



Lifetime Unit Cost of an Illegal Immigrant if an Amnesty Were Granted

Introduction

1 It is estimated that there are 1.1million illegal immigrants in the UK [1]. This paper provides the estimated unit Lifetime cost for an illegal immigrant if granted an amnesty.

Summary

2 The Lifetime costs of each working illegal immigrant once regularised are estimated at £220,000 for a single person, £560,000 for a sole earner family with two children and £170,000 for a two earner two child family.

3 For an unemployed immigrant the estimated Lifetime Costs are £660,000 for a single person and £1,030,000 for a two child family.

Detail

Unit costs

4 The annual cost of immigrants, once legalised, would increase as they age. Health costs increase with age, immigrants marry and have children who have to be educated and supported, and there are also pension and welfare costs in old age. It is therefore important to consider their lifetime cost.

5 Illegal immigrants tend to be employed in low paid work earning close to the minimum wage. However for the purposes of this paper, minimum wage plus 50% has been used to take account of the likelihood that some immigrants will earn above the minimum wage. This equates to a wage of £8.60 an hour (£300 a week). On this basis the lifetime costs of an immigrant living in London[2] in rented housing are [3]:

Working

£000's	Up to Retirement	During Retirement	Total cost Per Immigrant
Single person	£62	£155	£217
Sole earner family	£344	£212	£556
Two income family	-£40	£212	£172

Unemployed

£000's	Up to Retirement	During Retirement	Total cost Per Immigrant
Single person	£511	£155	£666
Family with two children	£817	£212	£1,029

Age assumptions

6 It has been assumed that the illegal immigrant is already 35 years of age at the date of an amnesty being granted. Therefore the costs up to retirement are for only 33 years, from age 35 to retirement at 68.

Family size

7 These figures are based on a two child family. The true costs are likely to be higher as immigrants who bring a spouse to this country or marry in this country have, on average, more than two children.

Unemployed families

8 The costs for an unemployed person are also relevant. Immigrants are, on average, more likely to be unemployed than the UK average. Secondly, the UK is suffering rising unemployment and therefore where illegal immigrants become legally employed, some UK residents will be displaced thus adding to the cost of unemployment benefits.

Costs in retirement

9 The optimistic assumption has been made that the immigrant only lives until age 75. Thus the costs during retirement (Pension Credit, Housing benefits, Health costs) only cover a period of seven years, from age 68 to 75.

The income and costs included in the above lifetime costs.

10 The following Tax Incomes have been included:

- Income Tax
- Employers National Insurance
- Employees National Insurance

11 The costs included are:

- Working Tax Credit
- Child Tax Credit
- Child Benefit
- Housing benefit
- Council Tax Benefit
- Health
- Education
- Pension Credit

Costs excluded from the Lifetime costs

12 The cost headings included above are by no means a comprehensive list. For example the following very significant costs have not been taken into account.

- Translation and interpretation
- Social Services
- Social Care in old age
- Policing
- Additional infrastructure such as energy and water resources

A Spreadsheet showing the details of the Lifetime Costs is available on request or will be available on the Migrationwatch website shortly.

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NOTES

1. Migrationwatch Briefing Paper 11.32
2. The LSE estimate in April 2009 was that 70% of illegal immigrants live in London.
3. Figures are based on the Department for Work and Pensions 2009 Tax Model Tables. The minimum wage increased by 1.2% in October 2009 and Benefits rates were increased by 1.8% in April 2010. These increases would not materially affect the calculations.