

Paying their way

The fiscal contribution of immigrants in the UK

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Background

In recent years the issue of immigration has risen rapidly up the public agenda. A recent opinion poll revealed that 23 per cent of the public see immigration and race relations as the most important issue facing Britain today, with 40 per cent listing it as one of the most important issues (MORI 2005). Some 61 per cent of the population believe that there are too many immigrants living in Britain (Page 2004). Much of the public's concern about immigration seems to be based on an exaggeration of the scale of immigration and a belief that immigrants are a drain on the public purse.

This paper seeks to fill a gap in the public understanding of the actual impact of immigration on public finances, by estimating the scale of, and changes in, the contributions made by immigrants to government revenue and expenditure. As well as addressing public concerns, work to calculate the fiscal impact of immigration is needed to generate the evidence upon which policy makers can devise better migration policies. Understanding the fiscal impact of migration is also part of the wider challenge of understanding the dynamics of migration.

In 2002, the Home Office published *The Migrant Population in the UK: Fiscal Effects* (Gott and Johnston 2002), which aimed to establish a framework for estimating the fiscal impact of immigration to the UK. Our paper adopts the fundamentals of the methodology employed by the Home Office study, and applies it to a period of five years to extend Gott and Johnston's original one-year analysis. Our aim is to see how the contribution of immigrants and non-immigrants has changed in relative terms in the years since the Home Office study.

Understanding the fiscal impacts of immigration is only a part of understanding the economics of migration, which in turn is part of a wider picture that includes issues of social cohesion and equality. We have chosen to highlight the impact of immigration on the public finances because of the salience of the issue, and because of the availability of data in this area, but we welcome further empirical research, which is required if we are to fully understand the economic and social impacts of immigration.

Methodology

Our methodology is largely based on that of Gott and Johnston, described in Appendix B of their report. Where possible, we have used the same sources and variables as the original study. We have used government expenditure data from the April 2004 edition of *Public Expenditure Statistical Analyses* and revenue data from the public finances section of the *Financial Statement and Budget Report*, published as part of the Budget each year. This revenue and expenditure is then apportioned to immigrants according to either their population share or according to their share of a range of variables extracted from the Labour Force Survey (LFS).¹ Tax and National Insurance (NI) contributions have been calculated using an algorithm that relates gross income to the amount of tax and NI contributions paid. Thresholds have been adjusted accordingly for each year. Some expenditure categories are based on overall population shares but, where possible we have used

¹ We have used the following LFS variables for each of the years we have examined: age, benfts, claims, cryox, cured, grsswk, hsnbb1, ilodefr, land96, sex, and statr. Where a variable has been dropped from the LFS, we have used the replacement variable suggested in the LFS documentation in order to maintain consistency. This includes penben1 to penben31, skdsbn1 to skdsbn31, and typben1 to tpben011 to tpben031 and tpben31. We have used piwt03 and the pwt03 weightings.

shares in other LFS variables (for example, education expenditure takes into account differences in the age distribution of immigrants and non-immigrants). Data on dependent children were provided by the Office for National Statistics (ONS), and data on foreign students were provided by the Higher Education Statistics Agency (HESA).

The definition of a migrant for the purpose of this paper is someone who was born outside of the UK, but is resident here. This means that someone who was born overseas but moved to and settled in the UK several decades ago would be considered an ‘immigrant’ by the definition we use.² We are uncomfortable with this definition for several reasons because, when discussing the economic benefits of current or recent immigration, it would be more appropriate to consider only those foreign nationals (and those people who have now adopted UK nationality) who have arrived recently. In other words, the fiscal or economic impact of current or future *flows* of immigration cannot be based on the performance of the *stock* of all past immigrants alone, especially where the characteristics of the two groups may differ considerably. Indeed, since the UK has received such high numbers of highly-skilled, presumably highly-paid, migrant workers in recent years, it is likely that the net economic contribution of recent immigrants taken alone would be much higher than that of all foreign-born people. In this paper we have used the foreign-born definition of immigrants but we hope soon to carry out a similar study for recently-arrived foreign nationals.

Gott and Johnston also classify the UK-born dependent children of foreign-born residents as immigrants. There is considerable debate as to whether this is a suitable adjustment to make, as Gott and Johnston acknowledge. UK-born dependent children have not themselves immigrated, but they would not be here had their parents not immigrated to the UK. As dependent children have an impact on public finances because of the cost of providing them with education, not to include them in the analysis would underestimate the cost of providing public services to immigrants and their families.

