

The social dimension of intra-EU mobility: Impact on public services – A country study on immigrants from the New Member States to the United Kingdom

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This country case study has been submitted by the Institute for Employment Studies (IES) to Eurofound in July 2014. It represents the results of a literature review, data analysis and qualitative research conducted into the impact on UK public services of immigrants from the New Member States (hereafter referred to as 'EU citizens').

'Public services' have been defined by the European Commission to include statutory and complimentary social security schemes as well as services provided directly to individuals, such as social assistance services, employment and training services, childcare, social housing or long-term care for the elderly and for people with disabilities.¹

IES shares this broad definition but, in this report, focuses on the specific public services of benefits and social housing. In addition, we look at the take-up of health and education services by EU citizens and, where possible, compare this to other immigrant groups in the UK. Our focus on these particular services has been determined solely by the availability of relevant, robust and credible data sources in the UK.

This report starts by outlining the findings of our literature review which contextualises this UK country study and provides an update on recent welfare reforms with regards to EU citizens. The report then goes on to highlight the findings of our quantitative and qualitative data results before drawing together conclusions and policy recommendations.

¹ European Commission (2013), *3rd Biennial Report on Social Services of General Interest* (Commission staff working document). Accessed from the following link on 15 October 2013: <http://ec.europa.eu/social/main.jsp?catId=1044&langId=en&newsId=1807&moreDocuments=yes&tableName=news>

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Literature Review: Public Services provision in the United Kingdom

The United Kingdom's system of public services is distinct in many respects from those which operate in other Western European countries. Considering the UK's welfare model first of all, the majority of benefits are income-related and are paid for through general taxation (APPG, 2013, pp.8-9).² By linking benefits to income, social protection is distributed at the point of need. Assistance can be claimed for a number of reasons including unemployment, for an illness or disability which prevents an individual from working, to subsidise a low income, for child support, or to help support a person's housing costs or tax liabilities. Under this system all UK adult citizens are entitled to the same level of support, regardless of their lifetime tax contribution.

In contrast, contributory social insurance systems predominate within continental Europe (APPG, 2013, p.9).³ Within this model, benefits are funded by payments made by employees while they are in work, as well as contributions from their employer. Individuals that require social assistance, who have previously made in-work contributions, will thereby receive benefits on the basis of their previous earnings.⁴

With regards to healthcare, the UK offers universal access to medical services. The financing and provision of public healthcare is managed through one organisational system: the National Health Service (NHS).⁵ Again, unlike some countries in continental Europe such as Germany, where employees are required to pay for the cost of healthcare via public health insurance contributions, the NHS is funded almost entirely through the tax system. Indeed, the UK government covers over 80% of healthcare charges, a level comparable to that of Nordic countries such as Sweden (Schnackenberg, 2011, p.18). As such, apart from prescription charges and costs for optical and dental services, the NHS is free at the point of use for anyone who is resident in the UK.

In terms of housing, in line with the rest of Europe, affordable 'social' provision has long been available within the UK.⁶ These properties are let to tenants at a weekly rate that is below the market level, and are intended for people struggling to pay regular housing costs. Allocations are distributed on the basis of need, with priority given to the homeless and others with urgent housing requirements (Shelter, 2014).⁷ Responsibility for social housing is devolved to local

² Income related benefits include: Income Support, Employment and Support Allowance (ESA), Pension Credit, Housing Benefit, Council Tax Benefit, income-based Jobseeker's Allowance (JSA), Child Tax Credit and Working Tax Credit.

³ A few benefits in UK are based on employee contributions, such as contribution-based Jobseeker's Allowance.

⁴ Non-contributory, income-related benefits are still available in these countries for those who have not made sufficient national insurance contributions, although these payments will generally be at a lower level.

⁵ It should be noted that the devolved governments in Scotland, Wales and Northern Ireland are responsible for local NHS services. As a result, models of provision differ within these regions. For instance, patients are not charged for prescribed medicines in these countries.

⁶ The UK has a large social housing sector (18% of total housing stock), comparable in size to Nordic countries such as Sweden and Denmark (Pittini and Laino, 2011, p.24).

⁷ In general, social housing is available to people with a residential link to the municipality in question (Pittini and Laino, 2011, p.34).

authorities, and to not-for-profit organisations such as housing associations (Pittini and Laino, 2011, p.77).⁸

Finally, in relation to the UK education system,⁹ primary, secondary and post-secondary education is free from state-funded institutions and is available to all students of an eligible age.¹⁰ Publicly funded schools in the UK enjoy a high degree of autonomy, and are responsible for their own budgets and staffing decisions. In granting state schools a level of self-governance, however, the government holds institutions to account for their performance through a number of measures, including the publication of student attainment levels and regular Ofsted inspections (Eurydica, 2013).

Access to Higher Education in Britain was also traditionally free at the point of use, and was financed by the government through general taxation. However, over the past 15 years successive governments have gradually altered this funding model so that Higher Education Institutions (HEIs) in England receive an increasingly large share of their income from student contributions, in the form of course fees. Meanwhile, government grants to HEIs for teaching and research have become progressively smaller over this period.¹¹

Changes to public services

Public services in the United Kingdom - in the areas of healthcare, education, social housing and welfare - are facing dramatic changes as a result of the deficit reduction plan introduced by the current Liberal Democrat and Conservative coalition government in 2010. The plan, devised in response to the global financial crisis, sought as a precondition for sustained economic growth to reduce the government budget deficit and, 'put Britain's public services and welfare system on a sustainable long term footing' (HM Treasury, 2010, p.5). This has led to substantial reductions in Departmental budgets with few exceptions.

The Department for Work and Pensions (DWP) has to achieve a target of a £17 billion reduction in benefits and pensions by 2014-15 (NAO, 2011, p.5). The cuts so far have largely affected the provision of means-tested benefits. For instance, a number of measures have been introduced by the Coalition that aim to limit the public's reliance on the welfare system – in terms of the length of time that an individual can claim benefits for, as well as the amount they can claim – and encourage more job seeking behaviours. Specific policies in this area include an upper limit on the total amount of benefits that individuals and families can claim (HM Government, 2013),

⁸ Since 1980, occupants of social housing have had the right to buy or to acquire shared ownership of their property. In the absence of large-scale building programmes, however, concerns have been raised that this policy has reduced the availability of social housing (Pittini and Laino, 2011, p.30).

⁹ The devolved governments in Scotland, Wales and Northern Ireland are responsible for local education services. This has created regional disparities in provision; for instance, in Scotland, Higher Education courses are free to all UK national students attending Scottish HEIs, while course fees for Welsh students are subsidised by the regional government (Eurydice, 2013, p.5).

¹⁰ Prior to 2013, it was compulsory for all students aged between 5 and 16 years to be in full-time education. The mandatory participation age has since been raised to 17, however, and will rise again to 18 in 2015 (Eurydica, 2013).

¹¹ In the UK, fees for Higher Education courses are charged at comparatively high rates (up to £9,000 per year) (Eurydice, 2013, p.4). Unlike other European fee systems, however, enrolling students are able to cover these charges through a government loan, which is subsequently repaid in monthly instalments upon graduation when an individual has found paid employment over a certain earnings threshold.

work capability assessments for those claiming out of work benefits due to an illness or disability (DWP, 2014), and tougher sanctions for those who fail to meet the conditions of their out-of-work benefit (DWP, 2013). However, despite the tightening of eligibility criteria for benefits entitlement and the planned introduction of a ‘benefits cap’, as Figure 1 below shows overall expenditure on social protection in real terms has increased since the onset of the crisis. Whilst partly related to the economic downturn and related rise in unemployment levels, thus increasing the number of claimants of Jobseekers’ Allowance, this trend was largely driven by increases in expenditure on state pension, and in particular by the uprating of state pensions as in this period inflation outstripped growth in earnings and GDP (cf. Office for Budget Responsibility, 2014).

Another area of public service provision that has seen a sizeable reduction in government spending since 2010 is that of social housing. The Department for Communities and Local Government (DCLG) which oversees the social housing budget has had its funding in this area reduced by £4 billion, a cut of 50% (Salman, 2011; BBC, 2010). Again, these reductions in expenditure have been realised through policy measures that attempt to minimise the public’s dependency on housing assistance. For instance, the 2011 Localism Act allowed social landlords to let properties on a fixed-term basis for the first time (DCLG, 2011, p.15). This represents a significant departure from the traditional lifetime tenancies that were offered to those in need and could result in a greater turnover in social housing occupancies in future, as sitting tenants may not be able to secure a subsequent fixed-term let on their property if their circumstances improve. The Localism Act also enabled social landlords, in some instances, to charge rents of up to 80% of local rental market (BBC, 2010). In some localities, this change could result in charges that are higher than traditional social rents. While occupants who are charged under these new, ‘affordable rent tenancies’ will be eligible for housing benefit, the payment they receive may not cover the full cost of the rent.

In addition to these policy changes, ministers from the DWP recently announced that social housing tenants claiming housing benefit could see a possible reduction of up to a quarter of their eligible rent if they have one or two spare rooms within their property that they are not occupying. According to Secretary of State for Work and Pensions, the removal of the so-called, ‘spare room subsidy’ is designed to encourage a more efficient use of Britain’s current social housing stock (Smith, 2013).

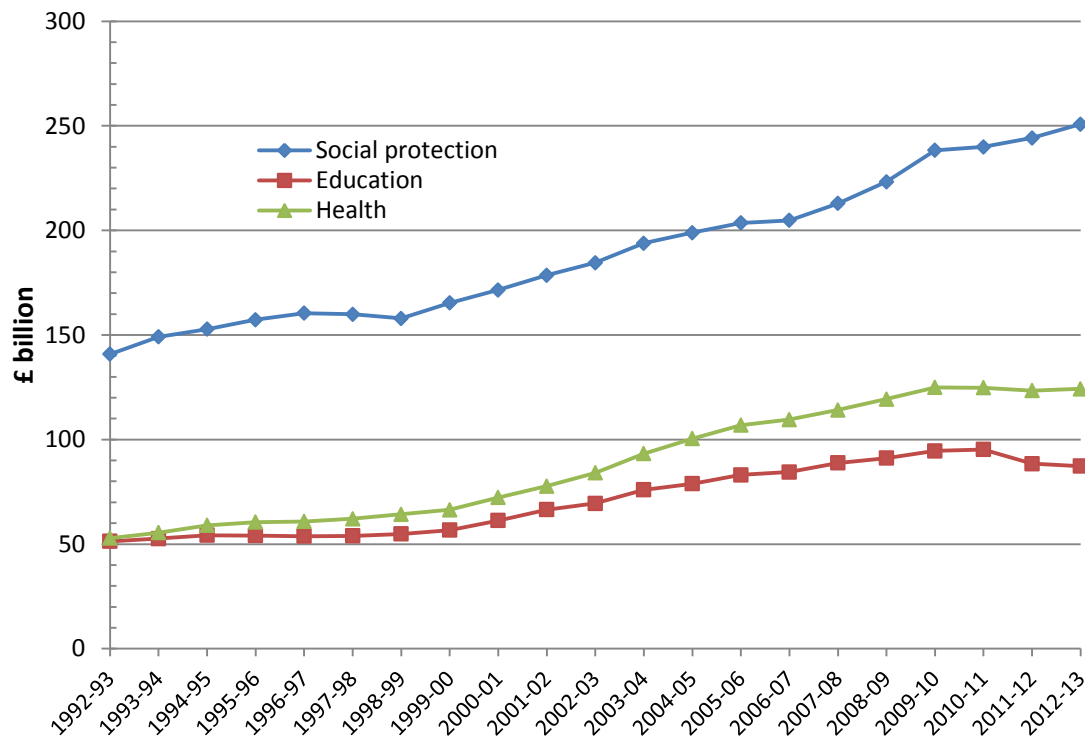
With regards to healthcare spending, the NHS budget has been protected from any funding reductions over the spending review period (2010-2015). Indeed, at the end of the current Parliament, the organisation will have seen an overall real terms increase in funding of 0.4% since 2010 (HM Treasury, 2010, p.43). In spite of this spending commitment, the NHS has agreed to make up to £20 billion of annual efficiency savings by 2015 (p.43). This will place greater pressure on a service that is already experiencing increased demand, due to factors such as an ageing population and changing patient expectations (NHS Confederation, 2013).

In the area of education, the schools budget has so far been protected from any reductions in funding, and this looks set to continue (Coughlan, 2013). However, schools have been asked to find £1 billion in savings from back-office functions and procurement (HM Treasury, 2010, p.42), and the budget for capital spending has been cut by 60% (Harrison, 2010). The Higher Education budget has seen a more substantial decrease in government spending, falling from £7.1 billion to £4.2 billion from 2010 to 2014 (Vasagar, 2010). The largest share of this reduction has come from government grants in teaching and research. As many of these changes to public

service provision are relatively recent, it is as yet unclear what impact these cutbacks have had on new mobile EU citizens migrating to the UK, and those already living in the UK.¹²

Figure 1 below, drawn from government sources, summarises trends in spending by the three main UK government departments responsible for provision of public services (Health, DWP, and Department for Education) over the past 20 years.

Figure 1 Real term trends in public spending in social protection, health and education, 1993 - 2013



Source: HM Treasury (2014), *Statistical Bulletin: Public Spending Statistics February 2014*.

EU10 migrants access to public services

The UK has had restrictions on all migrants’ access to public services and social assistance since 1994, when the UK government introduced a legal requirement for all new migrants to prove that they are habitually resident in the UK in order to claim social security and to apply for social housing.¹³ Factors that are considered by DWP and local authority officials in determining whether a person is habitually resident in the UK include the length and continuity of an individual’s residence, their future intentions, their employment prospects, their reasons for coming to the UK, and where a person’s ‘centre of interest’ lies (House of Commons 2011a, pp. 3-4). This test has been described as, ‘notoriously opaque’ (House of Commons 2011a, p.1) as the term ‘habitually resident’ is not defined anywhere in legislation (House of Commons 2011a, p.3). Despite lacking clarity, the previous Labour government stated that the test is nevertheless helpful

¹² For the purposes of this review, new mobile EU citizens are those migrants from EU10 countries. EU10 refers both to the eight Central European countries that joined the EU in 2004 (EU8) and to Romania and Bulgaria, who joined in 2007 (EU2).

¹³ See House of Commons (2011a, p.3) for a list of exceptions.

in ensuring that the Social Security system is not abused by people who have little or no connection to the UK, and do not intend to settle here (House of Commons 2011a, p.6).

Just before EU enlargement in 2004, the Government changed the law regulating access to benefits, largely in response to concerns of ‘benefit tourism’: the idea that some migrants from the new accession states will come to the UK in order to gain access to better quality public services, which are largely free at the point of need (House of Commons, 2011a, p.1). Since then, new migrants from European Economic Area (EEA) countries have had to fulfil an additional requirement as part of the Habitual Residence Test and show that they have a ‘right to reside’ in the UK.¹⁴

In general terms EEA nationals have a right to reside if they are deemed to be in genuine and effective employment, are self-employed, are a student and/or have sufficient personal resources not to become a burden on the UK social assistance system during their residence, or if they are an immediate family member or a dependent of someone who has a right to reside in the UK.. EEA nationals who arrive in the UK as jobseekers also have a right to reside as long as they are able to prove that they are looking for work and they have a genuine chance of being engaged, although their access to benefits is currently restricted to income-based Jobseeker’s Allowance (JSA) (and related benefits, such as Housing Benefit), Child Benefit and Child Tax Credits.

In the UK, the right to reside element of the Habitual Residence Test is a contentious measure. In 2011 the European Commission concluded that the test indirectly discriminates on the basis of nationality and is thereby contrary to EU law, as UK nationals automatically meet this requirement (House of Commons, 2011b, p.1). The Commission has since launched infringement proceedings against the UK government concerning the application of the right to reside test. From the government’s own estimates, submitted to the Commission, it is evident that a high number of applications for social security benefits from EU citizens are made on the basis of the ‘right to reside’ test. Between 2009 and 2011, the government received 42,810 applications for social security benefits from EU citizens, of which two-thirds were refused on the basis of the ‘right to reside’ test (Mendick, 2013).

Aside from this, however, there is, little evidence available about how these stricter eligibility criteria for new mobile EU citizens are affecting this cohort financially, particularly in light of the recent global financial crisis and its negative impact on rates of migrant employment (Barcevičius et al., 2012, p.5). In the case of the UK, data from the EU Labour Force Survey shows that the rate of employment for EU12 migrants decreased from 2008 to 2010; however, the proportion of UK nationals in employment fell to a greater extent (Galgoci, 2013, p.9).¹⁵ This can be attributed to an increase in the total number EU10 nationals in employment over this period (p.6), owing to the continued growth in migration from these countries to the UK during the recession (McCollum and Findlay, 2011, p.11).

While EU10 nationals have retained a strong foothold in UK labour market overall, migrant employment in sectors that experienced significant declines in demand following the economic crisis, such as hospitality and construction, has been susceptible to salary reductions and substantial job losses (McCollum and Findlay, 2011, p.9). It is therefore likely that some groups of EU10 migrants will be significantly worse off, in financial terms, as a result of the recession. As such, we cannot discount, as recent research by Barrett et al. (2013) has suggested, that habitual residency tests and other measures operating within receiving countries are causing hardship among some new EU migrants in need of social assistance.

¹⁴ The EEA comprises the EU Member States plus Iceland, Liechtenstein and Norway.

¹⁵ EU12 refers to EU10 countries plus Malta and Cyprus.

Other recent evidence has shown that, apart from the legal barriers presented by the right to reside test, there are significant practical barriers to EU10 migrants exercising their right to social assistance in the UK. These barriers include lack of knowledge of EU law rights amongst EU migrants and their representatives, lack of knowledge and improper application of the right to reside test by UK authorities, and onerous burden of proof on applicants for benefits, and poor advice from UK authorities, including Jobcentre Plus (Sibley, 2013).

This has not deterred the UK government from attempting to impose further restrictions on EU10 migrants' ability to access the Social Security system. For example, the government introduced new measures on January 1st 2014 that prevent new migrants from EEA countries claiming out-of-work benefits for the first three months of their residency and that stop income-related JSA payments to EEA migrants after six months unless they can prove that they have a 'genuine' chance of finding work (BBC, 2013). For those EEA migrants who claim to have been in work or self-employed, and who wish to access in and out-of-work benefits, the government introduced a minimum earnings threshold in March 2014 which meant they have to demonstrate that they have been earning £150 per week for the past three months (Department for Work and Pensions, 2014a). In addition, since April 1st 2014 EEA migrants have been unable to claim Housing Benefit unless they are in work. (Wintour, 2014).

The Work and Pensions Secretary, Ian Duncan Smith has described these measures as 'strong and fair', and has stated that they will help ensure that 'British taxpayers don't subsidise people who want to do a bit of benefit tourism and come from one country to another just to get the better benefits system' (Wintour, 2014). This perception of the intentions of some new EU migrants is indicative of the broader public debate surrounding immigration flows from EU10 countries, which is largely negative in tone.

Indeed, the issue of EU migration has become more prominent on the national agenda over the past few years, and the public perception of the social and economic contribution made by new migrants more cynical. This is largely as a result of the increased pressures on public services detailed above, alongside the prospect of a new influx of migrants from EU2 accession countries, for whom transitional labour market restrictions were lifted in the UK on January 1st 2014 (Glennie and Pennington, 2013, p.6). It is likely these concerns, whether they are legitimately grounded or not, account for the proliferation of measures recently announced by the UK government that further restrict EU migrants' access to public services.

