

# **Social Cost Benefit Analysis of the no recourse to public funds (NRPF) policy in London**

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# Executive summary

## Objective

The objective of this project is to provide a robust Social Cost Benefit Analysis (SCBA) of the removal of the No Recourse to Public Funds (NRPF) condition from some migrant households. We focus on those holding visas whose primary purpose is to work, and their family members. The question addressed is therefore: would the gains of removing the NRPF condition for particular groups of those subject to NRPF outweigh the costs of giving people access to public funds?

## Definition of NRPF

No Recourse to Public Funds (NRPF) refers to a condition that restricts migrants from accessing welfare benefits. It generally applies to those who under section 115 of the Immigration and Asylum Act 1999 are 'subject to immigration control'. The rules as to which types of visa and which nationalities are affected are complex, as are those about which benefits are included or not. Here we focus only on those with visas or limited leave to remain; we do not address migrants with an irregular status.

As it is government policy to apply the NRPF condition to most visas or grants of limited leave to remain, it is assumed that most of those with a valid form of leave to remain will be affected. Not all of those 'affected' face destitution or live on low incomes; indeed, many visa-holders would not qualify for means-tested benefits even if they had access to public funds, although they would have access to some non-means-tested benefits. Being 'affected' simply means that they are unable to access most mainstream benefits regardless of need or in the event of a financial crisis.

Some migrants subject to NRPF do receive help. Some destitute and vulnerable migrants can apply to the Home Office through the 'change of conditions' route<sup>1</sup> to obtain public funds support, and others may change status as circumstances change. Local authorities have limited statutory duties to support a small proportion of migrants and family members affected by NRPF conditions, such as families with children who are destitute and vulnerable individuals with care needs. Services are also provided by third sector agencies. There is limited information on how many are assisted.

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<sup>1</sup> <https://www.gov.uk/government/publications/application-for-change-of-conditions-of-leave-to-allow-access-to-public-funds-if-your-circumstances-change>

## How many people are affected?

There are few reliable data sources specifically on people with the NRPF condition, and the Home Office itself has stated that<sup>2</sup> 'there is no single figure which can be published to cover every possible case in the UK'. The Migration Observatory at the University of Oxford estimated<sup>3</sup> that there could be at least 1.376 million people who had valid leave to remain at the end of 2019 and therefore would likely be affected, including 488,000 people on work visas and 545,800 on student visas. These figures are not static. In particular, the Immigration and Social Security Co-ordination (EU Withdrawal) Act 2020, upcoming immigration legislation and other legal and definitional changes may modify the numbers significantly. Table 1 provides our calculation of the number of individuals who may be significantly affected by NRPF. We estimate that the total is approximately 970,000 individuals.

A significant number of EEA nationals who came to the UK prior to December 2020 and have been granted Pre-Settled Status under the EU Settlement Scheme (EUSS) also face some restrictions from accessing benefits.<sup>4</sup> However, they are not legally considered to have 'no recourse to public funds' and may be able to access some benefits. There is also significant uncertainty about the numbers of individuals affected.<sup>5</sup> When those with pre-settled status reach five years they may be able to secure Settled Status under the EUSS, which would give them the same access to benefits as those with Indefinite Leave to Remain. For these reasons they have not been included within this analysis.

In this SCBA we have focused on migrants and their dependents in the first three categories of Table 1: holders of Tier 1, 2 or 5 visas who come to the UK to work<sup>6</sup> and their dependents; those who are in the UK because of family links; dependants or others who are linked to the primary visa holder; and those estimated to come via the Hong Kong British National Overseas scheme. Tier 5 visas have more varied conditions which in some cases include leave being granted for periods between six months to up to two years, without options for extension. We have nevertheless included them as they are similar in being explicitly work visas including for those in the Global Talent and Skilled Worker shortage occupation lists. Students (Tier 4) appear in the table for completeness but we do not anticipate that students would generally need access to means-tested benefits. Most do not have dependent children and they would generally be in the UK for the duration of their study. While some may do limited work during their studies, and often associated with those

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<sup>2</sup> <https://committees.parliament.uk/publications/6023/documents/68086/default/>

<sup>3</sup> Migration Observatory (2020) Between a rock and a hard place: the Covid-19 crisis and migrants with No Recourse to Public Funds (NRPF) University of Oxford, Oxford. Commentary and Data briefing

<sup>4</sup> See ongoing test case regarding access to means-tested benefits for EEA citizens and their family members with pre-settled status: <https://cpag.org.uk/welfare-rights/legal-test-cases/current-test-cases/eu-pre-settled-status>

<sup>5</sup> Child Poverty Action Group (2021) 'Court of Appeal Finds the EU Nationals Legally Resident in UK Were Unlawfully Excluded from Claiming Universal Credit'.

<sup>6</sup> This analysis is based on Migrant Journey data from 2019 which refers to the previous visa and leave to remain categories under the tiered system. Since then, the government has implemented reforms to the points-based system however the key categories are similar.

studies, they are primarily in the UK to undertake a specific course. We have therefore not modelled the extension of benefits to them or their dependents. Even so, during the pandemic there was evidence of significant hardship faced by international students. Policy options that provide access to hardship support in these circumstances should be considered separately to avoid such students from falling into destitution and homelessness.

*Table 1: Estimated numbers of individuals with limited or no access to public funds*

| <b>THOSE CONSIDERED IN THIS REPORT- MIGRANTS WHOSE PRIMARY REASON TO BE IN THE UK IS TO WORK, AND THEIR FAMILY MEMBERS</b> |                  |
|--|------------------|
| Tiers 1, 2, 5, non-Points Based System   | 488,297          |
| Family and other/dependants joining  | 341,974          |
| Hong Kong BNO (est)  | 140,000          |
| <b>Total excluding EU</b>  | <b>970,271</b>   |
| <b>NOT CONSIDERED IN THIS REPORT</b>   |                  |
| Students (Tier 4)  | 545,887          |
| Undocumented/irregular migrants  | 674,000          |
| <b>ESTIMATED TOTAL INDIVIDUALS SUBJECT TO NRPF CONDITION</b>   | <b>2,190,158</b> |

*Estimated from a range of sources, as Home Office cannot provide official numbers for this table*

## The Social Cost-Benefit Analysis (SCBA) methodology

Our mixed-methods research approach combined quantitative and qualitative techniques. The cost-benefit calculations draw on established methods for producing spreadsheet-based estimates, in money terms, of the overall costs and gains<sup>7</sup> to society from a change in policy—in this case the lifting of NRPF conditions. We have followed insofar as possible the recommendations of the HMT Green Book in relation to approaching social cost benefit analysis.

We developed a logic model to frame the more detailed analysis by illustrating at a high level the direct effects on migrants who will receive benefits and services, and the impact on national public expenditure. The indirect effects include improved employment, housing, health and educational outcomes for beneficiary households; higher tax revenues for government; and reduced expenditure by local authorities.

We estimated a baseline or ‘business as usual’ (BAU) case against which proposed changes could be compared. This suggests that local authorities currently spend over £60 million annually supporting those with the NRPF condition, while central government spends nearly £100 million.

<sup>7</sup> We use the term ‘gains’ to refer to the benefit element of the SCBA, to avoid confusion with welfare benefits - which in the SCBA represent costs.



We have specified two options for change:

**Option 1** would give access to public funds, under normal eligibility rules, for:

- Households with a child or children under the age of 18 (either UK- or foreign-born)
- A small number of exceptional cases to be determined, e.g., individuals with certain long-term disabilities or experience of domestic abuse

**Option 2** would remove the NRPF condition from all those in the groups outlined above at page 6. This includes all the households in Option 1, plus single people and childless couples.

Our detailed analysis concentrates on Option 1, and within it on the first category—that is, households with dependent children—as the literature indicates that this is where the greatest harm may be done to those affected. Of households<sup>8</sup> in the visa groups we focus on, we estimate that 106,000 have dependent children, making up about 30% of households in the NRPF cohort we are concerned with.

## Estimates of costs and benefits

### *Estimate of fiscal costs*

The cost-benefit model allows us to estimate the monetary value of each type of cost and gain, providing a central estimate as well as upper and lower ranges to allow for uncertainties in the estimates. We calculate Year 0 estimates of costs and benefits as well as present values for a ten-year appraisal period.

*Table 2: Costs by category, year 0 and ten-year present value, both options (central estimates)*

| Category of expenditure                           | Option 1              |              | Option 2              |              |
|---|-----------------------|--------------|-----------------------|--------------|
| Child Benefit                                     | £164 million          |              | £164 million          |              |
| Universal Credit                                  | £143 million          |              | £296 million          |              |
| Free childcare                                    | £51 million           |              | £51 million           |              |
| Pupil premium                                     | £11 million           |              | £11 million           |              |
| Free school meals                                 | £4 million            |              | £4 million            |              |
| Administration costs (central + local)            | £8 million            |              | £8 million            |              |
| <b>Point estimate of total costs in Year 0</b>    | <b>£382 million</b>   |              | <b>£535 million</b>   |              |
|   | -                     | +            | -                     | +            |
| Range of total costs in Year 0                    | £306 million          | £458 million | £428 million          | £642 million |
| Less BAU costs (central + local government)       | -£160 million         |              | -£160 million         |              |
| <b>Central estimate of costs net of BAU, Yr 0</b> | <b>£222 million</b>   |              | <b>£375 million</b>   |              |
| <b>Present value of costs, 10 years</b>           | <b>£1,744 million</b> |              | <b>£2,797 million</b> |              |

Table 2, above, gives estimates of the costs of removing the NRPF condition in financial terms for the public sector. For both options, costs are direct financial costs to the public

<sup>8</sup> Note that the numbers in the table are of individuals. We explain later how we estimate the numbers of households involved

sector (mostly in the form of welfare benefits), as well as some indirect costs e.g., to the NHS. Where applicable we also estimate the additional costs of new services. Many simplifications have had to be made to enable consistent estimates of unit costs. Over both one year and ten years, the largest costs are Child Benefit, which is a universal benefit (subject to clawback for those with high incomes), and Universal Credit which is the core support for both unemployed and low paid.

*Estimate of overall impact on public sector budgets (fiscal costs and benefits)*

Table 3 below focuses on the additional fiscal costs and benefits of a policy change. The impact of either Option 1 or Option 2 would be to increase public-sector costs overall, and to move expenditure from local to central government. Under Option 1, central government incurs present-value costs over ten years of £1.9 billion (£2.9 billion under Option 2), as more people are eligible for welfare payments such as Universal Credit and Child Benefit. Within this figure, post-policy gains from increased taxation, reduced NHS and other spend are also included. Local authorities see savings over ten years of £407 million (Option 1) or £405 million (Option 2), principally from avoiding expenditure on helping people who become destitute. The totals figures include an estimate of £8 million per annum in post-policy-change administrative costs, of which £5 million would be spent by central government and the NHS and £3 million by local authorities.

The net public sector financial effect, taking into account costs for central government, gains to central government (increased taxation, reduced NHS other related spend) and savings for local government, would over ten years amount to £1.5 billion in greater expenditure under Option 1 or £2.5 billion under Option 2.

*Table 3: Impact of removing NRPF condition on public sector budgets (present value over 10 years)*

| Metric  | How calculated  | Option 1: remove NRPF condition from households with dependent children | Option 2: remove NRPF condition from all households in the group being considered |
|---|---|---|---|
| Present value of 10-year costs to central government              | Post-policy costs to central government LESS post-policy gains to central government LESS business-as-usual costs to central government | £-1.9 billion   | - £2.9 billion  |
| Present value of 10-year cost <b>savings</b> to local authorities | Cost saving of 95% of business-as-usual spend   | £407 million  | £405 million  |
| Net present value of 10-year budget impact to public sector       | Present value of 10-year costs to central LESS present value of 10-year cost savings to local authorities                               | <b>£-1.5 billion</b>  | <b>£-2.5 billion</b>  |

### *Estimates of gains (benefits) to individuals and the community*

From the literature, we have identified six main areas where gains to NRPF households can be expected, which reflect the main problems identified by local authorities and third sector agencies working with the groups in scope. These broad areas are listed in Table 4.

The gains would mainly go directly to the households themselves, and indirectly to the state through tax revenues and reduced expenditure requirements. Table 4 below summarises the monetised values of gains by category. The largest gains come from improved housing, improved education and childhood development. In these estimates the gains from increased employment and productivity are much lower, although there are reasons to think they may be underestimated.

*Table 4: Direct and indirect gains by category, Year 0 and 10-year present value, both options (central estimates)*

| Category of gain                        | Option 1                     | Option 2                     |
|---|------------------------------|------------------------------|
| Education and childhood development     | £209 million                 | £209 million                 |
| Better/more affordable housing          | £50 million                  | £78 million                  |
| Relief of problem debt                  | £43 million                  | £73 million                  |
| Earlier health diagnosis                | £26 million                  | £50 million                  |
| Reduction in domestic abuse             | £10 million                  | £10 million                  |
| Employment & productivity               | £3 million                   | £8 million                   |
|   |                              |                              |
| <b>Central estimate of total gains</b>  | £341 million                 | £428 million                 |
| <i>(Range)</i>                          | <i>(£274 - £414 million)</i> | <i>(£346 - £516 million)</i> |
|   |                              |                              |
| <b>Present value of gains, 10 years</b> | <b>£2,616 million</b>        | <b>£3,225 million</b>        |

Addressing the needs of young children and better housing are the main social gains. Both are recognised by government and wider society as key drivers of health and wellbeing. In particular, it is recognised that children's later life chances can be severely negatively affected even by short periods of destitution and harmful conditions. There would also be high gains from access to better-quality, less crowded or more affordable housing, and from relief of problem debt. Unsuitable housing can have long-term effects on health, and the financial burden of high housing costs can push families into poverty. Problem debt has profound social, emotional and productivity impacts, as well as effects on physical and mental health.

Earlier health diagnosis would benefit both individuals themselves but also the NHS and wider society. Although the households in scope do pay an NHS levy, there is evidence that many avoid contact with health services unless absolutely necessary. This reduces the likelihood of early identification of conditions like diabetes, but also cancers and heart conditions, which give rise to considerable avoidable costs to the NHS in later years.

Similarly, fear of contact with the police or with government at local or national level deters many victims of domestic abuse from taking steps to escape it. Official reports<sup>9</sup> have highlighted the impacts of abuse on women and children and provided robust monetised estimates of the benefits of effective and speedy action to assist abused individuals.

Perhaps surprisingly, the modelling showed only modest gains related to productivity and work. Small gains did flow from additional childcare and higher chances that migrants could work in jobs appropriate to their training and abilities.

### *Social Cost Benefit Analysis results*

The estimates in Table 5 below summarise the monetised costs and benefits to society of removing the NRPF condition for the target cohorts. For Option 1, over ten years the present value of net gains (that is, gains less costs) is £872 million, or £128 million in Year 0. For Option 2 the values are smaller, at £282 million over ten years or £42 million in Year 0.

*Table 5: Costs and benefits of removing the NRPF condition for certain groups (present values and benefit-cost ratio; 10 year period)*

| <b>Metric</b>                     | <b>How calculated</b>   | <b>Option 1</b> | <b>Option 2</b> |
|-----------------------------------|---|-----------------|-----------------|
| Present value of gains (benefits) | Present value of 10-year flow of direct gains to individual + indirect gains  | £2.6 billion    | £3.2 billion    |
| Present value of costs            | Present value of 10-year flow of costs of welfare benefits and administration | £1.7 billion    | £2.8 billion    |
| Net Present Value                 | Present value of 10-year flow of gains less costs                             | £872 million    | £428 million    |
| Benefit-cost ratio                | Present value of gains/present value of costs                                 | <b>1.5</b>      | <b>1.15</b>     |

Given that not all projects with positive net present values can be delivered, projects can be compared and prioritised given the budget constraints of the funder(s). This is often done using the benefit-cost ratio, which links the social and economic value created by the policy change to the financial costs involved and is useful as a measure of the overall return on investment for the level of spending. Per the Green Book, we calculate the benefit cost ratio as the present value of benefits (gains), in this case over ten years, divided by the present value of costs. For both options these values are greater than 1, indicating that the gains exceed the costs. The ratio is higher for Option 1 (1.5) than for Option 2 (1.15), so the former delivers better value for money on this metric. The BCR indicates that the present value of gains for Option 1 would exceed the present value of costs by 50%, while for Option 2 the difference would be 15%.

<sup>9</sup> See e.g. Oliver, R., Barnbym A., Roe, S. and Wlasny, M. (2019) "The economic and social costs of domestic abuse", available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/918897/horr107.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/918897/horr107.pdf) (accessed 26/7-2021); Domestic Abuse Act 2020 Impact Appraisal (IA No: HO0391) at para 313 "Evidence relating to the potential harm and cost of domestic abuse")

## Exclusions and sensitivity testing

In social cost benefit analysis, welfare payments are generally regarded as a transfer of resources from taxpayers to beneficiaries and can be shown as both *costs* (to society) and *benefits* (to recipients); at the level of society as a whole they therefore cancel each other out. However, in this analysis only the social impacts of the welfare payments are included on the benefits side of the equation, not the payments themselves. Including the payments would have the effect of increasing the net present value and benefit-cost ratio—that is, it would increase the apparent benefits of the policy change. We have consulted HM Treasury about the approach taken here and followed their advice.

In addition, the recipients of the payment would on average be expected to have a higher marginal utility of income than those who fund the transfer. In other words, the extra pound received by someone on a low income is worth more to them than to the average taxpayer. As noted in the Green Book a distributional weighting could therefore be applied to the transfer to account for this. This distributional analysis has not been undertaken here; had we done so the effect would have been to increase the benefit to society of the policy change.

The data on which this report is based have significant gaps and uncertainties. In terms of gains, the main areas of uncertainty are potential take-up of benefits and services; the extent of deadweight (that is, outcomes that would have taken place without the intervention under consideration); optimism bias (the tendency to overestimate gains and underestimate costs in SCBA); and overlapping areas of benefit involving double counting of gains. Cost estimates are also inevitably imprecise, in part because of uncertainty about how new immigration policies will be implemented and delivered.

The figures reported above are central estimates, but for all calculations we carried out sensitivity testing. The adjustment factors reflected our assessment of the degree of uncertainty around particular variables and ranged from +/- 5% where there was good evidence and up to +/- 50% where confidence was particularly low.

## Conclusions and implications

Our objective was to provide a robust Social Cost Benefit Analysis (SCBA) of the removal of the No Recourse to Public Funds (NRPF) condition for a specified group of migrants with work related visas, and their family members. On the basis of our modelling, we conclude that removing the NRPF condition either for households with families (Option 1), or for any household (Option 2) would produce gains in excess of the costs, both in the short term and over a ten-year period. The gains would be more under option one.

These gains are from a range of savings this is in part because providing recourse to social security support would address many of the problems of destitution and poor housing presented to local authorities and third sector services, who could invest resources

elsewhere. Lifting NRPF conditions for those with limited leave to remain would result in a positive net present value of £428 million over a 10-year period (Option 2) while lifting NRPF conditions for families with children and other vulnerable individuals would result in an overall net present value of £872 million analysed over a 10-year period (Option 1).

We complemented the SCBA modelling with a more qualitative exploration of the effects of the NRPF policy. Local authorities and third sector agencies told us that the current system of NRPF and change of condition applications is over-complicated, difficult to administer and may well be discriminatory. Many households who run into difficulties do currently receive support, but it is difficult to access. They perceive the system to be ungenerous, and fear that attempts to get help will put their immigration status at risk or mean their children will be taken into care. As to fears that immigrants would take advantage of the system, international and national evidence shows they work hard and there is little evidence of a relationship between access to welfare funds and behaviour in the labour market.

Despite the clear implications of the words ‘No Recourse’, in fact the public sector *does* support such households in a variety of ways. Currently, the responsibility for addressing specific problems falls mainly on local authorities and the third sector, and most of the costs they incur are not covered by central government. Local authorities are already dealing with the impact of much reduced budgets in recent years and increasing pressures to provide basic services to their local communities. Expenditure on support for NRPF families must be made up from other budget areas, with consequent opportunity costs for other groups in need.

The positive effects of the policy change would be concentrated on children and young people. The gains would be of lifelong value not only to them but to society more widely, to the communities into which they will integrate, and to their own eventual children. This focus on young people is in line with more general aims of government policies including the published framework for the integration of migrants. Long-term gains are concentrated in households with children, all of whom are covered by the Option 1 proposal. Option 2, which would extend access to public funds to all types of households, produces lower monetised gains than Option 1 while still producing higher gains than the current scenario.

Those who would benefit from the suggested policy change are people who for various reasons cannot work as they originally intended. They need help to deal with the crises and changes of situation that can arise despite people’s best intentions and efforts. Our analysis suggests that it would be cost-effective to assist them—especially households with children, who are likely to be part of our society for the rest of their lives.

Finally, our main conclusions in this report are that under either of the costed scenarios the provision of access to public funds to the group in question would address the needs of families and children who have found themselves in situations of destitution for no fault of their own. Such destitution can have a devastating and long term effect on their health, wellbeing, and on the life chances of their children. Particularly in the past two years of living with COVID, but also for many years prior to this, a very small proportion of these families have moved from working and paying taxes in the UK to a situation where they

have found themselves unable to maintain even a basic standard of living for themselves and their children. They are households whose primary purpose of being in the UK is to work, and they require what will most likely be a temporary period of support to get back to work (as is the purpose of welfare benefits payments). The SCBA modelling above indicates that it would be cost-effective to lift the NRPF constraint for this group of migrants. A benefit-cost ratio (BCR) expresses the relationship of costs to benefits in a single term. BCRs higher than 1 indicate that the benefits of a proposed policy would exceed the costs--for example, a BCR of 1.5 suggests that each pound of cost (welfare expenditure in this case) would generate one pound fifty of value to society overall. For both options examined the BCRs are higher than 1, meaning benefits would exceed costs. Higher BCRs indicate better value for money, so Option 1, with a BCR of 1.5, represents better VFM than Option 2 at 1.15.

However, social cost-benefit analysis is only a tool, and one input of many to the decision-making process. Wider policy, social, political, rights, environmental, and equalities considerations will also play a major part in any final decisions made.

# 1. Background to the research

## Research brief

The objective of this project is to provide a robust social cost benefit analysis (SCBA) of the removal of the No Recourse to Public Funds (NRPF) restriction for migrants holding visas with the primary purpose of allowing the holders to work and their families to join them in the UK. We explore two ways of removing the NRPF condition. The first is to remove the condition for these migrants, where their households include children (Option 1). The second is to remove the condition from *all* households in those visa categories (Option 2).

The research was commissioned by the Greater London Authority (GLA) in order to understand and document the costs and benefits of the NRPF policy to the public purse and to the economy and society more widely. The findings will help inform the GLA's advocacy for Londoners in low paid work in the context of London's Recovery plan<sup>10</sup>.

Our research question is:

*Would the direct and indirect gains from removing the NRPF condition from migrants holding visas which have the primary purpose of giving them the right to work, outweigh the costs of this policy change?*

The social cost-benefit analysis (SCBA) has been undertaken at the UK level since the policy change would be a national one. Where possible we have drawn out impacts on Greater London, for example by using figures reflecting the average benefit payment in the capital and the costs to London authorities of addressing these issues. As part of the research we aim to identify and quantify the different groups affected by the NRPF condition and examine their current and potential contribution to the Exchequer. We also look at the costs currently borne by central government, local authorities and other public services, and those that would be borne were the NRPF condition to be removed.

## A note on terminology

The term 'benefit' has two meanings in the context of this report: either an improvement in circumstances for individuals, or government expenditure on payments or credits to households. To avoid confusion, we use the term 'gain' to refer to improved circumstances for individuals, and reserve the term 'benefit(s)' for government welfare payments. Similarly, 'welfare' can refer either to individual wellbeing or to a class of government payments. Again, to avoid confusion, we use the term 'wellbeing' to refer to individuals and households, and 'welfare' for government payments.

A glossary of terms appears in Annex A.

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<sup>10</sup> <https://www.london.gov.uk/coronavirus/londons-recovery-coronavirus-crisis>



## 2. Strategic context

### What is NRPF?

The No Recourse to Public Funds (NRPF) condition relates to those who cannot access benefits due to their immigration status. In general, the condition applies to individuals who, under section 115 of the Immigration and Asylum Act 1999, are ‘subject to immigration control’. This includes those who are in the UK on a visa or have leave to remain with an NRPF condition attached, such as visitors, spouses or other dependents, and students and workers. NRPF restrictions also affect those without an established immigration status such as asylum-seekers, victims of modern slavery, and those who entered the country illegally through an irregular route or entered on a visa but overstayed. NRPF can also affect family members of such migrants – for example children who are British citizens.

The official justification for the policy is that

*People wishing to come to the UK are expected to be able to maintain and accommodate themselves and their families until they are settled here. This is important in reassuring the public that immigration brings real benefits to the UK and that its finite resources are protected for British citizens and those who have lawfully settled here on a permanent basis<sup>11</sup>.*

As it is government policy to apply the NRPF condition to most visas or grants of limited leave to remain, it is assumed that most of those with a valid form of leave to remain will be affected. Being ‘affected’ by NRPF conditions does not mean that all those individuals face destitution or live on low income; indeed, many visa-holders would not qualify for means-tested benefits without the NRPF condition in place. Being ‘affected’ simply means that they are unable to access most mainstream benefits regardless of need or in the event of a financial crisis.

### What are ‘public funds’?

Not all welfare benefits or types of government expenditure on services are classified as ‘public funds’. Table 6 below sets out the benefits and services that are and are not covered by the NRPF condition.

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<sup>11</sup> Home Office 2021, p. 8

Table 6: Government expenditures and services by "public funds" or not, and groups affected<sup>12</sup>

| <b>'PUBLIC FUNDS'</b>  |  | <b>NOT 'PUBLIC FUNDS'</b>  |
|--|--|--|
| <b>GROUP 1</b><br><u>BARRED TO ALL NRPF</u><br><u>INDIVIDUALS AND THOSE</u><br><u>FROM ECSMA/CESC</u><br><u>MEMBERS<sup>13</sup> (EXCEPT IRISH)</u>  | <b>GROUP 2</b><br>ACCESSIBLE TO<br>THOSE FROM<br>ECSMA/CESC<br>MEMBER STATES   | <b>GROUP 3</b><br>NOT RESTRICTED FOR<br>IMMIGRATION PURPOSES   |
| <b>BENEFITS AND CREDITS</b>  |  |  |
| Attendance Allowance<br>Carer's Allowance<br>Council Tax Reduction/Support<br>Domestic Rate Relief (Northern Ireland)<br>Personal Independence Payment for disabled people<br>State Pension Credit<br>Universal Credit (including support with childcare costs)<br>Income-based Jobseeker's Allowance (JSA)<br>Income-based Employment and Support Allowance (ESA) | Child Benefit<br>Social Fund payment<br>Discretionary Welfare payment<br>Housing Benefit (new claims for some pensioners only) | Contribution-based Jobseeker's Allowance<br>Guardian's Allowance (if in receipt of Child Benefit)<br>Contribution-based Employment and Support Allowance (ESA)<br>Maternity Allowance<br>Retirement Pension<br>Statutory Maternity Pay<br>Statutory Sickness Pay<br>Widow's Benefit and Bereavement Benefit<br>Coronavirus Job Retention Scheme<br>Self-employment Income Support Scheme                           |
| <b>PUBLIC SERVICES<sup>14</sup></b>  |  |  |
| Homelessness assistance from the local authority<br>Social housing allocated by the local authority<br>Local authority social care if need arises from destitution (except where child or human rights involved)   |  | NHS treatment <sup>15</sup> (payment involved)<br>State-funded education<br>Various types of local authority support (see below)<br>Home Office support for destitute asylum seekers & appeal rights exhausted (ARE) asylum seekers<br>accommodation & financial support for those subject to immigration bail (Home Office)<br>Accommodation for rough sleepers with NRPF under 'Everyone In' (local authorities) |

Source: Home Office 2021; authors' own group classification

<sup>12</sup> 'Legacy benefits' not included—these are benefits that are no longer available to new claimants, including Child Tax Credit, Housing Benefit, Income Support and Income-based Jobseeker's Allowance and Council Tax Benefit. Most have been superseded by Universal Credit.

