

# Review of the minimum income requirement for sponsorship under the family migration route

Migration Advisory Committee

November 2011



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## Chairman's foreword



Immigration inflows mainly consist of students, workers and family. Thus far the Migration Advisory Committee

(MAC) has been asked to focus on workers. However, the Government now intends to reform family migration. The Home Secretary stated in her foreword to the consultation (Home Office, 2011a) that the *“key themes to our approach are stopping abuse, promoting integration and reducing the burden on the taxpayer”*. The MAC has been tasked to make recommendations on the last of the three themes.

At present a UK-based sponsor (UK national or foreign national with indefinite leave to remain) requires a post-tax income of just £105.95 a week (£5,500 a year), excluding housing costs, to apply to bring a spouse or partner into this country. This figure is determined by the Home Office following an Immigration Appeal Tribunal ruling in 2006 that the sponsor's income must be at least equal to what the family would receive on income support.

The required income figure seems remarkably low in the context of the

question the MAC has been asked (see paragraph 1.3). The question refers to the income needed to support the family *“without them becoming a burden on the State”*. This requirement can be interpreted in a number of ways, as set out in this report. For example, the annual gross pay at which no income-related benefits would be received (in a two-adult family), assuming that the family pays rent of £100 per week, is £18,600. A higher pay benchmark would apply if avoiding becoming a burden on the state also required that the family was expected to contribute to public spending on public services such as healthcare, education and defence. And, of course, the amounts consistent with not *“becoming a burden on the State”* are higher if children are present.

The MAC recognises that family migration regulations are not determined by economic factors alone. But it is an economic issue – required family income – that we have been asked to address. On this basis, the present income stipulation is too low. The MAC suggests, instead, a minimum gross income figure to support a two-adult family of between £18,600 and £25,700. We estimate that nearly two thirds of sponsors would not have sufficient gross income to meet the higher of these thresholds. But our analysis suggests that, based on only

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economic criteria, there is a case for such a benchmark.

We are again indebted to our excellent secretariat. The MAC is presently reporting on one major immigration issue each month. Our secretariat continues to provide outstanding support so that our work gets done.

A handwritten signature in black ink, appearing to read "David Metcalf". The signature is written in a cursive, slightly slanted style.

**Professor David Metcalf CBE**



# The Migration Advisory Committee and secretariat

## Chair



Professor David Metcalf CBE

## Members



Dr Diane Coyle OBE



Dr Martin Ruhs



Professor Jonathan Wadsworth



Professor Rob Wilson

## UK Commission for Employment and Skills representative



Mark Spilsbury

## Home Office representative



Glyn Williams

## The secretariat

Vanna Aldin; Samantha Allen; Anne Ball; Alex Barr; Jeremy Clarke; Ros Coles; Cordella Dawson; Stephen Earl; Emily Eisenstein; Mark Franks (head of secretariat); Jocelyn Goldthorp; Kathy Hennessy; Kyle Magee; Daniel Pease

## **Income requirement for sponsorship under the family migration route**

# Chapter 1 Introduction

## 1.1 The Migration Advisory Committee

1.1 The Migration Advisory Committee (MAC) is a non-departmental public body comprised of economists and migration experts that provides transparent, independent and evidence-based advice to the Government on migration issues. The questions we address are determined by the Government. We have advised the Government previously on issues such as:

- the design of Tier 1 and Tier 2 of the Points Based System (PBS) for managed migration (Migration Advisory Committee, 2009a and Migration Advisory Committee, 2009b) and limits on Tier 1 and Tier 2 (most recently in Migration Advisory Committee, 2010);
- occupations and job titles skilled to National Qualifications Framework

(NQF)<sup>1</sup> level 4 and above for Tier 2 of the PBS (Migration Advisory Committee, 2011a and 2011b);

- the shortage occupation lists for use in Tier 2 (most recently in Migration Advisory Committee, 2011c);
- settlement rights for Tier 1 and Tier 2 migrants (Migration Advisory Committee, 2011d); and
- transitional labour market access for citizens of new EU (European Union) accession states (most recently in Migration Advisory Committee, 2011e).

## 1.2 Scope of this report

1.2 On 13 July 2011 the Government launched a public consultation on family migration (Home Office, 2011a). The consultation ended on 6 October 2011. The document proposed to

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<sup>1</sup> The National Qualifications Framework has now been superseded by the Qualifications and Credit Framework.

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- introduce from April 2012 a new minimum income threshold for sponsors (British citizens and persons settled in the UK) who wish to bring a non-EEA (European Economic Area) national spouse or partner or dependants to the UK. By doing so it hopes to bring greater clarity for sponsors, applicants and UK Border Agency staff to the maintenance requirements for spouses, partners and dependants; to ensure family migrants are supported at a reasonable level, which prevents them from becoming a burden on taxpayers; and to allow sufficient participation in everyday life to facilitate integration.
- 1.3 Alongside launching the consultation, the Government asked that we consider the following question by the end of October 2011: *“What should the minimum income threshold be for sponsoring spouses/partners and dependants in order to ensure that the sponsor can support his/her spouse or civil or other partner and any dependants independently without them becoming a burden on the State.”*
- 1.4 In Home Office (2011), the Government stated that it believes that *“the level [of the income threshold] should be higher than that of the safety net of Income Support, which is how the courts have interpreted the current maintenance requirement under the Immigration Rules”*.
- We have taken this into account when developing policy options and making recommendations in this report. We also consider and advise on how the minimum threshold should take account of the number of dependants sponsored.
- 1.5 The Government also indicated to us that it wants to ensure that those sponsored under the new minimum threshold have access to sufficient maintenance to enable them to participate in everyday life in a way that facilitates their integration. This is a complex issue and is distinct from our primary focus in this report, which is on how to ensure that spouses/partners and dependants do not become a ‘burden on the state’. In the sense that reaching a maintenance threshold will typically involve at least one household member participating in the labour market, this may have positive effects on integration. However, we identified no reason to favour any particular one of the options we consider in this report over the others on the basis of likely integration outcomes.
- 1.3 The Government consultation**
- 1.6 Proposals made in the Government’s consultation document included the following:
- Introduce a new minimum income threshold for

sponsors of spouses, partners and dependants (as discussed above, this proposal is the focus of this report).

- Define more clearly what constitutes a genuine and continuing relationship, marriage or partnership for the purposes of the Immigration Rules.
- Extend the probationary period before spouses and partners can apply for settlement from two years to five years.
- End immediate settlement in the UK for spouses and partners who have been married or in a relationship for at least four years before entering the UK, and require them to complete a five year probationary period before they can apply for settlement.
- Require spouses and partners applying for settlement to be able to demonstrate that they can understand everyday English (B1 level of the Common European Framework reference).
- Consider the case for restricting the scope for those sponsored as a spouse or partner to sponsor another spouse or partner within five years of obtaining settlement.
- A ban on sponsorship for up to 10 years for serial sponsors abusing the

process, and for any person convicted of bigamy or an offence associated with sham marriages.

- End indefinite leave to enter for adult dependants and dependants aged 65 or over and require them to complete a five year probationary period before being eligible to apply for settlement.

#### 1.4 The Migration Advisory Committee's work

1.7 The issue of family migration is complex with economic, legal, moral and social dimensions. Nevertheless, the question that was put to us was an economic one and we address it on that basis, albeit making reference to broader issues where appropriate.

1.8 For the above reason, the work we carried out for this report was largely based on combining our own analysis and thinking with economic theory and evidence. In addition, we made efforts to ensure that our corporate partners were aware of our work and we considered the views and correspondence we received. In this report 'corporate partners', or just 'partners', refers to all parties with an interest in our work or its outcomes, so private and public sector employers, trade unions, representative bodies and private individuals are included within this term.

1.9 We placed a notice on our website pages announcing

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our commission and wrote directly to some partners, receiving four written responses. These are discussed in Chapter 4. We discussed this commission at a number of meetings regarding this specific project and at other meetings in relation to our other recent work: in particular, on settlement rights for Tier 1 and Tier 2 migrants. We also discussed this project with our stakeholder panel (consisting of the British Chambers of Commerce, Confederation of British Industry, National Health Service Employers and Trades Union Congress).

### **1.5 Structure of this report**

- 1.10 Chapters 2 and 3 provide context to our report. In Chapter 2 we summarise the current UK policy on family migration and refer to the UK's obligations under the European Convention on Human Rights (ECHR). We also summarise the main relevant policies on family migration routes in other countries, with a focus on any economic criteria used. Chapter 3 sets out and discusses the data context. It outlines data on international migration and the family migration route, in terms of flows through the route and the characteristics of sponsors and applicants.
- 1.11 Chapter 4 sets out the potential options for calculating the income threshold that we have identified, discusses the pros

and cons of each, and provides the implied threshold under each option. In Chapter 5 we summarise the approaches outlined in Chapter 4, give our recommendations and discuss other MAC work.

### **1.6 Thank you**

- 1.12 We are very grateful to those partners who submitted information to us and who met with us in relation to this work.

## Chapter 2

# Policy context and comparison with other countries

### 2.1 Introduction

2.1 This chapter summarises current UK policy on the family migration route as this relates to the categories of migrants covered elsewhere in this report. It also refers to the UK's obligations in this area under the European Convention on Human Rights (ECHR). Finally, it presents an overview of the main relevant policies on family migration routes in other countries, with a focus on any economic criteria used.

### 2.2 Current UK policy on the family migration route

2.2 The family migration route is the route used by anyone who is subject to UK immigration control (typically nationals of countries other than those of the European Economic Area (EEA) and Switzerland and who have not been granted settlement in the UK) in order to apply for permission to come to, or remain in, the UK on the basis of a relationship with either a British citizen or a person settled in the UK. In the rest of this chapter, where we refer to someone who is settled in the UK, this should

be taken to include British citizens.

2.3 The family migration route comprises different categories of applications reflecting migrants' different circumstances. We focus in this chapter on the categories of migrants with whom this report is directly concerned and we have labelled these categories as follows:

- The '**spouse or partner**' category refers to persons applying to come to the UK as the fiancé(e) or proposed civil partner of someone who is settled here. It also applies to persons applying to come to, or remain in, the UK as the spouse, civil partner, unmarried or same-sex partner of someone who is settled here.
- The '**spouse or partner (indefinite leave to enter)**' category refers to persons eligible to apply for immediate settlement who are applying to come to the UK to settle as the spouse, civil partner, unmarried or same-sex



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partner of someone who is settled here.

- The **'child dependant'** category refers to the children of migrants who have temporary permission to remain in the UK.
- The **'child dependant (indefinite leave to enter)'** category refers to the children of persons who are settled in the UK and where the children are eligible to apply for immediate settlement.
- The **'other dependant (indefinite leave to enter)'** category refers to adult relatives of persons who are settled in the UK and where the relatives are eligible to apply for immediate settlement here.

2.4 There is a sixth category in the family migration route, 'other (probationary period)', also known as 'refugee family reunion' in the published statistics. Migrants entering the UK into this route are not subject to the same requirements as other family route migrants and are not within the scope of this report. For this reason, they are not included in the statistics presented in Chapter 3.

2.5 This chapter describes the requirements that must be met by migrants within the categories described above. We start with the first two categories, and in this report refer to these together as the

'spouse/partner' categories. We then discuss the other categories, and refer to these as the 'dependants' categories.

### 2.3 The 'spouse/partner' categories

#### Fiancé(e) or proposed civil partnership

2.6 Successful applications to come to the UK (known as 'entry clearance') as the fiancé(e) or proposed civil partner of someone who is settled here must demonstrate that the following requirements are met:

- At the time of writing this report, both parties must be at least 21 years old, or 18 years old if either is a serving member of HM Forces. From 28 November 2011 both parties must be at least 18 years old.
- They have met each other and plan to marry or register a civil partnership within a reasonable time (usually six months). They plan to live together permanently after they are married or have registered a civil partnership.
- Adequate maintenance and accommodation without needing public funds must be available for the applicant until the date of the marriage or civil partnership, and be available after the marriage or civil partnership in



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accommodation which they own or occupy exclusively. This latter requirement, and similar requirements to have exclusive occupation that apply to the other categories of applicants discussed in the rest of this chapter, can be met by having one room which is for their exclusive occupation in a shared house. It does not mean that any of the parties has to own a house or flat.

- The parties must be able, after the marriage or civil partnership, to maintain themselves and any dependants adequately without needing public funds (see below for more information about how this is measured in practice).
- The fiancé(e) or proposed civil partner must meet the English language requirement by either passing a UK Border Agency approved test at level A1 or above of the Common European Framework of Reference in speaking and listening skills, or having a degree, or relevant Masters degree or PhD, taught in English, or by being a national of a majority English-speaking country. There are exemptions if the fiancé(e) or proposed civil partner is aged 65 or over, or has a disability preventing them from meeting the requirement, or there are exceptional

compassionate circumstances that prevent them from meeting the requirement.

- 2.7 Persons coming to the UK as the fiancé(e) or proposed civil partner are normally given permission to stay here for six months to get married or enter into a civil partnership. They must not work during this time. After they have married or entered into a civil partnership they can apply to stay here as the spouse or civil partner of a settled person.

### Spouse or civil partner

- 2.8 Persons wishing to either come to the UK (entry clearance) or to remain here (leave to remain) as the spouse or civil partner of a person settled here must meet the following requirements:
- At the time of writing this report, both parties must be at least 21 years old, or 18 years old if either is a serving member of HM Forces. From 28 November 2011 both parties must be at least 18 years old.
  - They must be married to, or have entered into a civil partnership with, either someone who is present and settled in the UK (if they are applying for leave to remain) or who has leave to remain in the UK and is returning to the UK to live with them permanently (if they are

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- applying for entry clearance).
- They must have met their spouse or civil partner.
  - Each of the parties must intend to live permanently with the other as his or her spouse or civil partner and the marriage or civil partnership must be subsisting (not a 'marriage of convenience', for example).
  - There must be adequate accommodation for the parties and any dependants without needing public funds and in accommodation which they own or occupy exclusively as discussed above.
  - They must meet the English language requirement as discussed above.
  - Both parties must be able to maintain themselves and any dependants adequately without needing public funds.
- 2.9 If a non-settled spouse or civil partner is applying for leave to remain, rather than entry clearance, there are additional requirements as follows:
- They must not have remained in the UK in breach of the Immigration Rules.
  - The marriage or civil partnership must not have taken place after a
- decision was made to deport or remove the spouse or civil partner from the UK.
- 2.10 The Immigration Rules permit migrants to switch into the category of spouse or civil partner from within the UK if they have valid leave when they submit an application and they were issued leave to enter or remain beyond a period of six months (this prevents applicants who entered as visitors and those with no leave being able to switch into this category). The six month restriction does not apply to those granted a fiancé(e) or proposed civil partner visa, or the spouse or partner of a relevant Points Based System (PBS) migrant.
- 2.11 Successful applicants in this category are given permission to live and work in the UK for two years if granted leave to remain, and 27 months if granted entry clearance. At the end of a two-year probationary period they may apply for permission to settle permanently in the UK. If the person settled in the UK has more than one spouse or civil partner then only one will be allowed to join that person in the UK in this category. If their relationship breaks down permanently, the applicant must tell the UK Border Agency before they have been given permission to settle here.

### Unmarried or same-sex partners

- 2.12 Persons wishing to either come to the UK or to remain

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here as the unmarried or same-sex partner of a person settled here must meet the following requirements:

- At the time of writing this report, both parties must be at least 21 years old, or 18 years old if either is a serving member of HM Forces. From 28 November 2011 both parties must be at least 18 years old.
- Any previous marriage, civil partnership or similar relationship involving them or their partner must have permanently broken down, they and their partner must not be related by blood, and they must have met each other.
- The applicant must be either the unmarried or same-sex partner of a person present and settled in the UK (if they are applying for leave to remain) or the unmarried or same-sex partner of a person who is on the same occasion being admitted to the UK for settlement (if they are applying for entry clearance) and both parties must have been living together in a relationship akin to marriage or civil partnership which has subsisted for two years or more.
- There must be adequate accommodation for the parties and any

dependants without needing public funds in accommodation which they own or occupy exclusively as described above.

- They must intend to live together permanently.
- They must meet the English language requirement as described above.
- Both of them must be able to maintain themselves and any dependants adequately without needing public funds.

2.13 If the unmarried or same-sex partner is applying for leave to remain, rather than entry clearance, there are additional requirements as follows:

- The non-settled partner must not have remained in the UK in breach of the Immigration Rules.
- The applicant must have limited leave to remain in the UK which was given in accordance with any of the provisions of the Immigration Rules
- The relationship must not have begun after a decision was made to deport or remove the unmarried or same-sex partner from the UK.

2.14 Successful applicants in this category are given permission to live and work in the UK for two years if granted leave to remain, and 27 months if

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granted entry clearance, and at the end of a two-year probationary period can apply for permission to settle permanently. They can switch into the category of spouse or civil partner if their circumstances change appropriately.

meaning of the Rehabilitation of Offenders Act 1974 and they must meet the requirements akin to those placed on other spouses and partners; for example, on maintenance without needing public funds.

### Spouse or partner (indefinite leave to enter)

2.15 Under certain circumstances, the UK Border Agency may give settlement to persons who apply from outside the UK (out-of-country applications) as soon as they arrive in the UK. The relevant circumstances are as follows:

- The non-settled applicant must have married or formed a civil partnership with someone settled in the UK at least four years previously or have been living together for at least four years as if they were married or in a civil partnership.
- The couple must have spent those four years living together outside the UK and be coming to the UK to settle here together.
- The applicant must have sufficient knowledge of the English language and life in the UK. They do not need to meet the English language and life in the UK requirements if they are aged 65 or over.
- The applicant must not have one or more unspent convictions within the

2.16 We group the remaining categories of application together under the heading of 'dependant' categories, discussed below.