Public and political debate surrounding newly mobile EU migrants

As noted, the debate surrounding new EU migrants and their broader societal contribution has become more negative in its character in recent years. This can be most clearly seen in the coverage of the social and economic impact of migration from Central and Eastern European countries by a few, notoriously partisan, national newspapers. Common themes which frequently arise in these articles include the view that EU10 migrants are taking jobs that would usually go to the UK national population, thereby contributing to greater levels of unemployment among UK nationals (Martin, 2011; Slack, 2010); that migrants from these countries are part of gangs and are contributing to increases in crime (Alleyne, 2012; Furness, 2012); and finally that these groups are placing a significant strain on free public services to which they have made little fiscal contribution (Blackley, 2012; Ford, 2011; Doughty, 2010). Some of the most negative rhetoric has been directed towards the Roma community in the UK and reached new heights with the opening of the UK's borders to the free movement of Bulgarians and Romanians in January 2014.¹⁶ Even though the Roma community form only a very tiny part of the Romanian and Bulgarian population, public fears around the Roma community in the UK are similar to anti-

¹⁶ For example, see Mason and Malik (2014) and Pidd (2013).

Roma sentiment in other EU member states and extend beyond notions of benefit dependency to include negative associations with criminality, anti-social behaviour, a lack of work ethic, and an alien and nomadic culture (Powell, 2014).

Survey evidence suggests that a significant majority of the general public share these views. A recent report by Ipsos MORI (Duffy and Frere-Smith, 2014, p.7), which collated and distilled a range of attitudinal data on immigration, indicates that, of all the potentially negative effects that migration is seen to have, its deleterious impact on public services is of greatest public concern. The article notes that these perceptions are perhaps not surprising given that migrants' use of services will be directly visible to many, while any fiscal contributions that they make - for instance, through PAYE tax contributions - will go largely unnoticed.

The limited amount of primary research evidence available on this matter, however, indicates that the perception that Central and Eastern European migrants are a burden on public resources is largely unfounded, and that contrary to public opinion these groups, together with other EEA migrants, actually make a positive net fiscal contribution to the UK economy (Dustmann and Frattini, 2013, p.1; Kirkup, 2014). The most recent study on this has found that EU migrants contribute far more to the UK economy in taxes than they take out in state benefits, making a net contribution to UK public finances between 2000-2011 (Dustmann and Frattini 2014). In the case of healthcare, a review of the research literature in this area by Rolfe et al. (2013, pp.32-33) suggests that migrants from EU8 countries tend to have low rates of GP registration, and may in fact prefer to return home for healthcare. The report comments that this may be tied to the temporary nature of much EU8 migration, but also to possible language barriers and a poor understanding primary and secondary health services (p.33).¹⁷

With regards to social housing, while foreign-born individuals tend to have roughly similar levels of participation in social housing to UK nationals (Vargas-Silva, 2013, p.2),¹⁸ research by Dustmann et al. (2010, p.10) found that for EU8 migrants, rates of participation were nearly half that of the UK national population. However, as Rolfe et al. (2013, pp.36-37) have highlighted, other studies in this area have indicated that significant proportions of EU8 migrants have future preferences to live in socially rented accommodation, and rates of participation may thereby increase as Central and Eastern European nationals become more settled in the UK.

In the area of welfare, the collective impact of the recent economic recession and changes to welfare eligibility requirement for EU8 migrants in 2011, which gave EU8 workers the same rights as other EEA nationals living in the UK, has yet to be explored within the research literature (Rolfe et al., 2013, p. 42). As noted by Drinkwater and Robinson (2011), initial evidence suggests that benefit claims by EU8 migrants were higher immediately following the financial crisis in 2009 than in previous years. In spite of this recent potential increase in dependency, it is clear that since the accession of EU8 countries in 2004, migrants from these areas have been significantly less likely to claim social assistance than the UK national population. Indeed, Dustmann et al. (2010, p.1) found that the proportional difference in claims for state benefits and tax credits between the two groups from 2004 to 2008 stood at 59%. Even after controlling for the fact that the initial influx of EU8 migrants were on average younger, better educated and had fewer children than the UK national population, welfare receipts still remain lower among this cohort than the British-born population (p.3).

¹⁷ This may account for anecdotal claims that EU8 migrants are placing a disproportionate burden on Accident and Emergency (A&E) departments (Worrall, 2013). While there is no evidence that this is the case, there have been reports of migrants inappropriately using A&E departments by visiting them for primary health care needs (Scottish Parliament, 2010).

¹⁸ Around 17% of UK-born individuals and 18% of foreign-born individuals were living in social housing in 2011.

With regards to primary and secondary education, where universal access is guaranteed, there is a notable lack of evidence concerning the impact of EU8 migration on these services. The National Pupil database does not record pupils' country of birth, and so the impact of migration from particular countries cannot be accurately measured (Rolfe et al., 2013, p. 38). As noted above, on average, initial EU8 migrants had fewer children than the UK national population, which will have limited the impact of these migration flows on UK schools and education services. The demand for these services among the dependants of EU8 migrants who choose to settle in the UK is, however, likely to increase over time, particularly in the areas of language support which represent an additional cost to schools (p.38).

Romanian and Bulgarian migration to the UK

The debate surrounding EU migration has recently been reignited following the end of transitional labour market restrictions on Romanian and Bulgarian nationals from 1st January 2014. This has led to fresh concerns regarding the possible impact that a new wave of migration could have on UK public services (Ruist, 2014). However, as a recent IPPR (2013, p.2) report on the issue has illustrated, the situation is substantially different from when EU8 countries gained accession to the Union.¹⁹ As such, it is unlikely that migration movements from EU2 countries to the UK will be of the same scale and pace as they were in 2004.

Research by Ruist (2014) also suggests that public concerns surrounding the strain that newly mobile EU migrants place on public services may again be largely unfounded. Statistical data from Sweden, which was one of two EU countries that did not restrict access to its labour market and social service system following EU2 accession in 2007, shows that from 2007 to 2010 the average net contribution of migrants from Romania and Bulgaria was substantially positive.²⁰ The author goes on to state that countries with an English language advantage, such as a UK and Ireland, should have reason to expect an even more positive fiscal contribution (Ruist, 2014, p.3).

¹⁹ EU2 migrants have had limited access to the UK labour market since 2007. Other large EU economies – such as France, Germany and the Netherlands –also lifted labour market restrictions for EU2 migrants from January 1st 2014 (IPPR, 2013, p.2).

²⁰ The positive net fiscal contribution was equal to one-sixth of public sector turnover per capita (Ruist, 2014, p.1).

Data Analysis

Socio-demographic profiling of UK nationals and migrant groups in the UK

In this section we aim to provide a comparative outline of the socio-economic profile of different groups of mobile citizens in the UK, with a particular focus on the characteristics of citizens from the Eastern European (EU10) countries which constitute our main group of interest. For this purpose, we use data from the Annual Population Survey (APS) 2012/13²¹, and break up the population of UK residents included in the survey into four main groups according to nationality: UK nationals; EU16 nationals (nationals of EU15 countries plus Malta and Cyprus and excluding the UK); EU10 nationals (EU8 plus Romania and Bulgaria); and all other third country nationals (TCNs). We select a number of key socio-demographic variables of interest and calculate descriptive statistics for each of the four main groups of residents computed. The variables included in this descriptive analysis are: sex, age, marital status, number of dependent children in household, educational level (highest qualification), economic activity status and occupational category.

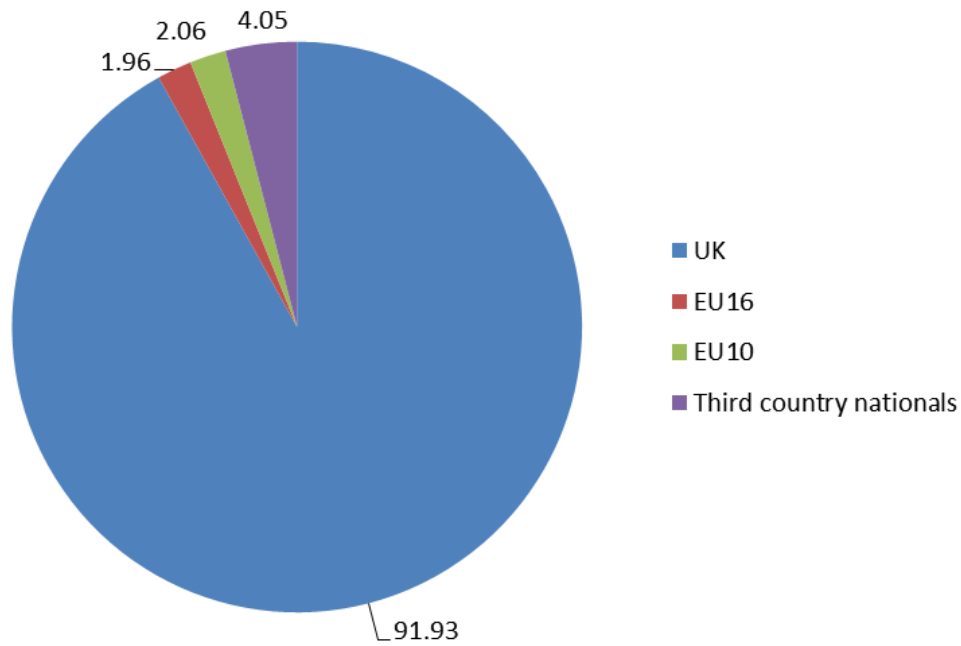
Furthermore, to better understand the composition of the population of EU10 citizens specifically, we provide a breakdown by each national group within the EU10 population in the UK. In order to achieve a big enough sample size to provide a breakdown of the EU10 population by nationality, we combined three subsequent waves of the APS (2010/11, 2011/12 and 2012/13), keeping only one observation per individual (i.e. only observations referring to individuals being interviewed for the first time in each survey wave).

In the following sections, we will present results for the four main groups (UK, EU16, EU10 and third country nationals). For information purposes, and, when sample sizes allow it, we will also show the breakdown of some variables for each national group within the EU10 population as well.

Figure 1 presents the breakdown of the UK population by nationality, showing that 8.1% of UK residents are non-UK nationals. Of these, 1.9% are nationals of EU16 countries, 2% of EU10 countries and 4% of other countries outside the EU27.

²¹ See Table A 1 in Appendix 1.

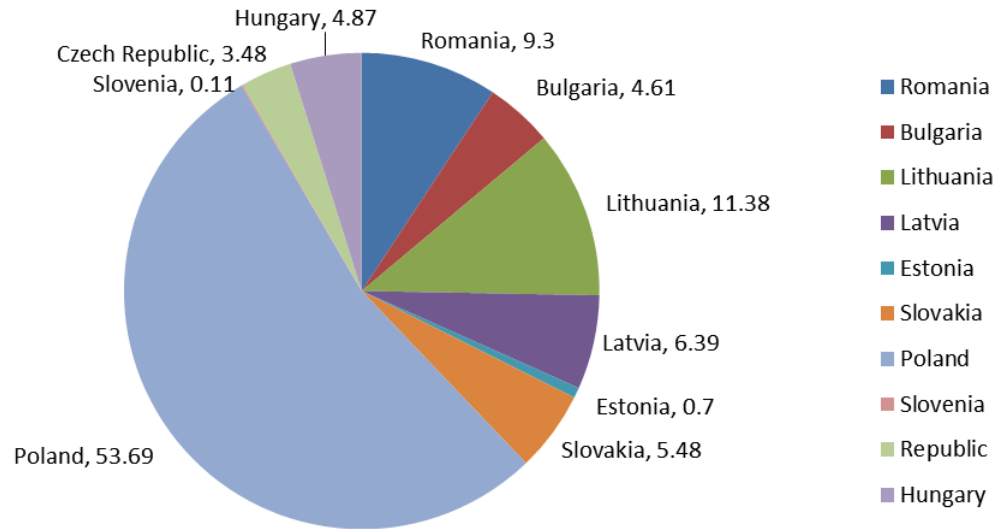
Figure 2: UK population by nationality group



Source: APS 2012/2013, weighted estimates

In Figure 2 we summarise the breakdown of the population of EU10 citizens in the UK by nationality. We can observe that Polish citizens make up over half of the population of EU10 citizens in the UK, accounting for 53.7%, followed by Lithuanians (11.4%) and Latvians (6.4%). Estonians and Slovenians are the smallest groups of EU10 nationals in the UK; given the small sample size available in our data for these two national groups, they are excluded from subsequent analyses in which a breakdown by nationality is provided.

Figure 3: Breakdown of population of EU10 citizens in UK by nationality



Source: APS 2010/11, 2011/12, 2012/13, weighted estimates

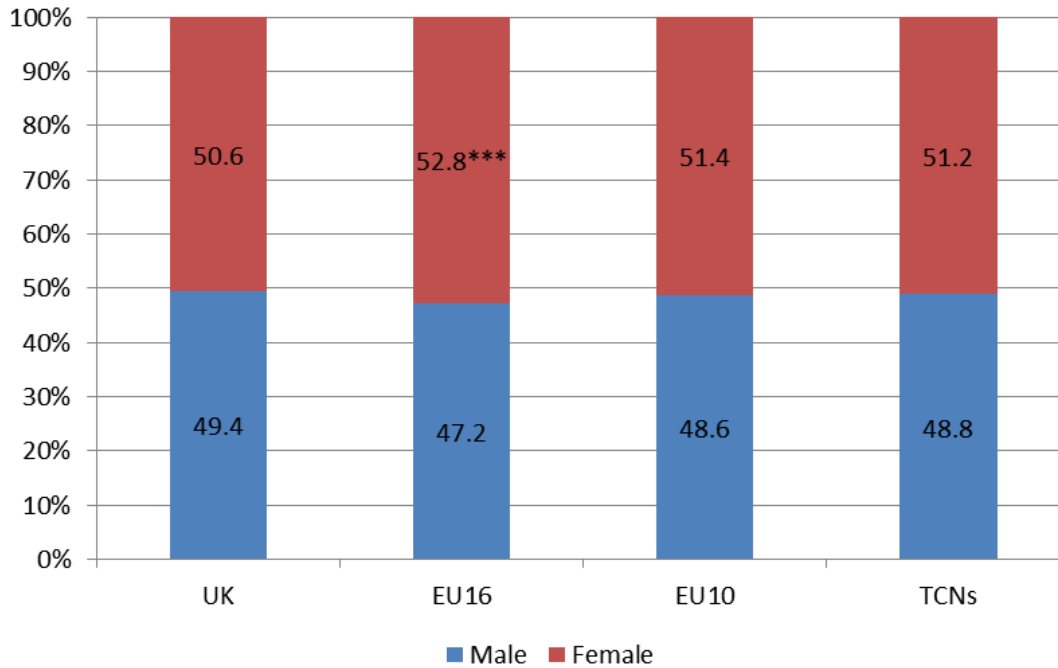
In the following sections, we show the breakdown and mean score for each variable of interest for each of the four groups of UK residents (UK citizens, EU16 citizens, EU10 citizens and third country nationals). The figures also show the level of statistical significance of the difference between the mean scores for each of the three main groups of non-UK nationals in comparison to the mean score for UK nationals.

In this way, we are able to sketch the socio-demographic profiles of the four main population groups and of each national group within the EU10 population, and highlight the main differences and similarities between them, with a particular focus on understanding the key characteristics of EU10 citizens in the UK.

Gender

Figure 3 shows the breakdown of the four main population groups by gender. Concerning gender composition, all of the four main groups comprise more women than men; all three migrant groups have a higher proportion of female population in comparison to the UK population. However, the only statistically significant differences observed in this respect pertains to the higher number of women in the population of EU16 citizens compared to UK ones.

Figure 4: Gender distribution for UK, EU16, EU10 and TCNs

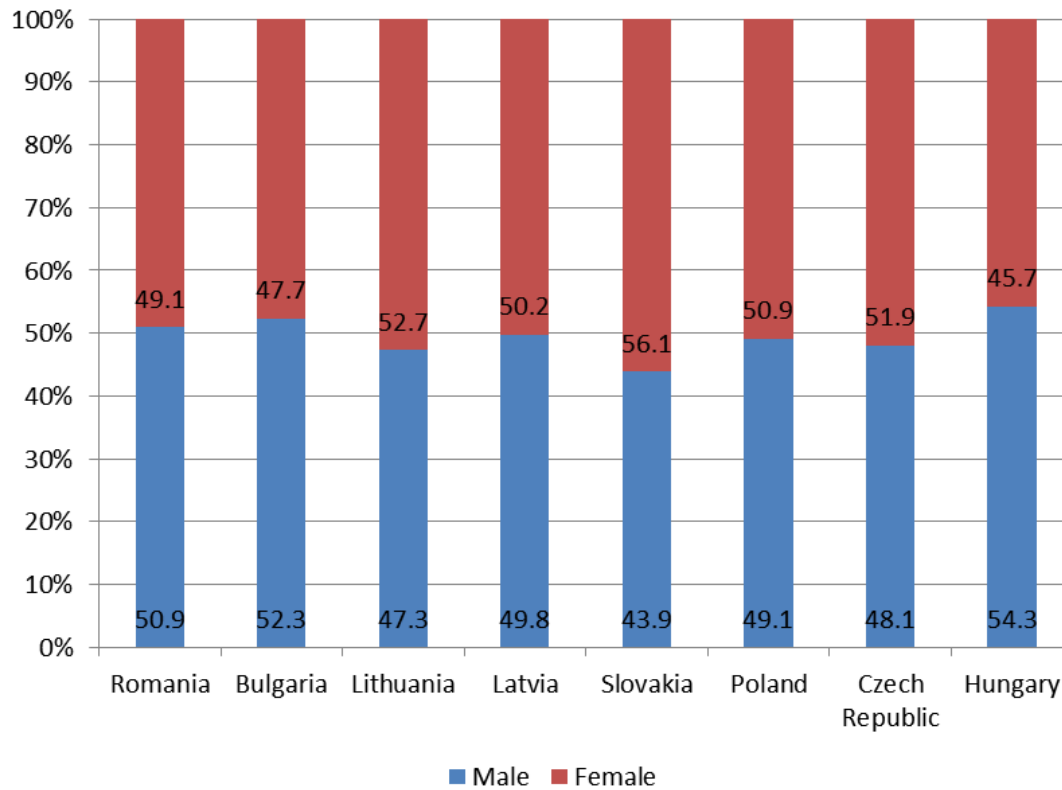


Source: APS 2012/13, weighted estimates.

Note: ***= $p < 0.01$; **= $p < 0.05$; *= $p < 0.1$.

Figure 4 shows the gender distribution for each nationality within the EU10 population. We can observe that there is more variation within each national group than the average figure for the EU10 population as a whole would suggest. For example, the Hungarian and Bulgarian populations in the UK are composed of a higher than average proportion of men (54.2% and 52.3% respectively), whilst Lithuanians and Slovaks display an above average share of women (i.e. 47.3% and 43.9% of men respectively). The differences between each national group and the EU10 average, however, are not statistically significant.

Figure 5: Gender distribution of national groups within EU10 population (excluding Estonia and Slovenia)

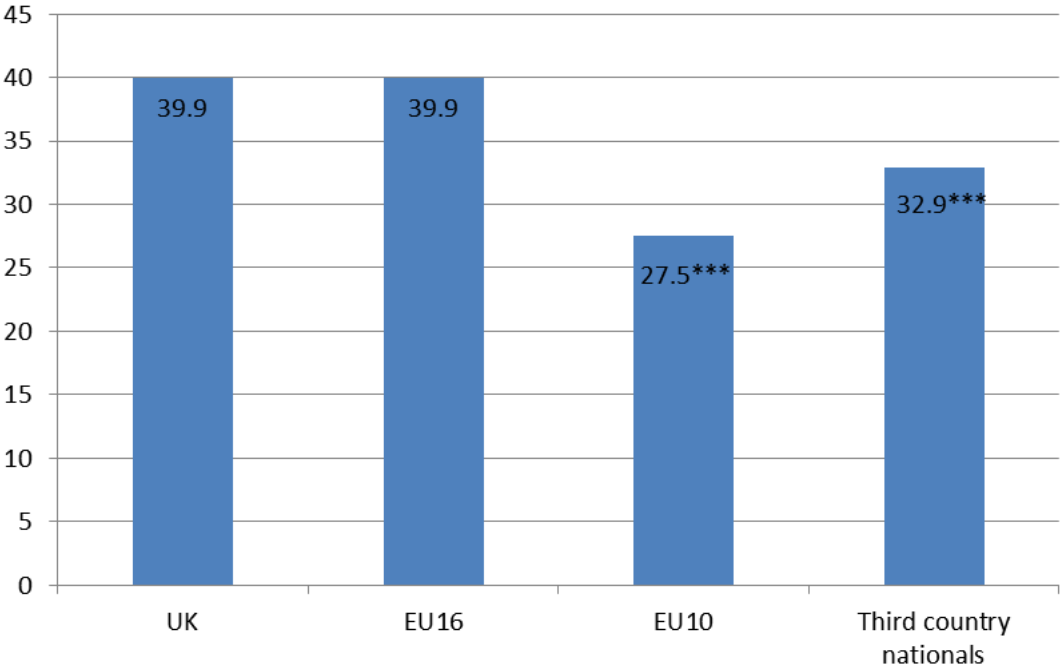


Source: APS 2010/11, 2011/12, 2012/13, weighted estimates.

