

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

19th October, 2022

Proposition No. P.2022/81

Committee for Home Affairs

Population and Immigration Policy Review

AMENDMENT

Proposed by: Deputy A Kazantseva-Miller

Seconded by: Deputy H J R Soulsby MBE

To insert the following proposition 1A:

“1A. To note that the Human Capital Development Plan will include workstreams to improve economic and social participation of islanders through a variety of policy levers and that this work may reduce the requirement for the net migration level identified.”

Rule 4(1) Information

- a) The proposition(s) contribute to the States’ objectives and policy plans by noting GWP workstreams that can have an effect on the Population and Immigration Policy Review recommendations.
- b) In preparing the proposition, consultation has been undertaken with the President of the Committee for Home Affairs and officers.
- c) The proposition(s) have been submitted to His Majesty’s Procureur for advice on any legal or constitutional implications.
- d) There are no financial implications to the States of carrying the proposal into effect.

Explanatory note

A key target of the Population and Immigration review is to ensure that by 2050 Guernsey retains a similar workforce to its 2020 levels equivalent to about 31,000 people. There are different levers through which this objective can be achieved

including net migration, improvements to participation rate and better workforce utilisation.

Guernsey participation rate in the 20-64 age group fell between 2017 and 2021 by 1.71%.

20-64 age group	2017	2019	2021
Labour force	30,353	30,387	30,104
Working age population	37,498	37,762	37,989
Participation rate	80.95%	80.47%	79.24%

Figure 1. Guernsey workforce participation rate for age group 20-64. Source: States of Guernsey Data and Analysis

Guernsey participation rate in the 25-64 age range, which excludes most of those in Full Time Education or Training, has also fallen (by 0.94%).

25-64 age group	2017	2019	2021
Labour force	27,783	27,923	27,876
Working age population	33,814	37,762	37,989
Participation rate	82.16%	81.87%	81.22%

Figure 2. Guernsey workforce participation rate for age group 25-64. Source: States of Guernsey Data and Analysis

Guernsey would rank 26th in the OECD index based on available data.

Rank	Country	Participation rate % (20-64 age group) 2021 data
1	Sweden	89.12
2	Iceland	87.24
3	Switzerland	87.03
4	Japan	86.02
5	Estonia	85.84
6	Lithuania	85.76
7	New Zealand	86.62
8	Czech Republic	84.90
9	Netherlands	84.75
10	Hungary	84.53
11	Portugal	84.28
12	Finland	84.27
13	Norway	84.20
14	Denmark	84.06
15	Germany	83.57
16	Cyprus	83.25

17	Latvia	83.23
18	Slovak Republic	83.14
19	Russia	82.66
20	Canada	82.51
21	Slovenia	82.44
22	United Kingdom	82.11
23	Malta	81.97
24	Australia	81.56
25	Spain	81.52
26	Guernsey	81.22
27	Austria	81.03
28	France	80.77
29	Bulgaria	80.54
30	Luxembourg	80.53

Figure 3. Comparative participation rates in OECD countries. Source: OECD labour participation index 2021 - <https://data.oecd.org/emp/labour-force-participation-rate.htm>. Note that Guernsey employment data does not include people who earn less than the minimum weekly rate of £150/week, so may exclude a small portion of population that works very limited hours in a week.

If Guernsey's participation rate in the 20-64 age group today was the same as in 2017 (80.95%), there would be 646 more workers available.

An increase and maintenance of a higher participation rate creates a permanent and sustainable positive adjustment to workforce without additional pressure on infrastructure, housing and public services because those people are already here. It seeks to maximise the value of the human capital we already have on the island.

The States of Guernsey does not have a direct control over net migration. Even when net migration can be achieved sustainably, there remain many uncertainties around the effect of net migration on cumulative increases in workforce over time. This is because migration for seasonal and short-term work such as through the STEPs (Short-Term Employment Permits) fills the jobs for the duration of the permit only. This means there is a natural churn in the workforce (3 years for STEPs) and those workers do not add to the cumulative net workforce over time.

Based on the permit data available (Figure 4), STEPs will continue representing most permits given, once Proposition 10 of the policy letter is agreed. This will see the removal of the MTEPs and reallocation of the jobs to either the STEP and LTEP lists with 25% of MTEPs reallocated to the STEP list and 75% allocated to LTEPs. Most of the net migration for employment will be churning at the expiration of their permits and not adding to a cumulative workforce growth.

Workers migrating on LTEPs (Long-Term Permit Holders) do add to the cumulative workforce if they stay for the duration of the permit and beyond. However, LTEP stays will also be subject to churn. For example, we know about the challenges of maintaining and recruiting health care staff even if they are employed on LTEPs, many of whom choose to leave because they cannot afford to live here.

	STEPs	MTEPs	LTEPs	Total
Number given	1227	368	473	2068
% of total	59	18	23	100
25% of MTEPs move to STEPs, and 75% move to LTEPs	1319	0	749	2068
Proportion of permits	64%		36%	

Figure 4. Proportion of permits given that are STEPs versus LTEPs. Source: Committee for Home Affairs, Employment permit data January-November 2021 excluding Open Market part A and B permits.