It is not the case that the children of immigrants will always be net recipients of public finances, though. When they are old enough to enter employment, they are likely to become net contributors. The obvious answer to this issue would be to include both dependent and non-dependent UK-born children of immigrants in the analysis. This is not possible, however, since there is no way of identifying these adult children in the LFS. For this reason, we have decided to stick with the Gott and Johnston classification, by categorising children as immigrants if both of their parents are foreign-born themselves or if they live in a single-parent household, where that parent is foreign-born. It is important to note that defining dependent but not non-dependent children as immigrants in the analysis is likely to result in an underestimate of the long-run net fiscal contribution of immigrants.

Several criticisms were made of the methodology of the Gott and Johnston study. The first of these is that the outcome of the study, that immigrants contribute £2.5 billion more to the exchequer than they receive in benefits and public services, is highly dependent on the year chosen to do the analysis. This is a reasonable criticism, although it should be remembered that, as the authors themselves note, the study was only ever meant to be a tentative analysis intended to stimulate further investigation. It is for this reason that we have extended the analysis to cover five years of data. While ideally we would have liked to have extended the analysis further still, issues with consistency of variables from the LFS make this problematic.

We also find the way in which the results of the Gott and Johnston study have been quoted to be somewhat unhelpful. To talk of a £2.5 billion contribution is meaningless when it is not placed into

² British children of British nationals born overseas are also classed as immigrants in this measure.

the context of the overall budgetary position. As Lilley (2005:24) argues, the data used: 'refer to a year when the public finances were in surplus. So the nation as a whole, and not just immigrants, were paying more taxes than the cost of benefits and services they were using'. It is more helpful to assess the *relative* contribution of immigrants to the public finances, using a measure that is independent of the budgetary stance. The net annual fiscal contribution (NAFI), expressed as a ratio of immigrants' contributions to their consumption of public expenditure, is more useful, and Gott and Johnston find this to be 1.09, compared to 1.06 for non-immigrants.

The second major criticism of the original study is that it fails to apportion the whole cost of the immigration system to immigrants themselves. Rowthorn (2004:8), for instance, argues that '(a)ny assessment of the fiscal contribution of migrants should take into account the cost of administering the immigration programme and providing for the special needs of immigrants'. The problem with this criticism is that spending on the immigration system is not entirely undertaken for the benefit of immigrants themselves. The rationale for having a migration policy is as much about furthering the interests of the existing population as it is about facilitating the entry of migrants into the country.

A simple example illustrates the problems inherent in apportioning the entire cost of the immigration system to immigrants themselves: if the government were to operate a 'closed-door' policy towards immigration (that is to say, not allow anyone enter the country on a permanent basis) then the costs of policing such a system would be enormous, but there would be no immigrants to assign this cost to. Conversely, if the government were to operate an 'open-door' policy, then the costs are likely to fall while immigration may increase.

Some of the costs of administering the immigration system (such as the employment of immigration officials at ports and airports) are unlikely to fall significantly even with reductions of immigration levels. On the other hand, some of the variable costs of the system are increasingly being recovered through user-charging of migrants and their prospective employers (through fees for work permits). This means that second-guessing which portion of the immigration system is for the benefit of the UK-born and which part is for immigrants is a difficult and potentially futile exercise.

We are also wary of apportioning the costs of the asylum system to immigrants only. For a start, this would only be justified methodologically if we were able to somehow work out the costs of keeping all potential asylum seekers out of the country. There is also the argument that the UK has a moral commitment to consider the cases of those who claim asylum in the UK and to treat them reasonably well while their claims are being processed. Moreover, given that many asylum seekers cannot work (and therefore unable to contribute to the fiscal picture), it would seem unfair to apportion the costs of their maintenance to immigrants alone. Finally, even if we were to apportion the entire cost of the asylum system (£1 billion in 2003–04; or some 0.2 per cent of total government expenditure)³ to immigrants only, the fundamentals and trends we examine here would not be affected significantly (see results of such a scenario in Appendix 2). We have therefore decided to stick with the apportionment of the costs of the immigration system used by Gott and Johnston, as it recognises that much of this expenditure is intended to protect the resident population.

Rowthorn (2004) also argues that the Home Office study fails to apportion corporation tax revenues correctly, because it fails to recognise that a large portion of this revenue comes from overseas shareholders. This is a valid criticism and we have therefore adjusted the corporation tax data using ONS statistics on share ownership,⁴ so as to reflect more accurately the tax paid by UK-

³ Des Browne MP, *Hansard*, 10 Feb 2005, Column 1734W.

⁴ Available at www.statistics.gov.uk/statbase/Product.asp?vlnk=930&More=N.

and foreign-born residents. Since this also reduces the NAFI of the UK-born, adjusting corporation tax revenue for overseas shareholders reduces the NAFI of immigrants and non-immigrants to 1.06 and 1.01 respectively for the year 1999–2000.