<sup>13</sup> ECSMA is the European Convention on Social and Medical Assistance; CESC is the Council of Europe's Social Charter

<sup>14</sup> There will be other benefits which are not considered 'public funds' for immigration purposes but may still not be available to children whose parents are restricted by NRPF conditions – for example Free School Meals, Pupil Premium and the 30 hours of extended childcare provision for working families.

See ref here: <https://www.nrpfnetwork.org.uk/information-and-resources/rights-and-entitlements/services-for-children-and-families/early-education-and-childcare>

<sup>15</sup> Those with valid leave to remain or in the UK on a visa will have paid the Immigration Health Surcharge and therefore will have access to NHS services

## How many people are there in the affected groups?

### *Challenges of estimation*

The longstanding official undercounting of the number of EU migrants living in the UK, revealed by the EU Settlement Scheme post-Brexit, shows how difficult it is to estimate the numbers of migrants in this country, let alone divide them into discrete categories. Previous work by GLA and LSE in this area outlines some of the challenges<sup>16</sup>.

There are few reliable data specifically on people with the NRPF condition, and the Home Office itself stated in response to the MHCLG Select Committee in May 2021 that

*‘There is no single figure which can be published to cover every possible case in the UK. This is not simply about cost and administrative burden; it is not possible to provide an accurate figure of the number of people in the UK who are subject to NRPF at any given time’<sup>17</sup>.*

The Migration Observatory at the University of Oxford found that by the end of 2019 there could have been as many as 1.376 million people with NRPF conditions attached to their visa or leave to remain in the UK, including 488,200 people on work visas and 545,800 on student visas<sup>18</sup>. This figure should be regarded as a floor: the total is based on visa issuance records and excludes some categories of people affected by NRPF conditions such as those who came in on visitor visas or as asylum seekers, and British citizen children affected by their parents’ status. On the other hand, many people with visas where NRPF applies may have left the country or never come in the first place. There is also a significant number of undocumented individuals subject to NRPF. GLA has undertaken research on undocumented groups.<sup>19</sup>

One widely used source of data on numbers of migrants is the Labour Force Survey (LFS). Recent LFS data suggest a significant drop in the migrant population since the pandemic, particularly among non-EU nationals, although there is considerable uncertainty about this and some experts have questioned whether there has been a fall in numbers at all.<sup>20</sup>

### *Those with visas: visa category and household type*

The figures produced by the Migration Observatory are based on Home Office Migration Journey data about visas and grants of limited leave to remain in the UK. Table 7 below sets

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<sup>16</sup> [https://www.london.gov.uk/sites/default/files/gla\\_migrate\\_files\\_destination/irregular-migrants-report.pdf](https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/irregular-migrants-report.pdf)

<sup>17</sup> <https://committees.parliament.uk/publications/6023/documents/68086/default/>

<sup>18</sup> Migration Observatory (2020) *Between a rock and a hard place: the Covid-19 crisis and migrants with No Recourse to Public Funds (NRPF)* University of Oxford, Oxford. Commentary and Data briefing

<sup>19</sup> <https://www.london.gov.uk/what-we-do/communities/migrants-and-refugees/londons-children-and-young-people-who-are-not-british-citizens>

<sup>20</sup> See also <https://data.london.gov.uk/dataset/population-change-in-london-during-the-pandemic>

out these numbers by visa type. The figures include main applicants and their dependents granted a valid leave to remain in the UK other than indefinite leave to remain (ILR) at the end of 2019, for those issued initial visas from 2004 onwards. The total number in this broad category is 1.38 million.

Students were the most numerous, making up about 40% of NRPF individuals with visas (note that there are others who do not have visas; this is addressed below). We have not included them in our analysis as we do not anticipate that students would generally need access to means-tested benefits. Most do not have dependent children and they would generally be in the UK only for the duration of their study. While some may do limited work during their studies, they are primarily in the UK to undertake a specific course. We have therefore not modelled the extension of benefits to them or their dependents. However, during the pandemic there was evidence of significant hardship faced by international students and the policy options of providing access to hardship support in these circumstances should be considered separately to avoid students from falling into destitution and homelessness.

These figures are based on visas granted rather than a precise count of individuals who are still in the UK; some of those granted visas may have left the UK before the visa expired. There are other important caveats. These figures exclude anyone who did not enter the UK with a work, study or family visa issued in another country, so they omit those who arrived without permission or did not require a visa. The figures also do not include asylum seekers or those who have gaps between periods of regular status of more than 12 months.<sup>21</sup>

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<sup>21</sup> For further details, see the Migrant Journey 2019 report:  
<https://www.gov.uk/government/statistics/migrant-journey-2019-report>

Table 7: Breakdown of individuals by visa type and characteristics

| Category of leave or visa                   | Age group | Applicants and dependents | % of individuals in this category by age | % of individuals represented by this visa category |
|---|-----------|---------------------------|--|--|
| Study                                       | Under 18  | 44,623                    | 8%                                       |  |
|   | Over 18   | 501,264                   | 92%                                      |  |
|   | All ages  | <b>545,887</b>            |  | 40%  |
| Work -- Tier 2 high skilled workers         | Under 18  | 69,142                    | 19%                                      |  |
|   | Over 18   | 288,433                   | 81%                                      |  |
|   | All ages  | <b>357,575</b>            |  | 26%  |
| Family                                      | Under 18  | 25,018                    | 9%                                       |  |
|   | Over 18   | 249,792                   | 91%                                      |  |
|   | All ages  | <b>274,810</b>            |  | 20%  |
| Work -- Tier 5                              | Under 18  | 1,962                     | 4%                                       |  |
|   | Over 18   | 53,048                    | 96%                                      |  |
|   | All ages  | <b>55,010</b>             |  | 4%   |
| Work - non-points-based system and other    | Under 18  | 379                       | 1%                                       |  |
|   | Over 18   | 37,425                    | 99%                                      |  |
|   | All ages  | <b>37,804</b>             |  | 3%   |
| Work -- Tier 1                              | Under 18  | 8,213                     | 22%                                      |  |
|   | Over 18   | 29,695                    | 78%                                      |  |
|   | All ages  | <b>37,908</b>             |  | 3%   |
| Dependant joining or accompanying           | Under 18  | 10,983                    | 54%                                      |  |
|   | Over 18   | 9,524                     | 46%                                      |  |
|   | All ages  | <b>20,507</b>             |  | 1%   |
| Other                                       | Under 18  | 15,323                    | 33%                                      |  |
|   | Over 18   | 31,334                    | 67%                                      |  |
|   | All ages  | <b>46,657</b>             |  | 3%   |
| Total with leave to remain/visa at end-2019 | Under 18  | 175,643                   |  |  |
|   | Over 18   | 1,200,515                 |  |  |
|   | All ages  | <b>1,376,158</b>          |  |  |

Source: Oxford Migration Observatory, *Between a rock and a hard place: the Covid-19 crisis and migrants with No Recourse to Public Funds (NRPF)*: <https://migrationobservatory.ox.ac.uk/resources/commentaries/between-a-rock-and-a-hard-place-the-Covid-crisis-and-migrants-with-no-recourse-to-public-funds-nrpf/>

#### *Hong Kong British nationals (overseas) [BNOs]*

We have also included in this SCBA figures for Hong Kong British nationals overseas, for whom a new immigration route was created in 2020, in response to the increasingly repressive policies applied by the Chinese government. Hong Kong residents with British national (overseas) [BNO] passports can apply for a visa that gives them leave to remain for five years, provided they can demonstrate that they can support themselves for at least six months. The NRPF condition will apply, but those on the BNO route will be able to apply to have the condition lifted if at risk of destitution as with the human rights/ten-year route.

The Home Office's latest central estimate suggests between 260,000 and 322,000 BNO status holders and their dependents will come to the UK over five years.<sup>22</sup> They forecast a net benefit to the UK of between £2.4 and £2.9 billion over 5 years. The government anticipated that between 123,000 and 153,700 BNO individuals would arrive in the first year; our model uses a figure of 140,000.

*People exempt from needing visas*

The estimate of 1.38 million with leave to remain or visas as of end-2019 is based on visa records and thus excludes those who do not require visas. Until recently, the most numerous such category was EEA nationals. EEA nationals who arrived in the UK before 31 December 2020 were not 'subject to immigration control' and thus do not technically fall into the legal category of NRPF. Even so, following Brexit, EEA nationals will be unable to access mainstream benefits in some cases – for example some of those who have a Pre-Settled Status under the EU Settlement Scheme or those who did not make an application to the EUSS in time.<sup>23</sup> EEA nationals who have entered the UK since January 2021 will be subject to the same visa restrictions and NRPF conditions as non-EEA nationals.

*Irregular NRPF households (without visas)*

This report addresses households with visa status and a right to work. There is a range of other migrants who experience destitution and other problems but who are not in scope for this research. These include:

- Households who have lost their visa status but remain in the country (as the visa has expired or for some other reason).
- Asylum seekers – where the Home Office has made separate provision under section 95 of the Immigration and Asylum Act 1999 if they do not have accommodation and/or cannot afford to meet their essential living needs. Section 4 support for accommodation and essential living needs may also be available to those who have been refused asylum but face specific barriers to leaving the UK. Local authorities can also provide assistance in limited cases (for example, children with additional needs or those with care needs), and are required to report to the Home Office in relation to details of any such assistance provided.
- Other undocumented ('irregular') migrants who have not claimed asylum.

The analysis sought to consider those with a 'pre-settled' status in the UK who have NRPF as a condition of their visa or leave to remain. Some of the authors of this report earlier considered the economic impact of regularising the status of irregular migrants in London

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<sup>22</sup> <https://homeofficemedia.blog.gov.uk/2021/01/29/media-factsheet-hong-kong-bnos/> See also <https://www.migrationwatchuk.org/briefing-paper/487/how-many-people-are-expected-to-take-up-the-new-hong-kong-visa>

<sup>23</sup> More information: <https://www.nrpfnetwork.org.uk/information-and-resources/rights-and-entitlements/immigration-status-and-entitlements/eea-nationals-and-family-members>

and the UK.<sup>24</sup> Therefore, in order to contribute to the existing evidence base, this analysis focused on groups of migrants who have leave to remain in the UK, have the right to work and are paying taxes, but are nevertheless affected by NRPF conditions. These individuals and families may remain in the UK in the long run, but until they acquire Indefinite Leave to Remain or are naturalized as British citizens – something that has become increasingly difficult given rising Home Office application fees and other barriers – they are subject to NRPF restrictions regardless of their length of stay. Insofar as possible our calculations exclude unauthorised or irregular migrants.

While the distinction is obvious in principle, it is much less clear in practice. Migration status is not binary but nuanced and fluid. The numbers of individuals and households in each category change constantly. Many currently irregular migrants came to the UK legally, as temporary visitors or students, but did not depart when their leave to remain expired. Others came on visas that do allow for application for indefinite leave to remain but did not renew their status in time, perhaps because they could not afford the fees. Sometimes people have a right to be here but no way of substantiating that right, for example because they cannot afford legal fees and legal aid is no longer available in non-asylum immigration cases.

#### *Eligibility for public funds in relation to visa types*

In addition to the complexity of estimating numbers in each visa category, different rules can apply in relation to the levels of access to welfare benefits set out in Table 6 above. Table 8 below summarises the categories and nationalities of people subject to different types of NRPF restriction. It necessarily simplifies what is an extremely complex picture; even so the table is far from straightforward.

*Table 8: Summary of eligibility for public funds by migration status and country of origin*

| Colour codes for migration status           |   |                      |         |
|---|---|----------------------|---------|
| Have visas = subject to immigration control | No visas = not subject to immigration control | Some yes/<br>some no |         |
|   | Benefit categories per Table 6, above         |                      |         |
| THOSE WITH RECOGNISED RIGHT TO BE IN UK     | Group 1                                       | Group 2              | Group 3 |
| All Irish nationals                         | Yes   | Yes                  | Yes     |
| Students (Tier 4)                           | No  | No                   | Yes     |
| Tiers 1, 2, 5                               | No  | No                   | Yes     |
| Family                                      | No  | No                   | Yes     |
| Hong Kong BNO                               | No  | No                   | Yes     |
| Other/dependants                            | No  | No                   | Yes     |
|   |   |                      |         |
| Undocumented/irregular migrants             | No  | No                   | No      |
| EEA nationals who miss the deadline         | No  | No                   | No      |

*Summary total numbers of individuals with limited access to public funds*

<sup>24</sup> Gordon, I., Scanlon, K., Travers, T., & Whitehead, C. (2009). Economic Impact on London and the UK of an Earned Regularisation of Irregular Migrants in the UK.  
[https://www.london.gov.uk/sites/default/files/gla\\_migrate\\_files\\_destination/irregular-migrants-report.pdf](https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/irregular-migrants-report.pdf)

Summary figures around numbers of migrants by visa category (or no visa) are set out in Table 1 earlier in this report, which is reproduced here for ease of reference. In this report and SCBA we focus on the first three rows, and the numbers in those

*Table 9: Estimated numbers of individuals with limited or no access to public funds (Table 1)*

| <b>THOSE CONSIDERED IN THIS REPORT- MIGRANTS WHOSE PRIMARY REASON TO BE IN THE UK IS TO WORK, AND THEIR FAMILY MEMBERS</b> |  |                  |
|--|--|------------------|
|  | Tiers 1, 2, 5, non-Points Based System                       | 488,297          |
|  | Family and other/dependants joining                          | 341,974          |
|  | Hong Kong BNO (est)  | 140,000          |
|  | <b>Total excluding EU</b>                                    | <b>970,271</b>   |
| <b>NOT CONSIDERED IN THIS REPORT</b>   |  |                  |
|  | Students (Tier 4)  | 545,887          |
|  | Undocumented/irregular migrants                              | 674,000          |
|  | <b>ESTIMATED TOTAL INDIVIDUALS SUBJECT TO NRPF CONDITION</b> | <b>2,190,158</b> |

*Source: As set out above Home Office are unable to provide official numbers for this table, and we used a range of sources to estimate them*

#### *Applying to remove the NRPF condition*

As the government's policy is to apply NRPF conditions to most visa holders and those with temporary leave to remain, the starting assumption is that this applies to them all, although in fact some will have had conditions lifted if they were destitute, and in some cases the condition may not have been applied to their grant of leave if they were able to evidence their need to access public funds.

Migrants with leave granted on the basis of family or private life can apply under a procedure called 'change of conditions of leave to allow access to public funds if your circumstances change'<sup>25</sup> to have the NRPF condition lifted from their visas. They must show that their financial situation means that they are destitute or at risk of destitution, meaning that they can no longer feed or house their family, or that a child is at risk because of low income. Pre-Covid the route was seldom used: there were 3,052 such applications received in 2018, and 3,407 in 2019. During Covid the numbers ballooned to 5,665 in the second quarter of 2020 falling back to around 3,000 in the third quarter.<sup>26</sup> The latest Home Office statistics on applications for change of conditions due to destitution confirm this picture. The main nationalities applying for changes in conditions from mid-2017 to 2021 are shown in Table 10 below.

<sup>25</sup> <https://www.gov.uk/government/publications/application-for-change-of-conditions-of-leave-to-allow-access-to-public-funds-if-your-circumstances-change>

<sup>26</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/904639/UKVI - Destitution and Change of Conditions - Q2 2020 Published.ods](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/904639/UKVI_-_Destitution_and_Change_of_Conditions_-_Q2_2020_Published.ods)



Table 10: Main nationalities applying to have NRPF condition lifted, Q3, 2017 - Q2, 2021

| Nationality | Total applications received |
|-------------|-----------------------------|
| Nigeria     | 6,067                       |
| Pakistan    | 2,969                       |
| Ghana       | 2,290                       |
| Bangladesh  | 2,121                       |
| India       | 2,037                       |
| Jamaica     | 1,329                       |

Source: Home Office, 2021<sup>27</sup>

A recent report (Wooley 2019), which looked at a sample of applicants seeking to have their NRPF condition removed, found that upwards of 85% were women and nearly all were single mothers. The average number of children was two, with around 90% of all families having at least one British child. 30% of all adults in the sample self-reported as disabled and 11% of all children were also designated as such.

Although this route exists and most applications are successful, Wooley cites evidence that potentially destitute applicants for change of conditions may be effectively prevented from submitting successful applications because the application itself requires a medium or high level of literacy. In addition, requirements for extensive amounts of evidence collection are onerous and sometimes unrealistic for applicants, and the thresholds for meeting and interpreting the definition of ‘destitution’ are problematic. However, of the 8,322 applications decided between October 2017 and March 2020 (i.e., pre-Covid), 66% were granted (excluding pending).<sup>28</sup>

Two judicial reviews in recent years have found the ‘change of condition’ policy to be unlawful. In May 2020 the high court found the policy to be in breach of Article 3 of the ECHR, which prohibits inhuman and degrading treatment.<sup>29</sup> A year later, the court found that the NRPF scheme did not comply with the Secretary of State’s duty under Section 55 of the Borders, Immigration and Citizenship Act 2009 to safeguard and promote the welfare of children.<sup>30</sup> But despite some changes to government guidance, the scheme remains largely unchanged.

#### *Future variation: Immigration and Social Security Co-ordination (EU Withdrawal) Act 2020*

In considering future patterns of migration and eligibility for recourse to public funds, we are keenly aware of the impact of the Immigration and Social Security Co-ordination (EU Withdrawal) Act 2020. This Act ends freedom of movement for EEA citizens and their families who are now subject to the same UK laws as non-EEA nationals. All prospective migrants will need to meet the criteria of a route within the UK’s Points Based Immigration

<sup>27</sup> <https://www.gov.uk/government/publications/immigration-and-protection-data-q2-2021>

<sup>28</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/904639/UKVI - Destitution and Change of Conditions - Q2 2020 Published.ods](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/904639/UKVI_-_Destitution_and_Change_of_Conditions_-_Q2_2020_Published.ods)

<sup>29</sup> R (W, A Child By His Litigation Friend J) v The Secretary of State for the Home Department & Anor [2020] EWHC 1299 (Admin): <https://www.bailii.org/ew/cases/EWHC/Admin/2020/1299.html>

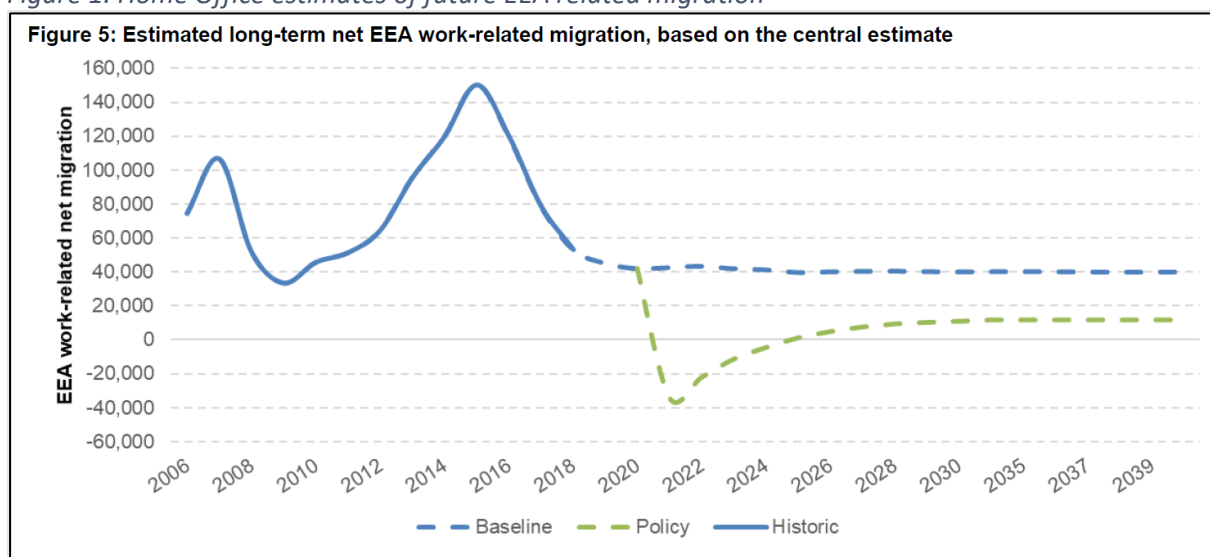
<sup>30</sup> ST (a child, by his Litigation Friend VW) & VW v Secretary of State for the Home Department [2021] EWHC 1085 (Admin): <https://www.bailii.org/ew/cases/EWHC/Admin/2021/1085.html>

System (PBS) to live and work in the UK. The Act introduced changes to both the salary thresholds and the skills level thresholds from Regulated Qualifications Framework (RQF) level 6 (degree equivalent) to RQF level 3 (A-level equivalent).

The Act also protects the status of Irish citizens in the UK when free movement rights end, meaning they will not need permission to enter and remain in the UK following the end of free movement. It also provides a power to enable amendments to retained EU law relating to social security co-ordination.

One consequence set out in the HM Treasury impact appraisal of the Act<sup>31</sup> is an expected sharp decline in EEA net migration in the immediate future, followed by an upturn as shown in Figure 1 below..

Figure 1: Home Office estimates of future EEA related migration



Source Home Office, *op cit*.

At the moment it is not clear what the net impact of these changes will be on the numbers of individuals affected by the NRPF condition. The overall thrust of the legislation is to increase access for skilled migrants and to reduce access for the low-paid. We have therefore assumed in our central SCBA analysis that the flow of migrants with the NRPF condition will remain the same, but that the number of low-income migrants falls over time.

<sup>31</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/885682/2020-05-18\\_IA\\_ImmSSC\\_Bill\\_v21\\_with\\_Signature.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885682/2020-05-18_IA_ImmSSC_Bill_v21_with_Signature.pdf)

### 3. The case for change

#### Overview

This section outlines the evidence and rationale underpinning the case for making changes to the operation of the NRPF policy framework, prior to exploring the cost and benefits of possible options for change. It outlines:

- Local authorities' duties to support families in need, which involve both significant expenditure and costly gatekeeping to ensure that only those whose needs are greatest are assisted
- Evidence from both local authorities and third-sector agencies of the main negative impacts on families, and particularly on children
- Evidence from relevant literature of the effects on families. This includes not only immediate impacts but also medium and longer term costs to public services of dealing with consequences such as ill health and poor child development, as well as the additional opportunity costs to society of lower productivity, educational underachievement, poor housing, poverty, domestic abuse, failure of integration, and wider wellbeing impacts for these families.

We then outline the main areas included in the SCBA, which sets out to quantify as far as possible the impact on both public expenditure and on the social and wellbeing outcomes for society of the two options for change.

#### Assistance from local authorities and third sector agencies

Despite the implication of the NRPF label, public bodies -- especially local authorities (LAs) -- do in fact undertake significant expenditure supporting migrants with the NRPF condition, particularly in Greater London. Much of this expenditure comes about because of local authorities' duties to provide support for children or vulnerable people with care needs. Services are also provided directly to NRPF households from third sector agencies. In addition to providing direct services, local authorities and other agencies provide advice to NRPF households including assisting them to apply to the Home Office for a 'change of conditions' which, if successful, would allow the household or individual access to public resources under the same conditions as citizens or those with indefinite leave to remain. In some cases, the local authority also supports people to access legal advice in the absence of legal aid, and funds their applications for leave to remain, which have increased significantly in recent years.

This evidence is relevant to the SCBA for two reasons. First, it sets out the significant costs already being borne by the public sector. This is a burden that falls mostly on local authorities who have limited, and often diminishing, resources to meet local needs. There are clear opportunity costs to this expenditure, which would be covered by mainstream central government welfare benefits funds were it not for the NRPF condition. Second, the

evidence demonstrates the negative impact of the NRPF condition on households with children, and the likely gains to be secured were this NRPF condition to be lifted.

*Local authority duties to assist*

Local authorities have a duty to assist some but not all families who are experiencing or at risk of experiencing destitution.

Section 17(1) Children Act 1989<sup>32</sup> sets out the general duty of local authorities:

- *to safeguard and promote the welfare of children within their area who are in need; and*
- *so far as is consistent with that duty, to promote the upbringing of such children by their families, by providing a range and level of services appropriate to those children's needs*

Section 17 goes on to define 'in need':

*'(10) For the purposes of this Part a child shall be taken to be in need if—*

- *he is unlikely to achieve or maintain, or to have the opportunity of achieving or maintaining, a reasonable standard of health or development without the provision for him of services by a local authority under this Part;*
- *his health or development is likely to be significantly impaired, or further impaired, without the provision for him of such services; or*
- *he is disabled,*
- *and "family", in relation to such a child, includes any person who has parental responsibility for the child and any other person with whom he has been living.'*

Legally, a 'child in need' assessment should be conducted to determine the need for assistance. However, research has shown that practice varies considerably, and some authorities focus on the circumstances and credibility of the parents in relation to their immigration situation and claim of destitution rather than on children's needs. Price and Spencer (2015) find that

*'some authorities operate a higher threshold for securing access to support, and there is some evidence of a reluctance to move beyond the early screening stage to conduct a full assessment of the child and family's situation, not least because once that process has begun it is rare to find that s17 responsibilities are not engaged' (p. 55)<sup>33</sup>.*

According to a 2020 report by The Children's Society,<sup>34</sup> families who are destitute or living in extreme poverty face numerous challenges:

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<sup>32</sup> Similar provisions are in place in devolved nations.

<sup>33</sup> Price, J. and Spencer, S. (2015) Safeguarding Children from Destitution: Local Authority Responses to Families With 'No Recourse to Public Funds'. COMPAS, Oxford.