Because of Brexit, the changes proposed to the Population and Immigration Policy will likely create a bigger divide for those who are considered “highly skilled and essential” versus those that considered “low-skilled and non-essential”. The latter will be restricted to staying in Guernsey for a maximum period of 3 years with no opportunity for settlement unless they are able to get an LTEP or through marriage. This can exacerbate the perception of “us and them” and the social challenges that may arise from that, something that Jersey is looking to address following its policy of population growth.

Therefore, relying on migration as the main lever for workforce growth has an element of risk, uncertainty and comes at the cost to businesses, infrastructure and public services. It would be prudent for States of Guernsey to include factors such as participation rates in workforce planning to inform the strategic population objective.

High-level sensitivity analysis conducted by officers during the consultation period for this amendment outlined the following workforce scenario including net migration of 200 and increasing participation rates by 3%. It demonstrates that the combined effect of increasing participation in the age group (20-64) can contribute to a lower net migration goal needed by 2050 than the headline rate of identified of 300 people.

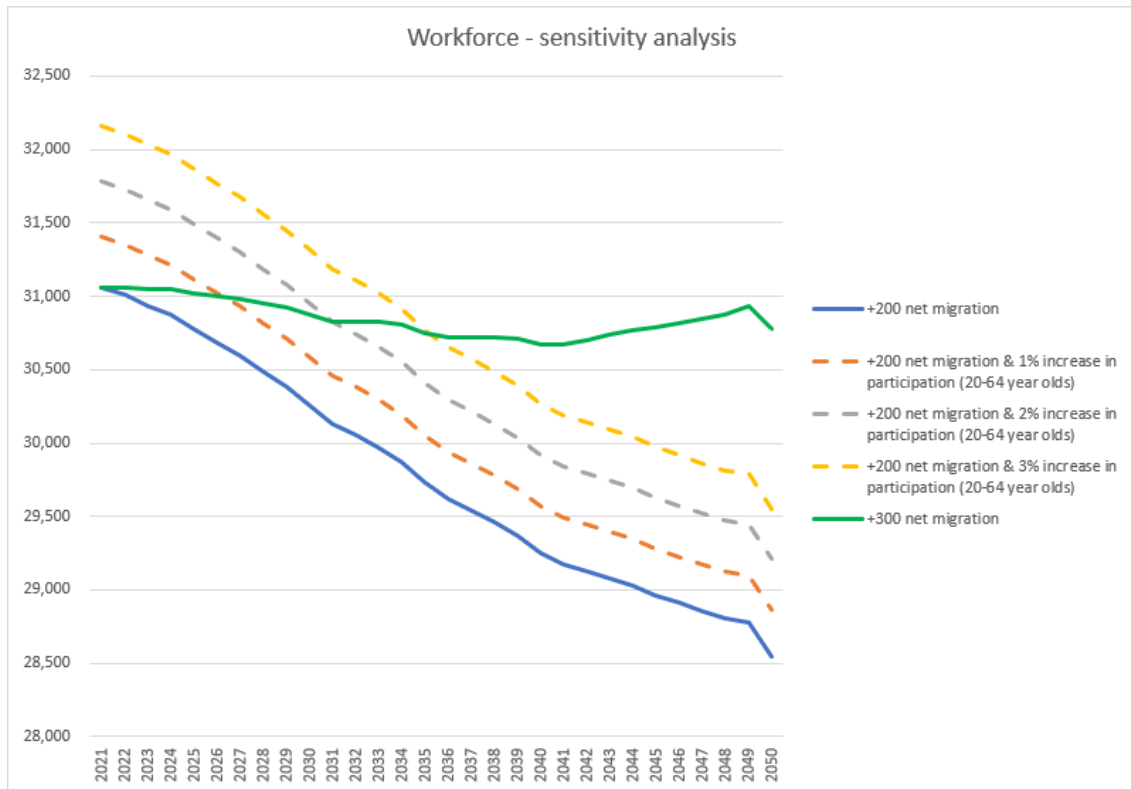


Figure 5. Population model that includes a 3% improvement to participation rates in the 20-64 age group and a net migration of 200 by 2050. Source: States of Guernsey.

Changes to participation rates in other age groups are also possible and desirable, including those above 65 and young people aged 15-24. Islanders of pension age contribute increasingly more and more to the Guernsey third sector, which provides invaluable service to the community and complements or replaces the need for some public services. States of Guernsey is working on an improved commissioning model that can help drive more of public services moving to the third sector and social enterprises. The ongoing rise in the cost of living globally may also mean that more islanders need to work into the silver age to support their living.

The landscape for education and skills is also rapidly changing. On-the-job learning and upskilling are becoming more the norm, with young people having increasing options to earn and learn at the same time through apprenticeships and other work + education models.

Policies to increase participation will be an important part of the Human Capital Development Plan. This work will help refine population modelling and may result in the need to revise the net migration figure downwards.