	630
Of which eligible for regularisation:			
62.3% of irregular migrants	237	156	327
93% of UK-born children	57	28	98
Total eligible for regularisation	294	184	425

Combining these elements, our final statistically-based estimates of the potential size of London's share of the irregular population as at end-2007 are: central figure 442,000; lower and upper estimates of 281,000 and 630,000 (Table 2.10). The corresponding estimates of numbers eligible for future regularisation under a five-year rule are 294,000, with a range between 184,000 and 425,000.

This figure represents a stock accumulated over the past 20 years or so, and the migrant element of that (excluding the UK-born children) might appropriately be compared with estimates of the growth in London's foreign-born population over this period. In net terms the LFS suggests an increase in the London foreign-born population of some 1.1 million between 1986 and 2006 (Gordon et al, 2007). Our central estimate suggests that, before regularisations, London could have gained some 442,000 irregular migrants over roughly this period. That would imply that these migrants were responsible for about 40 per cent of the long-run growth in London's foreign-born population[17]. Between the late 1990s and early 2000s, when asylum seeking was at its peak, the proportion is likely to have been rather larger. In terms of gross arrivals, however, the share would always have tended to be lower, because of the substantial volume of relatively short-term migrants coming and going from richer countries.

Another check on the credibility of our estimates of the possible numbers of irregular migrants present in London is to compare these with the current stock of overseas-born nationals of countries outside the European Union who arrived in the UK after 1980. This base of comparison is chosen since no EU nationals could be classed as irregular migrants. It is substantially smaller than the total foreign-born population, not only because of the

[17] On the lower/higher estimates the equivalent percentages would have been between 30 per cent and 57 per cent.

exclusion of EU nationals, but also because many other foreign-born migrants now have UK citizenship. On 2008 LFS estimates London has some one million residents who were born outside the EU and are not EU or UK nationals. Our central estimate of (currently) irregular migrants (442,000) would represent 44 per cent of this figure - with the lower/higher estimates pointing to a range between 28 and 63 per cent. These suggest rather larger proportions than might be expected of irregulars among this group of non-European migrants to London – but not ones that are necessarily excessive.

2.9 Summary

Estimates of the likely scale of the target population are a prerequisite for any quantitative assessment of potential impacts of a conditional regularisation scheme. These are inevitably uncertain and have large margins of error, because of the character (and diversity) of irregular migration. After reviewing a range of potential sources, we have concluded that the only reasonable method for making such estimates is to update Woodridge's (2005) estimates for census date 2001 using Home Office data on asylum cases, supplemented by more conjectural extrapolations for illegal entrants and overstayers. To these we have added estimates for the likely number of UK-born children of irregular migrant couples, and deducted those who were regularized between 2001 and 2007.

In total, these suggest a population of irregular residents at end-2007 of between 417,000 and 863,000 for the UK as a whole (central estimate 618,000). Of these between 274,000 and 583,000 (central estimate 412,000) would have been present for the five years required to qualify for the notional regularisation scheme we are considering. For London alone, the corresponding estimates are: total irregular population of between 281,000 and 630,000 (central estimate 442,000): those with five years' residence, between 184,000 and 425,000 (central estimate 294,000).

These estimates are benchmarked to end-2007, as the last point for which a full set of asylum statistics is available. For the following 12 months we have only partial data. Summary data indicate that there were net refusals of some 11,000 principal asylum seekers during 2008 (13,500 initial refusals, less 2,500 allowed appeals) - or perhaps 13,000 including dependents. These are almost exactly balanced, however, by recorded deportations, withdrawals and voluntary departures of asylum seekers during the year (totalling 11,600). Continuation of the average rate of growth in overstayers / illegal entrants as estimated for 2001-2007 would have added 8,000 or so in 2008 – while an additional 7,000 or so births to irregular couples might be expected. Together these suggest a potential growth of 15,000 to 20,000 in the irregular migrant population over the year. But against this has to be set the number of regularisation 'grants' emerging from the case reconciliation process. By end-October these totalled 51,000, 29,000 more than the (interpolated) figure we cited for end 2007. If grants in the last two months of the year continued at the rate reported for June - October, the total for calendar 2008 would have been some 42,000. Overall, then it seems likely that the number of irregular residents in the UK may actually have fallen during 2008 by around 25,000 across the UK as a whole. This would represent a reduction of about 3.5 per cent on the total estimated for end-2007.

Chapter 3: The design of regularisation schemes and their potential impact on migrants' entitlements

In Chapter 2 we have estimated the numbers of people who might be eligible for the proposed regularisation scheme at national and city level. This is not enough to determine the costs and benefits to the public purse of the proposed scheme. These will depend on who actually turns out to be eligible for the specific scheme once the details have been determined; who takes up the option of applying for regularisation; and what additional rights and responsibilities will follow from regularisation.

The objectives of this Chapter are therefore (i) to clarify the relevant factors that will determine eligibility and take-up (including how eligibility would be ascertained and the documents required) and (ii) what will determine what services would be made available. The following two Chapters then assess behaviour.

The scheme we have been asked to examine has been defined only in outline terms, as conferring 'regularisation' for all those who satisfy two simple conditions. As such it differs from the current partial schemes that are based more on individual assessment rather than general rules.[18] However any operational scheme would have to be very detailed. What 'regularisation' actually offers to those who are granted it, and how the scheme fits into the context of other strands of current migration policy, could make a great difference to its impacts. In examining these issues, we also briefly summarise international experience with regularisation schemes, and put the proposed programme in the context of recent changes in UK immigration policy.

3.1 The design of the scheme: eligibility and benefits

The scheme as specified would allow all those who have been resident in the country (presumably continuously) for more than five years, and who have not been convicted of a serious criminal offence, to apply for regularisation. It would differ from earlier schemes in that any migrant who met the criteria would be regularised; previous schemes were formally based on individual circumstances. Whether this would be more than a technical difference would depend on how the scheme were implemented – and this would in turn help determine who actually would apply for the scheme.

Who would be eligible?

To demonstrate eligibility, the migrant would have to prove just two things: that they had been resident in the country for the requisite amount of time: and had not been convicted of a serious crime.

The first practical issue, therefore, is what evidence would be required to prove the length of continuous time in the country. The assumption here is also that overstayers who become irregular would be able to include their regular residence within the five-year requirement. One possibility would be to require proof of entry, though of itself this would not prove continuous residence in the UK. A second would be to use other official records such as NI numbers, school registers, council tax registration, etc – though many or most of these might not be formally available to types of irregular resident other than simple overstayers. To complement these, and reduce the potential for fraud, it might be necessary to use a variety of documents or records from a range of verifiable public sources. Another possibility would

[18] The current piecemeal regularisation programmes are discussed in Chapter 1.4.

be to accept evidence from community leaders or employers who have known the person; these affidavits could be given semi-legal status to further reduce the potential for fraud. However, as US experience confirms, any scheme would attract a significant proportion of fraudulent applications; the proportion would depend both on the nature of the evidence required and the extent of the benefits obtained.

The second practical issue is what definition of criminality to use. There is a wide range of possibilities here, both in terms of the category of offences (or behaviour) to be considered as excluding applicants from consideration, and whether evidence of formal convictions for such offences would be required.

The fact is that most irregular migrants will have broken the law in some way, in order to enter/remain and survive in the country without rights of residence - although they will not normally have been charged with any criminal offence. Of particular relevance here would be the way in which the irregular migrant entered and remained in the country. Under some schemes, migrants who came in legally and overstayed, those who were formally told they must leave, and those who came in avoiding the border controls or on false papers could all potentially find their eligibility for regularisation affected. Some commentators have suggested that migrants who used fraudulent papers or avoided border controls and then did not request asylum should be excluded from the scheme. Others argue that everyone who has not already been found guilty of fraud should be eligible. In general, if immigration-related lawbreaking were taken into account, it would represent a major disincentive for otherwise eligible migrants to come forward. A rather different (if related) issue is whether the migrant has been claiming welfare or other benefits to which they are not entitled. To the extent that they or their dependents have at any time been a charge to the public purse, migrants might not be allowed to remain. This could therefore be an important determinant not only of eligibility but also whether an irregular migrant might apply for regularisation.

On this point, the outline scheme we are considering is reasonably clear: the test is whether the migrant has a 'conviction for a serious criminal offence'. This is consistent with the well-established risk management principle that only those migrants whose presence is likely to present a substantial future risk of public harm should be excluded. Ideas of what the public and the media consider to be serious crimes clearly vary, and there is no single formal definition of what this covers. Two reasonable (though different) starting points are the offences as are listed in the 2007 Serious Crimes Act, and those included in the 'serious crime' subset of police recorded crime statistics. Between them these include: homicide and serious wounding; robbery; burglary, theft or unauthorised taking of a motor vehicle; drug, people or arms trafficking; rape, prostitution or child sex; money laundering; fraud; public revenue offences; corruption/bribery; counterfeiting; and blackmail. Only a small minority of irregular migrants are likely to have been involved in such offences - although a substantial number of the cases so far processed under the 'legacy'/case resolution programme have involved suspected criminality, the vast majority of those proved to be data errors, with less than 0.1 per cent of applicants being been removed because they posed a risk to the public (after convictions for offences such as drug possession, fraud or robbery)[19].

What would be the formal benefits of regularisation?

The most important issue here is what form of right to remain would be granted. In particular, would those found eligible be given a visa for a specified period, with or without constraints on access to services, or would they be given indefinite leave to remain? The current case resolution programme, for example, treats 'legacy' cases in the same way as fresh asylum

[19] UK Border Agency: Updating the Home Affairs Select Committee, July and November 2008 reports.

applications; successful applicants may be granted refugee status (which initially involves five years' limited leave to remain) or, if they do not qualify for that, they may be permitted to stay under the categories of Humanitarian Protection (normally five years) or Discretionary Leave (three years or less).

The recent introduction of the points-based immigration system (see below), and the fact that a regularisation would not be brought in for some time, might mean that the new regularised status would have to be consistent with the new regime, at least in part. The residence permit granted by regularisation might well be limited, both in terms of time and access to public services.

Irregular migrants already have a number of ways of becoming regular including marriage to a UK citizen; success under the current case resolution scheme (which is expected to be completed by 2011) and more general policies that allow those who have been resident for many years in the UK to gain regular status.

Irregular migrants already have the legal possibility of accessing a number of public services. Children must be educated, regardless of their (or their parents') status. Social services are also provided to individuals without regard to whether they are regular or irregular migrants – the safety of vulnerable individuals is the key issue. Parts of the NHS are accessible to irregular migrants, notably A&E services, treatment for infectious diseases and family planning. GPs may register local residents broadly at their discretion opening the possibility that irregular migrants will receive primary healthcare. Police, fire, highways, street lighting, waste services, environmental and leisure provision are 'public goods', provided to the whole population, regardless of migration status. There is, as Chapter 5 shows, a significant amount of provision to which irregular migrants already have access, formally or informally.

3.2 International experience with regard to programme design

Summary details of regularisations in the USA and selected European countries are given in Table 3.1. The evidence from international experience[20] suggests that the number and type of applicants for regularisation depends on several factors, including the qualifying time in the country, the length of the 'window of opportunity' for applications, the amount and type of documentation required, and the type of residence status afforded to successful applicants.

Among the examples covered in the literature, no schemes offered full citizenship and very few, apart from those in the 1980s in the USA, offered long-term residency. Rather, the schemes offered permits to work for from six months to two years (occasionally longer), with the rights to apply for renewal. Some schemes also limited the services that would be available. Much of the evidence suggests that many of those who were regularised tended to fall back into irregularity at the end of the period.

Equally important, very few of the schemes have looked to cover a population that had been resident for such a long period. Rather they have covered all those who were in the country on a certain date and had certain attributes. Such a scheme is far easier to monitor and process than a scheme that requires evidence of residence over a long period.

[20] We do not discuss international experience in detail here; relevant points are made throughout the report where appropriate.

Table 3.1: Regularisations in USA and selected European countries

Country	Year	Requirements	Number applied	% accepted	Length of period for applications	Type of permit	Comments
USA	1986	IRCA general legalisation: Continuous residence for 5 years	1.7 m	94	12 months	Permanent legal residence	Irregular migrants who had been in the country less than 5 years not eligible.
		Special Agricultural Workers: Residence in US and working in agriculture for 90 days before 1 May 1986	1.3 m	85	17 months	Permanent legal residence	High level of fraud.
France	1981-82	Presence before 1 January 1981; proof of stable employment or work contract (later expanded)	150,000	87	19 months	Permanent legal residence (per Levinson); 1-year permit with possibility to apply for permanent status after 5 years (per ICMPDb)	
	1991	Refused asylum seekers who entered France before 1 January 1989	15,000	30			
	1997-98	Continuous residence in France for 7 years and genuine family ties or 5 years residence, genuine family ties and employer's promise to hire	143,948	53	10 months		Limited scope and lengthy residence requirements meant impact was small.
	2006	Irregular migrants whose children were born in France and enrolled in school; at least one parent having lived 2 years in France	33,535	21		1-year residence and work permit, renewable	

Country	Year	Requirements	Number applied	% accepted	Length of period for applications	Type of permit	Comments
Greece	1998	White Card: Presence in Greece since 27 Nov 1997	370,000	100	16 months	6-month residence permit	Many migrants fell back into irregular status after permits expired; bureaucracy unprepared
		Green Card: Possession of White Card, legal employment since 1 Jan 1998, and work for 40 days at minimum wage and paying social security	228,000	96	16 months	1-5 year renewable work and residence permit	
	2001	Proof of legal status or 1-year continuous residence	368,000	62	2 months	2-year residence and work permit; after 10 years can apply for permanent residence	To correct failures of previous programme.
	2005	Possession of expired permit proof of payment of social insurance for 150 days work (which could be bought)	? (90,000 regularised)		2 months	1-year residence/work permit or to length of employment contract	Bureaucracy overwhelmed; led to successive increases in application periods. Payment of social insurance contributions expensive for applicants
		Proof of residence in Greece before 31 December 2004 and proof of payment of social insurance for 150 days work (which could be bought)	96,400	99	4 months		
Italy	1986	Presence in Italy before 27 January 1987 and employer sponsorship	? (118,700 regularised)		8 months	Temporary work permit	Requirements hard to meet, low application rate.

Country	Year	Requirement	Number applied	% accepted	Length of period for applications	Type of permit	Comments
Italy	1990	Workers and students present before 31 December 1989.	? (235,000 regularised)		?	2-year residence permit	Many migrants fell out of status after permits expired. Requirement for employment contracts led to document fraud.
	1995	Residence in Italy; employed during last 6 months or with job offer; have paid 3 months of social security.	256,000	93		1- or 2-year residence permit	
	1998	Presence before 27 March 1998; proof of housing; employers must pay taxes on wages.	308,323	63	9 months	Temporary permit	
	2002	Proof of payment of 3 months social security and continued employment	700,000	91	2 months	1-year permit with 6-month allowance for jobseeking if worker lost job during this period	Target was migrant caretakers and domestic workers
	2006	Notionally migrants with job offers were to apply from outside the country; in fact most applicants were already in the country.	500,000	70			
Spain	1985	Presence before 24 July 1985; job offer	44,000	52	8 months	1-year residence status, renewable upon securing work permit	Most eligible did not apply; many reverted to undocumented status after permits expired.

Country	Year	Requirement	Number applied	% accepted	Length of period for applications	Type of permit	Comments
	1991	Residence and work in Spain since 15 May 1991 or asylum seekers whose applications were rejected or pending	135,393	81	?	3-year residence permit	
	1996	Employment in Spain from 1 January 1996 or have a work or residence permit issued after May 1996 or family member of migrant living in Spain before January 1996	25,000	85		5-year residence permit	Goal to regularise those who had not renewed documents; 59% of applications came from people who had held permits under previous regularisations.

Sources for table 3.1: Levinson A (2005); ICMPD (2009a)

3.3 Current immigration statuses and eligibility for benefits

In order to attempt to quantify the cost of a regularisation programme to the public sector, we must determine what additional benefits migrants would have access to post-regularisation. This section discusses the various benefits to which post-regularisation migrants might be entitled. It later looks at the provisions of various immigration statuses with regard to access to benefits.

The interaction between the immigration and benefits systems is very complex, and the two systems apply different definitions and terminologies. In particular, there is not necessarily a straightforward correspondence between immigration status and entitlement to benefits. For full discussions of immigrants' rights to welfare benefits, see Somerville (2006) and Seddon (2006).

Most importantly, since 1973 people other than EEA nationals (and, importantly, refugees) who want to enter or remain in the UK must show that they can support themselves and any dependants 'without recourse to public funds'. The immigration rules now define public funds as:

- Attendance allowance
- Carer's allowance
- Child benefit
- Child tax credit
- Council tax benefit
- Disability living allowance
- Housing benefit
- Housing under the homelessness provisions
- Income-based jobseekers' allowance
- Income support
- Pension credit
- Social fund payments, and
- Working tax credit

(UKBA 2009).