<sup>34</sup> <https://www.childrenssociety.org.uk/sites/default/files/2020-11/a-lifeline-for-all-report.pdf>

*“Families struggle to pay for essentials like food, utility bills, rent, and clothing. Families in poverty will often have to buy the cheapest food they can find, but this will not necessarily be the most nutritionally valuable.”*

*“Parents said they could not afford to buy each of their children two pairs of shoes and a coat... there had been at least one day where their child had not been able to eat a hot meal, because they could not afford to provide it.... could not afford to celebrate special occasions, such as their children’s birthdays.”*

Local authorities have discretion as to how they meet the child’s need; this may involve providing accommodation and assistance in kind, and/or financial assistance for families whose incomes are too low to meet housing or living costs. As one study says,

*‘S17 in part functions as an accommodation safety net for families who fall through the gaps of mainstream welfare benefit provision and who cannot access informal support outside statutory services’.*<sup>35</sup>

Despite this assistance being available, there is evidence that some families may not seek help from local authorities when they are suffering from deprivation as they fear that their children will be taken into local authority care following a Children Act assessment.<sup>36</sup> Parents are also often unaware of their legal rights and are unable to advocate for themselves effectively in such distressing circumstances, where the power imbalance is overwhelming. Parents’ fears may be justified in some cases; there are reports of local authorities using such threats as a way of ‘gatekeeping’,<sup>37</sup> although equally there is much misinformation and confusion around entitlements. Other studies have highlighted ‘gatekeeping’ practices by local authorities<sup>38</sup> which can lead to a breakdown in trust between families and statutory agencies.

Despite the significant costs involved in accommodating and providing subsistence to families, as well as administering and staffing these processes, relatively few individuals and families are supported under these provisions. Using data from the NRPF Network for 62 local authorities in England and Scotland, The Children’s Society’s report (2020) noted that between 2015 and 2019, local authorities supported 8,117 families with a total of at least 16,331 dependents. The vast majority of cases supported by local authorities under Children Act provisions were single parent households, with the principal applicant the mother of the

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<sup>35</sup> J. Price and S. Spencer (2015) *Safeguarding children from destitution: Local authority responses to families with ‘no recourse to public funds’* COMPASS University of Oxford

<sup>36</sup> E. Dickson (2019) *Not Not Seen, Not Heard: Children’s experiences of the hostile environment* Project 17. K. Musselbrook, J. Vallely and P. Hart (2018) *No Recourse to Public Funds: Olivia’s story* <https://www.iriss.org.uk/resources/case-studies/no-recourse-public-funds-olivias-story>. Dexter, Z., Capron, L., & Gregg, L. (2016). *Making life impossible: How the needs of destitute migrant children are going unmet*. <https://www.childrensociety.org.uk/what-we-do/resources-and-publications/makinglife-impossible-how-the-needs-of-destitute-migrant>

<sup>37</sup> Price & Spencer, 2015 op cit, pp. 36, 39-40

<sup>38</sup> Project 17 (2019) *Not seen, not heard: Children’s experiences of the hostile environment*

child or children. These figures refer to all families affected by NRPF restrictions, not only those with NRPF conditions attached to their visa or leave to remain; they include those awaiting a decision from the Home Office on their immigration claim.

In addition, local authorities will have duties under the Care Act to accommodate adults with care needs. In its 2019/20 annual report, the NRPF Network reported that an average of 570 adults were supported at the end of each quarter between 2018/19 and 2019/20 by 67 local authorities in England and Scotland.<sup>39</sup>

During the Covid pandemic, Local Authorities accommodated rough sleepers with NRPF as part of the 'Everyone In' scheme.<sup>40</sup> Central government provided interim funding for the scheme as a whole and as initially this action was taken as a public health emergency, authorities could assist NRPF households with these public funds. From May 2020, however, the decision by the local authority to accommodate a rough sleeper with NRPF has had to be made on a case-by-case basis. There have been significant numbers of people with NRPF accommodated throughout this programme. Many authorities support NRPF rough sleepers from their own funds; although central government funding was made available it was never enough to cover all costs.

#### *Extent of local authority assistance*

Most information on how many households are directly affected by the NRPF status comes from authorities and charities who directly assist destitute NRPF households.

The NRPF Network reported<sup>41</sup> that

- in fiscal year 2019/20, 2,450 households with NRPF status received assistance from 66 councils across the UK at a cost of £44 million
- the average cost per household per annum (accommodation and subsistence) was £17,887

London Councils reported<sup>42</sup> that

in 2016/17 an estimated 2,881 NRPF households received assistance from London councils at a cost of £53.7 million, or an average of £1.7 million per borough.

94% of this cost came from three categories:

- accommodation (65%)
- council employee costs (15%), and

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<sup>39</sup> NRPF Network (2020) NRPF Connect – Annual data report 2019-2020: local authority support for people with no recourse to public funds (NRPF): <https://www.nrpfnetwork.org.uk/-/media/microsites/nrpf/documents/nrpf-connect/data-report-201920.pdf?la=en&hash=A9FAB301F6FA51DC7F6F42F79236150C8DC568DA>

<sup>40</sup> <https://www.gov.uk/government/news/3-2-million-emergency-support-for-rough-sleepers-during-coronavirus-outbreak>. See also Whitehead et al <https://usercontent.one/wp/www.commissiononroughsleeping.org/wp-content/uploads/2021/09/Kerslake-Commission-rapid-evidence-review-StMfinal.pdf>

<sup>41</sup> NRPF Connect (2020) *Annual data report 2019-2020: local authority support for people with no recourse to public funds*. NRPF Network, London

<sup>42</sup> <https://www.londoncouncils.gov.uk/our-key-themes/asylum-migration-and-refugees/no-recourse-public-funds#:~:text=Overall%20burden,household%20was%20nearly%20%C2%A319%2C000.>

- subsistence (14%)

These figures (which are from different years and cover different geographical areas) suggest that NRPF affects London boroughs more than other authorities. During Covid, the GLA provided accommodation for over a thousand people who might have had NRPF status and are still supporting significant numbers.

*Wider evidence of the negative impacts of NRPF on households - interviews*

Those ineligible for public support due to NRPF restrictions often turn to charitable organisations. Together with local authorities, they are the last resort for migrants in severe need, and most of the larger organisations receive at least some funding from local councils or central government to support this group. These organisations provide services including housing and housing advice, legal and welfare advice, financial and other types of subsistence support such as clothes and food, and rights-based advocacy.<sup>43 44</sup>

In order to assess the difficulties experienced by some households with NRPF and the potential gains from relaxation of these restrictions, we undertook a literature review of some of the main reports from third sector and other agencies, including academic partners with knowledge of the area. We also carried out a series of interviews and round table discussions with a range of experts including

- No Recourse to Public Funds (NRPF) Network
- The Immigration Policy Adviser to two MPs
- Home Office officials and statisticians
- Local government roundtable involving representatives from GLA, London Councils and six representatives of London boroughs
- NGO Roundtable involving five third-sector organisations providing a range of services to households with NRPF
- Individual interviews with several other NGOs including Citizens Advice
- Two academic experts on migration
- A school representative working with NRPF families
- Migration Observatory.

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<sup>43</sup>Lucy Mayblin & Poppy James (2019) *Asylum and refugee support in the UK: civil society filling the gaps?* Journal of Ethnic and Migration Studies, 45:3, 375-394

<sup>44</sup> Note that these organisations often deal with both regular and irregular migrants and their findings rarely distinguish between them—indeed the organisations may not necessarily know whether individual clients are subject to the NRPF condition or not. For instance, the GLA accommodated many migrant rough sleepers in hotels under the Covid ‘Everyone In’ policy. It initially identified them as subject to NRPF but noted that in fact many were likely to be eligible for support.

Amongst the main issues raised were:

### **Lack of clarity about numbers**

From speaking to all interviewees it was clear there is a lack of reliable data on the exact numbers of people impacted by the NRPF condition and the numbers receiving help, as well as wider demographic data about these populations. The available data and estimates have been used throughout this report.

### **Preventing people from working**

Although one of the justifications given for the NRPF policy is to encourage people to work, our interlocutors said the policy can prevent people from working. They adduced a range of reasons—for example, that they are not able to access childcare support. Several interviewees said that topping up migrants' incomes would be a more effective way to support them into work and help them integrate.

### **Impact on mental health**

Interviewees said the NRPF policy had a negative impact on mental health, and that people subject to the NRPF condition accessed mental health and SEN services at a higher rate than others. It was not clear if this was a direct impact of the NRPF condition or simply reflected the fact that many such individuals live on insecure low income, or other factors associated with often adversarial immigration processes.

### **Domestic abuse**

Interviewees from both the third sector and local authorities said that women subject to NRPF were particularly at risk of domestic violence due to the monetary power their partner holds over them. Lifting the NRPF condition and being able to access benefits would allow them to be financially independent and escape their abusive relationship. Abusers often lied or hid what support is available from their partners to ensure they remained trapped in the relationship. According to one interviewee,

*Giving someone access to benefits allows them to escape abusive relationships and rebuild their lives. Their mental health improves. Women we have supported to access benefits now support other women in the same situation. You remove the power from abusers and exploitive employers.*

### **The impact on children**

Children whose families are subject to the NRPF condition are not generally eligible for free school meals or the pupil premium (although free school meals were available during the Covid provisions). This can create additional costs for the schools that choose to provide these themselves.

Support agencies who receive referrals directly from schools say the schools are concerned about the impact of stress caused by NRPF on children's mental health and education. A study by the Child Poverty Action group explored, using case studies from interviews with children affected by NRPF, how hunger affects children's ability to participate in learning



and how lack of energy led a child to be excluded from class. Children also reported feelings of shame watching peers eat at lunchtime when they could not.<sup>45</sup>

Young people subject to NRPF have to pay the more expensive overseas rates for higher education, which can prevent them from attending university.<sup>46</sup> One interviewee said,

*Children don't have the same sense of belonging: they can't go on school trips, have to sit at a different table as they don't have Free School Meals, can't access higher education. This can be very destructive to children's aspirations.*

### **The Covid pandemic**

Interviewees from both local authorities and third sector agencies said that since the start of the pandemic they had seen an increase in the numbers of people seeking support linked to having NRPF. The groups also said there is now a greater reliance on local community support such as food banks and mutual aid groups. A lot of families who had previously never struggled lost their jobs and were unable to access mainstream support.

Citizens Advice said people's main need for support was with rent arrears and the threat of evictions. They reported that

*Since March 2020, supported about 137 households and have now 62 open cases (28 NRPF and 34 on single adults supported discretionary). Large number compared to previous years. At the end of 2019, supporting 34/36 statutory cases, so the number of cases supported has doubled. This has impacted the budget – the figures at the end of March 2021 show £1.25M spending. Higher to what we were spending two years ago.*

Workers subject to NRPF are more likely to remain working in unsafe working conditions and have greater exposure to Covid through working multiple jobs.

Local authorities have increased the range of people to whom they offer accommodation due to the 'Everyone In' scheme, meaning they are now housing people subject to NRPF that previously would not have been supported. In addition, some local authorities gave Covid relief grant payments to people with NRPF on a discretionary basis.

Two interviewees argued that the responses to the pandemic had brought about some positive changes. One London borough reviewed and increased their subsistence rates and a third sector organisation made their decision making around change of conditions faster and more flexible, although the interviewee felt that these changes were starting to be reversed.

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<sup>45</sup> <https://cpag.org.uk/news-blogs/news-listings/living-hand-mouth-now-free-access>

<sup>46</sup> <https://www.webelong.org.uk/issue/deintegration-generation-we-belong-report>

### Consequences of high visa fees<sup>47</sup>

Several interviewees highlighted the issue of the fees associated with visa applications. These fees can push people into debt and hold them in poverty: two interviewees argued that even if NRPF were lifted, the fees would keep many families in poverty. People on zero-hour contracts often do not have enough money to cover the costs.

Those who cannot or do not submit timely applications for visa renewals (because of the cost or the challenges of dealing with the bureaucratic procedures) often fall off the path towards applying for indefinite leave to remain, overstaying their visas and becoming undocumented. It can be very easy to fall into an irregular status, especially during the pandemic. For example, migrants whose application for a fee waiver is denied have only 10 days to come up with what could be thousands of pounds, or face becoming an over-stayer.

Two third sector agencies told us a disproportionate number of people who become undocumented are from Commonwealth countries. They argued that the visa application system was geared towards western applicants as it asks for bank statements, proof of address and payslips which these applicants often do not have.

We were told about one family where the father was working three jobs and was in need of support. He did not want to apply for a change of conditions as it would mean he would have to go on the 10-year route to indefinite leave to remain and would not be able to cover the cost of the fees.

### Local authority support

The bulk of local authority support is offered to children and families under Section 17 of the Children Act 1989 (and equivalent legislation in devolved nations) and adults with high care needs under the Care Act 2014, but the interviewees said this is often a last resort as budgets are limited. They try and encourage people to use local support networks before the local authority provides support. This results in a lot of people being turned away, the result of which is hard to quantify. Interviewees said,

*LA is the last resort. When doing an eligibility assessment, look at the support they have received since they entered country, support network gets priority before LA gets involved. If they have used all resources, then LA can step in under Section 17.*

*Because local authorities don't receive any funding to support NRPF families applying under section 17 it ends up with "aggressive and hostile" gatekeeping tactics, for example telling people to go back to their abusive partner. It's hard to quantify the people being turned away, which pushes people into positions where they may be very vulnerable.*

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<sup>47</sup> Under both the five and ten-year routes to indefinite leave to remain those affected must pay an NHS surcharge, a regular fee to cover the cost of applications every 2.5 years, and a settlement fee. Currently this amounts to a total of £15,360 for a parent and child under the 5 year route, and £23,982 under the 10 year route.

The majority of local authority budgets are spent on accommodation and subsistence. Some councils also pay for childcare and free school meals, but this varies across areas.

### **The cost to government**

It was highlighted by the interviewees that delivering the NRPF policy has real costs to the government, including administering the NRPF policy and change of conditions. The change of condition team at the Home Office replicates the work of the benefits team.<sup>48</sup> The Home Office could not, however, provide any data on caseloads and costs associated with them.

### **The cost to charities and third sector agencies**

We learned that charities and third sector agencies provide a lot of support for people with NRPF. The cases they deal with are often the most challenging ones and require the most time. One agency that provides advice, mainly to one specific ethnic group, said 30 percent of their caseload have NRPF.

### **The cost to community groups**

The third sector organisations and local authorities we spoke to said informal support from community and faith groups was very important to people with NRPF. Citizens Advice often refers people to mutual aid groups and food banks.

We were told that normally food banks require referrals, but Citizens Advice is aware of food banks in at least three boroughs that let families on NRPF receive weekly food parcels without a referral.

### **Cost of accommodation**

Finding accommodation can be a big challenge for people with NRPF as they are unable to access mainstream social housing. We were told that one council spends £3.1 million a year on 150 families with NRPF, most on accommodation.

The private-sector accommodation used by councils to house these families is often of very poor quality, with problems of damp and mould, and frequently overcrowded. It is also more expensive than social housing. Families placed in such housing often must move away from their local area and support systems, and children have to move schools which can be very disruptive to their education.

### **The squeezed middle**

Several interviewees reported an increase in the 'squeezed middle'. Given the higher risks of poverty among migrants in the UK more generally, this is likely to be a larger group than those receiving statutory support for destitution as set above. These are individuals and families who are earning but are not destitute and are therefore ineligible for local authority support or 'change of conditions' applications. As case studies in The Children's Society's

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<sup>48</sup> though the thresholds for benefit recipients and those seeking access public funds is very different – the latter need to prove they are at risk of destitution while Universal Credit applicants need to show they are on low incomes or out of work and have savings of less than £16,000. See <https://www.gov.uk/universal-credit/eligibility>

report (2020) show, two-parent families, where one is able to work, may not face outright destitution but may struggle to get by, particularly if any family member has a disability or additional need.

### **Long term impact of NRPF**

The interviewees highlighted several costly long-term impacts of the NRPF condition. These include the effects on children's physical and mental health of being housed in insecure accommodation, regularly moving school and living in poverty. One interviewee said,

*The costs of this policy/in these cases may not be immediate but will be felt in other ways. Down the line if families aren't able to get by/end up in debt, eventually they will need support from local authorities for destitution or other interventions; some may be unable to maintain their status/leave to remain and fall into undocumented. Local authorities and charities then need to pick up the pieces. We need to try to mitigate against getting there; we're racking up a massive bill for ourselves.*

Although many migrants will have spent a significant number of years in the UK with NRPF conditions or will have come from former British colonies where English is prevalent, some do experience language barriers. But ESOL classes are not readily available to facilitate English learning, making it more difficult for them to integrate and find work in the future. Some parents must stay at home due to lack of childcare support rather than seeking employment where they might have more opportunities to strengthen their English. There is also a high cost associated with interpreters to help provide them with support. Government has recognised this problem in relation to the Hong Kong migrants: local authorities will receive £800 per person to provide English classes.

One interviewee said that the NRPF condition can leave people vulnerable to criminal exploitation by gangs; others may engage in low-level crime such as shoplifting for food. This imposes costs on the legal system and impacts the future life chances of these individuals.

### **Reaching crisis point**

Two interviewees said that people come forward for assistance only when they reach a crisis point, such as eviction. One said,

*The bar at which people ask for help is very high. People are worried if they ask for help they may be reported to the Home Office and end up being deported. People only ask for help when they are at breaking point. Removing NRPF would stop people getting to this point.*

### **The hidden costs of supporting people with NRPF**

Both the local authorities and third sector agencies we spoke to highlighted the time costs associated with supporting people on NRPF. The published costs are normally for accommodation and subsistence only, but local authorities have to carry out individual

assessments which are very time consuming and costly. Social services will do a lot of preventive work with a working family, for example, to help them stay in their own accommodation. One London borough has a specific group that brings local services together to discuss supporting people with NRPF which takes up people's time. School support staff also spend a lot of time supporting families on NRPF. This time could be spent supporting people in other ways and is hard to quantify.

*The rationale for the policy is wrong because lots of people on NRPF do contribute to society, and it doesn't consider the hidden costs to local authorities. Individual assessments for families are very expensive. Investments to improve people's chances can actually save money.*

### **Benefits of having access to public funds**

We asked interviewees how people would gain if NRPF were lifted. They said access to welfare benefits could lift people out of poverty, which in turn would improve mental health and give people the mental space to apply for jobs. Lifting NRPF would allow people to access better-quality, more affordable accommodation, thus improving life chances. Children could access free school meals and access higher education.

*Once the status is lifted, some people can access benefits then there is a burden lifted from them and they would have access to benefits like everybody else. They can access further education and their children can access education as well.*

*The main benefit is having affordable accommodation, especially in London where prices are extortionate.*

### **Differential impact on Black, Asian and Minority Ethnic (BAME) communities.**

Samples of cases handled by different advice agencies suggest that the majority of NRPF people in need of help are of BAME backgrounds. A study by Citizens Advice found that around 80% of those who seek NRPF advice were BAME, with 33% being Asian and 32% Black.<sup>49</sup> In a survey funded by the Strategic Legal Fund,<sup>50</sup> the national origin of respondents was reported as in Table 11 below:

*Table 11: Main nationalities seeking legal advice about NRPF*

| Country      | Share (%) |
|--------------|-----------|
| Ghana        | 39        |
| Nigeria      | 39        |
| Jamaica      | 10.6      |
| Bangladesh   | 1.5       |
| Guinea       | 1.5       |
| Pakistan     | 1.5       |
| Sierra Leone | 1.5       |
| St Lucia     | 1.5       |

Source: Woolley 2019

<sup>49</sup> <https://www.citizensadvice.org.uk/Global/CitizensAdvice/Nowhere%20to%20turn%20briefing.pdf>

<sup>50</sup> Agnes Woolley (2019) 'Access Denied: The cost of the 'no recourse to public funds' policy' Immigration Law Practitioners' Association (ILPA) and the Strategic Legal Fund (SLF), London

## 4. Theory of change and SCBA methodology

### Theory of change

Figure 2 on the next page summarises our logic model, which gives a high-level overview of the expected impact of the change proposed to give wider access to public funds, based on the evidence outlined above. The policy changes proposed are to allow recourse to public funds and remove restrictions on access to certain public services for some NRPF households.

At a high level, the direct effects of those changes will be that

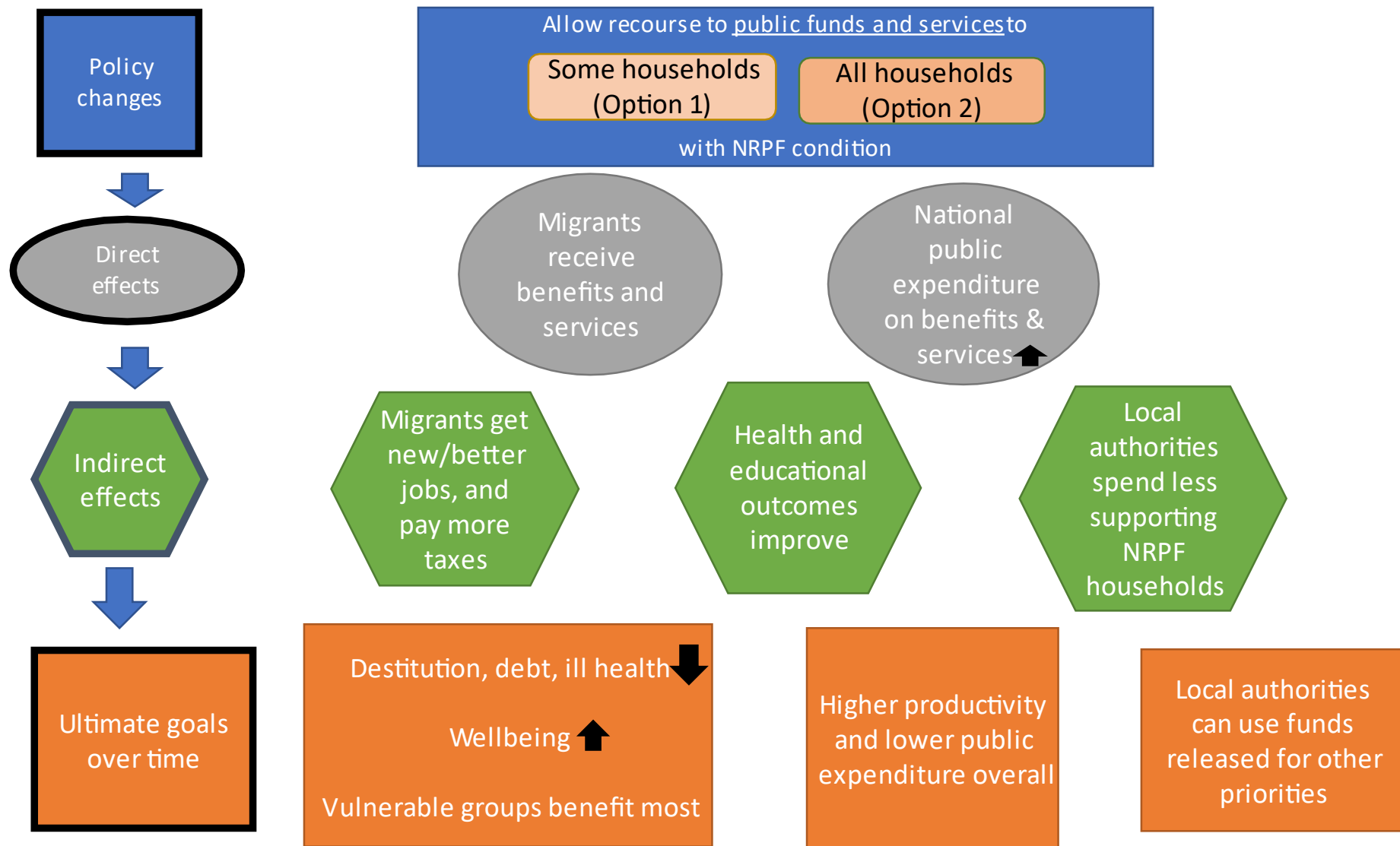
- migrants will receive benefits and services,
- national expenditure on the public funds involved will increase, and
- expenditure by local authorities will decrease.

The indirect wider social benefits include

- improved employment,
- better health and educational outcomes for beneficiary households,
- higher tax revenues for government and
- reduced expenditure by local authorities.

The overall aims of the policy change are to improve the wellbeing of the families involved—and especially of vulnerable individuals such as children; to improve productivity and reduce overall public expenditure. The changes will also reduce the costs of dealing with these types of NRPF cases to local authorities, freeing up their constrained resources to tackle other local priorities.

Figure 2: The logic model: Impacts of removing NRPF constraint from some households



## SCBA overview

This was a mixed-methods piece of research that combined quantitative and qualitative techniques. The cost-benefit calculations draw on established methods for producing spreadsheet-based estimates, in money terms, of the overall costs and gains from a change in policy—in this case the lifting of NRPF restrictions.

In the previous sections of this report we have set out the main issues which are analysed in detail and monetised in the SCBA, including:

- The uncertainties about the numbers of people and households who would be affected by the main options. Table 9 above contains our best estimates, which are used throughout the SCBA.
- Evidence from local authorities and third sector agencies around the main impacts of the current arrangements on the households subject to NRPF. These include impacts on both adults and children, as well as the costs to local authorities of providing additional support to these households in line with their statutory duties.
- Wider evidence from the extensive literature around the immediate and longer term impacts of poverty and destitution, including the opportunity costs to society of not addressing these issues of poverty and destitution.

In the SCBA two options were analysed in relation to the current ‘business as usual’ (BAU) policy position. Although relaxing NRPF for *all* households in the group in question, might be seen as the logical baseline case, in Option 1 we first present a more limited case with relaxation mainly for family households. This is because the most important gains accrue over the long term to children; because the case for treating families with children differently is already recognised in many social-welfare regulations; and because the costs of relaxing NRPF for everyone would be significantly higher than doing so only for families. For these reasons limited relaxation would likely be more acceptable to policy makers, so we have devoted the bulk of the analysis to this option.

## The options for policy change

The two options considered are:

**Option 1 (family households)** is that access to public funds, applying the normal means tests and other conditions of eligibility, should be permitted to those with visas or Leave to Remain in the groups under consideration, and where the household includes a child or children under the age of 18 (either UK or foreign-born). The option could be extended to include households with individuals who suffer specific types of long-term disability or have experience of domestic abuse.

**Option 2 (all households in the group)** is to extend recourse to public funds, applying the normal means tests and other conditions of eligibility, to all households in the groups under consideration.



We have considered Option 1 in more detail having reviewed evidence from local authorities and from third sector agencies<sup>51</sup> that, in particular, significant and lasting harm is caused to households with children, especially younger children whose lifetime opportunities can be significantly prejudiced by early deprivation, even for relatively short periods.

The design of this first option also reflects the fact, as set out above, that migrants can already obtain relief on either a statutory or a discretionary basis via the local authority (particularly where the applicant is a household where there is a child considered a child in need), or by way of applications under the change of conditions route. These two routes to assistance indicate that it is recognised by government that there are situations where the NRPF restrictions need to be lifted, and these situations mainly concern defined groups with specific needs, particularly children in need. There is evidence that many of these households are not just ‘at risk of destitution’ (an element of the local authority grounds to provide assistance) but in practice are actually destitute. However, in many cases they do not meet the current restrictive criteria for assistance by local authorities requiring that they include children in need.