### 2.4 The 'dependant' categories

#### Child dependant

2.17 A child under the age of 18 may be granted probationary permission to come to, or remain in, the UK when: one parent is settled or being admitted to the UK for settlement and the other parent has temporary leave or is being admitted to the UK with temporary leave; or one parent who has permission to stay in the UK has sole responsibility for the child; or there are serious reasons why the child must be allowed to come to the UK.

2.18 Successful applications must demonstrate that the child:

- is not leading an independent life;
- is not married or in a civil partnership;
- has not formed an independent family unit; and

- is aged under 18.
- 2.19 Additionally, the parent(s) must demonstrate that they are able to maintain the dependent child and have adequate accommodation for the whole family without needing public funds.
- 2.20 If the child comes to the UK with a parent who has been given temporary permission to live here then the child will normally be given permission to stay in the UK for the same length of time as that parent. This will be not more than two years (or 27 months), or not more than six months if the child is entering the country with a parent who is coming here as a fiancé(e) or proposed civil partner of someone who is settled here. If the parent later extends their permission to stay, or is allowed to settle here permanently, the child will normally be given the same permission. There are additional requirements in relation to adopted children.
- one parent is dead and the other is settled or coming to settle here;
  - the parent who is settled or coming to settle in the UK has had sole responsibility for the child's upbringing; and
  - one parent is settled or coming to settle in the UK and there are serious reasons why the child should be allowed to come here.
- 2.22 Successful applications must meet the same requirements as for applications in the 'child dependant' category; for example, on age (under 18 years) and on maintenance and accommodation. There are occasions when children over 18 years of age can be granted indefinite leave to remain but they must have been given temporary leave under paragraph 302 of the Immigration Rules prior to reaching 18 years.

### Child (indefinite leave to enter)

- 2.21 A child will normally be given permission to come to the UK to settle here if both parents<sup>2</sup> are settled here. They may also be granted permission if:

### Other dependant (indefinite leave to enter)

- 2.23 This category relates to dependants over the age of 18 of persons settled in the UK. A dependent parent or grandparent, aged 65 or over, of a person settled in the UK can apply for permission to settle permanently on entry to the UK (indefinite leave to enter). Widowed parents or grandparents aged 65 or over, parents or grandparents who are travelling together if one of them is aged 65 or over, and a parent or grandparent aged

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<sup>2</sup> The term 'parent' includes the stepfather or stepmother of a child whose father or mother is dead, unmarried parents, and an adoptive parent in certain circumstances.

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65 or over in a second marriage or civil partnership, but who cannot be supported financially by the spouse, partner or children from that second relationship, are also entitled to apply to permanently join a settled person in the UK. Following a recent amendment to the Immigration Rules, as of 31 October 2011 not only widowed parents or grandparents aged 65 or over, but also divorced, separated and single parents or grandparents aged 65 or over can apply in this category.

2.24 In exceptional, compassionate circumstances other dependent relatives can apply to enter or to join a person settled here. The dependants to whom this applies are:

- sons, daughters, sisters, brothers, uncles and aunts over the age of 18; and
- parents or grandparents under the age of 65.

2.25 Successful applicants must be able to demonstrate:

- that they are joining or accompanying a person present and settled in the UK;
- that they depend wholly or mainly on the settled relative for financial support;
- that they, and any dependants, can and will be maintained and housed adequately, without needing public funds, and

in accommodation which the settled relative owns or occupies exclusively as described above; and

- that they have no other close relatives in their home country who can support them financially.

## 2.5 The maintenance requirement

2.26 All of the categories of application under the family route that we discuss in this chapter have maintenance and accommodation requirements. The current maintenance requirement in the Immigration Rules for family members stipulates that there should be adequate maintenance without needing public funds. The concept of adequacy has been developed by case law, specifically the Asylum and Immigration Tribunal decision in the case of *KA and Others (Adequacy of maintenance) Pakistan* [2006] UKAIT 00065.<sup>3</sup> In line with this, the UK Border Agency currently compares the income of the sponsor (and/or their partner) with the full rate of Income Support (IS) that would be payable to a family of the same size and structure that would be formed by the sponsor and the other family members that are applying for permission to come to, or remain in, the UK.

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<sup>3</sup> Available at <http://www.bailii.org/uk/cases/UKIAT/2006/00065.html>



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- 2.27 The rates of IS that are used when calculating the maintenance requirement are:
- £67.50 per week for a single person; and
  - £105.95 per week for a couple.
- 2.28 Child Tax Credit (CTC) is paid to families that receive IS according to the number of dependent children in the family. The rates of CTC for the family element (paid once per family) and the child element (paid once per child) that are used to calculate the maintenance requirement are:
- £10.48 per family; and
  - £49.13 per child.
- 2.29 Those eligible for IS are also eligible for Housing Benefit and Council Tax Benefit. When calculating the maintenance requirement, it is assumed that these benefits would fully cover the sponsor's current rent or mortgage payments and Council Tax payments. Therefore, the sponsor's
- family's income less their housing costs (rent or mortgage payments and Council Tax) is compared against the maintenance requirement.
- 2.30 The levels of maintenance requirement under certain scenarios (defined by family size and structure) are given in Table 2.1. A family meets the maintenance requirement if their weekly post-tax income less housing costs exceeds the relevant figure given in Table 2.1. When calculating post-tax income, a number of potential sources are included and are used to give average weekly post-tax income. These sources include earned income, income from third parties such as other family members (often parents), some benefits, and capital gains. The UK Border Agency currently considers the joint income of the couple when looking at adequacy of funds available in spouse and partner cases. The income of the sponsor's spouse or partner residing abroad at the time can also be taken into consideration.

**Table 2.1: The current maintenance requirement in the family migration route (post-tax earnings per week after housing costs)**

		Children			
		0	1	2	3
Adults	1	n/a	£ 127.11	£ 176.24	£ 225.37
	2	£ 105.95	£ 165.56	£ 214.69	£ 263.82

Source: MAC analysis of the figures presented in Home Office (2011a).

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### 2.6 Article 8 of the European Convention on Human Rights

2.31 Article 8(1) of the ECHR states that: “everyone has the right to respect for his private and family life, his home and his correspondence.”

However, these are not absolute rights. They are subject to exceptions set out under Article 8(2) which allow for them to be limited or interfered with in the interests of the permissible aims of the state. Article 8(2) states that:

*“There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others.”*

2.32 Any interference on the part of the state with the rights set out in Article 8(1) must therefore be justified as being necessary and proportionate in pursuit of one of the permissible aims set out in Article 8(2).

2.33 In its consultation document on family migration (Home Office, 2011a), the Government said “*This government believes in human rights. Everyone has a right under ECHR Article 8 to*

*respect for their private and family life, but it is not an absolute right. It is legitimate to interfere with the exercise of that right where it is in the public interest to do so, and in particular where it is necessary for public protection or for the economic well-being of the UK, which includes maintaining our immigration controls.”*

2.34 We understand that, although not expressly mentioned in Article 8(2), case law (such as *R (Mahmood) v SSHD* [2001] 1 WLR 840) has established that the maintenance of an effective immigration control falls within permissible aims set out in that Article.

2.35 We did not try to prejudge what might be considered necessary or proportionate in the light of Article 8(2). We instead set out a range of potential options for establishing the maintenance requirement and the pros and cons of those options from an economic perspective.

### 2.7 Comparison with other countries

2.36 To assist with our task of considering what the minimum income threshold should be for sponsoring spouses, partners and dependants, we examined the policies adopted in a number of other countries for family migration. Most of the information we use here we obtained directly from the responsible body in each country. We have translated income



requirements set in foreign currencies to their approximate pound sterling equivalents using spot exchange rates as of 13 October 2011 (with the exception of those for the United States of America (USA) where the rates as of 28 October 2011 have been used). The countries we examined were Australia, Belgium, Canada, Denmark, the Netherlands, Sweden, Switzerland and the USA.

### Australia

2.37 Australia has no specific income threshold for assessing family migration applications. Instead, they adopt an Assurance of Support Scheme, which requires some family migration visa applicants to obtain a commitment from an Australian resident to provide financial support to the applicant so that they will not have to rely on any forms of government support. The scheme, which was set up to address concerns that certain persons settling permanently in Australia are potentially substantial users of Australia's welfare system, ensures that, for these persons, private individuals rather than the general community bear some of the financial cost that may be incurred by the welfare system. Assurers (persons who give an Assurance of Support) are therefore obliged by the scheme to repay to the Australian Government some of the welfare costs incurred in providing support to

persons during their first years of settlement in Australia. The period of an assurance is usually two years, but in the case of some parent visa applicants it is ten years.

2.38 An assurer is not required to be the same person as the migration sponsor. There is provision for organisations to provide an assurance, or for up to three people to do so collectively.

2.39 The Assurance of Support may be a mandatory or a discretionary requirement, according to the visa subclass. If it is a mandatory requirement, it is requested without reference to the applicant's income, assets or ability to support themselves. If it is a discretionary requirement, an Assurance of Support is only requested if the applicant is judged as likely to need any of the social security allowances recoverable under the Assurance of Support Scheme (for example, employment or training benefits, parenting allowance, youth allowances, mature age allowances).

2.40 In cases where an Assurance of Support is mandatory, the scheme requires the assurer to lodge a bond, which is held for the same period as the assurance (up to ten years, but in most cases for two years). If, at the end of this period, the applicant has not used any social services, the bond will be returned to the assurer. If, on the other hand,

## Income requirement for sponsorship under the family migration route

the applicant has used social services, the whole or part of the bond will be retained.

- 2.41 An Assurance of Support is mandatory for the following visa subclasses: parents; contributory parents; aged dependent relatives; and remaining relatives. An assurance of support is discretionary for partners and children (including adopted children and orphaned relatives).

The threshold is based solely on annual income, as set out in Table 2.2. The sponsor must also sign an undertaking which indicates how long they are responsible for different members of the family. This includes three years from the date of becoming a resident for spouses; ten years for parents, or grandparents and for dependent children, ten years or age 25, whichever comes first from the date of becoming a resident.

### Belgium

- 2.42 Belgium's family migration policy requires that the sponsor of a family member proves that they have regular and sufficient financial means to provide for their needs and that of the new family member, without needing public funds. Consequently, the sponsor must prove that they earn €1,230 (approximately £1,100) after tax per month and must do so through employment and without needing public funds, including child allocation (child maintenance). The sponsor must also prove that they can provide adequate accommodation for the new family member and that they have sufficient medical insurance to cover the new family member from the day of their arrival in Belgium.

### Canada

- 2.43 In Canada, a sponsor's income must meet a minimum income threshold deemed necessary to support all members of their own family.

- 2.44 Canada includes the following groups in their family category: spouse; common-law or conjugal partner; dependent child (no matter which parent is supporting the child, and also including children adopted overseas); father or mother; grandfather or grandmother; niece or nephew; grandchild of sponsor; and child under the age of 18 to be adopted in Canada.

- 2.45 In addition to the above groups, sponsors who do not have a living spouse or common-law partner, conjugal partner, a son or daughter, father, mother, grandparent, brother, sister, uncle, aunt, nephew or niece, who is a Canadian citizen or a permanent resident; or any relative or family member who can be sponsored as a member of the family, may sponsor one relative regardless of age or relationship (anyone connected by blood or adoption; for example, cousins who are not otherwise

## Chapter 2: Policy context and comparison with other countries

- considered a member of the family).
- 2.46 The minimum income requirement is mandatory except when sponsoring a spouse, common-law partner or conjugal partner or a dependent child. There is no minimum income requirement placed on those sponsoring such spouses, partners or children.

**Table 2.2: The current minimum income (low income cut-off) threshold to sponsor a member(s) of the family to Canada according to household size (gross earnings per year)**

Size of family unit	Minimum necessary income	
	CAD (\$)	GBP (£) (approx)
1 person (sponsor)	22,229	13,900
2 people	27,674	17,200
3 people	34,022	21,200
4 people	41,307	25,700
5 people	46,850	29,200

Note: Low income cut-off threshold effective until 31 December 2011. Different rates apply in Quebec. CAD is Canadian Dollar. GBP is Pound Sterling.

Source: Citizenship and Immigration Canada website [www.cic.gc.ca](http://www.cic.gc.ca)

### Denmark

- 2.47 In Denmark, the sponsor must be able to maintain the spouse. There is no specific income threshold but the sponsor must not have claimed benefits in the three years before a marriage application and must post a bond (currently kr102,000 (approximately £12,000)) against any future claim on public funds.

### The Netherlands

- 2.48 As cited in the Organisation for Economic Co-operation and Development (OECD) (2011), the Netherlands has an income requirement of 100 per cent of the legal minimum wage for applicants under its family route.

### Sweden

- 2.49 In Sweden, the maintenance requirement for a person being granted a residence permit on the grounds of personal ties means that the sponsor must be able to support themselves and have adequate accommodation for all family members.

### Switzerland

- 2.50 In Switzerland, the spouse of the holder of a Permanent Establishment Permit (which provides unlimited right to reside) has the right to join the permit holder, but first must prove that the Permit holder has sufficient financial means to support the family. The same absolute right is not accorded to the spouse of a holder of a Residence Permit (which provides limited right to reside). Applications in these

## Income requirement for sponsorship under the family migration route

cases are dealt with on a case-by-case basis. However, in practice, if the sponsor's financial situation is stable and their living accommodation is large enough, the application will normally be approved.

- 2.51 In Switzerland a minimum income threshold is used to determine the viability of a family reunification application. Each migration authority in each canton has the discretion to define its own minimum income threshold but such calculations must not fall below the social welfare benefits threshold for Switzerland. The sponsor must also prove that they have adequate accommodation that provides for decent living conditions.

### The United States of America

- 2.52 In the USA, family members are ineligible to receive visas and ineligible for admission to the USA if they are found to be, or are likely to become, primarily dependent on the Government for subsistence. This can be demonstrated by either the receipt of public cash assistance for income maintenance, or institutionalisation for long-

term care at public expense. In determining whether a family meets the definition for such 'public charge' inadmissibility, a number of factors must be considered including age, health, family status, assets, resources, financial status, education and skills.

- 2.53 If a family member is going to be found ineligible for entry to, or settlement in, the USA because they are likely to be reliant upon Government welfare support, then an Affidavit of Support is required. This legally binding document demonstrates that the sponsor has the financial means to support the sponsored person so that they do not become a 'public charge' after being admitted to the USA as an immigrant. As such, the sponsor must demonstrate sufficient income and/or assets to maintain the person being sponsored and their immigrating family and household members. Generally, the level must be at least 125 per cent of the federal poverty line for the size of the household. A breakdown of the minimum income threshold according to the sponsor's household size is provided in Table 2.3.

**Table 2.3: The current minimum income threshold to sponsor a member(s) of the family class to the United States of America according to household size (gross earnings per year)**

Sponsor's household size	100 per cent poverty line (where sponsor is on active duty in Armed Forces)		125 per cent poverty line	
	USD (\$)	GBP (£) (approx)	USD (\$)	GBP (£) (approx)
2	14,710	9,100	18,387	11,400
3	18,530	11,500	23,162	14,400
4	22,350	13,900	27,937	17,300
5	26,170	16,200	32,712	20,300
6	29,990	18,600	37,487	24,000
7	33,810	21,000	42,262	26,200
8	37,630	23,400	47,037	29,200
Each additional person	3,820	2,400	4,775	3,000

Note: Not including Alaska and Hawaii for whom different minimum income requirements apply. Currency conversion rates as at 28 October 2011. USD is United States Dollar. GBP is Pound Sterling.

Source: US Citizenship and Immigration Services, Department of Homeland Security 2011 Poverty Guidelines for use with form I-864P.

## 2.8 Conclusions

2.54 With the exception of Australia and Canada, the discussion above demonstrates that the UK policy of requiring that the sponsor of any category in the family migration route must show that they can maintain and accommodate themselves and their family members without needing public funds is similar to several other western economies. However, there are variations in the level at which maintenance is set and the method used to calculate that level.

2.55 In the next chapter we provide the data context to our analysis of the income threshold for sponsoring family members before discussing the potential

options that we identified for calculating the income threshold in Chapter 4.

## **Income requirement for sponsorship under the family migration route**

## Chapter 3 Data context

### 3.1 Introduction

3.1 This chapter provides the data context to our analysis of the income threshold for sponsoring spouses/partners and dependants. First, it describes the various definitions of migration and reviews the available sources of migration data. Second, it sets out the most recent data available on international migration. Third, it examines the available data on the family migration route. Fourth, it considers data on the characteristics of family migration route migrants and their sponsors, before concluding.

### 3.2 Definitions and overview of migration sources

3.2 In this chapter we refer to migrants currently in the UK as the migrant stock, those migrating into the UK as 'inflows', and those emigrating as 'outflows'. Broadly, there are two types of data sources on migrant stocks and flows: survey-based and administrative. **Survey-based sources**, such as the International Passenger Survey (IPS), Labour Force Survey (LFS) and Annual

Population Survey (APS), provide the official national statistics relating to migration. The UN's definition<sup>4</sup> of migrant is used in the IPS, whereas country of birth or nationality is generally used to identify migrants in the LFS and APS.

3.3 **Administrative data**, such as the Immigration Statistics, National Insurance Number allocations and UK Border Agency Management Information (MI) are derived from systems and databases used by public bodies to administer controls and services. Most administrative data sources define migrants by immigration status or nationality. The Immigration Statistics and UK Border Agency MI allow family migration route migrants to be identified, but these sources measure only migrant inflows and not outflows. Further

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<sup>4</sup> The United Nations (UN) define a long-term international migrant as "A person who moves to a country other than that of his or her usual residence for a period of at least a year (12 months), so that the country of destination effectively becomes his or her new country of usual residence." This is the definition adopted by the Office for National Statistics.