Lilley (2005) argues that as most immigrants are of working age, they are more likely than the population as a whole to be net contributors, but as they age and retire, they will become net recipients. He argues that any analysis of immigrants' fiscal contribution should take into account pension liabilities. We would welcome further work in this area, but we note that the issue is a complicated one. In particular, we cannot assume that all working-age immigrants in the UK will still be here when they retire. Many immigrants, particularly those from the new EU Member States, are likely only to be working here temporarily, for example to finance their studies back home or to raise money to support their families.

A further criticism that has been made of the Home Office study is that it fails to account for the extra pressure placed on public services by immigration. While immigrants' share of expenditure on healthcare, education and other public services is an inherent part of the analysis, critics have argued that the study does not reflect the fact that immigration leads to congestion and competition for public services. The problem with this argument is that it fails to recognise the contribution immigrants make to the provision of public services. Immigrants are disproportionately employed in sectors that involve public service provision and the building of new infrastructure. In 2003, 29.4 per cent of the total number of doctors employed in the NHS were foreign-born, and since 1999, 43.5 per cent of nurses recruited have been from outside the UK (see Kelly, Morrell and Sriskandarajah 2005).

In sum, we have opted to extend the reach of the Gott and Johnston analysis to five years, rather than attempt to modify the methodology. We recognise that some improvements can be made to the methodology, but these are beyond the scope of this report. Our purpose is to explore how the situation presented by Gott and Johnston may have changed in the three years since their study was published, whilst understanding that this is only a partial analysis. There remains scope for further work to estimate the fiscal impact of immigration more precisely, as well as the wider economic implications.

Socio-economic characteristics of immigrants

When discussing the characteristics of the immigrant population of the UK, it is important to bear in mind that immigrants' individual situations and experiences vary widely. Glover *et al.* (2001:29) note that 'migrants are very heterogeneous – differing across many dimensions, and differing at least as much from each other as they do from the population at large'. Their experiences tend to be more polarised than non-migrants, with data showing that they are concentrated at both the upper and lower end of the skills and income spectrums.

Some groups, such as asylum seekers, cannot be expected to be net contributors to the public finances, since they are not allowed to take up employment whilst their asylum applications are being considered. However, there is considerable scope for refugees whose asylum claims are accepted to contribute greatly, not just fiscally, but in wider economic and non-economic terms. In many ways, refugees represent a largely untapped source of talent, and work to improve their employment prospects would enable them to contribute financially to their host country, as so many wish to do, as well as aiding their integration into society at large.

On the other hand, some groups of immigrants, such as work permit holders, are likely to make very large net contributions to the public finances from the outset. Even low-skill, low-wage

immigrants, who we might assume will make smaller net contributions to the public purse, often work relatively long hours, hence paying not insignificant amounts of tax. In addition, many immigrants may have only restricted access to benefits or may not make full use of the benefits that they are legitimately entitled to because of a lack of understanding of their entitlement.

This paper examines the *aggregate* fiscal contribution of immigrants and thus ignores individual differences. A more nuanced study would be able to paint a far more interesting, and perhaps far more useful, picture about the characteristics of particular groups of immigrants and their relative performance. Such a study is beyond the scope of this paper but, nevertheless, this caveat should be kept in mind when examining our results.

Results

Before we turn to our results on fiscal contributions, it is interesting to note two characteristics of immigrants that are important in explaining the differences between immigrants and non-immigrants. First, working-age immigrants who are in employment have higher average incomes than their UK-born colleagues, as shown in Table 1. Secondly, these higher average incomes imply that immigrants are likely to be greater contributors to the public finances than the UK-born. When we disaggregate data on average incomes, as we do in Figure 1, we find that the UK and foreign-born populations have slightly differing distributions of income. Immigrants are overrepresented at the upper end of the income spectrum. For example, some 4.7 per cent of the foreign-born working age population earn more than £1000 weekly compared to only 2.6 per cent of the UK-born. At the other end of the wage spectrum, where both immigrants and non-immigrants are more concentrated, there is a slight difference in the relative distribution. For example, at the very bottom end of the distribution, 12.8 per cent of UK-born earn less than £100 a week compared to 9.7 per cent of foreign-born. It is also worth mentioning that employment rates amongst immigrants are lower than those of non-immigrants (due in part to the fact that many foreign-born are students at British educational institutions) and this has some impact on overall net contribution.