Age

The average age for the population of UK nationals is 39.9 years of age; citizens from the EU10 countries and third country nationals display a much younger age profile than the UK population, with an average age of 27.5 and 32.9 respectively. This difference between the score for these two groups and the UK average is statistically significant at the 99% confidence level, whilst the observed difference between the average age of EU16 citizens and the UK population is not statistically significant.

Figure 6: Average age for UK, EU16, EU10 and third country nationals

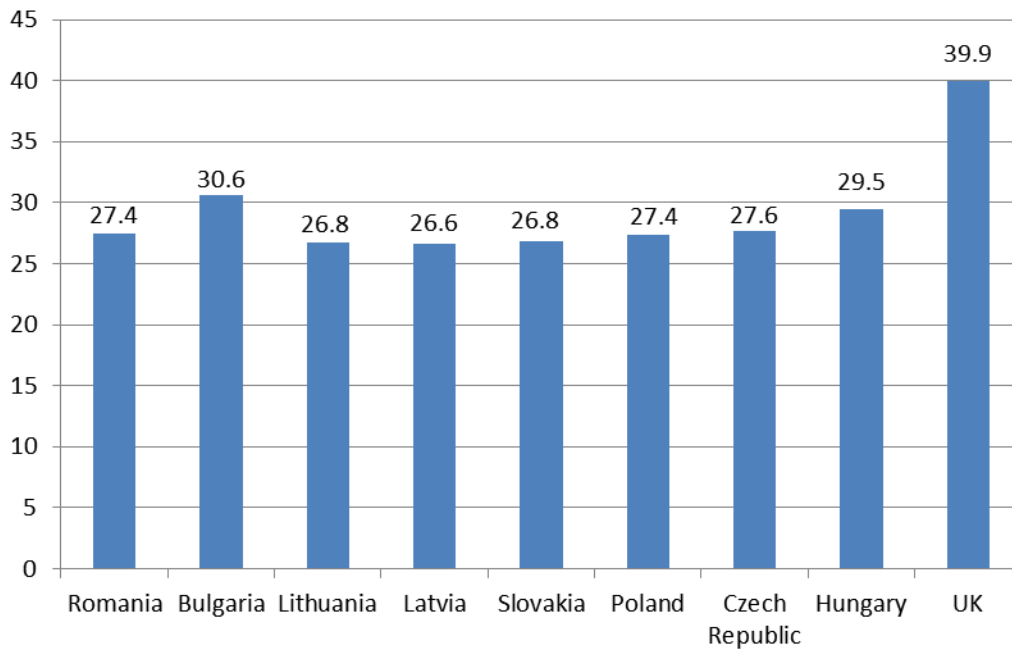


Source: APS 2012/13.

Note: ***= p<0.01; **=p<0.05; *=p<0.1.

The average age profile of the EU10 population broken down by nationality reveals no stark differences between national groups. All EU10 national groups are, on average, considerably younger than the UK population.

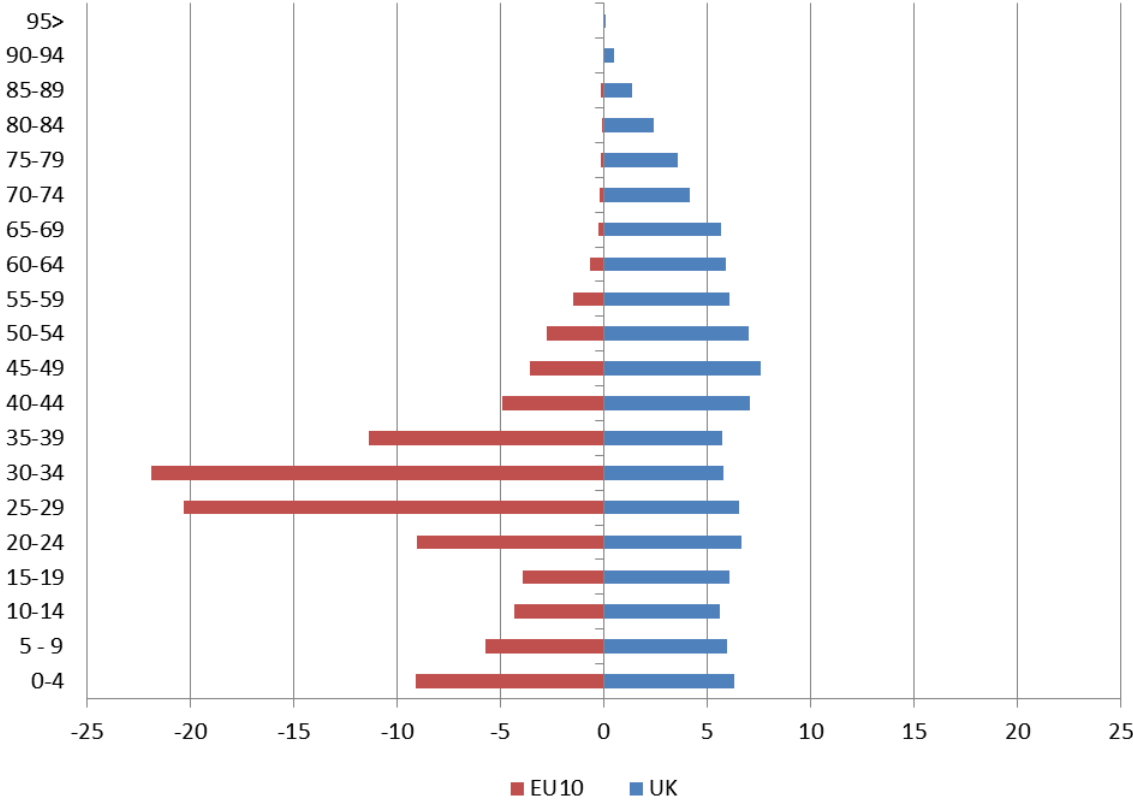
Figure 7: Average age of national groups within EU10 population (excluding Estonia and Slovenia)



Source: APS 2010/11, 2011/12, 2012/13.

To better understand the age profile of the population of EU10 citizens in the UK, which is likely to have an impact on their uptake of public services such as healthcare and education, we plot the distribution of the population across five year age groups. Figure 7 below compares the age distribution of the population of EU10 citizens with that of UK citizens. We can observe that the two distributions appear very different, as the majority of EU10 population in the UK is concentrated in the 25-39 age group, whilst the UK population is much more evenly distributed across all age groups. The higher share of EU10 individuals falling in the 0-4 age category in comparison to the UK population is also noteworthy, and so are the much lower proportions of individuals above 45 years of age in the EU10 population. The figure shows that there are virtually no individuals above the age of 65 in the population of EU10 citizens in the UK.

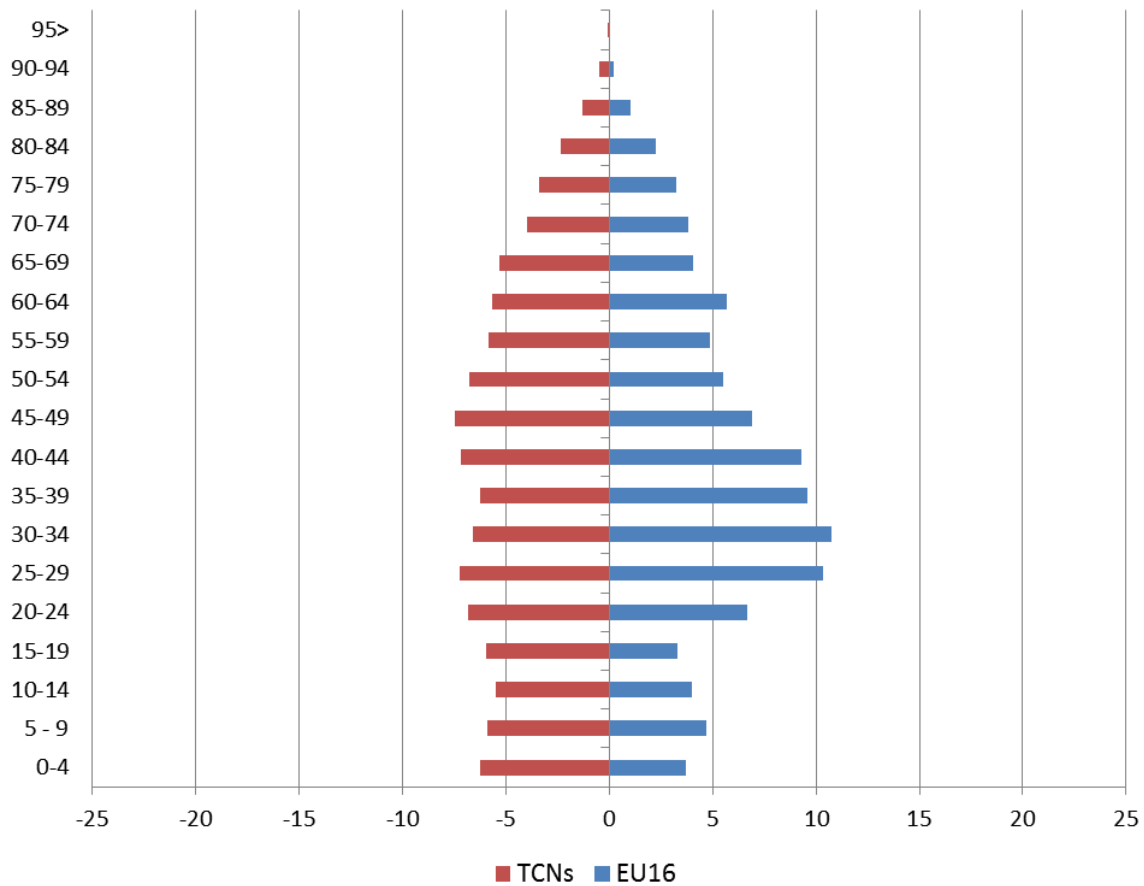
Figure 8: Age distribution of EU10 and UK citizens



Source: APS 2012/13, weighted percentages.

For comparative purposes, the age distributions of the EU16 and third country national populations in the UK are also shown below. We can see that they are, on average, more evenly distributed – and similar to the UK population age distribution shown above – than the age distribution of EU10 citizens. EU16 citizens, however, appear slightly more similar to the EU10 population, as they are more concentrated in the 25-44 age group than their UK or TCNs counterparts.

Figure 9: Age distribution of EU16 and third country nationals



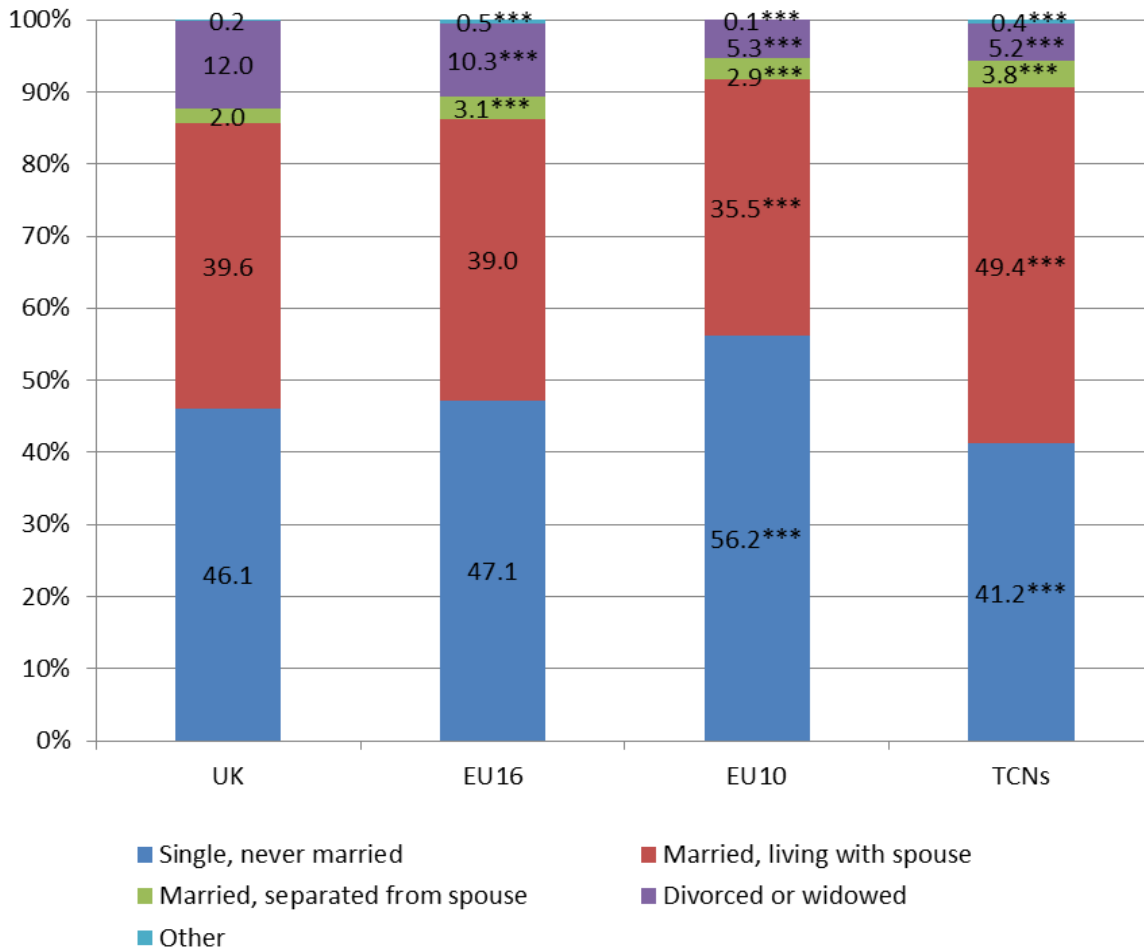
Source: APS 2012/13, weighted percentages.

Household and family composition

We now consider the differences in household and family composition across the four main population groups, focusing on marital status (Figure 9) and average number of dependent children (Figure 10).

Regarding marital status, the differences between the three migrant groups and the population of UK nationals are marked. The proportion of EU10 citizens who are single is significantly higher than for the UK population, whilst the share of individuals who are married and living with their spouse is significantly lower. This may reflect the relatively young age profile of the EU10 population in the UK, as highlighted above. At the same time, however, the share of third country nationals who are single is significantly lower than the UK one, whilst the proportion of married individuals living with their spouses is significantly higher – even if the average age profile for this group is also significantly lower than that of the UK population. No significant differences, on the other hand, are observed between EU16 and UK nationals in relation to the proportions of single and married individuals. All three groups of mobile citizens display statistically significantly higher shares of individuals who are married and separated from their spouse, and lower shares of individuals who are divorced or widowed, in comparison to UK nationals.

Figure 10: Marital status of UK, EU16, EU10 and third country nationals



Source: APS 2012/2013, weighted estimates.

Note: ***= p<0.01; **=p<0.05; *=p<0.1.

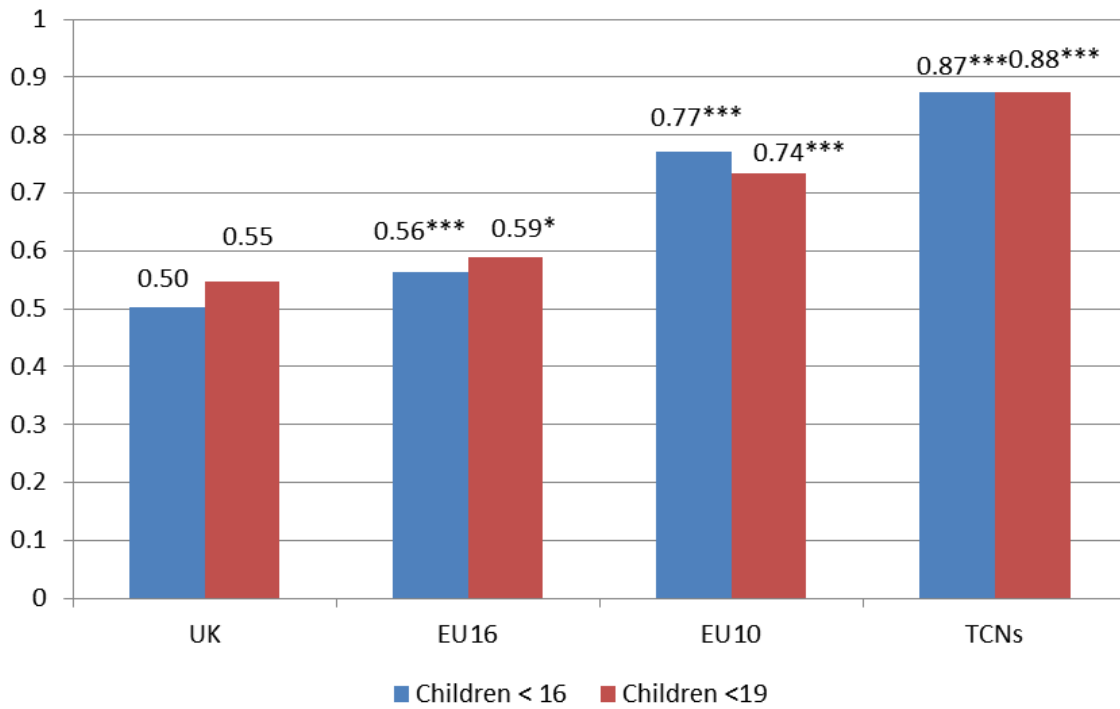
We then calculate the average number of dependent children under the age of 16 and under the age of 19 per family, including only individuals aged above 16 and above 19 respectively in our calculations (Figure 10).²² The average number of dependent children under 16 for the EU16 and EU10 citizens population and for the population of third country nationals is significantly higher (0.56, 0.77 and 0.87 respectively) than the UK average (0.50), and the same is true for the average number of dependent children under the age of 19 (0.58, 0.73 and 0.87 respectively)

²² In the UK LFS, the concept of a family unit can comprise either a single person, or a married/cohabiting couple, or a married/cohabiting couple and their unmarried children who have no children of their own living with them, or a lone parent with such children. People who live with their parents and are married or have children of their own living with them are treated (with their spouse/children) as being a separate family unit from their parents. The concept of a family unit is distinct from that of a household, which comprises of a single person, or a group of people living at the same address who have the address as their only or main home. A household may comprise one or more family units.

compared to the UK average of 0.54). The latter difference, however, is only significant at the 10% confidence level for the EU16 population.

The categories of 16 and 19 years of age for dependent children mark the two main points in time at which entitlement to child benefits and compulsory participation in education change in the UK. All young people under 16 in the UK are legally considered to be children and are required to be in full-time education or training, and parents of all dependent children under 16 years of age are entitled to claim child benefit. Hence, those groups with a higher average number of dependent children under 16 may be expected to draw more substantially on public services, such as compulsory schooling and child benefits. Past the age of 16, participation in education is no longer compulsory and entitlement to child benefits for dependent children between 16 to 19 years of age is conditional upon the child remaining in an approved full-time education or training programme.

