RESTRICTING THE ECONOMIC RIGHTS OF ASYLUM SEEKERS: COST IMPLICATIONS

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EXECUTIVE SUMMARY

Introduction

Most asylum seekers in the UK do not have the right to work. The UK Government is consequently obliged to provide welfare support to asylum seekers in order to not violate its human rights commitments by making them destitute. Welfare payments are delivered through a separate system to the payments provided to unemployed citizens, and are set purposefully low. The government justify the low level of support in terms of not wanting to ‘pull’ economic migrants who might claim asylum in order to access benefits.

We explored the evidence for benefits and labour market access acting as an economic ‘pull factor’ in a working paper in spring 2016 and found no empirical support for this assertion. Other research has found that the threat or experience of destitution for refused asylum seekers does not lead to increased removals.

Poverty, and even destitution are very common amongst asylum seekers and refused asylum seekers in the UK. Such measures act as policy tools to discourage asylum seekers from choosing the UK, and encourage those who are here to leave, particularly if their application for asylum has been refused. The impacts of such deprivations upon asylum seekers include mental health problems, high levels of hunger, high levels of maternal and infant mortality, and difficulty navigating the legal process.
This report provides for the first time an estimate of the cost implications for the public purse of denying asylum seekers, and refused asylum seekers who cannot be returned, the right to work. We provide the total cost in accommodation and support payments to asylum seekers and refused asylum seekers that the UK state makes itself liable for. We also show how much it would cost the government to lift asylum seekers out of poverty.

The figures provided here are based on analysis of secondary and administrative datasets. The costs are taken from Home Office statistics.

Asylum Support Costs: Headline findings

Asylum seekers are living on an income which is just a third of the income of the poorest 10% of British households. Asylum support costs the government £233.5 million annually if staffing and administration costs are included. This means that if asylum seekers were allowed to take paid employment direct public savings of up to £233.5 million per year could potentially be made.

It is nevertheless not possible to assume 100% employment of all asylum seekers. If we assume labour market participation of 25%, then the asylum bill drops from £173.6 million to £130 million this represents a decrease of 25% on asylum support payments. If we calculate the net costs to the public purse of doubling asylum support so that it is almost in line with the level of Job Seekers Allowance for all categories of asylum seekers currently in
receipt of support (refused and awaiting) as well as factoring in a 25% employment rate, this would lead to a saving of around £70 million.

Placed in context, increasing asylum support would cost little. If asylum seekers were entitled to the full level of income support but not permitted to work, for example, the asylum support bill would increase by £36.2 million. When set within the context of a £146 billion welfare bill this figure appears relatively low, £36.2 million would add 0.02% to the total welfare bill.

**Recommendations**

Informed by this research, we have two key policy recommendations:

1. That both asylum seekers and refused asylum seekers who cannot return to their country of origin be granted access to the UK labour market without the Shortage Occupation List restriction. The European standard is to grant access if individuals have been waiting for 6 months or more for a decision on their claim.

2. That in light of the lack of evidence that forcing individuals to live in poverty either acts as a deterrent for those considering coming to the UK, or encourages those already here to leave, welfare support levels for asylum seekers and refused asylum seekers be increased to at least 70% of Job Seekers Allowance but more ideally in line with the JSA rate.
INTRODUCTION

This report addresses the cost implications for the UK of supporting asylum seekers and refused asylum seekers. Most asylum seekers in the UK do not have the right to work. The UK Government is obliged to provide welfare support to asylum seekers in order to not violate its human rights commitments. Welfare payments are delivered through a separate system to the payments provided to unemployed citizens, and are set purposefully low. The government justify the low level of support in terms of not wanting to ‘pull’ economic migrants who might claim asylum in order to access benefits\(^1\).

Charities who support asylum seekers have been critical of this policy and have been arguing for many years that asylum seekers should both have the right to enter the labour market, and should receive welfare payments in line with at least 70% of Job Seekers Allowance\(^2\). This report looks at some of the cost implications of setting asylum support so low, and what it might cost to increase welfare support.

