



**Commission on the  
Integration of  
Refugees**

# **The Asylum System and Refugee Integration:**

**Economic Analysis**



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# Introduction

This report gathers existing evidence on the integration of refugees in the UK and presents a model to estimate the economic implications of different approaches to the integration of refugees. The aim of the work is to explore the economic arguments for, and the costs associated with, expediting the integration of refugees by identifying five key “components of integration”. The analysis uses secondary data and evidence from a range of sources, including private organisations, central government, independent bodies and academic research.

The five “components of integration” analysed in this report are:



## Accommodation and Living Conditions

The locations where refugees are placed geographically, their quality of accommodation and the duration and continuity of where they live.



## Social Inclusion

The connections that refugees have to their local communities and how local communities engage refugees.



## Education and English Language Provision

The impact of and access to English language support for refugees.



## Health and Mental Health

Prevalence of physical and mental health conditions amongst the vulnerable refugee populations, and barriers to accessing healthcare, with a particular focus on mental health.



## Employment and Entrepreneurship

The ability to access employment opportunities, the type of employment opportunities and whether employment is matched to the skillset of the refugees.

The movement of people seeking asylum and the integration of refugees is a prevalent topic in British politics. In June 2023, the UK government announced the Illegal Migration Bill, which came at a time of heightened negative coverage of the position of refugees and people seeking asylum in the UK. The Bill essentially means that people seeking asylum through what the Government defines as “irregular means”, such as arriving via small boat, would be unable to claim

asylum in the UK, with the government’s intention to deter people from seeking asylum in the UK. This has been described as deepening the “hostile environment” narrative already present (Good Faith Partnership, 2022). The reception and integration of refugees has been consistently on the Government’s radar over the past couple of years, with new developments being debated during the progress of this study.

Oftentimes, the media will conflate those seeking asylum with economic migrants, questioning their motivations for coming to the UK and doubting them as genuine refugees. For example, former Home Secretary Priti Patel described those arriving to the UK by small boat as illegal migrants and not genuine refugees (Bulman, 2023; Walsh, 2022) and the negative media coverage around those seeking asylum in the UK is said to foster xenophobia (Good Faith Partnership, 2022). In 2019, another former

After exploring, presenting and evaluating the evidence in the existing literature, this report will explore the five “components of integration” in more depth, and then consider interactions between them. The intention is to fill a gap in the literature, as there appears to be little exploration of how the five components work together. There have been a few, limited economic studies of Government proposals, including a recent evaluation of the Home Office’s costs of the Illegal Migration Bill, which will

## **The interaction of five components of integration: social inclusion, living conditions, English language support, employment support and health are key in understanding the integration of refugees.**

Home Secretary, Sajid Javid, also questioned whether those arriving by irregular means such as small boats are genuine refugees. In 2022, former Home Secretary Suella Braverman used the word “invasion” to describe new arrivals into the UK (Bulman, 2023). In fact, people seeking asylum only make up 5% of the foreign-born population of the UK, equivalent to 0.6% of the overall UK population (Walsh, 2022). It has been argued that this risks preventing those seeking asylum after fleeing life-threatening danger from being able to reach safety and causes difficulties for those who gain refugee status to integrate into British society after being granted protection (Good Faith Partnership, 2022).

There have been several UK schemes to date to receive and integrate refugees in the UK, often announced after the event of a world crisis which triggers the forced movement of people, such as conflicts, natural disasters and climate crises. For example, in 2022, the UK government announced the Afghan Citizens Resettlement Scheme (ACRS) and the Homes for Ukraine sponsorship scheme. Also in 2022, the government announced the Migration and Economic Development Partnership with Rwanda.

be discussed later in the report. Most of the previous work explores the factors considered in this review in isolation, rather than as factors which interactively affect the integration of refugees.

The report will then present an analytical model to examine the economic costs and benefits of expediting and improving the integration process of refugees in the UK. The model incorporates different parameters which affect each of the five components of integration and separates three broad stages of the journey of someone seeking asylum in the UK. The report will then discuss the results of the analysis, including presenting the assumptions and limitations of the model. The analysis will be conducted across different scenarios to explore the impact of different levels of intervention. Finally, the report will present key headlines from the findings above and conclude with some recommendations for improving the integration process in a way that produces social and economic benefits.

# Literature Review

This rapid review firstly outlines the context of the situation of refugees in the UK, focussing particularly on costs associated with the current asylum system and statistics relating to people seeking asylum in the UK. Secondly, it will identify evidence on problems in the current system, such as the significant backlog of applications in the UK and the delay after submitting an application. Thirdly, the review will explore the factors associated with the integration of refugees, collectively referred to in this report as the “components of integration”: social inclusion; living conditions; English language support; employment and welfare benefits; and health.

Fourthly, the literature review will explore some of the interactions between the above factors, as it is recognised that these components of integration are interdependent. This will form the foundation of the recommendations set out later in this paper, which will identify a holistic integration package that the Government could use to expedite the integration of refugees into the UK. Evidence gaps will be identified and, finally, the review will conclude by identifying which specific gaps are addressed by this report.

Since there are few UK-based studies, several of the studies in this review refer to experiences from around the world. Moreover, evidence is often lacking for refugees and asylum seekers specifically, instead focussing on migrants or the UK population as a whole. For example, there is limited quantitative data on refugee health, so UK population-wide data are used to understand the prevalence and treatment of health conditions amongst vulnerable communities such as refugees. Where UK data is unavailable, robust international data from comparable contexts is used. Similarly, there is little quantitative evidence on the social inclusion of refugees: studies in this area are largely qualitative, so nationwide quantitative data are used in the analyses of inclusion initiatives. There is also little evidence on the role that host communities can play in the integration of refugees, putting the onus mostly on refugees.

**Components of integration are interdependent and need to be considered as a package to expedite the integration of refugees in the UK.**

## Context

The UK Government's latest policies and narrative concerning people seeking asylum have been characterised by their slogan "stop the boats", in reference to the number of people who have arrived in the UK by irregular means, such as small boat, since other means of reaching the UK have become dangerous (Kuenssberg, 2023). In 2022, net migration to the UK reached an all-time high of 606,000 (which accounts for all types of migration to the UK, not just those seeking asylum).

### Costs of the asylum process

Not all the costs of the asylum application process are transparent in the literature or available in the public domain. This is because many are either estimates or are variable depending on a range of factors. Across the asylum application process, costs are incurred in conducting interviews with people seeking asylum, case-working, issuing decisions after processing cases, addressing appealed applications, providing accommodation, making asylum support payments for those eligible to receive them, running detention facilities, processing enforced returns, escorting individuals, plus general costs incurred by the Home Office, such as staff and administration (Walsh, 2022).

The UK's current asylum system cost a total of £1.36 billion in financial year 2020/21. The year before, 2019/20, it was £956 million, which is part of the upward trend of costs over the last few years (Walsh, 2022). In June 2023, an official report from the Government revealed that it would cost £169,000 to remove each person seeking asylum from the UK under the Rwanda agreement, compared to £106,000 to process their application and keep them in the UK (Home Office, 2023). This includes a payment to the country they are sent to of £105,000 per individual plus £22,000 to escort the person and pay for their flights. This is not including the £120 million that the UK already paid to Rwanda and the £1.3 million spent on the legal debate around the permissibility of the Bill (Home Office, 2023). In addition, the Home Office admitted that these laws under the Illegal Migration Bill might not act as the intended deterrent against people crossing the English Channel in small boats (Morton & Francis, 2023). The Home Office report highlighted that there are practical barriers that might prevent the Bill delivering on its intentions, including lack of capacity in detention facilities. In other words, there are limitations that means the

Home Office is unable to assure that the Bill will deliver what is promised and make good use of public expenditure. The analysis in this report does not examine the Rwanda proposals, but the considerable debate about it demonstrates the need to understand the real cost of the UK's current asylum policies and whether an alternative approach might be better from an economic perspective.

One of the Government's asylum programmes is the Syrian Vulnerable Persons Resettlement Scheme (VPRS), launched in 2016. A National Audit Office (NAO) report estimated the cost of the scheme to be £1.112 billion for the 5-year period 2016 to 2020 (National Audit Office, 2016). Assuming the Government met the target of resettling 20,000 Syrian refugees under the programme, this would be equivalent to £86,700 per refugee in 2016/17 prices and £105,258 in 2022/23 prices (Home Office, 2023). The NAO compared these costs to the equivalent cost per year to keep someone in immigration detention of £36,026 (National Audit Office, 2023).

The biggest cost for the Government with the current asylum process is accommodation. Demand for accommodation is greater than supply, which means that the Home Office has needed to use hotels to increase accommodation capacity. Approximately 48,000 people seeking asylum were in hotel accommodation at the end of April 2023 and £2.28 billion was spent on hotels in 2022/23 (National Audit Office, 2023). The accommodation has been described as often "unsanitary" in cramped conditions and costs the taxpayer between £5.6 and £7 million per day (Bulman, 2023; Nathoo, 2023). For the Government's 2023 Illegal Migration Bill, there is an estimated overall cost of £3 billion to £6 billion for detention facilities, relocating and accommodation for those seeking asylum (Nathoo, 2023).

## Statistics on the movement of asylum seekers and refugees

In 2021, most asylum applications came from Iran, Iraq, Eritrea, Albania and Syria. Overall, the UK received 56,500 applications in 2021, of which 13,000 were granted asylum. The UK ranks sixth overall when compared to the EU+ countries (which are the EU, plus European Economic Area plus Switzerland) (in the number of accepted asylum applications (Walsh, 2022). However, when compared to the size of the population, the UK ranks 21st overall, even though the UK received the most asylum applications for 20 years in 2022 (Home Office, 2023). It is notable that when the EU received an increase in applications in 2015, the UK received 39,240 applications in 2016 and Germany received 722,270 (Collyer, 2023), suggesting that the narrative around the volume of applications that the UK receives may be overstated.

The UK has a backlog of immigration cases to resolve. In March 2023, there were 173,000 people waiting to hear the first decision of their claim for asylum (National Audit Office, 2023); by June 2023, this backlog had reduced to 138,000 for providing an initial decision (Sturge, 2023). Beyond this, another 5,100 were waiting to find out the outcome of their appeal (Sturge, 2023). In 2023, it took approximately 82 weeks on average to initially make a decision on an asylum claim, compared to 29 weeks three years earlier (Yeo, 2023).

In April 2023, the Home Office was processing an average of 1,310 decisions per week. They calculated the need to process an average of 2,200 per week to clear the backlog by the end of December 2023 (National Audit Office, 2023). Some reasons cited in the literature to explain why the backlog has become so large include the slow rate of processing applications, outdated IT systems, high staff turnover in the Home Office slowing down the process due to low morale and career progression, as well as insufficient training for staff to handle the work (Atkinson, 2023; Bulman, 2023; National Audit Office, 2023; Sasse et al., 2023). To handle this volume of applications, as well as to ensure that those already in the system do not add to the backlog if they are refused asylum, the Home Office would need to increase their capacity (National Audit Office, 2023). This volume of applications in the backlog adds to the costs of processing asylum applications in the UK.

## Problems in the current system

As explained in the statistics of asylum applications in the UK, there is a significant delay for those seeking asylum to receive a decision on their application. This is despite the fact, as noted earlier, that the UK receives far fewer applications in proportion to its population compared to EU+ countries (Walsh, 2022). Approximately two-thirds of all applicants were waiting for more than 6 months in the UK (Sasse et al., 2023), with the average delay being around 18 months (Yeo, 2023). The UK's average waiting time is longer than that in Germany (6.5 months wait), France (8.5 months wait) and Austria (3 months wait) (Casciani, 2023).