## Income requirement for sponsorship under the family migration route

	details of each data source are provided in Box 3.1.	
3.4	The Points Based System (PBS) regulates economic migration from outside the European Economic Area (EEA). The EEA countries are the 27 member states of the European Union plus Iceland, Lichtenstein and Norway. Switzerland is also treated as part of the EEA for the purposes of the PBS.	Published data from the IPS are generally only available for European Union (EU) and non-EU nationals rather than for EEA and non-EEA nationals. Since migrant flows to and from Iceland, Lichtenstein and Norway are relatively small compared to overall flows from non-EEA countries we use IPS non-EU national migration data as a proxy for flows of non-EEA nationals.

### Box 3.1: Data sources on migration to and from the UK

**International Passenger Survey (IPS)** is a quarterly survey of passengers arriving in, and departing from, the UK. Migrants can be identified according to their country of birth, nationality, intended purpose of visit, and intended length of stay. Approximately one in every 500 passengers travelling through UK ports is surveyed, but the migrant sample (i.e. those intending to change their usual place of residence for a year or more) is only a fraction of this.

**Long-Term International Migration (LTIM)** is defined as those persons intending to change their place of residence for a year or more, which matches the UN definition of a migrant. The figures for LTIM are based on the results from the IPS with certain adjustments made to account for flows to and from the Irish Republic, asylum seekers, and migrant and visitor switchers. Results are available quarterly.

**Labour Force Survey (LFS)** is a quarterly survey of around 60,000 households. The LFS provides estimates of the stock of foreign-born individuals in the UK and their labour market status. Immigrants can be identified according to their country of birth, nationality and length of stay in the UK, but not by their immigration status. Results are available quarterly.

**Annual Population Survey (APS)** is an annual household survey based largely on the LFS. The APS includes additional regional samples that make it more appropriate for regional and local analysis, as well as more accurate population estimates. Results are available annually.

**Immigration Statistics** (previously published as Control of Immigration Statistics) include the number of entry clearance visas granted by category to non-EEA nationals, the number of extensions of leave to remain in the UK, grants of settlement and citizenship and estimates of passengers admitted to the UK. It is now possible to distinguish between those granted leave under different tiers of the PBS and between main applicants and their dependants. Entry clearance visas can be used to proxy inflows of migrants, although not all individuals who are issued visas will actually come to the UK.

**Management Information (MI)** data for the PBS and the predecessor arrangements are collected by the UK Border Agency but not routinely published. Some of these data have been made available to the MAC to support the analysis for this report. It is important to note that these data are neither National Statistics nor quality-assured to National Statistics standards, and are, therefore, presented for research purposes only.



### 3.3 International net migration and flows

3.5 Since the end of the recession of the early 1990s, inflows of long-term migrants (defined as those intending to change their place of residence for one year or more) have exceeded outflows, resulting in positive net migration to the UK, shown in Figure 3.1.

3.6 The provisional LTIM estimate for 2010 indicates that net migration was 239,000, an increase from 198,000 in 2009. In 2010, 575,000 long-term migrants came to the UK and 336,000 left, compared to 567,000 arrivals and 368,000 departures in 2009. These figures include British, EU and non-EU nationals.

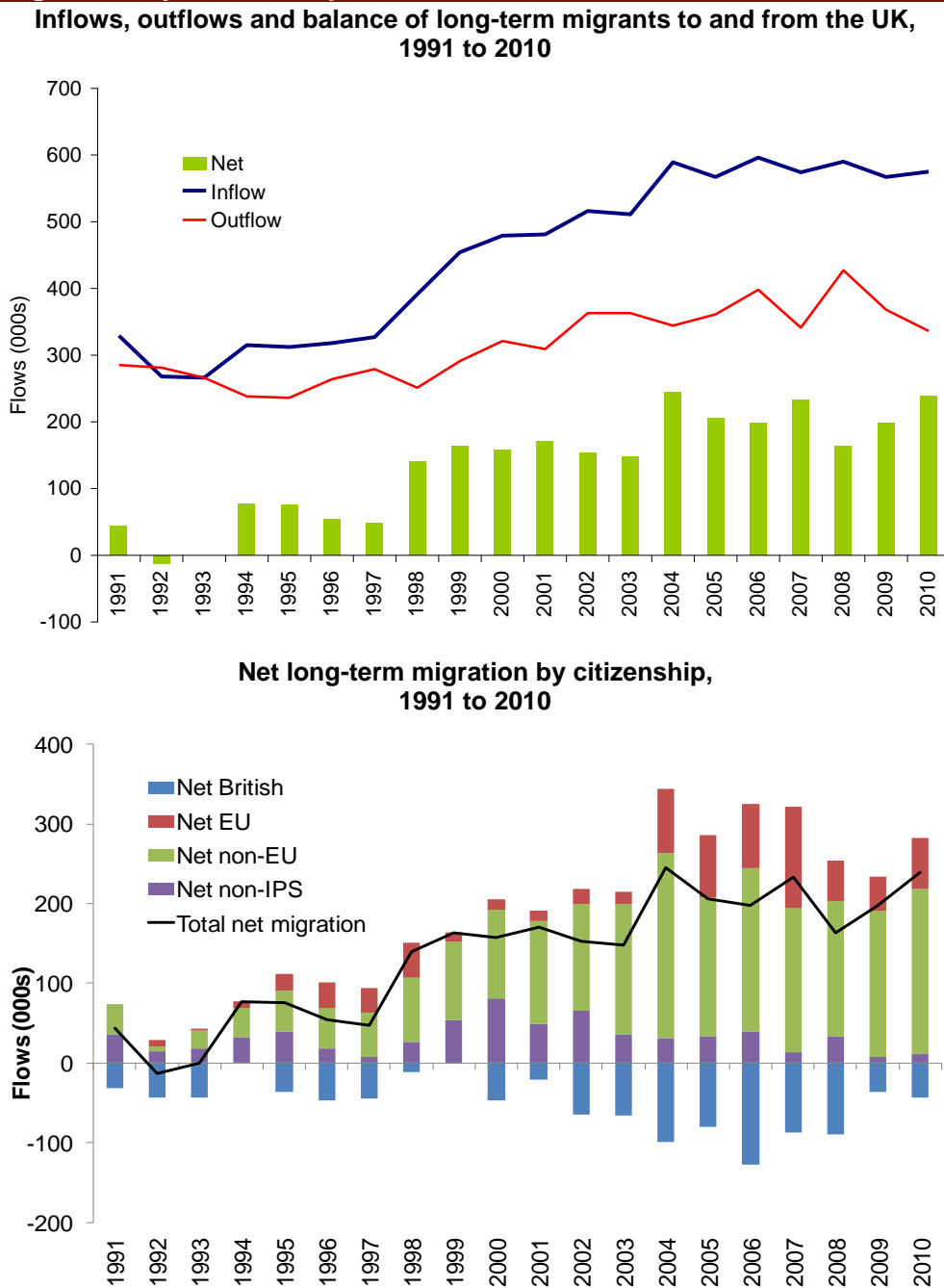
3.7 Figure 3.1 also shows the breakdown of the provisional LTIM net migration estimates for 2010 into their constituent components, namely net migration of British, EU and

non-EU nationals (the IPS component) and the adjustments made to account for flows to and from the Irish Republic, asylum seekers, and migrant and visitor switchers (the non-IPS component).

3.8 The increase in net migration between 1997 and 2004 largely reflected an increase in non-EU net migration. EU net migration to the UK increased between 2004 and 2007 following the expansion of the EU in 2004. Net emigration of British nationals followed a generally rising trend between 2000 and 2006, partially offsetting a rise in net migration of non-British nationals. Correspondingly, a reduction of net emigration of British nationals in 2009 and 2010 contributed to a rise in total net immigration over this period.

## Income requirement for sponsorship under the family migration route

**Figure 3.1: Flows of long-term migrants to and from the UK and net long-term migration by citizenship, 1991 to 2010**



Notes: Long-term migrants are defined in the International Passenger Survey as those individuals who intend to change their place of residence for a year or more. This definition includes all nationalities, including British nationals. This figure shows published figures for the calendar years 1991 to 2009 and provisional estimates for 2010. The European Union includes the EU15 and A8 countries, Bulgaria, Romania, Malta and Cyprus. LTIM figures for 2010 are provisional; non-IPS components are based on provisional LTIM figures minus provisional IPS figures. Source: Office for National Statistics (2011a).

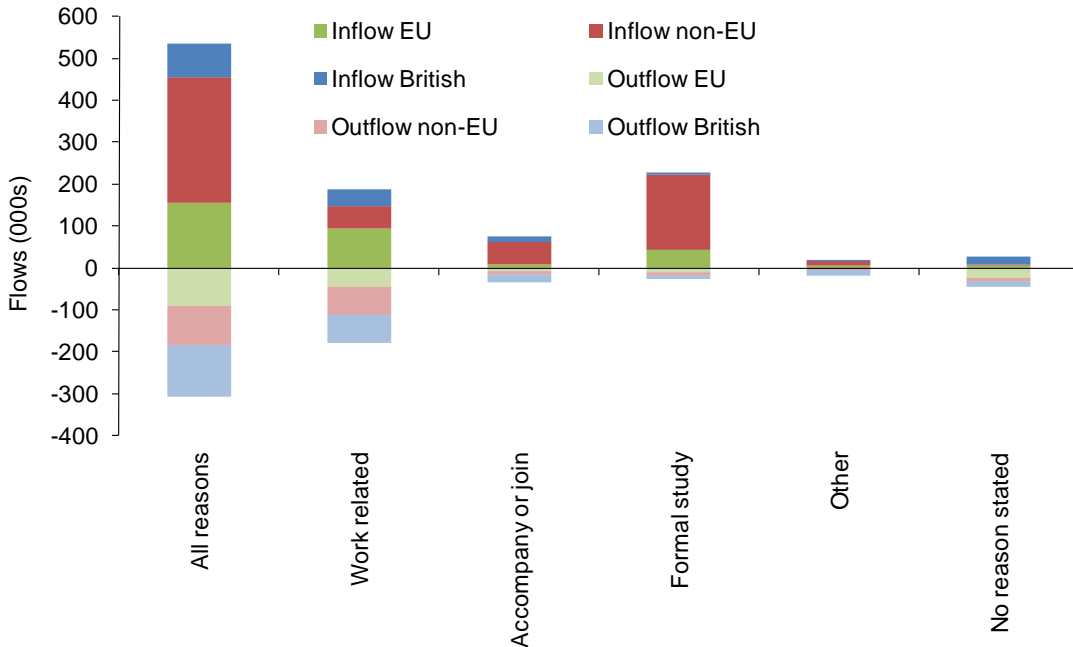
3.9 The IPS components of the LTIM estimate can be broken down further to examine the 'reason for migration', shown

in Figure 3.2. The most common reason for immigration of non-EU nationals in 2010 was for

formal study, accounting for 178,000 of long-term non-EU immigrants (provisional estimate). This is a rise from

2009, when 163,000 long-term non-EU immigrants came to the UK for study reasons.

**Figure 3.2: Inflow and outflow of long-term migrants by reason for migration and by nationality, 2010**



Notes: The figures describe the inflows and outflows of long-term migrants intending to change their place of residence for a year or more. Figures are provisional.  
Source: Office for National Statistics (2011a).

3.10 Long-term immigration of non-EU nationals for work-related reasons, either with a definite job or looking for work, was 53,000 in 2010 (provisional estimate). By comparison, 67,000 non-EU national long-term migrants left the UK in 2010 for work reasons (provisional estimate). However, it is important to recognise that this does not mean that net migration of non-EU work-related immigrants to the UK was negative. This is because the reason a migrant leaves the UK is likely to differ from the reason why he or she first came to the UK. For example, students will come to the UK

for the reason of formal study, but once they graduate may leave the UK for work-related reasons and be counted in the work-related outflow.

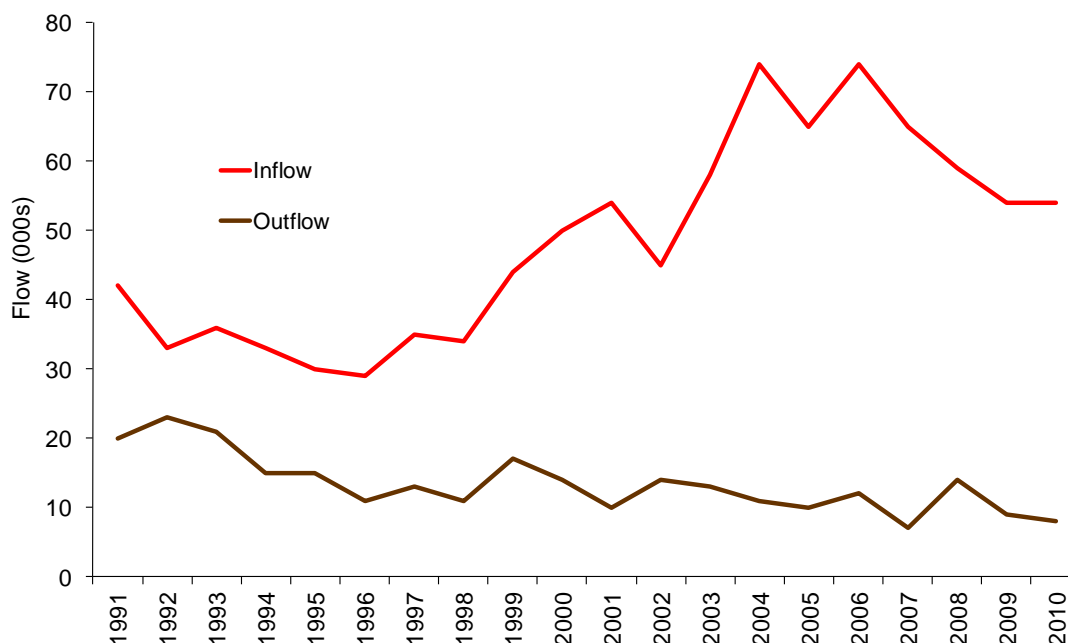
3.11 Figure 3.3 shows that the flow of non-EU migrants entering the UK for the purposes of accompanying or joining (which includes holders of family visas and dependants of migrants in other routes) has been much higher since 2000 than any time in the preceding decade. The inflow of non-EU migrants entering to ‘accompany or join’ fell from a peak of 74,000 in 2006 to 54,000 in 2009. It then remained stable between 2009 and 2010. The outflow

## Income requirement for sponsorship under the family migration route

has been consistently well below the inflow in recent years, and at a much lower

level. It reached a recent peak of 14,000 in 2008, before declining to 8,000 in 2010.

**Figure 3.3: Long-term non-EU migration to the UK for the purposes of 'accompany or join', 1991 to 2010**



Notes: This figure describes the inflows and outflows of long-term migrants to the UK for the purpose of "accompany or join". Figures for 2010 are provisional.  
Source: Office for National Statistics (2011a).

### 3.4 Visas issued, grants of settlement and immigration status over time

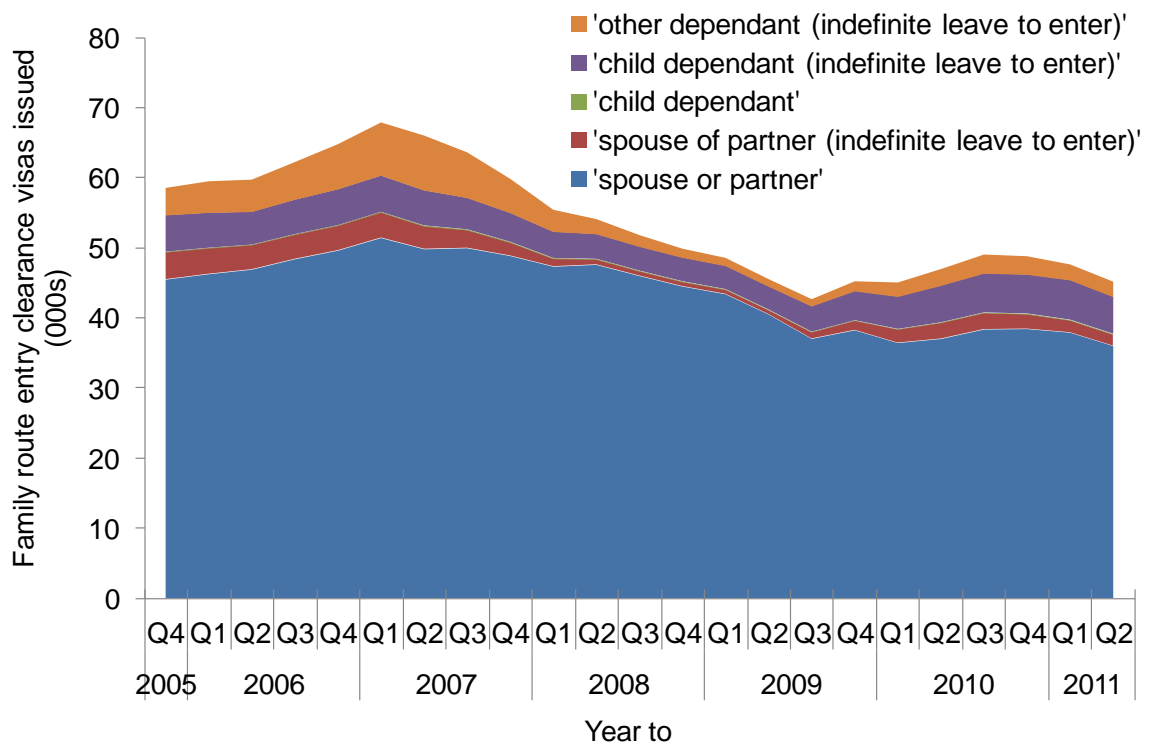
3.12 This section discusses the available data on the family migration route. The five relevant categories of the family migration route were discussed in Chapter 2. The data on each of these categories are presented in this chapter. The family migration route does not include dependants of migrants in other routes (for example, Tier 2).

