



Non-Active EU migrants and access to welfare

Summary

1. Despite overall low rates of unemployment of EU citizens in the UK, the UK also contains the largest proportion of EU job-seekers who have never worked, suggesting that our residence based benefits system is all too easy to access. These migrants cost the taxpayer nearly £400 million a year. Whether they come originally for benefits or for work is a distinction without a difference for the taxpayer. There is also the wider issue of the immediate availability of benefits such as tax credits to those in work which are undoubtedly a financial incentive to come to the UK.

Main

2. The European Commission has published a report that looked at the impact of “non-active” EU migrants on the social security systems of host countries.¹ It estimated that there were 600,000 non-active adult EU migrants living in the UK in 2012.² Of these around a third were of retirement age and an estimated 112,000 were job-seekers in 2012.³ Others will be unable to work due to disability or in some cases, as a lone parent. In addition there will non-active family members and students.

3. The report highlights an interesting feature of employment of EU nationals in the UK that reflects both strong job opportunities and ease of access to benefits. The UK has one of the lowest rates of unemployment among EU migrants at 7.5%⁴ yet has the largest percent of EU migrant job-seekers who have never worked in their country of residence at over one third 37% (compared to 16% in France and 18% in Germany).⁵

4. The Department of Work and Pensions (DWP) has data on certain working age benefits which show that as of February 2013 there were 60,000 claims from EU nationals for job-seekers allowance (JSA) along with 40,000 for incapacity benefits.⁶ In addition, non-active migrants of retirement age can claim state pension benefit and of course all non-active EU residents can use the NHS for free.

1 “A fact finding analysis on the impact on the Member States’ social security systems of the entitlements of non-active intra-EU migrants to special non-contributory cash benefits and healthcare granted on the basis of residence”, European Commission, October 2013 <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1980&furtherNews=yes>

2 Ibid figure 10.1 page 170

3 Ibid page 265 annex 11.1

4 Ibid page 29

5 Ibid page 30 figure 3.10

6 DWP Statistical Bulletin, August 2013, figure 2.3 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/233032/nino-statistical-bulletin-aug-13.pdf

5. Not included in the European Commission report or in the DWP data is information on claims for the other residence based benefits available to job-seeking EU migrants, such as housing benefit, and for those migrants with children: child tax credit; and child benefit.⁷ Without these additional benefits it would be much more difficult for an EU migrant to stay long in the UK while unemployed. They may not have *come* for benefits but they *are* claiming benefits none the less, often despite having never worked.

6. If we take the 41,000 job-seekers who have never worked (37% of the 112,000 identified in the report) and assume they are claiming both job-seekers allowance and housing benefit this gives an annual cost to the taxpayer of almost £400 million (see Annex A). This excludes Child Benefit, Child Tax Credit, education costs for those who have children and health service costs so the actual cost is likely to be higher.

7. EU nationals have a right to reside in the UK as a job-seeker. To claim benefits they also need to be considered as 'habitually resident' in the UK. In practice this is easy to achieve.⁸ Claims by the European Commission to the contrary are deeply misleading. The report comes up with several figures to try and demonstrate that a high proportion of applications for benefits are refused.⁹ However, all these figures relate to Eastern European nationals from the A8 accession states and pre-date 2011. Until May 2011 nationals from the A8 countries were not eligible for income-related benefits unless they had worked for 12 months continuous employment. This has now changed and they have the same rights as other EU citizens to claim benefits, including as job-seekers even if they have never worked in the UK.

Wider Issue

8. The report only looks at the impact of non-active EU migrants on the welfare state. The wider issue for EU migration and benefits is the immediate availability of benefits for those in work, such as tax credits. Such benefits greatly increase the income of someone on the minimum wage and so are an undoubted financial incentive for EU immigration.¹⁰

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Annex A

To estimate the cost in job-seekers allowance (JSA) and housing benefit for EU migrants that have never worked some assumptions have to be made.

Average JSA rate of £64.25 per person per week (halfway between 16-24 rate of £56.80 and £71.70 rate for over 25s).

Housing Benefit rate of £117.6 per person per week. This is based on half the migrants living in London and in a typical location outside London such as Peterborough. The estimated housing benefit bill is an average between one bedroom accommodation and shared accommodation for those two locations.

Lambeth shared accommodation £87.26 per week

Lambeth one bedroom accommodation £234.67

Peterborough shared accommodation £57.50 per week

Peterborough one bedroom accommodation £91.15

Therefore one benefit claim will be £64.25 + £117.6 x 52 = £9456 per year and 41,440 claims will be £391.9 million.

7 <http://www.migrationwatchuk.org/briefing-paper/4.19>

8 Ibid paragraphs 2 to 4

9 European Commission Report <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1980&furtherNews=yes> page 175 & page 176

10 <http://www.migrationwatchuk.org/briefing-paper/4.20>