This report is part of a broader 3 year research project being undertaken at the University of Warwick and funded by the Economic and Social Research Council (ESRC). The project focuses on the economic rights of asylum seekers in the UK, particularly looking at the rationale behind, and outcomes of, welfare and work policies. More information about the project can be found at www.asylumwelfarework.com.
Asylum seekers in Britain can apply for permission to work only if they have waited for over 12 months for an initial decision on their asylum claim, and are not considered responsible for the delay in decision-making. However, if granted permission to work they are restricted to jobs on the shortage occupation list, which presents a barrier to employment for the majority of asylum seekers. This list currently includes jobs such as “skilled classical ballet dancers who meet the standard required by internationally recognised United Kingdom ballet companies”, “nuclear medicine technologists” and “manufacturing engineers (purchasing) in the aerospace sector”\(^3\). Studies have found that most asylum seekers who wish to work either have qualifications from their home country which require additional (and costly) conversion courses, recognition processes which are beyond their means (such as teaching), or would like to find low skilled or unskilled work\(^4\). In effect, this means that the vast majority of asylum seekers do not have any form of access to paid employment in the UK. Refused asylum seekers have no right to work.

By putting significant restrictions on labour market access the UK government makes itself liable for the accommodation and living costs of asylum seekers and refused asylum seekers. In order that it does not breach human rights commitments, the government must provide asylum seekers
with welfare support. ‘Asylum support’ includes housing and financial support (for food and other basic subsistence goods) which is set as low as 50% of the welfare payments made to citizens.

The support provided to asylum seekers is usually referred to as ‘Section 95’ support as their right to access this support is stated in Section 95 of the Asylum and Immigration Act 1999. Figure 1 shows the levels of asylum support when compared to Job Seeker’s Allowance. The majority of asylum seekers are single people aged over 25 and so fall in to the category of receiving around 50% of Job Seeker’s Allowance claimants.

<table>
<thead>
<tr>
<th></th>
<th>JSA</th>
<th>ASYLUM SUPPORT</th>
<th>AS % OF JSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>COUPLE (MARRIED/CIVIL PARTNERSHIP)</td>
<td>£114.85</td>
<td>£73.90</td>
<td>64%</td>
</tr>
<tr>
<td>OVER 25 YEARS</td>
<td>£73.10</td>
<td>£36.95</td>
<td>50.5%</td>
</tr>
<tr>
<td>18-24 YEARS</td>
<td>£57.90</td>
<td>£36.95</td>
<td>63.8%</td>
</tr>
<tr>
<td>UNDER 18</td>
<td>-</td>
<td>£36.95</td>
<td>-</td>
</tr>
</tbody>
</table>

The Joseph Rowntree Foundation (JRF) Minimum Income Standard for the United Kingdom, which the organisation has been producing annually since 2008, is based on the income level members of the British public think people need for an acceptable minimum standard of living. The 2015 figure
was £175.81 excluding rent, Council Tax, childcare, and water rates. Mainstream welfare benefits claimants received just 40% of this figure in 2015 and JRF used their work in anti-poverty campaigns to lobby for an increase in benefit levels. Asylum seeker support rates were, however, even lower, set at just 20% of the Minimum Income Standard amount. Critics of the UK Government’s asylum policy have highlighted the unacceptably low level of asylum support.

The UK Home Office decided upon the figure of £36.95 per week for those awaiting a decision on their asylum application by looking at ONS survey data on the average household spending for the poorest 10% of UK households. The expenditure of the poorest 10% of the UK population was £134.80 per household (1.3 people) per week in 2015, but the Home Office noted that a greater proportion of this income would be spent on more discretionary items (recreation etc.) and not essential living needs. The poorest 10% of UK households spent only around £37 per week per person on essential items (i.e. food and non-alcoholic drink, clothing), which was then used to set the level of asylum support. Asylum seekers are therefore living on an income which is just a third of the income of the poorest 10% of British households.

