



The costs of destitution:

a cost-benefit analysis of
extending the move-on period
for new refugees

Policy, Research
and Advocacy

#EveryRefugeeMatters

150^{years} the power
of kindness

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For the full technical report by Dr Bert Provan, Centre for the Analysis of Social Exclusion at the London School of Economics please see <http://bit.ly/refugee-move-on>

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Executive summary

For someone who has fled war or persecution, being recognised as a refugee should be a moment of joy and relief. It should be the end of living in limbo and the start of a positive journey towards building a new life in the UK. But for too many refugees this momentary relief is quickly followed by an eviction notice that gives them only 28 days to “move-on” from Home Office support. On day 28, their accommodation and weekly subsistence payments for food, clothes and other vital daily needs come to an end. This cliff edge often leaves people facing extreme poverty and homelessness as they fall between two systems – asylum and welfare – and into crisis.

New refugees must complete a number of complex tasks which, research by the British Red Cross and other organisations has shown, are almost impossible to achieve in 28 days. These include opening a bank account, finding a job and/or applying for mainstream benefits (and receiving the first wages or payment), and finding and moving into new accommodation. Homelessness legislation prescribes 56 days for Local Authorities to support people threatened with homelessness. Yet, despite having additional vulnerabilities, refugees are currently given half this time to find a new place to live.

It is clearly not the intention of the asylum support system to leave new refugees destitute and homeless. Indeed, the government acknowledges the challenges faced by new refugees and has introduced measures to support them, such as help to apply for

Universal Credit. However, our research has shown that the in-built 35-day waiting period for Universal Credit is incompatible with the 28 days refugees are given to ‘move on’ from asylum support. In practice, the gaps between the asylum and welfare systems mean these interventions have limited impact.

We believe extending the move-on period from 28 to 56 days is a matter of fixing a flaw in the asylum support system to give refugees vital and much needed extra time.

Extending the move-on period would also save money for the taxpayer. This is the conclusion of the cost-benefit analysis conducted by the Centre for the Analysis of Social Exclusion (CASE) at the London School of Economics and Political Science (LSE). This research, commissioned by the British Red Cross, estimates that Local Authorities, the NHS, charities and other public bodies are picking up the considerable social and economic costs of new refugees becoming destitute. It also estimates that potential financial benefits of improved employability, wellbeing and social integration are being lost.

Just a simple change is needed. The Home Secretary could amend the Asylum Support Regulations to extend the move-on period without needing primary legislation. Making this change would address the unintended consequences that leave thousands of refugees at risk of extreme poverty and homelessness.

Taking into account £3.5 million in costs of providing an **additional four weeks** of asylum support, the estimated **annual benefits** to the public purse of extending the move-on period to 56 days range **from £4 million to £7 million**¹.

¹ These figures are based on 5,038 people seeking asylum being granted leave to remain annually, please see further details at pg 4 and the full technical report at <http://bit.ly/refugee-move-on>

Background

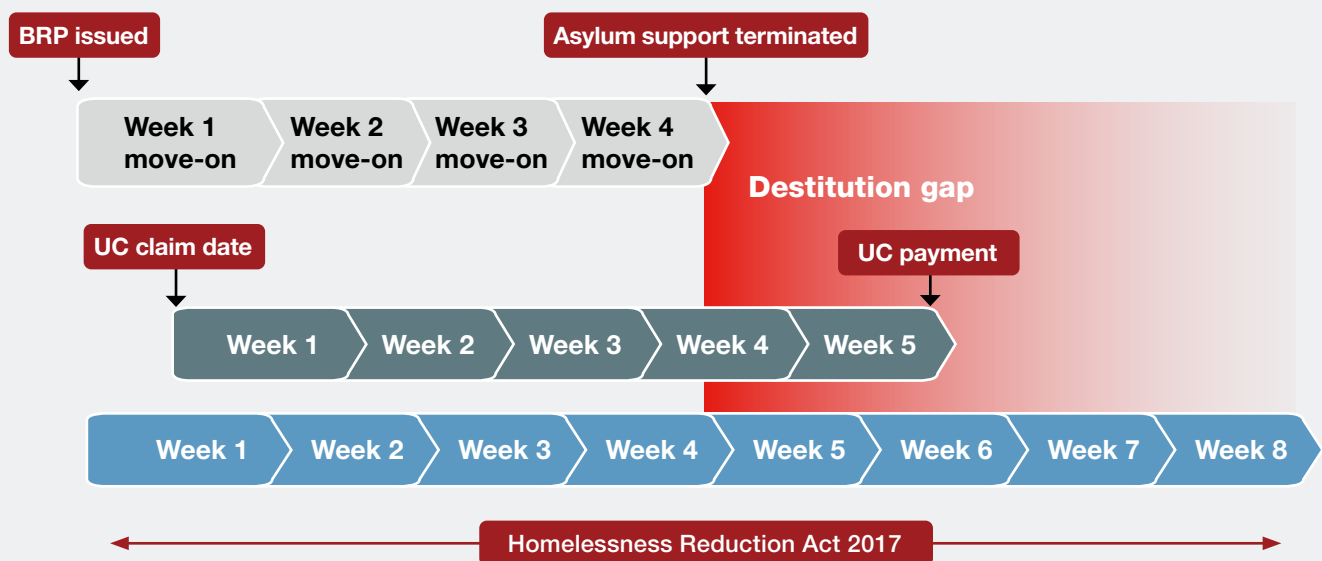
In 2014, the British Red Cross became increasingly concerned about the number of destitute refugees requiring emergency support shortly after being recognised as refugees. We conducted and published research on this issue which identified a range of contributory factors and made a series of recommendations to both the Home Office and the Department for Work and Pensions (DWP). This included extending the 28-day move-on period newly recognised refugees are given before they are evicted from asylum support. Since then, several reports on the move-on period have been published by charities and by parliamentary committees and groups. All have concluded that the move-on period should be extended.