Healthcare and education do not count as public funds. All children in the UK are entitled to state education, and all those legally resident in the UK (but not temporary visitors) can access NHS treatment.

In addition, the definition of 'public funds' does not encompass benefits that are based on National Insurance contributions, including:

- contribution-based jobseeker's allowance
- incapacity benefit
- retirement pension
- widow's benefit and bereavement benefit
- guardian's allowance; and
- statutory maternity pay.

(Home Office undated)

Although these categorisations seem straightforward, even in formal terms many non-UK nationals do have access to some or all benefits. An exhaustive list of the various

categories of immigrant and the benefits for which they may qualify would be very long. For the purposes of considering pre- and post-regularisation access to benefits, the most relevant categories of migrant are:

1) *Refugees*. Those whose applications for asylum were accepted before August 2005 were given Indefinite Leave to Remain (ILR). They are now given leave for five years in the first instance, after which they can apply for ILR. They have the same access to benefits as UK citizens.

2) *Those with Humanitarian Protection (HP), Discretionary Leave (DL) or Leave Outside the Rules (LOTR).* HP and DL may be given to asylum seekers who do not qualify for refugee status but would face serious risk to life or person in their country of return, or whose removal would breach their human rights because of their medical condition or right to family and private life, etc; LOTR is an analogous status given to those who are not asylum seekers. Migrants in these categories are given leave to remain for a limited time (as little as six months or as long as five years). They generally have the same access to benefits as UK citizens and are entitled to work, unless specific restrictions have been applied.

3) *Work permit holders.* They are given leave to remain for a specified period, usually on condition that they do not have recourse to public funds. After five years in the UK they can apply for ILR.

4) *Those coming to the UK to marry or join a spouse.* They are given two years' leave to remain in the first instance, on condition that they do not have recourse to public funds. After this they can apply for ILR.

Prior to 2003, some unsuccessful asylum seekers were granted Exceptional Leave to Remain (ELR) for a period of up to four years. This status is no longer granted (Symonds 2007, Migration Watch 2003).

Migrants on limited leave in the UK, such as work permit holders, students, or spouses of UK citizens, may apply for further leave to remain at the expiry of their limited leave. The immigration rules say that this should normally be refused if they have had recourse to public funds. Similarly, any migrant on limited leave who applies for ILR should be refused if they have had recourse to public funds in the preceding four years.

The implications of these rules are threefold:

First, if regularisation were to lead to some status analogous to a work permit, those whose status was regularised would likely be significantly limited in the service benefits they would receive.

Second and perhaps more importantly, they would at least in principle be subject to regular checks on employment, be required to demonstrate that they could support dependents, and face limitations on the use of public funds.

A third issue is whether or not the granting of regular status to an individual would cover anyone other than that person. For example, might one person's change of status confer on other people – spouses or dependents – the same rights? There are some types of visa, such as the Working Holidaymaker visa or the Seasonal Agricultural Worker Scheme (or Tier 5 of the Points-Based System — see below), which do not allow holders to bring dependants to the UK. Nevertheless, the general view in interviews was that human rights and other

legislation would mean that the dependents of regularised migrants (spouses and minor children) would have the right to enter the country but would have to be formally sponsored and would not be eligible for public funds.

3.4 Regularisation in context: recent changes in UK migration policy

Proposals for regularisation should be seen in the context of recent changes in UK migration policy. New policies such as the Points-Based System have been instituted with the goal of tightening access to the UK, particularly for those coming to work or study here. The *Path to Citizenship* Green Paper, published last year, sets out government proposals to simplify and clarify the architecture for legal migrants to move towards citizenship.

The Points-Based System

In February 2008, the Points-Base System (PBS) was launched for those coming to the UK to work or study. This wide-ranging reform of UK immigration practice had three goals: to better identify and attract migrants who could contribute to the UK; to make the application process more efficient, transparent and objective; and to improve compliance and reduce the potential for abuse. When fully implemented, the PBS will replace more than 80 work and study routes into the UK that had developed piecemeal over the years.

The PBS has five 'tiers': Tier 1 is for highly skilled professionals and entrepreneurs; Tier 2 covers skilled workers with job offers in 'shortage areas' such as nursing; Tier 3 is for low-skilled workers coming to work in industries such as hospitality, food processing and agriculture (although in practice this tier has not been activated, as the government says such vacancies can be filled by EU workers). Tier 4 is for students; it is expected to come into force in 2009. Tier 5 covers temporary workers: categories such as professional sportspeople and musicians, as well as cultural exchanges and working holidays.

Within each tier, points are awarded to applicants based on their skills, aptitude, experience and age, as well as the demand for those skills in the UK. The conditions that apply to migrants differ by tier. Only those migrants who enter under Tiers 1 and 2 are considered to be on the 'route to settlement'; they will be permitted to apply to change their immigration status and remain in the country permanently. Those entering under other tiers (except for some students) will be required to leave the country when their permission to stay expires. Migrants under Tiers 1, 2 and 4 will be able to bring dependants to the UK, but temporary Tier 5 migrants will not.

Crucially, the PBS covers not only to those applying to enter the UK from abroad, but also some of those already working or studying in this country who seek to extend their stay. Those workers who have already been in the UK for five years, or who want to change to another type of employment, must apply to extend their stay under the PBS rather than under the scheme they originally entered under. They must demonstrate that they have enough points to qualify for the tier that is now deemed applicable to them. Broadly, points can be earned for educational or professional qualifications, previous salary, English-language skills and intention to work in a job where there is a shortage of UK or EU workers.

This mismatch between the old and new schemes has caused some friction. In particular, the government has had to institute a special concession for senior care workers already working in the UK, as many lack the educational qualifications necessary to remain under Tier 2 (a minimum of N/SVQ Level 3).

The Path to Citizenship

The Green Paper on the Path to Citizenship (Home Office Border and Immigration Agency 2008) makes clear that the government intends to simplify and clarify the architecture for legal migrants to move towards citizenship.

It identifies three routes to citizenship: for those with high skills (defined as having Tier 2 qualifications or better) and their dependents; family members of permanent residents; and those still in need of protection after at least a five-year period. It therefore provides no path to citizenship for those who do not have at least Tier 2 qualifications for areas of skill shortage.

The path to citizenship is to include three stages – at each stage some people are expected to fail and will be removed from the country.

- Stage 1 is that of temporary residency: this will be limited to five years, during which the temporary resident must contribute through taxation; cover all costs of any dependents that they have sponsored; be law abiding; and prove self-sufficiency. They must also meet all English-language requirements.

- Stage 2 is probationary residency: during this period the resident must continue to pay tax; make investments; and support themselves; be law abiding; and join in the British way of life including contributing to the community. The probationary period would be a minimum of one year.

- Stage 3 would be British citizenship/permanent residency (around 60 per cent of permanent residents request citizenship).

Migrants would not able to commence the 'pathway' process until fully regularised, and only legal migrants coming in under the new system would be eligible.

As noted above, legal migrants' current access to public services varies depending upon the route in which they enter. Refugees and those granted humanitarian protections are entitled to access to all benefits and services, including paying 'home student' fees for further education.

Those who come in through the economic and family routes are expected to support themselves. As such they have no access to social security benefits or to local authority housing. Equally, they only obtain NI benefits after payment of NI for a period. Access to primary health care is available, but secondary health care is sometimes restricted for those on short-term visas. (This is an area of difficulty because of fears of 'health tourists' and is currently under review.)

It is proposed that probationary citizens should have similarly restricted access to services, and should be required to maintain themselves and their dependents financially as well as abiding by the law. They would have no access to social security or local authority housing; they would obtain NI benefits if they have contributed appropriately. They would have access to further education, but not higher education, at 'home' fee levels. Only when migrants obtained what the Home Office terms 'permanent residence' would they be entitled to all benefits and services. (Home Office 2008).

Implications for regularisation

The Points-Based System is one in which immigration status is 'earned', though an explicit system of points given for educational achievements, age, and other attributes. In *The Path to Citizenship,* the Home Office says that British citizenship should be earned — though here the emphasis is on legality; lack of criminal activity; and contributions both to tax revenues and to the community, rather than educational standards. The government makes clear that immigrants will be removed if they do not meet these standards. The 'earning' element of the scheme under consideration is more closely aligned with the Path to Citizenship approach than the points-based system.
One could conceive of a regularisation programme that would simply give irregular migrants equal access to the Points-Based System—that is, allow them to apply for permission to remain in the UK as a Tier 1 or 2 migrant. However, it is probable that only a minority of irregular migrants would qualify to enter or remain in the UK under the PBS.

In terms of the Path to Citizenship, regularised migrants would presumably be expected to start at the beginning. But in this case, if the path architecture were implemented, irregular migrants would obtain few immediate additional benefits from regularisation, apart from the ability to travel abroad and return and probably the right to bring in immediate dependents. They would be expected to remain as self-sufficient temporary residents for five further years, then would move on to probationary citizenship and finally after a minimum of six extra years gain access to all benefits.

The core emphasis on legality in the Path to Citizenship is at odds with the concept of regularisation – since all potential beneficiaries are in the country without the right to reside and have therefore at least technically broken the law. Implementation of a regularisation programme would make this apparent contradiction very obvious. However, the regularisation process can be seen as bestowing legality as a starting point for the Path to Citizenship. On the other hand, in practice it is likely that the vast majority of current irregular residents will not be removed from the country; in particular, those with children would normally be enabled to stay legally after seven years in the country.

Arguably the Path to Citizenship approach postpones any benefits to regularised individuals. However, some interview evidence suggests that those pressing for regularisation are far more concerned about the right to work legally than they are about getting access to benefits. Harmonisation of regularisation with the Path to Citizenship approach would at least make clear exactly what benefits regularised migrants would become eligible to receive. Integration of the two would come closer toward the more sophisticated type of 'earned regularisation' programme discussed by MPI analysts (Papademetriou and Somerville, 2008) rather many commentators than the one-step form of conditional regularisation which is the starting point for this report.

3.5 Consequences and further issues

If some form of regularisation scheme were introduced that gave eligible applicants a general right to regularisation, there would be a number of consequences that might themselves prove complex. It would be necessary to create a scheme, to advertise it to a 'hard to reach' population and then to administer it. If the UK Border Agency (UKBA) were to take responsibility for the administration of the scheme, there would be a significant risk that many irregular migrants would not feel able to apply. The Home Office and the UKBA have invested so much rhetorical capital in 'sounding tough' that it is hard to imagine anyone

seeing them as being likely to run the scheme in a balanced way. Thus a different agency might be employed or created to provide the service.

A decision would have to be taken as to whether or not to have an appeals process. It is hard to see how the scheme could operate without one. Such a process would, doubtless, have to be separate from the agency running the scheme. There would also be the issue of whether the proposed regular status could be withdrawn after it had been granted, particularly if there were a transition period towards full citizenship (or at least 'indefinite leave to remain'). If there were more than one regularisation process, it would be necessary to decide if an individual could apply more than once.

The residual irregular population that did not come forward to apply for a change of status — either because they decided not to apply or because they had not been in the country for long enough - would likely be a smaller group, but one more cut off from the rest of civil society. Their irregular status would not change, though any detrimental impacts – to them or society – of being irregular might be worsened as they became more exceptional.

There is also the question of what would happen to those who were rejected by the regularisation process. Presumably, such individuals would be at risk of deportation and, thus, in (for them) a worse position than if they had not applied. The same would apply if regularised migrants were not able to meet the conditions to achieve indefinite leave to remain. Moreover, there might be a temptation for the UK authorities to use a regularisation mechanism to help identify irregulars. Any suggestion this was the case would reduce the take-up and impact of the scheme.

Finally, given current controversies about asylum and immigration, and, separately, questions of race, religion and social cohesion, regularisation would present considerable challenges for politicians seeking to explain the rationale, mechanisms and benefits of such a scheme to society as a whole.

Chapter 4: Assessing the impacts of regularisation

4.1 Introduction

A programme of conditional regularisation of irregular migrants could be expected to have a range of effects, both on its immediate beneficiaries and others. Assessing what these might amount to in practice involves a series of questions about:

- the current position and *de facto* rights of those irregular residents eligible for the programme;
- how their position and rights would alter after regularisation;
- how removal of the constraints associated with irregular status would alter the behaviour and economic contribution of those whose residence was regularised; and
- the indirect impacts of regularisation on other residents via the labour market, competition for scarce resources, and changes in quality of life.

None of these questions is simple to answer. Some would be clarified by more detailed specification of the design of the scheme, as discussed in Chapter 3. However, the practical impact of that scheme would depend on the current position of particular groups of irregular migrants, and the extent to which factors other than legal status constrain this. Irregularity as such is likely to have had a stronger direct effect on some groups (notably failed asylum seekers) than others.

The issue about *de facto* rights is complicated by several factors. First, irregular residents legally enjoy several kinds of entitlement (and obligation) simply by virtue of their presence in the country. Others follow because administrative systems do not effectively enforce a differentiation between those who are and are not entitled to some facility. But irregular migrants' capacity to make use of such entitlements – and/or to satisfy legal obligations – may be substantially constrained because they fear that their irregular status would be detected, which could lead to loss of privileges and/or enforced removal. Each of these factors is liable to apply in quite different ways across particular sub-groups within the irregular population, depending perhaps on how people came to be irregular (through a failed asylum claims, overstaying or illegal entry), their economic status and/or their degree of interaction with the community. Moreover, these rights to services - whether legal or *de facto* - are subject to change, especially with the progressive tightening of administrative controls currently underway.

The rights and status available to those who might pass through a formal regularisation programme will depend entirely on the architecture of the scheme, as discussed in Chapter 3 above. How the change in status would affect the behaviour and economic contribution of irregular migrants is likely to vary by group and activity. It will depend in particular on quite how distinct the current *de facto* position of irregular migrants is from that of legal residents with otherwise similar characteristics.

At one extreme, there is clearly a proportion of the irregular population that survives outside the framework of the mainstream 'formal' economy and welfare-state provision, operating in ways that involve them and/or their employers/patrons crossing boundaries of legality, further constraining their freedom to enter that mainstream and to escape exploitation. At the other, there is a part of this population who have more or less successfully overcome the barriers to economic and social integration (Dayton-Johnston et al, 2007). At either extreme the impacts of regularisation might be modest, in that people who are marginalised and possibly acting illegally may perceive no realisable net gain from becoming formally recognised, while for those who are integrated there is less scope for regularisation to add to the contribution already made by formally irregular migrants. Detailed analysis of a specific scheme would therefore distinguish between the reactions of different groups to the opportunity to regularise, and the ways in which their behaviour might be affected if they did regularise their status. A properly designed scheme accompanied by complementary policies in other areas could act to reduce the number of activities dependent on unregulated labour.

Finally, regularisation will have many indirect effects on other residents, including:

- to increase the numbers of workers looking for formal employment and competition for such work, while easing the downward pressure on wages in the lowest tier of jobs. It might also lead to shrinkage of the informal/shadow economy, and/or regularisation of working conditions there.

- to increase pressure on rationed services (i.e. those where funding / supply are inelastic), to the extent that it increases demand for these; this could reduce access for other residents to such services; and

- to improve quality of life in neighbourhoods with high populations of irregular migrants through a reduction in illegality, including lower levels of victimisation of irregular migrants, lower levels of crime and anti-social behaviour and greater social cohesion. On the other hand, some established residents may regard regularisation as inequitable and show concern about increased competition and 'jumping the queue'.

Once identified and assessed, the various impacts to be expected from regularisation could be grouped/summarised in several ways. One obvious approach is to consider how far the relevant costs and benefits accrue to migrants themselves; to other members of their own families or communities; or to wider groups of consumers, taxpayers and/or fellow workers. At a more aggregative level, we might distinguish between net impacts on:

- overall social welfare, as reflected for example in GDP levels (as suggested by our terms of reference); or on

- the fiscal position of other residents, in terms of the balance between taxes and social benefits/services received, or (assuming that their service levels are maintained) on net tax payments required.

In this Chapter we discuss the first set of issues. The second group of issues are discussed in Chapter 5. There are overlaps between the two perspectives, in terms particularly of shifts in the cost of unproductive administrative operations. There are also issues that might appropriately figure under one *or* the other heading, depending on assumptions about how government or the market would actually respond to changes in service demand following regularisation. In relation to expected shifts in demand for *current* public services, we follow conventional practice in migration studies, assuming that these demands would be met and calculating the resulting public expenditure implication – even though in practice budgets may not actually respond fully, or at all. In relation to demands whose satisfaction depends directly on investment – notably for social housing – we adopt the reverse assumption, treating impacts entirely in terms of intensified competition for a rationed good, with negative impacts for quality of life/social welfare.

4.2 Overall welfare implications

The societal costs and benefits of a regularisation programme are those that affect the capacity (across the economy/society as a whole) to:

- produce valued goods and services;
- avoid expending resources on inherently unproductive activities;
- sustain a high quality of life; and
- manage social tensions.

These should be more fundamental to an appraisal of whether regularisation is desirable than essentially distributional questions about who benefits and who pays – though there is a related issue about how far benefits to currently unlawful residents should be taken into account in adding up the societal accounts. Unfortunately, they are, on the whole, rather harder to answer.