If an asylum seeker has their application for asylum refused, support is withdrawn and the UK government expects them to leave the country. There is a voluntary returns package which includes free travel and a lump sum payment upon arrival but numbers of returns are low. There are a range of reasons why refused asylum seekers do not return. Conflict may
be ongoing in their country of origin and they may feel unsafe returning. Some lack valid travel documents and are unable to access replacement documents. Many refused asylum seekers elect to stay in the UK despite extreme poverty or destitution and the lack of prospects for a resolution of their case\textsuperscript{7}. Those refused asylum seekers who are unable to return, have a judicial review pending, or are complying with processes aimed at returning them in the future (such as applying for travel documents), can apply for ‘Section 4’ support of £35.39 per person per week (loaded on to a payment card valid in select shops) plus accommodation. There is no guarantee that their application for Section 4 support will be successful, making destitution a real possibility. Despite their inability to leave the UK they are not permitted to work.

Poverty, and even destitution are very common amongst asylum seekers and refused asylum seekers in the UK\textsuperscript{8}. Such measures act as policy tools to discourage asylum seekers from choosing the UK, and encourage those who are here to leave, particularly if their application for asylum has been refused\textsuperscript{9}. In 2007 the Joint Committee on Human Rights explicitly named this as an example of state enforced destitution\textsuperscript{10}. The impacts of such deprivations upon asylum seekers include mental health problems\textsuperscript{11}, high levels of hunger\textsuperscript{12}, high levels of maternal and infant mortality\textsuperscript{13}, and difficulty navigating the legal process\textsuperscript{14}. Researchers at the University of Leeds have highlighted the risk of asylum seekers and refused asylum seekers becoming involved in forced labour and exploitation as a consequence of this situation\textsuperscript{15}. Furthermore, in their review of research
into poverty amongst asylum seekers and refugees. Researchers at the University of Birmingham found poverty ‘to be present among some of the most vulnerable parts of the asylum seeker population, including pregnant women and newborn babies [...] children [...] LGBTI individuals [...]and torture survivors’. This is a finding which is supported by a wide range of different stakeholders\textsuperscript{16}.

Though recent governments have sought to minimise welfare provision for the unemployed and promote work as being positive for both individuals and wider society, asylum seekers are maintained in a position of welfare dependency, and refused asylum seekers are often destitute. As noted above, politicians argue that welfare benefits act as a pull factor encouraging economic migrants to claim asylum, thus they state it is necessary to limit financial support for asylum seekers\textsuperscript{17}. We explored the evidence for benefits and labour market access acting as an economic ‘pull factor’ in a working paper in spring 2016 and found no empirical support for this assertion\textsuperscript{18}. Other research has found that the threat or experience of destitution for refused asylum seekers does not lead to increased removals\textsuperscript{19}.

**THIS REPORT**

This report provides for the first time an estimate of the cost implications for the public purse of denying asylum seekers, and refused asylum seekers who cannot be returned, the right to work. We provide the total cost in accommodation and support payments to asylum seekers and refused
asylum seekers that the UK state incurs by restricting the right to work. The report does not provide an estimate of what it would cost to provide asylum seekers with a level of support equivalent to that which they could earn in employment (the loss of earnings incurred by asylum seekers). Asylum seekers in receipt of state or charitable support receive support that is well below the poverty line, and in many cases experience periods of destitution and homelessness. Evidently, by not being able to work to support themselves asylum seekers suffer a loss of earnings. Living on a low-income can have damaging effects on people’s health, educational attainment productivity and future employment prospects, after they have been granted refugee status (at which point they are permitted to take up employment). Whilst this is a real cost, borne by vulnerable members of society, the loss of current and future earnings are a cost to the individual asylum seeker; the focus of this report are the costs incurred by the state.

However, the report does not calculate all of the costs incurred by the state as a consequence of asylum seeker poverty. Any measure that increases inequality is costly to society, with less equal societies experiencing a higher incidence of social issues ranging from poor health, crime, drug use and teenage pregnancy. Various studies have tried to quantify the cost of poverty to the public. The Joseph Roundtree Foundation, for example, provides an estimate by isolating public expenditure that occurs as a consequence of poverty’s existence, including the cost of healthcare, housing, crime and social care. Asylum seekers make up just a fraction of the population of the UK who experience poverty, but these estimates
illustrate the type and range of costs that occur as a result of the circumstances that asylum seekers experience.