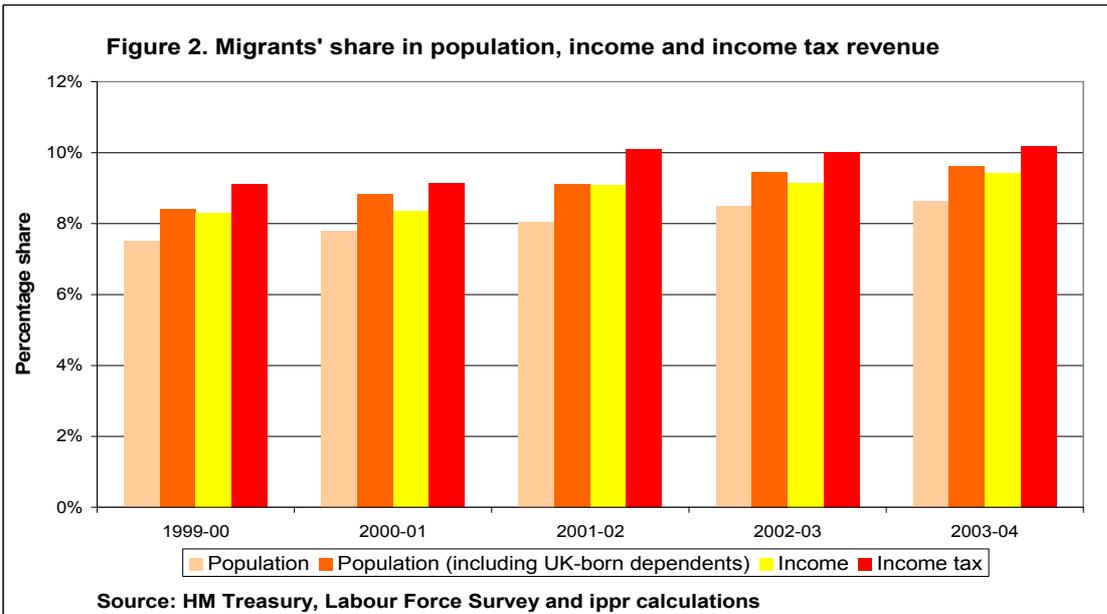
Table 1. Average gross weekly earnings from main job of working-age population

| | 1999-00 | 2003-04 |
|------------------|----------------|----------------|
| UK-born | £344.45 | £355.06 |
| Foreign-born | £398.93 | £405.83 |
| Total population | £348.27 | £359.29 |

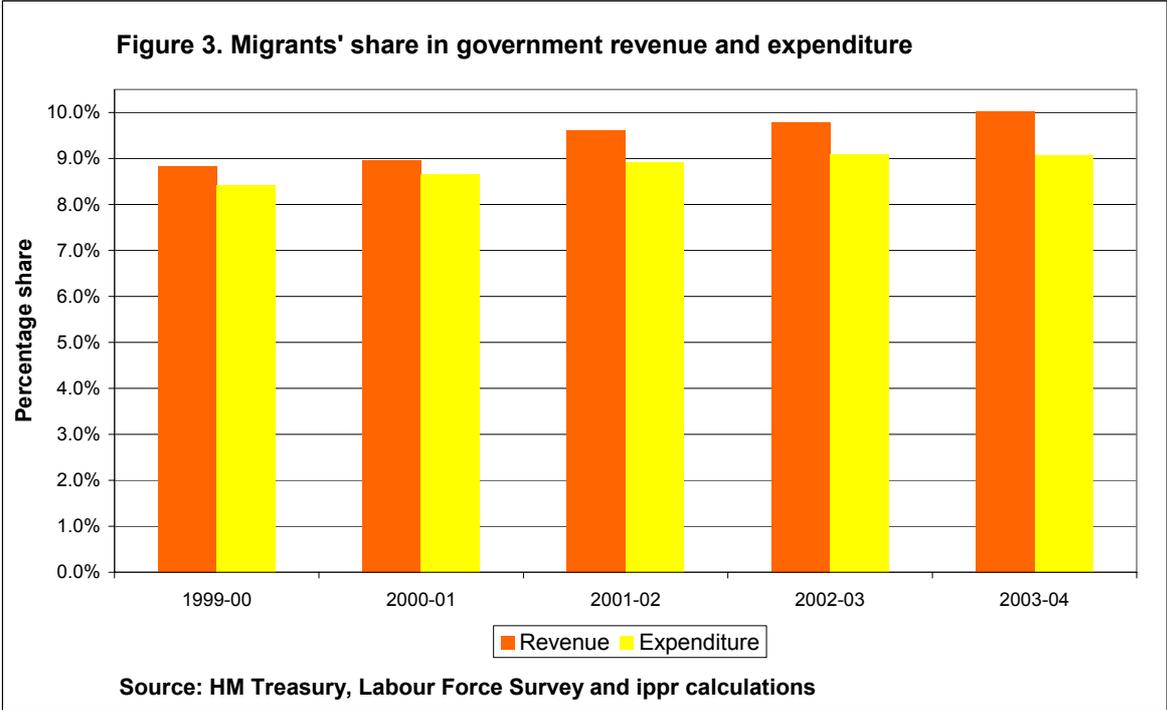
Source: Working-age adult employees, Labour Force Survey, ONS and ippr calculations; 2004 prices