In this Chapter we focus on three aspects of these societal issues:

1. labour market impacts associated with potentially higher employment and productivity
2. housing market impacts including resolving issues of unsatisfied needs in relation to social housing; and
3. impacts on the local community.

In addition there are the deadweight costs associated with operating the scheme. These have been addressed in detail in Chapter 5 as part of the costs of services, though they are brought into the summary balance of social costs and benefits at the end of this Chapter.

In examining these aspects of societal costs and benefits we make no attempt to make an overall estimate of the net benefits simply because there are no appropriate data. We do, however – as required by the brief – offer some estimates of how changes in migrant employment status might be expected to affect GDP levels.

4.3 Labour-market impacts

Constraints on employment and income-earning possibilities could be the most important consequence of an irregular status (apart from the risk of forced departure), since lack of access to a National Insurance (NI) card and/or work permit should close down the possibility of work in the formal sector of the economy. Irregular migrants would then be crowded into 'informal' jobs with minimal wages or protection. Since many irregular migrants, like other recent arrivals from poor countries, actually seem to be rather well qualified educationally, this could involve a substantial waste of human capital. A major potential gain from regularisation could thus be the opportunity to make much better use of migrants' talents, through higher rates of employment and transfer from poor and/or informal jobs into more productive work.

In practice, however, the issues are rather less simple, and assessing the likely labour-market impacts of conditional regularisation involves a whole series of judgements, including:

- The degree to which irregular residence status (as distinct from other independent sources of disadvantage, such as ethnicity or linguistic barriers) is responsible for under-employment – quantitatively and/or qualitatively – among relevant groups of migrants;

- How fully such status-related disadvantage is likely to be reversed among migrants who have operated under (and adapted to) it over the extended period required to secure eligibility for regularisation; and

- How any such changes in migrants' labour-market position affects their complementarity / substitutability vis-a-vis other groups of worker, and the indirect impacts on their employment or earnings.

Some things can probably be learned from studies of regularisation experience elsewhere (including the studies cited in Chapter 1). But there are some features of the British situation (up to now) that are quite different from those of the best-known continental European examples – notably:

- the much more limited role of the informal sector within the UK economy (as compared with that in Italy particularly)

- the lower reliance (for natives) on formal identity documents/registration procedures; and

- almost certainly, a lower representation of illegal entrants among the irregular population (as compared with overstayers and, especially, failed asylum seekers).

The last factor also seems likely to differentiate the UK situation to some degree from that in the US, together with the absence of a single dominant national group among the irregular population (such as seems to be the case with Mexicans in the US).

Taken together, these factors increase the likelihood in the UK context that irregular residents will occupy a spectrum of different positions, between those with established positions in formal jobs, buttressed by necessary documents (eg NI cards and driving licences) – more or less legally secured – and those working in unregulated sweatshops, for exploitative gangmasters, or in illegal trades for traffickers, without benefit of documentation or legal protection. Both extremes have been documented journalistically (and in some qualitative case studies), though it is hard to believe that niches in the shadow economy are large enough to accommodate more than a small minority of the large irregular population that we estimate to be present in (inner) London particularly.

The problem is to find actual evidence about the balance between these segments of irregular work (and that of effective exclusion from any work), given that workers at one end of the spectrum are rather likely to be covered by standard surveys, without being distinguishable as irregulars, while those at the other end may have an interest in simple invisibility.

For some overall perspective, the best we can do is again to make use of the Labour Force Survey, taking the weighted sub-sample matched against our estimates of the likely birth-country and arrival-year profile of irregulars to suggest likely distinctive features of irregulars' employment situation (if in a rather diluted fashion). Some basic comparisons of outcomes for this composite group identified with 'irregular origins' against those for all post-1980 migrants and all residents, in the same age range, are presented in Table 4.1 (below).

Table 4.1: Comparing Outcomes for Migrants from Irregular Origins with Others 2008

	Migrants aged 22-45		**Migrants with 5+ years in UK aged 22-45**		**All residents aged 22-45**
	Irregular origins	**All origins**	**Irregular origins**	**All origins**	
Out of employment	35%	29%	35%	28%	21%
Never worked	19%	15%	18%	12%	5%
In bottom quintile of jobs	30%	25%	28%	18%	17%
Paid under UK minimum wage	15%	15%	12%	10%	10%
Average weekly pay	£434	£477	£451	£532	£469

Source: Labour Force Survey 2008

Notes: 1. The bottom quintile of jobs refers to a set of occupations employing 20 per cent of the national workforce which have the lowest hourly pay; 2. All earnings and pay figures relate to the main job that is held.

These show that migrants from 'irregular origins' are significantly more likely to be (and remain) out of work than are other migrants or the typical resident and that they are also substantially more likely to be working in the worst paid type of jobs. They are significantly more likely than the average resident to be paid less than the national minimum wage – though apparently no more likely to be in this position than are other migrants. And, when in work, their average weekly earnings are 8 - 10 per cent below those of other migrants or residents in the same age range.

In relation to those who have acquired the five years' residence that could qualify them for regularisation under the scheme considered in this report, the picture is not actually much different. They are now less likely to be paid below the minimum wage and slightly less likely to be working in the lowest tranche of jobs, but the earnings differential with respect to other migrants now appears much sharper.

It should be noted that it is far from the case that all those coming from these origins occupy a subservient place in the UK labour market. For example, while more of this group do apparently face constraints in getting into jobs above the bottom quintile, the remainder appear spread across a wide range of labour market positions. It may, however, be simply that some of the same origins have been sending more advantaged migrants to the UK at the same time as they have sent people who became irregular residents. These analyses clearly do not distinguish the particular individuals who actually find their prospects blocked because of a lack of legal status. We can, however, get rather closer to their identifying their position through regression analyses relating outcomes to the estimated density of irregular residents in particular origin/year combinations.

Simple analyses of this kind suggest very clear relations between the density of irregulars and both employment and earnings rates. Extrapolating these to their limit – a situation where all migrants are irregulars – suggests that 50 per cent of current irregulars who have been in the UK for five years or more might be out of work in an average week, while weekly earnings for those in a job might be 30 per cent below those for other migrants.

These are large, but not wholly implausible, differentials. However, it is possible that they reflect not solely the effects of irregularity, but also that of other relevant ways in which the average irregular migrant differs from the average UK migrant. This might, for example be a matter of differences in human capital levels, or in age structure.

In fact, however, differences in these are modest, and indeed might actually produce better outcomes for irregulars as compared with other migrants. As far as employment rates are concerned, what is much more salient is the issue of ethnic/religious differentiation in the labour market. When these variables are controlled for, the implied differential in

employment rates shrinks from 26 per cent to just six per cent (and to the margins of statistical significance[21]). In other words, it would appear that the principal barriers facing irregular migrants in securing their position in the UK labour market are likely to have more to do with ethnic/cultural factors rather than simply that of formal status which is all that regularisation addresses.

As far as earnings are concerned, controlling for ethnicity/religion does not make much difference, and estimated differentials remain large. As with employment rates, however, our regression estimates from the LFS are very imprecise, and rarely significant at much better than the ten per cent confidence level[22].

Several studies in the US using micro-data sources of various kinds have identified clear earnings differentials associated with 'undocumented'[23] status. In particular Hotchkiss and Agnoli (2008) estimate an intra-industry differential averaging 23 per cent over the 1990-2007 period in Georgia, while (after controlling for personal characteristics) Rivera-Batiz (1999) derives an estimate of 20 - 21 per cent for Mexican workers across the United States. In Italy, irregular migrants are estimated to earn 20 per cent less than (otherwise similar) legal migrants on temporary visas, while those with permanent rights to stay/citizenship earn 6 - 8 per cent more (Accetturo and Infante (2008). Estimates of the downward pressures on wages are greater than any generally observed from legal immigration. We have not been able to find any comparable research results for the UK, partly perhaps because the role of undocumented/irregular workers has not become as much of an issue in the UK as it has in the US. One reason may well be just that the density of irregulars here is still much less than in the US (where estimated numbers are now 15 - 20 times our estimates for the UK[24]), especially in the contexts covered by these studies. This might make a difference to the strength of the downward pressure exerted on the wage for undocumented workers, though the very limited evidence we have is not inconsistent with these US results.

From France, Germany and the US there is evidence too that status *changes* can make a significant difference to earnings, at least in the case of acquiring citizenship (Bratsberg et al, 2002; Fougere and Safi, 2008; Steinhardt, 2008). The US study pointed to wage gains of about five per cent from naturalisation, with greater benefits for those from poor countries. The German study initially suggested a similar figure, but with more careful controls on worker characteristics the estimated effect was reduced to two per cent. The French study (which is the only one tracking individuals) focuses on changes in employment probabilities, showing these to be generally raised, but particularly for those who start off in the most disadvantaged positions. There are reasons to believe that citizenship is rather less

[21] At the 10% level.

[22] The exception is in relation to hourly rates of pay for men where the differential appears to be around 50% - with a 95% confidence range between 13% and 75%. The comparable analysis for women showed no differential, while analyses for male weekly earnings also suggested about a 50% differential, but with a much larger margin of error.

[23] Undocumented in this context implies the lack of lawful documentation, though workers may well be providing employers with borrowed or falsified credentials/Social Security Numbers (see e.g. Hotchkiss and Agnoli, 2008).

[24] Most recently Camarota (2007) estimates a total of 12.4 million for the US.

important in the UK labour market than in either France or Germany, but these studies are significant in showing that formal status can be important, even – or in fact especially – for those (like non-white Muslim migrants to the UK) seen to face other barriers to full labour-market participation which are clearly more important than legal status.

Neither the literature nor currently available UK data provides a quantitative basis from which one could at all reliably start to estimate the *scale* of effects on UK output which would be likely to follow from regularisation. They are, however, supportive of a qualitative argument that says that irregularity must operate as a significant constraint depressing the level of jobs to which migrants can get access, relative to what would be expected from their skills and other personal characteristics. It may also very well allow some employers to sustain relatively unproductive activities or methods of production by exploiting the weak position of irregular workers to keep wage costs down. Legal recognition of a substantial proportion of the UK's current irregular resident population should thus allow for increases both in productivity and in the level of employment (without further migration).

The potential scale of the positive effects that could follow is certainly large. To take an example, if it were the case that – over some time interval - regularisation allowed employment rates among currently irregular adult residents to rise by six per cent (from a base of 50 per cent) and average weekly earnings among those employed to increase by 25 per cent, this would represent a 40 per cent addition to the earnings of this population. Other things being equal, we would expect this to be accompanied by an equivalent percentage increase in production from their work. In numeric terms, taking a baseline estimate of £372 per week earnings for workers from this group, generating an annual income of £9,672 per adult head, the increase would be £3,869 per eligible adult. On our central estimate of numbers, this would total some £1.6 billion, increasing total UK income from employment by about 0.2 per cent. If other categories of income (including profits) grew in parallel, the expected increase in GDP would be some £3 billion.

There are a number of indirect effects that could also be expected from a shift of previously irregular workers into better jobs. One is that, simply by virtue of reducing the degree of crowding in the lowest tier of the labour market, there would be an incentive for further irregular migrants to be attracted – reinforced to some degree by the possibility that they in turn might eventually get to be regularised. In the UK context this may be less likely than where most irregulars come from nearby countries[25]. Provided it is not on a scale simply leading to the replacement of one cohort of under-employed migrants by another, we should expect to observe wage (and productivity) gains for those, whether natives or migrants, who remain in this bottom tier. That would at least partially reverse the trend over the last decade for London wages in the bottom 20 per cent of jobs to be substantially depressed by the fact that many new migrants from poor countries are confined to such jobs (Gordon et al, 2006). A side effect, on this scenario, would be an upward pressure on prices for the various personal services produced by these workers, with a consequent likelihood that employment in these activities would be significantly reduced. This would effectively reverse the process

[25] As was suggested in Chapter 1.

observed since the mid-1990s, when relative/real wages for bottom-quintile jobs in London appear to have fallen by at least 15 per cent, stimulating in turn a proportionate growth of about the same scale in such jobs.

The scale of all such effects is, however, conditional on two other important sets of influence. One is the extent to which other barriers (or, in cases such as the employment of Muslim women, supply-side constraints) continue to limit the employment of groups heavily represented among the irregular population. Effective action to address these, via more vigorous pursuit of equal-opportunity initiatives, could have greater impacts than regularisation alone will bring. The other is the intensity with which current migration policies are enforced. On the one hand, tightening of border controls should actually reduce the economic disadvantages associated with irregularity. On the other hand, the more vigorous policing (since 2007) of employers caught employing 'illegal' migrants must be adding substantially to the costs of irregularity – especially in terms of irregular migrants' capacity to access appropriate jobs – and consequently to the benefits to be expected from regularisation.

4.4 The impact on housing provision

The immediate effects of regularisation on the housing market are likely to be limited, with less potential for direct impacts than in the labour market. This is because the relevant households are already living in the country and any changes in demand will come from changes in incomes, rather than as a consequence of status. In particular, simply being regularised will not make migrant households eligible for housing benefit or social housing.

The vast majority of irregular migrants are in the private rented sector or living with friends and family. Many may face poor conditions and overcrowding. Few approach local authorities for assistance unless they are destitute. Changes in the housing conditions of regularised migrants will depend on the extent to which the change in status brings them additional resources. This may be through; improved employment opportunities and incomes; because additional dependents are brought into the country; or because they become eligible for housing benefit – though this is unlikely to happen for some years after regularisation. Crucially, access to benefits and social housing goes not with mere regularity but is limited to those having indefinite leave to remain in the country. This would mean that until this is granted, or until regularised migrants achieve substantial progress in the labour market, their housing opportunities would not change significantly.

At the point when regularised households gain indefinite leave to remain, and thus entitlement to social housing, many may seek to take this up. In the London context, our earlier study of immigration impacts suggested that over 45 per cent of migrants from asylum-seeking countries who had been in the country for more than three years were in social housing (Gordon et al, 2007). The long-term outcome of regularisation might thus be a sizable increase in the demand for social housing – but only after indefinite leave to remain is achieved and only if regularised households are unable to access the labour market effectively.

So how many additional dwellings would this require? We estimate there are some 294,000 irregular residents in London who have lived here the requisite five years, which probably implies about 128,000 households. Almost all would be from poorer and asylum-seeking countries – so perhaps 40 per cent of these would potentially obtain social housing in the long run. Fifty two thousand additional households is close to two years' projected requirement for affordable housing in London. Assuming a public-sector subsidy of £85,000 per unit this would imply a total public cost of £4.4billion over a long period, if the additional need were actually met.

For the UK as a whole, the numbers of ultimately regularised households would be of the order of 179,000. Using the same proportions and costs would imply additional requirements of 71,600 at a total (notional) cost to the public purse of £6.16 billion.

The numbers are inherently uncertain. They are also small as compared to existing unmet need. It is therefore highly unlikely that the extra dwellings required would actually be built. The much more probable outcome is that there would be increased competition for the existing social stock. This in turn might adversely affect local relations and social cohesion, as the evidence shows that competition for housing is an important element in increasing tensions at the local level (Gordon et al, 2006).

4.5 Quality of life

For individual migrants who achieve regularisation, the major impacts on quality of life are likely to be freedom from the fear of return to a dangerous or oppressive situation (in the case of asylum seekers) or removal from an established home environment (especially for the UK-born). For other residents, however, any changes in access to housing are liable to be the main route through which a regularisation programme could affect the quality of life. It is generally agreed that this generates the greatest pressure on community services and on relationships between those accepted and those excluded from social housing (Gordon et al, 2006).

Another major area relates to problems of criminality, victimisation and anti-social behaviour. Again there are many views but little if any data. Irregular migrants, because of their unwillingness to access assistance, notably by contacting the police, are more likely to be the victims of a range of anti-social behaviours and even crimes. Regularisation may improve this situation but some of the benefits will be offset by local concerns about unequal treatment.

One of the objectives of a regularisation programme would be to reduce any risk of 'harm' or any sense of injustice arising from the wider population believing there was a group within the country that was not entitled to be here. If a larger proportion of the population were 'regular' it would be easier for public services to reach them and thus to ensure people were living according to the accepted norms of society. Put the other way round, if a larger proportion of the UK's migrant population felt engaged in society they would be less likely to

live lives that were marginal in any way. There would be benefits both for the migrants themselves and for the indigenous population.

Much central and local government effort has been devoted in recent years to improving social cohesion. Classic problems identified as requiring solutions have included rapid mobility or 'churn' of population, perceptions that new migrants are unfairly (i.e., generously) treated, a feeling that 'the neighbourhood is changing' and more general uncertainty about the future. Regularisation would, by giving people a greater stake in society, be likely to reduce some of the stresses caused by earlier migration. It would allow people to settle into communities and neighbourhoods and contribute to their success.

