



EU migrants' access to benefits

What did the EU/UK agree?

A “brake” on EU nationals claiming ‘in work’ non-contributory benefits for 4 years after arrival and phased out over the period. The entire policy expires in 7 years. In order to activate the welfare “brake”:

- The European parliament needs to adopt the legislation.
- The UK needs to apply to use it and make a case, the Commission and European Council need to agree.
- It will require UK domestic implementation and IT.¹

What did David Cameron promise?

David Cameron: Speech: 25 March 2013:

- “explore whether we can make **economically inactive migrants the responsibility of their home country** before they gain any eligibility for UK benefits, and also whether we can
- work with like-minded European partners to **limit the amount we pay in child benefit towards the upkeep of children living abroad.**”^{2, 3}

Plans for “Emergency Brake” floated then sunk

- 16 October 2014: Emergency Brake “considered”: “David Cameron is considering demanding that Britain be given an “emergency brake” on the number of European jobseekers after promising MPs a “game-changing” new immigration policy.”^{4, 5}.
- 26 November 2014: Emergency Brake “ditched”: “Plans for a cap on the number of European migrants coming to Britain were dropped by David Cameron just 48 hours before they were due to be unveiled after protests by Angela Merkel, Government sources say... One senior source said the proposal had been included in drafts of a speech by Mr Cameron late last year until a ‘very

¹ Child benefit exports can be indexed to take account for local circumstances.

² UK Gov, 25 March 2015; <https://www.gov.uk/government/speeches/david-camerons-immigration-speech>

³ Damian Chalmers and Stephen Booth proposed something similar based on a new EU Citizens Directive in November 2014;

http://archive.openeurope.org.uk/Content/Documents/European_labour_market_with_national_welfare_systems_Chalmers_and_Booth_November_2014.pdf

⁴ The Times, 16 October 2014; <http://www.thetimes.co.uk/tto/news/politics/article4238001.ece>

⁵ Financial Times, 16 October 2014; <http://www.ft.com/cms/s/0/1157c58a-5502-11e4-89e8-00144feab7de.html#axzz3qXfuT2Pc>

late stage'. Another official confirmed **the proposal had been ditched from the speech** setting out his plans for EU reform – 48 hours before it was delivered.”⁶

David Cameron Speech to JCB workers: 28 November 2014 – specific EU pledges

- In-work benefits block for 4 years: “I will insist that in the future those who want to claim tax credits and child benefit must live here and contribute to our country for **a minimum of four years**.”
- No initial out of work benefits: “as Universal Credit is introduced we will pass a new law that means EU jobseekers will not be able to claim it. And we will do this within existing EU law.”
- EU citizens must have a job offer: “we want EU jobseekers to have a job offer before they come here and to stop UK taxpayers having to support them if they don't.” / “if an EU jobseeker has not found work within six months, they will be required to leave.”
- No export of child benefits: “If their **child is living abroad**, then there should be no child benefit or child tax credit at all”
- No Council housing for 4 years: “you can't even be considered for a council house unless you have been here for **at least four years**.”
- Stronger Powers to deport and re-entry bans: “stronger powers to deport criminals and stop them coming back.” / “**longer re-entry bans** for all those who abuse free movement including beggars, rough sleepers, fraudsters and people who collude in sham marriages.”
- Tighten up rules on non-EU spouses: “We must also deal with the extraordinary situation where it's easier for an EU citizen to bring a non-EU spouse to Britain, than it is for a British citizen to do the same.”⁷

Conservative Party Manifesto 2015:

“Changes to welfare to cut EU migration will be an absolute requirement in the renegotiation.”