Taken together, these two factors mean that, in terms of tax revenue the foreign-born population makes a relatively higher contribution rate compared to those born in the UK. Because they have higher average earnings than the UK-born population and are disproportionately situated at the upper end of the income spectrum, immigrants pay proportionally higher amounts of tax due to the progressive nature of the taxation system. Thus, as seen in Figure 2, immigrants' share in income tax revenue is higher than their share of population (including and excluding their UK-born dependent children) and their share in income. More importantly, even as immigrant shares of population, tax and income have increased in the last five years, the gap between immigrants' share of income and immigrants' share of tax revenue has remained fairly steady. In other words, despite there being more immigrants now than five years ago, they continue to pay a greater share of income tax than their population share.



While this tells us about tax receipts, calculating the net fiscal contribution requires looking at public expenditure as well. Here, following Gott and Johnson’s methodology, we have worked out how much the foreign-born population consumes in terms of public services. Figure 3 shows the results of our fiscal contribution analysis (presented in full in Appendix 1), with immigrants’ share in government revenue and expenditure expressed as a percentage of total revenue and expenditure. This figure shows that in each of the five years covered, immigrants’ share of government revenue (not just income tax as listed in Figure 2) stood at 10.0 per cent in 2003-04, considerably higher than their share of government expenditure. Importantly, this gap between revenue share and expenditure share has remained positive over the five years considered and has in fact been getting larger.



Per capita revenue and expenditure figures for immigrants and UK-born also highlight the relatively healthier contribution made by the former. In 2003-04, the per capita revenue generated by immigrants (£7,203) was higher than for the UK-born (£6,861). Similarly, expenditure per capita on immigrants (£7,277) was lower than for the UK-born (£7,753). It is also worth noting that, while growth in the per capita revenue of both groups has been similar over the period considered here, the growth in per capita expenditure on immigrants has been lower than the UK-born. In other words, not only was their less government expenditure spent on immigrants per capita in 2003-04, but, over time, this gap between expenditure on immigrants and UK-born has been widening.

Identifying exactly why this is the case would require us to look at a range of factors that are beyond the scope of this report. However, we could guess that it is because immigrants pay disproportionately high taxes and other forms of government revenue, but are likely to consume government revenue at the same rate as the UK-born. Factors such as the effects of recent EU enlargement could also be contributing to the increasing gap between immigrants’ share of revenue and expenditure (see Box 1).

Box 1. The net impact of migration after EU enlargement in 2004

One of the most significant recent trends in immigration to the UK has been the granting of the right of free movement to the citizens of the ten countries that joined the EU in May 2004. One of the best sources of data for what has happened since May 2004 is collected by the Home Office from nationals from the eight central and eastern European accession states⁵ (termed the 'A8') applying to the Worker Registration Scheme. Between 1 May 2004 and 31 December 2004, 122,770 people were accepted onto the scheme (Home Office *et al.* 2005).⁶ These workers are making an immense contribution, some £240 million in total economic contribution in those eight months according to one estimate⁷, and their fiscal impact is also likely to be positive.

Some 40 per cent of those who registered were already in the country prior to EU enlargement. Given that a proportion of this group may have been working illegally prior to May, the registration scheme is likely to have had a significant positive impact on tax revenue, as they are now registered to pay income tax and national insurance contributions. Similarly, A8 nationals are also likely to be net contributors to public finances because their entitlement to benefits is restricted. In fact, of the 122,770 registered on the Worker Registration Scheme, only 21 are claiming income-related benefits. Finally, this group also tends to be young (83 per cent are between the ages of 18 and 34) with no dependent children and so place few demands on public services.