3.13 Figure 3.4 shows the rolling four-quarter number of **entry clearance visas issued** in the family migration route between 2005 Q4 and 2011 Q2. It shows that the route is dominated by the 'spouse or partner' category, accounting for 80 per cent of the total volume of family migration route visas in the year to 2011 Q2, while the 'spouse or partner (indefinite leave to enter)' category accounted for a further 3 per cent over the same period. Together, 37,600 visas were issued to migrants entering the 'spouse/partner' categories of the family route in the year to 2011 Q2. The 'child

dependant (indefinite leave to enter)' category accounted for 12 per cent of the total in the year to 2011 Q2 while the 'child dependant' category was very small. Together, 5,400 visas were issued to migrants entering the 'child dependant (indefinite leave to enter)' and 'child dependant'

categories of the family route over this period. The remainder was accounted for by the 'other dependant (indefinite leave to enter)' category. Data on those entering the family migration route through in-country switching are discussed later in the chapter.

**Figure 3.4: Quarterly visas issued in the family migration route, 2005 Q4 to 2011 Q2**



Notes: The chart shows the number of entry clearance visas issued in the year to the quarter shown. There is a further category, 'other dependant', included in the immigration statistics categorised to the family route, which includes refugee family reunion. As these migrants are not within the scope of this report, these figures are excluded from the data presented in this chapter. Source: Home Office (2011b).

3.14 Table 3.1 shows that, of main applicants granted a visa in the family route in 2004, 95 per cent were migrants travelling alone. Ninety-two per cent of the main applicants were lone spouses

or partners. Of those that did bring dependants, most only brought one. Migrants in the 'other dependant (indefinite leave to enter)' category were not included in the analysis.

## Income requirement for sponsorship under the family migration route

**Table 3.1: Family size by type of main applicant for the family route**

Initial family size	Spouse / partner	Child	Total of main applicants	Percentage (%)
1	30,380	1,195	31,580	95
2	1,055	40	1,095	3
3	320	20	340	1
4+	145	5	150	less than 1
<b>Total</b>	<b>31,905</b>	<b>1,260</b>	<b>33,165</b>	

Notes: The data comprise main applicants granted an initial non-visitor visa in the family route in 2004. The family size is at the date of the initial visa grant and does not include dependants joining after that date. The analysis uses a subset of the dataset used in Home Office (2010) with additional information extracted from the in-country system which allowed for the main applicants' case records to be linked to dependants' records. The analysis is restricted to those applicants who had extended in-country before the end of 2009. Each observation in the table is a family group. A family size of one is a main applicant joining a sponsor. A family size of two is a main applicant and dependant joining a sponsor (with larger families having two or more dependants). Does not include 45 migrants in the 'other' dependant category. Totals for spouse / partner and child will not sum to the total frequency, due to independent rounding.

Source: Home Office (2011c).

3.15 Following a two year probationary period, family migration route migrants in the 'partner' and 'child dependant' categories may apply for settlement. Those in the 'partner (indefinite leave to enter)', 'child dependant (indefinite leave to enter)' and 'other dependant (indefinite leave to enter)' categories are eligible for immediate settlement.

3.16 Figure 3.5 shows the number of **settlement grants** by calendar year between 1997 and 2010 and the rolling quarterly number of settlement grants between the year to 2007 Q4 and the year to 2011 Q2 by category. Both the total number of settlement grants and those to family migration route migrants showed a generally increasing trend between 1997 and 2010. In 2006, the period of employment required to qualify for settlement was increased from four to five years. This delayed a cohort

of applicants and so reduced the total number of settlement grants in that year compared to 2005. It may also have contributed to the high number of settlement applicants in 2005 compared to 2004 as a result of a 'closing down sale'.

3.17 The sharp increase in settlement grants in 2009 and 2010 was not primarily driven by rises in family settlement. Indeed, family route settlement grants were fairly stable between 2009 and 2010. In 2010, 69,228 family migration route migrants were granted settlement,<sup>5</sup> accounting for 29 per cent of the total in that year. In recent quarters, both the total number of settlement grants and those granted to family migration route migrants have

<sup>5</sup> These figures will include applicants who entered the family route, either on initial entry to the UK or via another route.

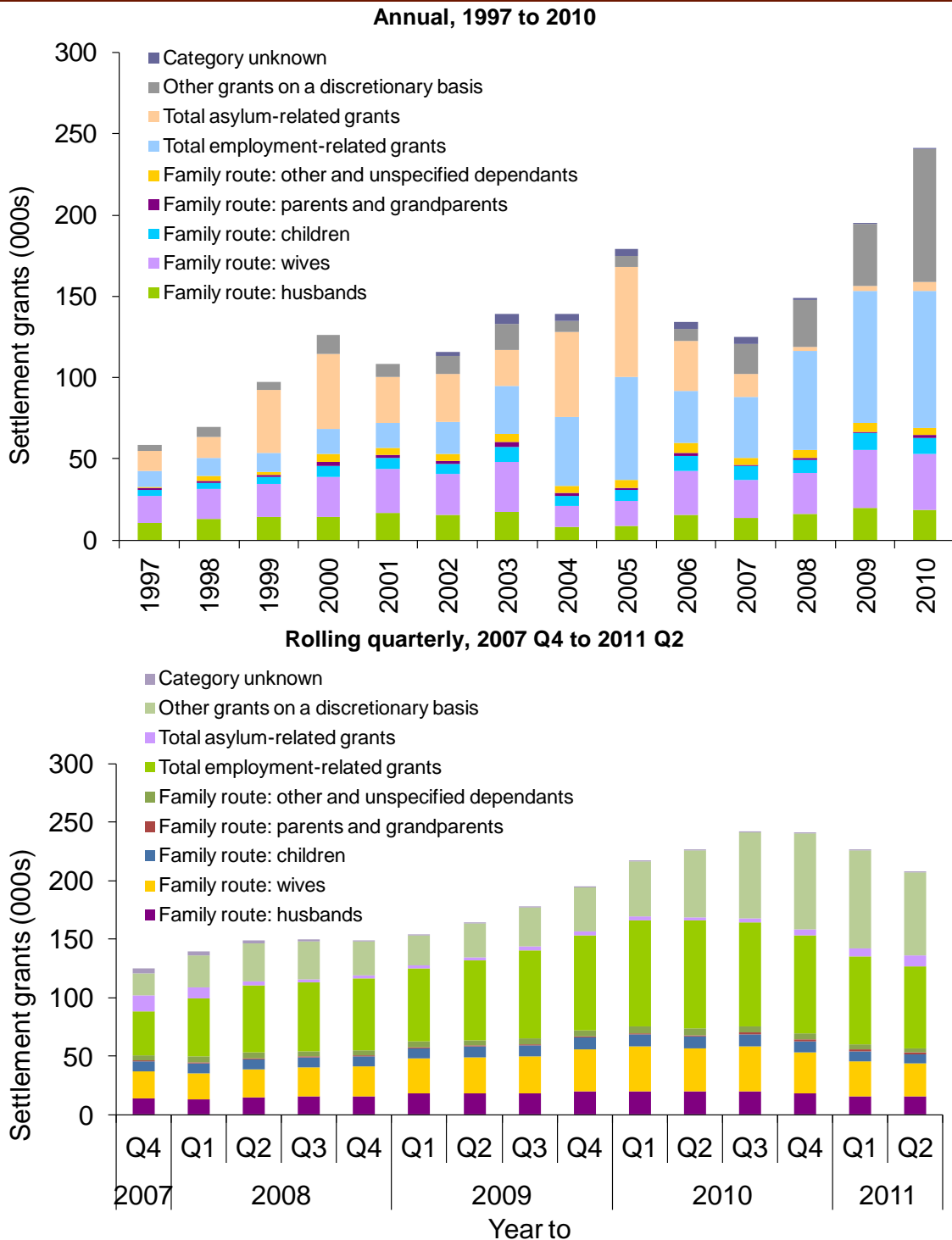
fallen, from their peaks in the 12 months to 2010 Q3 and 2010 Q1 respectively.

- 3.18 In the year to 2011 Q2, half of the settlement grants to family migration route migrants were to 'wives', while 27 per cent

were to 'husbands'. Children accounted for 14 per cent of the family migration route total, while parents, grandparents and other/unspecified dependants accounted for the remainder.

## Income requirement for sponsorship under the family migration route

**Figure 3.5: Annual and rolling quarterly settlement grants by category, 1997 to 2011 Q2**



Note: The second chart shows the number of settlement grants in the year to the quarter shown. Therefore, the figures for the year to 2010 Q4 match with those for the calendar year 2010 in the first chart, and similarly for other years.

Source: Home Office (2011b).

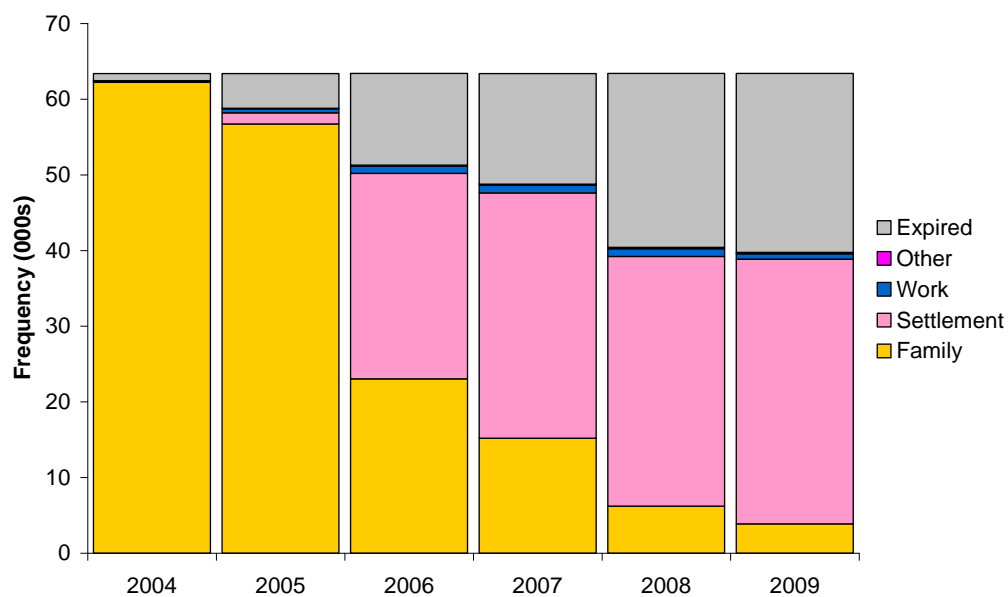


### Family migrants' immigration status over time

3.19 Analysis in Home Office (2010) reveals that just over a third of migrants who settled in 2009 entered the UK through the family migration route. As shown in Figure 3.6, of the 2004 cohort of family migration route entrants,

63 per cent had leave to remain or had been granted settlement in the UK after five years. While 43 per cent achieved settlement after two years, not all had achieved settlement within five years and about one per cent of migrants had switched to a work-related route by 2009.

**Figure 3.6: Family migration route migrants entering the UK in 2004 by end-of-year immigration status**



Note: The figures represented above have been rounded to the nearest ten.  
Source: Home Office (2010).

### 3.5 Family migrants in the 'spouse/partner' categories

3.20 As shown in section 3.4, the 'spouse/partner' categories (including those eligible for immediate settlement and those not eligible for immediate settlement) accounted for 83 per cent of the total number of family route visas issued in the year to 2011 Q2. Of this group, 68 per cent of grants were to females, while 32 per cent

were to males (Home Office, 2011c).

3.21 Table 3.2 shows the top ten nationalities for visas granted in the 'spouse/partner' categories in 2010. Just over one quarter of the total is accounted for by nationals of the top two countries: Pakistan and India. The United States is the third most heavily represented nationality, followed by Nepal, Bangladesh and Thailand. Table 3.3 shows the age

## Income requirement for sponsorship under the family migration route

distribution of nationals of  
nine countries granted a visa

in the 'spouse/partner'  
categories in 2009 and 2010.

**Table 3.2: Ten largest volume nationalities for family visas granted in the 'spouse/partner' categories, 2010**

Country of nationality	Number of visas granted	Proportion of total (%)
Pakistan	6,460	16
India	3,940	10
United States	2,490	6
Nepal	2,050	5
Bangladesh	1,670	4
Thailand	1,605	4
Philippines	1,385	3
Turkey	1,260	3
Nigeria	1,150	3
South Africa	1,105	3
<b>Total for the ten most numerous nationalities</b>	<b>23,110</b>	<b>57</b>
<b>Total</b>	<b>40,495</b>	<b>100</b>

Note: This table excludes visas granted for refugee family reunion and children accompanying / joining. If refugee family reunion visas were included, the top 10 nationalities would include Somalia and Zimbabwe. UK Border Agency management information suggests that, in 2010, 65 per cent of family visas issued to Somalis (1,330 out of 2,030) were for refugee reunion; for Zimbabweans, it was 72 per cent (1,280 out of 1,790).

Source: Home Office (2011c).

**Table 3.3: Visa grants in the 'spouse/partner' categories by applicant age and by nationality, 2009 and 2010**

Country of nationality	Age band (per cent)						Applicants
	18-20	21-23	24-27	28-30	31-40	Over 40	
Pakistan	4	30	32	14	16	4	14,460
India	1	19	32	18	22	8	8,920
United States	2	9	19	14	31	25	7,690
Bangladesh	6	37	23	13	16	5	3,860
Thailand	0	6	18	18	44	14	3,450
South Africa	0	6	20	15	28	31	3,035
Nigeria	0	3	15	18	44	20	2,585
China	0	4	18	15	37	25	2,240
Afghanistan	3	35	28	10	20	4	1,975
<b>Total for these nine nationalities</b>	<b>2</b>	<b>19</b>	<b>26</b>	<b>15</b>	<b>25</b>	<b>12</b>	<b>48,220</b>

Note: The data are ordered according to the number of applicants in the sample. Rows for the proportion in each age band sum to 100 per cent, although the figures above may not do so due to rounding. Figures for the total number of marriage visa applicants are rounded to the nearest 5 and may not sum to the totals shown because of independent rounding. The table includes data from 2009 and 2010, so totals should not be directly compared to totals for 2010 alone in tables above.

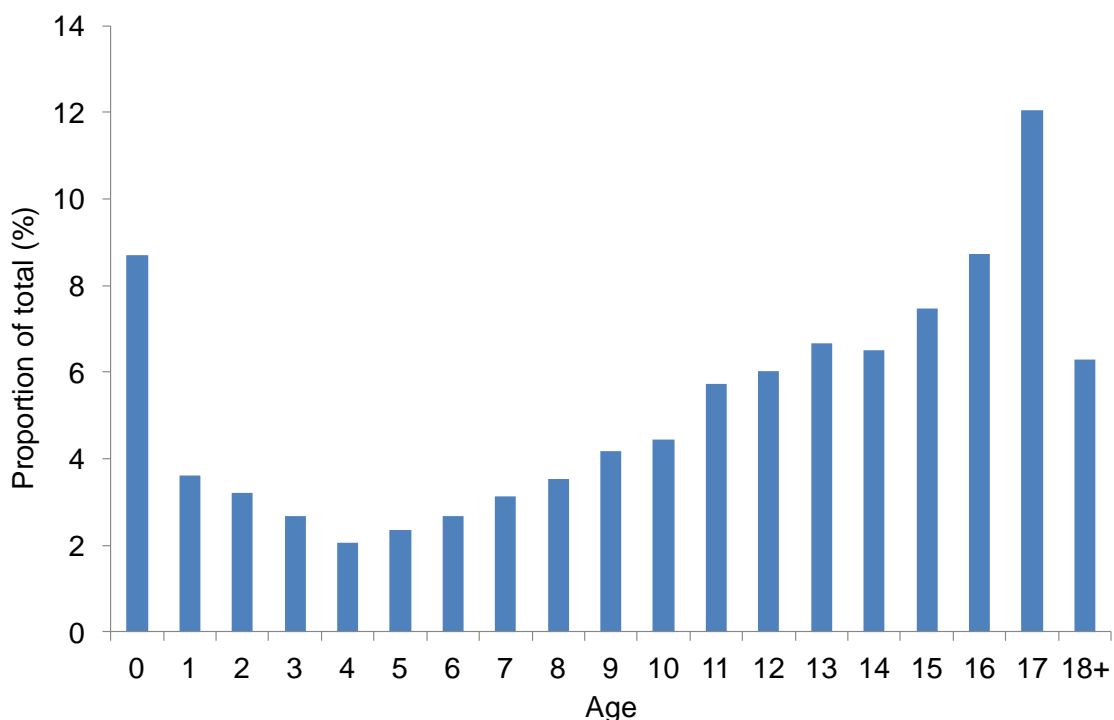
Source: Home Office (2011c).

3.22 Home Office (2011c) concluded that applicants from Pakistan, Bangladesh and Afghanistan tended to be younger than the applicants from the other high-volume nationalities which were included in their case file analysis. Over half of applicants for visas in the 'spouse/partner' categories from Bangladesh, Pakistan, Afghanistan and India were aged between 21 and 27. Of the remaining high-volume nationalities considered, more than 50 per cent from each country were aged over 31.

### 3.6 Family migrants in the 'dependants' categories

3.23 **Dependent children** accounted for 12 per cent of family migration route visas issued in the year to 2011 Q2. Figure 3.7 shows the age distribution of children (including both the leading to and not leading to immediate settlement categories) issued a family migration route visa in 2010. The most numerous age groups were children under 1 year old and those aged 16 and 17. The least numerous age was 4.