On entry to the UK, these households would have met the requirement to demonstrate that they could support themselves. However, many of the people and families that would benefit from this policy change find themselves in a situation of poverty or destitution due to changes in their ability to support themselves through work or other resources. These changes could include illness or injury, family breakdown, bereavement, domestic abuse, unemployment or works closures, discrimination and persecution, or a range of other causes.

The Option 1 changes are also proposed on the grounds that:

- They are consistent with the UK legal and humanitarian framework of rights and equal treatment in the UK which protect the most vulnerable of our legal residents.
- They directly address the majority of the cases of deprivation and suffering identified by the evidence from local authorities and third sector agencies in this report.
- The changes proposed would result in clear social, economic, and wellbeing gains.
- The current process of applying for change of conditions does not adequately address the needs identified as it involves a complex process of application, including demands for documentation which may not be available, and frequently takes a long time during which the applicant suffers destitution or unacceptable harm (for example from domestic abuse). The process often requires professional help, which is not readily available to most such

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<sup>51</sup> For more information on this see Agnes Woolley (2019) ‘Access Denied: The cost of the ‘no recourse to public funds’ policy’ Immigration Law Practitioners’ Association (ILPA) and the Strategic Legal Fund (SLF), London; and Ilona Pinter, Scott Compton, Rupinder Parhar and Husna Majid (2020) “A lifeline for all” The Children’s Society, London

households. Even though the Home Office has sought to improve its response rates to changes of conditions during the pandemic, the entire process still takes too long for people who are living through the effects of destitution.

- Costs are falling on local authorities whose budgets are already overstretched by the local impact of Covid and other areas of underfunding. The diversion of funds to support for NRPF households undermines the delivery of urgent and essential statutory and non-statutory services to other local residents.
- The policy change would primarily affect people on the path to indefinite leave to remain and later citizenship, whose long-term wellbeing, integration, and development should be a matter of concern for government and wider society. Beneficiaries include large numbers of children who are UK born or are British citizens but, because they are affected by the NRPF condition on their parents' status, are denied access to the same opportunities for development and growth as children with British parents.

Option 1 would bring timely, adequate, consistent, statutorily framed, and effective resolution of the main problems identified. In particular, it would remove the requirement for migrants to evidence 'destitution' fully and meet additional statutory (principally the Children Act 1989) conditions in ways which may not be available to them, or which they may avoid for good reasons. The proposed change allows assistance to be provided to a wider range of children than the very narrow subgroup currently being assisted. Many of these households do not require expensive and burdensome supervision under local authority 'child in need' interventions: they just need a bit more money to get them through a bad patch. More generally, it would reduce administration costs and unnecessary uncertainty for all parties.

**Option 2** would extend recourse to public funds, applying the normal means tests and other conditions of eligibility, to all households with work or family visas, their dependents, and Hong Kong BNOs, regardless of the composition of the household. This would extend access to public funds to single people and childless couples, not covered by Option 1.

### **Monetisation of costs and benefits**

The costs are primarily monetised in terms of additional payments of welfare benefits to the households who benefit.

The gains ('benefits' in the cost-benefit calculation) are scoped and monetised in relation to detailed assessment of the impact of the relaxation of NRPF drawn from the evidence set out below, which focuses on six areas:

- Access to work and increased productivity
- Better housing
- Earlier health diagnosis
- Better education and childhood development
- Reduced incidence of problem debt
- Reduction in domestic abuse

The gains also include reductions in local authority expenditure on NRPF households.

### **Approach and limitations**

In the SCBA structure and approach below we have been guided by reviewing examples of impact analyses conducted by HMT and other government departments. We have followed insofar as possible the recommendations of the HMT Green Book in relation to approaching social cost benefit analysis (see Annex B, at 10.2 for details). We have also relied on official guidance around the application of social value analysis (see Annex D at 10.4); especially useful was the HM Treasury report *Supporting public service transformation: cost benefit analysis guidance for local partnerships*<sup>52</sup>.

The appraisal is considered over a ten-year period, per guidance in the HMT Green Book ('For proposals involving administrative changes, a ten year period is used as a standard measure' [HMT 2020 p.8]). Amounts are in pounds sterling in 2021 prices. Some of the expected gains (related to interventions in early childhood) will not be realised until after the ten-year assessment period. We have described these in the text of the report but have not included them in the formal model.

The analysis represents our best effort to calculate the main costs and gains related to the proposal to lift the NRPF constraint from certain households. We have had to make a number of assumptions, both because the data about NRPF households are poor and because the future trajectory of immigration is uncertain. The figures should therefore be regarded as best estimates only, providing indicative evidence based on our professional judgement. Furthermore, the use of SCBA techniques in policy making is to support the wider process of decision making, not as a decision making tool in its own right. Other policy, social, political, rights, environmental, and equalities considerations play a major part in any final decisions made.

### **Breakdown of numbers of potential beneficiaries**

In Table 9, we spell out what is known about the total number of individuals with NRPF currently in the UK and expected arrivals of Hong Kong BNOs. We estimate the total number of NRPF individuals (excluding students, irregular migrants and EU nationals) at about 970,000—although there is considerable uncertainty around these numbers. Our Option 1 proposal would not give access to public funds to all of them, but only to households with dependent children.

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<sup>52</sup> HM Treasury (2014) *Supporting public service transformation: cost benefit analysis guidance for local partnerships*. HM Treasury, with Public Service Transformation Network and New Economy. London

Table 12 below summarises our estimates of the numbers of households with dependent children that under the Option 1 proposal would be able to claim the three main types of welfare benefit: Child Benefit, Universal Credit and free childcare.

*Table 12: Breakdowns of estimated NRPF households used as baseline in the Option 1 SCBA model*

|   | Total<br>individuals/<br>households | Rounded |
|---|-------------------------------------|---------|
| <b>Individuals</b>  |                                     |         |
| Tiers 1,2,5 (488,297) + Family & others/dependants (341,974) + Hong Kong BNOs (140,000)   | 970,271                             | 970,000 |
| <b>Households</b>   |                                     |         |
| Total number of NRPF households in these visa categories (assumes average household size as per foreign-born households overall)  | 362,152                             | 362,000 |
| Of which, households with dependent children (assumes same % as UK) – eligible for <b>Child Benefit</b>   | 106,045                             | 106,000 |
| Of which, households that would claim <b>Universal Credit</b> if NRPF lifted (assumes same % as for all foreign-born households with dependent children)  | 9,014                               | 9,000   |
| Of which, family households that would not claim UC but have children aged 3/4 and earn £100,000 net adjusted income or less, so eligible for <b>free full-time childcare or early years learning</b> | 19,891                              | 20,000  |

Option 2 would extend access to public funds to an additional 256,000 (rounded) single or childless couple households, of whom 13,000 (rounded) would be likely to claim Universal Credit.

We reiterate that all of these are estimates and are subject to very large uncertainties. The model is subject to sensitivity testing throughout, which are explained in later sections.

The next section sets out our estimates of costs, and the subsequent sections outline the seven main types of gain expected from lifting the NRPF condition for families with children and for the first six sets out the evidence for these, followed by estimates of the monetised values of each gain. Recall that these are all estimates and are subject to large uncertainties. The gains illustrated are from Option 1, with the different versions for Option 2 added and highlighted where relevant.

## 5. Estimating the costs of policy change

The first element of the analysis considers the net costs to the public sector. Were the NRPF condition to be lifted, costs would go up for central government (which would pay out more in welfare support) but would fall for local authorities. Details of these costs after taking account of the business as usual (BAU) position are set out below, as well as the Net Present Value of the costs over ten years.

Insofar as possible, we have estimated the additional costs from the removal of NRPF in relation to affected groups only (e.g. Child Benefit only to people with children). Where applicable we also estimate the additional costs of new services. These calculations employ a number of simplifications. Average household size and the likelihood of claiming Universal Credit are two characteristics that are likely to vary significantly by visa type, but the data are not good enough to support separate estimates. We have therefore estimated average household size for the cohort as a whole and applied a single percentage figure to calculate the number likely to claim Universal Credit. In line with this approach, we have used an average for Universal Credit income rather than estimating the amounts available to different household types and sizes.

### **The cost of ‘business as usual’**

Despite the implications of the term ‘No Recourse to Public Funds’, in fact the public sector does currently incur expenditure to support this group. In line with the Green Book requirements, we have estimated these BAU costs to the public sector of continuing the current arrangements. These costs are estimated only for the cohort that would be affected by any policy change—that is, BAU costs do not include costs incurred for irregular migrants. We have also only estimated those costs that would be changed by the new policy.

Note that these costs exclude costs to the individual beneficiaries or to the third sector; they only include public expenditure.

Business as usual entails the following current costs:

- Costs to local authorities of supporting destitute households under statutory duties
- Central government benefit expenditure on households who successfully applied for change of conditions (that is, their NRPF condition was lifted)
- Administration and enforcement.

Both options 1 and 2 would increase welfare benefit expenditure; redistribute some of the financial responsibility for NRPF households with dependent children from local to central government; and allow local government to reallocate the funds released to other uses.<sup>53</sup>

Table 13 below sets out the assumptions and inputs used in the model for the BAU baseline scenario.

*Table 13: Business as Usual case: assumptions and inputs (pre-pandemic)*

|  | Number | £ per annum | Based on  |
|--|--------|-------------|---|
| Number of successful applications for lifting of NRPF condition per annum  | 2,705  |             | Per Home Office stats on change of conditions, 2705 applications accepted in 2019           |
| Adjustment for multiple applications for same household  | -10%   |             | Own estimate based on interviews  |
| Number of NRPF households in the group in focus being supported by local authorities   | 3,455  |             | NRPF network data for 59 local authorities, grossed up by 30% to account for non-responders |
| Number of years average household requires support   | 2.2    |             | Per NRPF network, 820 days on average   |
| Average financial support per household per annum by local authorities   |        | £17,871     | Per NRPF network, support costs £47.5 million p.a. for 2658 households                      |
| Average benefits paid to households who successfully apply for change of conditions  |        | £15,912     | Assumes same as average Universal Credit payment  |
| % of existing central government and NHS expenditure that would still be required post-policy change for administration, signposting and general support |        | 5%          | Own estimate based on literature from similar policies                                      |

Table 14 below shows what local authorities are currently spending to support NRPF individuals: we estimate this at £62 million per annum, based on figures from the NRPF network. Note that these calculations are based on figures from before the pandemic.

*Table 14: Business as usual case: estimate of current local authority spending on NRPF households*

| Base case  | Number of households currently supported | Average cost per household | Year 0 total | Year 0 total rounded |
|--|--|----------------------------|--------------|----------------------|
| Costs to local authorities of supporting NRPF households | 3,455                                    | £17,871                    | £61,750,000  | £61,800,000          |

<sup>53</sup> For those who want to examine the calculations behind this report in more detail, two Excel workbooks are published on the LSE website alongside this document, although the report itself is complete without reference to those workbooks.

Central government is already supporting about 5,500 formerly NRPF households who have successfully applied to have the condition lifted. To the extent that government is already incurring some cost for this cohort, the *additional* expenditure required for Options 1 and 2 would be reduced, and our calculations take account of this. We estimate that central government is currently spending approximately £98 million supporting households formerly subject to NRPF, who successfully applied to have the condition lifted through the Changes of Condition process (Table 15 below).

*Table 15: Business as usual: estimated current central government expenditure on formerly NRPF households who successfully applied for change of condition*

| Base case   | Number of households currently supported | Average cost per household | Year 0 total | Year 0 total rounded |
|---|--|----------------------------|--------------|----------------------|
| Cost to <b>central government</b> of supporting households whose NRPF condition has been lifted | 5,469                                    | £17,871                    | £97,739,339  | £98 million          |

Finally, administration and enforcement include the salaries of the Home Office civil servants who manage the policy and those of local authority teams (especially in London) who deal with NRPF cases. The proposed policy change would reduce the number of individuals with the NRPF condition but would not eliminate the need for administration and enforcement. We have assumed, conservatively, that costs of administration and enforcement would remain the same after the policy change and have therefore not included these costs in the BAU estimate.

### Unit costs of removal of NRPF condition

Now we turn to the costs that would be incurred if the NRPF constraint were to be removed, most of which are in the form of welfare benefits.

Most welfare benefits are paid to households, while resulting wellbeing gains often accrue at the level of individuals.

Table 16 below sets out our calculations of the average annual costs per household, and of general administrative costs, for the five main types of public fund that would be affected by lifting the NRPF condition. These appear in order of overall impact on the public purse. The table gives a description of how each cost was calculated, and the assumptions used. The costs are in 2021 prices and are based on government sources.

These numbers are estimates of the costs incurred by government for each active case. Note that our analysis covers only the main types of ‘public fund’ as listed in Table 6, above.

Table 16: estimated post-policy costs of welfare benefits per household (all 2021 prices)

| Type of public fund | Average annual amount per claiming household 2021 £ | Based on  |
|---------------------|---|---|
| Child Benefit       | £1,697  | On average, families of non-UK-born households have 1.83 children. They receive £1,697 per annum (100% of £21.05/week for the first child, and 83% of £13.95/week for subsequent child). The take-up rate for Child Benefit in 2018/19 was 92% (from official Child Benefit statistics)   |
| Universal Credit    | £15,912   | In London, average UC payment is £1,400 per month for couple households with dependent children and £1,300 for single-parent households. 73.7% of UC claimants with children are single. Assuming the same distribution in the NRPf population, the estimated average payment per household based on London figures is £1,326 per month or £15,912 per annum.   |
| Free childcare      | £3,568  | Government pays £7,136 per annum for 30 hours of free childcare for all 3- and 4-year-olds of working families where neither parent earns over £100,000 in net adjusted income per year and at least £1,853.28 over a three-month period. This is an extra £3,568 per annum compared to the universal 15 hours of free childcare per week currently available to NRPf households.   |
| Free school meals   | £546  | Government pays £2.30 for every child per meal in England. Maintained schools must open for 190 days per annum so $190 * £2.30 = £437$ per annum. On average each family receiving Child Benefit has 1.74 children, which covers the period from birth to age 18. Children are in mandatory schooling from ages 5-18, or 72% of the period from birth to 18. On average, each family with dependent children has 1.25 children of mandatory school age. |
| Pupil premium       | £1,438  | Pupil premium is £1,345 for every primary age pupil and £955 for every secondary age pupil. Children spend the same amount of time in each (7 years in primary school, ages 5-11, and 7 in secondary school ages 12-18), so we average the two amounts: £1,150. Per above, each family with dependent children has on average 1.25 children of mandatory school age.  |

Table 17 below summarises the expected Year 0 cost to the public sector of extending access to public funds to households with children who currently have the NRPf condition. We estimate that of the 106,000 households newly eligible to claim Child Benefit some 96,700 (91%) would actually do so at a total cost of £164 million. This is the highest-cost welfare benefit because it is not means-tested (though it is taxed away at high incomes) and would be available to all families with children.

Far fewer households would claim the other benefits. Under Option 1, just over 9,000 families would claim Universal Credit (8.5% of the newly eligible cohort). We estimate that this would cost an estimated £143 million in Year 0, a figure of similar magnitude to Child Benefit. Provision of free childcare, free school meals and pupil premium would together cost much less, at about £66 million. After including estimated additional costs for



administration of £5 million, the total expected cost to the public purse for Option 1 in Year 0 is £382 million, almost all of which would be paid by central rather than local government. Included in this figure are residual administrative and support costs for local authorities, estimated at £3 million.

*Table 17: Summary of Option 1 estimated Year 0 post-policy costs to the public sector*

| Benefit type                     | Annual cost per household in eligible cohort | Number of households expected to claim or benefit | Total annual costs of lifting NRPf by benefit type (rounded) |              |
|----------------------------------|--|---|--|--------------|
|                                  |  |   | Option 1   | Option 2     |
| Paid by central government       |  |   |  |              |
| Child Benefit                    | £1,697                                       | 96,713  | £164 million   |              |
| Universal credit                 |  |   |  |              |
| Option 1                         | £15,912                                      | 9,014   | £143 million   |              |
| Option 2                         | £15,912                                      | 21,819  |  | £296 million |
| Free childcare/early years       | £3,568                                       | 14,421  | £51 million  |              |
| Pupil premium                    | £1,438                                       | 7,572   | £11 million  |              |
| Free school meals                | £546   | 7,572   | £4 million   |              |
| General admin                    |  |   | £5 million   |              |
|                                  | CENTRAL GOVERNMENT TOTAL                     |   | £378 million   | £531 million |
| Paid by local government         |  |   |  |              |
| Residual admin and support costs |  |   | £3 million   |              |
|                                  | LOCAL GOVERNMENT TOTAL                       |   | £3 million   |              |
|                                  |  |   | £382 million   | £535 million |

The summary of costs for Option 2 (extending recourse to all households including single people and childless couples) gives an estimate for central government of £531 million. None of the benefits related to children would increase, but a further £153 million in Universal Credit would be payable to the childless households that would be eligible under Option 2.

### Ranges and sensitivity testing

The range of +/- 20% was chosen following the consideration of the uncertainty about the pattern of immigration over the next 10 years. This was also important in working out the 10 year NPV. We have already taken account of the possible arrivals of Hong Kong families with BNO passports but considerable further changes in immigration policy may take place over this period, which would affect the number of households arriving with the visas in scope.

In addition to overall numbers, it is also possible that the skills profiles and risks of experiencing destitution and being in need of welfare benefits may change, with fewer being at risk and lower welfare benefit expenditure. However even if payments of Universal Credit reduce due to a lower incidence of destitution, we assume the proportion of households with children would remain the same, so costs of Child Benefit would not reduce.

Applying these ranges to our central estimates for public sector costs (Table 18 below) gives expected costs in Year 0 of between £306 million and £458 million for Option 1, with a central estimate of £378 million. For Option 2, the range is from £428 million to £642 million, with a central estimate of £535 million. The greater cost of Option 2 is because we expect more households would claim Universal Credit. The child-related costs that make up the remainder of public funds would not increase, given that childless households would not be eligible for these benefits.

*Table 18: Range of Year 0 costs to the public sector of extending access to public funds (both options)*

|   | Option 1     |              | Option 2     |              |
|---|--------------|--------------|--------------|--------------|
| Point estimates for total costs (fm Table 17) | £382 million |              | £535 million |              |
|   | Plus         | Minus        | Plus         | Minus        |
| Confidence in costing                         | 20%          | -20%         | 20%          | -20%         |
| Upper and lower range values (rounded)        | £458 million | £306 million | £642 million | £428 million |

*All costs rounded to nearest £1 million*

## 6. Gains from access to work and increased productivity

This section and the six that follow describe the main types of gain expected from lifting the NRPF condition for families with children. We set out the evidence for each expected gain and estimate a single monetised value. Given the considerable uncertainties around all these figures, we undertake sensitivity analysis to produce a *range* of figures for the likely value of each type of gain.

### Effects of NRPF condition on work and productivity

Individuals with NRPF are not entitled to claim Universal Credit, a benefit meant for low-income households whether in work or not. Universal Credit was introduced from 2012 and replaced a number of separate benefits, including Jobseeker's Allowance (for unemployed people) and Housing Benefit. They are also not entitled to Child Benefit, which is paid to the mother at the rate of £21.05/week for the first child, and £13.95/week for subsequent children.

Many of the people on the visa types considered here were accepted as residents on the basis of meeting certain work or income conditions. In all cases they have a right to work. But in fact these migrants are often competing in an uneven market, as others who perform identical jobs may be receiving in-work welfare benefits and services that assist them to perform well and advance their careers. Although migrants are expected to be able to live in the UK without calling on public funds, in many cases circumstances outside their control make this condition difficult or impossible to fulfil over what may be a period of five or ten years, or more. These circumstances include most recently Covid, but also unexpected illness or disability affecting the ability to work, or the arrival of young children reducing the time available for work.

The NRPF condition undermines the ability of certain groups to find work, and to work productively. In particular:

- Lack of access to in-work benefits reduces the performance and overall income of low-income migrants as they have less chance of entering employment; less access to training and opportunities; and may underperform relative to their skills due to the pressures and conditions associated with poverty-line income and deprivation.
- People with disabilities are indirectly discriminated against, as without disability in-work benefits (including personal independence payments<sup>54</sup>) they are less likely to be able to work or to have work at the level of their skills.

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<sup>54</sup> Not modelled in our analysis

- Pregnant women and parents of young children may be unable to work, or only able to do low-paid/part time work, due to lack of access to the extended 30 hours of childcare available to working households meeting the relevant income conditions. This is particularly a problem for single parents (of whom most are single women) who make up a significant proportion of those with NRPF and who are experiencing difficulties. Without childcare it is difficult or impossible for them to return to work or increase workplace hours and perform to their full skills level and productivity.

### **Evidence of impact of proposed change**

The NRPF condition can affect productivity in several ways. NRPF women suffer reduced labour force participation rates due to being excluded from public funds such as Child Benefit and Universal Credit. This can make childcare costs prohibitively expensive for lower-income families, leading to a high reservation wage which keeps them out of the labour market. Although all families have access to 15 hours free early education places for 3 and 4 year olds, additional early education and childcare provision for working families is not available to families subject to NRPF – such as the extended 30 hours provision or the additional support provided under Universal Credit<sup>55</sup>. Evidence from Canada indicates that free full-time pre-school along with generous childcare subsidies increased the labour force participation of mothers by 8 percentage points.<sup>56</sup> ONS analysis from 2019 indicates that free childcare has increased maternal employment participation.<sup>57</sup>

Over-qualification is a particularly salient issue facing migrants. ONS estimates indicate that around 30% of migrants are over-qualified for their current employment as compared to around 13% for the UK-born population.<sup>58</sup> This phenomenon has many causes, such as language barriers and difficulties translating competencies. One important aspect facing people with NRPF is the reduced time available to search for jobs: as they are ineligible for most benefits, they must often take the first job offered, or take several jobs simultaneously to make enough money to support the household. Spending more time looking for a job has been found to increase the likelihood of skills match and thereby wages, and finding a job that matches the person's skills is estimated to boost the salary of currently over-qualified individuals by 10%.<sup>59</sup> In Germany, research found individuals who did not receive

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<sup>55</sup> You may be able to claim back up to 85% of your childcare costs if you're eligible for [Universal Credit](https://www.gov.uk/help-with-childcare-costs/universal-credit): <https://www.gov.uk/help-with-childcare-costs/universal-credit>

<sup>56</sup> Lefebvre, P. and Merrigan, P. (2008), "Child-Care Policy and the Labor Supply of Mothers with Young Children: A Natural Experiment from Canada", *Journal of Labor Economics*, Vol. 26, No. 3: pp. 519-548

<sup>57</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/familiesandthelabourmarketengland/2019>

<sup>58</sup> Office for National Statistics [ONS] (2016) 'Analysis of the UK labour market – estimates of skills mismatch using measures of over and under education: 2015',

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/analysisoftheuklabourmarketestimatesofskillsmismatchusingmeasuresofoverandundereducation/2015>

<sup>59</sup> Taylor, M. (2014), "Social integration: A wake-up call", Social Integration Commission

unemployment benefits were at higher risk of being over-qualified for the next job.<sup>60</sup> For migrants with NRPF, being able to spend longer on the job search could be very beneficial, as 61% of EU A8 migrants and 46% of EU15 are considered over-qualified for their current work compared to 26% of UK nationals.<sup>61</sup>

Access to job search support is an important corollary of Universal Credit. While the size of the job-search effect has been difficult to quantify, one American study found that a 200% increase in the number of weeks covered by unemployment insurance led to a 2.9% increase in wages compared to pre-unemployment.<sup>62</sup> One benefit available to Universal Credit claimants is job coaching. A recent study showed that in-work job coaching increased average weekly earnings by £36/week (from £154 to £190) and boosted average weekly hours worked from 21.4 hours to 25 hours/week.<sup>63</sup>

### Estimating gains

The assumptions used in calculating the gains from increased access to work, and the sources of each figure, are shown in Table 19. The subsequent tables summarise our calculations of direct gains for individuals (Table 20 below) indirect gains for the Exchequer (Table 21 below) and total gains (Table 22 below). These tables present gains for both Option 1 (partial removal of NRPF condition) and Option 2 (full removal).

Using these assumptions, we estimated the direct gains for individuals in Year 0 at £1.9 million for Option 1, and £4.6 million for Option 2 (Table 20). In addition, there will be indirect gains to the Exchequer in the form of additional tax revenue. Indirect taxes include VAT and other consumption taxes such as food or fuel. Total additional tax revenues from better access to work are estimated at £1.3 million for Option 1, or £3.9 million for Option 2 (Table 21). Compared to the other types of gain, which mainly accrue to households with children, this is one where gains under Option 2 are much higher than under Option 1.

