

Labour market summary for the UK household population by country of birth

by Annette Walling, Labour Market Division, ONS

Introduction

On 1 May 2004, ten countries joined the European Union (EU): eight Central and Eastern European countries (known as the A8 countries), Malta and Cyprus. Citizens of Malta and Cyprus already had relatively free access to the UK labour market prior to accession and have had full rights to work throughout the EU since then. The UK Government put in place measures to monitor participation in the UK labour market¹ and restrict access to state benefits among citizens of the A8 countries (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia). The enlargement of the EU, together with growth in international migration in recent years, has increased the demand for information about migrant populations living in the UK, their participation in the UK labour market, and their contribution to the UK economy.

The Labour Force Survey (LFS) is the principal source of labour market statistics for the UK household population. A breakdown by country of birth is available from the LFS microdata, which are currently weighted to population estimates published by ONS in February and March 2003. The headline LFS series in the monthly Labour Market Statistics First Release incorporate more recent population estimates (published in August and September 2006) which are higher than those used to weight the microdata. This means, for example, that the headline LFS estimate of the working-age population for April-June 2006 is over 660,000 higher than the equivalent figure produced from the LFS microdata for the same period.

From October 2007, following the introduction of modernised LFS processing systems, ONS plans to release LFS microdata that are consistent with the latest population estimates. In the meantime, this article gives summary labour market statistics for the UK household population by country of birth that incorporate the latest population figures by using an interim-reweighting adjustment methodology². It also highlights issues that users should bear in mind when interpreting the figures in the article and outlines work that ONS is carrying out to improve statistics on migrant populations living in the UK.

Labour market summary by country of birth

Table 1 gives a labour market summary for the UK household population of working age, by country of birth, for April-June of each year from 2002 to 2006. The overseas-born population is divided into three subgroups: A8 countries, other EU25 countries, and the 'rest of the world' (countries outside the EU25 area). It is important to note that the overseas-born population described here does not match the United Nations definition of a 'long-term international migrant' used in ONS migration and population statistics. The next section, headed 'understanding the LFS statistics' explains this and highlights other issues that users should bear in mind when interpreting the figures.

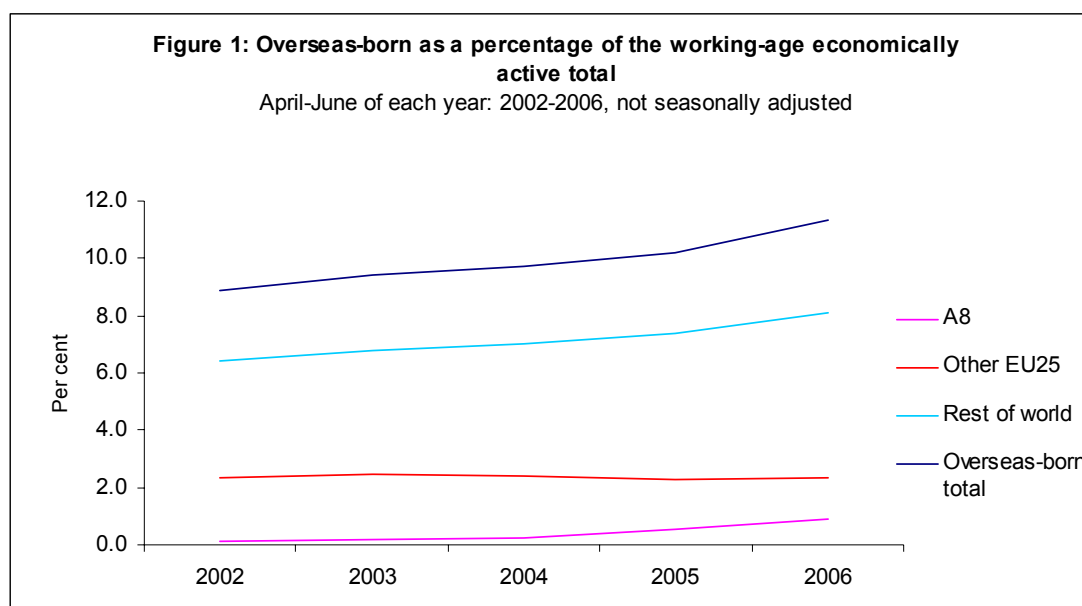
UK household population of working age

The LFS estimate of the UK household population of working age for April-June 2006 is 37.25 million. This figure comprises 19.29 million men aged 16-64 and 17.96 million women aged 16-59. Just under 4.55 million (12.2 per cent) of the working-age total were born overseas. Most of these were born in countries outside the EU25 area (3.37 million), while around 310,000 were born in A8 countries and 870,000 were born in other EU25 countries.