**Figure 3.7: Age distribution of family migration route visas issued in the 'child dependant' and 'child dependant (indefinite leave to enter)' categories, 2010**



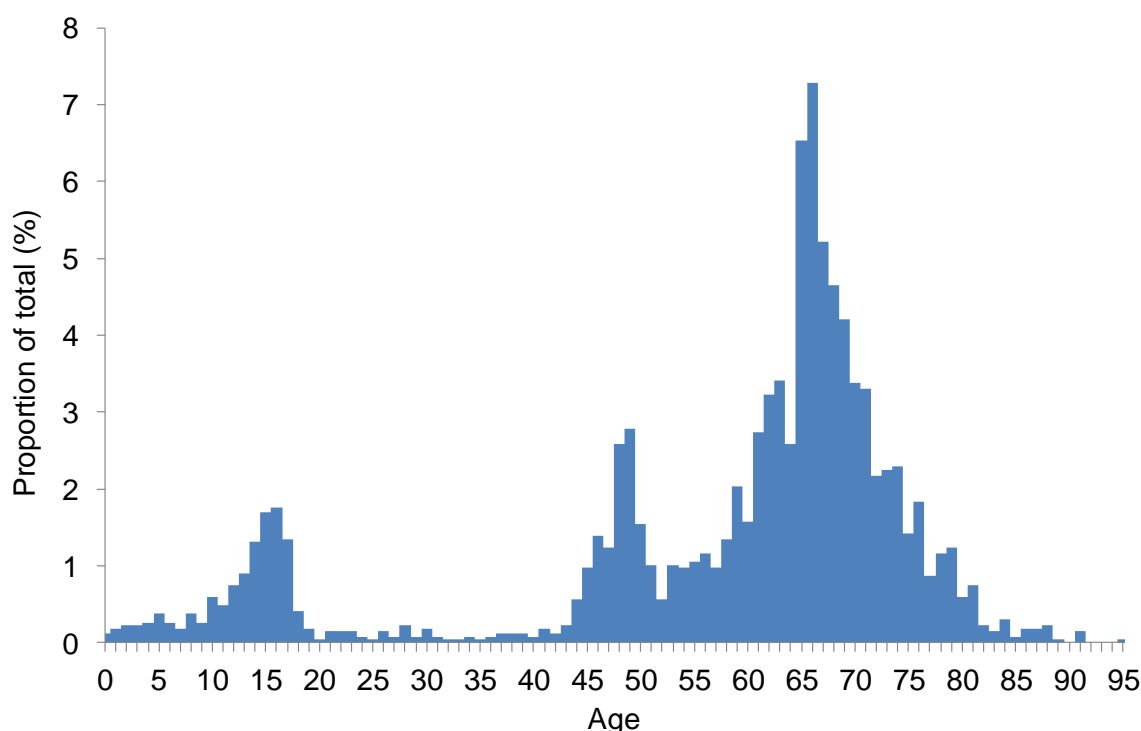
Note: The chart shows the proportion of migrants issued a visa in the 'child dependant' and 'child dependant (indefinite leave to enter)' categories (described in Chapter 2) at each age. Dependent children over the age of 18 are those still dependent on a parent or carer (for example, those with a disability). The chart represents 5,713 observations. These data are management information and as such have not been quality assured. These data are provisional and subject to change. Source: UK Border Agency Management Information data.

## Income requirement for sponsorship under the family migration route

3.24 **Other dependants** (only including those eligible for immediate settlement) accounted for 5 per cent of family migration route visas issued in the year to 2011 Q2. Figure 3.8 shows the age distribution of these dependants issued a family

migration route visa in 2010. The most common age was 66 and nearly two-thirds of the total was over the age of 60. The cluster of applications for migrants under the age of 18 is dominated by those that are sponsored by a relative that is not their parent.

**Figure 3.8: Age distribution of family migration route visas issued in the 'other dependant (indefinite leave to enter)' category, 2010**



Note: The chart shows the proportion of migrants issued a visa in the 'other dependant (indefinite leave to enter)' categories at each age. The figures sum to 100 per cent. The chart represents 2,665 observations.

Source: UK Border Agency Management Information data.

### 3.7 Entering the family migration route through in-country switching

3.25 In 2010, 49,000 entry clearance visas were granted to family migration route migrants. In the same year, a further 22,000 grants of leave to remain were issued in-country under the family migration route. Some of these grants would have been extensions for migrants

previously granted family migration route visas, rather than new additions to this group. In order to understand how many people are in the family migration route, it is important to be able to differentiate the extensions for existing family visas from the numbers switching into the family migration route from other routes for the first time, as well as looking at those who apply for a visa and enter

- the family migration route from abroad.
- 3.26 Therefore, in order to obtain a complete picture of the family migration route, Home Office (2011c) undertook analysis to identify those migrants who switched from other routes along with those who had no previously recorded immigration status. The data used for this analysis were based upon the same dataset used in Home Office (2010).
- 3.27 The results of this analysis are presented in Table 3.4 and show that 16,800 migrants entered the family migration route by switching 'in-country' in 2010. Of these, 41 per cent were previously in the UK for the purposes of study and 30 per cent for work. Half of the 11,600 that switched in-country as a spouse or partner were previously in the UK for the purposes of study and 38 per cent for work.

**Table 3.4: Migrants entering the family migration route by switching 'in-country', 2010**

Category		Total	Of which the previous route under which the migrant had leave was:			
			Study	Work	Visit	Not recorded (3)
<b>Spouse / partner (1)</b>	Migrants entering family migration route	<b>11,600</b>	5,800	4,400	400	1,000
	Proportion of row total (%)	<b>100</b>	50	38	3	9
<b>Child (2)</b>	Migrants entering family migration route	<b>4,300</b>	1,000	500	200	2,600
	Proportion of row total (%)	<b>100</b>	23	12	5	60
<b>Other</b>	Migrants entering family migration route	<b>900</b>	100	100	0	700
	Proportion of row total (%)	<b>100</b>	11	11	0	78
<b>Total</b>	Migrants entering family migration route	<b>16,800</b>	6,900	5,000	600	4,300
	Proportion of row total (%)	<b>100</b>	41	30	4	26

Notes: (1) The 'spouse / partner' category refers to the 'spouse or partner' and 'spouse or partner (indefinite leave to enter)' categories described in Chapter 2. (2) The child category refer to the 'child dependant' and 'child dependant (indefinite leave to enter)' categories described above. The previous route of those switching in-country as a child refers to the immigration status of the main applicant to which the child was attached; for example, those children of main applicants whose previous route was work may have been dependent children of Tier 1 or 2 migrants. (3) The 'not recorded' category includes migrants whose immigration history is not recorded electronically, or those whose electronic immigration history could not be linked together over time. It also includes children born to migrants.

Source: Home Office (2011c).

### 3.8 Characteristics of family migration route sponsors

- 3.28 To provide further information on the characteristics of family visa applicants and their sponsors, Home Office (2011c) conducted an analysis of a sample of visa application forms for granted applications from nationals of nine of the ten highest-volume

## Income requirement for sponsorship under the family migration route

countries applying to come to the UK via the family migration route in 2009.<sup>6</sup> In total, these nationalities represented 52 per cent of the visas issued in that category in that year. The findings from that analysis that are relevant for this report are discussed below.

3.29 The application form sample comprised 531 cases.<sup>7</sup> Separate samples were drawn for each nationality, representing between 2.5 per cent and 5.0 per cent of the visas issued in the 'spouse/partner' categories, described in Chapter 2, for each. The sample was filtered to exclude fiancé(e) and immediate settlement on arrival endorsements (11 per cent and 3 per cent respectively in 2009) and so includes only those in the 'spouse or partner' category described in Chapter 2 (i.e. including only husbands, wives and civil partners who entered the UK with a two-year probationary period of leave). As noted in Home Office (2011c), the achieved sample sizes for individual applicant nationalities were small and therefore the findings from that report described below should be treated as indicative only.

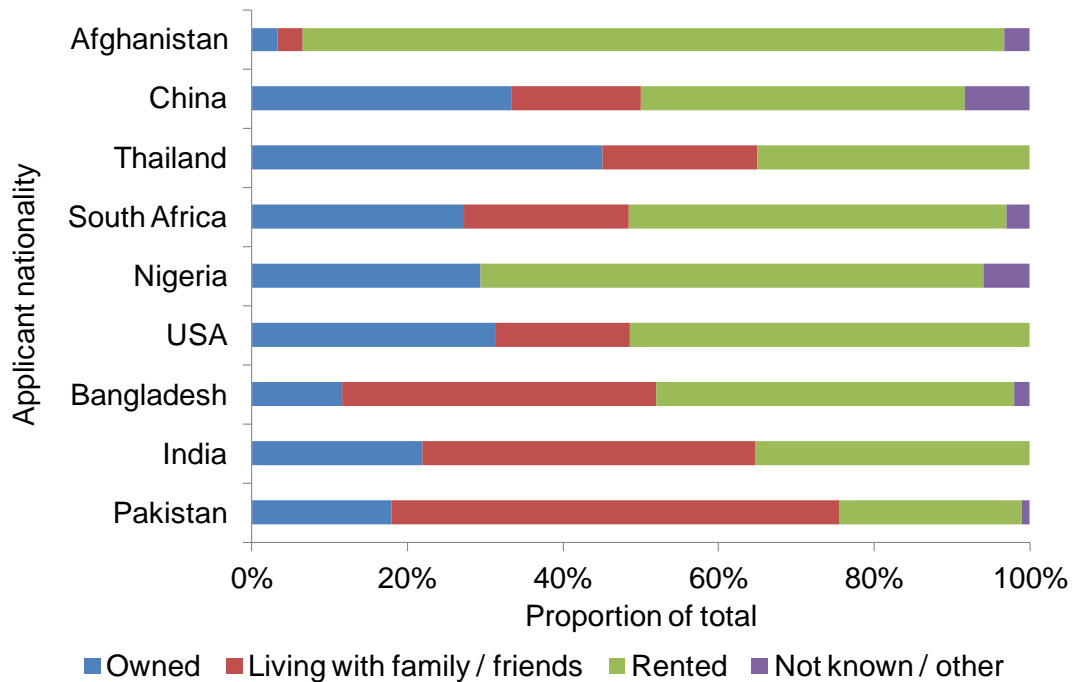
3.30 Figure 3.9 shows the sponsor's type of accommodation by the nationality of the applicant. Overall, 39 per cent of sponsors in the sample reported living in rented accommodation, 37 per cent lived with family or friends and 22 per cent owned their own accommodation.

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<sup>6</sup> The nine countries sampled were: Pakistan, India, Bangladesh, United States, Nigeria, South Africa, Thailand, China and Afghanistan. The exception was Turkey, which was the fifth largest nationality.

<sup>7</sup> This sample is a subset of a wider study of migrants granted spouse/civil partner (with two-year probation) visas.

**Figure 3.9: Sponsor accommodation, based on a sample of applicants of nationalities of nine countries in the 'spouse or partner' category, by applicant nationality, 2009**



Note: The 'spouse or partner' category was described in Chapter 2.  
Source: Home Office (2011c).

3.31 Ninety-four per cent of sponsors of all applicant nationalities in the sample were in paid employment at the time of the application. Our own analysis of the case file data shows that 95 per cent of sponsors reported their usual country of residence as the UK. Table 3.5 shows the sponsors' annual post-tax earnings in the sample. Approximately ten per cent of the sample had post-tax earnings of at least £30,000 and only a little over a quarter had post-tax earnings of at least £20,000. Median post-tax earnings for the sample were £14,400. The Annual Survey of Hours and Earnings (ASHE) for 2010 (Office for National Statistics, 2010) showed that the median gross annual full-time

earnings for the UK in 2010 were £25,900 (applying the standard rates of income tax and National Insurance for 2010/11 yields a post-tax figure of approximately £19,800).

3.32 Although both applicant's income and sponsor's income in this dataset are self-reported and as such this has potential for misrepresentation on behalf of the applicant, the applicant must convince the Entry Clearance Officer of the authenticity of the claims to be granted a visa. A variety of forms of evidence can be submitted to support the claim regarding sponsor's income, including their P60 form. It is therefore reasonable to assume that the evidence presented was sufficient to



## Income requirement for sponsorship under the family migration route

support the claims regarding reported income levels where

a visa was issued.

**Table 3.5: Family route sponsors' annual post-tax earnings, based on a sample of applicants of nationalities of nine countries in the 'spouse or partner' category, 2009**

Annual post-tax earnings (£)	Number of sponsors	Proportion of total (%)	Cumulative proportion of total (%)
0 to 5,000	36	7	7
5,000 to 10,000	70	13	20
10,000 to 15,000	164	31	51
15,000 to 20,000	106	20	71
20,000 to 25,000	58	11	82
25,000 to 30,000	30	6	88
30,000 and over	55	10	98
Unknown	12	2	100
<b>Total</b>	<b>531</b>	<b>100</b>	

Note: The data presented above represent the earnings of sponsors of those in the 'spouse or partner' category (described in Chapter 2) from a sample of 531 visa application forms. The sample was drawn from applicants of nationalities of nine countries. The figures above are post-tax earnings. Housing costs have not been deducted from these figures. These data represent sponsors' earnings as a result of employment in the UK, as opposed to either applicants' current or potential future earnings.

Source: Home Office (2011c).

3.33 The sample also contained data on the earnings of the applicant. In the vast majority of cases, the applicant's earnings were expressed in a currency other than pounds sterling. Because of the issues associated with converting earnings abroad to their pounds sterling equivalent, discussed further in Chapter 4, we do not present these figures.

3.34 In Chapter 4 we present the options that we have identified for calculating the income threshold and the implied threshold under each. Then, in Chapter 5, we summarise those options and assess the potential impact on family route migration of applying a threshold at a certain level.

The thresholds that we calculate in Chapter 4 are in terms of gross annual income. Therefore, in order to inform the discussion in Chapter 5, here we estimate the gross annual earnings distribution of sponsors from the case file data.

3.35 Each observation in the case file data relates to a sponsor of an applicant in the 'spouse or partner' category described in Chapter 2. Because the sponsor's income recorded in the case file data consists entirely of earned income, we assume that sponsors pay income tax and National Insurance at the standard rates. The case file data relate to 2009, so we use the rates and thresholds of income tax



and National Insurance from 2009/10. Because the income thresholds that we have calculated in Chapter 4 are in 2011/12 prices, we uprate sponsors' gross annual income using the Retail Price Index (RPI) rate of inflation between September 2009 and September 2011 of 10.5 per cent. Figure 3.10 shows the gross annual income distribution in 2011/12 prices for sponsors in the case file data.

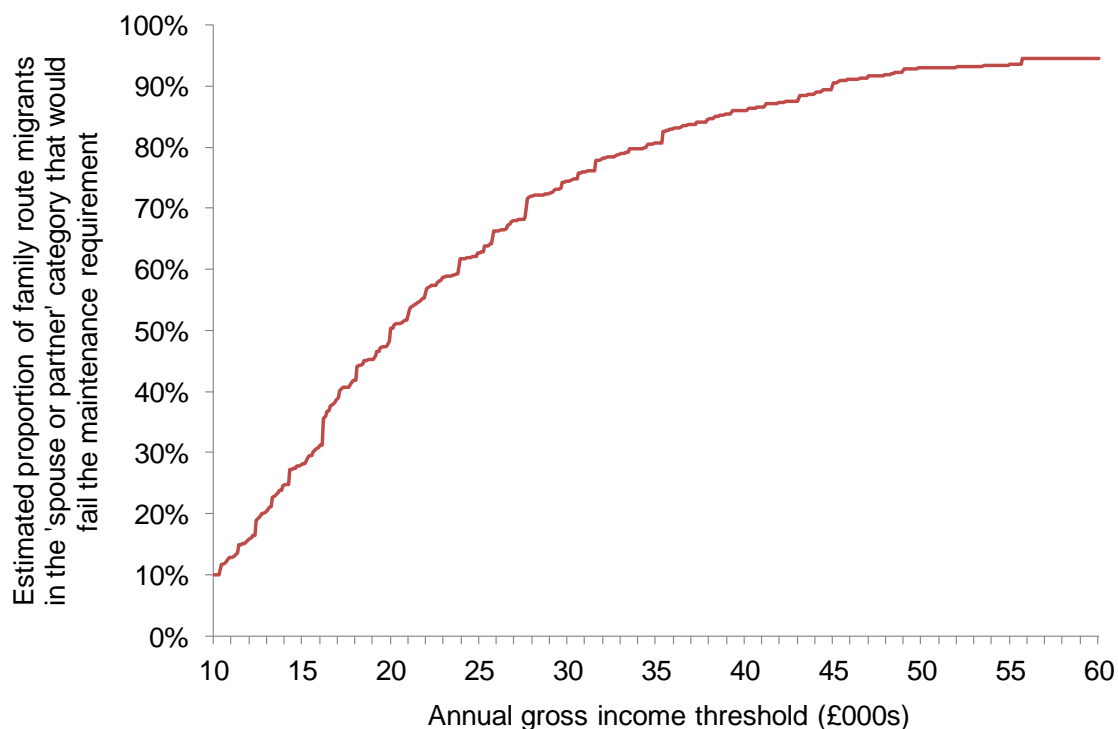
- 3.36 It is important to note that there are a number of caveats in relation to this analysis. First, Figure 3.10 accounts only for earned income as other sources of income are not included. Second, because of the sampling strategy adopted when constructing the case file data, the earnings data are not completely representative of the earnings of all sponsors:

the data were drawn from nine of the top ten nationalities, broadly in proportion to their representation in terms of family route visas issued in 2009. Together, these nine nationalities accounted for around half of all family route visas over the period. Finally, only sponsors of applicants in the 'spouse or partner' category described in Chapter 2 are included in the data.

- 3.37 Nevertheless, based on sponsors' income alone, Figure 3.10 suggests that 25 per cent of applicants in the 'spouse or partner' category would fall below a maintenance threshold set in terms of gross income of £14,200, 50 per cent would fall below a threshold of £20,100 and 75 per cent would fall below a threshold of £30,500.

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**Figure 3.10: Estimated proportion of family route applicants in the ‘spouse or partner’ category that might fail the maintenance requirement, by the level of the threshold, based on a sample of applicants of nationalities of nine countries, 2009**



Note: The data presented above represent the earnings of sponsors of applicants in the ‘spouse or partner’ category (described in Chapter 2) from a sample of 531 visa application forms. The sample was drawn from applicants of nationalities of nine countries. The figures represented above are derived from post-tax earnings by applying the standard rates of income tax and National Insurance for 2009/10, and then uprating to convert to 2011/12 prices using the Retail Price Index (RPI) rate of inflation between September 2009 and September 2011 of 10.5 per cent. Housing costs have not been deducted from the figures. These data represent sponsors’ earnings as a result of employment in the UK, as opposed to either applicants’ current or potential future earnings. Source: MAC analysis of the data presented in Home Office (2011c).