- In-work benefits block for 4 years: “We will insist that EU migrants who want to claim tax credits and child benefit must live here and contribute to our country for **a minimum of four years**.”
- No initial out of work benefits / EU citizens must have a job offer: “we will end the ability of EU jobseekers to claim any job-seeking benefits at all. And if jobseekers have not found a job within six months, they will be required to leave.”
- No export of child benefits: “If an EU migrant's child is living abroad, then they should receive no child benefit or child tax credit, no matter how long they have worked in the UK and no matter how much tax they have paid.”
- No Council housing for 4 years: “We will introduce a new residency requirement for social housing, so that EU migrants cannot even be considered for a council house unless they have been living in an area for at least four years.”⁸

⁶ The Daily Mail, 7 January 2015; <http://www.dailymail.co.uk/news/article-2899747/EU-migrant-cap-ditched-appease-Germany-Plans-dropped-48-hours-announcement-protests-Merkel.html>

⁷ BBC, 28 November 2014; <http://www.bbc.co.uk/news/uk-politics-30250299>

⁸ Conservative Party Manifesto 2015; <https://s3-eu-west-1.amazonaws.com/manifesto2015/ConservativeManifesto2015.pdf>

David Cameron's policy will not reduce EU migration

Although much of the rhetoric is aimed at concerns over immigration numbers⁹ it is unclear whether these specific measures are actually designed to address the numbers of EU migrants arriving or the separate issue of fairness to the UK taxpayer and issues surrounding access to welfare.

Tax credits are not a magnet for EU migration

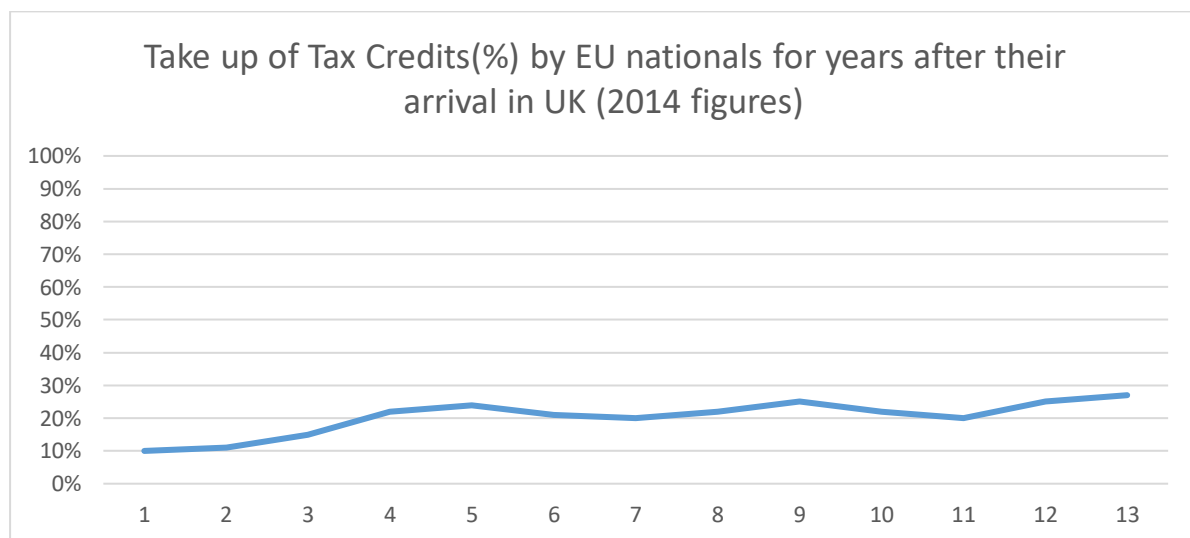
In his speech to JCB on 28 November 2014 David Cameron made two specific claims to back up the inference that they are a major factor in EU migration:

1. EU citizens *"employed on the minimum wage and who has two children back in their home country, will receive around £700 per month in benefits in the UK. This is more than twice what they would receive in Germany. And three times more than in France."*
2. *"tax credits and other welfare payments are a big financial incentive, and we know that over 400,000 EU migrants take advantage of them."*

For in work benefits to act as a magnet for EU migrants it would be logical that migrant would apply for the tax credits once they have arrived in the UK. The evidence however shows that **for the first two years of residence in the UK EU Citizens take up of tax credits is c. 10%.**¹⁰ This then rises over time.