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<sup>60</sup> Pollmann-Schult, M. and Büchel, F. (2005), "Unemployment Benefits, Unemployment Duration and Subsequent Job Quality: Evidence from West Germany", *Acta Sociologica*, Vol. 48, No. 1: pp. 21-39;

<sup>61</sup> Campbell, S. (2013), "Over-education among A8 migrants in the UK", DoQSS Working Paper No. 13-09, available at: <https://repec.ucl.ac.uk/REPEc/pdf/qsswp1309.pdf>

<sup>62</sup> Farooq, A., Kugler, A. and Muratori, U. (2020), "Do Unemployment Insurance Benefits Improve Match Quality? Evidence from Recent U.S. Recessions", NBER Working Paper No. 27574

<sup>63</sup> Langdon, A., Crossfield, J., Tu, Trinh., White, Y. and Joyce, L. (2018), "Universal Credit: In-Work Progression Randomised Controlled Trial, Department for Work & Pensions, available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/739775/universal-credit-in-work-progression-randomised-controlled-trial-findings-from-quantitative-survey-and-qualitative-research.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/739775/universal-credit-in-work-progression-randomised-controlled-trial-findings-from-quantitative-survey-and-qualitative-research.pdf)

Table 19: Estimated gains from access to work – assumptions

| Description   | Amount (values in 2021 £)   | Based on   |
|---|---|--|
| Hourly wage for initial full-time job   | £13.34  | Per Labour Force Survey 4 <sup>th</sup> quarter 2019, median hourly wage for migrants who had lived in the UK for less than 10 years and were not claiming benefits was £12.63; at 2021 prices £13.33. |
| Hourly wage for improved full-time job  | £14.67  | Assumes 10% increase on starting salary, based on evidence that employed but over-qualified individuals who find a job matching their skills boost their salary by an estimated 10% (Taylor 2013).     |
| Average FT working hours  | 35  | Per Office of National Statistics <sup>64</sup>  |
| Percent of previously economically inactive mothers gaining employment if NRPF lifted | 4%  | Free full-time pre-school and childcare increase mothers' likelihood of being in work by 3.5% compared to mothers whose child is in part-time pre-school and childcare (Brewer et al 2020)             |
| Average weekly part-time working hours  | 16.45   | 47% of full-time working hours, per Office of National Statistics <sup>65</sup>  |
| Percent of households where employed adult could find better job                      | 14%   | 200% increase in the number of weeks covered by unemployment insurance led to a 14.4% increase in the educational requirement in the new occupation compared to the previous (Farooq et al 2020)       |
| Formula for calculation of National Insurance contribution                            | $0.12 * ([\text{Gross weekly wage}] - 183) * 52$                                  | 12% is the 2021/22 class 1 NI rate for gross weekly wages between £184 - £967 <sup>66</sup>  |
| Formula for calculation of income tax   | $0.2 * ([\text{Gross yearly income}] - 12570)$                                    |  |
| Formula for calculation of indirect taxes   | $[\text{Gross yearly income}] * (103.81 * [\text{Gross yearly income}]^{-0.605})$ | Derived from the government's taxes and income estimates for 2019 <sup>67</sup>  |

<sup>64</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/timeseries/ybuy/lms>

<sup>65</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/timeseries/ybvb>

<sup>66</sup> <https://www.gov.uk/national-insurance/how-much-you-pay>

<sup>67</sup> <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/effectsoftaxesandbenefitsonhouseholdincomehistoricalpersonleveldatasets>

Table 20: Value of direct gains to individuals from access to work in Year 0 (both options)\*

| Initial case description  | Number of households in this situation | Potential gain if public funds available                 | % expected to gain | Hourly wage (rounded) | Previous gross income | Post-policy gross income | Difference due to policy change | Total direct gain rounded |
|---|--|--|--------------------|-----------------------|-----------------------|--------------------------|---------------------------------|---------------------------|
| Low-income household, inactive mother of 3/4 year old present—gains from Universal Credit and Child Benefit       | 730                                    | Previously inactive mother is now able to work part-time | 4%                 | £13                   | £0                    | £11,307                  | £11,307                         | £100,000                  |
| Low-income household, FT worker on starting wage. Gains from Universal Credit and Child Benefit                   | 3,344                                  | Adult can find better job                                | 14%                | £15                   | £24,279               | £26,699                  | £2,421                          | £700,000                  |
| Higher income household with child(ren) aged 3 or 4, inactive mother. Gains from free childcare and Child Benefit | 6,345                                  | Mother can find part-time job                            | 4%                 | £13                   | £0                    | £11,307                  | £11,307                         | £1,100,000                |
| <b>OPTION 1 DIRECT GAINS</b>  |  |  |                    |                       |                       |                          |                                 | <b>£1,900,000</b>         |
| UC-claiming household without dependent children , FT worker on starting wage                                     | 12,805                                 | Adult can find better job                                | 14%                | £15                   | £24,279               | £26,699                  | £2,421                          | £2,600,000                |
| <b>OPTION 2 DIRECT GAINS</b>  |  |  |                    |                       |                       |                          |                                 | <b>£4,600,000</b>         |

\*figures do not add due to rounding

Table 21: Value of indirect gains to Exchequer from access to work in Year 0 (both options)\*

| Household type  | Extra NI paid per household | Extra income tax paid per household | Extra indirect taxes paid per household | annual extra to public purse per household | Gains to public purse in Year 0 (rounded) |
|---|-----------------------------|-------------------------------------|---|--|---|
| Low-income household, inactive mother of 3/4 year old present—gains from Universal Credit and Child Benefit       | £215                        | £0                                  | £4,143                                  | £4,358                                     | £100,000                                  |
| Low-income household, FT worker on starting wage. Gains from Universal Credit and Child Benefit                   | £290                        | £484                                | £214                                    | £989                                       | £500,000                                  |
| Higher income household with child(ren) aged 3 or 4, inactive mother. Gains from free childcare and Child Benefit | £215                        | £0                                  | £4,143                                  | £4,358                                     | £700,000                                  |
| <b>OPTION 1 INDIRECT GAINS</b>  |                             |                                     |   |  | <b>£1,300,000</b>                         |
| UC-claiming household without dependent children, full-time worker on starting wage                               | £290                        | £484                                | £214                                    | £989                                       | <b>£1,800,000</b>                         |
| <b>OPTION 2 INDIRECT GAINS</b>  |                             |                                     |   |  | <b>£3,100,000</b>                         |



In summary, the total gains—direct and indirect—are estimated at £3 million in the Year 0 for Option 1, or £8 million for Option 2 (Table 22 below, and note that totals do not add due to rounding).

*Table 22: Summary: Direct + indirect gains from access to work (both options)\**

|                                  | Option 1 (partial lifting) | Option 2 (total lifting) |
|----------------------------------|----------------------------|--------------------------|
| Direct gains for households      | £1.9 million               | £4.6 million             |
| Indirect gains for public sector | £1.3 million               | £3.1 million             |
| <b>TOTAL GAINS</b>               | <b>£3 million</b>          | <b>£8 million</b>        |

*\*figures do not add due to rounding*

## Sensitivity testing

In this area of gain as in the others, poor data quality means our estimated gains are based on a number of assumptions and are subject to large margins of error. We have therefore calculated lower- and higher-range values around each of the point figures, to give a more realistic idea of where the true value is likely to lie. The calculation of these lower- and higher-range values is based on our assessment of the reliability of our assumptions in terms of

**Take-up** The degree to which those newly eligible for a public funds benefit or service will avail themselves of it

**Deadweight** The degree to which the gain would have occurred even *without* access to public funds

**Valuation of gains** The robustness of the estimated valuations of gains

The estimates of take-up of job opportunities and childcare are based on published studies, which tend to show that take-up is low. We would expect that this visa group would be motivated to take up new opportunities to work; for many it is the reason that they are in the UK. We think take-up could well be higher than for the population as a whole (that is, population-based estimates have little optimism bias) and there would be little deadweight. Even so it is possible that our central estimate is too high, so we have allowed a margin of - 5% for the lower range in the areas of take up and deadweight. For the higher range, we think it is possible that the effects will be much larger than the model indicates. We have allowed for a +50% uplift for families with children (Option 1) and a +30% uplift for those without (Option 2), as we judge that their options to take up work opportunities would be more flexible than the options of those who also have childcare responsibilities.

The valuations of gains are based on reliable employment market data. While we do not have specific data on the jobs and incomes of these households in particular, we do have figures for median incomes of recent migrants to the UK. These are likely to be relatively accurate, so we have allowed for a +/- 5% range each way.

The total gains are expected to fall within the range of £3 million to £5 million, with a central estimate of £3 million for Option 1, due to the estimated likely higher motivation amongst the cohort to take up opportunities to return to work, and between £7 million and £10

million for Option 2, who have more flexible options for taking up work opportunities than households with children, as noted above.

Applying these adjustments, we expect that the overall direct gains from increased access to work would be in the range of £3 to £5 million for Option 1, or £7 to £10 million for Option 2 (Table 23).

*Table 23: Ranges and optimism bias for gains from access to work (both options)*

|   | Option 1   |            | Option 2    |            |
|---|------------|------------|-------------|------------|
| Point estimates for total gains (fm Table 22)     | £3 million |            | £8 million  |            |
|   | Plus       | Minus      | Plus        | Minus      |
| Confidence in take-up data (including deadweight) | 50%        | -5%        | 30%         | -5%        |
| Confidence in valuation of gains                  | 5%         | -5%        | 5%          | -5%        |
| Upper and lower range values (rounded)            | £5 million | £3 million | £10 million | £7 million |

## 7. Gains from better/more affordable housing

### Effects of NRPF condition on housing

In England, people with the NRPF condition on their visas are ineligible for statutory housing assistance, including social housing allocated by local authorities, and cannot be housed by the local authority as in priority need, or any other kind of housing need.<sup>68</sup> (This does not apply to those placed in temporary accommodation provided under S17 of the Children Act.) Registered providers (housing associations) may offer them a tenancy, but not via the local authority nor if using public funds. While there is no restriction on NRPF households taking up private tenancies, they are ineligible for Housing Benefit (now part of Universal Credit), Council Tax Benefit, and Council Tax reduction/support.

The amount of publicly allocated social housing in London is highly constrained, and tenancies are given only to those in the highest housing need (although this is not true in every area of England). Many authorities now offer private sector rented housing as a means to discharge their duties to relieve homelessness. The proposal would extend access to Housing Benefit to NRPF households with children, to enable them to live in improved accommodation in the private rented sector for which they would be able to meet rent payment through Housing Benefit support. It would not automatically entitle them to local authority or registered provider social housing.

NRPF households experience a range of housing-related problems, many rooted in poverty and deprivation. These include:

- **Unaffordable housing:** Research shows that a high proportion of migrant families rely on expensive private rented accommodation<sup>69</sup> and highlights the ‘critical role that housing costs are playing in recent migrant family poverty’.<sup>70</sup> Migration Observatory analysis<sup>71</sup> indicates that 54% of migrants rent their property, compared to 29% of the UK-born. Some 31% of private renter households in Great Britain receive Housing Benefit<sup>72</sup>, and evidence from the English Housing Survey suggests that these benefits do much to reduce financial stress among those in the bottom two income quintiles.
- **Restricted access to housing:** Without Housing Benefit or social housing, it can be difficult for families to provide proper shelter for their children and at the same time have enough money to buy food and necessities after paying rent and utility bills.

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<sup>68</sup> See parts 6 and 7 of the Housing Act 1996 and the Allocation of Housing and Homelessness (Eligibility) (England) Regulations 2016 as amended (SI 2006/1294)

<sup>69</sup> (Perry, 2012)

<sup>70</sup> (Vizard et al., 2018, p. 26)

<sup>71</sup> <https://migrationobservatory.ox.ac.uk/wp-content/uploads/2016/04/Briefing-Migrants-and-Housing-in-the-UK-Experiences-and-Impacts.pdf>

<sup>72</sup> <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/ukprivaterentedsector/2018>

- Overcrowded and poor-quality housing: Migrants are more likely than the UK-born to live in overcrowded accommodation. Analysis done by the Migration Observatory shows that around 15% of all foreign-born households are overcrowded compared to just 4% for UK-born households<sup>73</sup>. Third-sector agencies report that many clients, including women with children, experience severely inadequate and overcrowded accommodation, some sleep on a floor or chair.
- Overcrowding: Studies<sup>74</sup> show that 16% of EU-born households in the UK live in overcrowded accommodation. According to the English Housing Survey in 2019, 15.9% of lone-parent families and 16.3% of minority ethnic families live in non-Decent Homes. Many overcrowded homes are likely to be non-decent as well, so our calculations use a conservative figure of 20% for overcrowded and/or physically unsuitable accommodation, to avoid double counting.

### **Evidence of impact of proposed change**

If access to Housing Benefit/Universal Credit enabled NRPF families to move to homes of higher quality and better size, they would experience better health in the long term. The effects of living in poor-quality housing impact people throughout their lives. Young people are at particular risk, and children in cold, overcrowded or unsafe housing are more likely to have a longstanding health problem.<sup>75</sup> Cold causes particular problems: a recent major report on inequalities<sup>76</sup> found that those living in cold homes are twice as likely to develop respiratory problems as those in warm homes. The impacts are carried into adult life and are a key contribution to health inequalities.

Much of the literature on the link between housing and health focuses on the gains to be achieved from physical improvements to the fabric of the dwelling, but we expect that access to public funds would be more likely to enable households to move to better-quality dwellings rather than improve their current homes, as most of this cohort live in the private rented sector.

### **Summary of evidence**

Receipt of Housing Benefit (as part of the overall Universal Credit eligibility assessment) would permit households with children to move to more appropriate and affordable housing. Clear evidence shows the health and wellbeing benefits of improved housing, which include more productive working, leading to better incomes and better jobs, as well as improvements in both adults and children's health, educational, and other outcomes in the medium and longer term.

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<sup>73</sup> <https://migrationobservatory.ox.ac.uk/resources/briefings/migrants-and-housing-in-the-uk-experiences-and-impacts/>

<sup>74</sup> <https://migrationobservatory.ox.ac.uk/resources/briefings/migrants-and-housing-in-the-uk-experiences-and-impacts>

<sup>75</sup> <https://natcen.ac.uk/our-research/research/child-poverty-in-britain>

<sup>76</sup> <https://www.health.org.uk/publications/reports/the-marmot-review-10-years-on>



## Estimating gains from better/more affordable housing

Below we set out our calculations estimating the gains resulting from improved and/or more affordable housing were the NRPF condition to be lifted. The assumptions used in our modelling are shown in Table 24 below. We have assumed that only those families who would claim Universal Credit (which incorporates Housing Benefit) would see their housing circumstances improved by access to benefits. At the margin, some families who could claim Child Benefit (but not Universal Credit) might also be able to improve their housing circumstances, but we have not modelled this.

We have used the Housing Association Charitable Trust (HACT) wellbeing values for improved housing to monetise these gains. As set out earlier in this report, the HACT indicators are based on Daniel Fujiwara's social value work for HM Treasury. They aim to provide an overall monetised estimate for the social value gains which can be attributed to housing improvements for those who live in poor quality or overcrowded housing, or are unable to pay for housing.

*Table 24: Gains from better/more affordable housing: Assumptions used in the model*

| Description  | Amount<br>(values in<br>2021 £) | Based on  |
|--|---------------------------------|---|
| % of households that would be eligible for UC currently living in physically suitable but unaffordable housing                     | 47%                             | Per Eurostat, <sup>77</sup> 23.5% of non-EU adults in UK had a 'housing cost overburden' (paid > 40% of their disposable income on housing). Reasonable to expect these are concentrated amongst those with lowest incomes so have doubled that figure  |
| % of households that would be eligible for UC currently living in overcrowded or otherwise unsuitable accommodation                | 20%                             | 16% of EU-born households live in <u>overcrowded</u> accommodation per Migration Observatory. <sup>78</sup> Per English Housing Survey, <sup>79</sup> 15.9% of lone-parent families and 16.3% of minority ethnic families live in <u>non-Decent Homes</u> . Sum is 31.9%, reduced to 20% to avoid double counting |
| Value to beneficiaries of being able to pay for housing  | £8,096                          | Per HACT value calculator, value of being able to pay for housing was £7,347 annually per individual in 2018. Inflated to 2021 prices   |
| Value of moving from temporary or insecure accommodation to secure housing for households with dependent children (per individual) | £8,855                          | Per HACT value calculator, value of moving from temporary or insecure accommodation to secure housing (with dependent children) was £8,036 annually in 2018. Inflated to 2021 prices  |

<sup>77</sup> [https://ec.europa.eu/eurostat/databrowser/view/ilc\\_lvho25/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_lvho25/default/table?lang=en)

<sup>78</sup> <https://migrationobservatory.ox.ac.uk/resources/briefings/migrants-and-housing-in-the-uk-experiences-and-impacts/>

<sup>79</sup> English Housing Survey Table DA 3203

Based on these assumptions, the estimated Year 0 gains from better and more affordable housing appear in Table 25 below. Our central estimate is that beneficiaries would see gains worth £50 million in year 0 for Option 1, and £78 million for Option 2. Note that housing costs are normally expressed at household rather than individual level, so the gains are similarly per household. In the preceding section, about increased access to work, we calculated both direct gains to migrant households and indirect gains to the Exchequer, but gains related to better housing are direct only.

*Table 25: Value of gains from better/more affordable housing gains in Year 0 (both options)\**

| Gain from   | % of Universal Credit families affected | Total number of households gaining | Social value per household Year 0 | Total gains rounded |
|---|---|------------------------------------|-----------------------------------|---------------------|
| Households with children previously living in physically adequate but unaffordable housing who could now afford housing costs | 47%                                     | 4,236                              | £8,096                            | £34 million         |
| Households with children previously living in overcrowded or insecure housing who could now move to more suitable homes       | 20%                                     | 1,803                              | £8,855                            | £16 million         |
| <b>OPTION 1 GAINS</b>   |   |                                    |                                   | <b>£50 million</b>  |
| Households without children living in physically adequate but unaffordable housing who could now afford housing costs         | 16%                                     | 2,006                              | £8,096                            | £16 million         |
| Households without children previously living in overcrowded or insecure housing who could now move to more suitable homes    | 10%                                     | 1,281                              | £8,855                            | £11 million         |
| <b>OPTION 2 GAINS</b>   |   |                                    |                                   | <b>£78 million</b>  |

\*Figures do not add due to rounding.

## Sensitivity testing

For the numbers of households likely to be in unsuitable housing and unaffordable housing, we have drawn on statistics about the housing of migrants in the UK. The question of take up has more complications. On the one hand, additional income from Universal Credit, Child Benefit and in particular Housing Benefit is likely to be a significant driver for households to improve their housing condition. On the other hand, and particularly in London, the wider problem of the difficulty in finding suitable private sector housing tends to reduce take up. One specific additional benefit of recourse to public funds is that households will be able to be supported by local authority Homelessness Prevention and Support Services who would in many cases regard these households with children as having priority needs and could assist in moves to better accommodation. Given these competing pressures we have allowed a +/-15% sensitivity range on take up and deadweight.

In relation to the valuation of gains, the importance of better housing in terms of health, job productivities, community links and overall wellbeing is clear, and the methodology of the estimates is robust and well evidenced. The HACT values also already include adjustments for deadweight.<sup>80</sup> We have allowed a sensitivity range of +/-5% in relation to this element.

For Option 1 the total gains from improved or more affordable housing are expected to fall within the range of £40 million to £60 million, with a central estimate of £50 million (Table 26 below). For Option 2 the range is £62 million to £94 million, with a central estimate of £78 million.

*Table 26: Ranges and optimism bias for gains from better/more affordable housing*

|   | Option 1    |             | Option 2    |             |
|---|-------------|-------------|-------------|-------------|
| Point estimates for total gains (fm Table 25)     | £50 million |             | £78 million |             |
|   | Plus        | Minus       | Plus        | Minus       |
| Confidence in take-up data (including deadweight) | 5%          | -5%         | 5%          | -5%         |
| Confidence in valuation of gains                  | 15%         | -5%         | 15%         | -5%         |
| Upper and lower range values (rounded)            | £60 million | £40 million | £94 million | £62 million |

<sup>80</sup> See Trotter, L. Vine, J. Leach M. Fujiwara D. (2014) *Measuring the Social Impact of Community Investment: A Guide to using the Wellbeing Valuation Approach* HACT London



## 8. Gains from earlier diagnosis of medical conditions

### Effects of NRPF condition on access to health care

The NRPF individuals who are the subject of this report are entitled to use the services of the NHS, as they would have paid the immigration health surcharge (IHS) on entering the country or when making applications to extend their leave to remain. Even so, there is evidence, set out below, that many documented NRPF households systematically avoid contact with NHS services except in cases of high need although they are entitled to treatment. This increases the risk that preventable diseases may not routinely be identified, with consequent costs to the NHS from later, more expensive, treatment. This also has significant wellbeing and wider impacts, including on migrants' productivity and community integration.

A recent survey by the Joint Council for the Welfare of Immigrants found that during the Covid pandemic, 30% of migrants were scared to access healthcare, including many who had visas, had a lawful basis to be in the UK and were entitled to NHS services.<sup>81</sup> Their reluctance is exacerbated by the knowledge of the extent of data sharing between Home Office and the NHS.<sup>82</sup> This represents an additional barrier to their accessing healthcare, different from other UK residents for whom existing campaigns to engage with prevention are designed. The group we are considering have a general mistrust of engagement linked to fears about the impact on their immigration status. Lifting the NRPF condition could improve these households' trust in statutory services including the NHS and associated agencies and make them more likely to engage with health services earlier in the onset of conditions or for screening procedures.

Most migrants arrive in good health, exhibiting what is known as the 'healthy immigrant effect'.<sup>83</sup> Nevertheless, reluctance to engage with the NHS unless absolutely necessary includes avoiding preventative and other screening programmes which could detect and treat non-communicable diseases, such as diabetes, cancer and hypertension. This avoidance may increase future health care needs and costs to the health service.

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<sup>81</sup> Gardner, Z. (2021) *Migrants deterred from healthcare during the Covid-19 pandemic* Joint Council for the Welfare of Immigrants, London. <https://www.jcwi.org.uk/migrants-deterred-from-healthcare-in-the-covid19-pandemic>.

<sup>82</sup> Hiam, L. et al (2018) *Creating a 'hostile environment for migrants': the British government's use of health service data to restrict immigration is a very bad idea* Health Economics, Policy and Law (2018), 13, 107–117 © Cambridge University Press 2018

<sup>83</sup> Fernández-Reino, M. (2020) *The health of migrants in the UK*. Migration Observatory briefing, COMPAS, University of Oxford

## Evidence of impact of proposed change

Some major studies of NHS efficiency have looked at the costs and benefits of early and preventative interventions. The 2015 Kings Fund report<sup>84</sup> consolidated the evidence, saying

*In some cases, people become ill, but their conditions are not diagnosed – the problem of under-diagnosis – resulting in missed opportunities to intervene early and prevent people’s conditions getting worse. As well as being bad for patients, under-diagnosis can be costly for the NHS by increasing the need for more complex services.*

This report provides a range of examples, including under-diagnosis of cancer, chronic obstructive pulmonary disease and mental health conditions among children and young people.

It was not possible to model all health conditions in our analysis, so we focus on a single condition as an exemplar: Type 2 diabetes, which is a major problem and affects the age groups of the households in this report. The Kings Fund report notes:

*Under-diagnosis of diabetes in primary care: It has been estimated that around 500,000 people in England are living with type 2 diabetes but have not been diagnosed, often leading to preventable and costly treatment.... In 2012, the National Audit Office estimated that the NHS could save around £170 million a year through earlier detection and better management of diabetes patients in primary care, reducing the need for costly hospital treatment.*<sup>85</sup>

Diabetes UK, whose work was cited in the King’s Fund report, sets out the gains from early detection of the disease:

*Diabetes accounts for about 10 per cent of the NHS budget and 80 per cent of these costs are due to complications. Demographic changes and the high obesity rate mean that, if the costs of treating a patient with diabetes stay the same, the overall costs of diabetes are set to grow over the next 20 years, when it is projected to account for 17 per cent of the entire NHS budget. Diabetes will also increase the costs of social care; if someone has an amputation then their ability to look after themselves independently will be much reduced. This means the direct costs of diabetes to the health and social care system will be even higher.*<sup>86</sup>

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<sup>84</sup> Alderwick H., Robertson R., Appleby, J., Dunn, P., Maguire, D. (2015) *Better value in the NHS: The role of changes in clinical practice* Kings Fund, London

<sup>85</sup> Ibid

<sup>86</sup> Diabetes UK (2014) *The Costs of Diabetes*. Diabetes UK, London <https://www.diabetes.org.uk/resources-s3/2017-11/diabetes%20uk%20cost%20of%20diabetes%20report.pdf> P6

In terms of the cost effectiveness, they say,

*NICE guidance supports the NHS Health Check programme to identify people with, and at risk of, Type 2 diabetes. When set against the costs of each check, the cost per quality adjusted life year is £2,142, making it a very cost-effective intervention. A key reason for its cost effectiveness is that it can set people on a path of treatment that stops them developing Type 2 diabetes. Up to 9,700 cases of Type 2 diabetes could be prevented each year through finding non-diabetic hyperglycaemia, also known as 'pre-diabetes'. This could produce an estimated gross saving of £40 million a year after four years.<sup>87</sup>*

Diabetes is one of the major medical conditions where early diagnosis leads to effective treatment and significant long-term cost savings for the NHS. The Kings Fund looked at other diseases where early diagnosis was similarly beneficial, including colon and rectal cancers and COPD. Increasingly early diagnosis across the range of health conditions would produce greater cost savings than for diabetes alone, and we have added (conservatively) 30% to the cost savings related to diabetes to account for this.

The model also considers the wider gains from better health in areas such as productivity and community integration.

### **Summary of evidence**

Many households with NRPF currently hesitate to make use of health services, fearing that this will affect their immigration status or result in costs. Reducing this hesitancy will enable and encourage them to engage with a wider range of preventative and early screening opportunities, which would improve their health, reduce costs to the NHS and improve public health in the UK. It will also lead to greater productivity and wellbeing for those receiving timely treatment.

### **Estimating gains from earlier diagnosis**

In this section we set out our calculations estimating the gains resulting from earlier health diagnosis were the NRPF condition to be lifted. Comprehensively estimating the effects of lifting NRPF on the full range of health conditions would be a major exercise and is beyond the scope of this research. We have therefore decided to focus on the example of one very common condition – type 2 diabetes – as an indicator of the likely gains which could be realised. This underestimates the impact of better take up of the full range of preventative and screening services, but is a helpful illustrative example because diabetes is one of the main health conditions for which early intervention is most important. We make an adjustment at the end of the calculation to account for other health conditions where early intervention is crucial.

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<sup>87</sup> Ibid

We have applied the HACT social value valuation of overall good health to these diabetes cases as a good estimate of the wider social impact on the health and wellbeing of those households, and to reflect that we have chosen only one amongst a range of possible diseases which could be prevented through more engagement with NHS early diagnosis services. In addition, we estimate the financial gains for the NHS in terms of reduced cost of treatment due to late presentation.

Note that some of the other types of gain set out in this report, such as better housing, also have impacts on health. We have tried to avoid double counting. The impact of poor housing on health was covered in Gain 2 while Gain 5 covers impacts including health and mental health effects of reduction in problem debt. We have included the wellbeing gains from better health using the HACT methodology and approach to wellbeing outlined in the housing gains section above.

Table 27 below sets out the assumptions and inputs used in estimating the gains to the NHS from earlier health diagnosis. We have used the Diabetes UK figures for the proportion of the population with undiagnosed diabetes in the at-risk group aged 35-59 (3.2%). The numbers in our cohort have been adjusted by the percentage likely to avoid NHS contact, then further halved that number to reflect possible take up. In total we estimate that 0.1% of the total population of migrants with the NRPF condition could have undetected diabetes and would benefit from additional preventative diagnosis due to access to public funds.

*Table 27 Gains from early health diagnoses (example of diabetes): Assumptions used in the model (both options)*

| Description   | Amount (values in 2021 £) | Based on   |
|---|---------------------------|--|
| % of eligible cohort at risk and reluctant to avail of medical care                       | 30%                       | Survey by JCWI found 30% of migrants who had visas and are in the UK lawfully were scared to access healthcare <sup>88</sup>   |
| % of the reluctant cohort who might engage with NHS prevention if NRPF lifted             | 50%                       | Own estimate   |
| % of UK population aged 35-59 who suffer from undiagnosed diabetes                        | 3.2%                      | Per Diabetes UK <sup>89</sup> there were 600,000 undiagnosed people in 2014  |
| Savings to NHS per person per year for timely diagnosis of diabetes                       | £4,124                    | £40m per year savings from 9,700 people per year identified by Diabetes UK <sup>90</sup>   |
| Wellbeing value of good overall health  | £21,416                   | Per HACT value databank, value of good overall health was £20,141 in 2018. Uprated to 2021   |
| Adjustment factor for other conditions where there are high gains from early intervention | 1.3                       | Own estimate. We have used only diabetes as an example but the Kings Fund evidence cited indicated that the benefit of early detection of colon and rectal cancers, and COPD could save amounts well in excess of savings from early diagnosis of diabetes alone |

Tables 28 and 29 below present our estimates of the gains from early health diagnosis in the case of diabetes. As with gains from increased work opportunities and productivity, we separately estimate direct gains for individuals, and indirect gains for the public sector (in this case, reduction in cost to the NHS). We estimate that direct gains to individual patients in Year 0 from early diagnosis of diabetes would be worth £15 million under Option 1 and £28 million under Option 2. We increased these figures conservatively by a factor of 1.3 to cover other health conditions where there are high benefits from early intervention; the totals for all such conditions are £19 million for Option 1 and £36 million for Option 2.