The focus here is only the most tangible costs of *compensating* asylum seekers which result *directly* from the denial of their right to work. Evidently, this is only part of the picture, and so the figures provided here are certainly an underestimate compared to the total cost. Our calculations are an indication of the amount the public currently spent on supporting asylum seekers who are prevented from working to support themselves.

The figures provided here are based on analysis of secondary and administrative datasets. The costs are taken from Home Office statistics. The research method is described in the next section.
METHOD

In our calculation, asylum support is defined as the accommodation and living costs paid by the Home Office to support asylum seekers. Specifically, the aim has been to calculate the total spent on accommodation and living costs awarded in ‘Section 95’ (for asylum seekers plus some refused asylum seeking families) and ‘Section 4’ (for non-returnable refused asylum seekers) support. We also count the payroll and administration costs associated with managing asylum support.

Home Office data systems were used to estimate the proportion of persons supported under Section 95 and Section 4 of the Immigration and Asylum Act 1999. The total estimated expenditure was calculated by using estimates of the total volume of asylum seekers and refused asylum seekers supported and the average unit of costs of providing that support. For the years 2010-11 to 2014-15 this information was provided by the Home Office following a Freedom of Information Request submitted by the authors. Asylum support costs for the years prior to 2010-11 are available in the UKBA annual accounts.

In our calculations, discussed below, we make a series of assumptions:

1. We do not calculate the cost of working tax credits that asylum seekers may be entitled to if they were working instead of claiming asylum support.
2. We do not calculate the increase in the administrative cost of providing mainstream benefits to unemployed asylum seekers.

3. We do not calculate the potential savings generated by a reduction in JSA which would result from refugees entering the labour market more efficiently on being given leave to remain.
FINDINGS

The vast majority of asylum seekers are supported under ‘Section 95’. At the end of March 2015, 30,476 asylum seekers and their dependants were being supported in the UK under Section 95 (either in supported accommodation or receiving subsistence only support). In the year 2014-15, accommodation and cash payments provided under Section 95 and Section 4 cost an estimated £174 million\(^{23}\); in 2013-14 such support cost an estimated £154 million (see Figure 2). Payroll and administration costs associated with asylum support cost an estimated £60 million in 2014-15; in 2013-14 payroll and administration costs an estimated £56 million. In total, asylum support cost an estimated £234 million in 2014-15; and £210 million in 2013-14.

Refused asylum seekers and their dependents who were born before a final decision was made on the asylum claim generally continue to receive asylum support under Section 95 of the 1999 Act (i.e. the same as they received whilst waiting for a decision on the claim) until the youngest child turns 18 or the family is removed from the UK. In 2014-15, £45 million, around a third of the total cost of Section 95 support, was spent supporting families\(^{24}\). In addition, Section 4 of the 1999 Act provides for support for other categories of refused asylum seeker who are unable to leave the country. At 31 March 2015, around 4,900 persons were supported under
‘Section 4’ of the 1999 Act: in 2014-15, such support cost an estimated £28 million.

FIGURE 2: ASYLUM SUPPORT COSTS

<table>
<thead>
<tr>
<th></th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>S95 Accommodation</td>
<td>£80,520,346</td>
<td>£80,155,529</td>
<td>£66,806,029</td>
<td>£83,096,387</td>
</tr>
<tr>
<td>S95 Cash</td>
<td>£50,029,415</td>
<td>£48,142,140</td>
<td>£59,374,347</td>
<td>£63,132,564</td>
</tr>
<tr>
<td>S4 Accommodation</td>
<td>£14,935,077</td>
<td>£16,568,366</td>
<td>£16,638,139</td>
<td>£18,126,125</td>
</tr>
<tr>
<td>S4 Cash Vouchers</td>
<td>£6,554,715</td>
<td>£10,826,446</td>
<td>£10,826,446</td>
<td>£9,310,122</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>£152,039,553</strong></td>
<td><strong>£155,692,481</strong></td>
<td><strong>£153,644,961</strong></td>
<td><strong>£173,665,198</strong></td>
</tr>
<tr>
<td>Staff Payroll</td>
<td>-</td>
<td>-</td>
<td><strong>£45,220,092</strong></td>
<td><strong>£48,176,279</strong></td>
</tr>
<tr>
<td>Administration</td>
<td>-</td>
<td>-</td>
<td><strong>£10,931,603</strong></td>
<td><strong>£11,736,334</strong></td>
</tr>
<tr>
<td><strong>Combined Total:</strong></td>
<td>-</td>
<td>-</td>
<td><strong>£209,796,656</strong></td>
<td><strong>£233,577,811</strong></td>
</tr>
</tbody>
</table>