Over the four years to April-June 2006, the overseas-born population of working age increased by 947,000 (26.3 per cent) while the UK-born population of working age increased by 44,000 (0.1 per cent). Overseas-born people therefore accounted for an increasing share of the working-age total over this period (up by 2.3 percentage points). The 'rest of the world' subgroup increased by the largest amount, in absolute terms (up by 700,000). The A8-born subgroup is much smaller but showed the biggest percentage increase, rising from around 60,000 to around 310,000 in the four years to April-June 2006 (an increase of over 400 per cent) [see **Table 1**].

Economic activity and inactivity

The working-age economic activity level was 29.32 million in April-June 2006 and just over 3.33 million of this economically active population were born overseas. Overseas-born people accounted for an increasing share of the economically active total, rising from 8.9 per cent to 11.4 per cent over the four years to April-June 2006. [see **Figure 1**].



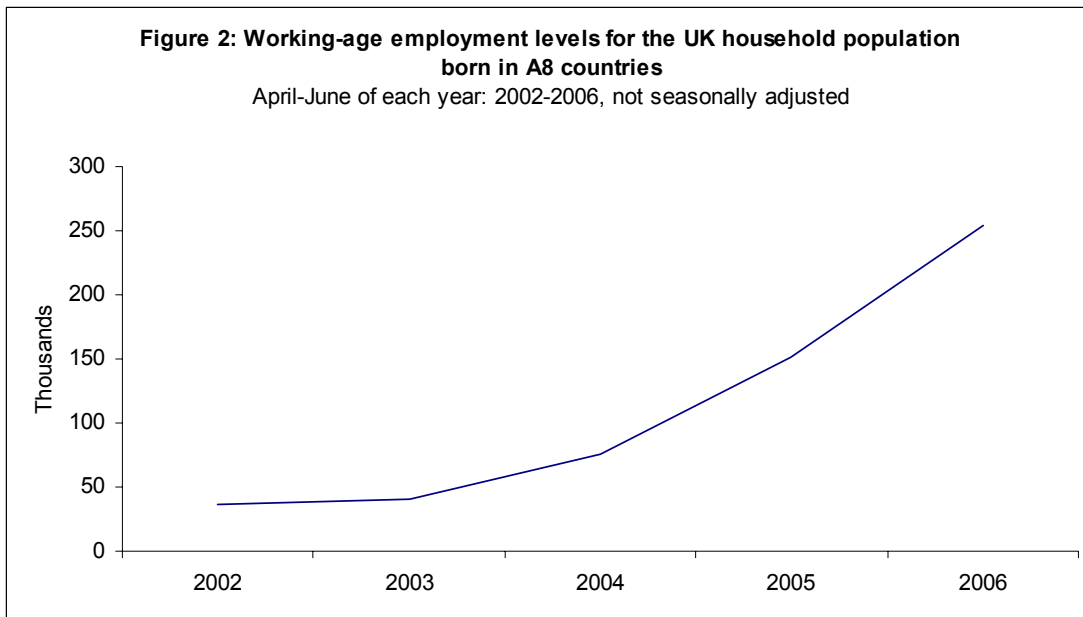
Some 79.5 per cent of the UK-born population of working age were economically active in April-June 2006, compared with 73.3 per cent of those who were born overseas. The economic activity rate was highest among those born in A8 countries, at 88 per cent. This figure is over 20 percentage points higher than the equivalent figure for 2002, reflecting the fact that citizens of these countries gained access to the UK labour market in May 2004, following accession to the EU. Economic activity rates for the other overseas-born subgroups, and for the UK-born population, also increased over the four years to April-June 2006, but by smaller amounts. The economic activity rates for the UK-born, other EU, and 'rest of the world' subgroups increased by 0.2 percentage points, 1.8 percentage points and 2.6 percentage points respectively [see **Table 1**].

The working-age economic inactivity level was 7.93 million in April-June 2006. Around 1.21 million (15.3 per cent) of this economically inactive population were born overseas.