Figure 11: Average n. of dependent children per family for UK, EU16, EU10 and third country nationals



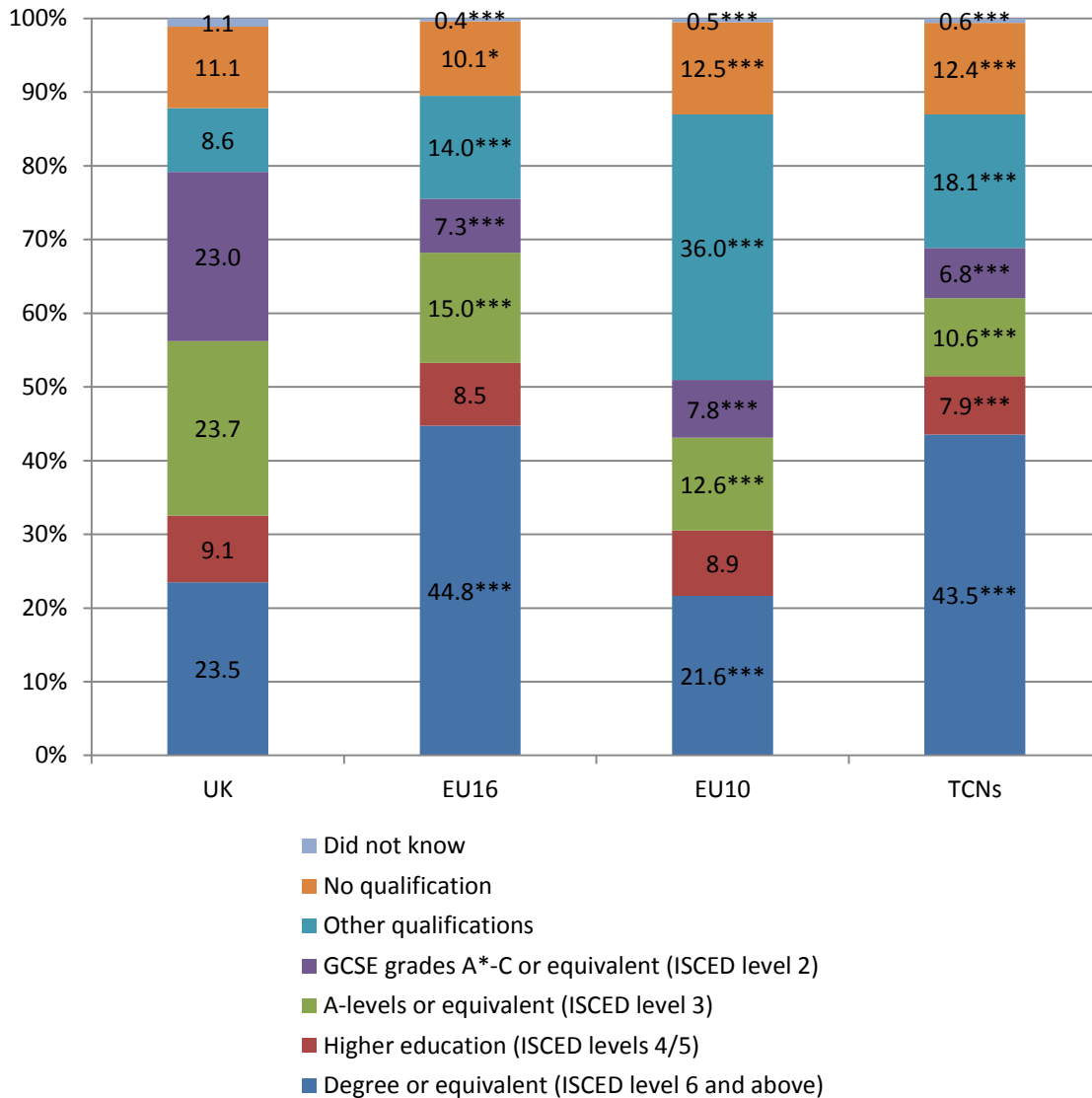
Source: APS 2012/13, weighted estimates.
Note: ***= p<0.01; **=p<0.05; *=p<0.1.

Educational level

We now consider the average educational level of the four main population groups, looking at the highest qualification held by individuals aged 16-69 and individuals above 69 who are in employment with qualifications²³. Figure 11 shows the breakdown for each of the four groups. We note that the share of individuals who report holding degrees or equivalent qualifications (level 6 of the ISCED classification) is considerably higher for the EU16 population and for the population of third country nationals in comparison to the UK, whilst it is marginally lower for the population of EU10 citizens. The share of EU10 citizens and third country nationals with no qualifications are also marginally higher than the corresponding share of UK nationals. Overall, however, the results for this variable for the EU10 population, as well as for the other groups of non-UK nationals, are not particularly informative, as very high proportions of individuals report holding ‘other qualifications’ which are not easily comparable to UK equivalent qualifications. This makes the measurement of educational level for non-UK nationals difficult, and is likely to bias the estimates for the other categories as well. Indeed, Manacorda et al (2012) note that when UK- born respondents indicate holding ‘other qualifications’, this is likely to be indicative of low-level qualifications, whilst qualifications held by non-UK-born citizens classified under this category are likely to be of a higher level – thus resulting in a likely underestimation of the educational level of the immigrant population.

²³ The analysis is restricted to these age groups because in the LFS and APS information about highest qualification held only applies to individuals ages 16-69 and to older individuals who are in employment with qualifications.

Figure 12: Education level for UK, EU16, EU10 and Third country nationals



Source: APS 2012/13, weighted estimates.

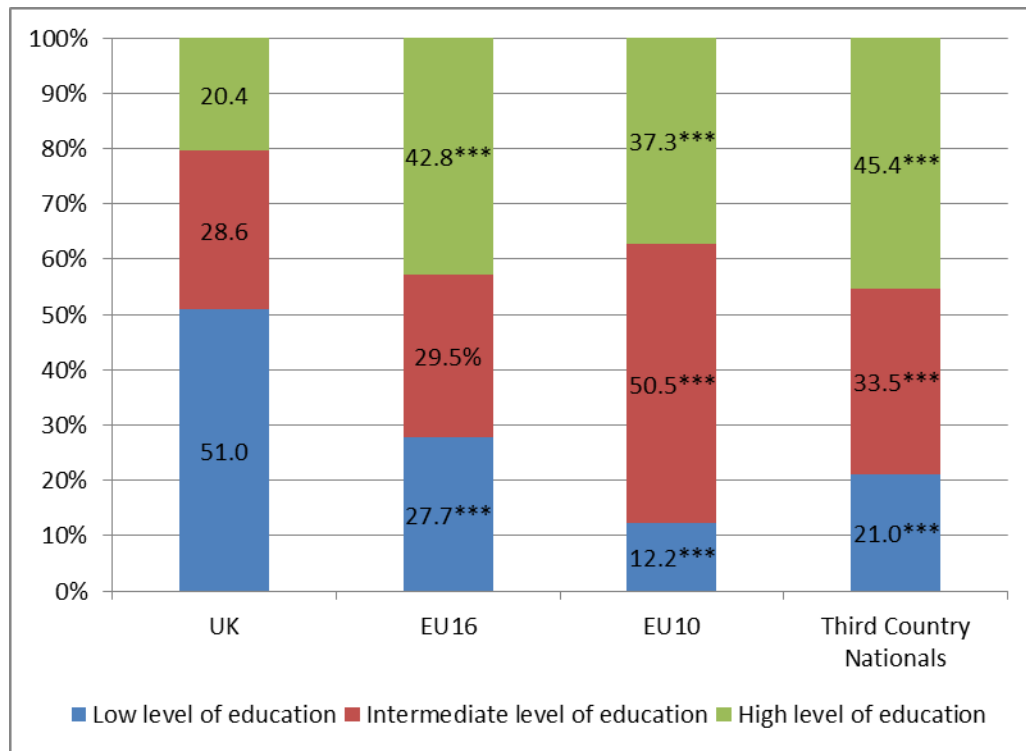
Note: ***= $p < 0.01$; **= $p < 0.05$; *= $p < 0.1$.

Whilst this emerges here as mainly a problem of measurement, in general the issue of poor skills transferability between country of origin and country of destination is identified in the literature as one of the main causes of occupational downgrading experienced by EU10 mobile citizens when moving into the UK labour market (Rosso, 2014). Making qualifications more transferable across countries of origin and country of destination could therefore be a potential area of intervention to increase the employability of EU10 citizens in the UK. Currently, in the UK a government-sponsored National Agency (UK-NARIC) is in place to provide information, advice and expert opinion on the equivalence of international qualifications to UK equivalents. Holders of non-UK qualifications can apply for a qualification comparison, but since the service is subject to the payment of service and translation fees, uptake and accessibility are limited.

In light of the problems of measurement of foreign qualifications identified above, and to provide a more accurate estimate of the level of education of non-UK citizens, we derive a measure of educational level based on the age at which individuals declaring having left continuous full time education. Following Frattini (2014), we distinguish between individuals with a high level of education (i.e. those who declare having left FT education at age 21 or above, and are thus likely to hold a tertiary education qualification), an intermediate level of education (i.e. those who have left school between age 17 and 21) and a low level of education (left school before age 17).

The results are shown in figure 12 below.

Figure 13 Level of education by age at which FT education was completed for UK, EU16, EU10 and Third Country Nationals



Source: APS 2012/13, weighted estimates.

Note: ***= p<0.01; **=p<0.05; *=p<0.1.

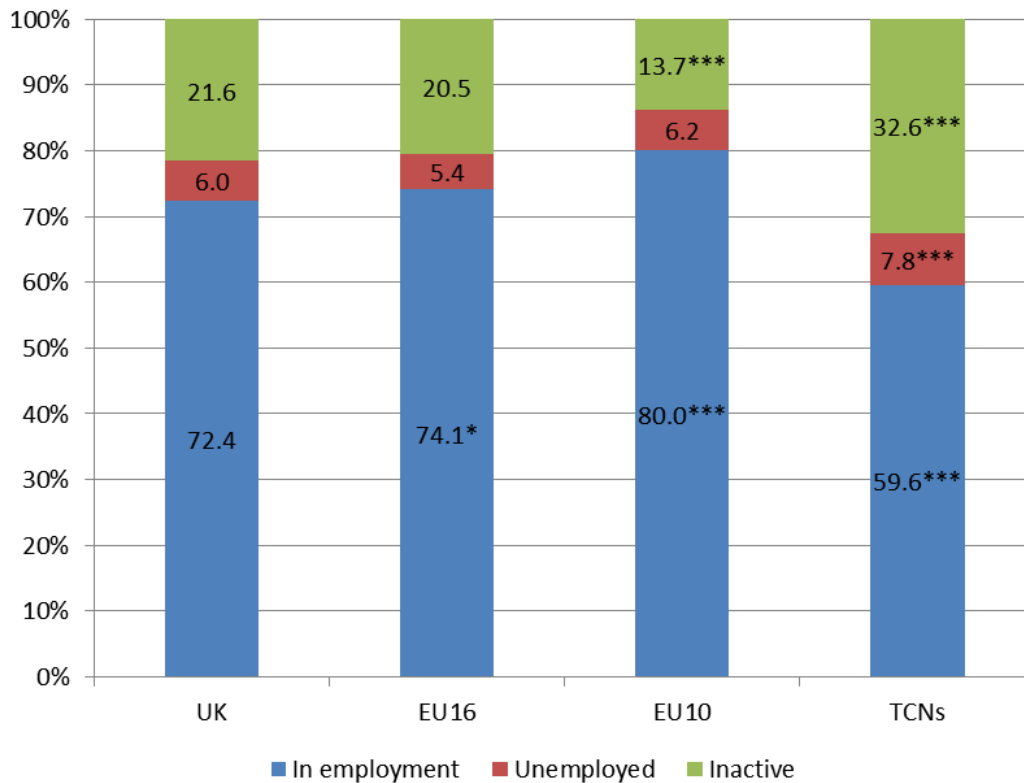
We can see how, using this measure of educational attainment, the picture changes somewhat with respect to the breakdown provided in Figure 11 above on the basis of formal qualifications held. Indeed, we can see that the share of lowly-educated individuals is significantly lower for all three groups of non-UK citizens in comparison to the UK population, and lowest of all for EU10 citizens. The EU10 population is characterised by a markedly higher proportion of individuals being educated at intermediate level in comparison to the UK population. Finally, we can see that all three groups of non-UK citizens have significantly higher proportions of individuals with a high level of education in comparison to the UK population. These data thus seem to confirm our assumption above, that measures of education based on formal qualifications tend to underestimate the level of education of non-UK born individuals.

Labour market status

We now consider the labour market status of the four main population groups and of national groups within the EU10 population, showing the breakdown by economic activity status of the working age population – i.e. the population aged between 16 and 64 –and its distribution across occupations.

In Figure 13 below, the breakdown by economic activity status for the four main groups is shown, distinguishing between individuals in employment, unemployed (ILO definition) and inactive. We observe that within the working age population of EU16 and EU10 citizens, the share of individuals in employment is higher than within the UK population, and that this difference is statistically significant. Conversely, the proportion of employed individuals is significantly lower for third country nationals in comparison to UK nationals. It is interesting to note that EU10 citizens have the highest share of individuals in employment out of all the four groups. The differences in the proportion of unemployed people between the population of UK nationals and the EU16 and EU10 migrants are not statistically significant, whilst the share of unemployed individuals is significantly higher within the third country nationals group in comparison to the UK nationals. Whilst no significant differences are present in the proportion of economically inactive individuals between the UK population and the EU16 population, we observe that the average share of inactive individuals is significantly lower than the UK one for the EU10 population, whilst it is significantly higher for the population of third country nationals.

Figure 14: Economic activity status of UK, EU16, EU10 and third country nationals working age population

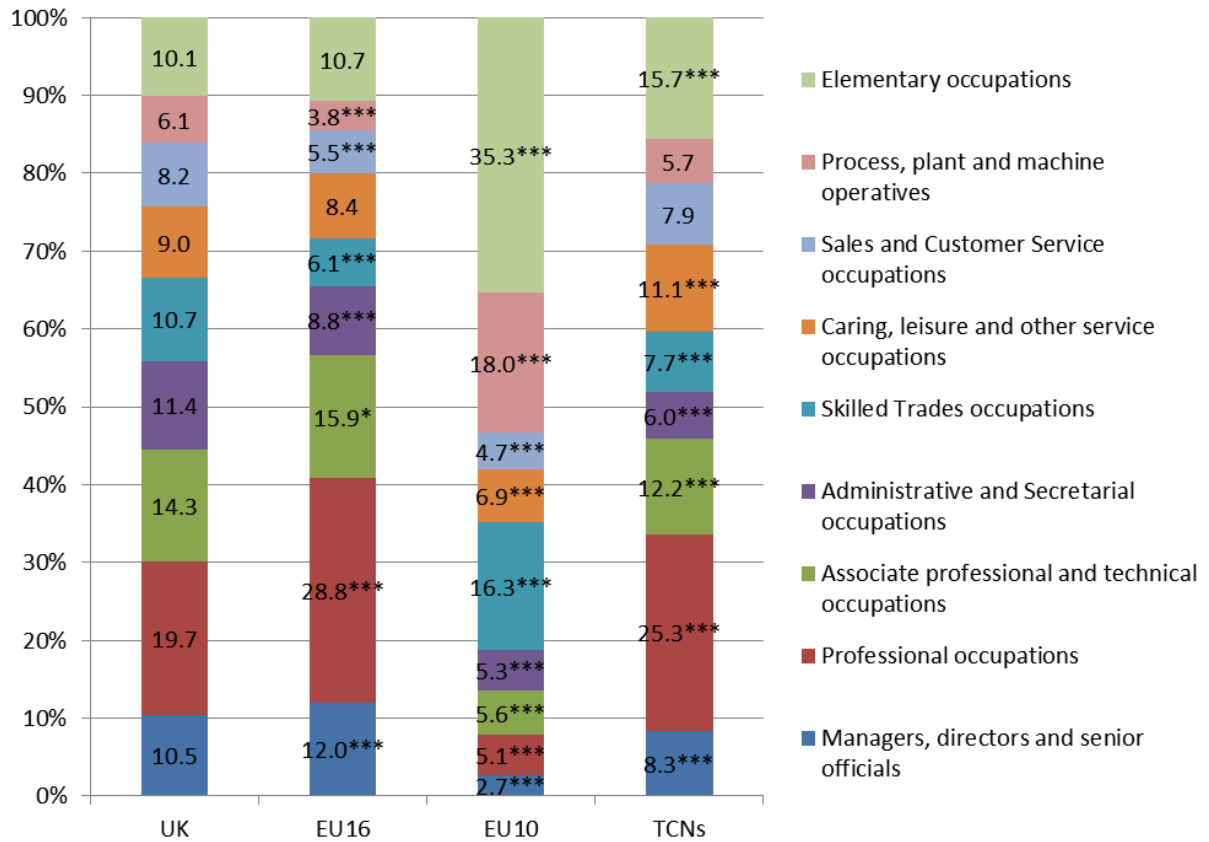


Source: APS 2012/2013, weighted estimates.

Note: ***= p<0.01; **=p<0.05; *=p<0.1.

Finally, we analyse the distribution across occupational groups of the employed population of each of the four main groups on the basis of the UK Standard Occupational Classification (SOC2010) (Figure 14). The differences between population groups are marked. The most interesting finding for the purpose of our analysis is that over a third of EU10 citizens in the UK are employed in elementary occupations, compared to only around 10% of UK nationals. A very large proportion of EU10 citizens (18%) also work as Process, plant and machine operatives, compared to 6% of the UK population, and in Skilled trades occupations (16% compared to 10% of UK nationals), whilst they are heavily under-represented in Professional occupations compared not only to the UK population but also to the other two main groups of mobile citizens. All the differences between the EU10 population and the UK population are statistically significant at the 1% confidence level.

Figure 15: Main occupational group (SOC2010) of UK, EU16, EU10 and third country nationals population in employment



Source: APS 2012/13, weighted estimates.

Note: ***= $p < 0.01$; **= $p < 0.05$; *= $p < 0.1$.

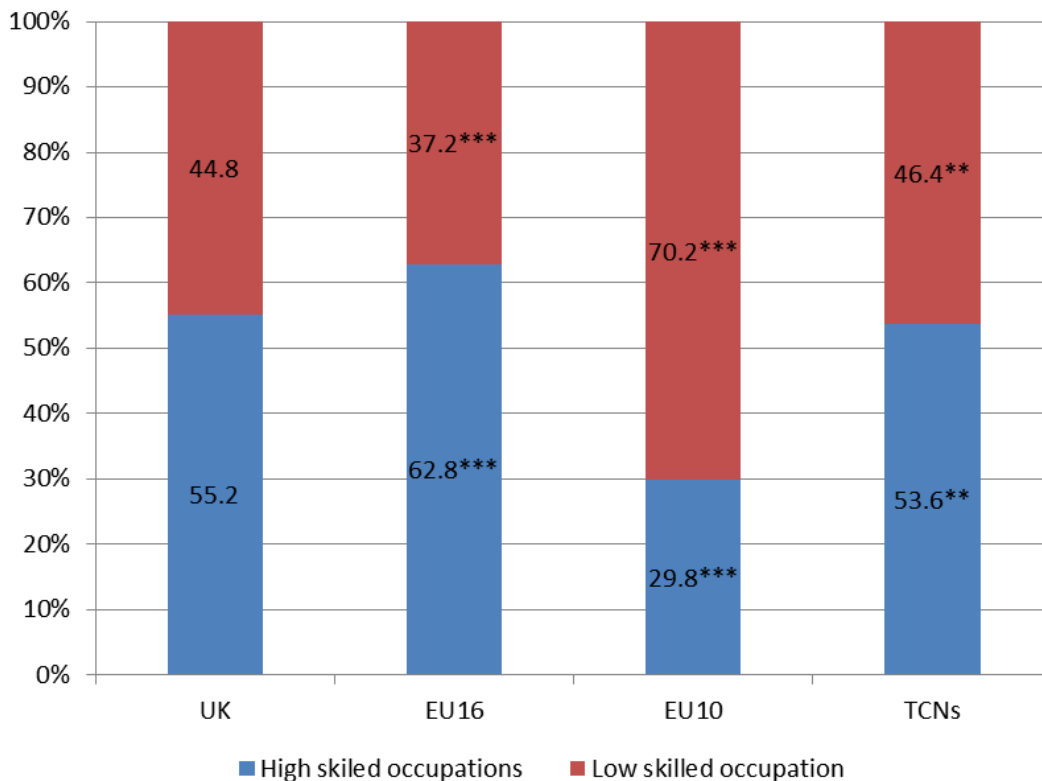
In Figure 15 we show the same data as above, but we highlight instead the distribution between high skilled and low skilled occupations for the four groups, on the basis of SOC2010.²⁴

The differences across the four groups in relation to their occupational distribution are fairly pronounced. We observe that EU16 migrants overwhelmingly work in higher skilled occupations, and that the proportion of EU16 nationals employed in highly skilled occupations is significantly higher than the corresponding share for the UK population.