### **Asylum seekers face long waiting times on decisions on their applications, creating uncertainties and leaving many living in precarious conditions.**

Previous research explains the consequences of the long delays on asylum application decisions. Firstly, those waiting on a decision on their asylum applications face uncertainty for months, and sometimes longer than a year (Bulman, 2023; Phillimore & Cheung, 2021). During this period, they are not allowed to work and are forced to survive on the asylum support package, which is approximately £45 per week in cash payment and accommodation, only if they are destitute and therefore eligible for it (National Audit Office, 2023). Furthermore, they are unable to initiate their integration process until they have been granted refugee status (Phillimore & Cheung, 2021). Whilst waiting for a decision during the application process, people are eligible for accommodation from the Government. This means that, the longer the wait in the application process, the higher the accommodation costs the Government has to disburse (National Audit Office, 2023).





## Accommodation and Living Conditions

Evidence on the living conditions that asylum seekers and refugees face upon arriving in the UK covers factors such as the regional location of accommodation, quality, communication between those seeking asylum and authorities, levels of uncertainty, treatment of vulnerable groups, as well as the duration and stability of accommodation.

There is extensive research and media coverage of the costs of accommodation, particularly for Government-funded accommodation. However, there is little evidence on how the living situation of those seeking asylum and refugees affects their long-term ability to integrate or find a job. As of 30th September 2022, there were 37,113 main applicants and dependents living in temporary accommodation, with 50% of them dispersed across London and South East England (Walsh, 2022). Contingency accommodation is often a hotel, a bed and breakfast or a disused military site (Good Faith Partnership, 2022). For refugees, there are limits to the accessibility of private accommodation, and criteria for renting have been so strict that refugees have been unable to rent, leaving 81% homeless or at risk of becoming homeless. It was found that 44% of landlords were less likely to rent to people who did not have British passports and landlords were 53% less likely to rent to people without permanent residence. This discrimination and these regulations leave many people relying on the goodwill of charities, friends and food banks for survival (Good Faith Partnership, 2022).

As mentioned previously, accommodation is the biggest cost to the Home Office in the asylum process. The backlog of applications means that the accommodation costs increase further because people are housed in temporary accommodation for longer whilst they wait for a decision on their application. There are additional ongoing indirect costs since inappropriate accommodation hampers long-term ability to integrate (Phillimore et al., 2021). Under the Afghan Citizens Resettlement Scheme (ACRS), accommodation was provided far from major cities, with uncertainty and delays in decisions on asylum applications. The delays resulted in 3000 people being housed for longer than 6 months (Good Faith Partnership, 2022), adding further economic and social costs.

In 2023, the Government announced two new accommodation sites in the form of barges to house 1000 people seeking asylum in the UK (Francis, 2023). The intention of the new barges was to alleviate pressure on local communities and the limited hotel capacity. It was found that they would save the government approximately £10 per person, or 0.08% of the total daily £5.6 million cost on hotel accommodation (Taylor, 2023), whilst compromising ethics and humanity. In addition, staying on a barge could potentially exacerbate existing psychological trauma and compromise the ability of someone seeking asylum to integrate once they are allowed to leave.

Brook House is one setting where people seeking asylum have been accommodated; it was investigated after a whistleblower revealed the reality of staying there (National Audit Office, 2019). It was found that there were high rates of force and aggression from staff members, plus high rates of suicide - around 25% of detainees in Brook House were reported to have felt suicidal - and self-harm (Syal, 2023). Furthermore, 33% of detainees said they felt unsafe during their stay at Brook House and 80% reported feeling depressed there, without any capacity to access psychological support (HM Chief Inspector of Prisons, 2022). Brook House was designed to house people only temporarily for around three days before removing them if they are not granted asylum. In fact, there were 200 people who stayed for more than a year and one person spent 4 years in detention (Holt, 2017). Despite claims that it should be shut down, Brook House still operates (National Audit Office, 2019; Symonds, 2021). Other notable and large sites, such as Napier Barracks and Penally Camp, have also generated concerns about poor conditions and treatment, safeguarding issues, Covid-19 outbreaks and fire risks (Good Faith Partnership, 2022).



Living conditions interact with other factors to affect the integration of refugees, with Brook House being one example where the poor living conditions were associated with worsening health. Another example is the new Bibby Stockholm barge: soon after it opened in 2023, cases of Legionella were discovered, a bacterium which can cause lung disease (Rogers, 2023), causing further uncertainty, fear and ill-health in those housed there.

People seeking asylum are often kept in uncertainty, with little influence over where they end up staying for long durations of time, unable to work, and often in locations reported to be racist and deprived, further affecting their mental health, but with poor access to healthcare (Good Faith Partnership, 2022; Phillimore & Cheung, 2021; Walsh, 2022). Furthermore, people are often placed in large, isolating accommodation centres which are far away from their sources of support, such as friends, family or other refugee communities (Good Faith Partnership, 2022; Phillimore & Cheung, 2021). Indeed, evidence has found that symptoms of anxiety, depression and PTSD were higher in those who were detained than those who were not, with a rate of mental illness of 76% found in detention facilities (Graf et al, 2013, von Werthern et al., 2018).

**Accommodation available for asylum seekers is often of poor and uninhabitable quality, with high rates of force and aggression, further affecting their mental health.**

Accommodation is often of poor and uninhabitable quality. For example, reports show that, in some places, people are forced to share a dormitory with 12-14 other people who they do not know, in rundown conditions and without safeguarding protection (Good Faith Partnership, 2022). Only 42% of people in Brook House, for example, reported that it was quiet enough to sleep at night (HM Chief Inspector of Prisons, 2022). Meanwhile, there seems to be an unwillingness to address this situation, as in 2023 the UK's Immigration Minister said it is "fair" for asylum seekers to share hotel rooms when held in detention (Kuenssberg & Whannel, 2023). There is also evidence that more time spent in temporary accommodation is associated with a higher likelihood of being refused permanent accommodation (Good Faith Partnership, 2022), creating a long-term cycle of poor mental health and social exclusion.

For those who have been able to gain their asylum status, there is limited literature on the exact quantitative effects of the geographical dispersal of their homes. However, it has been noted that the location that refugees are placed in is associated with positive short-run employment outcomes (in the type of employment and earnings) only when the location has a labour market with good employment opportunities, and when also receiving language training (Foged et al., 2022).



## Education and English Language Provision

There is only sparse evidence on access to or quality of education, including higher education access and access to schools for minors, although it has been suggested that some asylum-seeking children have been excluded from other activities for children (Good Faith Partnership, 2022). Unlike the living conditions factor, which is mostly applicable to those seeking asylum, difficulties with education relate mostly to those who have already gained their refugee status.

Among the reasons why people came to the UK for asylum rather than to other safe countries are colonial links between the UK and their home country, the belief that the UK is a tolerant country and a desire to learn English (Walsh, 2021). Education provides the tools for new arrivals to integrate and hence serves as a measure and a means of integration. For example, education allows new arrivals to access employment opportunities, to make social connections and to understand the host society's culture better (Ndofor-Tah et al., 2019).

Language support interacts with other factors which affect the integration of refugees, such as the ability of refugees to find employment, educational opportunities and how able they are to access healthcare (Foged et al., 2022; Ndofor-Tah et al., 2019). There is evidence that the combination of language training, an optimal geographical location and strong labour markets results in improved labour market outcomes (Foged et al., 2022). In Denmark, a language training programme offering 430 hours of language training in the first 3 years after gaining asylum protection was established. This approach resulted in a higher long-term, permanent probability of finding employment by 5% to 6% and an increase in yearly earnings by \$3,000 per year in 2015 prices (Foged et al., 2022).

In Sweden, there was a 17% to 19% higher chance of finding employment following a language training programme (Foged et al., 2022). The language support resulted in refugees being able to switch their occupations to jobs that require more communication, which paid more, as well as encouraging younger people to gain professional qualifications (Arendt et al., 2020; Foged et al., 2022). Furthermore, the long-run impact on employment and earnings was strongest for those who faced bigger barriers to learning the language, for example women and people coming from countries which were culturally and linguistically furthest from Denmark, with an increase in earnings of up to \$4,000 USD (Foged et al., 2022). These long-term effects, particularly with evidence that they permanently affect employment outcomes, show how language training is inextricably connected with higher value employment outcomes and reduced inequalities for the most vulnerable in society.

As well as affecting employment outcomes, language support enables refugees to create social connections and develop the communication skills required to access civic education (Arendt et al., 2020). This is in contrast to refugee and asylum detention centres, where people held there have limited access to the local community, interactions with other people, and fewer opportunities to engage with the community whilst they stay there (Foged et al., 2022). Over the long term, greater language support results in a reduction in inequalities, less marginalisation of the most vulnerable groups (including refugees), and more social cohesion (Arendt et al., 2020).

**English language support is key for the integration of refugees, impacting their ability to find employment, social cohesion and how easily they can access healthcare.**

There is evidence on the barriers people face in accessing and making progress in language skills. For example, refugees have experienced trauma and lost some of their human capital during their migration. Trauma and psychological distress make it harder for refugees to focus on the administrative demands placed on them, including language training, whilst they are trying to settle (Foged et al., 2022). Others face barriers in attending in-person classes with their other commitments and needs, such as accessing transport. For some, having access to online classes provided the flexibility to study alongside other responsibilities, such as caring commitments (Home Office, 2023). Age is also a factor: minors under the age of 11 achieve better long-term language proficiency and employment outcomes compared to older people (Foged et al., 2022).

As of 2022, the average price per lesson for English classes is £25 per person (Refugee Support Group, 2022). Eligibility for English language support varies depending on the scheme under which someone arrives in the UK. For example, for people from Hong Kong, funding is provided for up to £850 per adult. Under the Homes for Ukraine Sponsorship Scheme, there is £10,500 funding per person. Many of the

schemes provide funding for between 3 and 5 years, but they each have different eligibility requirements. For example, some people arrive with employment prohibitions as part of their conditions issued by the Home Office, which means that they cannot access English for Speakers of Other Languages (ESOL) which is intended to lead to increased employment (Greater London Authority, 2023).

There is evidence for how much English language support someone requires in order to progress by one level. One calculation is that an average student will need 300 hours of English language support to progress by one level (where the range is 200-400 hours), which can be taken over the course of one year (Refugee Action, 2016). According to the Common European Framework of Reference (CEFR), which is the commonly used measurement for language proficiency in Europe, it takes 200 guided learning hours to progress per level (Cambridge English, 2013). B1 is often cited as the minimum level required to gain a job in the UK and is a visa requirement, particularly for public-facing roles (GOV.UK, 2023; Greater London Authority, 2023). The 5th and 6th levels, C1 and C2, are considered fluency.



## Employment and Entrepreneurship

Employment is another factor that affects the integration of refugees. For the purposes of this review, employment is considered in terms of the ease and ability to find and gain employment, type of employment, whether it is matched to the skills and training of refugees, and rate of employment. Some literature notes that if employment is to be used as a measure of integration, availability of employment should also be considered since this is directly related to the employment rate (Foged et al., 2022; Phillimore, 2021).