Closely related to the question of social inclusion is the relationship between irregular migrants and the police. Individuals who fear the authorities, particularly the police, are unlikely to report crimes or to report being a victim of crime. As a result, there is a risk that irregular migrants will face trafficking, intimidation and poor working conditions. Issues such as these, particularly when reported in the media, may have the effect of weakening public acceptance of migrants. Regularisation would substantially lessen the risk that people would avoid the police that, in turn, would reduce exploitation and other problems.

The present government has had explicit objectives to encourage cohesion and has given grants to councils to develop programmes designed to strengthen society within localities. Any move to regularisation of irregular migrants would have to be handled with care in the short-term, even if there were longer-term benefits to society. It would be necessary for political leaders to explain that regularisation was being offered to irregular migrants as a way of reducing the harm done by irregular status, to reduce the risk of migrants being victimised by criminals, to encourage economic activity and for reasons of common sense (recognising that in reality, it would never be possible to remove all irregulars).

Given the political sensitivity of immigration and asylum seeking, there would be risks to social cohesion if existing UK residents felt regularisation was in any sense 'unfair'. To this end, it would be important for the government and councils to ensure that public-service allocation was seen to be equitable in any areas of London – or elsewhere – where large numbers or people were regularised. This is not only an issue for service management within authorities, but would also involve the responsiveness of resource-allocation mechanisms to the disproportionate concentration of additional demands on a relatively small number of local authorities.

4.6 Summary

All estimates of the overall socio-economic effects to be expected from a regularisation are extremely uncertain. This is principally because we lack direct information on the roles currently played within the economy by the various groups comprising the irregular resident population, particularly in a form that would allow us to infer with confidence how far it is their legal status rather than other sources of disadvantage that currently holds them back.

The evidence that we have suggests that both employment rates and earnings levels of irregulars are substantially depressed as compared with other similar migrants to the UK. In the former case, however, this seems to have more to do with dimensions of ethnic disadvantage than simply with a lack of legal status. In both cases, margins of error in the estimates that we have been able to derive are very large, and even the existence of significant differentials cannot be demonstrated with confidence. Available international evidence is also inconsistent, but some US studies suggest a similar order of earnings effect associated with irregularity, with wages of irregulars being about one-quarter lower than those of their documented counterparts.

Our brief requires us to indicate the possible scale of GDP effects that might result from regularising migrants with five years residence in the UK. Our best estimate is that potential employment and earnings increases might add some £3 billion (or 0.2 per cent) to UK annual GDP. Against this should be offset the one-off administrative costs of regularisation, which the next Chapter estimates at about one-tenth of this.

All these numbers have very large margins of error associated with them. This is both because of the very limited evidence base, and because the degree and speed of adaptation will depend, in currently uncertain ways, on the actual policy package that is implemented. That is a matter not only of the particular design of the regularisation programme itself, but also of the strength of those complementary policies needed to overcome other labour-market barriers and to significantly restrict the scale of unregulated (or partially regulated) employment.

Similar qualifications have to be made about potential social repercussions and impacts on the quality of life. The aspect that we emphasise here is that of the terms of access to social housing. The growth in demand would not be rapid but the scale of demand could be significant. If supply is unresponsive to this (as would normally be expected), it could eventually prove a source of substantial conflict.

Finally one of the most important benefits of a general regularisation scheme is to change the ethos of irregularity. High take-up, and clear evidence that these migrants were able and willing to work and pay additional taxes, could significantly improve relations at national, local and personal levels.

Chapter 5 Potential fiscal impacts

5.1 Introduction

In this Chapter we look at the most important public service areas where costs might change as a result of the regularisation of irregular migrants and at the potential changes in tax receipts. This allows a rough estimate of the net impact of the scheme on the public purse.

There are three major service areas where it might be expected that there would be significant increases in costs as a result of such a programme:

i. direct costs involved in implementing a regularisation scheme
ii. costs incurred in meeting the additional demands on public services arising from the migrants' change in status
iii. potential increases in welfare-benefit payments to eligible households.

There will also be some potential cost savings as a result of regularisation, on other types of direct administrative costs for monitoring and enforcement and on certain services where demand might decline – in particular accident and emergency care, policing and welfare costs associated with destitution.

Any net increases in costs associated with regularisation should be measured against the potential increases in income tax and national insurance arising from the more 'normalised' employment of regularised workers.

Evidence from international experience is, first, that administration costs have often turned out to be unexpectedly high. According to the International Centre for Migration Policy Development (1998), 'The management of large-scale programmes has been a significant problem for almost all countries, with unexpectedly large numbers of applicants, insufficient machinery to receive and process applications, staff shortages and various unpredicted difficulties. The consequence, in almost every country, has been long queues of applicants, massive delays, and (in many cases) continuous extension of deadlines and postponement of decisions.'

Second, the detailed provisions of the regularisation programme can significantly affect the costs of implementation. For example, under the USA's 1986 Immigration Control and Reform Act, most eligible aliens were barred from receiving most federal benefits — including Medicaid — for five years after being granted temporary resident status. Equally in the EU at the present time there is considerable pressure to limit access to health services for all non-EU migrants (ICMPD, 2009). The issue of exactly what services a regularised migrant can expect to receive is core to the estimation of costs to the taxpayer.

Finally, there is great uncertainty about who among irregular migrants currently receives services and or pays taxes – and about the relationship between the two. This makes it more difficult to assess the overall impact of the potential change in status.

5.2 The administrative costs of regularisation

The administrative cost of a regularisation programme can be estimated based on the costs of the UK Border Agency's Case Resolution Directorate, which currently handles cases involving the residence status of failed asylum seekers.

At the moment there are two types of administrative procedures in place for dealing with applications for asylum. New applicants for asylum, or applicants for extension or variation of leave to remain have, since 2007, been dealt with under what is known as the 'New Asylum Model'. A separate procedure, known as Case Resolution, was set up to process those cases that were still 'outstanding' as of 7 March 2007, with the goal of clearing the backlog by 2011. These outstanding cases (previously known as 'legacy' cases) include those where no determination had been made about eligibility for asylum, applications for extension of leave to remain that were filed before the cut-off date, and – crucially – cases of failed asylum seekers who had exhausted all legal appeals but had not left the country.

In January 2009 the National Audit Office published a report on the management of asylum applications by the UK Border Agency (NAO 2009). This report provides data on the cost of processing both current applications under the New Asylum Model and backlog cases, dealt with under the Case Resolution Process. Details of the costings, and the methodology used to produce them, can be found in a supporting document by management consultancy Accenture (2008). Costs for current cases are stated in two ways: total and per-case for particular types of applicant. Only total costs are provided for processing legacy cases.

In principle there are two ways of using these costings to inform our estimates. We could use the per-case administrative costs of processing current applications (per-case costs are not available for legacy applications). Accenture and the National Audit Office do not provide a single per-case figure (or range of figures) for the cost of processing a current asylum application, arguing that this would be misleading because various types of case have such different costs. They therefore give indicative costings for handling a range of applicant types. The range of costs is very large, varying from £600 to £34,500 (a factor of more than 50). Even for an individual applicant type the range of costs can be broad. In addition, no information is given about what percentage of the total caseload each applicant type accounts for. These figures are therefore unsuitable as a basis for estimating the administrative costs of the regularisation programme.

We have therefore chosen to base our estimates on the total administrative cost of processing legacy cases (the Case Resolution process). Legacy-case applicants and their dependants make up about 70 per cent of the irregular migrant population in the UK, according to our central estimate. If a regularisation programme were to be implemented it would be reasonable to expect that part of the administrative machinery set up for dealing with these legacy cases could be adapted to handle regularisation instead—for those who had been in the country the requisite five years.

Case Resolution began in 2006 with 400,000 to 450,000 cases; these were winnowed down to 335,000 after excluding dependants (National Audit Office 2009). According to the Chief Executive of the UK Border Agency, as of December 2008 cases involving 130,000 persons

had been concluded (98,000 cases; some included dependants). Of these 130,000, some 51,000 were given permission to stay in the UK (39 per cent, 23,500 were removed (18 per cent) and the remainder — 41 per cent — were otherwise 'concluded'. These were cases involving erroneous or duplicate records, or where the Case Resolution Department was unable to make contact with the applicant for a period of six months. (Home Affairs Committee 2008)

The UK Border Agency and Home Office have never stated what proportion of the Case Resolution caseload is made up of failed asylum seekers. In a written answer to a question in the House of Lords on 12 February 2009, Lord West of Spithead (Parliamentary Under-Secretary of State) replied that such information was not held, and could only be obtained at disproportionate cost. (HL Deb 12 Feb 2009) According to the Refugee Council, however, 'the Home Office estimates there are up to 450,000 such cases and that over 90 per cent of these will have been through the whole process and have no further right of appeal.' (Refugee Council 2007, p10)

The case resolution caseload 'includes cases that have not been fully determined, applications for further leave, cases awaiting appeal or those who have exhausted their appeal rights but remain in the UK.' (Refugee Council 2007, p10) The UK Border Agency and Home Office have never stated what proportion of the caseload is made up of failed asylum seekers. In a written answer to a question in the House of Lords on 12 February 2009, Lord West of Spithead (Parliamentary Under-Secretary of State) replied that such information was not held, and could only be obtained at disproportionate cost. (HL Deb 12 Feb 2009) According to the Refugee Council, however, 'the Home Office estimates there are up to 450,000 such cases and that over 90 per cent of these will have been through the whole process and have no further right of appeal.' (Refugee Council 2007, p10)

Total administrative cost of handling legacy cases

The total cost of processing legacy claims in 2007/08 was £596.8 million. Of this, the great bulk (£430.1 million) was support costs, particularly accommodation and cash support. Excluding these the total cost was £166.7 million — see Table 5.1.

Table 5.1: Costs of processing legacy applications, excluding support: 2007/08

Cost area	***Description***	***Est total cost for 2007/08 £m***
UK Border Agency operating costs	Mostly staffing	43.3
UKBA enforcement costs	Regional enforcement staff, Judicial Review Unit and cost of Assisted Voluntary Returns	85.9
Detention and removal escort contractor costs	Detention centre contractor costs and removal escort contractor costs	34.3
Asylum and Immigration Tribunal costs	Tribunals	3.2
Total		166.7

Source: Accenture (2008) p.12

We have chosen to include all these non-support cost categories in our analysis. Obviously staff costs would be relevant, but the costs of enforcement and removal of unsuccessful applicants would clearly depend on the details of the regularisation programme and its implementation. (In terms of the cost of appeals, it is worth noting that over 70 per cent of refused asylum applicants make an appeal, and 20 - 25 per cent of appeals are then upheld [NAO 2009 p 2].)

In addition, it should be noted that these are *annual* costs. The Case Resolution Process started in June 2006. The government's goal is to clear the backlog of asylum cases by 2011. This would suggest that these costs should be multiplied by at least a factor of six (thus covering the period 2006/07 to 2011/12) to provide projected total costs for dealing with the asylum backlog.

Calculating the additional administrative cost of regularisation

Our population estimates (Chapter 2) show that about 70 per cent of irregular migrants who have been in the UK for at least five years are failed asylum seekers. There is already an administrative procedure in place to deal with the immigration status of long-term resident asylum seekers, including failed asylum seekers: the case resolution process. It would be reasonable to expect that, if a regularisation programme were put in place, the same mechanism (or part of it) would be redeployed to the task of assessing applications for regularisation. There would therefore in principle be no net additional administrative costs associated with handling applications from failed asylum seekers--with one caveat: as of December 2008 the CRD had closed 47,500 cases without decision, some because the applicants could not be found for six months. A regularisation programme might induce some of these 'lost' failed asylum seekers to reveal themselves. The cost of processing their applications would be additional to the *status quo.* We have not included these notional additional costs in our estimates (below) because the Home Office has not released information about what per cent of the 'closed' cases relate to applicants who could not be located.

It could be argued that administrative costs for a regularisation programme might be lower than those for case resolution. The determination of whether an applicant qualifies for regularisation would be more straightforward than determination of applications for asylum, involving only two questions of fact: had the applicant been in the UK for the requisite number of years? Did they have a serious criminal record? By comparison the questions at issue in an asylum application are more, and more complex. Importantly, many of the issues are a matter of judgement. Thus by comparison with case resolution we might expect the processing of regularisation applications to be quicker, the refusal rate to be lower, and the number of appeals cases fewer.

The cost of handling the regularisation process for failed asylum seekers would not be an additional expense, but dealing with applications from other irregulars would. These non-asylum-seeker categories include overstayers on other types of visa and those who entered the country undetected. We estimate these together make up about 30 per cent of irregular

migrants who would be eligible for regularisation. Table 5.2 sets out our calculations of the administrative cost of handling their applications.

Table 5.2: Calculating additional administrative costs of regularisation

	central estimate	low estimate	high estimate
Annual cost of administering Case Resolution process	£166.7 m		
Case Resolution process projected to run for 6 years: total cost for 335,000 cases is annual cost x 6	6 x £166.7m= £1,000.2 m		
Non-asylum-seeker irregular persons resident for over five years	123,000	82,000	175,000
Non-asylum seeker irregular cases, if on average each such household has 1.33 persons	135,000/1.33 = 101,500	97,500/1.33 = 73,500	177,000/1.33 = 133,000
Ratio of non-asylum-seeker cases to total number of Case Resolution cases	90,000/335,000 = 0.30	73,500/335,000 = 0.22	133,000/335,000 = 0.40
Additional administrative cost of handling regularisation process for non-asylum-seeker migrants	0.30 x £1bn= £300 m	0.22 x £1bn= £220 m	0.40 x £1bn= £400 m

The total cost of the case resolution process over its projected six-year lifetime will be just over £1 billion, assuming that annual costs do not increase. This is operating cost only, excluding one-time setup expenditure (Accenture 2008). We assume here that the cost of processing regularisation applications would be the same for asylum seeker and non-asylum seeker applicants, and that the administrative mechanism can simply be scaled up to deal with an increase in numbers.

Our central estimate of the number of non-asylum seeker irregulars who would be eligible for regularisation is 123,000 (lower estimate 82,000, higher estimate 175,000 — see Chapter 2). But we need to convert this to cases, as our cost figures are based on numbers of cases, not numbers of persons. The number of non-asylum-seeker *cases* is smaller, because many cases will involve an adult plus dependants.

In order to convert the number of persons to number of cases we must divide by the number of persons per household. We have figures for the ratio of dependants to principal applicants for asylum seekers upon entry to the UK, but not for non-asylum seekers. On entry to the UK, each asylum seeker had on average 0.2 dependants (an adult/child ratio of 10:2). However, the eligible population of irregular failed asylum seekers has by definition been here at least five years, during which period more children have been born. We estimate the current adult/child ratio to be approximately 10:4. This is not inconsistent with Table 2.9, which gives the estimated age structure of the irregular population. This shows that the ratio of adults to children under 19 amongst irregulars is approximately 10:33 — that

is, for every adult there is an average of 0.33 children. We have therefore divided the numbers of non-asylum-seeker irregulars by 1.33 (implying an average household size of 1.5) to estimate the number of cases, where each case represents one household.
The estimated numbers of non-asylum-seeker cases can then be compared to the total number of case resolution cases (whose approximate cost is known), to give an estimate for the additional cost of processing non-asylum-seeker regularisation cases. These costs are given in the final row of the table. These additional costs are expected to fall within the range of £220 million – £400 million, with a central estimate of **£300 million** for the country as a whole. For London, based on the proportion of irregular migrants in London, the central estimate might be around **£210 million**.

The immediate costs of implementing the scheme are not the only costs that would need to be taken into account. The most important additional issue is whether the regularisation would provide an incentive to additional irregular migrants entering the country. This is often regarded as the most important cost of regularisation schemes. Yet there is little evidence on which to base an estimated increase in numbers although it is reasonable to assume that the strength of the incentive clearly depends upon the additional benefits achieved through eventual regularisation.

International experience points to the fact that many amnesties are followed by further amnesties, suggesting that at the least the initial schemes do not necessarily remove the need for similar exercises in future.

However the government has latterly tightened controls at the UK border, which will, according to the Home Office, make it harder for illegal migration to occur in future. These plans are already in place and are not part of the costs of regularisation, unless additional resources are required because, for example, of the greater incentives to enter.

A search of existing published literature within the UK suggests the government has spent a significant amount of effort attempting to reduce the number of irregular or illegal immigrants within the UK and also to publicising its efforts to do so. Publications such as *Enforcing the rules: A strategy to ensure and enforce compliance with our immigration laws*[26] and *Enforcing the deal: Our plans for enforcing the immigration laws in the United Kingdom's communities*[27] include much description of effort by the Home Office, the UK Border Agency and other departments to reduce the extent of illegal immigration.