²⁴ Occupations are routinely distinguished by the UK Office for National Statistics (ONS) between lower skilled and higher skilled according to the Skills Level they are assigned (cf. Office for National Statistics, 2011; Home Office, 2014). Skills levels 1 and 2 are defined as ‘lower skilled’ and Skills Level 3 and 4 are defined as ‘higher skilled’, on the premise that skill levels 3 and 4 usually require knowledge associated with post-compulsory education, or comparable experience (cf. Office for National Statistics, 2010). The following occupations (Managers and Senior Officials, Professional occupations, Associate professional and technical and Skilled Trades Occupations) are thus classified as higher-skilled occupations, whilst the remaining categories (Administrative and Secretarial occupations, Caring, leisure and other services, Sales and customer services, Process, plant and machine operatives and Elementary occupations) are considered as lower skilled occupations.

As we noted above, EU10 migrants are on the other hand overwhelmingly concentrated in low skilled occupations, and the differences with the UK population in this respect are also highly statistically significant. The occupational distribution of the population of third country nationals is more similar to that of UK nationals than to that of the EU16 and EU10 migrants, although the share of third country nationals in lowly skilled occupations is marginally higher than for the UK population, and the difference between the two significant at the 95% confidence level.

Figure 16: Distribution across high skilled and low skilled occupations for UK, EU16, EU10 and third country nationals population



Source: APS 2012/13.

Note: ***= $p < 0.01$; **= $p < 0.05$; *= $p < 0.1$.

Access to benefits and social housing

In this section we examine the take-up of benefits and access to social housing by new EU mobile citizens (i.e. citizens who are nationals of EU10 countries) based on an analysis of the Labour Force Survey (LFS).²⁵ We first describe the differences between UK nationals and EU10 citizens in the access to benefits and social housing. Second, we analyse the factors that explain these observed differences. In this section we focus on the 18-69 population.²⁶

²⁵ See Table A 1 in Appendix 1 for more detail on the data sources used in this analysis.

²⁶ In the LFS, questions about the take up of benefits are asked to all respondents aged 18-69 and to those aged 70 or over only if they are employed. For consistency reasons, we focus only on those aged 18-69.

Observed differences in the take-up of benefits and social housing

In this section we estimate the take-up of benefits by new EU mobile citizens using data from the LFS 2013. Detailed classification of benefits in the LFS is reported in Table A 2 in Appendix 1.

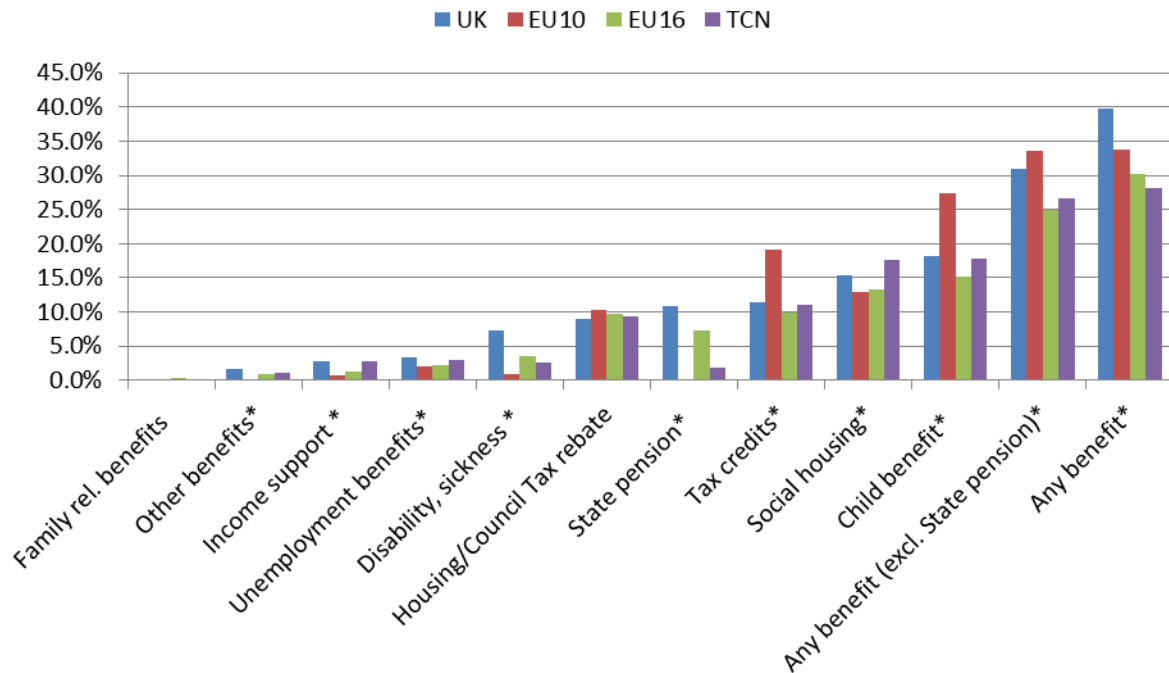
As displayed in Figure 16, notable differences between EU10 citizens and UK nationals (and other nationality groups) are observed with regard to the take-up of benefits. Overall, EU10 citizens are less likely to claim benefits than UK nationals; 34% of EU10 citizens are receiving some form of benefits, compared to 40% of UK nationals. A larger proportion of EU10 citizens receive benefits compared to citizens from other EU Member States (EU16) or third country nationals. More interestingly, EU10 citizens tend to access different types of benefits compared to UK nationals. While 10% of UK nationals aged 18-69 receive the state pension, less than 0.1% of EU10 citizens are claiming the state pension.²⁷ Similarly, a larger proportion of UK nationals claim unemployment benefits, income support or disability or sickness related benefits than EU10 citizens (and citizens for other countries). UK nationals are also more likely to use social housing (15%) than EU10 citizens (13%).

However, a larger share of EU10 citizens claim tax credits (19%) and child benefit (28%) compared to UK nationals (12% and 18% respectively), the differences between EU10 citizens and EU16 and third country nationals being even larger. There is virtually no difference between UK nationals and EU10 citizens in the take-up of family-related benefits²⁸ or housing benefits and council tax rebate.

²⁷ When the state pension is excluded, we find that a larger share of EU10 citizens are claiming benefits compared to UK nationals. (would there be some space in the report to comment on the monetary value (or public expenditure) for various benefits – to point out e.g. that even if a larger proportion of people among the EU10 receive certain benefits, they are (or are not) as costly in net terms when compared to e.g. pensions?) [IES comment: yes, see addition below]

²⁸ Family-related benefits other than child benefit (See Table A 2 in Appendix 1 for more detail).

Figure 17: Take-up of different types benefits by nationality groups



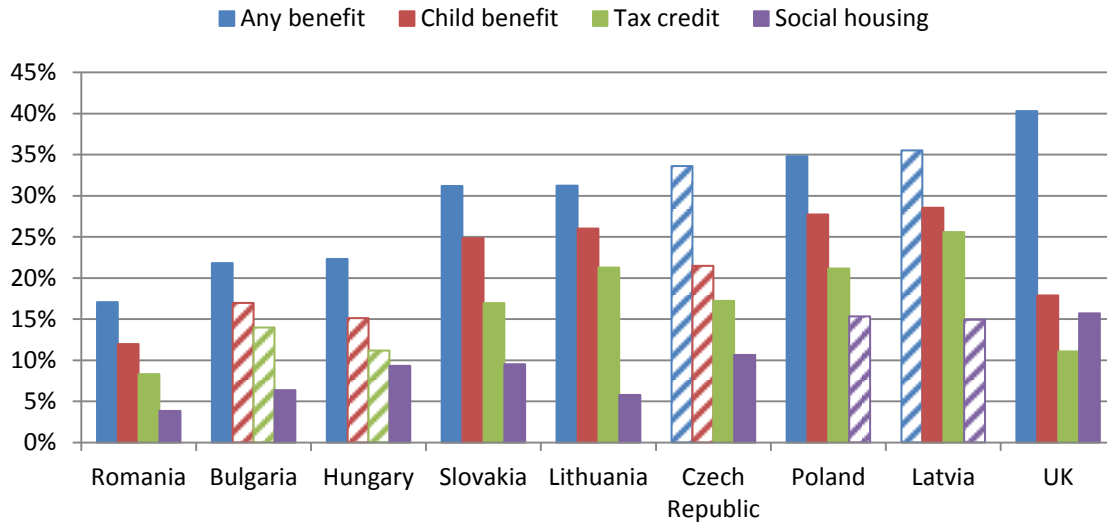
Source: LFS, 2013 Q2.

Note: Population aged 18-69. Weighted estimates. * indicates that the difference between EU10 citizens and UK nationals is significant at least at the 5% level.

With regard to the take up of benefit, EU10 citizens are not a homogenous group²⁹: around 20% of citizens from Bulgaria, Hungary and Romania receive at least one type of benefit while 30-35% of migrants from the other EU10 countries (for which data are available) claim some form of benefits. Similarly, around 10-15% of migrants from Bulgaria, Hungary and Romania claim child benefit, compared to 25-30% of those from Latvia, Lithuania, Poland and Slovakia. It thus appears that a larger share of Polish and Latvian than Bulgarian, Lithuanian and Romanian citizens benefit from social housing.

²⁹ To increase the sample size we pooled LFS data from 2010 to 2013. Estonia and Slovenia are excluded from the analysis because the sample size was below 100.

Figure 18: Take-up of benefits and access to social housing by EU10 citizens, by nationality



Source: LFS, 2010-2013.

Note: Pattern fill indicates that take up is not significantly different from UK nationals

To better understand the relative impact of different type of benefits on UK public finances, it is interesting to consider the breakdown of public expenditure according to type of benefits. Table 1 below shows expenditure data (expressed in UK £bns) derived from UK government sources for the year 2011/2012 for various type of benefits, with the exclusion of social housing.

Table 1: Public expenditure on different type of benefits, £bn, 2011/12

	Expenditure in £bn, 2011/12	%
Unemployment benefits	4.908	2.42
Income support	6.922	3.41
Sickness/disability benefits	32.659	16.12
State pension	82.331	40.64
Family benefits	0.183	0.09
Child benefits	12.222	6.03
Housing benefits	27.218	13.43
Tax credits	29.91	14.76
Other benefits	6.198	3.05
Total	202.551	100

Source: Department for Work and Pension Annual Report, 2011/12; HMRC Annual Report Accounts, 2011/2012

The data show that state pension accounts for over 40% of public expenditure on benefits, whilst child benefits and tax credits – the two forms of benefits most commonly accessed by EU10

citizens – account for only 6% and 14% of annual welfare expenditure respectively. It appears therefore that the benefits claimed by EU10 citizens in greater shares are less costly, in terms of public expenditure, than those most commonly accessed by UK citizens.

Explaining the differences between UK nationals and EU10 citizens

In the following section we examine the factors driving differences between EU10 migrants and UK nationals in the take up of benefits and social housing using econometric techniques.

Accounting for socio-demographic and job characteristics

Approach

As highlighted above, EU10 migrants differ from UK nationals along a number of socio-demographic characteristics, such as age, education, and family composition. They are on average younger, have lower educational attainment and have more dependent children. In addition, they have a higher employment rate and tend to work more in lower skills occupations than UK nationals. These differences are likely to partly explain why EU10 citizens and UK nationals access different types of benefits.

We use regression methods to investigate whether differences in demographic characteristics between EU10 and UK nationals can account for the observed differences in take-up of benefits and social housing. To do so, we run a set of regressions in which the dependent variable is a binary variable indicating whether the individual receives a given type of transfer. Using linear probability models, we regress a set of binary variables indicating whether the individual receives a given type of transfer on a set of socio-demographic characteristics and binary variables referring to the immigration status (for more detail, see Appendix 1). This allows us to measure the difference in the probability of receiving state benefits between EU10 migrants and UK nationals, conditional on individual and household characteristics that are included in the regression model.

Results

Results displayed in Table 2 suggest that some of the differences between EU10 migrants and UK nationals in accessing benefits and social housing are due to the two groups having different socio-demographic characteristics and labour market prospects. The difference in the take-up of benefits goes down from 6 to 4.4 percentage points once socio-demographic characteristics and employment status are controlled for. The difference in the access to state pension is divided by 10 once we account for differences in socio-demographic characteristics (access to the state pension being very strongly determined by age). Similarly, there is no significant difference in the propensity to claim child benefit once we control for marital status and the number of dependent children. Controlling for socio-demographic characteristics also reduces the differential in term of access to tax credits, which is not surprising since eligibility for Child Tax Credit is highly associated with the number of dependent children. Once we add employment status in the control variables, the difference becomes insignificant.

The difference in the take-up of unemployment benefits and income support cannot be attributed to differences in socio-demographic characteristics and employment status between the two groups, as controlling for those factors does not result in reducing the observed differential. The difference in use of social housing is larger once socio-demographic characteristics (and employment status) are controlled for, suggesting that for given individual characteristics the propensity to live in social housing accommodation is lower for EU10 migrants than UK nationals. This could be explained by the fact that getting access to social housing is generally a long process and that demand is in excess of capacity.

Table 2: Estimating differences between EU10 migrants and UK nationals in the take up of benefits

	UK nationals	Difference between EU10 migrants and UK nationals		
		(1)	(2)	(3)
	%			
Unemployment benefits	3.3	-1.2***	-2.7***	-1.2***
Income support	2.8	-2.1***	-3.5***	-2.5***
Disability, sickness	7.2	-6.4***	-6.1***	-3.9***
State pension	10.9	-10.8***	-1***	-.8***
Family rel. benefits	0.2	0.0	-.2*	-.2*
Child benefit	18.2	9.2***	-0.7	0.2
Housing/Council Tax rebate	8.9	1.3	-1.2	0.3
Tax credits	11.5	7.6***	1.3	0.2
Other benefits	1.6	-1.3***	-.7***	-.4**
All types of benefits (excl. State pension)	31.0	2.6*	-7.2***	-3.8***
All types of benefits	39.7	-6***	-7.7***	-4.4***
Social housing	15.3	-2.3**	-8.1***	-9.1***

Source: LFS, 2013 Q2.

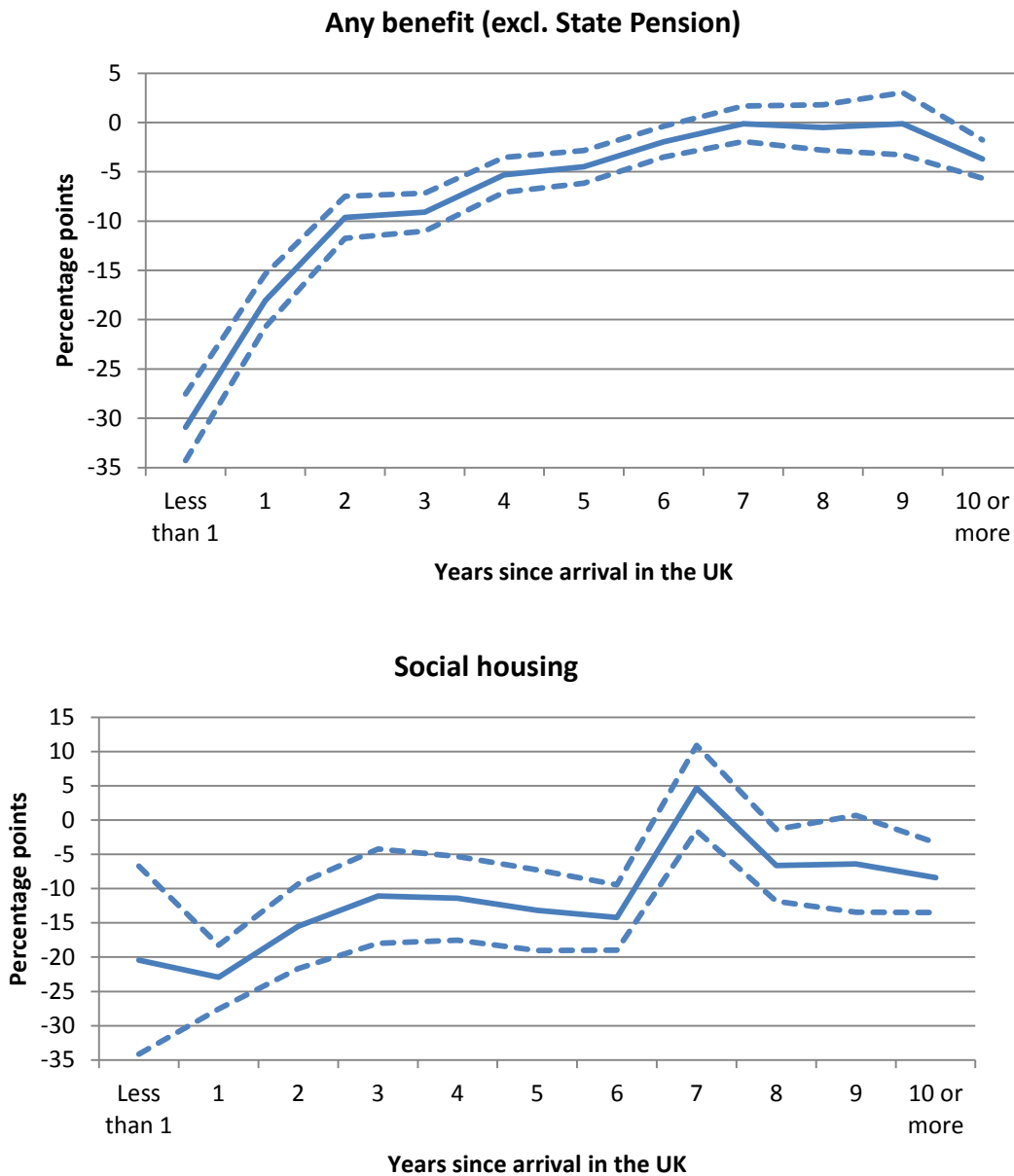
Note: (1) Observed differences (2) OLS model controlling for socio-demographic characteristics (3) OLS model controlling for socio-demographic and employment characteristics. Coefficients are expressed in percentage points. Weighted estimates ***: $p < 0.01$; **: $p < 0.05$; *: $p < 0.1$.

Time since arrival in the UK

To further explore the reason why EU10 migrants' propensity for receiving state transfers differs from the UK nationals, we estimate the same model as in the previous section but include a set of binary variables indicating the time since migration instead of a set of binary variables referring to the migration status. This allows us to examine whether the difference in access to benefits and social housing varies depending on how long EU10 citizens have been living in the UK. We limit the analysis to UK nationals and EU10 migrants.

Figure 18 shows the difference in take-up of benefits and social housing between UK nationals and EU10 migrants as a function of the number of years since EU10 migrants arrived in the UK, controlling for socio-demographic characteristics. Interestingly, the difference in probability of accessing benefits (conditional on socio-demographic characteristics) is found to shrink over time and get closer to 0. After seven years spent in the UK, EU10 migrants have the same propensity to claim benefits as UK nationals. This supports the idea that EU10 migrants are less likely to access benefits than UK nationals because of their lack of awareness of the UK welfare system. Estimates of the difference in access to social housing are less precise but there is some tendency for the difference to shrink over time.