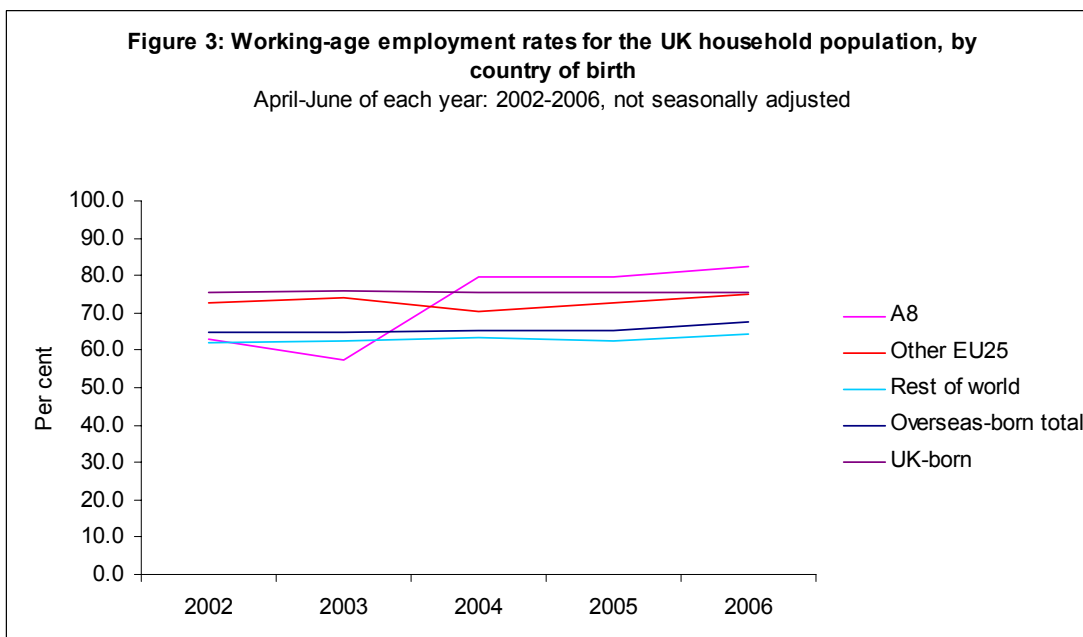
Employment

The working-age employment level was just under 27.7 million in April-June 2006. This figure includes 3.08 million workers who were born overseas, of whom 2.17 million were born in countries outside the EU25 area; 250,000 were born in A8 countries and 650,000 were born in other EU25 countries.

The employment level for the overseas-born population increased by 740,000 (31.9 per cent) over the four years to April-June 2006, while the employment level for the UK-born population remained virtually unchanged. Overseas-born people therefore accounted for an increasing share of total employment over this period, rising from 8.6 per cent to 11.1 per cent. This was largely driven by an increase in the 'rest of the world' subgroup (up by 510,000). However, the employment level for the A8-born subgroup showed the biggest percentage increase, rising from around 40,000 to 250,000 over the four years to April-June 2006 (an increase of over 600 per cent) [see **Table 1** and **Figure 2**].



Overall, 74.4 per cent of the working-age population were in employment in April-June 2006. The employment rate was higher among the UK-born population than among overseas-born population (75.3 per cent and 67.6 per cent respectively). However, the A8 subgroup had the highest employment rate, at 82.3 per cent. This figure is 20 percentage points higher than the equivalent figure for April-June 2002. The employment rate for the UK-born population remained relatively constant over the four years to April-June 2006, at around 75.5 per cent [see **Table 1 and Figure 3**].



Unemployment

The working-age unemployment level was 1.62 million in April-June 2006, of which 260,000 unemployed people (15.9 per cent) were born overseas. Overall, 5.5 per cent of the economically active population of working age were unemployed. The unemployment rate was higher among those born overseas than among the UK-born population (7.7 per cent and 5.2 per cent respectively). The 'rest of the world' subgroup had the highest unemployment rate, at 8.7 per cent. This compares with unemployment rates of 6.4 per cent and 4.7 per cent for those born in A8 and other EU25 countries respectively [see **Table 1**].

As with any sample survey, estimates from the LFS are subject to a margin of uncertainty. The figures for small subgroups of the population are based on relatively small samples and should therefore be interpreted with caution.

Understanding the LFS statistics

The figures given in this article are estimates for the UK household population, as measured in the Labour Force Survey (LFS). The LFS is the largest continuous household survey in the UK, collecting information from around 53,000 households in each three month period. When interpreting the figures in this article, it is important to bear in mind that the overseas-born population described here does not match the United Nations definition of a 'long-term international migrant' used in ONS migration and population statistics³. It is also important to bear in mind that the LFS is not designed to cover everyone who is present in the UK. The following aspects of the survey are particularly relevant:

1. The LFS sample covers people living in private households, those in NHS accommodation, and students living in halls of residence (provided they have a UK-resident parent). Students in halls of residence are covered only if their parents' address is sampled. They are counted as being part of (but temporarily absent from) their parents' household and information about them is usually collected by proxy from their parents. Those who do not have a UK-resident parent are therefore not covered by the sample.
2. The LFS does not cover people living in other types of communal establishment (such as hostels, hotels, boarding houses, or mobile home sites).
3. Individuals living at sampled addresses are generally included in the survey only if they regard the address as their main residence. Interviewers are instructed to include anyone who has been living continuously at the address for 6 months or more, even if they consider their main address to be elsewhere (either in the UK or abroad).
4. The survey results are weighted to estimates of the 'usually resident' UK population living in private households, NHS accommodation and student halls of residence. The population figures cover long-term international migrants (people who change their country of usual residence for 12 months or more)³. They do not include people moving to the UK for less than 12 months, nor do they exclude from the usually resident population people moving out of the UK for less than 12 months.

International migration has become an important feature of the UK labour market in recent years. However, migrant populations are likely to be under-represented in the LFS, particularly 'short-term' international migrants⁴ and those living in communal establishments. The following section outlines work that ONS is carrying out to improve statistics on migrant populations living in the UK, and their participation in the UK labour market.

Improving statistics on migrant populations

In May 2006 the National Statistician set up an Inter-Departmental Task Force on Migration Statistics to recommend timely improvements that could be made to estimates of migration and migrant populations in the UK. The report of the Task Force⁵, published in December 2006, described a programme of work that has been underway since 2003 to improve international migration statistics. This work includes, for example:

- Improving passenger survey estimates of emigration by boosting the sample of emigrants in the International Passenger Survey (IPS) and revising the assumptions used in population estimates on numbers of international migrants whose actual length of stay differs from their stated intentions.
- Improving estimates of the geographic distribution of international long-term migrants at sub-national level.
- Assessing the most appropriate definition of 'short-term' international migration, in terms of both length of stay and reason for visit; and investigating the feasibility of producing stock and flow estimates of short-term migration from the IPS⁴.

- The definitions used in producing population statistics have been reviewed and fed into planning of relevant surveys and the 2011 Census, in order to provide better coverage of migrant and other populations.

The Task Force recommended further work that is needed. This includes developing a communal establishment component of the Integrated Household Survey (IHS), and including questions in the 2011 Census that identify long-term and short-term migrants. These recommendations are now being considered. The six-month residency rule used in the LFS is also being reviewed.

Conclusions

Overseas-born people are an important feature of the UK labour market. In April-June 2006, they accounted for 11.4 per cent of the working-age economically active total, 11.1 per cent of working-age employment, and 15.9 per cent of working-age unemployment. Most of these people were born in countries outside the EU25 area, and this subgroup accounts for much of the recent growth in the UK household population of working age. The A8-born subgroup, although much smaller in comparison, has increased considerably since these countries joined the EU. The vast majority of those born in A8 countries are in employment (82.3 per cent). The employment rate for the UK-born population remained fairly constant over the four years to April-June 2006, at around 75.5 per cent.

When interpreting the LFS results, users should bear in mind that the survey is not designed to cover everyone who is present in the UK. The current programme of work to improve migration and population statistics, and the further developments that are now being considered, aim to provide better information about migrant populations and their participation in the UK labour market. Details of this programme of work, and regular updates on progress, are available on the Improving Migration and Population Statistics Project (IMPS) website⁶.

Notes and references

¹ From 1 May 2004, nationals of the A8 countries who wish to take up employment in the UK for a period of at least a month are generally required to register with the Worker Registration Scheme (WRS). The self-employed are not required to register. For details, see: http://www.ind.homeoffice.gov.uk/aboutus/reports/accesion_monitoring_report

² The interim-reweighting adjustment methodology is the same as the method used to incorporate the latest population figures into in the headline LFS series. For details, see: <http://www.statistics.gov.uk/cci/article.asp?ID=360>

³ The United Nations recommended definition of a long-term international migrant is: "A person who moves to a country other than that of his or her usual residence for a period of at least a year (12 months), so that the country of destination effectively becomes his or her new country of usual residence". This definition is used for the UK usually resident population series.

⁴ ONS is currently assessing the most appropriate definition of 'short-term' international migration, in terms of both length of stay and reason for visit. It is also investigating the feasibility of producing stock and flow estimates of short-term migration from the IPS. See: www.statistics.gov.uk/about/data/methodology/specific/population/future/imps/updates/downloads/Short-termMigrationFeasibilityReport.pdf

⁵ The Inter-departmental Migration Task Force Report is available on the National Statistics website: <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14731>

⁶ For details of the Improving Migration and Population Statistics Project (IMPS) see: <http://www.statistics.gov.uk/about/data/methodology/specific/population/future/imps/default.asp>