In 2018, the British Red Cross published further research, *Still an Ordeal*, which found that, despite some positive developments, the move-on period still exposes new refugees to an unacceptably high risk of extreme poverty.

Drawing on the experience of 26 refugees, the research found that all those surveyed were left without food and shelter at the end of the move-on period due to delays and mistakes in receiving documentation such as Biometric Residence Permits (BRPs), barriers to opening bank accounts, and difficulties in accessing employment and welfare support.

A key reason for this is that the UK’s asylum support, homelessness and welfare benefit systems are incompatible. The research found that the in-built delay of 35 days before people receive their first Universal Credit payment is incompatible with the 28-day move-on period. Similarly, it is incompatible with the Homelessness Reduction Act 2017 which amended the period a person is considered ‘threatened with homelessness’ from 28 to 56 days, recognising Local Authorities needed more time to carry out effective homelessness prevention and relief duties.

The destitution gap





In response to previous findings by the British Red Cross and others that the move-on period leaves refugees at risk of destitution, the Home Office and DWP introduced new measures to support refugees. These include changes to the information issued to newly recognised refugees and additional support for setting up initial appointments and completing applications for welfare benefits. These interventions are welcome, but their impact has been limited.

In June 2019 the Home Office and DWP published an evaluation of their joint 'Post Grant Appointment Service' (PGAS) that aimed to support refugees to apply for welfare benefits. The evaluation found that PGAS had contacted 57% of eligible people on average and, of those supported to apply for Universal Credit, only 35% had received advance payments within the 28-day move-on period. In practice this means that, when their asylum support ended, 65% of refugees supported to apply for Universal Credit were left with no financial support – no means to buy food, pay for accommodation or meet other vital daily needs.

It is clear that newly recognised refugees need more support to start rebuilding their lives. Often it is only after receiving a positive decision that refugees have the right to work and receive

any formal support to prepare them for life in the UK. Refugees must then process this new information and complete the necessary steps to set up their new lives in less than 28 days. Recent interventions, such as support services provided under the Advice, Issue Reporting and Eligibility (AIRE) contracts, as well as by Local Authority Asylum Support Liaison Officers (LAASLOs), recognise these challenges and aim to provide refugees with additional advice and support. However, advice and support alone are not sufficient to overcome discrepancies between asylum support, Universal Credit and homelessness legislation, or the wider administrative barriers, that prevent refugees moving on successfully.

In 2019, the British Red Cross supported over 16,500 refugees and asylum seekers to meet their most basic needs, such as food, shelter and clothing. Our own research and operational experience mean we know the devastating impact of destitution on new refugees. In order to understand the wider economic and social impact, we commissioned research by the Centre for the Analysis of Social Exclusion at the London School of Economics and Political Science. Their research analyses the current 28-day move-on period and the potential costs and benefits of extending the move-on period to 56 days.

Key findings

Extending the move-on period from 28 to 56 days would lead to net financial benefits of £4 million to £7 million annually, across homelessness and rough sleeping, mental and physical health, wellbeing, and employability.

Currently **over 5,000** people a year would benefit from this simple change.

Homelessness

Rough sleeping

The devastating human, economic and social costs of rough sleeping are widely recognised. Based on current publicly available data, the incidence of rough sleeping among newly granted refugees is estimated at 5 to 7 percent of the overall group. This is likely to be an underestimate given the complexities of collecting reliable data on refugees who are rough sleeping. The estimated benefits generated by extending the move-on period to 56 days in terms of tackling rough sleeping are

£2,312,000 to £3,240,000.

Temporary accommodation

Local Authorities have duties to prevent and relieve homelessness, and evidence suggests around half the newly granted refugee households are in “priority need” for Local Authority homelessness relief duties. Households leaving asylum support are often placed in Local Authority temporary accommodation, which is an extremely expensive form of housing compared with the cost of asylum support accommodation. Allowing these households to continue living in asylum support accommodation while the Local Authority completes its duties, in line with the 56 days prescribed in the Homelessness Reduction Act 2017, could result in less use of temporary accommodation by Local Authorities. This would provide estimated savings to Local Authorities of

£2,169,000.