Figure 19: Difference between EU 10 migrants and UK nationals in take-up of benefits and access to social housing, by years since arrival in the UK



Source: LFS, 2013 Q2.

Note: OLS model controlling for socio-demographic characteristics. All types of benefits. Dotted lines refer to 95% confidence intervals.

Dynamics of access to benefits

Results presented above examine whether the share of those receiving benefits and accessing social housing differs between EU10 citizens and UK nationals. In other words, we provide an estimate of the **stock** of EU10 citizens and UK nationals who are accessing benefits and social housing. In this section we use the longitudinal dimension of the LFS to examine the **flows** in and out of benefit take-up, and subsequently the length of time spent receiving specific benefits.

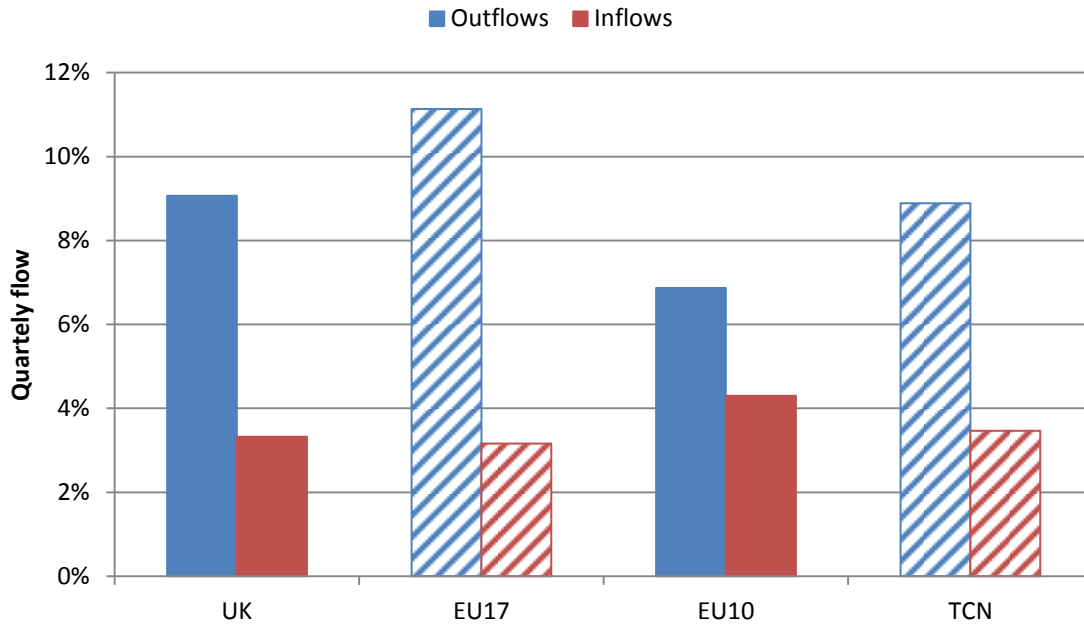
Flows in and out of benefits can shed light on the dynamics of the access to benefits: everything else equal, larger inflows for EU10 citizens than for UK nationals could mean that in the future the gap between the two groups would shrink, provided that flows out of benefit access are not larger for EU10 citizens than for UK nationals, and that there would be increasing pressure on the benefits system resulting from intra-EU mobility of EU10 citizens.

Figure 19 shows the quarterly flows in and out of benefit take up. Around 9% of UK national who are claiming some benefits (other than the state pension) stop receiving benefits in the next quarter, compared to less than 7% of EU10 citizens. This suggests that UK nationals tend to spend less time accessing benefits than EU citizens: UK nationals who claim benefits remain on benefits for on average 33 months compared to 44 months for EU10 citizens.³⁰

In addition, a larger share of EU10 citizens start receiving benefits compared to UK nationals: 4.3% of EU10 citizens who are not receiving benefits in a given quarter start claiming benefits in the next quarter, compared to 3.3% of UK nationals. This may be due to the fact that EU10 citizens who arrived in the UK are not immediately eligible to a number of benefits. In addition, they may not be fully aware of the benefits they are eligible to. Lower outflows and larger inflows imply that the difference between UK nationals and EU10 in take up of benefits is likely to fade away over time. This also suggests that, if flows in and out of benefits remain as of today, the number of EU10 citizens receiving benefits is likely to increase in the next few years.

³⁰ The average length of time spent on benefits can be computed using information on flows, since the average length of time spent in a state is equal to the inverse of the probability of leaving this state.

Figure 20: Flows in and out of receiving benefits by nationality group



Source: LFS two quarters longitudinal datasets, 2012-2013.

Note: Pattern fill indicates that flows are not significantly different from UK nationals at the 5% level.

Access to education and health services

In this section, we derive estimates of the share of public healthcare and education expenditure allocated to different nationality groups following a method used in Glover et al. (2001) and more recently in George et al. (2011). It is worth noting that our estimates are wholly determined by the age distribution of the different groups and rely on the assumption that, at a given age, individuals have the same consumption pattern of public services, regardless of their nationality.

Health

In the following section we derive the public healthcare expenditure generated by EU10 citizens. Since there is no available data on the use of public healthcare by nationality or country of birth we estimate the share of healthcare expenditure that is directed towards different groups of the population by combining the age-profile of these groups with the age-related expenditure profile. The underlying assumption is that, at a given age, EU10 migrants are as likely as UK nationals to use the healthcare system. This method may tend to overestimate or underestimate the healthcare consumption by EU10 migrants as it assumes that they access healthcare under the same 'conditions' as UK nationals, when in reality they may face certain issues that might make it more (or less) likely that they would access healthcare. For example, language barriers might make it less likely that EU10 migrants would access healthcare when compared to UK nationals of the same age.

Healthcare expenditure and age are strongly associated³¹: typically spending is high for young children³², relatively low for older children and adults, and health care expenditure increases steadily after the age of 55-60 and peaks for those aged 85 and over.

Results presented in Table 3 show that £1.9 billion is allocated to EU10 citizens, 1.4% of total public healthcare expenditure. Healthcare expenditure per capita is much lower for EU10 citizens than for UK nationals, since they are on average younger. EU10 migrants account for 2.1% of the UK population but are allocated only 1.4% of public health expenditure.

Table 3: Health expenditure by nationality group

	UK	EU16	EU10	TCNs
£ million	128,754	2,558	1,914	4,218
£ per capita	2,244	2,095	1,487	1,671
% of UK expenditure	93.7	1.9	1.4	3.1
% of UK population	91.9	2.0	2.1	4.0

Source: APS 2012-2013, Department for Health (2011), PESA 2013; own calculations

Education

Using a similar method to above, we use the number of children aged 5 to 16 in each national group to derive the education expenditure that is allocated to each group³³. A total of £1.3 billion is allocated to children whose parents are EU10 citizens³⁴. Since expenditure per pupil is typically lower for younger children and EU10 citizens have on average younger children (see Table A 5 in Appendix 1), spending per child is lower for EU10 children than for UK nationals. Similarly, as EU10 citizens have on average more children than UK nationals, spending per adult is higher for UK nationals than EU10 citizens.

Table 4: Education expenditure by nationality group

	UK	EU16	EU10	TCNs
£ million	60,541	1,481	1,362	3,716
£ per child	5,643	5,397	4,284	4,664
£ per adult	1,736	1,713	1,357	1,845
% of UK expenditure	90.2	2.2	2.0	5.5
% of children living in the UK	88.5	2.3	2.6	6.6

Source: APS 2012-2013, Department for Health (2011), PESA (2013); own calculations.

Note: Children aged 0-15. Adult refer to those aged 18-64.

³¹ See Figure A 1 in Appendix 1.

³² This is not obvious from Figure A 1, since expenditures are computed for children aged 0-4.

³³ Children were categorised in the same nationality group as their parents. Where the two parents in the household belong to different nationality groups, each child was weighted by 0.5.

³⁴ These include all costs associated with education (Teaching and support staff wages, investment and maintenance costs of physical capital.)

Overview of the qualitative research

As described in chapter 1, the UK system of welfare entitlements is income-related and funded through general taxation, as opposed to contributory welfare systems which predominate in the rest of Europe. The UK offers universal access to healthcare for EU citizens who are resident in the UK, as well as free access to full-time primary, secondary and post-secondary state-funded education from the ages of 5 to 18³⁵ and social housing, which is allocated on the basis of need and let to tenants at a weekly rate that is below the market level. EU citizens' access to these services, and particularly welfare entitlements, have been increasingly limited and there is some evidence to show that these restrictions to welfare, along with the recent economic downturn and habitual residency test, are causing hardship among some new EU migrants in need of social assistance (Barrett et al., 2013; stakeholder interviews with migrant support organisations). The economic crisis has restricted low skilled employment opportunities. The sectors which have been most affected by the crisis (construction and services) also attract the highest share of low skilled EU citizens, particularly from the new EU accession states, and recent evidence suggests that migrants have experienced a higher risk of unemployment in the latest economic recession.³⁶ Another effect of the crisis has been salary reductions in those sectors where low skilled EU citizens are more likely to work, such as construction, hotels and catering. Agricultural earnings remained flat between 2009 and 2010 and for workers in manual and unskilled occupations they actually declined.³⁷ Immigration is thought to have put downward pressure on the wages of those at the bottom of the wages distribution, so recent migrants wanting to access work have to downgrade their jobs and skills and earn less than would be appropriate for their level of skill and education.³⁸

This chapter details the qualitative findings from our research and links this, where appropriate to the quantitative findings outlined in the previous chapter. IES conducted a total of 24 interviews across a range of stakeholders from government, providers of UK public services, migrant organisations and other agencies dealing with EU citizens in need of social assistance (see Annex).

Overall, the findings of this chapter support the quantitative data in the preceding chapter, in that EU citizens make little demand on UK public services in comparison to UK citizens and there is a lack of awareness among EU citizens around their legal rights and entitlements to social assistance.

³⁵ Primary education in the UK usually applies to children aged 4 or 5 up to the age of 11. Secondary education applies to children aged 11-16. Post secondary applies to young people aged 16-18 and includes any post secondary education that is not part of higher education (that is, not taken as part of an undergraduate or graduate degree). This can include technical qualifications as well as Higher National Diplomas (HNDs) and A-levels.

³⁶ ONS (2013), Migration Statistics Quarterly Report, February 2013; Wadsworth, J (2012), *Immigration and the UK Labour Market – The latest evidence from economic research*. London: Centre for Economic Performance.

³⁷ Newell, H. (2012), *UK: Evolution of wages during the crisis*, European Foundation for the Improvement of Living and Working Conditions.

³⁸ Dustmann, C. et al. (2013), 'The effect of immigration along the distribution of wages', in *Review of Economic Studies*, 80 (1), pp. 1-29.

EU citizens and public services

Overall, stakeholders were in agreement that EU citizens made relatively little use of public services in the UK, in comparison to UK citizens. This included the take-up of health, education and welfare services and entitlements. However, some stakeholders noted two important qualifications to this. First, in some areas, there is a lack of robust and good-quality data which makes accurate estimates of EU citizens' use of public services difficult to gauge. Second, the impacts on some services, such as education, are very localised in the UK, and areas which have had more experience of immigration and diversity in the past have tended to cope better in response to increasing pressures brought about by increased immigration from new EU accession countries.

Most stakeholders also raised concerns about the current policies to tackle welfare tourism and the widespread public perception of the scale of this problem. Interviewees pointed to the lack of evidence to support the idea of welfare tourism and highlighted three areas of concern with regard to this growing gap between evidence and public perception/policy rhetoric. First, they thought that it would further serve to marginalise and exclude vulnerable EU citizens or those who were destitute. As many EU citizens are not aware of their rights and entitlements, many, like the ones interviewed as part of this study, are forced into destitute circumstances before they find help and support. Second, interviewees thought that this had resulted in little political will or appetite to assist migrants in need of social assistance through, for example, targeted measures to improve their access to particular services. Lastly, they thought that there were limitations to what the voluntary sector, which has traditionally played a strong role in supporting new migrants, could continue to do to help socially excluded EU citizens given the recent austerity measures and spending cuts imposed by the government.

Views on EU citizens' use of welfare services and entitlements

Stakeholders from three UK Government departments all reported a lack of robust data and evidence on EU citizens' use of welfare services and entitlements. This is because the current systems for collecting data on use of welfare entitlements does not record data on nationality, although the system for the new benefit, introduced in October 2013 (Universal Credit), does collect this data.³⁹

As noted in the literature review, the government has recently tightened eligibility requirements for EEA migrants seeking to claim out-of-work benefits. From January 1st 2014 new migrants from EEA countries cannot claim out-of-work benefits for the first three months of their residency and income-related JSA payments to EEA migrants are restricted to six months unless they can prove that they have a 'genuine' chance of finding work (BBC, 2013). For those EEA migrants who claim to have been in work or self-employed, and who wish to access in and out-of-work benefits, the government also introduced a minimum earnings threshold in March 2014

³⁹Following the introduction of the Welfare Reform Act 2012, a new, single, means-tested welfare support (Universal Credit) replaced contribution-based Jobseeker's Allowance in October 2013, and will, at a later stage, replace the income-based Jobseeker's Allowance. Universal credit will also eventually replace Income-related Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit and Housing Benefit. The purpose of Universal Credit is to merge the six main, means-tested benefits and tax credits into a simple monthly payment and to cut costs. Unlike some existing benefits, such as Income Support, that have a 100 per cent withdrawal rate, Universal Credit will be gradually tapered away, as is the case with the existing tax credits and Housing Benefit so that, in theory, people can take a part-time job and still be allowed to keep some of the money they receive.

requiring EEA migrants to demonstrate that they have been earning £150 per week for the past three months (Department for Work and Pensions, 2014a).

EU citizens' access to, and use of welfare services and entitlements

Welfare services and access to social support in the UK are mainly provided through Jobcentre Plus - the UK's working-age, government-operated employment support service. Jobcentre Plus provides employment support and administers working-age benefits and is accessible to EU citizens in the same way as it is to UK citizens.

Stakeholders from government departments highlighted a lack of data on migrants' access to/use of **welfare services** (ie employment support services) in the UK, and virtually no data on the effectiveness of these services in assisting EU citizens in the labour market.⁴⁰ This is because very few active employment support programmes have targeted EU citizens and those that have targeted migrants have focused support on refugees, who arguably have greater needs.⁴¹ However, the same stakeholders conceded that EU citizens' use of Jobcentre Plus services is likely to have increased since the economic downturn, given that unemployment rates for EU citizens have increased in recent years. Although this was based on anecdotal evidence, other stakeholders noted that some EU citizens may need greater employment support because of the disadvantage they face in the labour market, particularly given the recent recession, and the contraction of a number of industries which employ large numbers of EU citizens (for example construction and hospitality). For example, one stakeholder from a London Jobcentre Plus office noted a higher number of new EU mobile citizens accessing their services after a local construction company announced a large number of job losses:

‘We found out the company were laying off large numbers and over the next few weeks, we had more people accessing the Jobcentre – both British workers and migrants from Eastern Europe.’

(Representative from Jobcentre Plus)

However, most of the interviews with mainstream providers of employment support services (Jobcentre Plus and a few providers of the Government's Work Programme⁴²), revealed little evidence of significant numbers of new EU citizens accessing their employment support services. As one Work Programme provider put it:

‘We don't collect data on nationality but I can tell you that I can probably count the number of EU migrants we get coming through to us on one hand.’

Stakeholders from migrant support organisations and the Citizens Advice Bureau (CAB) also highlighted that recent arrivals to the UK or newly unemployed EU citizens are unlikely to be aware of and have access to formal support networks and services, such as trade unions, their local CAB office or local authority support services. Others might struggle to get their

⁴⁰ For example, no information on the country of birth/nationality of participants of welfare-to-work programmes is available.

⁴¹ Marangozov, R. (2014), *Labour market integration of new immigrants in the United Kingdom*, paper for Migration Policy Institute.

⁴² Since 2011, the longer-term unemployed are referred to the Government's Work Programme. The Work Programme replaced a number of previous employment schemes and welfare-to-work initiatives in 2011. The Work Programme contracts employment support services to external providers who assist jobseekers however they see fit.

qualifications recognised in the UK or be less likely to access Jobcentre Plus employment support because they are not eligible for benefits, or because they have never needed to access Jobcentre Plus before. Others still might be particularly vulnerable to labour market exploitation if they lack English language skills or are unaware of their employment rights.

‘One of the most common issues we find among EU migrants is that they are totally unaware of the benefits they can claim in the UK. Because most of them have worked, and came here to work, they have never had to get familiar with the benefits system or what their rights are within it, so by the time they come to us, they are sometimes in pretty dire circumstances. Some have been sleeping rough, in need of food banks and other charitable handouts.’

(Representative of a migrant support organisation)

Jobcentre Plus does provide an interpretation service to facilitate access to their services for those who need English language support (they offer to arrange an interpreter within one working day), and many of the EU citizens who had used this service reported positively on their experiences of using and accessing it. EU citizens stated that they had found it useful and easy to access, even though they had no further use of this service anymore, either because their English language skills had since improved, or because they now brought a friend or relative with them when they had to attend Jobcentre Plus. However, it is unclear how consistently this service is offered to migrants. Two representatives, from a trade union and migrant support organisation respectively, reported that in their experience, Jobcentre Plus did not always provide interpretation facilities in their offices and often did not refer migrants onto English language courses. Lack of access to English language training was highlighted as the biggest barrier to migrants’ awareness of their rights and entitlements. Similar views were echoed by a representative from CAB.

However, because most new EU mobile citizens are in work and not claiming out-of-work benefits, many social partners and migrant support organisations reported a significant demand for ‘in work’ support. For example, one trade union representative said that their most common issues among migrant workers was often how to challenge an employer and what services could assist them in this challenge. Similarly, a representative from a migrant support organisation reported that one of the most common queries they encounter from new EU mobile citizens is around how to enforce their employment rights, particularly around non payment of wages. There is a Pay and Work Rights Helpline that is run by the government, as well as several other sources of information and guidance, such as the worksmart website run by the Trade Union Congress,⁴³ Advice UK, the employment Tribunal Service and the website of the Department for Business, Innovation and Skills. However, awareness of these resources among EU citizens is often lacking, as many stakeholders pointed out. Trade unions have played a valuable role in raising awareness of migrants’ employment rights and providing support services for vulnerable migrants at risk of exploitation. Importantly, nearly all of these projects have been run at the regional and local level, often in rural areas where there are high concentrations of EU migrant workers. Although some trade unions in the UK have provided advice to EU citizens, campaigned for their rights in the labour market and even successfully engaged many in English language classes, much of this

⁴³ <http://www.worksmart.org.uk/>

activity has been small scale, uncoordinated and short term.⁴⁴ In addition, one trade union representative described wider problems in engaging EU citizens in trade union activity:

‘There is the wider issue of declining membership among trade unions which makes it difficult to engage migrant workers and some sectors and employers of migrant workers are non-unionised and largely unregulated. In addition, we sometimes have issues gaining migrants’ trust.’

With regard to EU citizens’ use of **welfare entitlements**, stakeholders from Government departments had a little more evidence on this, although much of it is already in the public domain in the form of published research. Initial evidence cited by stakeholders shows that welfare claims by EU8 accession nationals were higher immediately following the financial crisis in 2009 than in previous years.⁴⁵ This is likely to be because some migrant groups, in sectors that were worse hit by the recession, had faced salary reduction and job loss.⁴⁶ In spite of this immediate post-recession increase, it is clear that since the accession of EU8 countries in 2004, migrants from these areas have been significantly less likely to claim social assistance than UK citizens. Stakeholders from all government departments pointed to recent evidence to indicate this. Dustmann et al., found that the proportional difference in claims for state benefits and tax credits between the two groups from 2004-2008 stood at 59%. Even after controlling for the fact that the initial influx of EU8 migrants were on average younger, better educated and had fewer children than UK nationals, welfare receipts still remain lower among this cohort than the British-born population.⁴⁷ Stakeholders also pointed to recent DWP estimates on EU citizens’ use of welfare entitlements, which were based on the nationality of people claiming working-age benefits in 2011, at the point at which they first applied for a National Insurance Number (NINo)⁴⁸ on entry to the UK.⁴⁹ It shows that:

- Of the 1,438,700 people claiming Jobseekers Allowance in February 2011, 25,000 (1.7%) were identified as non-accession EU citizens when they applied for a national insurance number, and 12,840 (0.9%) were accession nationals at that point.⁵⁰

⁴⁴ Connolly, H., Lucio, M., and Marino, S. (2013), *Trade Unions and Migration in the United Kingdom: Equality and Migrant Worker Engagement without Collective Rights*. University of Manchester: Manchester Business School.