### 3.9 Conclusions

3.38 The main themes that have emerged from our examination of the data are summarised below:

- Family migration accounts for a substantial proportion of long-term migration, but this proportion has fallen over recent years.
- The number of visas issued and settlement grants to family route

migrants has fallen over recent quarters.

- The majority of family migrants are spouses or partners and the numbers of children are relatively small.
- The age of spouses and partners differ substantially among different nationality groups.
- Half of the sponsors in the case file data presented

here had post-tax earnings of under £15,000 per year.

- Based on the case file data, it might be expected that 25 per cent of applicants in the 'spouse or partner' category would fall below a maintenance threshold set in terms of gross income of £14,200, 50 per cent would fall below a threshold of £20,100 and 75 per cent would fall below a threshold of £30,500.

3.39 The next chapter discusses the analysis of the policy options that we have identified for calculating the income threshold, and associated issues such as the way that income might be calculated. Chapter 5 then summarises those policy options and provides our view on them.

## **Income requirement for sponsorship under the family migration route**

## Chapter 4 Analysis of policy options

### 4.1 Introduction

4.1 In this chapter we present the approach we have taken to answer the question in our commission. In section 4.2 we outline the written evidence that we received from our corporate partners in relation to this report. Section 4.3 discusses the issues relating to the way in which the income of the sponsor's family is calculated. As shown in Chapter 3, the majority of migrants entering the family migration route are lone spouses/partners (i.e. without any dependants) joining a sponsor. Therefore, in section 4.4 we discuss the options that we have identified for calculating the income threshold in that scenario. We then outline the potential options for calculating the income threshold to account for any dependants in section 4.5. Chapter 5 summarises the options presented in this chapter and provides our conclusions.

4.2 The options that we have identified for calculating the income threshold were informed by the evidence we received from our corporate partners, the study of family

migration route policy in other countries outlined in Chapter 2, discussions with experts within and outside Government, and our own analysis. The options we decided to consider in depth are derived from three approaches. These are as follows:

- Benchmarking the threshold to **certain levels of pay**, such as the National Minimum Wage or the median wage: this approach is most analogous to that used in some other countries and is the simplest to calculate and explain, but it does not directly relate to the question of which migrants place a 'burden on the state'.
- Setting the threshold with reference to the **benefits system**: this approach relates to the question we have been asked insofar as the interpretation of 'burden on the state' refers to the benefits system (in this report we define the benefits system as including all income-related benefits including Tax Credits). It does,

## Income requirement for sponsorship under the family migration route

however, require some fairly strong assumptions, in part reflecting the complexity of the tax and benefits system. It also regards receipt of benefits, but not consumption of public services, as a 'burden on the state'. This could be argued to be a fairly arbitrary distinction.

- Setting the threshold with reference to the **net fiscal impact** of the sponsor's family: this approach captures the 'burden on the state' issue in a more holistic way by considering all elements of the potential impact on the state that a family route migrant might have. However, it requires some very strong assumptions.

4.3 Both in terms of choosing between three broad options and the precise details of how they are implemented, there is often a trade-off between simplicity on the one hand, and precise economic interpretation of the question asked by the Government on the other. For example, there is a strong argument that considering the net fiscal contribution of a household is the most economically defensible way of determining whether that household places a (net) burden on the state. However, carrying out a comprehensive and economically robust examination of this issue requires detailed data, strong assumptions and consideration of some

complex issues. For example, the period of the individual's lifetime over which this impact is considered is potentially important because at any point in time about half the UK population could be considered a 'burden' on the state. Throughout their lives, most individuals will be a net contributor to the public finances at some stages and a net recipient at others.

4.4 In assessing the options that we have identified we have kept in mind the distinction between ensuring that the family does not become a 'burden on the state' and any consideration of their 'standard of living'. Some existing tools and techniques for assessing income, such as equivalence scales which are discussed later in this chapter, are concerned with standard of living rather than whether an individual or family might be a 'burden on the state'. We highlight how each of our options relate to these issues where appropriate in this chapter.

4.5 The calculations presented in this chapter are based on the relevant parameters (for example, the rates and thresholds of income tax, National Insurance and the various income-related benefits considered here) that were in effect at the time of this report (i.e. for 2011/12). We therefore recommend that, in order to maintain an appropriate threshold, any maintenance requirement put in place on the basis of the

figures presented in this chapter is kept under review and revised as appropriate to reflect changes to these parameters over time.

## 4.2 Summary of the written evidence we received

- 4.6 We did not issue a call for evidence, but nevertheless received, and considered, written evidence from five of our corporate partners: the Department of Health (DH), Immigration Law Practitioners' Association (ILPA), Migration Watch UK, the Convention of Scottish Local Authorities (COSLA) and the Scottish Government.
- 4.7 DH told us that the current maintenance requirement already necessitates that a

sponsor can support his or her family without becoming a 'burden on the state'. DH also told us that the current maintenance requirement should remain, but that, were a different threshold to be applied, it should not exceed the threshold that applies for skilled migration unless the current requirement would exceed this in any individual case, in which case the current requirement should apply. Currently, the income threshold for Tier 2 of the Points Based System (PBS) is £20,000 per year. ILPA also told us that the current maintenance requirement was sufficient to ensure that a sponsor can support his or her family without becoming a 'burden on the state'.

*"The immigration rules already require that the applicant can be maintained and accommodated without recourse to public funds. The visa, or grant of leave to remain, of two years, will clearly show that a successful applicant does not have 'recourse to public funds.'*

*The effect is that, to have a successful application, the applicant must provide evidence that they can be maintained without recourse to public funds and, importantly, while present in the United Kingdom during the two year 'probationary period', they will not be able to access public funds. The relevant agency will check whether recourse is allowed before granting public funds. If any applicant were to rely on public funds (though they should not have been granted them), they could be refused indefinite leave (permanent residence) at the end of the probationary period, or their leave can be curtailed during the probationary period.*

*It is further ILPA's position that no change to the level of maintenance can be required because, if income support is not sufficient for this, it must follow that benefits for British citizens are not set at a reasonable level. ILPA does not accept the UK Border Agency's apparent position that welfare benefits in Britain are inadequate."*

Immigration Law Practitioners' Association written submission to the MAC

## Income requirement for sponsorship under the family migration route

- 4.8 Migration Watch UK told us that they believe that the threshold should be based on the total income including any benefits that a family would receive when one adult works a full-time week at the rate of National Minimum Wage.
- They believe that the threshold should be increased to £19,400 per year for a sponsor to support a spouse/partner and at higher levels depending on the number of dependent children.

*“Previous discussion of this issue has tended to focus on the national minimum wage as a suitable yardstick. However, this overlooks the very substantial subsidies provided by the tax payer for those on low wages. These include Working Tax Credit and Housing Benefit. For those with children they would also include Child Tax Credit (described by the government as a payment to support families) and Child Benefit.*

*We suggest, therefore, that we should calculate what the state believes to be a minimum satisfactory income for families of different sizes and then calculate the gross income required to be earned by the sponsor to provide post tax income at that level.*

*[Our tests] show that, in order to support a sponsored spouse, a single person would have to earn £19,400 a year to reach a minimum standard of living without any direct cost to the Exchequer. For families with one, two or three children the income required would be £28,000, £38,000 and £43,000 per year respectively.”*

Migration Watch UK written submission to the MAC

- 4.9 We received a response from COSLA which expressed concern that the introduction of a new income threshold could preclude certain migrants, who may not meet the threshold but are nonetheless valuable to the economy, from coming to the UK. The Scottish Government told us they did not think that an income threshold was the appropriate mechanism for determining whether family route migrants should be allowed to enter the UK. Both COSLA and the Scottish Government were concerned that a minimum income threshold may not be sufficiently nuanced to recognise the differences in income and cost of living that exist across the UK, or the particular needs of the Scottish economy. We discuss this issue further in section 4.4.



*“Whilst we agree with the principle that migrants coming to the UK should be able to support themselves and their dependents, we remain concerned that income levels on their own are a poor indicator of the economic and social value of migrants, and fail to identify adequately the costs associated with supporting dependants and the benefits provided by them. For example, younger migrants may offer longer-term benefits to the Scottish economy, but at the same time are more likely than older people to experience difficulties with income thresholds as they are at the beginning of their working lives.*

*In addition, occupations which could be essential to the economy may not necessarily be well paid, whilst those earning a fixed threshold will qualify regardless of other factors such as the cost of living or the individual circumstances of particular families. As you are aware, although there are differences in income levels across the UK, there are also significant differences in the cost of living. It stands to reason that when trying to establish how much a family would need to be able to support itself, the cost of living should be taken into account. Therefore if income is to be used to establish whether a family can settle in the UK, then there should also be a comparison with the cost of living to balance any bias towards London and the South East. Such an approach could also aid more efficient distribution of labour across the UK. In effect the income threshold may not always be the most suitable barrier to entry and differing criteria may be suitable for various streams.”*

Scottish Government written submission to the MAC

### 4.3 Measuring income

4.10 Before discussing the potential options for calculating the level of the income threshold in section 4.4, here we first consider some issues associated with deciding what measure of income to use. We call the income against which the threshold is to be assessed the **‘sponsor’s family’s income’**.

#### Use of gross or post-tax income

4.11 The first question we consider is whether the income threshold should be in terms of gross or post-tax income. Calculating the family’s post-tax income gives a better

indication of the resources available to the family. On this basis post-tax, rather than gross, income is the most appropriate metric. However, the question we have been asked does not ask us to consider the standard of living of the family, but whether the family will become a ‘burden on the state’.

4.12 Some of the options we have considered for calculating the income threshold in section 4.4 involve consideration of the net fiscal impact of the sponsor’s family. Because different sources of income are taxed at different rates, two families with the same level of post-tax income could receive different levels

## Income requirement for sponsorship under the family migration route

of gross income. All else being equal, the net fiscal contribution of the two families will differ. This favours the use of gross, rather than post-tax, income as the appropriate metric.

4.13 The income threshold should also be as simple and transparent as practically possible to understand and apply, for both prospective migrants and their families and the UK Border Agency. In some cases, where the sponsor's family's income comprises entirely earned income through the Pay as You Earn (PAYE) system, calculating the post-tax and gross income of the family should be equally simple based on tax records. However, where the sponsor's family's income comprises other sources, in these cases it may be more difficult to calculate post-tax income.

4.14 Overall, on the basis of the above discussion, **we use gross, rather than post-tax, income as our primary metric** in this chapter. However, many of the principles and approaches we discuss could be applied to post-tax income if the Government chose to use that metric instead. We explain below how we have, where necessary, converted from post-tax to gross income (and vice versa).

### Accounting for different sources of income

4.15 There are a number of potential sources of income

that it might be appropriate to consider when calculating the income of the sponsor's family. These sources can be broadly placed within three categories. The first of these is that of earned or wage income. This is likely to be the easiest to quantify, based on tax records.

4.16 The second source of income comes from returns on assets. This might include dividends from stocks, interest payments on bonds and savings, and rents from property. These are generally liable for capital gains tax which must be paid through self-assessment. As in the case of income tax it should be possible to calculate the magnitude of these flows of capital income through records relating to their taxation.

4.17 Third, an individual's net wealth might be viewed as a potential source of income even if they receive no regular income from it over time. It is not clear how wealth might be converted into an income stream for the purposes of comparison to a maintenance requirement: wealth can only be drawn down at a certain rate for a certain period before it is exhausted. In addition, net wealth is not taxed, making it more difficult to value.

4.18 In addition to the potential sources of income outlined above, it might also be appropriate to include any third-party support that the

sponsor's family receives in the calculation. It seems likely that it would be difficult for the UK Border Agency to verify the extent of this support; in particular, whether it would continue to be provided after the maintenance requirement has been met.

- 4.19 For reasons of practicality, in Chapter 5, where we consider the potential impact of applying the income thresholds calculated under the options presented in this chapter, **we assume that only earned income is included in the calculation of the sponsor's family's income**. Nevertheless, we make this assumption for practical rather than economic reasons: in principle, a case can be made for taking other income streams into account, if an operationally feasible way of doing this can be found.

### Accounting for income of the sponsored migrant

- 4.20 A further issue to consider is whether and how to take into account the future earnings of the sponsored migrant, as well as the income of the sponsor, when calculating income to be assessed against the maintenance threshold. In principle, there is a strong case for doing this because it is total household earnings that will determine whether the household is a burden on the state, rather than simply the sponsor's earnings.
- 4.21 Estimating future earnings of the sponsored migrant will often involve taking into account income earned previously outside of the UK. At the time that the maintenance test is applied, members of the sponsor's family, including the sponsor, may either be in the UK or abroad. As discussed in Chapter 3, in the vast majority of cases the sponsor resides in the UK at the time of the application, while the applicant is usually outside of the UK. Therefore, in practice, including only income received in the UK will mean that, in the majority of cases, the calculation would include only the sponsor's income.
- 4.22 In such cases as above, taking account of the income of the sponsored migrant would require assumptions regarding the extent to which past income, earned abroad, is likely to predict future income, earned in the UK. As discussed in relation to the Tier 1 General route (since closed to new applicants) in Migration Advisory Committee (2009a) and Migration Advisory Committee (2010), such calculations are subject to substantial risks and uncertainties.
- 4.23 Therefore, in our analysis, **we have assumed that only income received by the sponsor in the UK is included in the calculation of the sponsor's family's income when assessing the maintenance threshold**.

## Income requirement for sponsorship under the family migration route

### Accounting for housing costs

4.24 We also need to consider how to treat **housing costs** in our calculations. The current assessment of the maintenance requirement involves deducting housing costs from the family's post-tax income to assess against the threshold. We believe that the current approach of deducting housing costs from income may be open to abuse or manipulation. As discussed in Chapter 3, 37 per cent of applicants report that their sponsor is living with friends or family and, although no data are available on the level of sponsor's housing costs that applicants report, it could be the case that those that report living with friends and family may be reporting housing costs of zero, or close to zero. The potential for manipulation is that once the maintenance threshold had been satisfied, the sponsor's family would then be able to move into their own accommodation, which would have the effect of increasing their housing costs, so decreasing their post-housing cost income, and potentially taking it below the current income threshold.

4.25 Housing costs will also not always be straightforward to verify. Their inclusion in the maintenance calculation also adds complexity. For the above reasons, **the options that we discuss in this chapter do not include an adjustment for individual housing costs.**

### Conclusions on measurement of income

4.26 In summary, our primary assumption in this report is that, at the point of application, gross income received in the UK by the sponsor, without deducting housing costs, is the metric to be assessed against the potential income thresholds we develop.

4.27 It would, however, be understandable if the UK Border Agency allowed for some discretion or exemptions in relation to some of the issues we have outlined in this section. For example:

- if the sponsor's spouse/partner or dependant has a firm job offer in the UK, it might be reasonable to include their expected pay in the calculation;
- if there is a reasonable expectation that the spouse/partner or dependant will gain employment after they enter the UK, then it might also be reasonable to include their expected pay in the calculation; and
- it might be reasonable to make an exception in those cases where the sponsor works abroad at the time of the application.

4.28 It follows that if the UK Border Agency did take factors such as those listed above into account for the purposes for

assessment against the maintenance threshold, the favoured (narrower) range we set out in Chapter 5 should first be amended to reflect that. Information provided in this report can be used to help make such adjustments, and we would be happy to advise the Home Office and the UK Border Agency further on how to do this.

- 4.29 In addition, the discussion in this report relates to the maintenance requirement that applies at the point of entry. If the spouse/partner gains employment once they are in the UK, there may be a case for including their income in the calculation at the leave to remain and settlement stages. But the thresholds we set out in this report would again need to be adjusted for those purposes for the same reason as described above.

#### 4.4 Potential options for calculating the income threshold

- 4.30 In this section we discuss the three broad **approaches** to calculating the income threshold introduced at the beginning of this chapter. Under each of these approaches, we have identified a range of potential **options**. In making these calculations we have adopted the assumptions outlined in the previous section.
- 4.31 As discussed in Chapter 3, the majority of migrants entering the family migration route are lone

spouses/partners (i.e. without any dependants) joining a sponsor. Therefore, in this section we focus on the income threshold that should apply in this case. In the following section we present the potential approaches for adjusting the threshold to account for the number of any dependants.

- 4.32 For each option, where applicable, we make two assumptions regarding the number of adults in the household: first, a one-adult household and; second, a two-adult household. In the discussion under each approach we outline which of these assumptions might be the most appropriate.
- 4.33 We present the income threshold under each option in terms of annual gross income. Where necessary, we have calculated gross income from post-tax income by applying the standard rates of income tax and National Insurance for 2011/12 under the assumption that the income is received by one adult. We made these calculations using the Department for Work and Pensions (DWP) Tax Benefit Model (Department for Work and Pensions, 2010) for 2010/11, updated to reflect the rates and thresholds of income tax and National Insurance for 2011/12.

#### Benchmarking to levels of pay

- 4.34 As discussed in Chapter 2 some countries, such as the Netherlands, use their national minimum wage rates



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to benchmark the income threshold. Therefore, the threshold could be set at the income received from working full time at the rate of National Minimum Wage. In calculating the implied threshold under this option we have assumed that the sponsor is at least 21 years of age. Therefore, the rate of National Minimum Wage that we have used in our calculation is £6.08 per hour for workers aged 21 and over that has applied since 1 October 2011 (option 1). Here we make the assumption that a year of full-time work involves working 40 hours per week for 52 paid weeks per year.

sponsor, in which case a different rate of National Minimum Wage might apply (for example, the rate for those aged 18 to 20 was £4.98 per hour from 1 October 2011).