The graph below, based on the Labour Force Survey shows the year of arrival of migrants take up of take credits is well below 10% in year one climbing slowly after that.

Tax credit take up by year of arrival



Source: ERG/Rt Hon David Davis MP with help from Michael O'Connor¹¹

⁹ For instance *"we also need to do more now to reduce migration from current Member States.*

And that means reducing the incentives for lower paid, low skilled EU workers to come here in the first place."

¹⁰ It is worth noting that take up among eligible UK citizens is also low, for instance in 2008-9 only 58% of eligible low earners are claiming Working Tax Credit. What that says about the nature and fairness of scheme is another discussion;

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/344883/report144.pdf

¹¹ Open Europe, 28 November 2014, came up with a similar figure based on Labour Force Survey;

<http://openeuropeblog.blogspot.co.uk/2014/11/01/archive.html>

David Cameron's second contention was that "400,000 EU migrants take advantage of them". This 400,000 includes as we see from the graph above EU migrants of all lengths of stay. Firstly those who have been in the UK for over 4 years will not be affected at all. Therefore it is misleading to imply that 400,000 EU citizens will be affected by this policy, it will be the % of new arrivals taking up tax credits – a small number.¹²

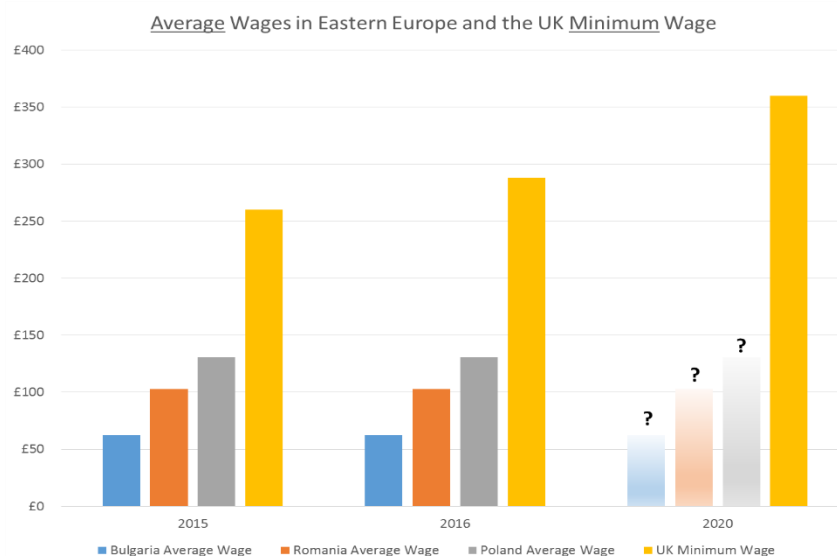
The low level of uptake is easily explained - 50% of migrants from the continent are single and childless, with a further 25% not single but also childless. This means that 75% of EU migrants will only be eligible for very low levels of in-work benefits, if at all. By the time the referendum takes place, a single earner without children on the minimum wage will be entitled to less than £10 per month in tax credits.

Interaction with the living wage?

If tax credits are not a draw to EU migrants coming to the UK, it may be the case that the minimum wage and living wage are and will be, as take up in lower wage jobs will be automatic. By 2020, when the living wage is due to be £9 per hour, and the personal tax allowance has risen further, in-work benefits will be minimal. However, other factors may be more important, such as the political economy in the sending states, and the number of job vacancies in the UK economy.¹³

What is an 'in work' benefit?

The 'Agreement' does not define which UK benefits will count, some benefits are paid to those in work and out of work, i.e Child Tax Credits and Housing Benefit and some are exclusive to those in Work.



Source: Rt. Hon David Davis MP¹⁴

The Government has said that 'no calculation has been done on how much the proposed brake will cut EU immigration'. This is hardly surprising given the number will be very close to zero.