⁴⁵ Drinkwater, S. and Robinson, C. (2011), *Welfare Participation by Immigrants in the UK*, Discussion Paper Series, Bonn: Institute for the Study of Labor.

⁴⁶ View from our interviews with migrant support organisations and charities which have supported destitute EU citizens. Also see McCollum, D. and Findlay, A. (2011), *Trends in A8 migration to the UK during the recession*, London: Office for National Statistics.

⁴⁷ Dustmann, C., Frattini, T. and Halls, C. (2010), 'Assessing the Fiscal Costs and Benefits of A8 Migration to the UK', *Fiscal Studies*, 31 (1), pp. 1-41.

⁴⁸ A National Insurance Number is used in the UK in the administration of the social security system and also for some tax purposes. People born abroad who wish to work in the UK can apply for a number through the Department for Work and Pensions.

⁴⁹ DWP (2012), *Nationality at Point of National Insurance Number Registration of DWP benefit claimants: 2011 working age benefits*.
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/196677/nat_nino_regs.pdf

⁵⁰ Accession nationals are defined in these estimates as EU10 nationals plus nationals from Malta and Cyprus.

- Of the 2,578,700 people claiming Employment Support Allowance (ESA) in February 2011, 23,460 (0.9%) were non-accession EU citizens at the point of applying for a NINo and 8,820 (0.3%) were accession nationals.
- Of the 406,300 people claiming Disability Living Allowance (DLA) in February 2011, an estimated 2,430 (0.6%) were identified as non-accession EU citizens at the point at which they applied for their NINo and 1,660 (0.4%) were accession nationals at the same point.

Stakeholders pointed out limitations to this data in that they only provide an estimate of the number of people currently claiming benefit who, when they first registered for a NINo (that is, first entered the labour market), were non-UK nationals (so, some of these people counted as non-UK nationals may have subsequently acquired UK citizenship). There is also no trend data on the nationality of claimants, the success rate of benefit claims, and type of allowance received (contributory versus non-contributory), making it difficult to see how this has changed over time. Nevertheless, stakeholders referred to this as one of the few available estimates on EU citizens' use of welfare entitlements, and one which shows relatively low take-up of welfare entitlements in comparison to other groups.

Stakeholders stated that low use of welfare entitlements is likely to be down to EU citizens' relatively strong foothold in the UK labour market and the fact that the vast majority come to work, are younger and possess comparatively better levels of education than UK nationals. A relatively low use of welfare entitlements could explain the low levels of awareness about welfare entitlements among EU Citizens. As one stakeholder from Jobcentre Plus put it:

'I think one of the reasons we see relatively few Eastern European migrants in here is because most of them are in work and so have no need for our services. Often the ones that do come to us have only found out about us through family or friends or other support organisations and have very little idea as to what they're entitled to or how the system works.'

(Representative from Jobcentre Plus)

Qualitative interviews with EU citizens themselves, who were all accessing Jobcentre Plus support and welfare entitlements at the time of interview, seem to support this. All interviewees stated that they had never known about Jobcentre Plus services or how to access benefit entitlements until they had lost their jobs (all had previously worked in the UK), or found themselves in need of social assistance, such as housing. When they did find out about Jobcentre Plus and their rights to welfare entitlements, it had been through charitable/not-for-profit organisations who had supported them in some way (organisations such as homeless shelters, the Citizens Advice Bureau⁵¹ or migrant support organisations).

'I was only able to fill out the Jobcentre forms because someone at the [named homeless shelter] helped me and explained it to me.'

(Unemployed Lithuanian citizen)

⁵¹ The Citizens Advice Bureau (CAB) is a network of independent charities throughout the UK that gives free, confidential information and advice to help people with their money, legal, consumer and other problems.

'Before I was living in a squat until my friend told me about [named migrant support organisation]. They had helped him to find temporary accommodation and so I went there.'

(Unemployed Polish citizen)

Stakeholders among migrant support organisations also noted a lack of knowledge and understanding of access to welfare entitlements among EU citizens, as well as of their EU law right to access such benefits. This is particularly relevant in the UK, where the government has introduced right to reside or habitual residence conditions which are possibly unlawful (see chapter 1). Some stakeholders argued that this lack of awareness, along with such actions by the UK government, result in the rights of EU citizens not being enforced or safeguarded with regards to access to welfare entitlements.

This is a worrying development because according to some evidence, the unemployment rate among EU citizens rose from 5.0% in 2008 to 7.4% in 2012, and so potentially more EU citizens are likely to be in need of advice and guidance around social assistance.⁵² One stakeholder also noted that in her experience of working with Jobcentre Plus to help EU citizens to access welfare entitlements, there is often confusion amongst Jobcentre Plus advisers themselves as to the eligibility criteria, and in particular, around the habitual residence conditions.⁵³

EU citizens' access to, and use of social housing

An interview with a representative from the Department for Communities and Local Government (the government department responsible for housing) and one from a housing department in a London local authority revealed that most social tenants are UK-born and tenants from the EU only form a small proportion of the total social housing tenant population. This figure is even lower, when considering social tenants from the EU's new accession states – some estimates put it as low as just 0.5%.⁵⁴ A representative from one local authority housing department confirmed this when she reported that:

'Our social housing policy is primarily based on the level of need, amongst other things, and the communities which we find are most in need are not usually from Eastern Europe. However, the public perception is often different; because we don't have enough social housing to meet demand, they [Eastern European migrants] become an easy target to blame.'

(Representative from a local authority housing department)

⁵² ICF GHK (2014), *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*. Report prepared for the EU.

⁵³ See also evidence from Sibley (2013) which cites confusion among some Jobcentre Plus staff around habitual residence conditions and the eligibility criteria for accessing welfare entitlements.

⁵⁴ Equality and Human Rights Commission (EHRC) (2009), *Social Housing Allocation and immigrant communities*, Manchester: EHRC.
http://www.equalityhumanrights.com/sites/default/files/documents/4_social_housing_allocation_and_immigrant_communities.pdf

The same interviewee also highlighted that foreign-born individuals⁵⁵ tend to have roughly similar levels of participation in social housing as UK nationals: around 17% of UK-born individuals and 18% of foreign-born individuals were living in social housing in 2011.⁵⁶ However, many of these ‘foreign-born’ social tenants come from ethnic minority groups who have been in the UK for many years and who are now naturalised as UK citizens, and so cannot be counted as ‘migrant’ households.⁵⁷ Dustmann et al. found that for EU8 migrants, rates of participation were nearly half that of the UK-born population.⁵⁸ However, as a few of our interviewees highlighted, this might change as citizens from the EU’s new accession states become more settled in the UK, and some research has indicated that significant proportions of EU8 migrants have future preferences to live in socially rented accommodation.⁵⁹

Only a small number of EU citizens who we interviewed were in, or had been in social housing, but overall, they had had positive experiences of social housing. All had waited a long time (over two years) to access social housing but seemed to accept that this was what they had expected and knew to be a ‘common’ experience among all who apply for social housing. However, their positive experience is likely to be heavily influenced by their experience of housing prior to becoming a social tenant (one migrant was living in a squat; another was in crowded, temporary accommodation run by her local authority; and another was in social housing that was now unsuitable for him given his recent illness which had left him with unable to climb stairs). Again, none of these migrants expected to be social tenants when they first arrived in the UK, but changes in their circumstances (homelessness, loss of job and disability) left them in need for social housing.

‘My Council place is OK. I have good neighbours and the area is good. Compared to the place I was in before, I am more settled now and my daughter is now in a better environment.’

EU citizens’ access to, and use of the National Health Service (NHS)

Stakeholder interviews yielded little information on EU citizens’ access to and use of the NHS. The main reason for this is likely to be the low demand for health services among EU citizens, who are younger than the UK-born population.⁶⁰ For example, interviewees from migrant support organisations reported that they rarely get requests for advice or help from EU citizens regarding access and use of health services in the UK because so few have need for such services, and

⁵⁵ This refers to all individuals born abroad and not just new EU mobile citizens.

⁵⁶ Vargas-Silva, C. (2013), *Migrants and Housing in the UK: Experiences and Impacts*, Oxford: Migration Observatory.
<http://www.migrationobservatory.ox.ac.uk/briefings/migrants-and-housing-uk-experiences-and-impacts>.

⁵⁷ Hills (2007) estimates that over a quarter of black and minority ethnic groups in the UK are in social housing. Hills, J (2007), *Ends and means: the Future Roles of Social housing in England*, CASE report 34, Centre for Analysis of Social Exclusion, London School of Economics, London.

⁵⁸ Dustmann, C., Frattini, T. and Halls, C. (2010), ‘Assessing the Fiscal Costs and Benefits of A8 Migration to the UK’, *Fiscal Studies*, 31 (1), pp. 1-41.

⁵⁹ Rolfe, H., Fic, T., Lalani, M., Roman, M., Prohaska, M. and Doudeva, L. (2013), *Potential impacts on the UK of future migration from Bulgaria and Romania*, London: National Institute of Economic and Social Research.

⁶⁰ Audit Commission (2007), *Crossing Border: Responding to the local challenges of migrant workers*, London: Audit Commission.

overall, most of the EU citizens we interviewed reported very little use of NHS services. One migrant interviewee said:

'I didn't even register with my GP [General Practitioner] until about five years after I arrived in the UK, and even then, it was only because I had to register, because I was pregnant.'

Of those that had accessed NHS services, only one interviewee had a need for interpretation and always took a friend along with him to assist with this instead of drawing upon NHS interpretation services.

However, another reason for the relatively little information on EU citizens' use of NHS services is because there is very little data in the UK on migrants' use of health services and of their health outcomes. Much of the evidence on access to health services is based on ethnicity and does not sufficiently take into account the country of birth, date of arrival and nationality of people who were not born in the UK.⁶¹ Moreover, as one stakeholder mentioned, there is very little incentive to measure EU citizens' use of health services since they are not major consumers of this service and since they can access this service on almost the same terms as UK-born citizens.

EU citizens' access to, and use of education services

Although EU citizens tend to have more dependent children than UK-born citizens, and therefore potentially make more use of compulsory education, stakeholders reported mixed views on their use of, and impacts on compulsory education services in the UK.

Some service providers noted that in their experience, EU citizens were largely young and without dependent children and so were unlikely to make use of compulsory education services. On the other hand, some stakeholders noted that, of those that did arrive with their families, their use of education services could be greater, particularly if they decided to settle in the UK for the longer-term.

In terms of impacts, stakeholders reported that the main additional demands placed on schools by EU immigration to the UK are for help with language. Demand for this kind of help appears to be increasing. In January 2012, 17.5% and 12.9% of children in state-funded primary schools and secondary schools respectively, in England, were known or believed to have a first language other than English⁶², compared with 10.0% and 8.6% respectively in January 2002.⁶³ However, some stakeholders stopped short of suggesting that the presence of significant numbers of non-English speaking children necessarily put pressure on schools and local educational authorities, resulting in reduced performance for all children, including native English speakers. These stakeholders pointed to statistical data on attainment, and recent research, suggesting that migration has, if anything, a positive effect on school and pupil performance, stating that in many cases, the performance of schools with higher proportions of pupils with English as an additional language, who include migrants and children of migrants, will be better than schools with equivalent levels of disadvantage. One deputy head teacher from a school in the East of England – a region which has seen a large number of migrants from new EU member states – reported pride in the fact that

⁶¹ Jayaweera, H. (2010), *Health and access to healthcare of migrants in the UK*, Better Health Briefing 19. A Race Equality Foundation Briefing Paper.

⁶² Department for Education (2012), *Schools, pupils and their characteristics*. London: Department for Education.

⁶³ Department for Education and Skills (2002), *Statistics of Education: Schools in England*. London: Department for Education and Skills.

increased diversity in the population of the school has led to better community relations and language skills among his pupils:

'It wasn't easy at first, I'll admit. We're a small, predominantly White British community and that's how it's always been since I've been here. But with the influx of Eastern Europeans, there have also been greater opportunities for children and local families to learn about other cultures and now many of the children leave here bi- or even tri-lingual.'

(Deputy head teacher, primary school, East of England) However, one stakeholder highlighted the potential issue of pupil turnover or churn in some schools, which can cause class disruption and difficulties in tracking the educational progress of children. This issue is associated with more mobile types of EU citizens, such as low skilled workers from the new EU accession countries. This was acknowledged to be more of an issue in areas with relatively little prior experience of immigration or diversity, such as rural locations, and less of an issue among inner-city schools that seemed to be more experienced in dealing with this issue.

'I know of specific pressures in [two named rural locations] where a few schools have been struggling to deal with a more mobile population of EU migrants and therefore more churn in the schools. Children starting mid-term or leaving the school because their parents are now moving out of the area creates more work for the school.'

(Representative from a local authority in a rural area)

From this evidence, it is possible to conclude that EU citizens' use of compulsory education in the UK is highly context dependent. It is dependent on whether they have dependent children, whether those children are old enough to make use of compulsory education (ie 5+ years of age), and whether they decide to settle in the UK longer-term. It is also possible to conclude from this evidence that the impacts of EU citizens' use of compulsory education are highly localised and more pronounced in rural areas which have little experience of dealing with population change and diversity.

Views on the budgetary impacts of EU citizens' use of public services

As the previous sections have highlighted, there is limited data on the use, and therefore the expenditure of public services granted to EU migrants residing in the UK. For example, the Department for Work and Pensions (responsible for welfare entitlements and Jobcentre Plus services) stated that data on nationality is not routinely published, as the source systems use to capture and process benefit claims typically do not include a nationality marker. Hence the department could not provide any details on the budgetary impacts of EU citizens' use of welfare entitlements. The Department went on to explain:

'For contributory benefits, nationality is not a qualifying factor, as eligibility is determined by the National Insurance contributions that the claimant has made. For other income related benefits where residency conditions apply and the claimant must be lawfully resident in the UK, nationality is a factor. Once residency has been determined, nationality is not required for further processing and is therefore not routinely held on DWP computer systems. Therefore full information on nationality is not available and the information we do hold is not readily available from datasets available for analysis.'

(Department for Work and Pensions November 2013))

With regards to Jobcentre Plus services, stakeholders thought that there was some evidence to show that citizens from new EU accession countries were significantly more likely than the UK-born (or other migrants) to have found their current employment through a Jobcentre. The evidence they cite suggests that this reflects the success of Jobcentres in matching these migrants with low skilled job vacancies in sectors with a strong demand for labour, including agriculture and construction.⁶⁴ However, this evidence pre-dates the economic downturn, after which stakeholders speculated that greater numbers of EU citizens might have sought out employment support from Jobcentre Plus. This evidence also pre-dates May 2011, and January 2014, after which EU8 and EU2 nationals respectively were able to access welfare benefits in the UK on the same terms as other EU nationals. Stakeholders speculated that this could also have led to increased use of Jobcentre Plus services. Again, however, stakeholder views on this were speculative and anecdotal in nature due to the absence of any data or more robust evidence showing the use, and subsequent budgetary impacts of EU citizens' use of welfare services and entitlements.

Stakeholders reported that they could not estimate the budgetary impact of EU citizens' use of health, social housing and education services given the lack of data in this area, and the fact that EU citizens did not appear to be intensive users of these services in the UK.

Views on the impact of budgetary cuts on EU citizens

Given the absence of robust data on the impacts that EU citizens have on the budgets of public services in the UK, most stakeholders reported that it was difficult to accurately gauge the impact that budgetary cuts would have on this group. However, as the health and education budgets are protected from public sector cuts (see chapter 1), stakeholders pointed out that any negative impacts on EU citizens would be negligible. With regard to social housing, which has been affected by recent public sector cuts, stakeholders were not sure about whether this would substantially impact upon EU citizens, since relatively few were social tenants. One interviewee from a housing department in a London local authority stated:

'The proportion of our social tenants who are EU citizens is pretty small, compared to the UK-born residents in this area, and other groups in need,

⁶⁴ Cangiano, A. (2008), *Employment support services and migrant integration in the UK labour market*, Hamburg Institute of International Economics (HWWI), policy paper, No. 3-7. Hamburg: HWWI. Cangiano's findings are based on Labour Force Survey Data from 2007 when demand for labour in both agriculture and construction were strong.

such as refugees, so I'd imagine the cuts would affect them less than these other groups of social tenants.'

(Representative from a local authority housing department)

Stakeholders from migrant organisations pointed to some evidence to show that over the past three years, the various welfare spending reductions, including tax credit and child benefit, have had a negative impact on EU citizens. Although most EU citizens do not claim benefits, reducing the impact of these early public spending decisions, stakeholders reported that EU10 migrants, along with African and Pakistani/Bangladeshi migrants are overrepresented among recipients of tax credits and child benefit, and so are feeling the pain of reductions in these two areas slightly more.⁶⁵ Stakeholders reported that cutting these 'in-work' benefits, which are aimed at those in low-paid work, means that EU citizens in low-paid work have less financial flexibility to undertake training, pay for ESOL classes, or cover the costs of any additional childcare they might need.

However, there was one public funding cut which all stakeholders pointed to as having a significant effect on all migrants, including EU citizens, and that was the recent cuts to English for Speakers of Other Languages (ESOL) provision. Although ESOL provision is technically not a public service, it used to be heavily funded by the government. However, since 2007, this has changed, with individuals and employers being expected to shoulder some of the cost of ESOL classes. In 2011, the Coalition government made further cuts to ESOL provision and specifically, implemented three changes to ESOL provision that would hit migrants in low-paid, low skilled work particularly hard. First, the government ended funding for ESOL in the workplace, saying that 'public funds should not be substituted for employer investment in this way'.⁶⁶ Second, the government further restricted free ESOL provision to those on just two benefits - Jobseekers Allowance (JSA), Employment and Support Allowance (ESA) – and to those who could declare that they are looking for work. Both of these changes diminished opportunities for migrants in low-paid, low skilled work to progress in the workplace through restricting access to workplace ESOL and to concessionary rates for ESOL classes. Third, the government withdrew the Discretionary Learner Support Fund, over 50% of which had been used to support low-paid migrant workers in three consecutive years, from 2007 to 2010.⁶⁷

Stakeholders highlighted that these cuts were likely to have a disproportionate impact on EU citizens from the new EU accession states. According to the government's ESOL Equality Impact Assessment, published in July 2011, funding changes are likely to have a serious impact on EU12 nationals who are high users of the service but will not fulfil the criteria for funding support.⁶⁸ Although the figures in the Assessment do not break down by country of birth or nationality, the figures for ethnicity reveal that 43,600 ESOL learners in 2009/10 were 'White-other' compared to 46,100 of all other ESOL learners - a figure which the Assessment states can be explained by

⁶⁵ See also Demetrios, G. Papademetriou et al. (2010), *Migration and Immigrants Two Years after the Financial Collapse: Where do we stand?* Washington: Migration Policy Institute.

⁶⁶ Skills Funding Agency (2010), *Guidance Note 6*.
http://readingroom.skillsfundingagency.bis.gov.uk/sfa/skills_funding_agency_-_guidance_note_6_final_-_14_december_2010.pdf

⁶⁷ Department for Business, Innovation and Skills (BIS) (2011), *English for Speakers of Other Languages (ESOL) Equality Impact Assessment*, London: BIS.

