



Department for
Work and Pensions

Website: www.dwp.gov.uk

Joseph O'Leary
joseph@fullfact.org

Your Reference:

Our Ref: Fol 3573

Date: 9 October 2012

Dear Mr O'Leary,

Thank you for your Freedom of Information request received on 17th September 2012. You asked for:-

Full details of how each figure was calculated and confirm that the "£155 million" is the most up-to-date estimate the Department holds? To also confirm that the "over £2 billion" estimate is no longer correct?

Both estimates were made using Labour Force Survey Data. The original figure of "over £2 billion" was the best estimate at the time. This estimated the number of European Economic Area (EEA) nationals in the UK, and then made assumptions about what proportion of these might be inactive (5% 10% 20%). They then scaled this number up by the benefits they were likely to be able to claim to get an annual cost picture for each scenario. These intended only to give an illustration of different scenarios (i.e. what if 5% 10% 20% of the EEA population were inactive and then claimed benefits following a change in entitlement as a result of the infraction).

Over the past year we have been able to produce much more robust estimates by delving into the Labour Force Survey data much more deeply. The more detailed analysis of the Labour Force Survey data allows us to eliminate households who have already qualified for benefits. This means we have now been able to give a more accurate figure for the potential number of inactive [EEA] nationals currently living in Great Britain who would be entitled to claim benefit if the Habitual Residence Test was not applied as it is now and use this information to calculate the possible costs that removing the 'right to reside' part of the test may lead to. As such, the numbers, and therefore costs, are much smaller.

The estimates above all assume 100% take-up for the entitled population considered, this is unlikely to be the case for any of the benefits. We still need to consider how/whether to include any pull-factor in the estimates to reflect the change in incentives for inactive EEAs to come to the UK if we implement the Commission's proposals.

If you have any queries about this letter please contact me quoting the reference number above.

Yours,

Lisa Freer
International Unit

Your right to complain under the Freedom of Information Act

If you are not happy with this response you may request an internal review by e-mailing freedom-of-information-request@dwpgsi.gov.uk or by writing to DWP, Central FoI Team, Caxton House, Tothill Street, SW1H 9NA. Any review request should be submitted within two months of the date of this letter.

If you are not content with the outcome of the internal review you may apply directly to the Information Commissioner's Office for a decision. Generally the Commissioner cannot make a decision unless you have exhausted our own complaints procedure. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow Cheshire SK9 5AF www.ico.gov.uk