Source: Home Office, Freedom of Information request

Recently released Home Office figures indicate that the number of asylum seekers and their dependents receiving Section 95 Support increased by 17 per cent between March 2015 and March 2016, with 35,683 people now supported\(^{25}\). Although this number has risen since 2012, the figure remains
considerably below that for the end of 2003 (the start of the published data series), when there were 80,123 asylum seekers in receipt of Section 95 support (see Figure 3).

FIGURE 3: ASYLUM SEEKERS SUPPORTED UNDER SECTION 95

Source: Home Office, Immigration Statistics January to March 2016, table 16 volume 4 of the asylum data tables

If asylum seekers were allowed to take paid employment direct public savings of up to £233.5 million could potentially be made annually (this includes administrative costs and staff costs). This is the largest cost associated with the policy regime. However, it should be noted that research from countries where asylum seekers are given access to the labour market suggests that some demographic groups (particularly those with poor language skills and low levels of education) would likely have low labour market participation, particularly in contexts where there is high
unemployment and/or where discrimination is likely\textsuperscript{26}. Others, with high levels of education and good English language skills are much more likely to find employment. We already know that this is the case for refugees in the UK, who have full labour market access but whose participation is uneven across nationalities. However, Britain’s exit from the European Union is likely to reduce the supply of unskilled labour, suggesting that there is an increased likelihood of available employment for asylum seekers and refused asylum seekers in the medium to long term.

FIGURE 4

<table>
<thead>
<tr>
<th></th>
<th>2014/15</th>
<th>25% OF ASYLUM SEEKERS GAIN EMPLOYMENT</th>
<th>CASH INCREASES TO APPROX 70% JSA FOR 75% OF ASYLUM SEEKERS</th>
<th>CASH INCREASES TO APPROX 100% OF JSA FOR 75% OF ASYLUM SEEKERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>S95 ACCOM</td>
<td>£83,096,387 £62,322,290.25</td>
<td>£62,322,290.25</td>
<td>£62,322,290.25</td>
<td></td>
</tr>
<tr>
<td>S95 CASH</td>
<td>£63,132,564 £47,349,423.00</td>
<td>£9,469,884.60</td>
<td>£23,674,711.50</td>
<td></td>
</tr>
<tr>
<td>S4 ACCOM</td>
<td>£18,126,125 £13,594,593.75</td>
<td>£13,594,593.75</td>
<td>13594593.75</td>
<td></td>
</tr>
<tr>
<td>S4 CASH VOUCHERS</td>
<td>£9,310,122 £6,982,591.50</td>
<td>£1,396,518.30</td>
<td>£3,491,295.75</td>
<td></td>
</tr>
<tr>
<td>TOTAL:</td>
<td>£173,665,198 £130,248,898.50</td>
<td>£86,783,286.90</td>
<td>£103,082,891.25</td>
<td></td>
</tr>
</tbody>
</table>

It is nevertheless not possible to assume 100% employment of all asylum seekers. If we assume labour market participation of 25%, then the asylum
bill drops from £173.6 million to £130 million this represents a decrease of 25% on asylum support payments (see Figure 4). If we calculate the net costs to the public purse of doubling asylum support so that it is almost in line with the level of Job Seekers Allowance for all categories of asylum seekers currently in receipt of support (refused and awaiting) as well as factoring in a 25% employment rate, this would lead to a saving of around £70 million.