⁶⁸ NIACE (2011), *Policy update: The Impact on English for Speakers of Other Languages (ESOL) learners of the funding and eligibility changes*, Leicester: NIACE.

EU10 migration to the UK.⁶⁹ The Assessment also showed that, since language is critical to occupational mobility, obstacles to language learning might contribute to migrants becoming trapped in low skilled work. A recent study found that despite relatively high levels of qualifications and technical skills, many migrants became stuck in low skilled work because they lacked the opportunities to improve their English language skills, particularly in jobs with a high concentration of migrants.⁷⁰

In spite of the strong demand for ESOL provision among citizens from the new EU accession states, stakeholders noted that the requirement to invest their own financial resources into learning English is likely to present a significant barrier to their progression in the labour market. These citizens are heavily concentrated in low-paid and low skilled work and may not have the funds and/or inclination to invest in skills development.⁷¹ For those EU citizens who are out of work and/or on benefits, and so who are eligible for free ESOL provision, there is evidence that gaps in ESOL provision exist in many areas, particularly with regard to pre-entry (or basic level) ESOL classes.⁷²

Examples of how public services have adapted to meet the needs of EU citizens

A number of local authorities and public services have adapted to cope with large numbers of EU citizens arriving in their areas, particularly from Central and Eastern Europe. For example, with regards to schools, some local authorities such as Bristol and Slough established assessment and support centres to identify the needs of new migrant children. In North Yorkshire, schools appointed bilingual teaching assistants in three parts of the County which had seen the highest numbers of arrivals from Eastern Europe.⁷³ In terms of housing, some local authorities have adopted strategies to improve the local information base for estimating population and housing need – for example the work of the West Cornwall Migrant Workers Action Group (MIGWAG). These often include protocols for information sharing amongst the key public agencies. Regarding health services, some local areas have hired specialist health workers to offer drop-in advice sessions for EU citizens, while some others have run one-off events with local health professionals and EU citizens to identify particular health needs within specific communities. It should be noted, however, that much of these activities were funded by the Migration Impacts Fund, set up in 2009 by the government, to help local areas integrate migrants into the local community. This Fund was scrapped in 2010, so a lot of these activities will have subsequently ceased.

⁶⁹ BIS (2011), *English for Speakers of Other Languages (ESOL) Equality Impact Assessment*, London: BIS.

⁷⁰ Green, A et al. (2013a), *Determinants of the composition of the workforce in low-skilled sectors of the UK economy*, Warwick: Institute for Employment Research.

⁷¹ Ibid.; Green, A (2013), *Immigrant workers and the workforce development system in the United Kingdom*, Washington: Migration Policy Institute; Greater London Authority (GLA) (2013), *Learning English in Low Paid and Low Skilled Work in London*, London: GLA.

https://www.london.gov.uk/sites/default/files/Low%20paid%20work%20and%20learning%20English%20%20Final%20report_0.pdf

⁷² Oakley et al. (2013), *Employment, Partnership and Skills*, BIS Research Paper 107. London: BIS, p. 12.

⁷³ Yorkshire and Humber Regional Migration Partnership (2010), *Migration Impacts Fund in Yorkshire and Humber. What we did, and what we learned*. Available at http://www.migrationyorkshire.org.uk/userfiles/file/aboutus/mif_yorkshireandhumber_finalreport_2010.pdf

Aside from public services, there are a few voluntary organisations and public sector initiatives that have been set up to raise awareness among EU citizens about their rights and entitlements to welfare support. For example, the West of Scotland Regional Equality Council run a Good Community Relations Project which aims to improve the understanding among Central and Eastern European migrants of their rights and responsibilities in a variety of settings.⁷⁴ Another example is the East European Advice Centre (EEAC) aims to help socially and economically disadvantaged people of East European origin in their efforts to settle in the UK. EEAC does this by providing free and impartial information and advice and by promoting and enhancing their social welfare. The Citizens Advice Bureau (CAB) – a national charity available to all – also offers important advice and support to EU citizens.

⁷⁴ See <http://www.wsrec.co.uk/index.php/projects/good-community-relations-project-central-and-eastern-european-migrant-support>

Conclusions and recommendations

The evidence presented in this report shows that EU citizens are not intensive users of UK public services, and that of the minority who do access welfare entitlements and social assistance, this is because of an unforeseen change of circumstances (poor health, loss of job etc.) and not because they want to exploit UK public services.

Indeed, the majority of our stakeholders highlighted the growing gap in the UK between the evidence, which largely points to EU citizens as being infrequent users of public services, and the widespread public perception of, and political rhetoric around ‘welfare tourism’ among EU citizens. One stakeholder from a migrant support organisation highlighted his concerns in the following way:

‘There doesn’t appear to be a shortage of recent evidence to discount the theory of ‘welfare tourism’ and yet, open a tabloid and you’ve almost got daily scaremongering stories about migrant “scroungers”. What’s really worrying is that this is the widespread view amongst the public.’

Stakeholders highlighted recent evidence from the European Commission⁷⁵, which discounts the idea of welfare tourism as well as recent evidence from University College London (UCL), made a positive contribution to the UK fiscal system. In 2008/09, EU8 citizens were found to have paid 37% more in direct or indirect taxes than was spent on public goods and services which they received, therefore proving them to be net contributors to the public finances, having a higher rate of labour market participation and making less use of benefits and public services.⁷⁶ One stakeholder also cited a recent OECD report which also found that they make a net contribution of 1.02% of GDP or £16.3 billion to the UK, since they are younger and more economically active than the general population.⁷⁷ Even the UK government department, DWP, has acknowledged that there is no evidence to support welfare tourism.⁷⁸ One stakeholder referred to a ‘well-established’ body of evidence now showing that EU citizens primarily come to the UK to work and all the EU citizens interviewed as part of this research had all been working for many years before they had to seek social assistance.

Stakeholders noted three important areas for concern regarding this gap between evidence and public perception/political rhetoric. First, they thought that it would **further serve to marginalise and exclude vulnerable EU citizens** or those who were destitute. As many EU citizens are not aware of their rights and entitlements, many, like the ones interviewed as part of this study, are forced into destitute circumstances before they find help and support. One EU citizen we interviewed had been living in rat-infested temporary accommodation with her small baby for nine months before becoming aware of support from the Council to move her to more permanent social housing. This lack of awareness about rights and entitlements to social assistance is despite

⁷⁵ ICF GHK (2014), *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*, Report prepared for the EU.

⁷⁶ UCL CReAM press release (2013), *The benefit of migration – new evidence of the fiscal costs and benefits of migration to the UK from Central and Eastern Europe*.
http://www.cream-migration.org/files/Press_release_A8fiscalimpact.pdf

⁷⁷ OECD (2013), *International Migration Outlook 2013*.
<http://www.oecd.org/els/mig/imo2013.htm>

⁷⁸ When asked by Channel 4’s ‘Factcheck’ for estimates of how big the problem of benefit tourism is, the DWP stated that there was no information available.

the fact that most EU citizens have worked and paid taxes before becoming unemployed. Indeed, until 2012, EU8 migrants had to be working for 12 months before claiming JSA and for Romanians and Bulgarians, this was the case until 2014. Stakeholders thought that the situation of vulnerable EU citizens would only worsen with recent moves the Government had made to restrict access to welfare entitlements by EU citizens.⁷⁹ Migrant support organisations, in particular, noted an increase in the number of new EU mobile citizens coming to them with queries about the new restrictions and about proving their eligibility for Jobseekers Allowance.

Second, stakeholders noted that there is **little political will or appetite to address these widespread misperceptions, or to raise awareness among EU citizens of their rights and entitlements, or to introduce more targeted measures** that would support the most socially excluded EU citizens, including those in vulnerable or destitute circumstances. Despite the widespread perception that the UK is a ‘soft touch’ on welfare entitlements, a few stakeholders pointed to the fact there are actually quite high refusal rates of EU8 nationals claiming benefits. Some data from 2006 suggest that overall, less than ten benefit applications from EU8 citizens per month were successful.⁸⁰

The third area of concern among stakeholders was that the voluntary and charitable sector, which currently plays an important role – some stakeholders argued the *only* role – in supporting migrants to access social assistance in the UK, is already stretched and under pressure in the current environment of austerity and public sector cuts. Many felt that there was a limit as to **how much the voluntary sector could support EU citizens in need of social assistance** given the current spending cuts. There have been significant cuts to advice services, core support, and training programmes directly benefitting EU citizens. As a result, the voluntary sector, which has traditionally played an important role in supporting migrants and which has also been affected by the recession and associated austerity measures, has seen increased demand for its services. Moreover, some of these support services are often short-term solutions (for example, charitable food banks and temporary housing shelters for the homeless), or are unable to provide direct support to migrants – support such as English language training, interpretation services or advice on employment rights. Instead, many of these support organisations only have the resources to raise awareness among EU migrant communities as to where they can seek further help, advice and support. In a few cases, these organisations might have an outreach or advice worker who can offer help to fill in forms, make phone calls, or offer advice but very few are resourced to provide direct help to EU citizens.⁸¹

Finally, many stakeholders noted how important English language skills are to almost all aspects of EU citizens’ life – from access to employment rights and advice to being aware about the social assistance available to them, and having the confidence to access it.

⁷⁹ The government introduced new measures on January 1st 2014 that prevent new migrants from EEA countries claiming out-of-work benefits for the first three months of their residency and stop income-related JSA payments to EEA migrants after six months unless they can prove that they have a ‘genuine’ chance of finding work. For those EEA migrants who claim to have been in work or self-employed, and who wish to access in and out-of-work benefits, the government introduced a minimum earnings threshold in March 2014 which meant they have to demonstrate that they have been earning £150 per week for the past three months. In addition, since April 1st 2014, EEA migrants have been unable to claim Housing Benefit unless they are in work.

⁸⁰ DWP (2009), Working Paper No.29, *The impact of free movement of workers from Central and Eastern Europe on the UK labour market*

Available at: http://cream-migration.org/files/Working_paper_291.pdf.

⁸¹ For example, see the Migrant Rights Network (MRN) website:

<http://www.migrantsrights.org.uk/about/advice-services>

Recommendations

Based on the findings of our research, we make the following recommendations which apply to the UK Government, employers of EU citizens in the UK and providers of UK public services.

1. The Government should collect and publish data on nationality and consider including migration variables in the collection of data around use of NHS services, education and social housing. This should also include collecting data on nationality and residence in relation to all benefit claimants and on whether their claims were successful or not. This would substantially improve the quality of the available data on migrants' use of public services, including data on how many migrants are refused social assistance on the basis of the habitual residence test. It would also improve the way in which current local authority public spending is allocated by central government, because it would more accurately reflect the concentration of EU citizens in some areas.⁸²
2. Jobcentre Plus and employers of EU citizens in the UK should be encouraged to raise awareness of EU citizens' rights and entitlements to social assistance among those EU citizens that they come into contact with, or who work for them. For example, in instances of redundancy or job termination, employers could inform EU citizens as to where they can seek advice, information and guidance around social assistance. Similarly, Jobcentre Plus, could train staff as to the legal rights and entitlements of EU citizens to facilitate EU citizens' access to social assistance at their time of need, and particularly in the light of recent restrictions to benefits and changes to the eligibility criteria. This would prevent instances of destitution, social exclusion and marginalisation amongst the most vulnerable EU citizens and facilitate better access to the support that they may be entitled to.
3. Given the fact that most EU citizens are in work and the evidence presented here to suggest that some might be in need of greater in-work advice and guidance around their employment rights, Jobcentre Plus and other public services should do more to raise awareness of EU citizens' employment rights, or to signpost EU citizens to existing sources of information and guidance. Many migrant support organisations are already doing this but find their resources stretched and trade unions are often not an option for those EU citizens working in non-unionised sectors and workplaces.
4. It is unlikely that the current and future governments will reverse the cuts to ESOL provision, and so prospects for EU citizens who wish to improve their English will continue to be largely dependent upon their own ability to pay for ESOL classes, or their employers' willingness to pay. However, there is some evidence that closer partnership working between Jobcentre Plus and ESOL providers is associated with improved employment outcomes for Jobcentre Plus customers with ESOL needs.⁸³ Work Programme providers should also make a more concerted effort to work in closer partnership with ESOL providers in order to move EU citizens with ESOL needs closer to work.
5. Local authorities and regions in the UK need to be better supported by UK Government and EU funding to facilitate EU citizens' integration. The Migration Impacts Fund, for example, was introduced in 2009 by the UK Government to help the integration of migrants in local

⁸² For example, in their evidence to the House of Lords Economic Affairs Committee, both Slough Council and Hammersmith and Fulham Council claimed that national data on the estimates of immigrants in their respective areas were significant under-estimates. See House of Lords Select Committee on Economic Affairs (2008), *The Economic Impact of Immigration*. London: The Stationery Office.

⁸³ Greater London Authority (GLA) (2013), *ESOL Works: Embedding Best Practice for Supporting People into Work*, London: GLA.

communities as well as the transitional impacts of migration on public services. However, this £50 million fund was scrapped by the coalition government in 2010, leaving many local areas bereft of funding. The UK Government should consider reinstating such support in order to deliver effective public services and maintain strong community cohesion. In a similar way, EU funding should be strengthened to support EU migrant integration. At present, structural funds like the European Integration Fund (EIF) only support the integration of third country nationals, or social inclusion policies for vulnerable groups. However, EU citizens often fall between these two policy objectives. Moreover, funds like the European Social Fund (ESF) have supported integration programmes but have often limited the scope of service provision. There is scope for future EU funding cycles to dedicate funding to the integration of new EU mobile citizens.

6. The UK government's attempts to tackle welfare tourism should be guided by the available evidence on this subject to ensure that eligibility criteria for welfare entitlements, such as the currently disputed Habitual Residency Test, is (a) legal and (b) does not risk excluding EU citizens in genuine need of social assistance.

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Appendix 1: Data description

Data sources

Table A 1: Data sources

	Nationality groups	Detailed nationality
Socio-demographic profiling	APS 2012-2013	APS 2010-2013
Benefit take-up	LFS 2013 Q2	LFS 2010-2013
Inflows/outflows	LFS 2012-2013	-
Education	APS 2012-2013	-
Health	APS 2012-2013; HM's Treasury Public Expenditure Statistical Analysis 2013 (PESA); Department for Health (2011)	-

Note: LFS: Labour Force Survey; APS: Annual Population Survey

2.1.2 Classification of benefits

Table A 2: Classification of benefits in the LFS

Label	Description
Unemployment benefits	Contributory and income-based Job Seekers Allowance (JSA), National Insurance Credits
Income support	Income Support not as an unemployed person (Sick person, Lone parent)
Disability, sickness	Sickness or Disability benefits (Incapacity benefit, Severe Disablement allowance, Employment and support allowance, Statutory sick pay, Invalid care allowance, Disability living allowance, Attendance allowance, Industrial injury disablement benefit; not including tax credits)
State pension	State Pension (including Widowed Parent's, Bereavement Allowance and War Dis or War Widow's Pension)
Family rel. benefits	Guardian Allowance, Maternity Allowance, Maternity Payment
Child benefit	Child Benefit
Housing/Council Tax rebate	Housing, or Council Tax Benefit (GB only) Rent or rate rebate (NI only)
Tax credits	Working Tax Credit and Child Tax Credit
Other benefits:	Any other benefits

Sample size

Table A 3: Sample size and distribution in LFS and APS

	LFS 2013 Q2		APS July 2012- June 2013	
	Unweighted freq	Weighted %	Unweighted freq	Weighted %
UK	60,182	90.62	296,004	91.93
EU16	1,348	2.25	5,280	1.96
EU10	1,369	2.34	5,461	2.06
TCN	2,771	4.79	10,450	4.05
Total	65,670	100	317,195	100

Modelling the take up of benefits

We estimate the following model:

$$y_i = \alpha + \beta_{EU10}EU10_i + \beta_{EU16}EU16_i + \beta_{TC}TC_i + X_i\gamma + \varepsilon_i$$

with y_i being a binary variable equal to one if the individual receives benefit i , zero otherwise. EU10, EU16 and TC refer to the individual nationality group. β coefficients capture the differential in take-up of benefits by migrants compared to UK nationals. X is a vector of socio-demographic characteristics which includes:

- Gender
- Age
- Marital status
- Number of children
- Highest qualification
- Whether the respondent is a full-time student
- Region of residency

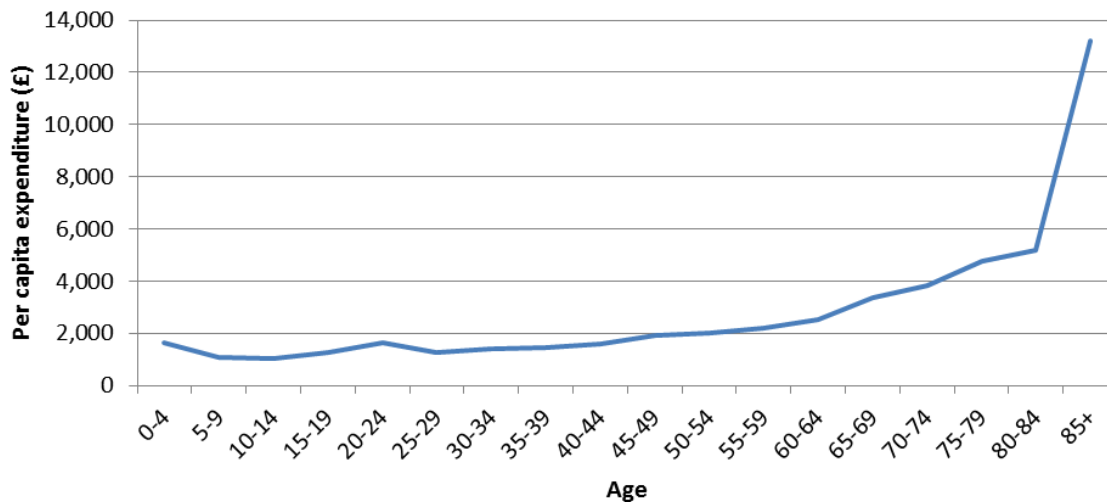
In some models X also includes the following employment characteristic:

- Employment status (Not employed/full-time/part-time)
- Occupation

Health and education services

Health

Figure A 1: Age-related expenditure profile in the UK



Source: Department for Health (2011); Figures are adjusted to total expenditure from PESA (2013); own calculations.

Education

Table A 4: Education expenditure by central and local government in 2012/2013

	Public spending (£ billion)
Pre-primary education	4.6
Primary education	26.0
Secondary education	36.5

Source: Department for Education (2013).

Table A 5: Number of children by nationality groups

	UK	EU16	EU10	TCN	Total
Below 5	3,234,146	90,553	157,797	337,185	3,819,681
5-10	3,746,985	98,111	93,775	287,834	4,226,705
11-16	3,748,209	85,714	66,414	171,693	4,072,030

Source: APS 2012/13.

Appendix 2: Stakeholder interviews

IES conducted a total of 24 interviews across a range of stakeholders from government, providers of UK public services, migrant organisations and other agencies dealing with EU citizens in need of social assistance. Most interviews were conducted face to face but some were conducted over the telephone, as per the preference of the interviewee. Due to the sensitivity of some of the issues discussed, all interviews with EU citizens (particularly those in vulnerable situations) were conducted face to face. Anonymity and confidentiality was guaranteed to all interviewees to ensure frank and honest views and information.

A list of interviewees is provided in the table below:

Type of interviewee	Organisation	Number interviewed
Social partner	Trade union	1
	Citizens Advice Bureau	1
Representative migrant organisation	East European Advice Centre	1
	Migrant Rights Network	1
Service providers	Local authority housing department, London	1
	Local authority education department, East Anglia	1
	Work programme provider	1
	Jobcentre Plus	1
	Local authority representative, rural town, East Anglia	1
	School deputy head, primary school, East Anglia	1
	EURES	1
Government departments	DCLG	1
	Home Office	1
	DWP	1
EU citizens	Contacted through 4 London-based charities and migrant support organisations	10