<sup>88</sup> <https://www.jcwi.org.uk/migrants-deterred-from-healthcare-in-the-Covid19-pandemic>

<sup>89</sup> <https://www.diabetes.org.uk/resources-s3/2017-11/diabetes%20uk%20cost%20of%20diabetes%20report.pdf>

<sup>90</sup> Ibid

Table 28: Value of direct gains to individuals from early health diagnoses in Year 0 (both options)

| Type of gain from early diagnosis of Type 2 diabetes                          | Total number possibly gaining in cohort | Per capita gain/savings | Total gain from early diagnosis of diabetes (rounded) | Gains for all health conditions with high benefits from early intervention |
|---|---|-------------------------|---|--|
| Direct gain for Option 1 beneficiaries: Improved overall health and wellbeing | 1,363                                   | £10,708                 | £15 million   | <b>£19 million</b>   |
| <b>OPTION 1 DIRECT GAINS</b>  |   |                         |   | <b>£19 million</b>   |
| Direct gain for Option 2 beneficiaries: improved health and wellbeing         | 2,592                                   | £10,708                 | £28 million   | <b>£36 million</b>   |
| <b>OPTION 2 DIRECT GAINS</b>  |   |                         |   | <b>£36 million</b>   |

In addition to these direct gains, the NHS would see cost savings of £6 million related to early diagnosis of diabetes under Option 1 and £11 million under Option 2. Including an additional 30% to account for other health conditions brings the indirect gains to £7 million for Option 1 and £14 million for Option 2. Here, as with gains from work and productivity, the gains for Option 2 are significantly greater than for Option 1.

Table 29: Value of indirect gains to public sector from early health diagnoses (both options)\*

| Type of gain from early diagnosis of Type 2 diabetes                      | Total number possibly gaining in cohort | Per capita gain/savings | Total gain from early diagnosis of diabetes (rounded) | Gains for all health conditions with high benefits from early intervention |
|---|---|-------------------------|---|--|
| Option 1: Indirect gain for NHS: savings from early diagnosis of diabetes | 1,363                                   | £4,124                  | £6 million  | <b>£7 million</b>  |
| <b>OPTION 1 INDIRECT GAINS</b>  |   |                         |   | <b>£7 million</b>  |
| Option 2: Indirect gain for NHS: savings from early diagnosis of diabetes | 2,592                                   | £4,124                  | £11 million   | <b>£14 million</b>   |
| <b>OPTION 2 INDIRECT GAINS</b>  |   |                         |   | <b>£14 million</b>   |

\*totals do not sum due to rounding

Total direct and indirect gains for all health conditions amount to an estimated £26 million for Option 1, and £50 million for Option 2 (Table 30).

Table 30: Summary of direct and indirect gains early health diagnoses (both options)\*

|                                  | Option 1 (partial lifting) | Option 2 (total lifting) |
|----------------------------------|----------------------------|--------------------------|
| Direct gains for households      | 19 million                 | 36 million               |
| Indirect gains for public sector | 7 million                  | 14 million               |
| <b>TOTAL GAINS</b>               | <b>£26 million</b>         | <b>£50 million</b>       |

### Sensitivity testing

There is evidence that 30% of migrants are reluctant to access healthcare, and we have conservatively assumed that changes to policy would affect the behaviour of only half of them (Table 27 above). However, this is an uncertain area, so we have allowed an additional +/-15% for take up. For the valuation of gains (including in the form of cost savings), the figures are based on Diabetes UK costings, so we have allowed a small range of variation (+/- 5%), and similarly for the HACT social value figures (as set out in the previous gain discussion of HACT).

The total direct and indirect gains from earlier health diagnosis are expected to fall within the range of £21 million to £32 million for Option 1, with a central estimate of £26 million. For Option 2 the range is £40 million to £60 million, with a central estimate of £50 million (Table 31 below).

Table 31: Ranges and optimism bias for gains from earlier health diagnosis (both options)

|   | Option 1           |                    | Option 2           |                    |
|---|--------------------|--------------------|--------------------|--------------------|
| Point estimates for total gains (fm Table 30)     | <b>£26 million</b> |                    | <b>£50 million</b> |                    |
|   | Plus               | Minus              | Plus               | Minus              |
| Confidence in take-up data (including deadweight) | 15%                | -15%               | 15%                | -15%               |
| Confidence in valuation of gains                  | 5%                 | -5%                | 5%                 | -5%                |
| Upper and lower range values (rounded)            | <b>£3000,00</b>    | <b>£21 million</b> | <b>£60 million</b> | <b>£40 million</b> |

## 9. Gains from better education and child development

### Effects of NRPF condition on education and child development

Families with NRPF are not eligible for Child Tax Credit, Child Benefit or the child element of Universal Credit, all of which would directly increase household income for those eligible. All families irrespective of immigration status are eligible for 15 hours of early education for 3- and 4-year-olds. Free 15 hours per week childcare for 2-year-old children is available to some families with NRPF, while those affected by NRPF are not eligible for the extended 30 hours of free childcare for 3- and 4-year-olds of working families (with income maxima and minima).

In addition, as families with NRPF are not eligible for Universal Credit, they cannot claim back up to 85% of childcare costs as other families in similar circumstances may be able to.<sup>91</sup> Children in these families with NRPF are not generally entitled to benefits such as free school meals (FSMs) or other support to help in covering costs of school uniforms, or transport to and from school, although FSM provisions were temporarily extended to *some* of those children affected by NRPF conditions during the Covid pandemic.

The exclusion of children from FSMs has a knock-on effect on the schools that educate such children, as they do not receive the pupil premium for these children despite their substantial needs and disadvantages. Pupil premium is paid to schools and is worth £1,345 per child per year for primary school pupils and £955 for secondary school pupils.<sup>92</sup> Children on FSMs may sometimes benefit from free extracurricular activities that they would otherwise be unable to afford or may get help to cover other costs or additional support. A survey of 14 head teachers in 2019 by Citizens UK reported that the lack of access to pupil premium and free school meals for children affected by NRPF was costing schools an extra £36K annually on average while some schools reported that the extra cost is as high as £100K annually.<sup>93</sup>

Although Free School Meals, the Pupil Premium, and early years provision, are not classed as public funds for immigration purposes, they are passported from existing benefits which are public funds. As eligibility requirements often relate to the immigration status of the parent(s), this in turn means that children, including British children with migrant parents, miss out on this vital provision. For example, despite some progress following litigation, most children affected by NRPF will not be eligible for the Healthy Start Voucher Scheme, which aims to reduce child poverty and health inequalities by providing free vitamins, nutritional advice and weekly vouchers to low income families.<sup>94</sup>

Similarly, higher education funding is not classed as a public fund for immigration purposes so a person can access home fees, or receive student support, if they are subject to the

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<sup>91</sup> <https://www.gov.uk/help-with-childcare-costs/universal-credit>

<sup>92</sup> <https://www.gov.uk/government/publications/pupil-premium/pupil-premium>

<sup>93</sup> Citizens UK (2019) Forgotten People – How the Hostile Environment Impacts Schools and Children's Wellbeing

<sup>94</sup> <http://www.matthewgold.co.uk/healthy-start-scheme/>



NRPF condition. However, to qualify for home fees and student support, a student must meet requirements relating to their immigration status and length of residence in the UK which effectively exclude many children whose parents are subject to the NRPF condition.

Children affected by NRPF with a disability or learning difficulties including autism and dyslexia are not eligible for Disability Living Allowance. While they may be able to get some additional local authority resources like sensory toys or counselling, mainstream financial support to help with caring responsibilities and mobility issues will not be available to them.

The importance of the first five years in determining a child's later development and progress in all aspects of life (employment, health, social development, avoidance of crime) has been increasingly recognised over the last 15 years in government reports, commissions, legislation, policies and funding. A comprehensive review of these initiatives was recently published by the House of Commons Library,<sup>95</sup> which summarised 10 years of parliamentary reports and enquiries, national and local policies and programmes and evaluations of these programmes. They describe early intervention as

*a public policy approach to identify and support children and their families at an early stage, to prevent problems developing later in life, such as poor physical and mental health, low educational attainment, crime and anti-social behaviour.*

The report cites assessments of the costs and benefits of a wide range of these interventions.<sup>96</sup> An Early Intervention Foundation (EIF) has been set up to assemble evidence of what works and to support local early intervention projects.

The Social Mobility Commission report, *State of the Nation 2016*<sup>97</sup> noted that

*The early years of a child's life have a lasting impact. What happens in the home and how parents interact with their children is crucial to their development.... [F]amily life is under strain, particularly for parents on low incomes..... Yet parents receive little effective state support ...*

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<sup>95</sup> House of Commons Library (2021) *Early intervention: policy and provision* Briefing Paper 7647, House of Commons Library, London

<sup>96</sup> Including, for example, *Early Intervention: Smart Investment, Massive Savings* (2011) an Independent parliamentary report to Government consolidating the results of recent government reviews on early years policies

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/61012/earlyintervention-smartinvestment.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/61012/earlyintervention-smartinvestment.pdf)

<sup>97</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/569410/Social\\_Mobility\\_Commission\\_2016\\_REPORT\\_WEB\\_1\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/569410/Social_Mobility_Commission_2016_REPORT_WEB_1_.pdf)

## Evidence of impact of the proposed change

Evidence shows that children in low-income families have better long-term outcomes if they receive additional income from welfare benefits in the child's early years. A major systematic review of the impact of additional income on children's outcomes was published in 2013 and updated in 2017 and 2021.<sup>98</sup> These studies examined the impact on children's outcomes of systematically increasing the household cash income.<sup>99</sup> Impacts were seen at different ages, and covered a range of outcomes for children, including cognitive development and social and behavioural outcomes. One key gain was cognitive development improvement in early years (pre-school). These gains were seen even where short periods of poverty in the child's early years were followed by later increases in family incomes. The studies also identified other important impacts – for example a reduction in anti-social behaviour in adolescents. As an example of specific benefits, the authors estimated that increased annual household income of £924 (uprated to 2021 prices) was linked to an improvement in a young child's cognitive outcomes of between 5-27% of a standard deviation. Cooper and Stewart (2017) document improvements to educational outcomes due to increased household cash income.

Certain families subject to the NRPF condition are not eligible for the free childcare that other families can access, which not only may prevent the parent from working<sup>100</sup> but may also affect the child's long-term outcomes. Research by Save the Children<sup>101</sup> found that children who do not attend any childcare setting are on average eight months behind those who attend a high-quality setting when they start school, and five months behind those that attend a low-quality setting.

Note that the major gains related to early years childcare, in the form of higher income, productivity, etc., are evident only in the long term. Many will not appear in full (or at all) during the ten-year period of the cost-benefit analysis, and to that extent the gains set out in our model are an underestimate because they exclude these longer term gains.

## Summary of evidence

There is extensive and accepted evidence around the importance of early years for the children's long term outcomes. We have highlighted the impacts on children living in

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<sup>98</sup> Kerris Cooper & Kitty Stewart, (2021). "Does Household Income Affect children's Outcomes? A Systematic Review of the Evidence," Child Indicators Research, Springer; The International Society of Child Indicators (ISCI), vol. 14(3), pages 981-1005. Cooper, K and Stewart, K (2017) *Does Money Affect Children's Outcomes? An update* LSE (CASE) London. <http://eprints.lse.ac.uk/103494/1/casepaper203.pdf>

<sup>99</sup> The studies involved a systematic review of the evidence from OECD and EU countries. 77,000 papers were identified published between 1988 and 2020 which were reviewed to identify 61 methodologically robust studies

<sup>100</sup> We have considered the question of childcare in the Productivity section above, but the issue in this section is the additional gains to children in addition to the more specific gains for the parents in terms of their employment opportunities, and are independent.

<sup>101</sup> <https://www.savethechildren.org.uk/content/dam/global/reports/education-and-child-protection/untapped-potential.pdf>

poverty of increased income, access to better childcare and higher rates of university attendance. The long-term effects include better educational outcomes, higher productivity and greater contributions to the Exchequer.

### **Estimation of gains from better education and childhood development**

In this section we set out our calculations of the gains in terms of better education and childhood development for beneficiary children, were the NRPF condition to be lifted. Table 32 below sets out the assumptions used in our modelling.

The figure of £1,671 for gains from receipt of Child Benefit comes from a paper by Garfinkel et al (2021)<sup>102</sup> considering US evidence, in which they calculate the wellbeing gains from giving households with children increased income (analogous to Child Benefit). This is a comprehensive cost-benefit analysis that draws on a range of published studies which evidenced the long term improvements to future earnings, children's health, child longevity, reductions in crime, child protection, parental physical health and mental health and parental longevity. This paper does not value gains due to better educational opportunity, which we include separately.

In the UK, the Institute of Fiscal Studies<sup>103</sup> explored longer-term effects of different pre-school attendance experiences, as part of the Effective Pre-School, Primary and Secondary Education (EPPSE) project. They estimated that a child that attends any childcare setting is likely to earn £27,000 more in their lifetime (in discounted present value terms), resulting in an extra £11,000 to the Exchequer.

The Department for Business Innovation and Skills published research<sup>104</sup> in 2013 providing evidence on the impact of higher education on lifetime net earnings in present value terms. The research found that over the life course, the difference in earnings for individuals with a degree compared to those without was approximately £148,000 for men and £218,000 for women. This is disposable income net of deductions such as tax and National Insurance, repayment of loans for fees, and other costs related to attending university. In addition, they calculate that on average every male graduate contributed £271,000 more to the Exchequer than a non-graduate over a lifetime, and a female graduate £299,000. We have adjusted the numbers in our modelling to avoid double counting for the effects of both pre-school and university education.

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<sup>102</sup> Garfinkel, I., Sariscsany, L., Ananat, E., Collyer, S., & Wimer, C. (2021). *The costs and benefits of a child allowance*. CPSP Discussion Paper. Poverty & Social Policy Brief Vol. 5 No. 3 March 08, 2021

<sup>103</sup> <https://ifs.org.uk/uploads/publications/comms/R99.pdf>

<sup>104</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/229498/bis-13-899-the-impact-of-university-degrees-on-the-lifecycle-of-earnings-further-analysis.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/229498/bis-13-899-the-impact-of-university-degrees-on-the-lifecycle-of-earnings-further-analysis.pdf)

Table 32: Estimating gains in children's education, health and development from extra income and access to early years and university education:  
Assumptions used in the model (both options)

| Description  | Amount<br>(values in<br>2021 £) | Unit       | Based on   |
|--|---------------------------------|------------|--|
| Wellbeing gains from receipt of Child Benefit  | £1,671                          | household  | Wellbeing gains from increased income for children = 98.49% of additional income. Income received at household level. <sup>105</sup>   |
| Number of 3- and 4- year-old children in households that would gain access to free childcare | 21,880                          | individual | Our calculations based on Labour Force Survey. Figures for % of foreign-born households who would not claim UC but have children aged 3/4 and earn £100,000 net adjusted income or less, thus eligible for free full-time childcare or early years learning care |
| Lifetime additional earnings for beneficiary due to attending formal childcare               | £31,731                         | individual | Per Institute for Fiscal Studies, child attending any childcare setting likely to earn £27,000 more in lifetime (present value in 2014 prices) <sup>106</sup>  |
| Average years of earning over lifetime   | 44                              |            | Assumes employment from age 20 - age 64  |
| Year 0 flow of additional earnings for beneficiary due to attending additional childcare     | £1,424                          |            | Based on 44-year working life and 3.5% social discount rate  |
| Lifetime value to Exchequer of individual attending formal childcare                         | £12,927                         | individual | Per IFS, child attending any childcare setting likely to contribute £11,000 more to Exchequer (present value in 2014 prices).  |
| Year 0 additional tax revenue to Exchequer from individuals attending formal childcare       | £580                            |            | Based on 44 year working life and 3.5% social discount rate  |
| Proportion of those eligible for free childcare who claim it                                 | 72%                             | household  | Per 2018 DfE study: 72% of people eligible for free childcare accessed it <sup>107</sup>   |

<sup>105</sup> Garfinkel, I., Sariscsany, L., Ananat, E., Collyer, S., & Wimer, C. (2021). The costs and benefits of a child allowance. CPSP Discussion Paper. Poverty & Social Policy Brief Vol. 5 No. 3 March 08, 2021

<sup>106</sup> Cattán S. Crawford C. Dearden L. (2014) *The economic effects of pre-school education and quality* Institute of Fiscal Studies (IFS) London

<sup>107</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/738776/Take-up\\_of\\_free\\_early\\_education\\_entitlements.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/738776/Take-up_of_free_early_education_entitlements.pdf)

| Description  | Amount<br>(values in<br>2021 £) | Unit       | Based on  |
|--|---------------------------------|------------|---|
| Number of university-aged children in entire cohort                    | 9,343                           |            | Same % as for foreign-born households in UK overall, per LFS  |
| Percentage increase in university aged children attending university   | 20%                             |            | Own estimate, based on official statistics showing that 53.1% of Asian state school pupils got a higher education place in 2020, and 47.5% of Black state school pupils. Whites lowest at 32.6 <sup>108</sup> |
| Incremental lifetime earnings from university attendance, net of taxes | £218,935                        | individual | Net present value of additional lifetime earnings £148,000 for male university graduates than non-grads, and £218,000 for women, in 2013 prices. Average of the two = £183,000. <sup>109</sup>                |
| Year 0 additional earnings from university attendance                  | £9,825                          | individual | Based on 44 year working life and 3.5% social discount rate   |
| Incremental lifetime tax revenue from university grads                 | £340,964                        | individual | NPV of lifetime additional tax revenue £271,000 from male university graduates than non-grads, and £299,000 for women, in 2013 prices. <sup>110</sup> Average of the two = £285,000.                          |
| Year 0 additional tax revenue from university grads                    | £15,302                         |            | Based on 44 year working life and 3.5% social discount rate   |

<sup>108</sup> <https://www.ethnicity-facts-figures.service.gov.uk/education-skills-and-training/higher-education/entry-rates-into-higher-education/latest>

<sup>109</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/229498/bis-13-899-the-impact-of-university-degrees-on-the-lifecycle-of-earnings-further-analysis.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/229498/bis-13-899-the-impact-of-university-degrees-on-the-lifecycle-of-earnings-further-analysis.pdf)

<sup>110</sup> Ibid.

Table 33 below presents our estimate of gains in Year 0. The gains in this area would accrue mainly to families with children, so the totals for Option 1 and Option 2 are the same. Under Option 2, a small number of young childless adults would become eligible to pay home university fees but we have not modelled this separately.

Our central estimate for direct gains under both Option 1 and Option 2 is £180 million, made up of wellbeing gains from receipt of Child Benefit (£162 million) and higher lifetime earnings from those able to attend university (£18 million). Indirect gains in the form of higher tax revenue to the Exchequer is estimated at £29 million in Year 0 (Table 34 below), so direct and indirect gains would total £209 million in Year 0 (Table 35 below).

*Table 33: Year 0 values of direct gains from better education, health and development due to Child Benefit and university education (figures the same for both options)*

| Type of gain   | % of those eligible expected to claim or benefit | Total number gaining | Unit value Year 0 | Total Y0 direct gains rounded |
|--|--|----------------------|-------------------|-------------------------------|
| Wellbeing gains from receipt of Child Benefit  | 91%  | 96,713               | £1,671            | £162 million                  |
| Higher net lifetime earnings from those able to attend university because of home fees | 20%  | 1,869                | £9,825            | £18 million                   |
| <b>OPTIONS 1 AND 2 DIRECT GAINS</b>  |  |                      |                   | <b>£180 million</b>           |

*Table 34: Value in Year 0 of indirect gains from better education, health and development due to Child Benefit and university education (figures the same for both options)*

| Type of gain  | % of those eligible expected to claim or benefit | Total number gaining | Unit value Year 0 | Total Y0 indirect gains rounded |
|---|--|----------------------|-------------------|---------------------------------|
| Higher tax payments from those able to attend university because of home fees | 20%  | 1,869                | £15,302           | £29 million                     |
| <b>OPTIONS 1 AND 2 INDIRECT GAINS</b>   |  |                      |                   | <b>£29 million</b>              |

*Table 35: Summary of direct and indirect gains from Year 0 Child Benefit and university education (both options)*

|                                  | <b>Options 1 and 2</b> |
|----------------------------------|------------------------|
| Direct gains for households      | £180 million           |
| Indirect gains for public sector | £29 million            |
| <b>TOTAL GAINS</b>               | <b>£209 million</b>    |

## Long-term gains not included in the model

The SCBA model covers a period of ten years, as the Green Book recommends. Some of the gains from early childhood interventions are only evident in adulthood and fall beyond the ten-year period. We set them out in Table 36 below, but the values are not included in the formal SCBA modelling.

*Table 36: Values of direct and indirect gains due to attending free childcare (figures the same for both options). From first year of child's employment. Not included in formal model*

| Type of gain  | % of those eligible expected to claim or benefit | Total number gaining | Double counting adjustment* | Unit value from first year of employment | Total gains from first year of employment (rounded)* |
|---|--|----------------------|-----------------------------|--|--|
| Higher income from attending free childcare—first received in Year 18 after policy change             | 72%  | 21,880               | 20,012                      | £2,645                                   | £53 million  |
| <b>OPTIONS 1 AND 2 DIRECT GAINS</b>   |  |                      |                             |  | <b>£53 million</b>                                   |
| Higher tax payments from those attending free childcare—first received in Year 18 after policy change | 72%  | 21,880               | 20,012                      | £1,078                                   | £22 million  |
| <b>OPTIONS 1 AND 2 INDIRECT GAINS</b>   |  |                      |                             |  | <b>£22 million</b>                                   |
| <b>OPTIONS 1 AND 2 TOTAL GAINS</b>  |  |                      |                             |  | <b>£74 million</b>                                   |

\*totals do not add due to rounding

## Sensitivity testing

We have applied the Garfinkel et al (2021) estimate of social gains from increased income for children = 98.49% of private gains, and conservatively used only the Child Benefit award level as an indicator of amount of additional income going to NRPF families (although Universal Credit, which includes Housing Benefit, would further increase this financial amount for eligible families). One of the cited studies is US-based and given the differences between the social security systems in the UK and US we have allowed a range of +/- 20% on the valuation of gains. In terms of take up, Child Benefit is universal and would be awarded to all who qualified and claimed, but we have used a range of +/- 3% to allow for exceptional cases.

Total Year 0 gains from receipt of Child Benefit and university education are expected to fall within the range of £162million to £245 million, with a central estimate of £198 million (Table 37 below). There are no additional children in Option 2, so there are no changes to the modelling or sensitivity ranges. Future gains in adulthood from access to free childcare are not included here as they fall beyond the ten-year timeframe of the SCBA.

Table 37: Ranges and optimism bias for Year 0 gains from receipt of Child Benefit and university education

| Point estimate for total gains (fm Table 35)     | £209 million        |                     |
|--|---------------------|---------------------|
|  | Plus                | Minus               |
| Confidence in valuation of gains                 | 20%                 | -20%                |
| Confidence in takeup data (including deadweight) | 3%                  | -3%                 |
| Upper and lower range values rounded             | <b>£245 million</b> | <b>£162 million</b> |



## 10. Gains from reduced incidence of problem debt

### Effects of NRPF condition on access to help for problem debt

NRPF individuals are not entitled to claim Universal Credit, a benefit for low-income households whether in work or not. Debt is a key issue identified in relation to families affected by NRPF: in a recent representative survey published by Citizens Advice,<sup>111</sup> 81% of people with NRPF conditions said they were behind on at least one bill, compared to 20% for people in the UK at large. In addition, 60% of people with NRPF said they were currently behind on rent, compared to 8% for the UK population at large.

Although the visa population considered here are expected to be able to support themselves, changes in their circumstances after arrival may lead them to fall into debt. They may borrow from commercial lenders or individuals, including to pay the fees for their leave to remain applications or legal fees in the absence of legal aid in immigration cases. Research highlights that debt can place additional strain on existing relationships with friends and family members, leaving individuals and families more isolated. Those in debt may also be at risk of exploitation, including from employers or landlords. Evidence from studies of indebted households living on low incomes<sup>112</sup> suggests that inability to repay personal loans endangers relationships with family and friends, and that the stress of dealing with debt can cause problems of both mental and physical health, especially for parents trying to protect children from the realities of their situation.<sup>113</sup>

The UK government has been strengthening its policies and services around problem debt in recent years, including establishing in 2019 the Money and Pensions Service (MaPS), which provides individual debt advice. Other providers of debt advice include local Citizens Advice offices and third sector organisations such as StepChange and Christians Against Poverty. In principle the debt-advice services are all available to people with the NRPF condition.

There are recognised difficulties with getting even UK nationals to engage with these advice providers, and individuals with NRPF are probably even less likely to access their services (as with the NHS). They may fear that it would negatively affect their immigration status; assume they would be ineligible for help; or worry that debt might be investigated if they apply for certain immigration visas or statuses. Even if they were to engage, they could receive only limited assistance because many of the remedies that typically lead to debt reduction, such as welfare benefit maximisation or moving to social housing, require access

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<sup>111</sup> Citizens Advice (2021) 'How do I survive now? The impact of living with No Recourse to Public Funds': <https://www.citizensadvice.org.uk/about-us/our-work/policy/policy-research-topics/welfare-policy-research-surveys-and-consultation-responses/welfare-policy-research/how-do-i-survive-now-the-impact-of-living-with-no-recourse-to-public-funds/>

<sup>112</sup> See e.g. Lane, L. and Power, A. (2019) *Managing the Unmanageable: Debt and financial resilience in Newham* CASE, LSE <https://sticerd.lse.ac.uk/case/new/publications/abstract/?index=6310>

<sup>113</sup> Money and Health Policy Institute (2019) *Money and Mental Health: The facts* <https://www.moneyandmentalhealth.org/wp-content/uploads/2019/03/debt-mental-health-facts-2019.pdf>

to public funds. Even though those subject to the NRPF condition are eligible to receive debt advice they would currently realise relatively little benefit from such engagement.

### **Evidence of impact of proposed changes**

The main areas of gain identified in the literature are from improved productivity and wellbeing, including lower rates of depression, anxiety and panic attacks. Several recent reports estimate the value to households and the wider economy of reducing problem debt. In 2018 the Money Advice Service commissioned the Wyman Review<sup>114</sup> of the funding of debt advice services, which set out the gains to be expected from the reduction of debt. Further evidence is available from other reports undertaken for the Money Advice Service<sup>115</sup> and the debt advice charity StepChange.<sup>116</sup> Information about the links between indebtedness and mental health is compiled by the Money and Mental Health Policy Institute in short overview summaries of recent and key research.<sup>117</sup>

Finally, HM Treasury's 2019 impact assessment<sup>118</sup> of the then-proposed (now recently implemented) Breathing Space policy, aimed to incentivise people to access professional debt advice sooner, contains some information about the impacts of indebtedness on households with characteristics similar to the NRPF cohort. The HMT impact assessment also explicitly considers how reduction in debt leads to increased productivity gains for employers. We use the HMT estimates of the likely monetised gains (direct and indirect) from reducing debt problems in our cost-benefit analysis.