The asylum process in the UK is such that people are not granted the legal right to work unless they have waited for a decision on their application for longer than 12 months. If that condition is met, they can only work in one of the jobs on the predefined shortages list (Aleynikova & Mosley, 2023; Casciani, 2023). Compared to other EU countries, where those seeking asylum can work after 9 months of waiting, the UK has the strictest job market restrictions for those seeking asylum and is one of the six European countries that only provides the right to work after someone has waited for more than one year (Aleynikova & Mosley, 2023; Walsh, 2022). Without the ability to work for this period of time, refugees spend months (and sometimes longer than a year) waiting in uncertainty on their residency status. This time could have been spent working in a job where they interact with others, earn an income and gain a sense of independence in their communities, all of which facilitate their ability to integrate (Walsh, 2022). These regulations contrast to Canada, Australia and Sweden, for example, where people seeking asylum are permitted to work immediately (Walsh, 2022).

Further evidence from previous research identifies that waiting for the right to work (in the UK, this means gaining refugee status) for one extra year results in a 4% to 5% reduced chance of finding employment, which is equivalent to 16% to 23% reduced chance of employment compared to the average rate of employment (Hainmueller et al., 2016). Reasons cited for this include the psychological burden and stress of finding employment, plus the additional time outside of the labour market reduces overall employability (Hainmueller et al., 2016). The European Commission estimated that 25% of refugees are employed after 5 years in the UK (European Commission, 2016) and the UK Government estimated that 49% of refugees are employed after 21 months in the UK (UK Government, 2010), further reflective of the barriers that are faced to find employment in the UK as a refugee.

There is evidence that reducing how long someone waits to receive a decision on their asylum application reduces Government expenditure (Hainmueller et al., 2016). The costs identified of long waiting times include: less revenue from income tax whilst people are out of employment, smaller national insurance contributions (NICs) and council taxes; more expenditure on asylum support, housing and healthcare costs; societal costs such as weaker integration, mental health and the risk of entering slavery; the opportunity cost of missing out on the higher income and higher expenditures, and, through the feedback multiplier, lower economic output (where employment would in most likelihoods pay more than the approximately £45 per week that someone receives on asylum support, resulting in higher expenditures) (Aleynikova & Mosley, 2023). Qualitatively, it was found that enabling the employment of refugees results in an increase in wellbeing, since employment is a means to address trauma by providing people with independence and agency, as well as reducing costs on the NHS by keeping people in the workforce (Aleynikova & Mosley, 2023).

This same study from the National Institute of Economic and Social Research reviewed the quantitative impact of lifting the right to work restrictions on people seeking asylum on the UK economy (Aleynikova & Mosley, 2023). The authors calculated a net economic benefit (including the savings and extra economic output) of £20,000 per person per year if people seeking asylum could work whilst waiting on the decision of their asylum application. This analysis assumed typical employment patterns (around 65% employment rate) to calculate this figure. Additionally, this change would result in an average increase in tax revenue of £1.3 billion per year and an average reduction in government expenditure of £6.7 billion per year between 2023 and 2028. The net fiscal benefit is calculated by adding up the saved housing support costs (£662 per month in 2023 prices, which amounts to £8,000 per year) and reduced financial support payments, depending on which section of the Immigration and Asylum Act 1999 individuals fall under. At the time of the study in June 2023, under Section 95, individuals are entitled to £45 per week (which is £2300 per year) and £500 per year under Section 98. The study found that, as of 31st December 2022, there were 55,817 people under Section 95 and 49,493 under Section 98. Healthcare spending also reduces. The study found the impact to be greatest for those with mental health conditions, saving £718 per year in healthcare costs by having employment. Additional income tax and NICs were estimated to be £6,400 per person in employment. Working individuals are also eligible to pay council tax, averaging £1,500 per annum. The study calculated that the overall impact would represent an annual increase in GDP of 0.7%, estimated around £1.6 billion.

**Enabling employment improves wellbeing, helps address trauma by providing refugees with independence and agency and reduces healthcare costs.**

It has also been found that there is little connection between the reasons why someone would leave their home country and any availability of jobs or the UK's benefits process. The actual reasons for leaving one's home country include: fleeing conflict and persecution, living in a peaceful country, and living in a country where there are historical or linguistic

ties (Aleynikova & Mosley, 2023; Walsh, 2021). Therefore, it cannot be empirically concluded that people seeking asylum intentionally choose the UK for the sole purpose of finding a job there, so offering employment upon arrival should not affect the volume of people who arrive. The UK typically accepts 35% of applications, comparable to Sweden's 25% acceptance rate where people seeking asylum are granted the right to work, which supports this claim further (Aleynikova & Mosley, 2023).

The literature also identifies the additional challenge of job matching. Qualifications obtained outside the UK are not always recognised or translated into a UK context, which results in underemployment and unemployment (Good Faith Partnership, 2022). There is some discrimination in the job market as well as a lack of training and awareness amongst sponsor groups on how to help someone with refugee status to find employment (Good Faith Partnership, 2022). In Poland, Turkey and the UK, some attempt has been made to match refugees with jobs that align to their skill level, in order to fill a job shortage in certain industries and provide meaningful employment for refugees. Poland has hosted the largest number of Ukrainian refugees. The Polish government noticed that a significant proportion of healthcare staff amongst the refugees did not hold a licence to practise in Poland. As a result, they launched a programme to integrate qualified Ukrainians into employment in healthcare (Kluge, 2023). This resulted in 4,200 Ukrainians being granted temporary licences, as well as the provision of lectures, online courses and materials to support those refugees accessing and working in healthcare (Kluge, 2023). The UK also adopted a similar system during the COVID-19 pandemic under the Medical Support Worker (MSW) scheme. This allowed refugees who are qualified medical doctors to pass the General Medical Council practical exams and perform medical tasks, which doubles as a form of language support for people seeking healthcare as well as increasing the capacity of the healthcare system for the host country. It additionally allowed them to gain experience and reduce the disadvantage they face in the workforce (Kluge, 2023; Mahase, 2021).

In terms of welfare support for people seeking asylum, the UK government offers £47.39 per week per member of the household, plus accommodation without any choice of where to live, as of July 2023 (Home Office, 2023). This weekly allowance is designed to cover living needs beyond accommodation costs,

such as food, healthcare, day-to-day living essentials, transportation and mobile phones. It is only provided if the person is destitute (Aleynikova & Mosley, 2023) and it is a flat payment for everyone, regardless of their parental status or age. To be eligible for other welfare benefits, which have their own strict eligibility requirements, the person has to be granted refugee status, so they are required to wait for a decision on their application first (Good Faith Partnership, 2022; Walsh, 2022).

The impact of employment on integration has also been explored in previous research. As explained in the context section of this review, the UK has some of the longest waiting times for asylum applications in Europe and the strictest employment restrictions. Longer waiting times on an application are associated with a negative effect on long-term employment outcomes (Ruiz & Vargas-Silva, 2021) and, by consequence, limit the extent to which people waiting for a decision on their asylum application can fully integrate after their applications are approved (Refugee Action, 2016). This is because, whilst they are waiting for their applications to be approved, they are unable to become financially independent, integrate into the community, or develop their communication skills through work or socialising. This is in the context that refugees already face discrimination as they are often from countries which are culturally and linguistically very different to the UK. There are further social inequities, as refugees are more disadvantaged than people who migrate for other reasons, such as economic migrants or students (Foged et al., 2022), which employment could help to mitigate.

In addition, the continuous issuance of short-term work visas has been found to lead to exploitation and leave people facing mistreatment (Aleynikova & Mosley, 2023; Atkinson, 2023), further weakening the ability to integrate effectively into a community. A study comparing Japanese work culture with the UK Community Sponsorship schemes found that an effective way of integrating refugees through employment is to combine community support (rather than relying solely on self-sufficiency of refugees) with employment support, with the intention of integrating refugees (Phillimore et al., 2021). The idea is to emphasise the two-way process of integration through community and state support, as well as helping refugees to develop their own agency. Employment provides individuals with a sense of independence and agency, which men particularly valued in the Japanese study, as well as the feeling of being valued and useful to the host country (Aleynikova & Mosley, 2023; Phillimore et al., 2021; Walsh, 2022).

The subsequent quality of life and mindset depends on further factors, such as the type of employment and social relations at work (Phillimore et al., 2021), as well as living conditions during employment (Foged et al., 2022; Phillimore et al., 2021). It was found that, in rural areas in Japan, jobs were more limited and actually getting to work was difficult because of limited and unaffordable transport options, whilst in Denmark, when refugees were placed in an area with a strong labour market, their long-term employment rate increased by 2% and annual income by USD \$900 in 2015 prices (Foged et al., 2022).





## Social Inclusion

The topic of social inclusion identifies how involved and included refugees are in the communities in which they have been settled, which ultimately affects how integrated they become. Social inclusion is understood to be the ability to feel safe and respected, have a sense of belonging, have identities accepted and have a network of meaningful connections. For the purposes of this report, social inclusion is interpreted as social connections, networks and relations that an individual has after settlement (Lessard-Phillips et al., 2020; Ndofor-Tah et al., 2019). The literature categorises these relations in terms of bonds through which refugees establish a sense of identity and connection to their communities (Asmal, 2023), which do not necessarily have to be a shared ethnicity, faith or nationality (Ndofor-Tah et al., 2019). The literature identifies ways to make these social connections successful, through bridges which create diverse social connections with the aim of reducing segregation between communities (Asmal, 2023).

Some of the previous research focuses on Government-run schemes to enable the resettlement and social inclusion of refugees. Three schemes are summarised here: Homes for Ukraine, the Community Sponsorship Scheme and the Syrian Vulnerable Persons Resettlement Scheme (VPRS).

Homes for Ukraine was established in 2022 following the advent of the Ukraine war. The UK Government encouraged the British public to offer spare rooms in their homes to Ukrainian refugees and offered a cash payment of £350 per month for the first 12 months for people who hosted refugees in their homes (Department for Levelling Up, Housing and Communities, 2023). In the first 24 hours of this request, 120,000 interests were registered to commit to hosting Ukrainian refugees for six months in their homes. The scheme included a further 6 months of support to help them to settle into the country. Ukrainian refugees were permitted to live and work in

### **Social integration is a two-way process requiring both the refugees and the host society to actively engage with it.**

It is also necessary that refugee policies have the cultural, societal and gender sensitivities that reflect the heterogeneous experiences and identities of refugees (Asmal, 2023), as well as that refugees have the resources to reach out to services and institutions that can support them and reinforce their rights.

Evidence on social inclusion predominantly focuses on how refugees themselves can facilitate their own integration, more than how the communities can take action to also include refugees. Indeed, it has been noted that some refugees feel responsible for their own integration, with little responsibility shared with the host society (Asmal, 2023), even though integration is a two-way process and requires refugees to be accommodated by the host society in addition to the effort from refugees (Asmal, 2023; Phillimore, 2021). Of refugees in the UK, 56% have lived in the UK for more than 16 years (Walsh, 2022), which suggests that there are some factors which have aided them to stay and settle in the UK.

the UK for three years and access education, support for employment, English language classes, healthcare and specific benefits (Good Faith Partnership, 2022). As of 11th July 2023, the Ukraine Sponsorship Scheme (Homes for Ukraine) had received 202,300 applications for a visa, of which 165,300 have been granted. The other scheme, Ukraine Family Scheme, received 99,900 visa applications and granted 69,300 visas (Home Office, 2023). A key advantage of the scheme is that, since refugees are placed in the homes of people resident in the UK, they are, by nature, very likely to be socially included into communities, with a host family which guides them to navigate services and which becomes a source of informal social and language support. There is no research quantitatively analysing the success of the scheme in terms of its ability to build social connections. However, this scheme is built on the two-way nature of integration, for which the literature recognises that communities need to actively receive new arrivals in order to facilitate integration (Ndofor-Tah et al., 2019).



