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The Rt Hon Jacqui Smith MP  
Secretary of State  
Home Office  
2 Marsham Street  
London SW1P 4DF

9 April 2009

Dear Secretary of State

### **Accession States Worker Registration Scheme**

The Association was appalled to learn through the media that the Government has decided to extend the WRS for a further two years. We believe that the decision cannot be justified. Also, this last minute decision, without proper consultation with affected parties, will cause practical difficulties for businesses, which have been entitled to assume that the scheme ends automatically on 30 April.

The Government believes that it can extend the scheme because there is "serious disturbance" in the labour market. However, the scheme itself is not the cause of serious disturbance. The Migration Advisory Committee in its report accepted this: "the evidence reviewed does not indicate that any substantial negative labour market impacts are likely to result from removing the WRS. Nevertheless, negative impacts of a lower order are plausible, even though evidence is limited and this is only a possibility". These are very flimsy grounds for maintaining a scheme that costs low paid workers £90 just to register and cost employers millions of pounds a year to administer. The report does not indicate the transmission mechanism for these negative impacts. Bearing in mind that the scheme does not prevent workers from working in the UK but merely charges them for doing so, it is assumed that the £90 is intended to be a deterrent to workers coming to Britain. It is not, although it is a deterrent to workers registering. All that the scheme does is to encourage some workers to operate in the flourishing informal economy.

The MAC has recommended the retention of the scheme. However, the government should not abdicate important policy decisions to a technical committee of labour economists. The proper approach would have been to ask the MAC to produce a report on the impact of ending the scheme on the labour market, and for this to be published with a proper consultation document on whether the scheme should be continued. The date on which the scheme was due to end has been known for five years. It is unreasonable for businesses to be subject to last minute decisions of this sort.

The Association will do everything it can to challenge the decision that has been taken, in the UK Parliament and with the European Commission. It will also explore every opportunity for minimising the burden of the scheme on low paid workers, who are expected to pay £90 for a simple registration process, and on their employers.

Not once had the government been willing to have a sensible discussion on the scheme with relevant stakeholders. This was recognised by the Information Tribunal in rejecting an appeal from

the Cabinet Office against the Information Commissioner's decision that a 2005 Cabinet Office paper about the extension of the scheme in 2006 should be released to the ALP. This paper, which I am making available today, makes clear that the decision to extend the scheme was to do with welfare benefits; there is virtually no mention in the paper of labour markets. The conclusion in that paper stated that closing the scheme would "require the government to relax controls on access to social assistance and to defend a change in the status quo". The MAC report yesterday is all about labour market effects with virtually no mention of benefits. The government has therefore completely changed its basis for continuing the scheme.

The government's treatment of stakeholders on this matter is usefully summarised in the 2005 Cabinet Office paper: "There has been some lobbying amongst employers for closure of the WRS, particularly among the agriculture, food processing and hospitality sectors (where most workers are located). However, the employer lobby has been contained and managed effectively within the Illegal Stakeholder Working Group". This exemplifies the Home Office attitude to stakeholders on this matter – they are there to be contained and managed not to be involved.

The Association requests an urgent meeting with you to discuss these issues. Meanwhile I am making suggestions to officials that will help to minimise the administrative burden for those workers who choose to register and their employers. These include removing questions from the application form that the Home Office has no right to ask and permitting photocopies of passports to be submitted rather than the actual passports.

I am copying this letter to the TUC, REC, NFU and other interested parties and making it available more generally and on its website.

Yours sincerely

Mark Boleat  
Chairman