To the extent that these policies are ineffective and the incentive to come into the country is increased, there would be a continuing problem that might be increased by the regularisation scheme. There is no basis for estimating potential additional costs – but the effect is likely to be limited. First, there is anecdotal evidence that the incentive effect applies mainly to those living in neighbouring countries – so the incentive effect here would be related to irregular

[26] Home Office, *Enforcing the rules A strategy to ensure and enforce compliance with our immigration laws*, Home Office, March 2007
[27] Home Office UK Border Agency, *Enforcing the deal Our plans for enforcing the immigration laws in the United Kingdom's communities, undated – probably June 2008*

migrants already living in the EU countries that have a land border. Secondly, the UK has relatively small numbers of truly illegal migrants and the flow of irregular migrants has been reduced through new border measures; as these improve the chances of large-scale increases is unlikely to be significant. Changes in conditions in 'asylum-seeking' countries are far more likely to dominate any increase in irregular entry – and here the incentives are rather different from the employment-based incentives observed in southern European countries. As a result, especially assuming the efficiency of the border controls continues to improve, any incentive effect is almost certainly within our margins of error.

5.3 The potential costs of additional services

The next sections attempt to assess the possible impact on public-service costs of a change in the status of migrants. There are two main issues:

- When migrants change from being 'irregular' to 'regular' residents, it is probable that they will start to demand public services that they had previously not used, or not used as often. In particular it is often stated that many irregular migrants do not access public service for fear their irregular status would be exposed, with the risk the providers of such services would then provide details about individuals' status to the police or immigration authorities;

- When migrants are regularised they will become eligible for more services, although the extent and timing of that eligibility will depend on the exact status they achieve. Moreover, that status is likely to change over time, increasing potential eligibility.

The calculations made in this report suggest a central estimate of some 618,000 irregular migrants currently resident in the UK of whom 71 per cent are in London. Within these totals perhaps 412,000 in the UK are eligible under a five-year rule, of which some 294,000 are (71.5 per cent) in London. These totals represent about 0.7 per cent of the total population of the UK and around four per cent of the London population. In both cases a large proportion will already be counted within the country's and city's current official populations of around 60 million and 7.5 million respectively.

If all eligible migrants applied for and were given regular status with indefinite leave to remain, and then used services in the same way as the existing population - and the services were increased to allow for additional demand - there might be an additional 0.7 per cent and four per cent respectively added to the costs of services and welfare benefits. But there are a number of reasons for assuming that the actual increase in spending would be well below this figure.

First, not all those eligible will apply to regularise or be accepted within the scheme. To address this issue we also calculate figures for a 50 per cent take-up – ie adding 0.35 per cent to the cost of services and two per cent to welfare benefits. Second, the migrant population has a different age, gender and employment profile to the population as a whole. Because the figures are anyway so uncertain, we have not tried to take this aspect into account. Third, based on our interviews with London stakeholders as discussed below, it

appears that the overwhelming majority of irregular migrants are already accessing most public services. The key exceptions relate to housing and social security payments.

As with other calculations made in this report, the data sources available to calculate possible impacts are limited. We have therefore attempted to make plausible estimates based on the overall scale of the eligible population that might be regularised, though often without any convincing research either about existing or potential future demands. These issues are now considered in detail.

Government attitudes to service provision for illegal migrants

A fundamental issue in assessing additional costs is the extent to which irregular migrants already access services. Government documents say very little about the government's efforts to withhold or reduce the use of public services by irregular migrants. Paragraph 51 of *Enforcing the rules* states: 'Making effective use of data will be critical to denying the privileges of the UK to those migrants who are here illegally or abusing access to services or other benefits. We will create a Watch List of illegal migrants that we can provide to other government departments and agencies to:

- enable them to deny access to their services at the point of application, while generating vital feedback for the Border and Immigration Agency; and
- match against other bulk data sources, such as HMRC data, to help trace individuals and shut down abuse. The Audit Commission's National Fraud Initiative is exploring the potential value of this approach by matching details of failed asylum seekers with data sets in the NHS and local authorities and we want to build on this experience…'

Over a year later, in June 2008, *Enforcing the deal* included a report on progress. It stated – in a matrix reporting developments since *Enforcing the rules* was published – that: 'We are working with our partners on data matching using 'watch lists' containing information about illegal migrants and identity verification services. This is a key part of our benefits partnership'.

Service providers and their regulators approach migrants in a very different way. For example, the Audit Commission's 2007 report *Crossing borders*[28] explained it was 'intended to help local authorities and their partners manage local changes, by understanding better what is going on locally and developing appropriate strategies and services. It [the report] will be most useful for organisations in areas with limited recent experience of migrant workers. The report also suggests how national and regional responses could be better targeted to support local change.'

The commission did not discuss the issue of 'denying the privileges' of receiving services. Indeed, *Crossing borders* did not refer to illegality or irregular status at any point. The report's research was concerned with ensuring all migrants received good services and also

[28] Audit Commission, *Crossing borders*, National Report, 2007

with improving social cohesion. Given the Audit Commission's remit is to investigate value for money and to ensure money is appropriately spent, it is relevant that there was no mention of irregularity or pursuing illegal migrants.

However, the Commission did make a number of observations that are important for any attempt to assess the impact of regular and/or irregular migrants on services. The summary of *Crossing borders* stated: 'Most migrant workers are young and few bring dependants, so their need for public services is low'. This point was expanded in paragraph 15: 'Most migrant workers are young and have come without families, so they make few demands on the more expensive public services of health, education and social care'. Paragraph 12 of the main report made the point that 'some migrant workers directly support local public services by meeting demands for both skilled and less skilled positions that cannot currently be met in other ways'.

The Audit Commission sees databases in a different light to those envisaged in the Home Office's *Enforcing the deal* document. Viewed from the need to deliver services, the Commission explained: "Since national data are poor, local partners need to research their own new arrivals if they are to respond appropriately, but this is not straightforward. Local administrative records are poor at tracking transient populations. Some migrant workers will not appear on any local databases. They do not all register with GPs or go to electoral registers, even if entitled to do so. Only those using education services will be definitely recorded". The quality of services is the objective of data and records, rather than a policing exercise.

The Improvement and Development Agency (IDEA) – a local government improvement body – has a significant area of its website devoted to migration. Like the Audit Commission, it concentrates on ways of improving services for all migrant populations and also on strengthening local cohesion. Communities and Local Government, the main sponsoring department for councils in England, is similarly concerned in its output with accommodating migrants fairly and cohesively.

The reason for briefly analysing the approaches taken by the Home Office, the DCLG, the Audit Commission and the IDEA is to show how the main focus of government outside the Home Office is to ensure people are treated fairly and, as far as migrants are concerned, to solve any problems they have. There is a powerful desire in most of Whitehall and its regulators to ensure public services for migrants accommodate their needs. There appears to be little interest, apart from a small number of references by the Home Office, in the idea of ensuring irregular migrants do not access public services.

We have examined the approaches of Whitehall and its agencies as an introduction to a section about the potential costs to service providers of a programme of regularising irregular migrants. Local authority and other local service officials exist within a policy environment created by central government. The Home Office is only part of central government. Other departments and regulators have a different agenda. It would appear

that most service departments and their regulatory bodies (eg, the Audit Commission) are more concerned with service delivery standards than enforcing immigration rules.

Indeed, the prevailing ethos in most of the UK's public services at both central and local levels appears to be 'needs' driven above all else. Those who administer and deliver services are concerned to treat people fairly and according to their needs. As far as possible, those involved in the delivery of services wish to do so without regard to the status of the individual or group concerned.

Increased demands from regularised migrants

Attempting to research the extent to which there might be 'revealed' demand of this kind would require a number of steps:

- estimating of the number of irregular migrants in different age bands
- identifying the existing level of service provided to such migrants
- identifying the extent to which a change of status from irregular to regular would 'reveal' new demand for services (or reduce the demand for such services)
- estimating the net cost of providing services for any 'revealed' population with service needs.

Chapter 2 has attempted to estimate the overall total of irregular migrants in London. As we make clear, it is a 'best estimate' of an 'invisible' population. There are no official or other estimates of the existing expenditure on such irregular migrants, though the Audit Commission, cited above, believes that migrants generally make 'low' demands, particularly on expensive services such as health and education.

In assessing the number of people who might add to demands for services we must also take account of the potential rights of regularised migrants to bring immediate dependents into the country. This is a requirement under human rights legislation so is not a matter of choice when assessing the impact of regularisation. On the other hand, resident migrants are required to show that they can support their dependents without recourse to public funds (as set out in Chapter 3). At least initially therefore the impact of additional dependents would be limited to the education and health services.

Results from the London interviews

Our starting point, based on the literature, was that a change of status from irregular to regular might stimulate new demands for public services. In an attempt to assess whether such impacts would add or subtract costs from the existing total, we undertook a series of interviews with London borough, NHS and non-governmental organisation officials involved in providing key public services. Such interviews were conducted on condition of anonymity;

in order to achieve the maximum possible openness in assessing the current and potential 'revealed' costs of services provided to irregular (or future regular) migrants.

Interviewees were generally unaware of the scale or impacts of 'irregular' migration within their authority or service. Providers are very aware of the special demands made by migrants and also of the social cohesion issues raised by the existence of relatively large minority communities within an area. None of the interviewees differentiated between regular and irregular migrants. There was a clear desire among service-providers to deliver provision to local residents on the basis of need. None of the services within the responsibility of our interviewees appeared to share the Home Office's policy of creating 'watch lists' to 'enable them to deny access to their services at the point of application, while generating vital feedback for the Border and Immigration Agency'[29]. Indeed, there was no evidence that any of the social or community services within localities adopted the Home Office's approach. The exception to this general picture is housing, where it is a statutory requirement that local authorities assess eligibility in terms of migration status before providing accommodation. The wording of the provision requires that applicants be 'Not Subject to Immigration Control' (NSIC) — but there are many regular as well as irregular migrants, who are excluded from local authority housing by this provision. Higher education operates within a funding system that differentiates between students on the basis of nationality (i.e., fee levels differ for students resident within and outside the European Union).

Results based on the interviews and other efforts to assess impacts from 'first principles' are shown in Table 5.3, which lists all the major services provided locally in London, the total expenditure on each service, an estimate of the possible impact of a change in status and the cost (or saving) that might result. There is also a column assessing the short and longer-term potential impacts. Each service area is briefly considered below.

Schools

Parents have a legal duty to ensure their children are educated. According to the Home Office UK Border Agency website, local councils must ensure that all children in their area receive education 'regardless of the child's immigration status'[30]. Local authorities in England have been placed under target-driven pressure in recent years to reduce truanting and other forms of non-attendance at schools. Migrants, whether regular or irregular, are in the same position as all other residents.

Our interviewees were convinced that school attendance was their council's overriding concern. Authorities wish to be sure that the parents and guardians of children are resident within the borough. But there is no interest in a pupil's immigration status. Such an approach is inconsistent with the UK Border Agency's policy, quoted above.

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[29] Home Office, *Enforcing the rules A strategy to ensure and enforce compliance with our immigration laws*, Home Office, March 2007, paragraph 51

[30] Home Office, UK Border Agency, http://ukba.homeoffice.gov.uk/newcomerstotheuk/education/

There is no evidence that children of irregular migrants are being withheld from schools in large numbers. Interviewees were not aware of any council agencies that had observed children being kept out of schools. Indeed, because migrants were generally seen as people who wished to 'get on' in Britain, it was believed that virtually all-migrant families would strive to have their children educated.

It is, therefore, likely that virtually all the children of irregular migrants are already in schools. A change in status towards regularisation would thus be unlikely to generate more than a tiny number of 'revealed' pupils. There might however be some additional demand from dependents now eligible to enter the country. Equally the population of potentially regularised migrants is relatively young so, while on the evidence the average migrant will not have more children than similar households in the indigenous population they will over time make higher than average demands on child based services as they complete their families.

Further education

Further education (FE) colleges, currently funded by the Learning & Skills Council (LSC), would be expected to face marginal increases to their student numbers as irregular migrants were able to access courses which they might previously have been barred from because of fears their irregular status might have been revealed by the enrolment process. FE is free for 16 - 18 year olds, so for this group, proof of age would be the main criterion for assuring entry to a course without the need to pay. For over 18s, there are fees for most provision, so the ability to pay is likely to be the key issue for a college. FE funding regulations suggest colleges must ensure students are resident in England as the basis for any decisions about access to funded provision. The regulations do not discuss migrants as such.[31]

Unlike children, where there is an overriding legal requirement for them to be educated regardless of immigrant status, adults seeking skills training will be required to register for courses in further education institutions. Even if institutions themselves operate enrolment processes where they would not pass on details to the police or immigration authorities if they suspected irregular status, the student might anyway fear that details might be shared. There would, therefore, potentially be a small increase in costs in these institutions, though much of this cost might be passed on to the LSC (or its successors) in the form of an increased demand for funding.

Higher education

Universities are required to operate a fees structure that differentiates between European Union (EU) and non-EU students. Non-EU students pay a significantly higher fee for both undergraduate and postgraduate study. As a result, institutions will have rigorous procedures to check nationality and other aspects of status. A move from irregular to regular

[31] *LSC Funding Guidance 2008/09: Principles, Rules and Regulations*, Coventry: LSC

status would therefore be likely to 'reveal' a number of students. Because migrants tend to be relatively young, this likelihood would be the greater. In the longer term, however, any additional investment in higher education would be likely to repay the government in higher tax income as a result of the higher incomes achieved by graduates. Any increased student numbers for an individual institution would lead to a higher claim by the institution on the Higher Education Funding Council or, if there were limits on student numbers, there might be displacement from one college to another.

Social care

Traditional 'social services' departments within councils have in recent years been moved to 'health and social care' departments and/or 'children's services' departments. The UK Border Agency does not provide guidance, as it does for schools, about any requirement for councils to provide services for all children, adults or the elderly.

However, interviewees were clear that because migrants tend to be young, it is services for children and possibly young adults that are likely to face any potential additional demand as a result of migration. Interviews suggested that because of the 'emergency' nature of many social services interventions and the vulnerability of clients, it is overwhelmingly likely that demand for services was already 'revealed'.

As periodic press coverage suggests, social services investigations are often difficult because of the complexity of family relationships. It is hard for children's services and adult care experts to find and then monitor all vulnerable people. Irregular migrants with problems might be slightly more difficult to identify even than the bulk of the population, though no evidence of this was given to us.

It is unlikely that a change in status from irregular to regular would lead to more than a marginal increase in demand for children's or adult's services. In the longer term, of course, the increase in migrants in recent years will add to demands for social care for the elderly.

Police

The police service is concerned with irregular migrants in a number of ways, some of which have implications for regular migrants and, indeed, for Britain's minority ethnic communities. In the main they see those that they deal with directly as either victims or perpetrators. They do tend to see migrants as disproportionately in both categories but make no distinction between regular and irregular, except when involved in supporting the UK Border Authority's initiatives. Public policy more generally, insofar as it affects migrants – whether irregular or regular – is likely to have an array of often unpredictable effects on minority communities, the wider population's perceptions and, therefore, on social cohesion.

Key police interventions are likely to be as follows:

- as a component in the Home Office's efforts to control the UK borders at point of entry;

- as the key local agency charged with identifying and taking action in relation to the removal of illegal or irregular migrants, particularly in the workplace;

- dealing with crimes generated as a result of irregular status such as trafficking, organised crime and exploitation;

- working with other local agencies to improve cohesion and secure good community relations.

These different functions place the police in a difficult position, requiring them to be part of the government's visible efforts to police the borders and remove irregulars while at the same time being a local force for improved community cohesion and offering protection to vulnerable newcomers to Britain.

If irregular migrants were 'regularised', there might be expected to be a reduction in the scale and cost of the last three of the above interventions. If there were a reduction in the number of irregular migrants as the result of a change in status, the police could spend less time pursuing irregulars, the employers of illegal workers and in attempting to undo the harm caused by irregular status.

On the other hand, it is possible that an 'earned regularisation' scheme might in the longer term generate greater pressure at the UK borders if more people were then encouraged to come to Britain. Overall, the effect would probably be marginally to reduce the cost of policing, though with the possibility of a slight longer-term pressure upwards.

Fire

Interviewees did not see any significant change to demands for the fire brigade and related emergency provision as a result of changes to migrant status. Even irregular migrants were likely to call the fire service if there were a fire. No one would be concerned with migration status. It was suggested that in the medium term there might be a slight reduction in cost pressures as irregular migrants were able to access better housing, with lower risks of fire. But there was no evidence for this suggested change.

Ambulances

Because ambulance services, like the fire brigade, respond only to emergencies, it is difficult to imagine anyone bothering about migration status if, for example, an individual was suffering from a heart attack or about to have a baby. It is possible that non-emergency ambulance services might experience a slight increase in demand if more people were able to attend hospitals. On the other hand, there might be fewer emergency call-outs if irregular migrants were more comfortable with accessing preventative and early primary healthcare.

Environment

Interviewees were agreed that the use of refuse services, streets, cleansing and other local services would not be affected by any change in migrant status. People will already be generating refuse and using streets in much the same way as they would whatever their migration status.

Planning and development

An increase in regularised migrants might, it was stated by some interviewees, lead to more householders putting in planning applications. However, it this occurred, fee income would rise. On the other hand, there might be less need for enforcement action against overcrowded or temporary accommodation used by some migrants or their landlords. On balance, there was unlikely to be a significant change to costs.