The Homes for Ukraine scheme received some criticism for overlooking safeguarding concerns, particularly for minors under 18, and for what was described as the Government's lax approach to the scheme, leaving the responsibility to socially include the refugees in the hands of the hosts (Simpson, 2022). Despite this, the size, reach and interest of the scheme showed a high level of willingness in the British public to host and integrate refugees into their homes and wider societies. Some initial findings noted that Ukrainians faced issues finding housing and hosts (Good Faith Partnership, 2022) and that, although 56% of Ukrainian adults were in employment, 65% of those working were not in the same sector as they were working in when previously in Ukraine (ONS, 2022). Furthermore, 56% of Ukrainians said that they faced a language barrier to finding employment, and which would also affect their ability to create connections (Meade et al., 2023; ONS, 2022). There were also barriers to integrating with the hosts themselves, with some evidence showing an erroneous preconception of British people assuming refugees to be less educated and "poor" (Jones & Kogut, 2023; Meade et al., 2023).

The second scheme reviewed is the Community Sponsorship Scheme, which has been established in some countries to enable social connections to be made. In the UK, the Home Office founded the Community Sponsorship Scheme (CSS) in 2016. It created connections between civil society organisations, faith groups and newly arrived families, relying predominantly on face-to-face support. The scheme provided support in the form of accommodation, including connecting refugees with host families, language support and help to access healthcare, employment and schools (Good Faith Partnership, 2022; University of Birmingham, 2019). For the scheme to work, a host family welcomed the refugee family and introduced them to the community, acting as a guide and source of support throughout their first year, helped them to find a home, and provided friendship (University of Birmingham, 2019). It aimed to result in mutual friendship, exchange and connection between hosts and refugees (Lessard-Phillips et al., 2020; University of Birmingham, 2019). The scheme was phased out during the COVID-19 pandemic, and it appears it has not been broadly re-established or publicised. There is little quantitative evidence on the outcomes of this scheme.

The Syrian Vulnerable Persons Resettlement Scheme (VPRS) was launched in 2016 and closed in 2021 (UNHCR, 2021). In total, 16,350 refugees were resettled between 2015 and 2020 in the VPRS and the Vulnerable Children's Resettlement Scheme (VCRS) (ONS, 2023). There is limited quantitative evidence on the overall efficacy of the scheme. However, one study found that many Syrian refugees felt like they were misunderstood, endured racism or islamophobia. They felt that their experiences were not validated, such that they felt they belonged to nowhere as they were unable to connect to their homeland having already left their family, nor their new home. Some also reported feeling incomplete after losing their identities (Asmal, 2023).

The literature identified barriers to the VPRS's success. Although the Government had dedicated £10 million of funding to English language classes under the VPRS scheme, there were further barriers to its success since many schools were unaware of the extra funding for which they were eligible under the scheme. It was noted that this scheme needed to improve its provision of language support to better support refugees in building social connections and integrating into the UK (UNHCR, 2021). If they did receive language support, others struggled to attend the language classes because of other barriers they faced, such as ongoing medical treatments and mental health problems (UNHCR, 2017).

Moreover, another barrier to the scheme becoming successful is that some refugees were left struggling to form social connections because they were placed in rural areas (UNHCR, 2021). These limitations in accessing language support under the VPRS meant that many refugees were left unable to interact with the British population, less able to understand certain customary and cultural aspects, unable to access employment, limiting their ability to form social connections. In conjunction with the hostile environment which has been cited as one of the factors that makes refugees feel less welcomed in the UK (Good Faith Partnership, 2022), limited access to language support weakens the ability of new arrivals to create social connections in the UK.

There is no UK evidence on the costs or economic benefits of the social inclusion of refugees. A study from Australia recognised some of the benefits of social inclusion (in general, not of refugees in particular) on the Australian economy and an overall economic benefit of AUD12.7 billion annually (Deloitte, 2019). These benefits included better employment outcomes, as people are less likely to face discrimination and more likely to find meaningful work, and improvements in physical and mental health, with lower rates of isolation, anxiety and depression. The study also found that, of the AUD12.7 billion overall, around AUD5 billion is attributable to greater productivity in the workplace, as there are higher rates of creativity, innovation and profitability and AUD6.5 billion a year of benefits from better health outcomes (Deloitte, 2019).

A loosely similar study in the UK found that, if the UK's general social mobility increased slightly to the same level as in other West European countries, there could be a 9% increase in GDP, which is equivalent to a £170 billion (in 2016 prices) increase in the economy per year (Friedman & Laurison, 2023). Given that 53% of refugees (compared to 25% of economic migrants) report feeling British in their national identity (Campbell, 2019), there is power in nurturing this feeling of belonging by becoming a society that is inclusive for refugees. These benefits are not only for those directly included by the socially inclusive policies, but for everyone in society.



## Health and Mental Health

The fifth factor affecting integration explored in this literature review is health, covering access to healthcare, eligibility for healthcare, and prevalence of particular health conditions amongst the refugee population. Evidence is limited specifically for people seeking asylum and refugees in the UK, as data often cover the population as a whole or migrants in general.

There is evidence on the prevalence of health conditions in people seeking asylum and who have been granted refugee status. The Refugee Support Group (2022) found that 56.1% of Refugee Support Group service users were below the UK wellbeing average in 2022 and 21.6% were below the NHS benchmark to be deemed to have overall low wellbeing. There was an 18% rate of disability in the population of resettled refugees between 2015 and 2020, which is the same rate as the UK population as a whole, and 43% reported having good health, compared to 48% of the UK-wide population (ONS, 2023). Most literature on health qualitatively identifies mental health conditions, with a gap in substantive analysis of physical health conditions of refugees. As a BBC article noted, many people are traumatised before reaching the safe country, linked to the journey, seeing loved ones die, experience of abuse, rape, torture and fighting (Elmi & Simson, 2023). A recent review of the social determinants of mental illness highlights the complex risks faced by refugees and asylum seekers (Kirkbride et al., 2024).

**Longer asylum waiting times are associated with worse health outcomes, due to harms from uncertainty and by keeping people in detention and degrading them.**

There is further qualitative evidence of mental health conditions being exacerbated after reaching the safe country. For example, in the UK, people seeking asylum are faced with several months of waiting on their application, a complex legislative process and uncertainty, without any sufficient or stable financial support. Uncertainty and stress about the future, in addition to existing psychological distress, is another factor in the mental health conditions of people seeking asylum (Elmi & Simson, 2023; Phillimore & Cheung, 2021). One in five of those who experienced war or conflict in the last decade have depression, anxiety, post-traumatic stress disorder, bipolar disorder or schizophrenia, and one in 11 have a severe or moderate mental health condition (UK Government, 2021). Post traumatic stress disorder (PTSD), anxiety and depression are more prevalent among asylum seekers and refugees than in the general population (Phillimore & Cheung, 2021; Kirkbride et al., 2024). Among Syrian refugees, PTSD prevalence was found to be in the region of 16% to 84%, depression prevalence between 11% and 49%, and anxiety disorders prevalence between 49% and 55% (Hendrickx et al., 2020).

A study using the UK's New Refugees' Survey found that longer asylum waiting times are associated with worse health outcomes, due to direct and indirect harms from the uncertainty (Phillimore & Cheung, 2021). Waiting directly causes harm by keeping people in detention and degrading them, giving them no control over their life choices and outcomes, as well as indirectly harming them through instilling fear into those waiting. A comparable context to the UK is Canada's refugee resettlement scheme. Since 2015, Canada has resettled over 40,000 refugees under the Syrian Refugee Resettlement Initiative. Studies found that those who were resettled with no uncertainties in their application process had lower rates of depression than Syrians resettled under similar schemes in other countries where they were facing uncertainties (Ahmad et al., 2020; Phillimore & Cheung, 2021). These harms could be mitigated and reduced if the waiting times on the application process are reduced and if integration is facilitated to provide support as early as possible for people seeking asylum.

Although the evidence shows the high prevalence of mental health conditions in the population of those seeking asylum and refugees, there are significant barriers in accessing healthcare. These intersect with the other components of integration addressed in this review. There is an interaction between education access and healthcare. For example, there are often language (and sometimes cultural) barriers that impede someone's ability to access healthcare. It becomes difficult to find healthcare in the first place, then to communicate needs with the healthcare professional, as well as to be fully understood by someone who appreciates their cultural, religious and migration experiences. Findings from the first national refugee resettlement programme, the Gateway Protection Programme, revealed that 41% of refugees struggled to access healthcare because of language barriers (Good Faith Partnership, 2022), even though the majority (76% of VPRS refugees, for example) are registered with the NHS (ONS, 2023). Another study found that 32% of refugees in Switzerland and the Netherlands faced worries about not being able to access healthcare for their problems (Spaaij et al, 2023).

Another challenge is that it is not always clear what support is available for people seeking asylum and people who have gained their refugee status. For example, people seeking asylum are entitled to full NHS care, but this is not known by everyone (Elmi & Simson, 2023). There are also reports that GPs are not aware that people do not need to be ordinarily resident in the UK to register with a GP (this is only a requirement for the NHS more broadly), which is a further barrier to access healthcare for people seeking asylum and refugees (Good Faith Partnership, 2022).

There is evidence that, with higher levels of social inclusion and support from the community, there is less pressure on the healthcare system. For example, communities could provide a source of companionship, peer support and social inclusion more generally (Asmal, 2023; Deloitte, 2019). As well as social inclusion, there is a strong connection between health and living conditions. There has been some focus on the health of those who are currently in asylum detention, without having received their refugee status yet. Concerns have been reported about detention facilities and the harm they cause, as noted above (for example, relating to Brook House).

There are high rates of suicide and self-harm as well as limited training for staff in mental health management (Good Faith Partnership, 2022). Accommodation of this type is unsuitable for people with PTSD and nightmares, as they are placed in an environment conducive to trauma by being kept in the same place as people who have committed crimes (Dikoff et al., 2023; Good Faith Partnership, 2022). Moreover, the status and treatment of people in accommodation whilst waiting for a decision on their application is harmful. For example, they could be electronically tagged, forcibly removed, continuously monitored, under curfew and live in dehumanising places such as former army barracks (Dikoff et al., 2023). In addition to the impacts on individuals' mental health, unstable housing also makes it difficult to have consistency in their medical appointments (Dikoff et al., 2023).

Available evidence also shows a bidirectional relationship between health and employment. Employment provides a sense of agency, independence and self-esteem. Without this, people are left with dependency and uncertainty, which can be distressing (Aleynikova & Mosley, 2023; Good Faith Partnership, 2022). Moreover, unemployed people are more than twice as likely to experience a major depressive disorder than those in employment (Aleynikova & Mosley, 2023; Walsh, 2022). Lack of access to work, as well as experiencing racism, leads to more mental health problems after one year of gaining residency (Ahmad et al., 2020).

As well as being in employment, the type of employment is significant for health. From the evidence on migration as a whole, being in low-skilled jobs is associated with a higher likelihood of health problems. Those who migrated to seek asylum, as opposed to economic or education migrants for example, also have worse health outcomes. They are less likely to be able to move out of low paid work, which is a further stressor on their health (Fernández, 2020). This is a cyclical problem; having a low-skilled, low-paid job can be a stressor on health; having poor health can limit ability to work in the first place, reducing overall participation in employment, which is a further strain on health (Fernández, 2020; Walsh, 2022). If there are restrictions on the type of work that someone can do, this could mean people are at risk of being exploited, deepening the negative impact on their health (Aleynikova & Mosley, 2023).