4.35 The Government might choose in its final policy to make a different assumption regarding the age of the

4.36 Further options under this approach are to benchmark the threshold against the UK gross annual full-time pay distribution; for example, the 25<sup>th</sup> or 50<sup>th</sup> percentiles (options 2 and 3 respectively), estimated here, not uprated for earnings inflation, using the Annual Survey of Hours and Earnings (ASHE) for 2010 (Office for National Statistics, 2010).

4.37 The thresholds calculated for each of the three options identified under this approach are summarised in Table 4.1.

**Table 4.1: Income threshold under the approach for calculating the threshold by benchmarking to levels of pay (options 1 to 3)**

Option number	Description	Income threshold (£)
1	Earnings from working a full-time week at the rate of National Minimum Wage	12,600
2	The 25 <sup>th</sup> percentile of the UK pay distribution	18,400
3	The 50 <sup>th</sup> percentile of the UK pay distribution	25,900

Notes: The National Minimum Wage was £6.08 per hour from 1 October 2011 for workers aged 21 and over. In the calculation for option 1 it is assumed that a full-time year of work comprises 40 hours per week for 52 paid weeks. The UK pay distribution is for gross annual pay for full-time employees.

Source: Office for National Statistics (2010).

4.38 Various alternative options could be generated under this approach. For example, the hourly rate of pay in option 1 could be replaced with the so-called “Living Wage” (£8.30 in London and £7.20 outside London at the time of writing this report). The rate for London is calculated by the

Greater London Authority and the rate for outside London is calculated by the Centre for Research in Social Policy.<sup>8</sup> Alternatively, the hourly wage rate could be set at some

<sup>8</sup> see <http://www.livingwage.org.uk/>

multiple of the National Minimum Wage. Under options 2 and 3 any alternative point on the pay distribution could be chosen according to economic, social, political or legal criteria.

- 4.39 The main advantage of benchmarking against pay is its simplicity. The implied threshold under option 1 can be directly calculated, while those under options 2 and 3 are given in published data.
- 4.40 The primary disadvantage of this approach is evidenced by the flexibility in the choice of benchmarks: the choice of any particular benchmark would be somewhat arbitrary. Further, the options do not directly relate to the requirement that the threshold should ensure that the sponsor's family does not become a 'burden on the state'. For example, in relation to option 1, when the National Minimum Wage was originally introduced it was designed to raise the standard of living of the largest proportion of the lowest paid possible with reference to average wages. Benefits were excluded from the calculation. Thus the minimum wage design made no attempt to eliminate the welfare state burden. In fact, in a two-adult household where one adult works full time at National Minimum Wage and the other does not work, the family would be entitled to receive certain benefits. We attempt to more directly tackle the 'burden on

the state' issue later in this chapter.

### **Benchmarking to the benefits system**

- 4.41 The main advantage of the second approach that we consider here is that it relates to the question that we have been commissioned to answer in that it considers specifically and directly an important and marginal impact of the addition of family route migrants to the UK population. In this report we define the benefits system as including all income-related benefits including Tax Credits. We exclude benefits that are not income-related (such as Child Benefit) because they are not compatible with all of the options that we identified under this approach.
- 4.42 The main disadvantage of this approach is that it relates to the question that we have been commissioned to answer only insofar as the interpretation of the 'burden on the state' issue extends to the benefits system. It does not, for example, take into account consumption of state-provided services such as education, healthcare and defence.
- 4.43 The case was put to us that because costs of living vary across the UK, so does the threshold below which a family becomes a 'burden on the state' in terms of their benefit entitlement. It was argued that, because the family's entitlement to certain income-related benefits (for

## Income requirement for sponsorship under the family migration route

example, Housing Benefit) depends on the amount of rent that they pay, which in turn is likely to be higher in London and the South East than in other regions and countries of the UK, the assumed level of rent, and therefore the implied income threshold under some of the options considered here, should vary regionally. This suggests that the threshold should be lower in regions where the cost of living is lower. There are some counter-arguments to this:

- Public spending tends to be higher than the national average in those parts of the UK with lower costs of living. For example, in 2009/10 total expenditure per capita in Scotland was £1,050, or roughly 10 per cent, higher than the UK average (The Scottish Government, 2011), while the Relative Regional Consumers Price Level was lower than for the UK as a whole around the same period (Office for National Statistics, 2011b).
- An income threshold that varied by region or UK country could incentivise sponsors that marginally failed to meet the threshold to move to a different part of the UK where the threshold is lower before returning once a visa has been granted.

- A family that planned to move to a different part of the UK for reasons unconnected with the maintenance threshold could nevertheless be unfairly advantaged or disadvantaged by differences in the threshold between regions or UK countries.
- A family living in a wealthy part of a relatively poor region or UK country could be subject to a lower maintenance threshold than a family living in a deprived part of a relatively wealthy region or country.

4.44 We were not commissioned to consider whether the maintenance threshold should vary across the UK, and we have not analysed the matter in depth. Nevertheless, on the basis of the above we do not see a clear case for differentiation of the maintenance threshold between UK countries and regions. We proceed under the assumption that the income threshold will be set nationally.

4.45 In calculating the income threshold for this approach, we have made a number of assumptions. To calculate the family's entitlement to income-related benefits, we assume that the sponsor is aged 25 or over and works at least 30 hours a week. Entitlement to Housing Benefit and Council Tax Benefit depends on the accommodation



circumstances of the household. For the purposes of calculating entitlement to these benefits, we assume that the household lives in private rented accommodation and pays £19 per week in Council Tax. We also assume that the household rents a one-bedroom property, to reflect the focus of this section where a lone spouse/partner joins a sponsor.

4.46 The Local Housing Allowance sets a maximum amount of rent that can be covered by Housing Benefit in the private rented sector: at the time of writing this report, a national cap of £250 per week applied for a one-bedroom property. We therefore make two assumptions regarding the level of rent of the sponsor's family: first, £100 per week (a rough average for Great Britain of the amount of rent that can be covered by Local Housing Allowance for a one-bedroom property) and; second, the national maximum level of £250 per week for a one-bedroom property described above.<sup>9</sup>

4.47 Below we describe the options that we have identified for calculating the income threshold under this approach, under the assumptions outlined above. We present the full calculations involved for each option under the assumption

of a two-adult household, but not those under the assumption of a one-adult household. Table 4.2 then summarises the implied income threshold for each option under both of the assumptions regarding the number of adults in the household.

4.48 The first option that we have identified for calculating the income threshold with reference to the benefits system is to calculate the gross annual equivalent of the total net income (i.e. post-tax income plus any income-related benefits) that the family would receive if the sponsor earned the amounts calculated under the first approach (i.e. options 1 to 3). For example, at the level of National Minimum Wage (i.e. option 1), under the assumption that the household consists of two adults, the family would receive:

- £210.73 post-tax earnings, £42.54 in Working Tax Credit and £21.86 in Housing Benefit **where the assumed level of rent is £100 per week.** Therefore, total net income would be £275.13 per week, or £14,300 per year. The level of gross earnings that a person would need in order to receive this amount of post-tax earnings is around £338 per week, or £17,600 per year (option 4).

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<sup>9</sup> See [http://www.direct.gov.uk/en/Dio11/DoItOnline/DG\\_196239](http://www.direct.gov.uk/en/Dio11/DoItOnline/DG_196239)

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- £210.73 post-tax earnings, £42.54 in Working Tax Credit and £171.86 in Housing Benefit **where the assumed level of rent is £250 per week.** Therefore, total net income would be £425.13 per week, or £22,100 per year. The level of gross earnings that a person would need in order to receive this amount of post-tax earnings is around £559 per week, or £29,000 per year (option 5).
- 4.49 Another option for calculating the income threshold with reference to the benefits system is to set the threshold according to the level of pay above which the family would not receive any income-related benefits. The implied threshold for this option differs according to the type of income-related benefits used for the calculation. For a two-adult household, Tax Credit (in this case, Working Tax Credit) is not received once post-tax earnings reaches £285.39 per week, or £14,900 per year, regardless of the assumed level of rent. The level of gross earnings that a person would need to receive
- this amount of post-tax earnings is £353 per week, or £18,400 per year (option 6).
- 4.50 For a two-adult household, Housing Benefit is not received once post-tax earnings reaches:
- £287.43 per week, or £15,000 per year, **where the assumed level of rent is £100 per week.** The level of gross earnings that a person would need in order to receive this amount of post-tax earnings is £356 per week, or £18,600 per year (option 7).
  - £517.95 per week, or £27,000 per year, **where the assumed level of rent is £250 per week.** The level of gross earnings that a person would need in order to receive this amount of post-tax earnings is £695 per week, or £36,200 per year (option 8).
- 4.51 The thresholds calculated for each of the five options identified under this approach, under the two assumptions regarding the number of adults in the household, are summarised in Table 4.2.

**Table 4.2: Income threshold under the approach for calculating the threshold with reference to the benefits system (options 4 to 8)**

Option number	Description	Income threshold (£)	
		One-adult household	Two-adult household
4	Total income including income-related benefits, assuming full-time work at NMW and rent of £100 per week	14,400	17,600
5	Total income including income-related benefits, assuming full-time work at NMW and rent of £250 per week	26,000	29,000
6	Income at which all Tax Credits are fully withdrawn	13,400	18,400
7	Income at which Housing Benefit is fully withdrawn, assuming rent of £100 per week	15,200	18,600
8	Income at which Housing Benefit is fully withdrawn, assuming rent of £250 per week	32,900	36,200

Notes: In these calculations it is assumed that the household consists of two adults and that the head of the household is aged 25 or over and works at least 30 hours a week. It is assumed that the household lives in a one-bedroom private rented accommodation and pays £19 per week in Council Tax. It is also assumed that a full-time year of work comprises 40 hours per week for 52 paid weeks. The rates and thresholds for income tax, National Insurance, Working Tax Credits, Housing Benefit and Council Tax Benefit used to calculate the figures shown in the table are for 2011/12. In these calculations, the only relevant Tax Credit is Working Tax Credit.

Source: Department for Work and Pensions analysis of the 2011 Tax Benefit Model.

- 4.52 We have been asked what the minimum income threshold should be to ensure that the family does not become a 'burden on the state'. Of those presented in Table 4.2, options 7 and 8 most closely target the 'burden on the state' issue as they define the level of income at which the household is not entitled to receive income-related benefits. Option 7 is probably preferable to option 8 because most households will not receive maximum Housing Benefit entitlement.
- 4.53 Because we have assumed that the income of the sponsor's spouse/partner is not included in the calculation of the family's income, it could be argued that the one-adult household income figures are more appropriate than those relating to a two-adult household. However, under the approach that we have considered here, the interpretation of the 'burden on the state' issue is narrow in that it relates only to the benefits system. Therefore, we believe that the two-adult household assumption may be most appropriate in this case because it goes some way toward compensating for this narrow definition. In addition, the two-adult household assumption captures the impact of the spouse/partner joining the sponsor's family because adding an adult to a

## Income requirement for sponsorship under the family migration route

household increases a family's entitlement to income-related benefits.

### Benchmarking to the net fiscal contribution

- 4.54 The second approach discussed above (i.e. options 4 to 8) aims to ensure that the sponsor's family will not become a 'burden on the state' where the interpretation is restricted only to the benefits system. Here we discuss potential options for setting the threshold where the 'burden on the state' issue is more broadly defined.
- 4.55 Individuals, to varying degrees, pay taxes, claim benefits and consume government-provided services, such as health and education, over the course of their lifetime (or in the case of migrants, over the period in which they are resident in the UK). Through participation in these activities they have a direct impact on the expenditure and revenue of the UK Government.
- 4.56 The addition of an adult migrant to a household therefore affects the net fiscal contribution of that household. The extent of these impacts will depend on the migrant's characteristics including their age, employment and earnings, eligibility for and take-up of public services and transfer payments, and the nature of the welfare state and tax and transfer system. It will also depend on the time horizon used in making the calculation.
- 4.57 Translating the approach under consideration here into an income threshold is informationally demanding and sensitive to many assumptions. The most comprehensive approach might involve a full cost-benefit analysis which would attempt to estimate the migrant's lifetime consumption of public services and contribution to public funds. This would be a major exercise, involving numerous assumptions. We are not aware of the maintenance threshold for sponsoring a family member in any other country being based on such a complex calculation, and do not attempt to make such a calculation ourselves in this report. Instead, we simplify the approach by taking a 'snapshot' of the migrant's net fiscal contribution at the point in time of their application to enter the family route.
- 4.58 In the long term, public sector spending should be equal to public sector tax receipts. Some individual households will pay less in tax than they consume in public services and therefore make a negative net contribution to the public finances. Others will make a positive net fiscal contribution.
- 4.59 If public spending is equal to receipts we would expect, under certain assumptions regarding the equality of distribution of income across households, approximately half of households to be making a positive net fiscal

contribution and the other half to be making a negative net contribution at any point in time. If we assume, for simplicity, that tax is paid in proportion to income and consumption of public services is the same for all households, it follows that high-income households will make a positive net fiscal contribution while low-income households will make a negative contribution. Mathematically, in the above case, a household with mean income will make a neutral net contribution.

earned income from a single adult and so the standard rates of income tax and National Insurance for 2009/10 are applied to convert from net disposable income to gross income. Finally, we uprate the gross annual equivalent figures in 2009/10 prices using the Retail Price Index (RPI) rate of inflation between September 2009 and September 2011 of 10.5 per cent to convert to 2011/12 prices (options 9 and 10 for mean and median household income respectively).

- 4.60 As above, because the focus of this section is the scenario where a lone spouse/partner joins a sponsor, we first assume that the household consists of two adults. However, because we have assumed that spouse/partner income is not included in the calculation of the sponsor's family's income, we also present equivalent figures under the alternative assumption that the household consists of one adult.
- 4.61 Table 4.3 shows mean and median weekly household net disposable income, for both a one-adult and two-adult household, estimated from the most recent Family Resources Survey (for 2009/10) (Department for Work and Pensions, 2011). Also presented are the gross annual equivalents of the weekly net disposable figures: it is assumed that the household income comprises

- 4.62 Because we have assumed that the income of the sponsor's spouse/partner is not included in the calculation of the family's income, we believe that the one-adult household income figures are more appropriate compared to the two-adult household figures. We also favour mean income as the primary metric in this case, for reasons set out above. Therefore, our preferred estimate of the implied gross income threshold under the net fiscal approach discussed here is that given by option 9 under the assumption of a one adult household of £25,700.
- 4.63 The options presented under this approach rely on a number of strong assumptions, outlined above. The approach could be developed further to attempt to take into account the way in which the characteristics of family route migrants interact with their consumption of

## Income requirement for sponsorship under the family migration route

public services and contribution to public finances; for example, by using an approach similar to Gott and Johnston (2002) and Institute of Public Policy Research (IPPR) (2005). However, the

benefits of simplicity and transparency in the above calculation do counterbalance the relatively crude nature of the calculation to a significant extent.

**Table 4.3: Mean and median household income for a one and two-adult household, net disposable weekly and gross annual equivalent in 2009/10 prices, and the implied income threshold (calculated as the gross annual equivalent in 2011/12 prices) in each case (options 9 and 10)**

Measure		Income threshold (£)	
		One-adult household	Two-adult household
Mean (option 9)	Net weekly 2009/10 prices	346	517
	Gross annual 2009/10 prices	23,300	36,200
	Gross annual 2011/12 prices	25,700	40,000
Median (option 10)	Net weekly 2009/10 prices	276	413
	Gross annual 2009/10 prices	18,000	28,300
	Gross annual 2011/12 prices	19,900	31,300

Notes: The net weekly figures in 2009/10 prices are net disposable household income before housing costs. Gross annual equivalent figures in 2009/10 prices are converted from net disposable income figures using the standard rates of income tax and National Insurance for 2009/10. Gross annual figures in 2011/12 prices are calculated from the gross annual figures for 2009/10 by applying the Retail Price Index (RPI) rate of inflation between September 2009 and September 2011 of 10.5 per cent.

Source: Department for Work and Pensions (2011).

### 4.5 Accounting for dependants

4.64 The question we have been commissioned to answer asks us to consider how the income threshold might account for any dependants. As discussed in Chapter 3, dependants in the family route fall into one of two categories, dependent children and other dependants, and in the year to 2011 Q2 70 per cent of visas issued to dependants in the family route were to

children and the remainder to other dependants. We discuss the potential approaches for adjusting the income threshold to account for these two types of dependants in turn below.

#### Dependent children

4.65 We have identified two potential methods for adjusting the income thresholds calculated in the previous section to account for the number of dependent



children. For each method, we calculate the applicable adjustment both under the assumption of a one-adult and a two-adult household. As shown in Table 3.1, dependent children entering the family route usually do so at the same time as the sponsor's spouse/partner. In this case, the issue around whether to assume that the household consists of one or two adults is equivalent to that in the previous section. When dependent children enter without the sponsor's spouse/partner, it would be legitimate to apply the threshold relating to a one-adult household if the sponsor's spouse/partner is not present in the household. When the sponsor's spouse/partner is present in the household (for example, if the spouse/partner is a British national or a migrant who has already entered the UK), the thresholds relating to a two-adult household become applicable.

4.66 The **first method** for adjusting the income threshold to account for the number of dependent children can be applied only to those options described in section 4.4 under the approach with reference to the benefits system (i.e. options 4 to 8). Using this method, the calculations above are adjusted to account for any income-related benefits derived directly from any dependent children. Specifically, dependent children entitle a family to receive Child Tax Credits

(which is income-related) and Child Benefit (which is not income-related); as in section 4.4, we only consider income-related benefits here.

4.67 The entitlement to income-related benefits derived from dependent children depends on:

- the number of children in the household;
- the age of each child (in particular, whether or not the child is under 1 year of age);
- the household's childcare costs; and
- the number of hours worked by each adult in the household.