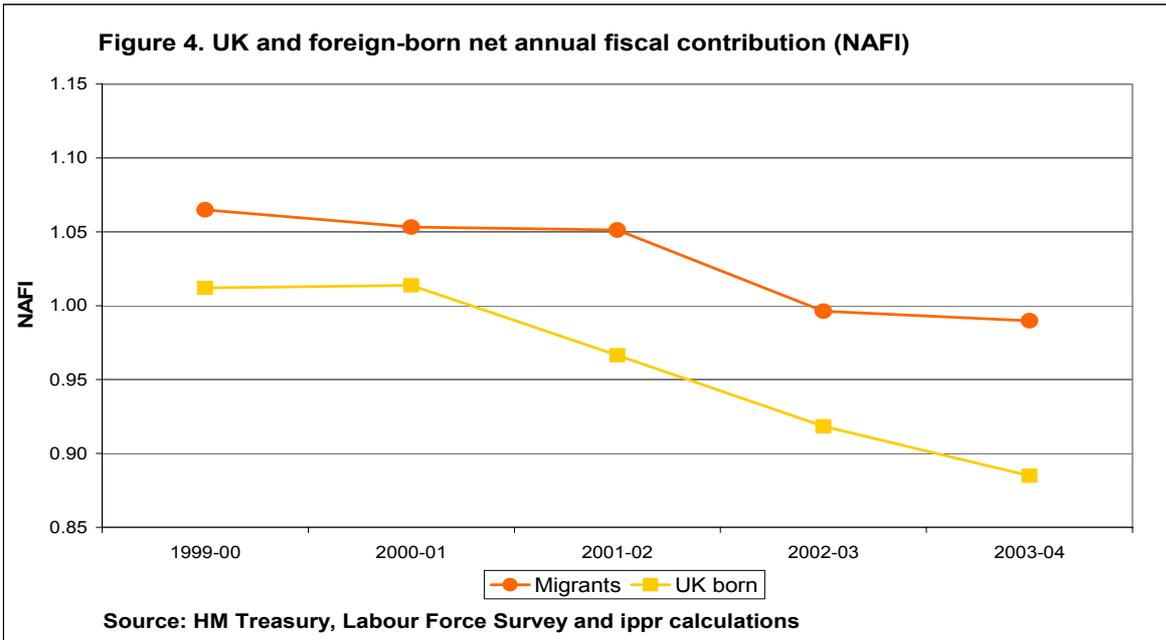
Another way to express the relative contribution of immigrants to government finances is to use the NAFI of immigrants versus that of the UK-born. Figure 4 shows the NAFI, expressed as a ratio of revenue to expenditure, for the UK-born and foreign-born populations. Note that the NAFI is not independent of the budgetary stance, so the ratio is likely to be less than one for all groups during a budget deficit and more than one during a surplus.

Figure 4 depicts perhaps the most important finding of our paper. It shows that the difference between foreign-born NAFI and UK-born NAFI has been getting larger over recent years. Indeed, the relative gap between the two NAFIs stood at 5 per cent in 1999–2000 but rose to 12 per cent in 2003–04. Importantly, in 2001–02, despite the UK-born NAFI being net negative, the foreign-born NAFI remained positive. That is, while the UK-born were net recipients of public expenditure in that year, the foreign-born were actually net contributors to the exchequer. In 2002–03 and 2003–04, when the budget ran a sizeable deficit, both groups made net negative contributions but, importantly for present purposes, the foreign population had a significantly higher NAFI.

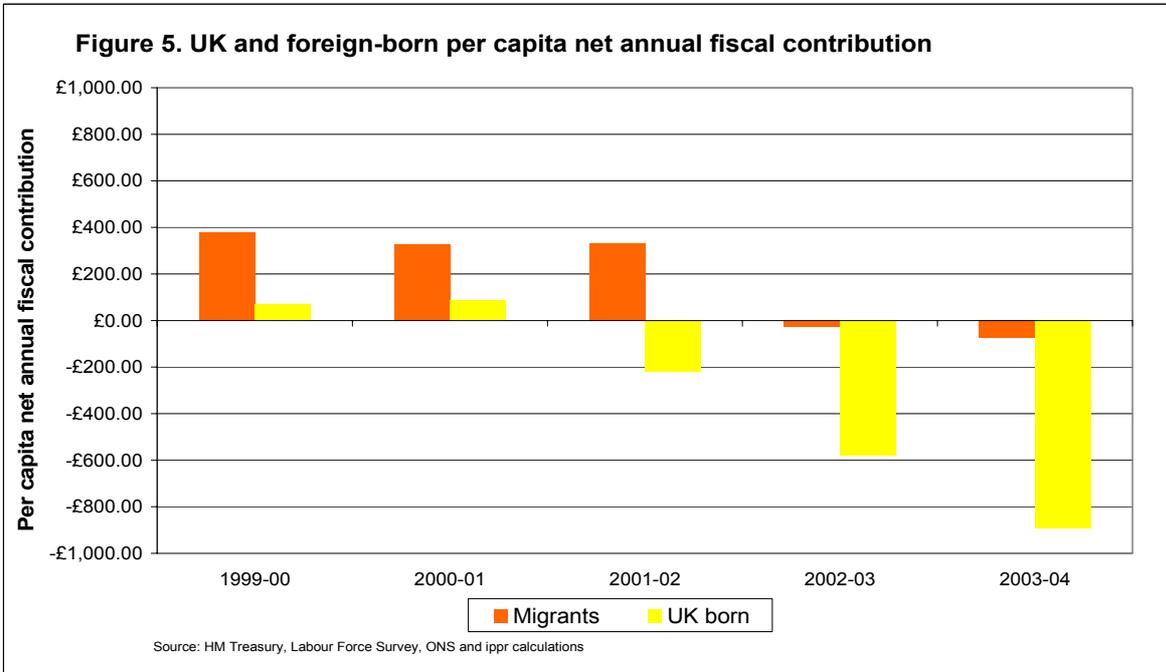
⁵ Citizens of Cyprus and Malta are not required to register.