Worse mental health is associated with worse employment outcomes. The evidence is limited in the UK, so comparable international studies can be cited. For example, a study analysing the employment outcomes of refugees in the Netherlands found that depression is associated with worse employment outcomes and integration (de Vroome & van Tubergen, 2010). Another nationwide study of employment outcomes, this time in Australia, found a strong association between mental illness and employment outcomes (Olesen et al., 2013). In the US, people with moderate mental illness have an employment rate of 62.7%, compared to 75.9% for those who have no mental illness and 54.5% for those who have serious mental illness (Luciano & Meara, 2015). These studies found that having mental illness can be a barrier to finding employment since there are restrictive disability and health policies, employers may be hesitant to hire those with mental health conditions and there could be a lack of support in the workplace (de Vroome & van Tubergen, 2010, Luciano & Meara, 2015). Since it is known that refugees have worse mental health outcomes than the general population, although there are very limited studies analysing the interaction specifically between the mental health of

refugees and their employment outcomes, this report will apply the effect of mental illness on employment to reflect employment outcomes more accurately.

There is also a connection between health and the effectiveness of integration. The psychological distress and trauma of fleeing their home countries, going through the asylum process and trying to start a life again in the host country can greatly impact and hinder the integration process (Refugee Support Group, 2022). A German study found several links between mental health and the quality of integration of refugees. These were trauma and being preoccupied with worries of those left behind; the stress of the uncertainty of the outcome of their asylum application (Phillimore & Cheung, 2021); mental health issues which prevent them from finding employment; the psychological toll of the administrative process, such as attending language courses and bureaucracy; the lack of social connection; and facing xenophobia (Phillimore & Cheung, 2021; Walther et al., 2021). Many are also isolated from their friends, family and culture (Walther et al., 2021). This latter study shows the inextricable link between health policy and long-term integration.

## Interaction between the “components of integration”

As shown from the literature review, the evidence largely touches upon each of the factors in isolation: it asks how social inclusion affects integration, in the same way for living conditions, language training, employment, and health. A few studies which have been reviewed here consider interaction between two or more factors. For example, Foged et al. (2022) consider the interaction between language support and employment outcomes, which are both known to affect how refugees are able to integrate. The study by Ndofor-Tah et al. (2019) identifies the connections between employment, housing, education, social care, social connections, leisure time, language and rights, but does not provide recommendations for what this could look like in practice, nor the economic costs or benefits of this type of integration.

A programme relevant to this study is the Home Office’s 2023 Refugee Employability Programme (REP), which is offering an Enhanced Integration Package (EIP) (Home Office, 2023). This programme aims to help those who have gained refugee status to find employment, using specialised services tailored to the specific needs of refugees. For example,

support might include help with CV and interview, English language and general integration, which could include signposting refugees to services in the community such as how to access their GP or find a group locally. Refugees are assigned a case manager who will provide them with a tailored plan for their individual needs. It is estimated that this scheme will cost in the region of £52 million (Your Tender Team, 2022). This scheme runs for 18 months between May 2023 to May 2025 and is open to those who meet certain criteria:

- › arrived by an official UK Resettlement Scheme, such as the Afghan Citizen Resettlement Scheme, the Community Sponsorship Scheme or the Refugee Family Reunion Scheme;
- › or given the Refugee Permission to Stay after 28th June.

As well as the above criteria, the refugee must also have Indefinite Leave to Remain or be on the 5-year pathway to settled status (Home Office, 2023).



## Conclusion from the review and gaps in the literature

Overall, previous research shows that there is currently not a single, consistent programme that the UK Government uses for processing and handling asylum applications and for integrating refugees after they have been granted asylum. Instead, there have been several schemes announced by the Government, some reacting to world events which trigger people to flee their home countries and seek refuge elsewhere. Each scheme has had its own set of eligibility criteria, routes to gaining asylum status, and differing levels of support once someone is settled in the UK. At the same time, recently there have been more notable waves of people needing to seek asylum, as well as heightened negative media coverage.

This literature review has identified five factors as components of integration, largely in isolation from one another. However, there is recognition of the interactions between the components, such as evidence of a connection between language support and employment outcomes, and how geographical location can also affect employment outcomes. There is a well-known connection between health and living conditions, with the uncertainty of unstable accommodation deepening existing health conditions. Without language support, it becomes very much harder to find employment, access healthcare and create social connections.

The review, although rapid, has identified several evidence gaps. There is, for example, a lack of quantitative analysis of Government asylum policies such as the Homes for Ukraine, Community Sponsorship Scheme and Vulnerable Persons Resettlement Scheme. The Home Office's analysis of the Illegal Migration Bill also had uncertainty in the estimates which they made (Home Office, 2023). Another major gap is the limited amount of

longitudinal evidence: most studies focus on short-term rather than long-term outcomes. For two components, health and social inclusion, much of the evidence is qualitative: often this is high quality and informative, but it limits what can be done in terms of economic modelling. Another limitation is that some of the evidence is not from the UK or specific to refugees, meaning that international comparisons and inferences will need to be made in our analyses below to determine how quickly and how well refugees integrate.

Although the purpose of the review was to find evidence to support the economic modelling, it is also worth noting where research might be conducted in the future. It would be helpful if more studies focused specifically on the refugee and asylum-seeking population. For example, research could try to identify and measure the prevalence of health conditions and the treatment of those conditions within this population, rather than having to rely on data from the UK population as a whole. Future research could also include longitudinal studies of the long-term benefits of language support in the UK. Further studies could focus on the economic outcomes of historic government policies in the UK to identify what has or has not been effective and cost-effective.

The remainder of this report will focus on the economic analysis, exploring the economic case for expediting the integration of refugees in the UK.

**There are well-known connections and interactions between the different components of integration that need to be recognised to effectively improve the integration of refugees.**

# Methods

## Overview

Based on the findings from the literature review, we constructed an analytical framework to represent the journey of refugees in the UK using a Markov model approach. This approach was discussed and revised with an informal advisory group of experts in economic modelling and researchers in the fields of migration and refugees to ensure that the model achieves a good balance between feasibility, robustness and realism.

As far as available data allow, the model includes interactions between the five components of integration. The primary purpose is to analyse the effect of expediting the asylum application process initially, and then by adding the combination of language support, employment support and specialised healthcare at various levels. As we saw

earlier, these components are intertwined: for example, language is often a barrier to accessing healthcare, and employment can provide a sense of agency and higher wellbeing. Both are also directly related to how well someone can form social connections and find belonging in their communities. This supplements the Refugee Employability Programme (REP) by offering specialised healthcare, an expedited asylum process, support for longer than 18 months and more inclusive eligibility criteria by including those who might be excluded by REP's criteria but still require integration support. These latter people could include those who did not arrive via an official UK Resettlement Scheme, but instead came by an irregular means and have not yet been given the Refugee Permission to Stay.



## The model: the asylum journey from application to integration

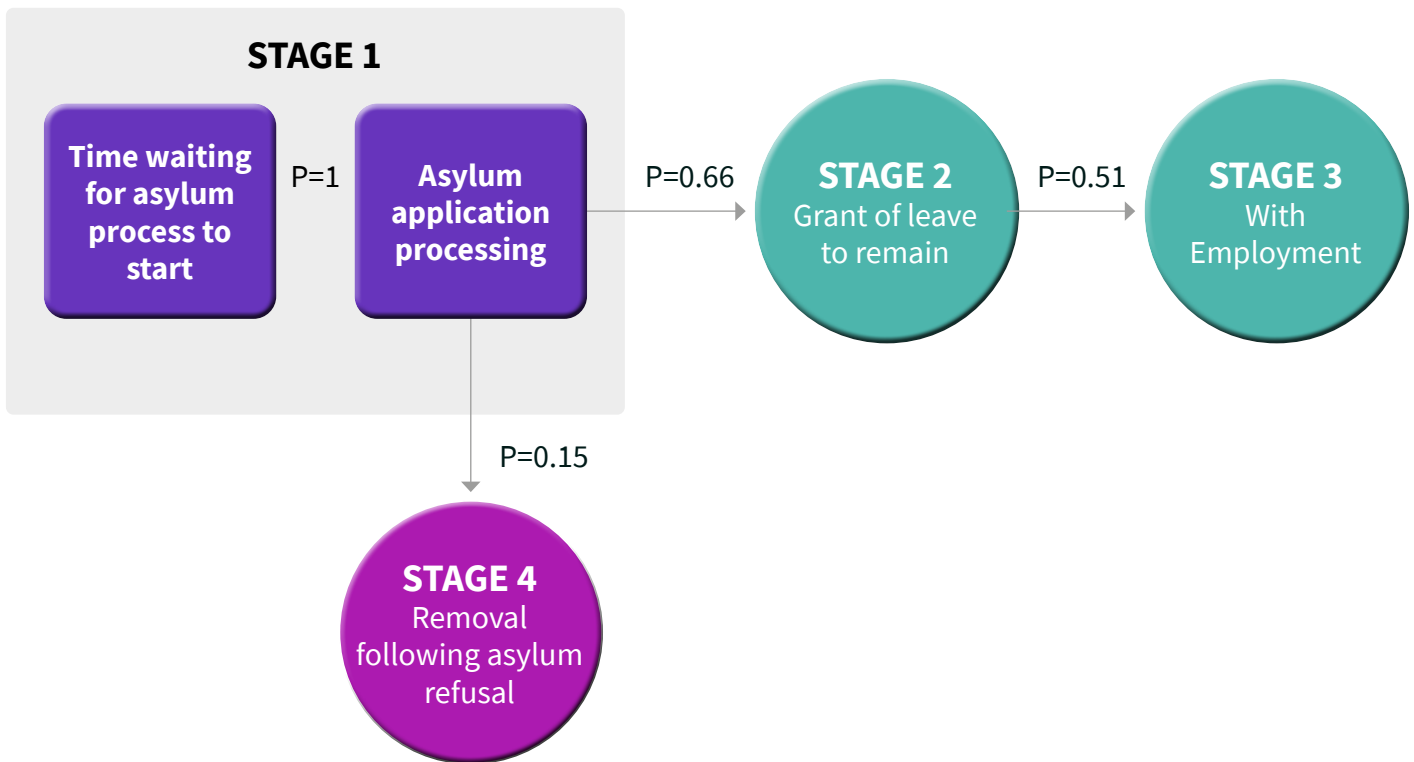
The Markov model includes four mutually exclusive states to represent key stages experienced by asylum seekers from when they arrive in the UK until they gain refugee status and start the process of integration in the country. For simplicity, these are called:

- Stage 1:** Time waiting for asylum process to start and asylum application processing
- Stage 2:** Grant of leave to remain
- Stage 3:** With employment
- Stage 4:** Removal following asylum refusal, where asylum seekers leave the UK; in modelling terms, this is considered an absorbing state (See Figure 1).

The model assumes monthly cycles and the movement from one stage to the other will be represented by transition probabilities taken from the available evidence. The time horizon will be 5 years. Costs and benefits are discounted at 3.5% per annum.

We will compare the baseline model representing the current journey of asylum seekers and refugees into the UK with potential changes when expediting asylum application processing, and when receiving different integration interventions: English for Speakers of Other Languages (ESOL) and employment support, and specialised mental health care. To explore parameter uncertainty and assess robustness of results to changes in key cost and outcome parameters, sensitivity analyses will be performed.

**Figure 1:** The structure of the model to represent the journey of those seeking asylum in the UK



## Assumptions

The model focuses on a cohort of people seeking asylum, following the journey from application for asylum to becoming a refugee in the UK. The following assumptions have been made about who is in the cohort:

- › Everyone who has applied for asylum in the UK has chosen the UK as their final and desired destination and they are not planning to leave the UK to seek asylum elsewhere. It is recognised that a minority of individuals may leave the UK via voluntary returns. This assumption means that those who stay in the UK as their final destination are included.
- › People arriving want to integrate, find a job and become independent with agency. There is evidence to back this up and also evidence that social connections are not necessarily stronger with those who come from the same background, suggesting an openness to make connections of any background.
- › People are not able to access the welfare state until their asylum applications are approved. Therefore, they are not eligible for other benefits.
- › Everyone who applies for asylum is included in the cohort of applications, not just those who arrive by regular means.