4.68 We assume that all dependent children are **over the age of 1 year old** (to reflect the average age of dependent children in the family migration route, presented in Chapter 3) and, for simplicity, that **childcare costs are zero**. In section 4.3 we assumed that only income earned by the sponsor in the UK would be included in the calculation of the sponsor's family's income. Therefore, we also assume that only **one adult in the household is working**. If the Government decides in its final policy to take the income of the sponsor's spouse/partner into account, it would be necessary to revisit the assumption we have made here. Finally, as above, we assume that **one adult in**

## Income requirement for sponsorship under the family migration route

**the household works at least 30 hours per week.**

4.69 Table 4.4 shows, under our two assumptions regarding the number of adults in the household (i.e. one adult and

two adults), the implied income threshold after accounting for the number of dependent children under some of the options for calculating the threshold presented in section 4.4.

**Table 4.4: Income threshold adjusted for the number of dependent children under options 4 to 8, under two assumptions regarding the number of adults in the household**

Option in section 4.4	Income threshold (£)					
	One-adult household			Two-adult household		
	One child	Two children	Three children	One child	Two children	Three children
4	23,600	36,300	41,300	24,800	30,300	36,000
5	35,100	40,500	46,600	36,200	41,800	48,300
6	48,200					
7	18,200	20,600	23,000	22,400	24,800	27,200
8	39,700	45,500	51,500	41,700	47,900	53,600

Notes: In these calculations it is assumed that the household consists of either one or two adults and the given number of dependent children. It is assumed that the head of the household is aged 25 or over and works at least 30 hours a week. It is assumed that the household lives in private rented accommodation comprising one bedroom plus one additional bedroom for each dependent child, and pays £19 per week in Council Tax. It is also assumed that a full-time year of work comprises 40 hours per week for 52 paid weeks. The rates and thresholds for income tax, National Insurance, Working Tax Credits, Housing Benefit and Council Tax Benefit used to calculate the figures shown in the table are for 2011/12. In these calculations, the relevant Tax Credits are Working Tax Credit and Child Tax Credit.

Source: Department for Work and Pensions analysis of the 2011 Tax Benefit Model.

4.70 The **second method** for adjusting the income threshold to account for the number of dependent children is to adjust the thresholds calculated in section 4.4 using an equivalence scale. The purpose of equivalence scales is to adjust household income to allow comparisons of the standard of living to be made between households of differing sizes and structures. Therefore, this method does not directly relate to the 'burden on the state' issue given in the question we have been commissioned to answer, but it has the advantage of being based on

a transparent and available metric that links the number of dependants to household income.

4.71 The modified Organisation for Economic Co-operation and Development (OECD) equivalence scale is used by institutions such as the Institute for Fiscal Studies (IFS) and the DWP to allow comparisons of standard of living to be made between households of different structures. There are two versions of the scale: before housing costs and after housing costs. In section 4.3 we made the assumption that



housing costs are not deducted in the calculation of the sponsor's family's income so we use the 'before housing costs' version of the scale here.

4.72 In the scale, shown in Table 4.5, each household member is assigned a scaling factor. These individual scaling factors are summed to give a household scaling factor which is then used to adjust household income, after direct taxes, to account for family structure. For example, a household

consisting of a single adult will have an equivalence scale of 0.67: he or she can typically attain the same standard of living as a childless couple on only 67 per cent of their income. In a household consisting of a couple with one child aged three, the head of the household would contribute 0.67, the spouse 0.33, and the child 0.20, giving a total equivalence scale of 1.20: this household would need an income that is 20 percent higher than that of a childless couple to attain the same standard of living.

**Table 4.5: The modified Organisation for Economic Co-operation and Development (OECD) equivalence scale (before housing costs)**

Household member	Scaling factor
Head of household	0.67
Subsequent adults	0.33
Each child aged 0-13	0.20
Each child aged 14-18	0.33

Notes: There are two versions of the modified Organisation for Economic Co-operation and Development (OECD) equivalence scale: before housing costs and after housing costs. The table shows the 'before housing costs' version.

Source: Department for Work and Pensions (2011).

4.73 The figures in Table 4.5 can be used to calculate the appropriate adjustment according to the number of dependent children and according to the assumption regarding the number of adults in the household. For simplicity, we assume that the same adjustment to the income threshold is made regardless of the age of the dependent child. Therefore, we assign a scaling factor to all dependent children of the mean of the two figures given in Table 4.5 (0.20 and 0.33).

4.74 Table 4.6 gives the implied percentage adjustment in the income threshold required, for a given number of dependent children, once again based both on households with one and two adults. The figures in Table 4.6 that relate to a one-adult household should only be applied to the income thresholds calculated in section 4.4 where it was assumed that the household consisted of one adult. Similarly, the figures that relate to a two-adult household should only be applied to the income thresholds where it was

## Income requirement for sponsorship under the family migration route

assumed that the household consisted of two adults. Assuming a one-adult household, the income thresholds from section 4.4 should therefore be increased by 40 per cent to account for one dependent child, and 80 per cent to account for two dependent children.

- 4.75 This method is complicated by the fact that the modified OECD equivalence scale relates to net income (after direct taxes) rather than gross income. Because the tax system is progressive, net income is not proportional to gross income. To account for

this, for any of the options discussed in the previous section, the gross income threshold could be converted to its post-tax equivalent, using the method described above (i.e. assuming standard rates of income tax and National Insurance). The equivalence scale adjustment would then be applied to this post-tax figure. The adjusted post-tax figure would then be reconverted to its gross equivalent (using the same method as above, in reverse) to calculate the gross income threshold adjusted for the number of dependants.

**Table 4.6: Required adjustment to the income thresholds calculated in section 4.4 to account for the number of dependent children, under two scenarios regarding the number of adults in the household**

Assumption	Number of dependent children		
	One	Two	Three
One-adult household	140%	180%	220%
Two-adult household	127%	153%	180%

Source: MAC analysis of the modified Organisation for Economic Co-operation and Development (OECD) equivalence scale.

- 4.76 Here we have presented the two methods for adjusting the threshold to account for the number of dependent children. The first can only be applied to specific options described in section 4.4, but it applies more directly to the question asked, while the second can be applied to any of those options. It follows that the first method should be used in correspondence with options 4 to 8, and the second with options 1 to 3, and 9 and 10.

### Other dependants

- 4.77 The approach for adjusting the income thresholds calculated in section 4.4 for the number of dependent children based on the use of an equivalence scale presented above can also be applied in the case of other dependants. Table 4.7 gives the implied percentage adjustment in the income threshold required, for a given number of other dependants, under each of two assumptions regarding the number of adults in the

household. Therefore, assuming a one-adult household, the thresholds from section 4.4 should therefore be increased by 50

per cent to account for one other dependant, and 100 per cent to account for two other dependants.

**Table 4.7: Required adjustment to the income thresholds calculated in section 4.4 to account for the number of other dependants, under two scenarios regarding the number of adults in the household**

Assumption	Number of other dependants		
	One	Two	Three
One-adult household	150%	200%	250%
Two-adult household	133%	167%	200%

Source: MAC analysis of the modified Organisation for Economic Co-operation and Development (OECD) equivalence scale.

4.78 This adjustment applies to all options discussed in section 4.4. As in the discussion relating to dependent children above, the use of an equivalence scale to account for the number of other dependants does not directly relate to the question that we have been asked. However, it offers a potential practical solution.

the income threshold to account for their presence.

4.79 Figure 3.8 shows that the age distribution of 'other dependants' issued a family migration route visa in 2010 was concentrated around 65 to 70. Based on Department of Health calculations, a person who lives until their 85<sup>th</sup> birthday can be expected to cost the National Health Service almost £150,000, with more than 50 per cent of those costs occurring between the ages of 65 and 85 (Home Office, 2011a). Therefore, the impact of these migrants on the state might be relatively large and so there does appear to be a clear case, in economic terms, for adjusting

## **Income requirement for sponsorship under the family migration route**

# Chapter 5 Conclusions

## 5.1 Conclusions and recommendations

5.1 The Government asked us the following question:

*“What should the minimum income threshold be for sponsoring spouses/partners and dependants in order to ensure that the sponsor can support his/her spouse or civil or other partner and any dependants independently without them becoming a burden on the State.”*

### Partner or spouse

5.2 In this report we have presented a number of options for calculating the income threshold. As shown in Chapter 3, the majority of family route migration involves a lone spouse/partner joining a sponsor and so in Chapter 4 we first consider the options for calculating the income threshold that should apply in this case:

- The ‘pay approach’ (options 1-3 in Chapter 4) involved benchmarking the income threshold to **levels of pay** in the UK. It is simple to calculate and to understand, but does not directly relate to the

question we were asked. Furthermore, there is no clear basis in economic terms for selecting one particular threshold over another.

- The ‘benefits approach’ (options 4-8 in Chapter 4) involved setting the income threshold with reference to the **benefits system**. It is more complex but, insofar as the interpretation of the ‘burden on the state’ issue is restricted only to the benefits system, this approach directly tackles the question we were asked. However, it draws an arguably arbitrary distinction between the costs to the state of benefit payments and those associated with providing other services.
- The ‘net fiscal approach’ (options 9-10 in Chapter 4) is based on an estimation of potential **net fiscal impacts**. This uses a broader interpretation of ‘burden on the state’ and so has robust economic justification. However, to carry out such an approach

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comprehensively is informationally demanding and requires a number of strong assumptions. Therefore, we instead considered a relatively crude proxy approach, based on mean household earnings.

5.3 On balance, we believe that the benefits approach and net fiscal approach are superior to the pay approach. On that basis, we note that:

- the lowest possible maintenance threshold under the benefits and net fiscal approaches is £13,400 per year (option 6, assuming a one-adult household); and
- the highest possible maintenance threshold under those approaches is £40,000 per year (option 9, assuming a two-adult household).

5.4 This suggests a potential range for the maintenance threshold of between £13,400 and £40,000 per year. This relates to gross income received in the UK by the sponsor only, without deducting housing costs. This is a wide range, so we consider our favoured options within it.

5.5 **Our preferred threshold using the benefits approach is £18,600 per year** (option 7, two-adult household). This figure was calculated by making the following assumptions, which we believe to be reasonable:

- Because the question above asks us what the income threshold should be to ensure that the sponsor's family does not become a 'burden on the state', the threshold is set at the point at which the family is not entitled to receive any income-related benefits (including Tax Credits).
- The amount of rent that the sponsor's family pays is equal to the unweighted average of the Local Housing Allowance amounts for a one-bedroom property for Great Britain, because this is likely to best represent the 'typical' family.
- The household consists of two adults, to compensate for the relatively narrow interpretation of 'burden on the state' under this approach, and to capture the impact in terms of benefit entitlement of the addition of an adult to a household.

5.6 **Our preferred threshold using the net fiscal approach is £25,700 per year** (option 9, one-adult household). This figure was calculated by making the following assumptions:

- The threshold is set equal to mean household income, to capture the approximate point at which a household might reasonably be expected to

make a neutral net fiscal contribution.

- The household consists of one adult, because we have assumed that the income of the spouse/partner is not taken into account when calculating the sponsor's family's income.

5.7 Options 7 and 9, as discussed above, can be viewed as providing the upper and lower bounds of our favoured range. **Therefore, we recommend that the income threshold to sponsor a spouse or partner be set between £18,600 and £25,700 gross per year.** Again, this range relates to gross income received in the UK by the sponsor only, without deducting housing costs. This recommendation is based on economic considerations alone and is not made with reference to wider legal, social or moral issues.

5.8 **It is important to emphasise that the discussion above relies on the assumption that the income of the sponsor's spouse/partner is not taken into account when calculating the sponsor's family's income that is to be assessed against the threshold.** We would be happy to explore with the UK Border Agency and Home Office how the approaches and information presented in this report could be used to calculate the income threshold if the income of the sponsor's

spouse/partner were to be included in the calculation.

## Dependants

5.9 We also considered two methods for calculating the income threshold to account for the number of dependent children. The first method involved accounting for any **income-related benefits** that a family would derive from their dependent children. This method relates to the question that we were asked in that it takes into account the effect that dependent children have on a family's entitlement to income-related benefits. It cannot, however, be applied to all of the options we have discussed in this report, but only those based on the benefits system. Resulting thresholds are provided in Table 4.4 of Chapter 4.

5.10 The second method for calculating the income threshold to account for the number of dependent children involved adjusting the income threshold that would apply in absence of any dependants using an **equivalence scale**. This method can be applied to any of the options set out in this report. Because the purpose of equivalence scales is to adjust income to allow comparisons of standard of living between households to be made, this method does not directly relate to the question we were asked, but it provides a transparent and practical metric. Implied conversion factors are



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provided in Table 4.6 of Chapter 4.

- 5.11 We also considered how the income threshold might be calculated to account for other dependants. The approach we identified is equivalent to the second method for adjusting for dependent children described above. Implied conversion factors are provided in Table 4.7 of Chapter 4.

### Comparison with the current maintenance requirement

- 5.12 The current maintenance requirement assesses the post-tax income after housing costs of the sponsor's family against an income threshold based on Income Support. As outlined in Chapter 2, the income threshold (post-tax after deducting housing costs) for a two-adult family, representing the case where a lone spouse/partner joins a sponsor, is £105.95 per week.

- 5.13 In order to compare the range for the income threshold that would apply when a lone spouse/partner joins a sponsor that we recommended above with the threshold under the current maintenance requirement, it is necessary to make a number of assumptions:

- In the calculation of the sponsor's family's income under the current maintenance requirement, other sources of income, including any third-party support, are included, while in Chapter 4 we

assumed that only the sponsor's earned income was included in the calculation. We assume that the sponsor's family's income consists only of the sponsor's earned income.

- In the current maintenance requirement, housing costs are deducted from the sponsor's family's income, while in Chapter 4 we assumed that no such deduction was made. We make two assumptions regarding housing costs, which are:

- first, that housing costs are zero; and
- second, as in Chapter 4, that housing costs are £119 per week (i.e. £100 per week in rent plus £19 per week in Council Tax).

- 5.14 In addition, because we have assumed that the sponsor's family's income consists only of the sponsor's earned income, we convert from post-tax to gross income by applying the standard rates of income tax and National Insurance for 2011/12.

- 5.15 Combining the assumptions given above allows us to compare the range for the income threshold that we recommended above with the threshold under the current maintenance requirement:

- Under the assumption that housing costs are zero, the equivalent current gross income threshold would be £5,500 per year.
- Under the assumption that housing costs are £119 per week, the equivalent current post-tax income threshold is £224.95 per week (i.e. £105.95 plus £119). The equivalent current gross income threshold is therefore £264 per week, or £13,700 per year.

5.16 It is important to note that the comparison in this section of the range for the income threshold that we recommended above with the current maintenance requirement relies on the assumptions that we have outlined here and in Chapter 4.

## 5.2 Potential impacts

5.17 To estimate the impact of applying an income threshold at a certain level, we have used the data on sponsor's post-tax income presented in Chapter 3. The data described in that Chapter relate to sponsors of applicants in the 'spouse or partner' category described in Chapter 2. Figure 3.4 shows that the vast majority of visas issued to those in the 'spouse/partner' categories are to those in the 'spouse or 'partner' category, while relatively few are issued to applicants in the 'spouse or partner (indefinite leave to enter)' category, also

described in Chapter 2. Here we make the assumption that these data are representative of sponsors of applicants in both these categories. Under the further assumptions outlined in Chapter 3, we can estimate the proportion of spouses/partners that would not meet an income threshold at a certain level.

5.18 Earlier in this chapter we recommended that the income threshold to sponsor a spouse/partner be set within a range of £18,600 to £25,700. According to Figure 3.10, at the lower bound of this range, 45 per cent of applicants would not meet this level of income threshold, while 64 per cent would not be able to meet the upper bound of this range.

5.19 It is important to note that these estimates are based on the assumptions outlined in Chapter 3. In particular, because of the sampling strategy used to construct the data on sponsor's income, they are not representative of all sponsors of applicants granted a visa in the 'spouse or partner' category over the period that the data relate to. Our estimates also rely on the assumptions outlined in Chapter 4: in particular, that the income of the sponsor's spouse/partner is not taken into account in the calculation of the sponsor's family's income.

## 5.3 Other MAC work

5.20 We recently submitted to the Government an analysis of

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settlement rights to migrants in Tier 1 and Tier 2 of the Points Based System (PBS) (Migration Advisory Committee, 2011d), and a review of the transitional restrictions on access of Bulgarian and Romanian nationals to the UK labour market (Migration Advisory Committee, 2011e). These reports were published in November 2011.

5.21 The Government has also commissioned us: *“To research the labour market, social and public service impacts of non-[European Economic Area] migration; and to advise on the use of such evidence in cost-benefit analyses of migration policy decisions.”* We are, at the time of writing, due to report to the Government on this commission at the end of November 2011. Through our external research programme we have commissioned six research projects into the impacts of economic migration that will feed into this report. Work is being carried out on our behalf into the impacts of migration on crime, transport and congestion, housing, provision of public services, the consumption of education- and health-related services, and social cohesion and integration. Where possible, these projects will focus on the specific impact of economic migration from outside the European Economic Area. The completed reports will be published on our website later this year.

5.22 We have also commissioned a research project that seeks to identify skills that might be considered strategically important to the UK economy. At the time of submitting this report to the Government the project was at an advanced stage. It will be published on our website during 2011.

## Abbreviations

APS	Annual Population Survey
ASHE	Annual Survey of Hours and Earnings
CTC	Child Tax Credit
DH	Department of Health
DWP	Department for Work and Pensions
ECHR	European Convention on Human Rights
EEA	European Economic Area
EU	European Union
IPPR	Institute of Public Policy Research
IPS	International Passenger Survey
IS	Income Support
LFS	Labour Force Survey
LTIM	Long-Term International Migration
MAC	Migration Advisory Committee
MI	Management Information
NQF	National Qualifications Framework
OECD	Organisation for Economic Co-operation and Development
PAYE	Pay As You Earn
PBS	Points Based System
RPI	Retail Price Index
UK	United Kingdom
UN	United Nations

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