Culture, leisure

Many culture and leisure services charge for use, so any migrants currently using them are likely to be making a payment. It is hard to see, interviews suggested, how a change in status would affect the demand for most services. No one reported librarians demanding proof of migration status to use their services. If services were provided free, or were funded through charities, it is possible that increased demand might generate demands for higher funding. However, the amounts concerned were thought, if they were demanded, to be very small.

Transport

Local roads are presumably being used by anyone who currently uses a vehicle, regardless of migration status. Public transport services almost always involve a fare, so irregular migrants will – if they use buses or trains – already be paying for them. As with most other local services, there are very unlikely to be assessments of migrant status as part of the provision.

One sphere of transport provision might see an increase in demand in the longer term as a result of a change in migrant status for those currently irregular. Demand for concessionary fares might increase in future years as a result of a change in status today. Regular migrants would have the necessary documentation to claim concessionary fares. Where children receive concessions in London, there is no evidence that any qualification apart from age is demanded.

Housing

This is the main area where providers do take account of migrant status because there are strict legal allocation rules for local authority housing, and because the housing department or housing association clarifies how the rent is to be paid before allocating the properties.

However the distinction is not between irregular and regular migrants but between persons 'Not Subject to Immigration Control' and others.

The CLG Guidance on Allocations to Accommodation published in November 2002 (with later updates) makes it clear that the housing authority must ascertain if an applicant is eligible for accommodation or whether they are excluded under s160A (1a) (3) or (5). In addition allocations can only be made to people who are habitually resident in the British Isles (including the Channel Islands and the Isle of Man. The guidance has statutory powers under the 1996 Housing Act and includes a guide to the questions that must be asked in determining eligibility.

The relevant exclusion for migrants is under Section 160A (3), by which persons from abroad who are subject to immigration control are ineligible for allocations – this includes both regular and irregular migrants from outside the EEA. Exceptions among those subject to immigration control are those with refugee status and those with exceptional leave to remain (without conditions about not being a charge to public funds) and those with indefinite leave to remain.

Local authorities check eligibility for assistance both with respect to homelessness and allocations. If a non-eligible household with children is in danger of homelessness the matter will normally be transferred to children's services. If a vulnerable single person is in need they may come under the National Assistance Act. Otherwise they would simply be given information about housing options in the private sector.

In this context, there is one discrete category of irregular migrant that currently does receive financial support from local authorities. These are migrants (often, though not always, failed asylum seekers) who are 'destitute' according to the definition in the Immigration and Nationality Bill 1999 — that is, they are inadequately housed or cannot afford to meet other essential living needs — and cannot for one reason or another be deported. Most such cases are families with children. Because under immigration law such families should have no recourse to public funds, they are known as No Recourse to Public Funds (NRPF) cases.

Courts have ruled that local authorities' responsibilities under the Human Rights Act and the Children's Act require them to give such migrants financial support to meet their basic needs. However, local authorities receive no recompense from central government for this expenditure, so local council-tax payers meet the cost. The issue has in the past years become a contentious one, with local authorities establishing a No Recourse to Public Funds Network to gather information and lobby central government for reimbursement of expenditure on NRPF cases.

According to a survey carried out by the NRPF Network last year, local authorities in 2007/08 spent at least £33.4 million (up eight per cent on the previous year) on supporting at least 3,910 NRPF individuals. About 57 per cent were adults. The average local authority expenditure on an NRPF individual was £8,537 per annum. If we assume that this is split in proportion to irregular migrant numbers, some £23 million of this total would be in London. It

would be reasonable to assume that this total would fall with the regularisation scheme – although by how much depends on who takes up the possibility. Here we assume a reduction of 50 per cent, ie £16.7 million for the country as a whole and £11.5 million in London.

Housing associations collect information about every household they house, which gives us a good picture of who is accessing social housing. From April 07 to March 08 the percentage of housing association lettings that went to non-UK nationals was 4.4 per cent, which equates to 5,397 of an overall total of 127,290 lettings. Within this group, 1.1 per cent of the households said they were A8 nationals and 0.9 per cent other EEA nationals. In London the proportions are, as expected, higher but still show fewer than five per cent new lettings to foreign nationals from outside the EEA area - a proportion that will include a significant number of households who have ILR and legal access to social housing. These figures suggest that the number of migrants - either regular or irregular - obtaining social housing is very small. Over time however other evidence suggests that lower income households originally from asylum seeking countries do tend disproportionately to be accommodated in social housing (see Chapter 4).

In estimating the potential cost of regularisation it may therefore best to assume that the number that would access social housing is close to zero. Moreover, regularised migrants would be likely to remain ineligible for social housing for some years, as they would still be 'subject to immigration control' and regularisation would not change their position. The longer-term costs therefore depend on the specifics of the offer made under regularisation as it is clear that apart from their migrant status many would be eligible for social housing.

The National Health Service

The National Health Service is the largest-spending public service in London. There are two traditional elements to the service: 'primary' care, provided by GPs and 'secondary' care generally provided in hospitals. There is no systematic evidence about the approach taken by GPs to irregular migrants, though it is clear that many individual doctors are prepared to treat people who might not be eligible to access the NHS. It appears likely that many GPs adopt a humanitarian approach to people who present themselves but are irregular migrants to the UK.

The UK Border Agency's website states: 'If you are a visitor to the United Kingdom or have temporary permission to live here (we call this limited leave to remain), you may be able to register with a GP in your area and receive free treatment. The GP can decide whether or not to register you'[32]. There is clearly ambiguity in this wording, suggesting that a GP could register (and therefore be funded by the primary health trust for) any visitor to the UK, regardless of status. Having said that, it is also very likely that a proportion of the capital's irregular migrants will not be wiling to present themselves to doctors for fear their status will be revealed.

[32] UK Border Agency, http://www.bia.homeoffice.gov.uk/newcomerstotheuk/healthcare/

A number of official sources, including the Audit Commission, suggest that a disproportionate number of migrants (both regular and irregular) present themselves at hospital accident and emergency services as a first point of contact with the NHS. As the section taken from the UK Border Agency's website, quoted below, suggests, some NHS services are free to anyone who presents themselves. Such services include:

- 'treatment given in an accident and emergency (A&E) department or in an NHS walk-in centre that provides services similar to those of an A&E department
- treatment for certain infectious diseases (but for HIV/AIDS only the first diagnosis and counselling that follows it are free)
- compulsory psychiatric treatment; and
- family planning services'[33].

There is evidence from official publications that hospitals which admit non-resident patients are under pressure to identify those who should be charged for their services because they are overseas residents who do not qualify for 'free' NHS treatment, though there is some ambiguity here too. The UK Border Agency website states: 'If you are not in one of the categories that are able to receive free treatment, you may be asked to pay for any hospital treatment you receive'. The use of the word 'may' provides hospitals with the opportunity, having made reasonable efforts to elicit payments from people it believes not to be qualified for free treatment, to waive charges. There is no existing evidence about the extent to which any NHS charges are waived in this way, nor any realistic way of collecting the data. Anecdotal evidence suggests that hospitals do not treat migrants (as opposed to health tourists) differently from others who present for treatment.

The overall implication of the guidance issued by the government, supported by interviewees, is that many irregular migrants will already be using GPs and hospitals. However, as with other services, a proportion of irregulars are thought to hold back from presenting themselves to GPs or, wherever possible, other parts of the NHS. Regularisation might therefore generate a small extra cost to the NHS, though in the longer term this would be likely to be offset by lower hospital costs as a result of currently irregular migrants being able to visit GPs and thus be referred to hospitals at an early stage, before any illnesses become serious, and thus expensive.

A rather different issue is whether regularisation with its associated greater propensity to present when in need of treatment would reduce public health costs associated with eg TB and HIV/.Aids. To the extent that these benefits occur this would lower costs in the long term.

[33] UK Border Agency, http://www.bia.homeoffice.gov.uk/newcomerstotheuk/healthcare/

Changes in eligibility for services at the point of regularisation

As Chapter 3 makes clear, on regularisation the right to different services will vary depending on the details of the new status. However if the regularised migrants and their dependents remain in the country they will ultimately achieve eligibility for all services that are available to the indigenous population. Equally the evidence suggests that over perhaps a decade or rather longer this regularised population will have integrated to the point where their attributes and requirements are similar to others of the same age and income group (Gordon, Travers and Whitehead, 2007).

Of the services listed above, most local services are unaffected by this issue. The three most important services affected by changing resident eligibility are health, higher education, and housing. Except for health care, it can be expected that in the medium term the demands made by regularised migrants would be at least equal to the average per head of population, if only because the relevant group are younger, will have children and are more likely to be lower-waged employment.

Table 5.3 brings together the results of interviews and analysis and suggests a range of possible fiscal implications with respect to each service in London. This makes it clear that at one extreme there will be hardly any impact on the costs of public services because the relevant population is already using the service; at the other there will be large impacts as households become eligible. However for higher education and housing the impact is generally not directly the outcome of regularisation, but arises from a change in status to the point where the person is no longer subject to immigration controls. For the purposes of this assessment these much longer term effects are noted but not costed, not least because their regularisation will impact on the controls on further in-migration.

Table 5.3 shows major public provision in London, both services and benefits, and the costs – for 2008/09 – of delivering the service. There is also a short commentary about the likelihood, based on interviews, of the service or benefit concerned seeing significant 'revealed demand' if a regularisation programme were implemented. In addition there is a column showing an estimated range of possible impact. This range takes account of this report's calculation of the numbers who might be eligible for regularisation (a number equivalent to four per cent of the total London population) and the numbers that would most likely expect to be granted regular status (equivalent to perhaps two per cent of the London population).

This report has explained how many irregular migrants are already able to access a number of public services. Indeed, some services (so-called 'public goods' such as roads and environmental provision) will already be available to all migrants. But we have suggested that some services may witness additional demand because irregular migrants cannot or will not currently access them. Not all of the 'eligible' or 'granted' irregulars will access additional services. Those that do so would be likely to increase their usage in the direction of a rate broadly equivalent to usage by the existing population.

Using such assumptions, it is unlikely that for most services there would be revealed demand in excess of the equivalent of two per cent of existing demand, though if 'granted' migrant numbers were equivalent to four per cent of the existing London population it is possible that some housing and benefit costs might, in the longer term, exceed two per cent of the existing spend.

Where we believe there will be additional public service costs, we have included a relatively wide range so as to accommodate the uncertainties inherent in this exercise.

Table 5.3: Potential increases in expenditure on services in London

Service	Current Expenditure (£ '000)	Key issues	Possible impact on expenditure	Financial impact	Timescale of impacts
Schools – nursery	224	Likely to be little 'revealed demand' as most of those who wish to access the service. Possible increase in demand after regularisation if change of status leads to increased family formation	Less than 0.5 per cent - range 0.25 to 0.5%	+£0.5m to £1 m	Immediate or short-term
Schools – primary	2,894	Likely to be little 'revealed demand' as most of those who wish to access the service. Possible increase in demand after regularisation if change of status leads to increased family formation	Less than 0.5 per cent - range 0.25 to 0.5%	+£7.5m to £15 m	Immediate or short-term
Schools - secondary	2,579	Likely to be little 'revealed demand' as most of those who wish to access the service. Possible increase in demand after regularisation if change of status leads to increased family formation	Less than 0.5 per cent - range 0.25 to 0.5%	+£6.5m to £13 m	Immediate or short-term
Schools – special	476	Potential for some 'revealed demand' as status problems will have inhibited registration of special needs children with high cost multi-agency service providers	Up to 1 per cent - range 0.5 to 1 per cent	+£2.5m to £5 m	Immediate or short-term
Other LA education, eg, adult	850	Likely to be little 'revealed demand' as most of those who wish to access the service. Many adult services are open to all	No change	0	Immediate or short-term

Further education	1,050*	Potential for some 'revealed demand' as status problems will have inhibited registration of some young people who wish to seek training and skills. More settled regular migrants may encourage higher take-up rates	Up to 2 per cent - range 1 to 2 per cent	£10m to £20 m	Immediate or short-term Long term: up by as much as 7%.
Higher education	4,500* HEFCE – 1,400	Potential for some 'revealed demand' as status problems will have inhibited registration of some young people who wish to seek a university education. More settled regular migrants may encourage higher take-up rates, particularly as UK/EU fee levels are well below those for non-EU students	Up to 2 per cent - range 1 to 2 per cent	+£14m to £28 m	Immediate or short-term Long term: up by as much as 7%.
Social care – children & adults	3,650	<u>Children</u> Likely to be very little 'revealed demand' as children's services d epartments will provide services for vulnerable clients regardless of status. Major reputation risk to LG of not protecting all children <u>Adults</u> Potential for some 'revealed need' for mental health services among working-age population. <u>Older people</u> Likely to be little or no 'revealed demand', though possibility of higher demand in the longer term as larger numbers of migrants stay on in UK	Less than 0.5 per cent - range 0.25 to 0.5 per cent	+£9m to £18 m	Immediate or short-term Immediate or short-term Immediate or short-term

Police	3,257	Possible spending pressures in both directions. Reduced demand for time devoted to migration-related issues. Possibility of increased demands because 'regularised' victims of crime become visible to criminal justice system having previously been invisible	No overall impact	0	Possible longer-term increase in costs if change in status led to increased future immigration
Fire	463	Likely to be little or no additional demand, though small possibility that improved housing conditions might reduce fire risk	No overall impact	0	
Ambulance	240	Possible increase in use of service as previously irregular migrants use ambulances. Could be balanced by fewer emergencies as more migrants are w illing to seek primary care.	Less than 1 per cent - range 0.5 to 1%	+£1.25m to £2.5 m	Immediate or short-term
Environment	965	Likely to be little or no additional demand. Most environmental services, eg street cleaning, refuse collection etc currently in use by virtually all residents	No overall impact	0	
Planning & development	420	Likely to be little or no additional demand. Possible increase in planning applications would lead to higher fee income.	No overall impact	0	
Culture, leisure	550	Likely to be little additional demand as many services levy charges and will already be used.	No overall impact	0	

Transport, inc concessionary fares	2,690 Con Fares - 210	Highways Likely to be little or no additional demand. Roads currently in use by virtually all residents. Public transport Public transport sets fares for services: possibility of slight rise if regularised migrants more willing to access Tube and buses Concessionary fares Likely to be little or no additional demand in the short-term, but if t he stock of ex-irregular migrants were substantial, possibility of longer-term increase in demand	No overall impact No overall impact Less than 1 per cent: range 0.5 to 1%	0 0 0	
Housing	Revenue subsidy and NRPF perhaps 120 - 150	Not likely to be significant change from regularisation until they are given long term rights to remain Some administrative costs etc Relevant costs are housing benefit see table 5.4 below	Up to 1 per cent - range 0.5 – 1 per cent Possible reductions in NRPF costs	+ 1 – 2 m - £6m- £11.5 m	Longer term costs will increase as eligibility increases
NHS – GPs + hospitals	14,550	GPs Likely to be limited 'revealed demand' as many irregular migrants thought to access GPs already. Hospitals Likely to be limited 'revealed demand' as GPs can refer ex-irregulars to hospitals. Also likely to be reduced demand on whole of NHS as ex-irregulars present t hemselves earlier to GPs and specialists, thus reducing demand for expensive treatments	Up to 1 per cent - range 0.5 to 1 per cent	+£73m to £145 m	Gradual build-up, though in longer-term possible reduced demand because of earlier referrals

These estimates suggest that the additions to revenue costs of services in London might be of the order of **£115 million - £240 million**. These figures do not include capital costs for additional housing estimated at £4.4 billion over a long period (see Chapter 4). In addition there would be a one-off increase in administrative costs estimated at around £210 million.

A rather different issue is access to welfare benefits. It is clear that regular like irregular migrants into the UK, except refugees, have no legal access to public funds (which include all welfare benefits), although they do have rights to National Insurance-based benefits when they have paid appropriate contributions. Indeed having recourse to public funds is *prima facie* a reason for deportation. In practice there may be both irregular migrants and regular migrants who are receiving these benefits because of administrative uncertainties (as well as fraud), but because there are no data on the subject we have not taken these into account.

In the longer term, as regularised migrants achieve indefinite leave to remain or citizenship status they would become fully eligible for welfare benefits. The most important of these would be social security and housing benefit, although all other benefits such a tax credits and pensions would ultimately be affected to the extent that the numbers regularised reflect additional population in the longer term.

Table 5.4 gives some very limited assessment of possible costs on the simple assumption of proportionality. These are clearly far more important than the service costs, which are limited by the extent to which services are already available. The totals here apply only to social security and housing benefit, which are the largest immediate potential impacts. Child benefit, which might be paid in respect of 56,000 children in London aged 0-14, might cost about £44 million per annum, assuming £15 benefit per child per week (taking the benefit to be an amount halfway between the 'first child' allowance and that for other children). The UK equivalent figure would be £61 million.

Taking these into account we estimate a range of costs from perhaps £400 million to a best estimate of £713 million per annum plus £210 million administrative costs for London.