It is recognised that there is heterogeneity in the cohorts. For example, there will likely be differences in integration outcomes between men and women, across age groups and level of educational qualifications. However, for the purposes of modelling and due to limitations in the available data, the cohort will reflect an overall average and not specific subgroups.

For Stage 1, the model needs to incorporate how long it takes on average to process an asylum application and receive a decision. The model assumes an initial 12 months of waiting for the asylum process to start. This has been determined by the following data:

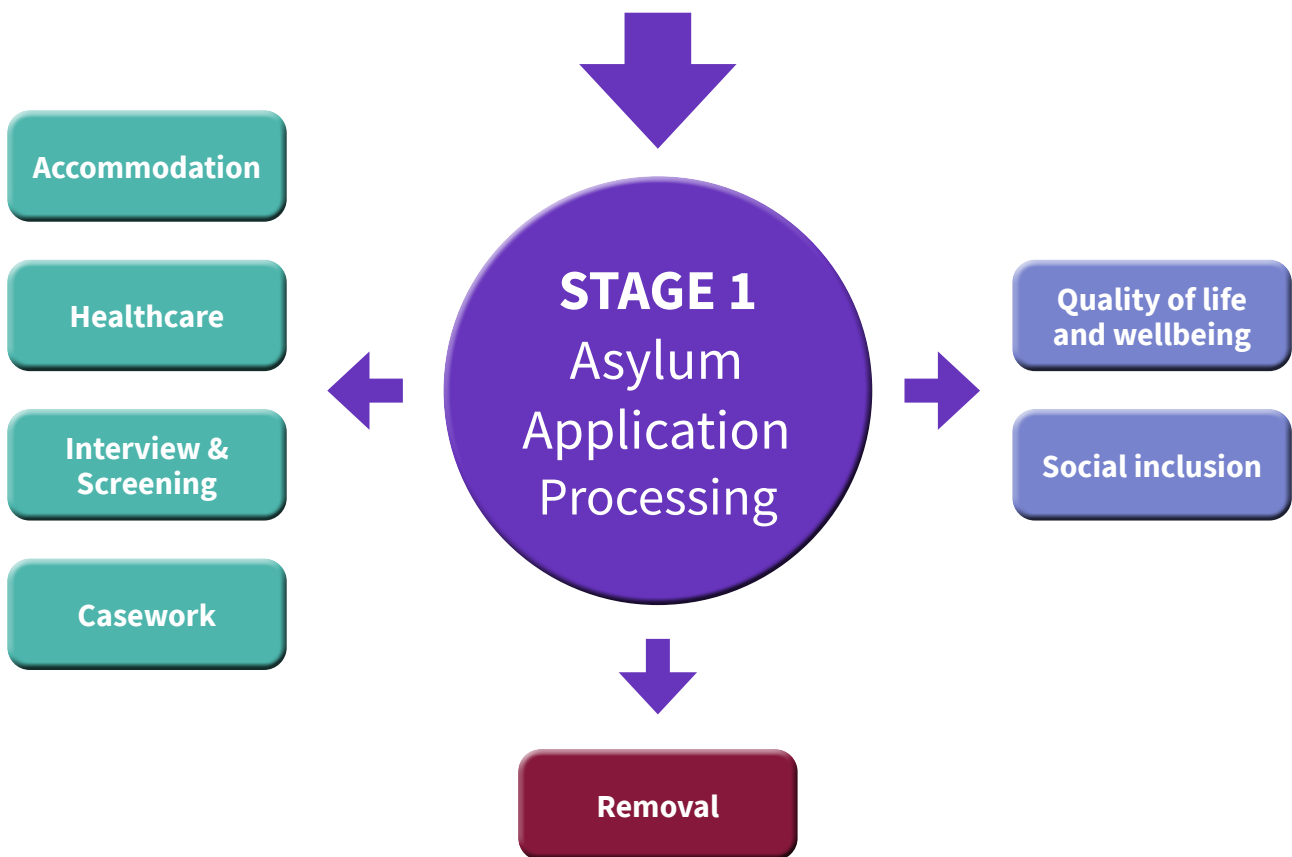
- › The average time taken to make a decision on an asylum application is 82 weeks (just over 18 months) in the UK (Yeo, 2023). This was measured between April and June 2023.
- › In 2021, most people seeking asylum in the UK waited more than 18 months for a decision (Bulman, 2023).
- › The Refugee Council found that, on average, people seeking asylum wait 1-3 years to receive an initial decision. They also found that only 20% of cases received an initial decision within 6 months in 2020 (Refugee Council, 2021).
- › The Home Office states that they aim to make a decision within 6 months on asylum applications (Home Office, 2023).

**The model seeks to represent key stages experienced by asylum seekers from when they arrive in the UK until they gain refugee status and start the process of integration in the country.**

### Stage 1: Time waiting for asylum process to start and asylum application processing

This stage captures the cohort who enter the asylum system (Figure 2). It includes both the time spent waiting for the asylum process to start and the time spent processing asylum applications. Firstly, someone arrives in the UK and, after a period of time, they submit an application for asylum. This enters them into the asylum system and they become part of the cohort in the model.

Figure 2: Stage 1 of the asylum journey showing parameters evaluated



People seeking asylum wait in asylum accommodation before they receive a decision on their application. They then progress through two stages of interviews: initial and substantive. In June 2023, 1,556 caseworkers made 6,439 initial decisions on asylum applications and conducted 4,452 substantive interviews (UK Visas and Immigration, 2023). Whilst the application is worked on by a caseworker, the person seeking asylum waits to receive a decision on their application, which is either accepted, declined or, if declined, could be appealed and therefore they stay in the asylum application processing stage for longer.

## Acceptance rate of asylum applications

Table 1 shows how many applications the UK received over the 5-year period 2019-2023, as well as the total grants and total refusals. The overall Grant Rate is shown in the last column. The figures for 2017 and 2018 are included here for historical context to illustrate that the rate in 2023 was high by recent standards. For the purposes of the model, the Grant Rate used in the transition between Stage 1 and Stage 2 is the average for the period 2020 to 2023.

**Table 1:** Acceptance rate of asylum applications in the UK, 2020-2023

Date	Total Grants	Total Refusals	Total Initial Decisions	Grant Rate*
2017	6,779	14,490	21,269	32%
2018	6,931	14,153	21,084	33%
2019	10,796	9,970	20,766	52%
2020	6,538	7,766	14,304	46%
2021	10,468	4,064	14,532	72%
2022	14,370	4,441	18,811	76%
2023 (Up to Q2)	16,863	6,839	23,702	71%
Average 2020 to Q2 2023	12,060	5,778	17,837	66%

Source: Immigration system statistics data tables (Home Office, 2023). \*Grant Rate is defined by the Home Office as: “The percentage of applications that resulted in a grant of protection or some form of leave at initial decision.”

There is evidence that the figures in 2022 and 2023 (76% and 71%, respectively) may have reached their peak, which is the highest since the 1980s. There has been a shift in the countries from which people who claim asylum have moved, with more people coming from Albania (34% of applications from Albania were accepted in 2022) and India (5% of applications were accepted), which lowers the average Grant rate. This compares to arrivals from Afghanistan, who have a Grant rate of 98% and from Syria, with a Grant rate of 99% (Yeo, 2023).

## Removal following asylum refusal

For the size of the cohort, the model uses the figure for “number of asylum applications” and not “number of arrivals at the UK port”. Some people are counted multiple times if they enter and leave more than once. This is a limitation of the data on the number of applications. In 2022, there were 81,130 total applications. There were 18,811 decisions made and, of the decisions, 2,866 were asylum-related returns (Home Office, 2023). The UK government defines asylum-related returns to be those where an asylum claim was made before the return was issued, such as if the claim was refused appeal, rejected or withdrawn, or if someone was granted asylum but later removed for criminal reasons (Home Office, 2023; UK Parliament, 2023). Using the 2022 figures, this makes the percentage of asylum-related returns out of the total number of decisions in 2022 to be 15%, which is the figure this model will use to measure those who leave the model by being removed.

The costs included in this stage are:

- › Accommodation
- › Healthcare use (including mental health services)
- › Asylum support payments
- › Casework staff working on the asylum application process
- › Costs of removal following asylum refusal

**Table 2:** Parameters considered in Stage 1

Factor	Description	Figure	Source
Asylum applications - starting cohort	The number of people seeking asylum per month, calculated by a 5-year average from 2018 to 2022. This is the size of the cohort which enters the model.	43,970	Home Office, 2023
Asylum application success rate	The percentage of asylum applications which are successfully accepted. See Table 1 for details of this figure.	66%	Home Office, 2023
Asylum-related returns	Percentage of people whose applications are ultimately denied or who are returned from the UK.	15%	Home Office, 2023
Proportion of accommodation use	The Home Office internally estimated that accommodation is required for 85% of arrivals. 23% in immigration detentions, 29% in hotels and 33% in barges.	23% 29% 33%	Home Office, 2023
Costs of accommodation	Monthly costs of accommodation per person, estimated based on the annual costs of different accommodation types. Annual costs of immigration detention: £36,026; hotels: £43,800; barges: £36,690	£3,002 £3,650 £3,058	Calculation; NAO, 2016; Reclaim the Sea, 2023; Home Office, 2023
Number of staff	Number of staff who are employed as asylum caseworkers, as of June 2023.	1556	Home Office, 2023
Staff salaries	The average monthly salary of an asylum caseworker. This is based on an estimate by One Life to Live and Reclaim the Sea, who calculated that one day's hotel costs of £5.6 million could pay for approximately 150 asylum caseworkers.	£3,111	Reclaim the Sea, 2023
Healthcare costs	Figure that the UK Government has estimated to be the annual fiscal cost of providing healthcare per person in the UK, for an average adult aged 20-64. It includes all kinds of medical and health services.	£2,657	Home Office 2023
Mental healthcare costs	The average cost of providing mental health support. This figure is derived from the proportion of total healthcare costs that is spent on mental health in the UK, on average, which is 14% of £2657.	£372	NHS England, 2022
Proportion requiring mental health care	Proportion of asylum seekers with serious mental health conditions.	50%	Hendrickx et al., 2020
Proportion requiring mental health care in detention	Proportion of those who are held in detention who experience a mental illness	76%	Graf et al, 2013
Asylum support payments costs	In 2023, the usual weekly asylum support payment is £47.39 per week received by approximately 41% of the cohort.	£199	GOV.UK, 2023; Aleynikova & Mosley, 2023