⁶ Note that the registration figures do not imply that there has been net immigration of 122,770 from the A8. Evidence suggests that a significant proportion of these workers are likely to have already returned home.

⁷ Des Browne MP, Minister for Immigration and Citizenship, 22 February 2005, http://www.ind.homeoffice.gov.uk/ind/en/home/news/press_releases/worker_registration.textonly.html.



Putting all this into monetary terms is difficult, especially because of the dramatic change in the overall fiscal stance (that is, everyone is now making net negative contributions). We suggest that one way to capture the relative contributions of immigrants and non-immigrants in monetary terms is to express the NAFI in per capita terms. Thus, in 2003–04, the average foreign-born person cost the exchequer £74 in net terms. Meanwhile, that year, the average UK-born person cost the exchequer £892 in net terms. The corresponding figures for 2001–02 show the contrast more dramatically – in net terms the average foreign-born person contributed £331 while the average UK-born person consumed £222.



Conclusion

Our analysis suggests that the contribution of immigrants to public finances is growing, and is likely to continue to grow in the near future. In 1999–2000, immigrants accounted for 8.8 per cent of government tax receipts (and 8.4 per cent of government spending). By 2003–04, immigrants accounted for 10.0 per cent of government tax receipts (and 9.1 per cent of government spending). Total revenue from immigrants grew in real terms from £33.8 billion in 1999–00 to £41.2 billion in 2003–04. This 22 per cent increase compares favourably to the six per cent increase for the UK-born. Our analysis also suggests that the relative net fiscal contribution of immigrants is stronger than that of the UK-born, and has been getting even stronger in recent years. In each of the years we have examined, immigrants have become proportionately greater net contributors to the public finances than non-immigrants. In 1999–00, when there was a budget surplus, immigrants' NAFI was 1.06 compared to 1.01 for the UK-born. By 2003–04, when the budget was in deficit, immigrants' NAFI stood at 0.99 compared to 0.88 for the UK-born.

These observations have some important implications for policy and research. Most importantly, they confirm that, far from being a drain on the public purse, immigrants actually contribute more than their share fiscally. It may also suggest many recent immigrants (especially those arriving on the various labour migration programmes and from the new members of the EU) are making relatively large contributions to the public purse. It may also be the case that older arrivals are also contributing relatively more over time as they integrate into society.

However, it is important to note that this paper discusses aggregate contributions of immigrants. Immigrants (or indeed the UK-born) are not a homogenous group. Some groups of immigrants will make relatively large fiscal contributions and others relatively small or negative ones. Researchers need to explore this diversity further and policy makers need to take account of the circumstances of different groups of immigrants.

Methodologically, there is considerable scope for further work to improve understanding of the fiscal impact of immigration. Future studies need to be more comprehensive to do justice to the complexity of what is being discussed. For example, the classification of UK-born dependent children as immigrants but immigrants' UK-born grown-up children as non-immigrants is problematic. This results in an underestimate of the net contribution immigrants and their families make to the exchequer. It is difficult to see a way around these sorts of problems using LFS data. A more robust approach may need to make use of actual tax and benefit records, as has been done in studies in other countries. As discussed earlier, future studies should also look specifically at foreign-nationals or recently-arrived immigrants as a way of judging the effectiveness of recent policies. They should account for the amount saved by the UK exchequer when the costs of educating and training immigrants have been borne elsewhere. Given that the UK attracts many well-qualified immigrants, the saving to the UK public purse is likely to be enormous.

In conclusion, it is worth remembering that this report only captures a small part of the total contribution that immigrants make to the UK. Net fiscal impacts only represent part of the economic impacts of immigration. Migration can help fuel economic dynamism, capital formation and labour market flexibility. On the other hand, without successful integration, many immigrants can lag behind. Moreover, economic impacts only represent part of the wider impacts of immigration. In this case, we have shown that the fiscal impacts of immigrants are relatively healthier than the UK-born but, even if this were not the case, the wider benefits of immigration may be far more important. Either way, it could be argued that we should be careful not to become obsessed with economic and monetary contributions. After all, the diversity and dynamism that immigrants bring are hard to capture in statistics.

