

**Middlesex University briefing:
The fiscal implications of new Family Migration Rules: What does the evidence tell us?**

July 2013

Introduction

In July 2012, the Government introduced an £18,600 minimum income requirement for British nationals and permanent residents seeking to sponsor a non-EEA partner to come to the UK as part of the new Family Migration Rules. The Government stated that the rules have been designed to make sure that those coming to the UK to join their spouse or partner will not become a burden on the taxpayer. This is based on the fact that £18,600 is the income level at which a two partner family is no longer eligible for in-work benefits.

However as this briefing will show the Government's own data suggests that non-EEA partners, who have the right to work in the UK but not claim most benefits¹, were never a burden on the welfare state. Evidence in fact suggests that, by preventing up to 17,800 migrant partners from coming to the UK every year², the new income requirement may be costing the public purse rather than saving it money.

There are three ways in which Government data suggests this is the case.

Fact 1: Most migrant partners work and pay taxes when they come to the UK, yet, under the new rules, couples are not allowed to provide evidence of the incoming partner's employability or even of specific job offers

- Migrant partners are permitted to work here, but have 'no recourse to public funds' for at least their first five years in the UK. There is no evidence that incoming partners have claimed public funds during this 'probationary period'.³
- Home Office statistics show that, in 2010, 66% of all male migrant partners were employed compared to 64% for all UK males.⁴ Average earnings for male partners were £21,300 compared to the UK average of £24,000.
- In 2010, 44% of all female migrant partners were employed compared to 53% for all UK females. Average earnings for female partners were £ 15,600 compared to the UK average of £15,000.⁵

Fact 2: By preventing up to 17,800 migrant partners from coming and working here, the income requirement could be costing the UK as much as £850 million over ten years

- The Government Impact Assessment of the income requirement estimated that, as a result of reducing numbers of migrant partners able to enter the UK, the new income requirement would save the public purse £660 million over ten years through welfare, NHS and education savings.

¹ Migrant partners themselves cannot claim non-contributory benefits in the UK. They have 'no recourse to public funds' in the UK, which has been the case for many years. Currently, they have no recourse to public funds for at least their first five years in the UK.

² The Government Impact Assessment in June 2012 estimated that the introduction of a minimum income requirement of £18,600 would lead to an annual reduction in family route visas of between 36% and 46%, lowering the number of grants by between 13,600 and 17,800 per annum

³ In 2011, solicitors Wesley Gryk wrote to UKBA asking what evidence there was of spouses/partners relying on public funds during their probationary period. UKBA replied that this information is not currently available (Immigration Law Practitioners' Association UK Border Agency: *Family Migration, A consultation – Response from Immigration Law Practitioners' Association (ILPA)* October 2011).

⁴ *Family Migration: Evidence and Analysis* (2011) 7-8.

⁵ *Ibid.*

- It did not, however, consider the full benefits of gross migrant earnings, which it estimated elsewhere in the Impact Assessment would amount to around £4 billion over ten years. This was because it only looked at the foregone tax revenue from reducing migrant partners, and not the loss of the wider economic benefits of partners' economic activity. It is likely that a significant proportion of this output will not be replaced by the domestic workforce.⁶ The Migration Advisory Committee, when asked to consider how to assess migrant impact, advised that, given the level of uncertainty, the 'optimal' approach may be to exclude both gross economic earnings and migrant consumption of services.⁷ ***In including the cost of services to migrants but not their overall economic contribution, the Government overestimated the negative impact of migrants and failed to follow the advice of the Committee.***
- The Government's own data on the costs and benefits of migrant partners show that, once migrants' use of services is removed as the Migration Advisory Committee recommended, the income requirement could cost the public purse £850 million over 10 years.⁸

Fact 3: The income requirement could be generating unforeseen costs to the welfare bill

- Preventing a partner from entering the UK is likely to increase the claims on the welfare state. This is because single parents, for example, are more likely to draw on state support if alone than if their partner is here with the right to work. The government recognises this in its Impact Assessment.⁹
- Once a non-EEA partner is in the UK so that the family has two potential incomes, the family unit is more likely to earn above the cut-off point for welfare.
- There is no substantive evidence that the benefits bill will go down as a result of excluding the migrant partner. The reductions in benefits predicted by the government in its Impact Assessment relate almost entirely to benefits (child benefit and child tax credit) payable following the birth of children.¹⁰ These children (who are almost always British citizens) may still be born and may live in the UK but, under the new policy, with only one parent.

Effects of the new rule

While it is too soon to know the long term picture, provisional figures for applications, issue and refusal of spouse visas for the six month periods before and after the income requirement was implemented show that:

- Applications fell from 25,664 in the 6 months preceding 9 July 2012 to 10,854 in the 6 months post 9 July 2012 i.e. by 57.7%. The refusal rate also more than doubled and the number of visas issued thus decreased by 78.3% after the income requirement was implemented;
- It was foreseen that the new regulations would affect women disproportionately.¹¹ The number of visas issued to male partners, i.e. to a female sponsor or a male civil or same sex partner, decreased even further, by 83.6%. In the six months before the rule came in, 5,727 visas were issued. In the six months after the rule, there were 939.¹² This outcome resulted from a drop in female applications (by 20%) and a lower rate of successful applications (by 23%).

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⁶ Migration Advisory Committee (2012) *Analysis of the Impacts of Migration* p.65.

⁷ MAC (2012) p. 12.

⁸ Impact Assessment HO0065 12th June 2012, Table 3 p.23

⁹ Impact Assessment HO0065 12th June 2012 p.59.

¹⁰ Impact Assessment HO0065 12th June 2012 p.59.

¹¹ E. Kofman and H. Wray 'Divided families but some are more likely to be divided than others' Submission to APPG Family Migration Inquiry

¹² Freedom of Information Reference 26625, VCT Reference 166359, 24th April 2013