Table 5.4: Potential costs of welfare benefits in London

Benefit	Current Expenditure (£ 000s)	Key Issues	Possible Impact on Expenditure	Fiscal Impact	Timescale of impact
Social security	23283 (2007-08) Less housing benefit (4052): Net = 19231	Depends on administrative constraints – only access would be through fraud UNLESS granted indefinite leave to remain (ILR) or an exemption to constraints eg because granted refugee status	Up to 2 per cent: range 1 – 2 per cent	£192m - £384m	Immediate, short-term or long term dependent on migration status
Housing benefit – allowances & rebates	4052	Depends on administrative constraints – only access would be through fraud UNLESS granted indefinite leave to remain (ILR) or an exemption to constraints eg because granted refugee status	Up to 2 per cent: range 1 to 2 per cent	+£41m to £81m	Immediate, short-term or long term dependent on visa status
Child benefit			56,000 at £780 pa	£44 m	Assumes no children receiving it at the present time. Relatively low as if either parent is legal the child is eligible

Table 5.5: Potential increases in expenditure in the UK 2008 - 2009

Service	Expenditure (£billion)	Possible impact on expenditure	Financial impact (£m)
Schools - Nursery	4.9	< 0.1%	5
Schools - Primary	22.1	< 0.1%	22
Schools - Secondary	24.4	<0.1%	24
Other education, inc special	9.4	<0.2%	19
Further education	9.4	<0.4%	38
Higher education	12.8	<0.4%	51
Social care	28.0	<0.1%	28
Police	16.0	Net nil	-
Fire	3.1	Net nil	-
Ambulances	In NHS	-	-
Environment	9.7	Net nil	-
Planning & development	In 'other'	Net nil	-
Culture, media, sport, leisure	8.6	Net nil	-
Transport	21.8	Net nil	-
Housing (inc Housing Benefit)	8.1	<0.4%	32
NHS	108.8	<0.2%	218
Social security	192.7	<0.4%	492
Child benefit			61
Other	6.7	<0.1%	7
TOTAL Identifiable Expenditure	486.7		997

Source: *Public Expenditure Statistical Analyses 2008*, HC 489, London: TSO, derived from Table 10.1 data for 2007-08 with totals uplifted in line with overall increase in UK Total Managed Expenditure between 2007-08 and 2008-09

UK estimates of the potential costs to services

Table 5.5 shows overall 'identifiable' expenditure on key services (as in Tables 5.3 and 5.4) for the UK as a whole. The subcategories and totals are broadly consistent with those given for London in Table 5.3 and 5.4. For simplicity, these estimates assume a 100 per cent take-up of regularisation among the eligible population (rather than the 50 - 100 per cent range considered in the London discussion above. The baseline for these estimates is the eligible population's estimated 0.7 per cent share of the total UK population (as compared to their four per cent share within London).

The overall UK total for additional public service costs, using the same method of estimation as for London, would imply that for services other than housing, welfare benefits and the Home Office/UK Border Agency, the total additional public expenditure might be in the range £200 million to £360 million. The London totals would be within these figures. Housing and welfare benefits would be likely to add £2 billion to public service costs in the longer term. These figures – at today's prices – would be within the total of identifiable expenditure shown

above. Total Managed Expenditure (the widest definition of spending, including capital) in 2008-09 will amount to £617billion.

The estimate in Table 5.5 suggests that the additional annual service costs might be of the order of **£400 million** per annum plus one off administrative costs of £300 million and the possibility of capital costs for housing of £6.2 billion. Total costs including welfare benefits that might be available into the longer term run at just under **£1 billion** per annum plus the one-off costs detailed above. All of these estimates assume that the government chooses to increase spending to accommodate any additional demand.

The fiscal costs of regularisation: conclusions

The section above details our efforts to assess the possible impacts of a change in status on the costs of public services. However, it is important to note that funds for the whole of local government, schools, higher education, colleges and the NHS are distributed on the basis of formulae. Such formulae are generally related to estimates of population and needs measures of different kinds.

The national amounts to be distributed by such mechanisms are determined by political horse-trading between the Treasury and other government departments. Governments will give relative priority to some public services at the expense of others. Although aggregate demand may play a part in determining these overall totals, it is not clear that a change of status for migrants would add significantly to the overall population totals in use. Many irregular migrants will already be counted in the ONS's population figures. Even if some are not currently counted, there is no automatic link between the overall national population and the totals of money made available at the national level.

Consequently, even if a change of migrant status led to an increase in the 'revealed' population and/or demand within a particular borough or boroughs, there would not necessarily be an overall increase in public spending. It is possible that population and/or 'need' indicators would shift funding from one place to another, but unless the government chose to add more money into national funding totals, there would be no overall rise in public expenditure. Of course, if there were an increase in demand for services without any commensurate rise in resources, some areas would be likely to witness increased pressure on existing services.

Our interviews with local service providers, and information available about existing service availability to migrants, suggest that for many services there would be little significant additional demand for services as a result of a change in migrant status. It appears likely that many irregular migrants already have access to public services, including schools, social care, the fire brigade, ambulances, environmental provision, planning, leisure services and even the NHS, A change in status would thus have few or no cost implications.

However, in further education, universities, housing and welfare benefits there would likely be an increase in public expenditure. There might also be a short-term rise in spending on Home Office and UK Border Agency activities, followed by lower costs in the medium to long term.

The lack of previous research, coupled with the reality that public providers (including Whitehall departments and their regulators) do not differentiate between the needs of irregular and regular migrants, means that the findings in this section are very tentative and cannot produce precise estimates of possible future costs or savings.

Nevertheless, the fact that the weight of evidence suggests irregular migrants are probably already able to access many public services implies the additional costs of regularisation will be limited. Because of the lack of evidence, it has been necessary to make very broad estimates of potential extra expenditure. These are summarised in Table 5.3. If the numbers in this table are added together, they suggest that for services other than housing, benefits and the Home Office/UK Border Agency, the additional expenditure demand might be in the range £140 million to £250 million. Housing and benefits might add a great deal more but not immediately. In the longer term the cost of benefits could be as high as £1.4 billion. Such totals would be in the context of existing total expenditure in London of over £60 billion.

The issue of administrative costs is clearly a national issue – our estimate suggests that the short-term one-off cost could be as high around £300 million. The London proportion of this would therefore be around £210 million.

Issues associated with housing and welfare benefits do not depend directly on regularisation except to the extent that this ultimately leads to indefinite leave to remain and/or citizenship. As such they raise much broader issues related to the impact of migration in general.

Because funding for public services is generally cash-limited, it is possible the 'revealed' demand for services produced by a change in migrant status would not increase public expenditure even by the modest totals suggested here. Of course, the pressure on local services generated by any revealed demand would be real enough. If there were no additional resources overall, or if there were simply a redistribution of funding, there would be a slight increase in pressure on services nationally.

The overall message of this section is that many irregular migrants are probably already able to access many services. There would be a one-off cost to the State of the regularisation programme itself, of the order of £300 million. The potential rise in housing and benefits expenditure would probably produce the greatest impacts, possibly intensified by the existing stress on such provision. Crucially, there is no evidence from this research there would be a sudden or unbearable impact on public services if the government decided to allow a change in status for some irregular migrants. Short-term impacts of other kinds are almost certainly greater.

Thus overall our best estimate suggests that the annual costs to the public purse would be of the order of £1billion for the country as a whole, and £715 million for London.

5.4 Possible impacts on tax revenues

The most widely perceived potential benefit from regularisation is an increase in tax revenues from migrants who become more visible to taxing authorities and/or succeed in transferring from poorly paid work with 'informal sector' employers (who fail to collect/remit PAYE and national insurance) to better paid work with legally compliant 'formal sector'

employers. Whatever their scale, such gains would be more obviously salient to the remainder of the UK population than such real additions to UK output as could be achieved in the process, since productivity gains are likely to accrue wholly or predominantly to the newly regularised migrants themselves.

Clearly, there should be some relation between tax revenue and real GDP gains. One reason is that higher wage earnings will add to the liability to tax (and actual tax payments for those who have consistently been complying with direct tax obligations). Another, however, is that it is hard to see that migrants will voluntarily go through a regularisation process unless that leaves them at least as well off in net financial terms (ie income after any tax payment). This is one important proviso that must be borne in mind in thinking about what might be a realistic scale of additions to direct tax revenue as a consequence of regularisation.

The other critical issue relates to the implicit assumption that regularised migrants would not previously have been making direct tax payments – but would now start doing so (see e.g. IPPR, 2008). The Spanish experience (reported in Chapter 1) suggests that there can be very large gains in terms of tax/social security payments in the wake of regularisation – at least in a country with a large shadow economy employing illegal migrants. But, as we also saw in Chapter 1, experience elsewhere suggests that the assumptions about tax payments may be questionable, both in terms of whether irregulars are outside the tax system, and about the degree to which regularisation can change this. In the US, in particular, there was evidence that the majority of undocumented migrants might already be paying tax. On the other hand, evidence (particularly) from Mediterranean countries suggested that transfers out of non-tax-compliant informal employment might be far from universal or permanent.

Direct taxes and social security payments are seen as the main issue, because they are collected by *employers* who occupy a position on one side or other of this formal / informal divide. Insofar as irregular workers live in communities whose consumption requirements are substantially met by these same firms and they are non-compliant also in relation to taxes on their products, there could be issues also in relation to indirect taxes – though gains here could depend on disappearance of the shadow economy, not simply a transfer of some irregular workers out of its employ. Council tax is another field in which there could be effects, either because (some) irregulars occupy spaces that are missing from the residential property database, or because they are too elusive for payment to be enforced.

In trying to assess how important these considerations might be in the UK case, one issue is of the scale of the informal (non-tax-paying) sector, and how far it corresponds to the sector in which undocumented/irregular migrants are constrained to work (whether as a whole group, or more plausibly, that part which cannot secure the necessary credentials[34]). Schneider (2002) estimates the size of the informal economy in the UK – in the sense of all those (legal) economic activities whose output would generally be taxable if reported to state (tax) authorities – as representing 12.6 per cent of GDP in 1999/2000 (compared with 28.6 per cent for Greece, 27 per cent for Italy, 22.6 per cent for Spain and 8.8 per cent in the US). Not all of this activity involves monetary transactions, however, and not all of that actually

[34] Whether via a job from which an NI number etc. can be secured, or by false/borrowed papers/birth certificates etc.

involves tax evasion. But nevertheless, the UK figure is conspicuously larger than any suggested share for the proportion of irregular residents in the country (the estimates we propose in Chapter 2 all lie between one and two per cent of the UK population). We may infer that being an irregular migrant is clearly not a sufficient condition to work in this sector. By the same token, regularisation may not be a sufficient change to get (some / all) migrants out of it.

Grabiner (2000), in a report for the Treasury, cites research suggesting that estimates of the hidden economy may be overstated, but has to rely on 'strong anecdotal evidence from investigations carried out by Departments' to say anything about the nature of this economy. Typically, he observes:

> 'businesses in the informal economy tend to be low-wage and labour intensive, often with a seasonal or irregular element in their work. Examples include: domestic services, household building, taxis and mini-cabs, market trading, tourism, hotels and catering, agriculture and fishing, fashion and clothing manufacture' (p4).

This reinforces our view that cash-in-hand elements of this economy are not confined to areas in which there are large numbers of irregular migrants, nor do its workers necessarily come from this group. Where the jobs involved are insecure/badly paid as well as hidden from tax authorities they may be filled by any group that faces difficulties getting something better (whether for personal reasons or because local demand is generally weak).

Finding any evidence on the extent to which irregular migrants are particularly likely to avoid paying taxes is doubly difficult because neither irregulars nor tax avoiders are likely to declare themselves, and can only be identified via the kind of detailed forensic effort that some US researchers have used to identify invalid social security numbers within firms' tax files. For a simple indicator we have again made use of data from the 2008 LFS in which we had included estimates by country of origin/year of arrival for the likely proportion of irregular migrants. In this case we examined the relation between migrant respondents' declared estimates of net and gross weekly earnings. Net weekly earnings for each respondent were regressed on gross weekly earnings, both on its own and interacted with the estimated proportion of irregulars on the origin/arrival group – alongside controls for age, sex, marital status and family size. Key results are reported on Table 5.6.

Table 5.6: Regression of net weekly earnings on gross weekly earnings and estimated share of irregulars

Variable	Estimated coefficient (and standard error)
Constant	70.8 (6.7) ***
Gross weekly earnings	0.603 (0.007) ***
Gross weekly earnings * proportion of irregulars	0.152 (0.029) ***
N	2682
Adjusted R^2	0.913

Source: LFS 2008 microdata.

Notes: 1. control variables omitted from this table are sex/marital status and family size, and interactions of these with income. The reported figures relate to childless males, who are the largest group: 2. *s indicate statistical significance: *=5%; **=1%; ***=0.1%.

These suggest (for a childless male) that deductions from gross weekly earnings absorbed some 40 per cent of marginal earnings in the case of migrant origins with zero irregulars, with significantly lower proportions for those with a significant share of irregulars. Extrapolating this relationship to the (hypothetical) case where all migrants were irregulars, it implies just 25 per cent being deducted. If the difference were simply one of whether any deductions were incurred or not, this might suggest that the proportion of irregulars taking on tax/insurance payments was just five-eighths of that for regular migrants. This is not dissimilar to the US evidence (cited in Chapter 1) on the proportion of undocumented migrants paying tax. Too much weight should not be placed on these results, however, for various reasons (including the rather large size of the wedge suggested for the case without irregular migrants). But both the significance of the interaction with the irregular migrant proportion and its broad scale (between 12 and 18 per cent of marginal income) appear quite robust to use of different sets of controls.

Taken literally, the implication is that – for a given level of earnings (ie independent of upgrading of market position) – a shift of status from irregular to irregular might be expected to add the equivalent of 15 per cent of weekly earnings to the tax/insurance take. With the average earnings and employment rates (of £451 per week. and 65 per cent) reported in Table 4.1 for (prime age) migrants from irregular origins with the necessary five years' residence in the UK, the potential gain per adult migrant would seem to be £2,286 per annum. Even with the worse outcomes imputed to individual irregulars (via regression analyses, reported after that table), with weekly earnings of £372 and a 50 per cent employment rate, the potential gain in revenues would be a still sizeable £1,450 per annum. We take this as our baseline estimate.

Unless gross earnings increased by significantly more than the expected increase in tax/insurance contributions, however, it is not easy to see why any regularised migrants should switch to an employer who enforced these deductions. Or, if the process of regularisation made avoiding this difficult (by withdrawing the cloak of invisibility), it is not easy to see why many irregulars would choose to pursue this route – if offered on an optional basis. So long as there are employers who are able to evade their tax collecting obligations, and workers who (for whatever reason) cannot secure access to significantly

better paid jobs from tax-compliant employers, it might require strong expectations of higher earnings for many migrants to opt into paying substantial taxes.

The evidence that we have been able to find about likely impacts of regularisation on earnings levels, and employment rates, is (as reported in the last Chapter) quite unclear. Our best estimates suggest that there could be quite a large earnings gap (and a smaller but significant one in employment rates) between earnings of irregular residents and other comparable migrants. But there were large margins of error around these, and by conventional standards of statistical significance, even their existence could not be taken for granted. There is also an important issue about the process through which these gaps would actually get closed after regularisation, for people who may experience other important sources of labour market disadvantage, and who are liable to have spent years in more marginal types of work. Closing the gaps is not something which can be assumed to follow rapidly after regularisation, and may well depend on regularisation being accompanied by:

- direct measures to cut back the incidence of tax evasion within the shadow economy; and / or
- the pursuit of more vigorous equal-opportunities policies to overcome the less formal obstacles to accessing better employment for those disadvantaged groups most heavily represented among irregular migrants (notably non-white Muslims).

Over the medium-longer term, closing the gaps to the degree envisaged in the exemplary GDP calculations of the last Chapter (with employment rates of adults from the regularised population rising by six percentage points and earnings of those in work by 25 per cent) could yield further substantial gains in tax/social security revenues.

In the first case, with a simple increase in employment rates, a straightforward application of standard income tax and NI rates above the threshold earnings level (of some £105 per week), without any assumed change in earnings, implies a further addition of some £277 pa for each regularised adult.

In the second case, adding in the effect of a 25 per cent earnings increase, with the same simple tax/NI model, would yield a further £894 per annum for each regularised adult.

In total, applying the sum of these three elements (the baseline estimate and the effects of higher earnings/employment rates) to our central estimates of 324,000 working-age people eligible for regularisation across the UK as a whole, with 229,000 in London, could yield an additional £846 million and £596 million respectively. It has to be emphasised, however, that these are ballpark estimates at best, relating to a situation where regularisation has achieved successful labour market adaptation (though without the elimination of ethnic disparities in labour market behaviour / treatment).

5.5 Bringing the taxation benefits together with the fiscal costs for London

On these assumption of complete regularisation, a complete switch to taxed employment, and full adaptation in earnings/employment rates, these estimates of £846 million additional revenue (for the UK as a whole) and £596 million for London alone can be compared with the central estimate of the annual costs of public services, derived in Section 5.3. These were of the order of £1 billion for the country as a whole and £715 million for London.