Appendix 1

Topline fiscal contribution results

| | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 |
|--|---------|---------|---------|---------|---------|
| Expenditure on migrants (millions) | 28,956 | 31,802 | 34,810 | 38,074 | 41,606 |
| Revenue from migrants (millions) | 30,835 | 33,494 | 36,592 | 37,931 | 41,181 |
| Net contribution (millions) | 1,880 | 1,692 | 1,782 | -143 | -424 |
| Expenditure on UK-born (millions) | 314,674 | 335,253 | 355,736 | 380,843 | 417,392 |
| Revenue from UK-born (millions) | 318,453 | 339,880 | 343,815 | 349,785 | 369,356 |
| Net contribution (millions) | 3,778 | 4,627 | -11,921 | -31,058 | -48,036 |
| Migrant share of population | 8.4% | 8.8% | 9.1% | 9.5% | 9.6% |
| Migrants' share in expenditure | 8.4% | 8.7% | 8.9% | 9.1% | 9.1% |
| Migrants' share in revenue | 8.8% | 9.0% | 9.6% | 9.8% | 10.0% |
| UK-born share of population | 91.6% | 91.2% | 90.9% | 90.5% | 90.4% |
| UK-born share in expenditure | 91.6% | 91.3% | 91.1% | 90.9% | 90.9% |
| UK-born share in revenue | 91.2% | 91.0% | 90.4% | 90.2% | 90.0% |
| Migrant NAFI | 1.06 | 1.05 | 1.05 | 1.00 | 0.99 |
| UK-born NAFI | 1.01 | 1.01 | 0.97 | 0.92 | 0.88 |
| Total NAFI | 1.02 | 1.02 | 0.97 | 0.93 | 0.89 |
| Migrant NAFI/UK-born NAFI | 1.05 | 1.04 | 1.09 | 1.08 | 1.12 |
| Total UK pop (millions) | 58.7 | 58.9 | 59.1 | 59.3 | 59.6 |
| Migrants (millions) | 4.9 | 5.2 | 5.4 | 5.6 | 5.7 |
| UK-born (millions) | 53.8 | 53.7 | 53.7 | 53.7 | 53.8 |
| Migrant expenditure per capita | £5,874 | £6,137 | £6,471 | £6,756 | £7,277 |
| Migrant revenue per capita | £6,255 | £6,464 | £6,802 | £6,731 | £7,203 |
| UK-born expenditure per capita | £5,854 | £6,243 | £6,620 | £7,094 | £7,753 |
| UK-born revenue per capita | £5,924 | £6,329 | £6,398 | £6,515 | £6,861 |
| Net migrant contribution per capita | £381 | £327 | £331 | -£25 | -£74 |
| Net UK-born contribution per capita | £70 | £86 | -£222 | -£579 | -£892 |

Source: various sources, ippr calculations

The 1999-00 data differs from the Gott and Johnson estimates because we have used updated fiscal data and because we have apportioned corporation tax differently (as discussed in methodology section).

Appendix 2

Results with asylum costs apportioned to immigrants only

| | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 |
|---|---------|---------|---------|---------|---------|
| Asylum costs (millions) | 589 | 747 | 1046 | 1070 | 1008 |
| Expenditure on migrants (millions) | 29,495 | 32,483 | 35,761 | 39,042 | 42,517 |
| Revenue from migrants (millions) | 30,835 | 33,494 | 36,592 | 37,931 | 41,181 |
| Net contribution (millions) | 1,340 | 1,011 | 831 | -1,112 | -1,336 |
| Expenditure on UK-born (millions) | 314,135 | 334,572 | 354,785 | 379,875 | 416,481 |
| Revenue from UK-born (millions) | 318,453 | 339,880 | 343,815 | 349,785 | 369,356 |
| Net contribution (millions) | 4,318 | 5,308 | -10,971 | -30,089 | -47,125 |
| Post-asylum migrant NAFI | 1.05 | 1.03 | 1.02 | 0.97 | 0.97 |
| Post-asylum UK-born NAFI | 1.01 | 1.02 | 0.97 | 0.92 | 0.89 |
| Migrant NAFI/UK-born NAFI | 1.03 | 1.02 | 1.06 | 1.06 | 1.09 |

Source: various sources, ippr calculations

This is a scenario with the cost of administering the asylum system apportioned to immigrants only instead of spreading it across the entire population. We have not adopted these figures in our paper but publish the alternate figures for the sake of comparison and to confirm that the fundamentals and trends at work are the same.

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