Asylum support at current levels costs the state very little. While asylum support cost the Home Office £234 million in 2014-15, the UK spends about £146 billion on means-tested benefits, to help the poorest members of our society27. The cost associated with reducing poverty among asylum seekers by increasing asylum support would therefore be low. Currently, asylum support is capped at approximately 50 per cent of the income support rate. With no changes to the rules on working, if all asylum seekers in receipt of support were entitled to 70% of the income support rate (assuming none are working), the asylum support bill for 2014/15 would be £14.5 million higher (see Figure 5). If asylum seekers were entitled to the full level of income support, the cost would increase by £36.2 million28. When set within the context of a £146 billion welfare bill these figures appear relatively low, £36.2 million would add 0.02% to the total welfare bill. Bringing asylum support up to approximately 70% of Job Seekers Allowance would add 0.01% on to the total welfare bill.
Since we have already established that there is no evidence that policies which restrict the economic rights of asylum seekers either ‘pull’ more asylum applicants nor ‘nudge’ people to leave the UK, there seems little to justify maintaining asylum seekers in poverty.
CONCLUSIONS

The UK policy stance on welfare and employment rights is among the most restrictive in Europe\textsuperscript{31}, with the vast majority of asylum seekers not having any form of access to paid employment. Given that asylum seekers are not permitted to work, the Government could be argued to make itself liable for asylum seeker’s accommodation and living costs to the tune of an estimated total cost of over £233.5 million per annum.

Politicians warn that welfare benefits act as a pull factor encouraging economic migrants to pose as asylum seekers in order to enter Britain, and use this argument to limit the amount of financial support given to asylum seekers\textsuperscript{32}. This position has been criticised by refugee advocacy groups and refugee policy analysts, for its lack of empirical support\textsuperscript{33}. Indeed, in a systematic review of the research we have been unable to find evidence in support of this assumption.

Increasing asylum support levels to 70% of the income support rate, the level required to meet basic living standards as judged by the JRF, would add just £14.5 million on to the benefits bill (the total benefits bill currently stands at £146 billion). If asylum seekers were entitled to the full level of income support, the cost would increase by £36.2 million. Given the lack of evidence that levels of welfare support, or labour market access, ‘pull’ asylum seekers to particular countries maintaining asylum seekers in abject poverty can only be politically, not financially motivated.
Yet the public purse continues to cover the costs of asylum support in the absence of adequate state support. Since work restrictions were introduced for asylum seekers and refused asylum seekers in 2002, the number of charities registered with the Charities Commission that support destitute asylum seekers has nearly tripled. Our research on these wider costs will be published in 2017.

When political concerns about being tough on immigration and immigrants are set aside, the economic argument leans in favour of both lifting the labour market restrictions for asylum seekers waiting for a decision on their claim, and increasing the levels of asylum support to at least 70% of Job Seekers Allowance for both asylum seekers and refused asylum seekers.
RECOMMENDATIONS

Informed by this research, we have two key policy recommendations:

1. That both asylum seekers and refused asylum seekers who cannot return to their country of origin be granted access to the UK labour market without the Shortage Occupation List restriction. The European standard is to grant access if individuals have been waiting for 6 months or more for a decision on their claim.

2. That in light of the lack of evidence that forcing individuals to live in poverty either acts as a deterrent for those considering coming to the UK, or encourages those already here to leave, welfare support levels for asylum seekers and refused asylum seekers be increased to at least 70% of Job Seekers Allowance but more ideally in line with the JSA rate.
NOTES AND REFERENCES


5 See Pettitt (2013, as above); Children’s Society (2013, as above)


16 Allsopp et. al (2014, as above) p.20

17 See Mayblin (2016, as above).


19 Refugee Action,. (2006, as above); Lindsay et. al (2010, as above); Lewis (2007, as above); Pinter (2012, as above); Beswick, J. McNulty, A. (2015) Poor health, no wealth, no home: a case study of destitution, London: British Red Cross.


24 Home Office (2016, as above)

25 Home Office (2016, as above)

26 Martin, I. et.al (2016, as above).


28 These figures assume that accommodation costs would remain the same

29 James and Mayblin (2016, as above)

30 Crawley, Hemmings and Price (2011, as above)


32 Mayblin (2016, as above)

33 For example British Red Cross and Boaz Trust (2013, as above); The Children's Society (2013, as above)