To estimate the proportion of NRPF households likely to be experiencing problem debt we applied the proportion for London households overall. This conservative approach is almost certain to underestimate the true figure for NRPF households, as many of them are living in or near destitution.

### **Summary of evidence**

Recent government policy impact assessment and support for debt relief agencies re-enforces the importance of debt relief and the positive impact of such relief. Gains include higher productivity and better wellbeing including in relation to mental health. Having recourse to public funds provides a powerful remedy to common issues of serious

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<sup>114</sup> Wyman, P., (2018) *Review into Independent Review of the Funding of Debt Advice in England, Wales, Scotland and Northern Ireland* Money Advice Service, London

<sup>115</sup> Europe Economics (2018) *The Economic Impact of Debt Advice A Report for the Money Advice Service* Europe Economics/ Money Advice Service, London

<sup>116</sup> Clifford, J. Ward, K. Coram, R. Ross, C. (2014) *StepChange Debt Charity: Social Impact Evaluation of certain projects using Social Return on Investment*, [Leeds], StepChange Debt Charity

<sup>117</sup> See, for example Money and Mental Health Institute, *Money and mental health, the facts* <https://www.moneyandmentalhealth.org/money-and-mental-health-facts/> and *Debt and mental health: a statistical update* <https://www.moneyandmentalhealth.org/wp-content/uploads/2019/03/debt-and-mental-health-policy-note.pdf>

<sup>118</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/863869/Breathing\\_Space.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/863869/Breathing_Space.pdf)

indebtedness that occur in families with NRPF, and access to structured debt advice can provide additional routes back to more productive wellbeing.

### **Estimating gains from reduced incidence of problem debt**

In this section we set out our calculations of the gains for those whose problem debt would be relieved were the NRPF condition to be lifted. Table 38 below sets out the assumptions used in our modelling. The value of improved personal wellbeing and better mental health is taken from the Treasury appraisal, as are productivity gains. The proportion of the NRPF contingent in problem debt comes from an assessment of over-indebtedness in London; we have used this figure as most households with the NRPF constraint are in the capital. Even if the constraint were to be lifted, not all households would avail themselves of assistance, and some would have debt difficulties so great that access to public funds would not alleviate them. We have estimated that 70% would see their debt problems improve if access to public funds were granted.

Table 38: Reduced incidence of problem debt: assumptions and inputs (both options)

| Description  | Amount<br>(values in<br>2021 £) | Based on  |
|--|---------------------------------|---|
| Monetised improvements to personal wellbeing and reducing demand for treatment by lowering the morbidity of certain mental health problems that may be caused or exacerbated by problem debt | £1,095                          | HMT <i>Breathing Space Impact Appraisal</i> Section 12.2, value uprated to 2021-2 prices  |
| Productivity gains   | £2,262                          | HMT <i>Breathing Space Impact Appraisal</i> Section 11.2 value uprated to 2021-2 prices   |
| % of family NRPF cohort in problem debt  | 17%                             | Per Money Advice Service and CACI (2017) “A Picture of Over-Indebtedness”, figure for over-indebtedness in London. Note that most relief will come from award of public funds, rather than debt advice itself.              |
| % of those households with children in problem debt whose problems would be alleviated by receipt of public funds  | 70%                             | own estimate - see main text. Includes a majority for whom debt would be relieved by payment of welfare benefits, over and above those who would need the additional assistance of formal or informal money advice services |
| % of NRPF cohort who are single people or childless couples and likely to be in problem debt   | 9%                              | Problem debt is less of a problem for single people and childless couples and can in many cases be more easily addressed. We have used half the figure for families   |
| % of single people or childless couples in problem debt whose problems would be alleviated by receipt of public funds  | 35%                             | Problem debt is less of a problem for single people and childless couples and can in many cases be more easily addressed. We have used half the figure for families   |

Table 39 below sets out the gains to be expected from reduction in problem debt. Under Option 1 we estimate total gains of £43 million for family households, stemming from increased productivity and wellbeing. Productivity impacts would also flow through into increased tax revenues, though we have not modelled those revenues here. Option 2 would add a further £30 million in gains to those already calculated for family households, bringing the total Option 2 estimate to £73 million.

Table 39: Gains through reduction of problem debt through access to public funds and debt advice (both options)

| Type of gain  | % of cohort w/problem debt | % whose debt problems alleviated by public funds | Total number gaining | Social value per individual Year 1 | Total gain (rounded) |
|---|----------------------------|--|----------------------|------------------------------------|----------------------|
| Direct gain for Option 1 beneficiaries: Increased wellbeing   | 17%                        | 70%  | 12,911               | £1,095                             | £14 million          |
| Direct gain for Option 1 beneficiaries: Improved productivity | 17%                        | 70%  | 12,911               | £2,262                             | £29 million          |
| <b>OPTION 1 DIRECT GAINS</b>                                  |                            |  |                      |                                    | <b>£43 million</b>   |
| Direct gain for Option 2 beneficiaries: Increased wellbeing   | 17%                        | 70%  | 21,875               | £1,095                             | £24 million          |
| Direct gain for Option 2 beneficiaries: Improved productivity | 17%                        | 70%  | 21,875               | £2,262                             | £49 million          |
| <b>OPTION 2 DIRECT GAINS</b>                                  |                            |  |                      |                                    | <b>£73 million</b>   |

### Sensitivity testing

The literature around debt advice and its impact has been developed over several years and is robust. It is now well accepted and used across government and the third sector. We have therefore suggested a range of +/- 5% in relation to the values of gains for both options (Table 40 below)

In respect of the incidence of debt and likely take up for both options, we consider the 17% estimate of families who are indebted to be very conservative, as noted above. That figure is based on estimates for all families in London, but we know that the families in our cohort already have much less access to financial support and are far more likely to be destitute. The take up most likely to relieve over-indebtedness is simply the fact of claiming public funds – mainly welfare benefits. There is the additional option of take up of debt advice services and this may well be a formal or informal element of engaging with public services. We use a +/- 5% range to account for deadweight and variations in take up.

Table 40: Ranges and optimism bias for gains from reduction of problem debt (both options)

|   | <b>Option 1</b>    |                    | <b>Option 2</b>    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
| Point estimates for total gains (fm Table 39)     | <b>£43 million</b> |                    | <b>£73 million</b> |                    |
|   | <b>Plus</b>        | <b>Minus</b>       | <b>Plus</b>        | <b>Minus</b>       |
| Confidence in take-up data (including deadweight) | 5%                 | -5%                | 5%                 | -5%                |
| Confidence in cost data                           | 5%                 | -5%                | 5%                 | -5%                |
| Upper and lower range values (rounded)            | <b>£48 million</b> | <b>£39 million</b> | <b>£81 million</b> | <b>£66 million</b> |

For Option 1, total gains from relief of problem debt are expected to fall within the range of £39 million to £48 million, with a central estimate of £43 million. For Option 2, gains will likely fall between £66 million and £81 million, with a central estimate of £73 million.

## 11. Gains from reduction in domestic abuse

### Effects of NRPF condition on relief from domestic abuse

The challenges facing children and parents with no recourse to public funds who experience domestic abuse are well-documented.<sup>119</sup> Many experiencing abuse cannot access refuge and other safe accommodation because the housing element of a refuge service is normally paid for by Housing Benefit, which those with NRPF cannot access.<sup>120</sup> Unless alternative funding can be found, those with NRPF are faced with limited routes to safety which can make it difficult or impossible for them to leave their abusers.<sup>121</sup>

### Evidence around NRPF and domestic abuse

Recent research with survivors of domestic abuse with insecure immigration status in London found that almost two-thirds (62%) of women said the perpetrator had threatened to report them to the Home Office for deportation if they reported the violence. Victims can report abusive or threatening partners to the police, who would investigate under their normal protocols. However, many victims are reportedly reluctant to do so because they fear that the police will check their status and refer them to the Home Office for immigration enforcement. In addition, if they have left their abusing partner that partner may inform the Home Office, which can jeopardise their immigration status if they are on a spousal visa.<sup>122</sup>

In a separate study, half of migrant women surveyed were afraid of having their children taken away if they reported abuse.<sup>123</sup> NRPF may prevent migrant women with insecure status from accessing vital, sometimes life-saving support and routes to safety.

Public and parliamentary interest in this issue has grown in the wake of the Domestic Abuse Act 2021. In June 2019 the Joint Committee for the Draft Domestic Abuse Bill published a report outlining their recommendations for the draft Bill and the evidence they had heard in relation to the provisions in the Bill. The Joint Committee noted that they felt that the Bill

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<sup>119</sup> McIlwaine, CJ, Granada, L & Valenzuela-Oblitas, I (2019) *The Right to be Believed: Migrant women facing Violence Against Women and Girls (VAWG) in the 'hostile immigration environment' in London*. Latin American Women's Rights Service, London J. Price and S. Spencer (2015) *Safeguarding children from destitution: Local authority responses to families with 'no recourse to public funds'* Migration Observatory, University of Oxford; Southall Black Sisters <https://southallblack sisters.org.uk/no-recourse-fund/> ;.

<https://www.womensaid.org.uk/evidence-hub/research-and-publications/nowhere-to-turn-2018/>

<sup>120</sup> Miles, C. and Smith, K. (2018) *Nowhere to Turn: Findings from the second year of the No Woman Turned Away project*

<sup>121</sup> Women's Aid (2020) *The Domestic Abuse Report 2020: The Annual Audit* p 49

<sup>122</sup> For GLA comment on this see <https://www.london.gov.uk/press-releases/mayoral/protect-victims-of-crime-with-insecure-status>

<sup>123</sup> McIlwaine, C., Granada, L. Valenzuela-Oblitas, I. (2019) *The right to be believed: Migrant women facing Violence Against Women and Girls in the 'hostile immigration environment' in London* <https://www.researchgate.net/publication/333648520>

missed ‘the opportunity to address the needs of migrant women who have no recourse to public funds,’ and made several recommendations specific to migrant victims of domestic abuse, including:

- To explore ways to extend the existing support available for some migrant victims of domestic abuse under the Domestic Violence Indefinite Leave to Remain immigration route (DVILR) and the Domestic Violence Concession (DDVC) to ensure that vulnerable victims of crime can access protection and support whilst their application for indefinite leave to remain is considered by the Government<sup>124</sup>
- To extend the time limit for support under the DDVC from three to six months.

In response, the Home Office committed to review evidence about migrant victims of domestic abuse, including considering the recommendation to extend the DDVC time period, its relationship to a victim’s ability to access refuge accommodation and obligations under the Istanbul Convention regarding migrant victims.

### **Evidence of impact of proposed change**

Removal of the NRPF condition would allow victims of domestic abuse to access refuges because they could claim Universal Credit (including Housing Benefit). Refuges provide not only shelter but also support in dealing with the traumatic impact of domestic abuse. Reducing delay in access to refuge is important, as swift action may be needed in practical terms to assist women to escape situations of life-threatening violence.

United States based research suggests that where women are able to live independently and support themselves financially, they are more able to leave abusive situations and seek help. In a UK context, a 3% increase in female unemployment was accompanied by a 10% increase in domestic abuse.<sup>125</sup>

### **Summary of evidence**

Access to public funds would allow women and others affected by domestic abuse – particularly those in families with children – to increase their routes to safety through greater financial independence, and immediately to access support services including safe emergency accommodation. The policy priority of this type of provision and protection has been reflected in the recent Domestic Abuse Act 2021 as well as in Domestic Violence

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<sup>124</sup> The domestic violence rule (DVR) was introduced in 2002. This allows people who were admitted to the UK on a partner’s visa to apply for indefinite leave to remain, if they are able to provide evidence that the relationship broke down permanently before the end of their limited leave as a result of domestic violence.<sup>332</sup> The destitution domestic violence concession (DDVC)<sup>333</sup> was introduced in 2012 to allow intending DVR applicants access to limited state benefits and housing whilst their application is being considered. This is until the individual receives their final decision on their application (including from any appeal or tribunal). The concession provides leave to remain, with access to benefits, for three months. If a survivor applies for indefinite leave to remain during that period, leave continues while the application is considered

<sup>125</sup> Anderberg, D. Rainer, H, Wadsworth, J. Wilson T. (2016). Unemployment and Domestic Violence: Theory and Evidence, The Economic Journal, Volume 126, Issue 597



Indefinite Leave to Remain immigration route (DVILR) and the Domestic Violence Concession (DDVC).

### Estimating gains from reduction in domestic abuse

In this section we set out our calculations of the gains for those who would no longer be victims of domestic abuse were the NRPF condition to be lifted. Table 41 below sets out the assumptions used in our modelling. The most recent Home Office assessment of the economic and social costs of domestic abuse<sup>126</sup> estimated that the total cost of domestic abuse was £66 billion in 2016/17. These costs included physical harm to the victims, lost employment output and health treatment, as well as other public services such as police and criminal justice. Per victim, these costs totalled £34,015 over a three-year period (in 2016/17 prices), most of which (74%) was for physical and emotional harm to the victims. This research was cited in the Home Office Impact Assessment of the Domestic Abuse Act 2021<sup>127</sup> where the costs were updated to £38,000 at 2021/22 prices.

*Table 41: Reduction in domestic abuse: assumptions and inputs*

| Description   | Amount (values in 2021 £) | Based on  |
|---|---------------------------|---|
| % of domestic abuse cases in NRPF population  | 6%                        | According to the Crime Survey for England and Wales (CSEW) year ending March 2020, an estimated 5.5% of adults aged 16 to 74 years experienced domestic abuse in the last year. We assume a similar incidence in the NRPF population  |
| Additional % of victims likely to approach authorities if NRPF restriction lifted, and receive assistance | 13%                       | According to CSEW data <sup>128</sup> for the year ending March 2018, only 18% of women who had experienced partner abuse in the last 12 months reported the abuse to the police. A small % of NRPF victims currently do approach authorities (we estimate 5%). We assume lifting of restrictions would increase reporting rates to national average. 18%-5% = 13%. |
| Direct and indirect gains per case averted  | £12,667                   | Home Office impact assessment for Domestic Abuse Act 2021 <sup>129</sup> , which uprated cost of 2018 HO report on DA para 313 to 2021-2 prices   |

Table 42 below gives our estimates for the gains from averting domestic abuse cases and assisting victims, were the NRPF condition to be lifted from family households. The total gains are estimated at £10 million in Year 0. In Option 2 we have made the very conservative assumptions that the gains would only accrue to domestic abuse victims in receipt of

<sup>126</sup>Oliver, R., Barnby A., Roe, S. and Wlasny, M. (2019), "The economic and social costs of domestic abuse", available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/918897/horr107.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/918897/horr107.pdf) (accessed 26/7-2021)

<sup>127</sup> Domestic Abuse Act 2020 Impact Appraisal (IA No: HO0391) at para 313 "Evidence relating to the potential harm and cost of domestic abuse")

<sup>128</sup> <https://www.womensaid.org.uk/information-support/what-is-domestic-abuse/how-common-is-domestic-abuse/>

<sup>129</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1007463/DA\\_Act\\_2021\\_Impact\\_Assessment.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1007463/DA_Act_2021_Impact_Assessment.pdf)

Universal Credit, and those in couple households. There are likely to be other single women and also women not in receipt of Universal Credit who would be more likely to be victims of domestic abuse and need support and refuge accommodation. This would be a powerful reason for making the experience of domestic abuse one of the additional triggers for access to public funds.

*Table 42: Estimated gains from reduction in domestic abuse (both options)*

| Gain from  | Number of DA cases in eligible cohort | Additional number that will seek & receive assistance | Direct & indirect gains per case | Total gains (rounded) |
|--|---------------------------------------|---|----------------------------------|-----------------------|
| Households with children: DA cases averted or victims assisted | 5,830                                 | 758   | £12,667                          | <b>£10 million</b>    |
| <b>DIRECT AND INDIRECT GAINS FOR OPTION 1</b>                  |                                       |   |                                  | <b>£10 million</b>    |
| Gains for households with children as above                    |                                       |   |                                  | £10 million           |
| Childless households: DA cases averted or victims assisted     | 161                                   | 21  | £12,667                          | £300,000              |
| <b>DIRECT AND INDIRECT GAINS FOR OPTION 2</b>                  |                                       |   |                                  | <b>£10 million</b>    |

### Sensitivity testing

The evidence around the impacts of domestic abuse and the gains resulting from tackling it come from several robust government and other studies that monetise the costs of domestic abuse over many years and in a range of countries. We therefore suggest a +/- 5% range of variation here. In relation to deadweight and take up, we have used the figure of 18% of abuse which is reported to the police, reduced by 5% to account for those who would already approach the authorities. In fact, many other cases of abuse are not reported and recorded in this way, but are dealt with directly by a range of other support agencies (who may then encourage reporting to the police, although this is not a condition of getting services). Given the reluctance of people with NRPF to interact with the police, partly due to fears about immigration status and the possibility of their children being taken into care, we think that the 13% take up figure represents a conservative estimate and have modelled a +/- 5% variation.

The gains from relief of domestic abuse due to access to public funds are expected to fall in the range of £9 million to £11 million, with a central estimate of £10 million for Option 1 (Table 43 below). As noted above, there is more uncertainty about how many single women or women in couples are affected by domestic abuse. The assumptions used for Option 2 could well be an underestimate, so we have increased the possible upper range. This gives a range of between £9 million and £13 million for Option 2.



Table 43: Ranges and optimism bias for gains from relief of domestic abuse (both options)

|   | Option 1    |            | Option 2    |            |
|---|-------------|------------|-------------|------------|
| Point estimates for total gains (fm Table 42)     | £10 million |            | £10 million |            |
|   | Plus        | Minus      | Plus        | Minus      |
| Confidence in take-up data (including deadweight) | 5%          | -5%        | 5%          | -5%        |
| Confidence in valuation of gains                  | 5%          | -5%        | 25%         | -5%        |
| Upper and lower range values (rounded)            | £11 million | £9 million | £13 million | £9 million |

## 12. Gains from integration

This section takes a wider look at how the removal of NRPF conditions could support the objectives set out in the Government's 2018 Integrated Communities Strategy Green Paper<sup>130</sup> and Action Plan,<sup>131</sup> as well as the related Home Office Indicators of Integration Framework 2019 (third edition).<sup>132</sup> We highlight objectives and indicators that rely on the provision of public funds and services not available to those subject to the NRPF condition. Many of the economic and social gains discussed in the Strategy align with the wider gains identified in this report from lifting the NRPF constraint. In our SCBA we do not separately monetise gains around integration so as to avoid double counting. This suggests that our figures for net gains are probably underestimates.

### Main issues related to integration

#### Communities strategy and integration indicators

The Home Office, in the foreword to the Indicators of Integration framework state that

*Successful integration helps people to realise their full potential. It makes it easier for them to access services, reduces educational and health inequalities, helps them to find jobs and, fundamentally, underpins social cohesion and community empowerment.*

These objectives apply equally to the households and individuals in the group we focus on: those experiencing unexpected and temporary hardship during what is most often a five-year route to indefinite leave to remain.

The strategy highlights several areas covered earlier in this report, and the objectives and indicators of the strategy overlap extensively with the gains outlined above. One key area is improving access to work. The strategy says

*To increase economic opportunity, we will:  
provide additional funding to Jobcentre Plus so they can support more people from the most segregated communities into work in the Integration Areas;  
use the opportunity of Universal Credit to engage people who are economically inactive to help them realise their potential through pathways to work.*

In relation to integration of immigrant households, the strategy says

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<sup>130</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/696993/Integrated\\_Communities\\_Strategy.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/696993/Integrated_Communities_Strategy.pdf)

<sup>131</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/778045/Integrated\\_Communities\\_Strategy\\_Govt\\_Action\\_Plan.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/778045/Integrated_Communities_Strategy_Govt_Action_Plan.pdf)

<sup>132</sup> <https://www.gov.uk/government/publications/home-office-indicators-of-integration-framework-2019>

*The Universal Credit service is being developed with a specific focus on households experiencing disadvantage and barriers to finding work. Jobcentre Plus work coaches will have a key role, working with local partners, to ensure claimants with multiple and complex needs get the joined-up support they need....Because challenges that some people face in securing work can range widely, they may require support across a range of other services, including, housing, health and education. (Goals include) maximising the effectiveness of Jobcentre Plus in getting people from ethnic minorities into work through refreshing training and awareness.*

These services are not available to the NRPF groups of focus, who could benefit disproportionately in seeking to return to work if recourse were permitted.

The integration indicators set out for other areas (housing, education, health etc) also closely align with the potential gains identified in the gains sections above.

### Race in the workplace

In 2017, Baroness McGregor-Smith was commissioned by the government to examine the barriers faced by people from ethnic minorities in the workplace and consider what could be done to address them. Her report put the potential benefit to the UK economy from full representation of workers from ethnic minorities at £24bn a year.<sup>133</sup> The approach and impact methodology mirrors the approach we have taken in our own estimates of gains in relation to employment and productivity above.

### Social Integration Commission

Three reports<sup>134</sup> from the Social Integration Commission explore the cost and benefits of social integration. The second report (*Social integration: A wake-up call*) provided a cost benefit analysis of the economic and social challenges around integration. These main impacts were around employment, career progression, and community health and wellbeing, and the report estimated that the lack of social integration costs the UK around £6 billion per year.

The scope of the Social Integration Commission's cost benefit analysis is much wider than our exercise around NRPF. Nevertheless, the approach taken with the SCBA, and the type of costs and gains identified, overlap in important ways. The Social Integration Commission identifies barriers to obtaining work and underemployment (working at an inappropriately

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<sup>133</sup> Department for Business, Energy & Industrial Strategy, (2017). *Race in the workplace: The McGregor-Smith Review. Issues faced by businesses in developing Black and Minority Ethnic (BME) talent in the workplace.* Available from:

<https://www.gov.uk/government/publications/race-in-the-workplace-the-mcgregor-smith-review>

<sup>134</sup> For background and links to the three reports see <https://www.belongnetwork.co.uk/resources/social-integration-commission/>

low skill level) as key drivers of lost GDP and public sector income. It identifies lack of trust and lack of social networks as drivers of poor wellbeing, health and mental health. The evidence we have examined suggests that these are particularly important issues for the NRPF cohort.

### **Summary of evidence**

This section shows that the potential gains we have identified from removal of the NRPF constraint are in line with the broader approach to integration set out in current government policy and expert reports, and related indicators of integration. The aim of this discussion is to anchor the previous sections in wider contemporary policy debates around integration and migration.

## 13. Conclusions: Costs, Benefits and Discussion

### Costs

Table 44 below provides a summary of the main areas of government expenditure in Year 0, and present values over ten years. Were the NRPF constraint to be lifted from certain migrants, the main areas of public sector cost increase would be in payment of benefits. The largest categories, by some way, are Child Benefit, which goes, subject to some restrictions relating to higher income parents, to all families with eligible children, and Universal Credit (including Housing Benefit).

Applying these ranges to our central estimates for public sector costs (Table 18 below) gives expected costs in Year 0 of between £306 million and £458 million for Option 1, with a central estimate of £378 million. For Option 2, the range is from £428 million to £642 million, with a central estimate of £535 million. The greater cost of Option 2 is because we expect more households would claim Universal Credit. The child-related costs that make up the remainder of public funds would not increase, given that childless households would not be eligible for these benefits.

*Table 18: Range of Year 0 costs to the public sector of extending access to public funds (both options)*

|   | Option 1            |                     | Option 2            |                     |
|---|---------------------|---------------------|---------------------|---------------------|
| Point estimates for total costs (fm Table 17) | <b>£382 million</b> |                     | <b>£535 million</b> |                     |
|   | <b>Plus</b>         | <b>Minus</b>        | <b>Plus</b>         | <b>Minus</b>        |
| Confidence in costing                         | 20%                 | -20%                | 20%                 | -20%                |
| Upper and lower range values (rounded)        | <b>£458 million</b> | <b>£306 million</b> | <b>£642 million</b> | <b>£428 million</b> |

*Table 44: Costs by category, Year 0 and ten present value, both options (central estimates)*

| Category of expenditure                     | Option 1       |              | Option 2       |              |
|---|----------------|--------------|----------------|--------------|
| Child Benefit                               | £164 million   |              | £164 million   |              |
| Universal Credit                            | £143 million   |              | £296 million   |              |
| Free childcare                              | £51 million    |              | £51 million    |              |
| Pupil premium                               | £11 million    |              | £11 million    |              |
| Free school meals                           | £4 million     |              | £4 million     |              |
| Administration costs (central + local)      | £8 million     |              | £8 million     |              |
| Point estimate of total costs in Year 0     | £382 million   |              | £535 million   |              |
|   | -              | +            | -              | +            |
| Range of total costs in Year 0              | £306 million   | £458 million | £428 million   | £642 million |
| Less BAU costs (central + local government) | -£160 million  |              | -£160 million  |              |
| Central estimate of costs net of BAU, Yr 0  | £222 million   |              | £375 million   |              |
|   |                |              |                |              |
| Present value of costs, 10 years            | £1,744 million |              | £2,797 million |              |

Over ten years, the present value of costs is £1.74 billion under Option 1 and £2.8 billion under Option 2.



## Gains

The SCBA methodology followed here involves comparing the costs of welfare benefit payments (which are fairly easily quantifiable) to longer term gains in social value and social welfare (which are not). In estimating the value of different gains we have relied on a wide body of evidence, much of which has been accepted or indeed produced by successive governments over the last 20 years. Monetisation is not always straightforward: the literature often convincingly relates problems to outcomes, but less often includes the monetised value of mitigating identified risks. We have tried to take account of this through sensitivity analysis.

Table 45 below shows the central estimates of the value of social gains expected from lifting the NRPF condition for both options. Under both options, the largest gains are expected from improvements in education and childhood development. The figures for this gain do not capture the full effects of the policy change, as some of the improvements would occur outside the ten-year timeframe of the evaluation. The second largest gains are due to improvements in housing circumstances in both options. Together, these two categories of gain (education and childhood development, and housing) represent 76% of the gains by value under Option 1, and 67% under Option 2.