¹² A series of Parliamentary questions by David Nuttall MP requesting an evidential basis for EU migrant take up of tax credits produced nil returns; <http://www.theyworkforyou.com/wrans/?id=2015-06-24.4118.h>

¹³ See, Marek Okólski, John Salt, UCL 2014, Polish Emigration to the UK after 2004; Why Did So Many Come? <http://www.geog.ucl.ac.uk/about-the-department/news/news-archive-2015/march-2015/polish-emigration-to-the-uk-after-2004-why-did-so-many-come>

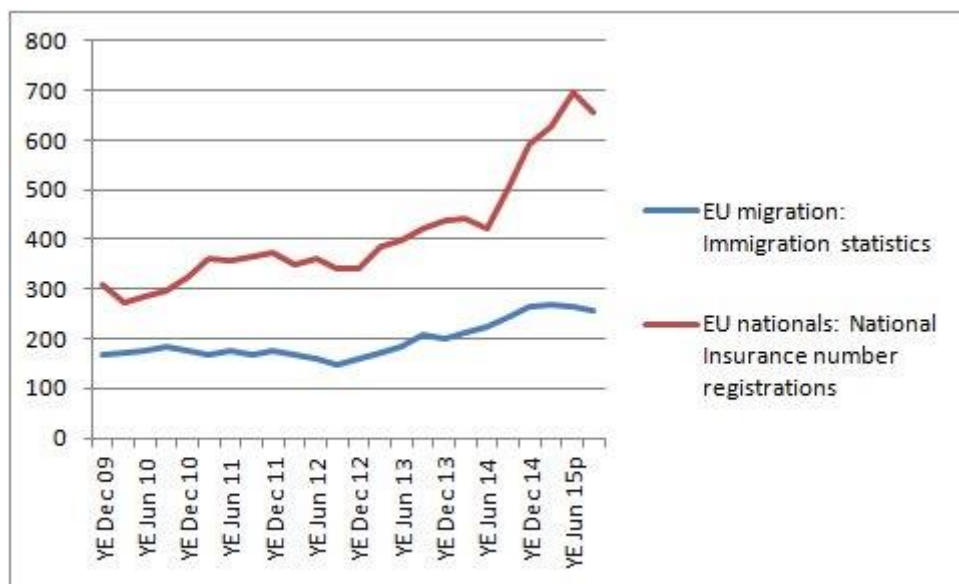
¹⁴ Rt. Hon David Davis MP, ConservativeHome 4 February 2016; <http://www.conservativehome.com/platform/2016/02/david-davis-britain-would-be-better-off-out-of-the-eu-and-heres-why.html>

Why will they not release the True figure of National Insurance Numbers?

The Government has refused to release the number of National Insurance issued to EU nationals who arrived in the UK in the last 4 years who have 'active' (i.e paying PAYE or claiming benefits) NI numbers.¹⁵

There are two possible reasons for this:

1. **Revealing the low % of EU in work benefit uptake.** Revealing the number of active national insurance numbers to those who arrived in the last 4 years will reveal the low % of take up (as above). This would make the
[The Prime Minister has used a different statistic dividing the total number of claims to those who arrived in the last 4 years into a smaller population figure drawn from the LFS, thereby coming up with a 40% uptake figure.¹⁶]
2. **Reveal a large underreporting of EU migration.** It could reveal a large gap between the reported EU migration and real EU migration.



Source: Jonathan Portes NIESR¹⁷

¹⁵ PQs by Chris Heaton Harris MP and Rt. Hon David Davis MP;

<http://www.theyworkforyou.com/wrans/?id=2016-02-25.28570.h&s=section%3Awrans+speaker%3A24841#g28570.q0>

¹⁶ NIESR, 10 March 2016; <http://www.niesr.ac.uk/blog/migrants-benefits-dwp-give-us-some-answers#.Vub8R09WKih>

¹⁷ <https://twitter.com/jdportes/status/702827769173057536/photo/1>