Employability

Research has shown that refugees are twice as likely as UK-born unemployed people to rely on public agencies to access employment. Extending asylum support would enable people to engage with support offered under the Advice, Issue Reporting and Eligibility (AIRE) contracts and support from their local Job Centre Plus, including attending work coach appointments and job interviews. The positive impact on employment pathways and overall increase in employability provides a range of benefits, including direct benefits (in terms of income tax and national insurance contributions) and indirect benefits from

£464,000 to £1,315,000.

Health and wellbeing

Mental health

People seeking asylum are five times more likely to experience mental health problems than the general population, including Post-Traumatic Stress Disorder and longer-term effects of inhumane treatment such as torture and sexual violence. Clinicians report that destitution and homelessness have an extremely negative impact on mental health and increase suicide risks. Extending the move-on period provides an estimated saving for the NHS and affiliated mental health services of

£750,000 to £1,001,000.

Wellbeing

Destitution and the destabilising impact of the move-on period will have a considerable impact on stress, anxiety and depression across the sample group. Given the potential overlap with costing for contact with mental health services above, the research takes a conservative estimated benefit, and applies it to a range of between 5% and 10% of the group giving an estimated benefit of

£358,000 to £716,000.

Additionally, providing additional time to access Universal Credit or employment and with this the means to secure alternative accommodation could deliver considerable wellbeing benefits in the longer term. This includes better outcomes for adults and children in terms of better health, education and employment outcomes. The research estimates the range of benefits from

£1,713,000 to £2,537,000.

Additional impacts

Domestic abuse, sexual violence and exploitation

Refugees facing destitution and homelessness and dealing with traumatic experiences, limited

English language fluency and experience of working in the UK, may be at additional risk of abuse and exploitation. Evidence shows that human traffickers deliberately target vulnerable groups for exploitation. The move-on period for newly recognised refugees has also been identified as a risk point for women of exposure to abuse and sexual exploitation, including through transactional relationships.

The Home Office has estimated that the economic and social costs of modern slavery and domestic abuse in the UK comes to billions of pounds. These potential costs have not been included in this research but present serious additional risks.

Entrenched destitution and homelessness

Destitution can be self-perpetuating; the risks of entrenched homelessness increase with every night a person sleeps rough. The costs included in this report are a conservative estimate based on immediate, short-term destitution and homelessness but would increase if newly granted refugees became entrenched rough sleepers and/or faced longer term barriers to accessing employment and welfare support.

Estimated benefits of reducing refugee homelessness and destitution following the move-on period are based on published estimates of the impact of homelessness and destitution, developed in relation to comparable groups (including people who are homeless and people who have experienced trafficking and exploitation).

For full details of the methods, background evidence and data sources, please see the full technical appendix at <http://bit.ly/refugee-move-on>.



Recommendations

Refugees should not face destitution and homelessness after being granted protection in the UK. To address this:

1. Extend the move-on period for newly recognised refugees to at least 56 days.

The Secretary of State for the Home Department should:

- Amend regulation 2(2) (interpretation) in the Asylum Support Regulations 2000 (S.I. 2000/704) to substitute “56” for “28”. This simple change could benefit the public purse by up to £7 million annually and address the profound human costs of extreme poverty and homelessness for newly granted refugees.

2. Address the immediate administrative barriers that prevent newly recognised refugees moving on from asylum support.

The Home Office should:

- Ensure that all documentation, especially Biometric Residence Permits (BRPs), are issued on time, are consistent with one another, and are accurate. If an individual's BRP is to be sent to their solicitor rather than directly to them, the newly recognised refugee should be informed of this.
- Provide official reference letters to banks that can be used by newly recognised refugees, along with their BRP, to open a bank account without needing to provide additional proof of address. The letter should set out the rights of the refugee, along with the relevant legislation.

The Home Office and Department for Work and Pensions should:

- In cases where Universal Credit will not be payable within the move-on period due to lack of a bank account, consider enabling the first payment to be made using the Asylum Support Payment Enablement card (ASPEN card) that the individual would have previously used to receive their asylum support payments.

3. Improve the support provided to newly recognised refugees to help them navigate the move-on period, ensuring they are fully informed of and engaged with the decisions they are making.

The Home Office should:

- Publish an evaluation of the move-on support provided under the Advice, Issue Reporting and Eligibility (AIRE) contracts, including information on the percentage of newly-recognised refugees who have been successfully contacted and supported to make an initial appointment with their local Jobcentre Plus and their Local Authority, as well as the number of refugees who are subsequently in receipt of their first benefits payment and alternative housing before the end of the move-on period.
- Publish information online regarding the expected process for providing move-on support through the AIRE contract to increase understanding, and with this uptake, of support.

The Ministry for Housing, Communities and Local Government should:

- Publish an evaluation of the Local Authority Asylum Support Liaison Officers (LAASLOs), including a process evaluation element with a specific focus on the measurable outcomes for refugees.

The Department for Work and Pensions should:

- Ensure Universal Credit case managers and work coaches working with newly recognised refugees are aware of the barriers the online Universal Credit system creates, and enable staff to provide additional support as required.

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