*Table 45: Direct and indirect gains by category, Year 0 and 10 year present value, both options (central estimates)*

| Category of gain                        | Option 1                     | Option 2                     |
|---|------------------------------|------------------------------|
| Education and childhood development     | £209 million                 | £209 million                 |
| Better/more affordable housing          | £50 million                  | £78 million                  |
| Relief of problem debt                  | £43 million                  | £73 million                  |
| Earlier health diagnosis                | £26 million                  | £50 million                  |
| Reduction in domestic abuse             | £10 million                  | £10 million                  |
| Employment & productivity               | £3 million                   | £8 million                   |
|   |                              |                              |
| <b>Central estimate of total gains</b>  | £341 million                 | £428 million                 |
| <i>(Range)</i>                          | <i>(£274 - £414 million)</i> | <i>(£346 - £516 million)</i> |
|   |                              |                              |
| <b>Present value of gains, 10 years</b> | <b>£2,616 million</b>        | <b>£3,225 million</b>        |

Higher gains accrue in Option 2 in most categories except education and childhood development (as all children are captured in Option 1), but, while these gains are very significant with respect to health and productivity, as measured these additional gains are not enough to offset the additional costs identified above.

Over ten years, the present value of gains is £2.62 billion under Option 1 and £3.23 billion under Option 2.

Addressing the needs of young children and better housing are the main social gains. Both areas are recognised by government and wider society as key drivers of health and wellbeing, contributing to more productive adults and better child development. These links are documented in the extensive empirical academic and policy evaluation literature. In

particular, it is recognised that children's later life chances can be severely restricted even by short periods of destitution and harmful conditions.

There would also be high gains from relief of problem debt. Reports from government and arm's length bodies have highlighted the profound social, emotional and productivity impacts of unmanageable debt, as well as its effects on physical and mental health. Many of the households in scope could be immediately helped by access to welfare benefits, particularly in-work benefits, and support with housing costs. These could make the difference between unmanageable debt and being able to contribute to society productively and to support children in the family.

Early health screening and diagnosis is a major priority for the NHS. The issues here are more complex. Although the households in scope do pay an NHS levy, there is evidence that many avoid contact with health services unless absolutely necessary. This reduces the likelihood of early identification of conditions like diabetes, but also other cancers and heart conditions, which give rise to considerable avoidable costs to the NHS in later years.

Similarly, fear of contact with the police or with government at local or national level deters many victims of domestic abuse from taking steps to escape it. Domestic abuse is a current government political priority. Several official reports<sup>135</sup> have highlighted its impacts on women and children and provided robust monetised estimates of the benefits of effective and speedy action to assist abused individuals.

We were surprised that, as estimated, gains related to productivity and work were not large. Rather, the modelling showed small gains flowing from additional childcare and higher chances that migrants could work in jobs appropriate to their training and abilities.

### **Net outcome: Option 1 vs Option 2**

Overall, we find a positive net present value from removal of the NRPF conditions for both options in Year 0, and when analysed over a ten-year period—that is, the social and economic benefits of the proposed policy change would exceed the costs to the public sector<sup>136</sup>. In Year 0, the net outcome for Option 1 is £128 million, while Option 2 produces a net outcome of £62 million (Table 46 below). Over a ten-year period, Option 1 produces a positive value of £872 million, while Option 2 again produces about half as much (£428 million). These figures are calculated using our central estimates; it should be remembered that there are substantial margins of uncertainty around all these figures.

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<sup>135</sup> See e.g. Oliver, R., Barnby A., Roe, S. and Wlasny, M. (2019) "The economic and social costs of domestic abuse", available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/918897/horr107.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/918897/horr107.pdf) (accessed 26/7-2021)

Domestic Abuse Act 2020 Impact Appraisal (IA No: HO0391) at para 313 "Evidence relating to the potential harm and cost of domestic abuse")

<sup>136</sup> The costs to the public sector consist almost entirely of welfare benefit payments. These are classed as transfers, as they represent costs to one part of society (government) but gains for another (beneficiaries). The Green Book recommends that transfer payments normally be excluded from SCBA analyses because they net out. However, excluding them in this case would give the inaccurate impression that policy change would be costless, and our method of calculating gains would not allow the 'netting off' of benefit payments.

Table 46: Overall SCBA outcome summary: central estimates

|  | Option 1               | Option 2               |
|--|------------------------|------------------------|
| Value of gains Year 0  | £341 million           | £428 million           |
| <i>Gross public sector costs Year 0</i>                      | <i>£373 million</i>    | <i>£526 million</i>    |
| <i>Less business as usual* costs Year 0</i>                  | <i>-£160 million</i>   | <i>-£160 million</i>   |
| Net public sector costs Year 0                               | £213 million           | £366 million           |
| <b>Year 0 net outcome</b>                                    | <b>£128 million</b>    | <b>£62 million</b>     |
|  |                        |                        |
| Present value of gains 10 years                              | £2,616 million         | £3,225 million         |
| <i>Present value of 10-year gross public sector costs</i>    | <i>£2,846 million</i>  | <i>£3,898 million</i>  |
| <i>Less present value of 10-year business as usual costs</i> | <i>-£1,101 million</i> | <i>-£1,101 million</i> |
| Present value of public sector costs (net of BAU) 10 years   | £1,744 million         | £2,797 million         |
| <b>Present value of 10-year net outcome</b>                  | <b>£872 million</b>    | <b>£428 million</b>    |

\*Costs for households who would likely have had access to public funds through Change of Conditions, or assistance from local authorities

Widening the scope of the policy to include single people and childless couples (Option 2) does increase gains over 10 years, by £440 million, but the estimated additional cost of £1.05 billion is 2.4 times as great as additional gains.

The results of the modelling suggest that the benefit/cost ratio for Option 1, focusing any changes on households with children or other targeted special cases like domestic abuse victims, would be higher than for Option 2 (Table 47 below). The BCR for Option 1 is 1.50 (meaning that over ten years, gains would exceed costs by 50%), while for Option 2 it is still positive but lower, at 1.15 so gains exceed costs by 'only' 15%. A benefit-cost ratio (BCR) expresses the relationship of costs to benefits in a single term. BCRs higher than 1 indicate that the benefits of a proposed policy would exceed the costs—for example, a BCR of 1.5 suggests that each pound of cost (welfare expenditure in this case) would generate one pound fifty of value to society overall. For both options examined the BCRs are higher than 1, meaning benefits would exceed costs. Higher BCRs indicate better value for money, so Option 1, with a BCR of 1.5, represents better VFM than Option 2 at 1.15.

Table 47: Benefit-cost ratio of removing NRPF condition (net present value over 10 years, central estimates)

|                                     | Option 1       | Option 2       |
|-------------------------------------|----------------|----------------|
| Present value of gains, 10 years    | £2,616 million | £3,225 million |
| Present value of costs, 10 years    | £1,744 million | £2,797 million |
| <b>Benefit-cost ratio, 10 years</b> | <b>1.50</b>    | <b>1.15</b>    |

The higher BCR is one reason to favour the more limited Option 1. Another is that the main gains identified affect children and their long-term development and future. These children can be expected to contribute to UK society as full citizens and members of local communities for decades. They are also generally considered to be priorities in terms of addressing immediate problems of health, security, homelessness, and poverty. While the needs of single people and couples are relevant, and they have similar rights to all citizens, they may have more flexibility and options in terms of escaping poverty.

Exceptions here are important, and we have flagged above that Option 1 could well be extended to include women fleeing domestic abuse, in households without children. Other examples of exceptional cases might include people who develop long term illnesses or disabilities, or elderly single people who have no family to need their needs. Note that our calculations do not monetise the potential gains from extending Option 1 to these groups.

## **Concluding discussion**

Our objective was to provide a robust Social Cost Benefit Analysis (SCBA) of the removal of the No Recourse to Public Funds (NRPF) condition for a specified group of migrants with work related visas, and their family members. The sections above discuss and compare the monetised values.

On the basis of our modelling, we conclude that removing the NRPF condition—either for families with children (Option 1) or all households (Option 2) --would produce gains in excess of the costs, both in the short term and over a ten-year period. Gains are seen most in relation to the benefits of access to better housing, and in benefits for children.

### *Effects of the existing policy on families and local authorities*

In our research, the monetisation and modelling for the SCBA was complemented by a more qualitative exploration of how the current NRPF policy works in practice. The evidence from local authorities and third sector agencies is that the current system of NRPF and change of condition applications is over-complicated, and difficult to navigate. As a consequence, many households who run into difficulties and may already be eligible for support do not currently receive it. They may also be deterred from applying by concerns that applications for help will put their immigration status at risk or mean their children will be taken into care. Under the current arrangements, the responsibility for addressing identified problems falls mainly on local authorities, an area mainly not covered by central government. Local authorities are already dealing with the impact of much reduced budgets in recent years, and increasing pressures to provide basic services to their local communities

### *Main gains for households*

We considered what benefits might accrue to the households within the scope of this study if they were to gain access to public funds when destitute and in need of this support. We considered six main areas – employment, housing, children, debt, domestic abuse, and preventative health, all in the wider context of integration, given the high proportion of this group who might be intending to apply for indefinite leave to remain at the end of a fixed period. We explored gains which could be identified and quantified in relation to additional income from employment which provided benefits for individuals and provided additional tax, although these gains were modest. More significant gains were identified in relation to the health, mental health and wider wellbeing outcomes associated with being provided with adequate and affordable housing; we identified the impact of destitution on children's wellbeing and subsequent life chances of children, particularly those in their early years; we drew on recent government and other academic and policy work around problem debt and also around the impact of domestic abuse, in each case exploring how our group in focus could benefit and the linked savings for public expenditure; and we considered how

increased engagement with preventative health care could also bring potential savings for public expenditure and wellbeing gains for households. An overview of this detailed work was that it illustrated the well understood impacts of destitution on families, in this case families with extremely restricted access to either basic income or services. It illustrated the immediate and potential long-term implications for them, their health and wellbeing, and the impact on their children.

### *Costs and wider risks*

Alongside this our work documented the contrasting cost and wider implications of providing basic relief to these problems. These costs are mainly in terms of payments of welfare benefits. We have estimated those costs by careful analysis of the demographic patterns of similar groups of people (in terms of average numbers of children for example). There is uncertainty about the absolute numbers of households in the groups in scope, but the same numbers have been used to estimate both costs and gains. As part of this we have taken into account that most of these welfare benefit payment costs are already subject to means testing and also often to rigorous conditions relating to engagement in the employment market.

Discussions about changes in eligibility for welfare benefits often focus on potential moral hazard – perverse incentives. In this case these would be the possibility that improving access to benefits for this group would reduce their incentive to take paid employment. That is, they would be attracted to live in the UK due to generous benefits policies, rather than in order to work and contribute to society. In fact, the group in focus are those whose primary reason to be in the UK is to work and their family members. These households came through work visas, explicitly intending to use their skills to make a positive financial and social contribution to the UK. International and national studies find little evidence of a relationship between access to welfare funds and behaviour in the labour market.

### *Final remarks*

In contrast to such concerns, our main conclusions in this report are that under either of the costed scenarios the provision of access to public funds to the group in question would cost-effectively address the needs of families and children who have found themselves in situations of destitution through no fault of their own. Particularly in the past two years of living with COVID, many of these families have moved from working and paying taxes in the UK to a situation where they have found themselves unable to maintain even a basic standard of living for themselves and their children. They are households whose primary purpose of being in the UK is to work, and they required what will most likely be a temporary period of support to get back to work (as is the purpose of welfare benefits payments). The SCBA modelling above indicates that it would be cost-effective to lift the NRPF constraint for certain groups of migrants, but social cost-benefit analysis is only a tool, and one input in many to the decision-making process. Wider policy, social, political, rights, environmental, and equalities considerations will also play a major part in any final decisions made.

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## Annex A: Glossary of terms

**BAME** – Black, Asian and minority ethnic

**BNO** – A British National (Overseas) is a British nationality status which British overseas territories citizens in Hong Kong could apply for before 1 July 1997. These citizens and their family members who are from Hong Kong can apply for a British National (Overseas) visa. This is known as a BNO visa. It allows them to live, work and study in the UK

<https://www.gov.uk/british-national-overseas-bno-visa>

**CESC** – Council of Europe’s Social Charter of 1961 is an international treaty with 26 European countries designed to make it easier for citizens to move to, and work in, other treaty countries

<https://www.gov.uk/government/publications/fee-arrangements-for-cesc-nationals/fee-arrangements-for-cesc-nationals>

**Change of conditions** – an application for those with Leave to Remain status facing destitution to gain access to public funds

<https://www.gov.uk/government/publications/application-for-change-of-conditions-of-leave-to-allow-access-to-public-funds-if-your-circumstances-change>

**ECsMA** – European Convention on Social and Medical Assistance is an international treaty in which each member undertakes to provide the same medical and social assistance available to their own citizens to destitute citizens of other treaty countries who are lawfully residing in their territory

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/236972/hbgm-c4-people-from-abroad-annexes.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/236972/hbgm-c4-people-from-abroad-annexes.pdf)

**EUPSS** – see Pre-settled status

**EUSS** – see Settled status

**Five-year route** – The most common length of time to granting of indefinite leave to remain for migrants on time limited leave to remain visas

<https://migrationobservatory.ox.ac.uk/resources/briefings/migrants-on-ten-year-routes-to-settlement-in-the-uk/>

**Habitual residence test** – A test of ‘settlement intention’ imposed on citizens of the EU, Norway, Switzerland, Iceland, and Liechtenstein who seek to claim benefits

<https://www.citizensadvice.org.uk/benefits/claiming-benefits-if-youre-from-the-EU/before-you-apply/check-if-you-can-pass-the-habitual-residence-test-for-benefits/>

**Human rights route** – Applies to migrants who have been granted leave to remain on family or private life grounds under Article 8 of the European Convention on Human Rights and the Human Rights Act 1998

<https://www.gov.uk/government/publications/family-life-as-a-partner-or-parent-private-life-and-exceptional-circumstance>



**Indefinite leave to remain** – A form of settlement which allows the person to live in the UK without any restrictions and to access public funds

<https://www.gov.uk/guidance/indefinite-leave-to-remain-in-the-uk>

**Insecure status** – All immigration statuses which do not provide a right to live and work in the UK indefinitely

<https://www.qmul.ac.uk/law/news/responding-to-Covid/items/the-impact-of-increasing-domestic-violence-as-a-result-of-Covid-on-those-with-insecure-immigration-status.html>

**Leave to enter** – Granted to a person currently outside of the UK the right to stay in the UK for a specific time period and under certain conditions, such as having no recourse to public funds

<https://www.gov.uk/guidance/immigration-rules/immigration-rules-part-1-leave-to-enter-or-stay-in-the-uk>

**Leave to remain** – Granted to a person currently present in the UK the right to stay in the UK for a specific time period and under certain conditions, such as having no recourse to public funds

<https://www.gov.uk/guidance/immigration-rules/immigration-rules-part-1-leave-to-enter-or-stay-in-the-uk>

**NRPF** – No Recourse to Public Funds is a condition placed on most people who are subject to immigration control which prohibits access to welfare benefits classified as public funds

<https://www.nrpfnetwork.org.uk/information-and-resources/rights-and-entitlements/immigration-status-and-entitlements/overview#guide-sections>

**Pre-settled status (EUPSS)** – A temporary residence status granted under the EU settlement scheme to EU, EEA and Swiss citizens and their non-European family members who have not lived in the UK continuously for 5 years

<https://www.gov.uk/settled-status-eu-citizens-families/what-settled-and-presettled-status-means>

**Qualifying right to reside** – A right to live in the UK indefinitely applied to British citizens, citizens of Ireland, those with pre-settle

d or settled status under the EU settlement scheme, indefinite leave to enter or remain, and to those exempt from immigration control

<https://www.gov.uk/right-to-reside>

**Section 17** – A duty placed on local authorities by the Children Act 1989, Section 17 to safeguard and promote the welfare of children in need in their area, including those who are subject to no recourse to public funds.

<https://www.legislation.gov.uk/ukpga/1989/41/section/17>

**Section 95 asylum support** – Housing and financial support provided by the Home Office under section 95 of the Immigration and Asylum Act 1999 to asylum-seekers and their dependents who appear to be, or are likely to become, destitute

<https://www.legislation.gov.uk/ukpga/1999/33/section/95>



**Settled status (EUSS)** – A permanent residence status granted under the EU settlement scheme to EU, EEA and Swiss citizens and their non-European family members  
<https://www.gov.uk/settled-status-eu-citizens-families/what-settled-and-presettled-status-means>

**Ten-year route** – A route to settlement lasting ten years instead of the usual five. It applies to certain migrants in the ‘family life’ and ‘private life’ categories, and to those who have switched between different visa categories without having spent five years in a qualifying visa category <https://migrationobservatory.ox.ac.uk/resources/briefings/migrants-on-ten-year-routes-to-settlement-in-the-uk/>

## Annex B: The Green Book requirements

The Green Book<sup>137</sup> is the Treasury's official guidance on appraisal (estimating the value of policies before they are carried out) and evaluation (looking at them afterwards). It is written for civil servants providing advice to ministers, but its principles are also accepted as good practice beyond government. It is regularly revised; the latest edition was published in December 2020.

The guide is cast in fairly general terms, as it could cover evaluation of everything from construction of nuclear power plants to provision of free school meals. Much of it is about the process of policy development; the most relevant bits are in Chapter 5, Shortlist Options Appraisal, and Chapter 6, Valuation of Costs and Benefits.

Our work forms one element of an ex-ante **appraisal**, as we are looking at the likely future costs and benefits of a change in policy (removing NRPF restrictions).

### ***The five-case model***

According to the Green Book, the business case for a change in policy should include five different perspectives (p. 19), two of which are relevant to this report:

Strategic: What's the rationale for intervention?

Economic: What is the net value compared to the status quo?

Commercial: Can a commercial deal be struck? (Not relevant to this project)

Financial: What are the effects on the public sector budget?

Management: Are there robust delivery plans?

This report does not constitute a full business case, but contributes evidence for two of these five: the economic case and the financial case. Information is also provided that is relevant to the strategic case.

### ***Guidance on appraising different policy options***

The Green Book makes clear that appraisals should cover

overall social welfare efficiency, not simply economic market efficiency. Social or public value therefore includes all significant costs and benefits that affect the welfare and wellbeing of the population, not just market effects (p5).

The Green Book requires the use of social cost benefit analysis or social cost effectiveness analysis. Our project uses the former because

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<sup>137</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/938046/The\\_Green\\_Book\\_2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938046/The_Green_Book_2020.pdf)

Where there is a clear difference in the social costs and benefits between alternative shortlisted options Social Cost Benefit Analysis (SCBA) is used. Where there is no measurable social difference between options then Social Cost-Effectiveness Analysis (CEA) is appropriate.

For proposals that would affect policy across the UK, the relevant values are those for UK society as a whole. The guidance says 'UK society generally includes UK residents' (p. 40) - so migrants, even if undocumented, are not excluded.

The main steps in preparing a cost-benefit analysis are to

- Identify and value all costs and benefits
- Estimate the final cost to the public sector
- Ensure all values are in real base-year prices

***Good practice: Timeframe, risk, sensitivity analysis, discounting***

The guidance says 'costs and benefits should be calculated over the lifetime of a proposal.... For proposals involving administrative changes a **ten-year period** is used as a standard measure' (p.9). All values should be expressed in **real prices** relating to the first year of the proposal (we are using 2021 in this case) by adjusting for inflation (using GDP deflator in OBR Fiscal Sustainability Report). In addition, future costs and benefits should be discounted with the **social time preference rate**. The STPR used in the Green Book is **3.5% in real terms**.

Risk should be acknowledged and built into the model using 'an expected likelihood approach.' This might include, for example, the risk that a change to NRPF rules would increase flows of undocumented migrants to the UK.

Sensitivity analysis should be performed to explore the result of varying key inputs.

## Annex C: Legal definition of those subject to the NRPF constraint

The details of the NRPF policy, who it applies to and what constitutes public funds is detailed in Home Office guidance on NRPF updated March 2021.<sup>138</sup>

Section 115 of the Immigration and Asylum Act 1999 generally excludes those who are subject to immigration control from accessing public funds. Sub-section 9 defines a 'person subject to immigration control' as a person who is not a national of an EEA State and who

- (a) requires leave to enter or remain in the United Kingdom but does not have it;
- (b) has leave to enter or remain in the United Kingdom which is subject to a condition that he does not have recourse to public funds;
- (c) has leave to enter or remain in the United Kingdom given as a result of a maintenance undertaking.

'Maintenance undertaking', in relation to any person, means a written undertaking given by another person in pursuance of the immigration rules to be responsible for that person's maintenance and accommodation (e.g., adult dependent relative).

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<sup>138</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/970377/public-funds-guidance-v17.0-gov-uk.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/970377/public-funds-guidance-v17.0-gov-uk.pdf)

## Annex D: Estimation of social value

In estimating gains we draw on the principles of social value in several places. The concept of ‘social value’ grew out of work on the ‘social return on investment’ which was originally developed in the early 2000s and explored by the Government’s Office of the Third Sector in 2007. The first UK guide was published by the Social Value UK network in 2009. Subsequent governments have continued to develop policies in this area, and this approach to commissioning and procuring services is now a part of mainstream government policy, including a 2014 Government review<sup>139</sup> of the 2013 Social Value Act.

The 2019 Government consultation on Social Value in Government Procurement<sup>140</sup> provided a definition of social value:

*Social value refers to the wider financial and non-financial impacts of projects and programmes including the wellbeing of individuals and communities, social capital and the environment.*

This approach is supported by networks such as Social Value UK<sup>141</sup>, the national network for social impact and social value. Social Value UK is a member of the global network Social Value International. Social Value UK sets out a more detailed definition of social value as:

*Social value is the quantification of the relative importance that people place on the changes they experience in their lives. Some, but not all, of this value is captured in market prices. It is important to consider and measure this social value from the perspective of those affected by an organisation’s work.*

*Examples of social value might be the value we experience from increasing our confidence, or from living next to a community park. These things are important to us, but are not commonly expressed or measured in the same way that financial value is.*

This network also sets out the ‘seven principles’ of social value,<sup>142</sup> which ‘provide the basic building blocks for anyone who wants to make decisions that take this wider definition of value into account, in order to increase equality, improve wellbeing and increase environmental sustainability’. Principle 3, on ‘Valuing the things that matter’, is explained in a Social Value International guidance note<sup>143</sup> as requiring ‘an explicit recognition of the

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<sup>139</sup> <https://www.gov.uk/government/consultations/social-value-act-review>

<sup>140</sup> <https://www.gov.uk/government/consultations/social-value-in-government-procurement> at “The Proposals” section

<sup>141</sup> <http://www.socialvalueuk.org/about-social-value-uk/>

<sup>142</sup> <http://www.socialvalueuk.org/what-is-social-value/the-principles-of-social-value/>

<sup>143</sup> <http://www.socialvalueuk.org/app/uploads/2019/12/Standard-on-applying-Principle-3-Value-the-Things-that-Matter-FINAL.pdf>

relative value or worth of different changes or ‘outcomes’ that people experience (or are likely to experience) as a result of activities.

Specifically in relation to migration, at EU level, in 2018 the EU’s DG HOME published a report<sup>144</sup> on Migrant Integration Information and Good Practices produced by the think tank Migration Policy Institute. The report proposed a new framework for evaluating integration programmes, which was the use of cost-benefit analysis to calculate the broader social value of labour-market integration investments. It stated that

*This type of analysis offers ways to look beyond financial benefits to explore how programs may affect, for example, the second generation as parents build skills and find higher-paid work, which may improve their children’s educational outcomes and lifetime earnings down the road .... It may take years or even generations for the full effects of integration initiatives to be felt, yet the limited evaluations that do exist generally focus on a narrow set of short-term, economic outcomes.*

The report provides a detailed overview of the principles of cost benefit analysis around immigration and integration issues, which mirror the approaches used above in this report, particularly in the choice of areas of gains to be explored.

We have drawn on three UK publications that explore social value issues relevant to this report. Of most relevance is the HM Treasury report ‘Supporting public service transformation: cost benefit analysis guidance for local partnerships’,<sup>145</sup> which says that

*It is expected that local services across the country will make use of this guidance to assess and evaluate service transformation proposals in a systematic way in order to better understand fiscal, economic and public benefits, and how these are apportioned across local and national organisations and communities (introduction).*

The guide covers a large range of areas including increased skills and employment, addressing domestic abuse, reduced inpatient NHS admissions, and reduced homelessness, all areas with clear overlaps to the potential gains reviewed in this report. The document focuses on the division of costs and benefits across the range of local agencies and services involved in addressing these problems and covers a wider range of issues than this report, including for example antisocial behaviour, looked-after children, substances misuse and mental health issues. Nevertheless, it provides a useful comparison of approaching this type of social value work.

Second is the National Social Value Measurement Framework developed by the Local Government Association in conjunction with the Social Value Portal and Taskforce. The

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<sup>144</sup> <https://ec.europa.eu/migrant-integration/librarydoc/a-needed-evidence-revolution---using-cost-benefit-analysis-to-improve-refugee-integration-programming>

<sup>145</sup> HM Treasury (2014) *Supporting public service transformation: cost benefit analysis guidance for local partnerships*. HM Treasury, with Public Service Transformation Network and New Economy. London

Social Value Portal aims to promote better business and community wellbeing through the integration of social value into day-to-day business. It provides a way for organisations to procure, measure, manage and maximise their social value. The framework is organised on the principles of TOMs - Themes - visionary social value areas, Outcomes - the positive changes within communities an organisation wants to see, and Measures - a set of measurements used to achieve outcomes. A Handbook of TOMs and a detailed framework for reporting and measuring social value to a consistent standard were both published in 2021,<sup>146</sup> informed by the Greater Manchester Combined Authority/ New Economy Unit Cost Database which was originally funded by MHCLG to support assessment of the Government's Troubled Families programme.

Third, we have drawn on the work of Daniel Fujiwara on the wellbeing impact of alleviation of homelessness, debt, and poor housing for the Housing Association Charitable Trust (HACT)<sup>147</sup>. This work provides estimates of monetised wellbeing gains in areas such as better health, education, employment, and social relations from being able to pay for housing, moving from temporary to permanent accommodation, or moving from overcrowded to appropriately sized dwellings. The methodology and evidence behind this work is set out clearly in three background papers.<sup>148</sup> The approach draws on HM Treasury Green Book guidelines on policy evaluation and is rooted in the UK and international theory and practice around 'social value'.

These sources have provided guidance on the overall approach to the potential gains we note in this report, which has also been informed by a range of other more specific sources and data relevant to each gain.

#### *Required Licence Details*

*Title:* Community investment values from the Social Value Bank  
*Authors:* HACT and Daniel Fujiwara ([www.hact.org.uk](http://www.hact.org.uk) / [www.simetrica.co.uk](http://www.simetrica.co.uk))  
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<sup>146</sup> Social Value Portal (2021) *TOMs Measures Handbook* with an accompanying detailed and monetised *The National TOMs 2021 Framework for social value measurement* Social Value Portal, London

<sup>147</sup> <https://www.hact.org.uk/measuring-social-impact-community-investment-guide-using-wellbeing-valuation-approach>

<sup>148</sup> Fujiwara, D. and Campbell, R (2011) *Valuation Techniques for Cost-Benefit Analysis* HM Treasury/ Department of Work and Pensions, London. Fujiwara, D. (2014) *Measuring the social impact of community investment – The methodology paper* HACT, London. Fujiwara D. and Vine J (2015) *The wellbeing value of tackling homelessness* HACT London