The direct implication is that, over the longer run when regularisation has run its full course (raising both fiscal costs and revenues over those to be expected in the short run), it might involve a net cost to other taxpayers of about £150 million nationally, of which some £100 million would relate to London. However, as we have repeatedly emphasised, both sets of estimates depend on an array of assumptions and guesstimates, small modifications in which could easily lead to the reverse conclusion about the net fiscal impact. The most that can reasonably be inferred is that a fully successful regularisation programme might be expected to have a more or less neutral impact on the balance of taxation and expenditures.

In practice, depending on the design of the programme, and its implementation, it is likely that regularisation will be less than complete, and selective in one way or another. The worst-case scenario would be one in which the only people who are regularised are drawn from the half of irregular migrants who we suggest may already be paying tax. These may also be less likely to generate major welfare demands as/when they become entitled to these. But, at the limit, in this case any increase in service take-up and costs would be a net addition to the fiscal burden.

Chapter 6 Conclusions

Increased levels of international cross-border migration have become a significant political issue in many countries in recent years. Politicians in Britain and elsewhere have felt the need to respond with new policies. These have included revising attitudes to international humanitarian obligations relating to asylum seekers, making efforts to remove illegal or irregular migrants, reducing migrants' access to services, attempting to settle new arrivals in ways that ensure good community relations and creating new institutions to secure international borders. The current downturn may well moderate the volume of inflows temporarily, but official forecasts for the longer run envisage continuing in-migration on a scale which will keep the topic on the policy agenda for many years to come.

The key responses of British government ministers have included efforts to tighten up immigration controls at airports and ports and to 'sound tough'. Quotas have been set for employment categories, but only for those with skills shortages. The global recession will probably reduce the flow of international migrants in the short term. It is impossible to predict future numbers, though the ONS's population projections assume a continuation of net inflows at broadly the levels recorded in recent years. Immigration as an issue is unlikely to disappear.

A debate about 'regularising' irregular migrants has emerged from concerns about the numbers known to be in the country – notably as a result of the numbers of asylum seekers in the early 2000s. Where a substantial total of irregular migrants build up in a country and there is no realistic chance they can be removed, common sense leads to a debate about what might be done about their status and how to ensure that they are productive and contribute effectively to society. Other countries, notably Spain, Italy and the USA, have implemented or proposed amnesties on widely different bases. In the United States, it is estimated that up to twelve million people live in the country with irregular status. The UK is atypical in that there are relatively few illegal migrants – in the sense of those that entered by evading border controls or presenting forged documents. It is also atypical in having a relatively small informal sector. These are positive factors to take into account when evaluating any regularisation scheme.

Overseas experience does provide evidence about the complexity of administrative issues, e.g. the high level of fraud in the most comparable (United States) case. Also, the design of the scheme is very important and there is likely to be a continuing issue about irregular migrants because there will be some who do not or cannot take up the regularisation option. International schemes suggest the need for complementary policies.

The findings

This report has estimated the number of irregular migrants within the UK and London and the numbers who might be eligible for a simple scheme based on five years' continuous residence. On the basis of these numbers, it has also been possible to examine some implications of a simple regularisation scheme. To do this we have had to make a series of assumptions about the way such a scheme might operate, including criteria for eligibility, administrative arrangements and the rules to be applied to determine results.

Our research has also attempted to quantify the implications of a regularisation scheme on the economy, public services and cohesion. In particular it has looked at the potential increases in costs of public services and welfare benefits on the one hand, and on GNP and tax revenues on the other. In making these calculations, we have used the estimates of

irregular and eligible migrants (and their children) as the starting point. A major literature search was undertaken and a number of interviews conducted. However, it is important to note that all aspects of the analysis are subject to uncertainty and qualification.

Many of the numbers that have been generated for this report have required heroic assumptions. Irregular migrants are, by their nature, a 'hidden' population. Earlier studies that have attempted to calculate the total number of irregular migrants have faced similar problems and we have attempted to improve on the excellent work done by a number of earlier researchers, including those working for the Home Office. Moreover, it is evident that the views of some parts of government, notably the Home Office, about irregular migrants are very different from those of others, particularly those dealing with social services.

Overall, we estimate the UK has a population of some 618,000 irregular residents, within a range between 417,000 and 863,000. London has about 70 per cent of this total, with a central estimate of 442,000 and a range between 281,000 and 630,000. Of these totals, we estimate that nationally 412,000 (67 per cent) might be eligible for regularisation; of these, 294,000 would be in London.

Regularisation of these groups could be expected to contribute to higher levels of national output to the extent that it enabled a greater proportion of irregular residents to work and to make better use of their human capital. Indicative estimates suggest that over the longer run and with supportive policies this might add something like £3 billion per annum (or 0.2 per cent) to GDP.

The regularised might generate a total of £846 million per annum additional tax revenue for the UK as a whole. This can be compared to a possible increase in public service costs of £410 million per annum. In addition potentially available welfare costs might in time raise this figure to £1 billion; there would also be a one-off cost of the regularisation scheme and administration of £300 million.

The figures for London on a similar basis are around £596 million per annum additional tax revenue, compared to £240 million for public service costs; £713 million when including welfare costs plus £210 million one off costs.

If, as we would expect, not everyone eligible took up the option of regularisation, both tax benefits and costs would be lower. The balance between tax revenue and costs could also be substantially affected by whom it was who actually took up the option of regularisation.

The figures presented here are based on the numbers of irregular residents in the country at the end of 2007. Many of these migrants are likely anyway to be regularised under the current schemes, which are based on case-by-case assessment of individual circumstances, including the length of time spent in the country. What a regularisation scheme would do is clarify the position of those irregularly in the country and allow irregular migrants to come forward for regularisation within a clearly defined set of rules. This is consistent with the general intention of enhancing the ethos of legality within immigrant communities and localities with high concentrations of migrants. A simple scheme with clear rules also increases the chances of achieving the high take-up and success rate that would be necessary to generate a step-change in legality.

The main objection raised to a formal regularisation scheme is that it could incentivise additional irregular migrants. Much of the evidence for such incentives however relates to countries with much illegal immigration across land borders from nearby countries. The likelihood of large-scale additional irregular immigration is far lower in the UK, where most

irregulars come from much further afield – and could only occur if border controls were ineffective.

The costs in terms of public services are relatively low, mainly because access to most services does not depend on regularity *per se,* but on whether or not migrants are 'subject to immigration control'. Thus the immediate impact on public services is much lower than many commentators might expect. The major long-term costs relate to welfare benefits, including child benefit, social security and housing benefit. Some countries limit migrants' access to such benefits—and indeed this government intends to do so for legal migrants until they receive indefinite leave to remain or citizenship.

Making a regularisation scheme work effectively in social and economic terms would require careful design, involving a progressive programme (integrated with a version of the current 'paths to citizenship' proposal) and complementary policies to address equal opportunities issues and parts of the informal economy which have exploited irregular labour.

The issue of irregular migrants and how to deal with them has been difficult to research because official agencies have little information and few data about the question - and a lack of clarity about the position of irregular migrants, in part because immigration is a topic of controversy. However, the fact that immigration is 'difficult' politically does not mean there cannot be debate, followed by improvements to public policy. This report provides some evidence as a contribution to such a debate.

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Appendix 1: Legal Migration Patterns in the UK; a note from MPI

Introduction

A brief description of legal migration is relevant to this report for several reasons. First, it provides some essential context, particularly as the last decade-and-a-half has seen major immigrant flows into the United Kingdom. Second, it may provide some insights into the changing characteristics; lengths of stay and origins of legally present immigrants — facts likely to be at least partially reflected in the illegally resident population. Thirdly and finally, it is relevant because public attitudes differ towards immigration on the basis of whether or not it is legal.

The scale of immigration

The UK had about 6.6 million immigrants in 2008 – defined as the *foreign-born*. There were 4.2 million *foreign citizens*, however – a lower figure primarily because of naturalisations.

In 2007 the UK received a gross flow of 580,000 people and a net flow of about 240,000 (Salt, 2008). Immigration has increased substantially over the past decade, as the UK has become more open to the global economy through migration. Over the last decade, there has been a net flow of 1.6 million immigrants (see Table 1) with the notable feature of rising inflows of non-British nationals and net emigration of British nationals, mainly to countries like Australia and Spain.

Migration to Britain 1997-2006

	British	Non-British	**Total**
Gross Immigration	902,000	3,668,000	4,570,000
Gross Emigration	1,521,000	1,450,000	2,970,000
Net Immigration	- 619,000	+ 2,217,000	+ 1,599,000

Source: Total International Migration; Office for National Statistics 2006.

Several factors, including government policy, have facilitated this trend. Since 2004, freedom of movement from new Eastern European member states (henceforth A8) has also contributed to increased immigration levels. It is estimated that approximately one million immigrants have come to the UK from A8 countries since they joined the European Union on 1 May 2004.

Together, foreign-born workers from different entry categories make up 12.1 per cent of the UK's labour force – up from seven to eight per cent a couple of decades ago. This proportion is high by historical British standards, but below that of other developed countries such as Australia, the United States, Ireland, Germany, or Sweden. During this period, immigrants have become an increasingly important source of labour in certain sectors. For example, foreign-born workers are thought to make up over 80 per cent of the seasonal agricultural workforce during peak months (Scott, 2008).

The origins of immigrants

The United Kingdom receives immigrants primarily from the EU and from former Commonwealth countries. Of all immigrant inflows in 2007 (including returning British citizens), just over half were from outside of the European Union – and hence require a visa to work in the UK. While India, Australia and Western European countries are long-standing source countries for labour migrants, the Eastern European source countries (Poland, Lithuania, Slovakia and Romania) are increasingly important. Polish immigrants are now the largest foreign group in the UK, representing 12 per cent of all foreign nationals (Somerville and Sumption, 2009).

Migration motivations

About 40 per cent of immigrants come to the UK for work, according to the International Passenger Survey from 2007. About three in four of these workers already have a defined job to take up when they arrive (see chart below). A substantial proportion of these workers who come to the UK with a definite job are corporate transferees. Students make up over a quarter of total inflows, followed by immigrants who come to accompany or join a family member. Of course, many immigrants have more than one reason for migrating – for example work and the opportunity to learn English or to experience life in another country.

Length of stay

Many immigrants now stay for only a limited period, in order to earn money before returning home, to learn English or to study. More than 40 per cent of immigrants move on within five years. (Somerville and Sriskandarajah, 2009) Immigrants from Europe, the Americas and Australia are most likely to return home.

Public opinion

The recent German Marshall Fund survey across seven countries found that 64 per cent of British respondents indicated that they were not worried about legal migration. In contrast, there was anxiety over illegal migration as well as distortions of fact. For instance, over a third of those surveyed considered that *most* immigrants in the country are here *illegally*. The evidence in the LSE report indicates a figure in the region of a sixth and a tenth.

Conclusion: Future of immigration

The long-term estimates of immigration to the UK by the Office of National Statistics are net flows of 171,500 from 2011 onwards. This prediction is unlikely to be radically altered by the recession (at least not in the mid- to long-term). Immigration is thus likely to be a feature of the UK policy and political landscape for a generation or more, which implies that policy action is necessary.

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Appendix 2: Other estimates of the size of the irregular population

There are several other sources of data on the size of the irregular population, but none provides a satisfactory overall estimate.

Community estimates

One way to approach the question is to ask community leaders from the relevant nationalities for their estimate of how many of their compatriots are in the UK. The assumption is that such leaders are likely to be well informed about the size of their own communities. Ideally one would consult a range of people in each national community rather than just one. This might be expected to produce better estimates than the Woodbridge method for those nationalities where a significant percentage of residents are not counted by the census, or where a large influx occurred after 2001, when the last census was taken.

For the UK as a whole, this method can be attempted using information from the International Organisation for Migration. Over the period 2005 - 2008 the London office of the IOM prepared reports on migrants from some 29 non-EU, non-OECD countries. (A list can be found at http://www.iomlondon.org/publications.htm, under 'Mapping exercise reports'.) The purpose of the reports was to improve targeting of information campaigns about the IOM's programmes to assist migrants to return to their countries of origin. Natives of the country in question, who consulted community and religious leaders as well as specialist media outlets, generally prepared these reports and other sources, to ask for their views on the size of the migrant populations and where in the UK they were concentrated. Given the short timescale of this project, these reports provide the best source of community estimates for a range of nationalities.

The reports give estimates of the total migrant population from each community and do not in most cases distinguish between regular and irregular migrants. To get a rough idea of the size of the irregular population from a particular country, one could subtract the census number of those born in that country from the community leaders' estimate of the number living here—the assumption being that those not counted by the census were likely to be irregular.

The data from the IOM reports are not ideal. For some countries the community estimates cover an enormous range (for China, for example, the estimates range from 110,000 to 420,000; for Kenya 150,000 to 300,000; for Nigeria from tens of thousands to one million). The individual sources of these estimates are not given—for understandable reasons of confidentiality—and there is no way of assessing their likely accuracy. No community estimates are given for the number of migrants from India or Pakistan, which might be expected to contribute a significant proportion of the irregular population. The reports do not cover all countries of origin of irregular migrants (Turkey and the Philippines, for example, are missing). In practice, therefore, community leaders' estimates as reported by the IOM are unsatisfactory as a tool for estimating the total irregular population of the UK.

Another possible method of estimating the irregular population is to use administrative data collected for other purposes. Three possible sources of useful information are NHS records,

applications for National Insurance numbers, and school roll data.

NHS data

National Health Service data on patients is contained in the Patient Registration Database System (PRDS). According to one study, 'Migrants registering with a general practitioner are given *flag 4* status if the previous address is given as outside the UK (excluding the Republic of Ireland) and the time spent outside the UK is at least three months. Age and gender are recorded, but other details such as nationality and country of origin are not routinely recorded—although they are in some cases.' (Green et al 2008, p. ix) In addition, 'a PRDS record loses its migrant status once a patient moves within the UK and registers with a new GP' (Boden and Rees, 2008). This is therefore not a particularly useful data source for this project.

National Insurance registration

National Insurance numbers are in principle available only to legal residents. It is certainly the case that some proportion of irregular workers do have NI numbers—either genuine ones in their own names or illicitly obtained numbers that belong to other people. However since there is no way of knowing what percentage of irregular workers have NI numbers or, conversely, what percentage of NI numbers are used by irregular workers, this does not seem to be a useful data source.

School roll data

All schools must record whether a child's first language is not English; many (but not all) education authorities request and record a more detailed breakdown of the first languages spoken. The pupil census does not provide information on country of birth, residence or citizenship, and only incomplete coverage of first language (which in any case is not a good proxy for residence status). It is thus not a useful data source for this project. Other researchers agree that 'the dataset does not provide an obvious source of statistics on migrant workers.' (Boden and Rees, 2008 p.7)

New Migrant Databank

Peter Boden and Phil Rees of the University of Leeds are working to set up a 'New Migrant Databank', which will bring together data from a number of sources--including TIM, NINo registrations, GP statistics, LFS data, etc.--to provide migration statistics at the local authority district scale. The focus is on getting an accurate picture of total numbers of migrants; it is not clear whether it will be possible to use the NMD to distinguish between legal residents and irregular migrants. The NMD is not yet onstream; according to one recent study, 'the database may become available (assuming data providers are agreeable) for third-party use in 2009' (Green et al, 2008).

Other organisations

Of the organisations concerned with migration issues, or umbrella organisations for migrants, only Migration Watch has produced its own estimate of the number of irregular

migrants. The Joint Council for the Welfare of Immigrants does not collect its own statistics; its publications quote the Woodbridge numbers (JCWI 2006). Likewise, the Refugee Council does not collect statistics, and is in any case concerned with only one subgroup of the irregular population.

In 2005 Migration Watch produced an updated estimate of the number of irregular migrants in the UK. This was based on the Woodbridge figure, updated to include failed asylum seekers who arrived after 2001 and the UK-born children of irregular migrants. Their estimate as of July 2005 was 515,000 to 870,000, with a central estimate of 670,000.

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Chinese

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Hindi

यदि आप इस दस्तावेज की प्रति अपनी भाषा में चाहते हैं, तो कृपया निम्नलिखित नंबर पर फोन करें अथवा नीचे दिये गये पते पर संपर्क करें

Vietnamese

Nếu bạn muốn có văn bản tài liệu này bằng ngôn ngữ của mình, hãy liên hệ theo số điện thoại hoặc địa chỉ dưới đây.

Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি (কপি) চান, তা হলে নীচের ফোন নম্বরে বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυδρομικά στην παρακάτω διεύθυνση.

Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں چاھتے ھیں، تو براہ کرم نیچے دئے گئے نمبر پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

Turkish

Bu belgenin kendi dilinizde hazırlanmış bir nüshasını edinmek için, lütfen aşağıdaki telefon numarasını arayınız veya adrese başvurunuz.

Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى الاتصال برقم الهاتف أو مراسلة العنوان ادناه

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

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