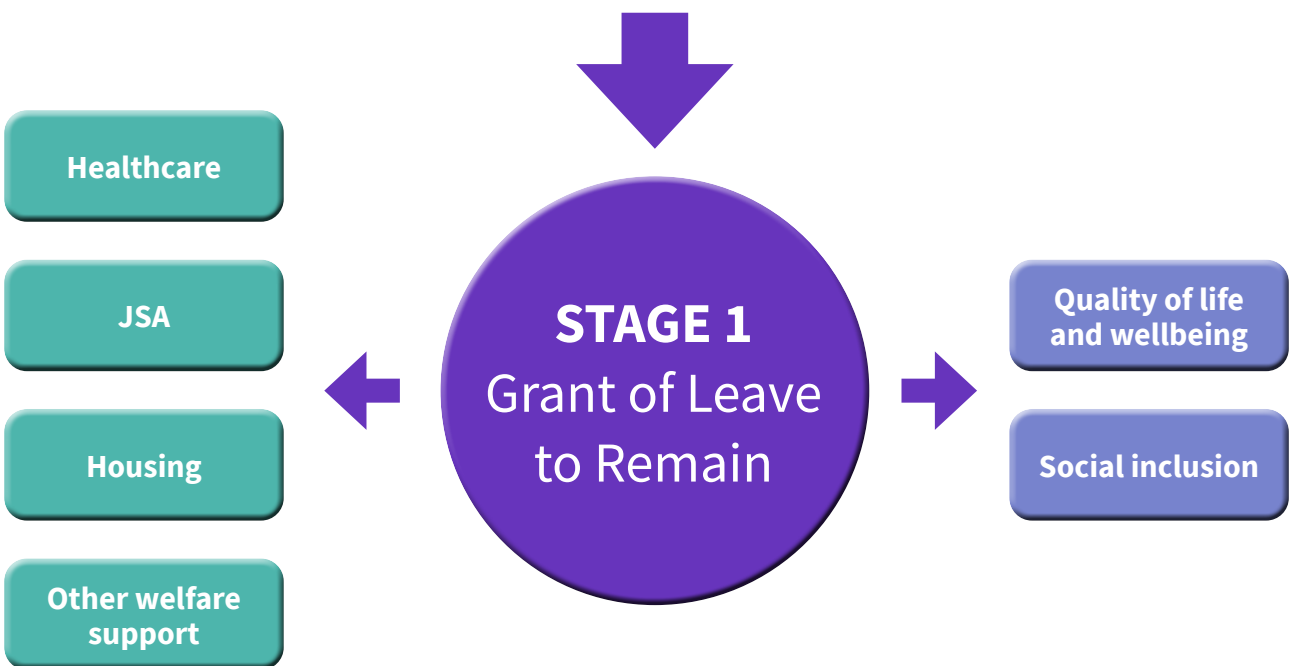
### Stage 2: Grant of leave to remain

A proportion of asylum seekers who have successful applications will progress to Stage 2: grant of leave to remain. This stage captures the cohort whose asylum applications are approved and have been granted the right to remain in the UK. They are legally recognised in the UK as refugees. This comes with the right to work, the right to claim welfare support, and the end of their asylum support package from the Government. Costs have been accounted for and estimated from varying sources for the economic modelling. These sources include, but are not limited to, the UK Government, international government bodies, charities, independent commissions, universities and local organisations.

The costs associated with this stage that have been considered for the model are:

- › Job Seekers' Allowance, before employment is found
- › Healthcare costs (including mental health services)
- › Additional A&E costs for a homeless person
- › Housing support and welfare benefits for those who are eligible to receive them
- › Accommodation
- › Costs related to the criminal justice system

**Figure 3:** Stage 2 of the asylum journey with grant of leave to remain



**Table 3:** Parameters considered in Stage 2

Factor	Description	Figure	Source
Job Seeker's Allowance	Monthly value of Job Seekers' Allowance support given to those seeking employment, based on an annual rate of £4410 per year.	£368	Refugee Support Group, 2022; GOV.UK, 2023
Welfare support	Average working age adult in the UK requires £4178 per year in welfare support for services including disability and injury benefits, income support, family benefits.	£348	Home Office, 2023
Employment rate	Employment rate estimated for refugees in the UK.	51%	Kone et al., 2019; ONS, 2022
Homelessness and rough sleeping	The proportion of refugees experiencing short term homelessness and rough sleeping are estimated at 50% and 20%, respectively. We assumed a proportion of 30% based on both figures.	30%	British Red Cross et al., 2021; Migration and Borders Group, 2022
Cost of homelessness and rough sleeping	Estimated cost to society of homeless and rough sleeping per month. It is based on a cost of £110 per week of temporary accommodation and £71 per week costs for homelessness outreach services.*	£760	Migration and Borders Group, 2022
Cost of housing	Average cost of housing in the UK per month. It includes mortgage repayments, rent, council tax and maintenance costs.	£735	ONS, 2023
Criminal justice cost	Estimated cost to the criminal justice system per person who is homeless per month.*	£76	Migration and Borders Group, 2022
Additional annual A&E costs for a homeless person	Additional healthcare costs in accident and emergency for people who are homeless, based on the annual cost of £1976.*	£165	Migration and Borders Group, 2022

\*Data was collected as part of a Freedom of Information request.



### Stage 3: With employment

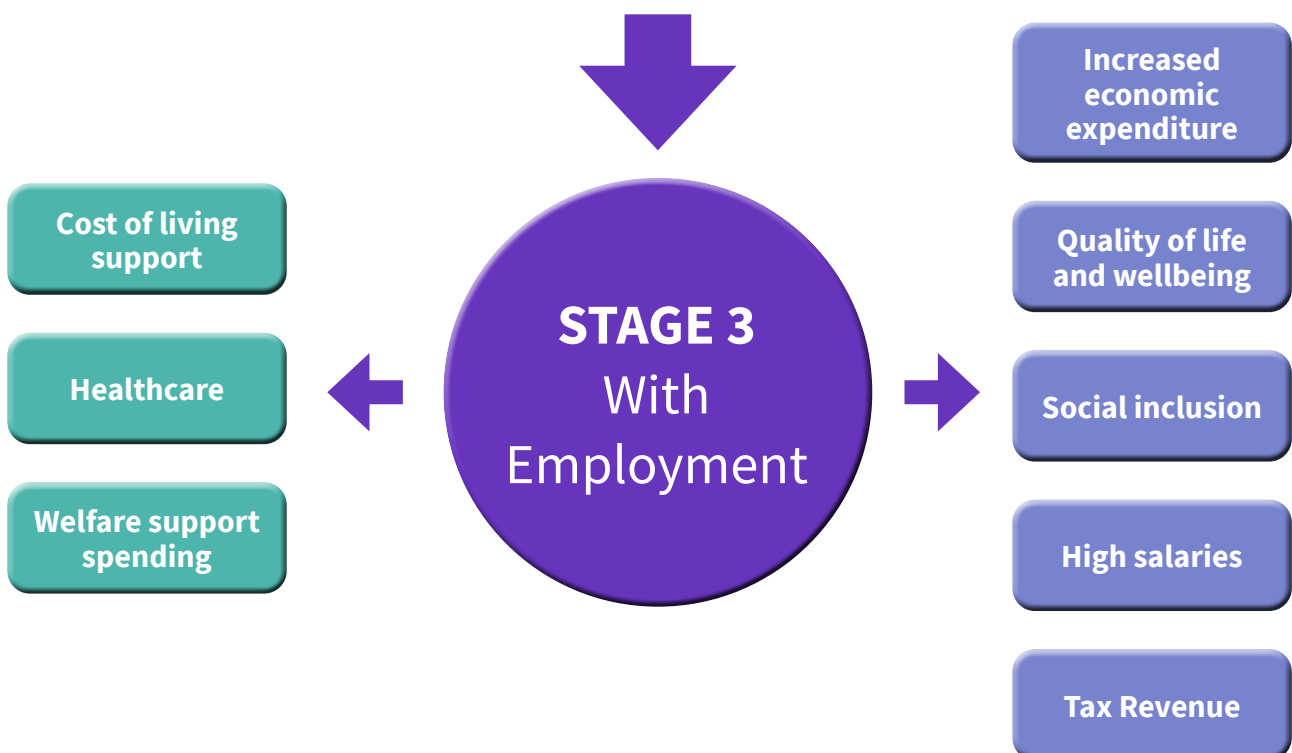
Refugees progress to Stage 3 once they are employed (see Figure 4). The costs included in this stage are related to:

- › Healthcare costs (including mental health services)
- › Criminal justice costs, which are assumed to have reduced due to the increase in the proportion of refugees that can access housing.
- › Welfare benefits, which are assumed to have reduced or been removed once employment has been found.

It also captures the wider economic and social benefits of integration.

- › Higher tax revenues from higher salaries (council tax, National Insurance contributions & income tax)
- › Reduction in costs for Government related to accommodation
- › Reduction in mental health problems, and therefore reduction in the use of mental health services.
- › Reduction in the use of A&E services due to homelessness.
- › Better social inclusion by reduction in crime.

**Figure 4:** Stage 3 of the asylum journey once employment has been found



**Table 4:** Parameters considered in Stage 3

Factor	Description	Figure	Source
Average salaries at 2022 prices	Average monthly salary. Based on data from the Centre on Migration Policy & Society, which found that on average, people who came to the UK for asylum earn c.66% of the UK average salary (estimated at £2560 per month).	£1,705	Calculation Kone et al., 2019
Average salary self-employed	A proportion of refugees will be self-employed. The average self-employed salary is based on an annual salary of £12,500. This data was collected as part of a Freedom of Information request.	£1,042	Migration and Borders Group, 2022
Proportion of refugees self-employed	This is the proportion of refugees who are self-employed, assuming no employment support interventions are applied.	21%	Kone et al., 2019
Tax revenue and NICs	Estimated monthly income tax and national insurance contribution on the average salary for refugees in the UK.	£210	Calculation; GOV.UK, 2023
Reduction in crime when housed	Reduction of crime rate when homeless people are housed.*	58%	Migration and Borders Group, 2022

\*Data was collected as part of a Freedom of Information request.

### Proposed interventions

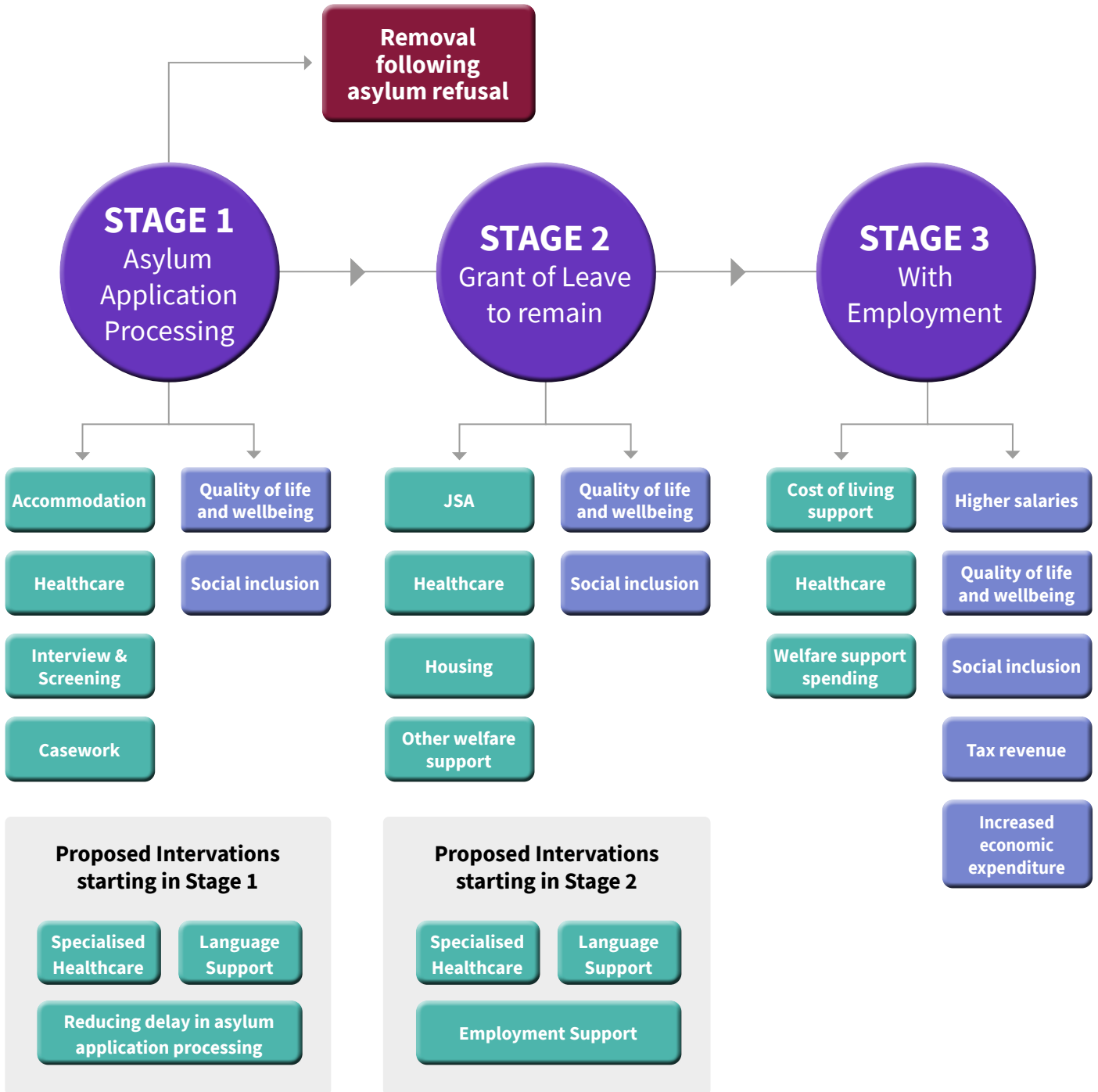
In Stage 1, the proposed interventions are:

- Reduction in the delay in processing asylum applications from 12 months to 6 months.
- Specialised mental healthcare.

In Stage 2, the proposed interventions are:

- Employment support.
- English language support.
- Specialised mental healthcare.

Figure 5: Proposed interventions



## Expediting asylum application processing

Using the Home Office's target, the assumption is that the target of making a decision should be 6 months. This means that the average waiting time should be reduced by one year compared to the current system. With this intervention, costs associated with waiting time are reduced, the negative impact on health is reduced, and individuals find employment and learn English sooner. Table 5 shows the parameters associated with expediting the asylum application processing stage.

**Table 5:** Parameters associated with expediting the asylum application processing stage

Factor	Description	Figure	Source
Cost of expediting the asylum application process	Estimation assuming a 50% increase in the number of staff to increase capacity to process a greater volume of applications.	£7,261,333	Calculation Kone et al., 2019

## Language support

As there is no consistency between schemes and there are multiple sources of ESOL funding, this model assumes the average cost of an English language lesson, the number of hours on average needed to achieve the minimum level of English to secure employment, and the number of eligible refugees for English language support. The model considers 300 hours of ESOL per year to achieve B1 level, third level on the CEFR scale which corresponds to being an independent user of the language and is the requirement needed to gain a work visa. According to Breaking Barriers, 84% of refugees said they do not have sufficient English language ability to get employment (Breaking Barriers, 2023), thus the English language support will be provided to 85% of refugees. Table 6 shows the parameters associated with English language support.

**Table 6:** Parameters associated with English language support

Factor	Description	Figure	Source
Number of hours of English language support	Number of hours of English language study required per month per person. With an average of 300 hours per year, approximately 25 hours per month are required.	25 hours	Refugee Action, 2016; Cambridge English, 2013; GOV.UK, 2023
Cost of English language support	The hourly cost has been calculated from the Refugee Action organisation, who determined that for a group, government funded English language class, the hourly rate was £5.12.	£128	Refugee Action, 2016
Proportion needing English language support	Proportion of refugees who do not have sufficient English language ability and require support.	85%	Assumption; Greater London Authority, 2023

## Employment support

Currently, refugees are receiving little or no formal support to find a job. Moreover, refugees have little knowledge of the UK job market. Jobs suited to refugees' skill levels and training are available. Previous research has argued that, if employment is to be used as a measure of integration, the availability of employment should also be considered. Table 7 shows the parameters associated with employment support.

**Table 7:** Parameters associated with employment support

Factor	Description	Figure	Source
Cost of employment support	Monthly cost of providing 12 hours of employment support	£162	Breaking Barriers, 2022
Employment success rate	The UK national average employment rate is 75.5%, as of May to July 2023. The model assumes that, with interventions, the refugee employment rate will converge to the national average.	76%	Assumption; ONS, 2023
Employment rate with mental illness	The average employment rate of those who have a mental illness (after receiving employment support)	62.7%	Luciano and Meara, 2015
Average salaries with intervention	It is assumed that, with the employment support, refugees' average salaries will converge to the UK average as a marker of integration. It is based on a figure of £30,720 per year, calculated from the ONS median wage of £620 per week for a 48-week working year at 2022 prices.	£2,560	Assumption; ONS, 2022
Tax revenue and NICs based on the UK average salary	Estimated monthly income tax and national insurance contribution based on the higher paying job for refugees once they have received employment and language support.	£484	Calculation; GOV.UK, 2023
Proportion of refugees self-employed	The proportion of refugees who are self-employed converges to the national average of self-employment.	14%	Assumption; Kone et al., 2019

## Specialised healthcare

Evidence from previous research (see above) shows that the prevalence of serious mental health conditions is significantly higher in those who have undergone forced migration and who are seeking asylum than those who have not. Therefore, specialised mental health care needs to be provided to those who are seeking asylum and refugees to meet their more specific and nuanced needs. This will come with different costs and resources than mental health care for the average population. For these reasons, an additional intervention of specialised healthcare for mental health is included in the analysis.

**Table 8:** Parameters associated with providing specialised mental healthcare

Factor	Description	Figure	Source
Specialised health care	The Refugee Support Group estimated that one hour of non-NHS specialised mental health care, tailored to the specific needs of refugees, costs £156 per hour.	£156 per hour	Refugee Support Group, 2022
Specialised care provided per month	Monthly cost of specialised care, assuming two hours of mental health care is provided per month.	£312	Assumption and calculation
Proportion of the cohort who receive mental health support	Proportion of asylum seekers and refugees that receive mental health support. Includes the higher proportion of mental health support needed for those initially held in detention.	55%	Hendrickx et al., 2020
Mental health care use	Proportion of use of mental health services after receiving specialised mental health care. This assumes that the rate converges to the average use of the UK population with common mental health problems.	17%	Assumption; NHS England, 2016

## Scenario analysis

We included different scenario analyses to explore the impact of different intervention packages.

- › **Scenario 1:** Expedited asylum application processing
- › **Scenario 2:** Expedited asylum application processing + ESOL + employment support
- › **Scenario 3:** Expedited asylum application processing + ESOL + employment support + specialised mental health support

# Results

## Current scenario

In Stage 1, the main costs are related to accommodation and casework staff salaries. We estimated the total cost for the initial cohort of 43,970 people seeking asylum in the first year to be £1,635 million, with no monetary benefits because asylum seekers do not have the right to work and thus are not able to earn a salary or contribute tax revenues, and the majority are not able to pay for their own accommodation. After the first year, asylum seekers progress to Stages 2 and 3 once they are granted leave to remain, and

therefore an increasing proportion of refugees will find employment and contribute economically to the system. In Stages 2 and 3, the monthly cost of housing no longer falls fully on the Government, since asylum support payments and accommodation support stops for those who are no longer seeking asylum and now have the right to work. As refugees progress to Stages 2 and 3, costs for Government decrease progressively and in year 3, the economic benefits are greater than the costs (see Table 9).

**Table 9:** Total annual costs and benefits of current scenario\* (£ Million)

	Year 1	Year 2	Year 3	Year 4	Year 5
Costs	£1,635	£1,756	£686	£295	£141
Benefits	£0	£182	£516	£733	£838

\*All costs and benefits are discounted at 3.5%. The full tables with the 95% confidence intervals are presented in the appendix.

## Scenario 1: Expedited asylum application processing

When expediting the asylum application processing, we assumed that the waiting time decreased from 12 months to 6 months. Asylum seekers therefore progress faster from Stage 1 to Stages 2 and 3. There is a reduction in Government expenditure on accommodation but higher expenditure on salaries for casework staff. Also, given the current employment rate of 51%, there is an increase in homelessness and rough sleeping related to unemployment, crime and added A&E use related to homelessness. Similar to the current scenario, costs for Government decrease progressively and in year 3 the economic benefits are greater than the costs (see Table 10).

**Table 10:** Total annual costs and benefits of expediting asylum application processing\* (£ Million)

	Year 1	Year 2	Year 3	Year 4	Year 5
Costs	£1,961	£1,131	£478	£231	£129
Benefits	£46	£365	£652	£810	£879

\*All costs and benefits are discounted at 3.5%. The full tables with the 95% confidence intervals are presented in the appendix.



## Scenario 2: Expedited asylum application processing + ESOL + employment support

When language and employment support are provided, refugees have a higher probability of finding a job, and a job with a higher salary. This in turn increases the contribution through taxes and shifts housing costs from Government to refugees, and also reduces costs related to welfare support. The probability of homelessness and rough sleeping decreases and thus there are also reductions in costs related to accommodation for homeless refugees, costs of crime related to homelessness and A&E costs for homeless refugees. With this scenario, the benefits outweigh the costs by the third year (see Table 11).

English classes/ESOL *from day 1*, employment support *from 6 months* (when eligible).

**Table 11:** Total annual costs and benefits of expediting asylum application processing and providing ESOL and employment support\* (£ Million)

	Year 1	Year 2	Year 3	Year 4	Year 5
Costs	£2,027	£1,166	£446	£172	£69
Benefits	£59	£557	£1,016	£1,237	£1,310

\*All costs and benefits are discounted at 3.5%. The full tables with the 95% confidence intervals are presented in the appendix.

## Scenario 3: Expedited asylum application processing + ESOL + employment support + specialised mental health support

This scenario analyses the costs and benefits of providing all interventions to asylum seekers and refugees. When adding specialised mental health support, there is a net reduction in the costs of mental health services, reducing overall costs for the Government. Similar to scenario 2, the benefits outweigh the costs by the third year (see Table 12).

English classes/ESOL *from day 1*, employment support *from 6 months*, specialist mental health support *from day 1* (when eligible).

**Table 12:** Total annual costs and benefits of expediting asylum application processing and providing ESOL, employment support and specialised mental healthcare\* (£ Million)

	Year 1	Year 2	Year 3	Year 4	Year 5
Costs	£2,092	£1,162	£425	£168	£82
Benefits	£67	£634	£1,112	£1,303	£1,346

\*All costs and benefits are discounted at 3.5%. The full tables with the 95% confidence intervals are presented in the appendix.

The results from the model show that all three scenarios provide a reduction in costs to the Government over time and an increase in the economic benefits related to the faster and better inclusion of refugees in the UK. Table 13 shows the discounted costs and benefits per person over the 5-year period of the model.

**Table 13:** Total costs and benefit outcomes per individual in the cohort across the three scenarios over the 5 years\*

	Baseline	Interventions Scenario 1	Interventions Scenario 2	Interventions Scenario 3
<b>Total Costs</b>	£105,790	£92,611	£91,559	£92,822
<b>Total Benefits</b>	£58,345	£62,595	£94,815	£101,244

\*All costs and benefits are discounted at 3.5%

# Discussion

The aim of the research described in this report was to explore the economic arguments for expediting the integration of refugees. Central to the analysis were five key integration components. The social integration of refugees in the UK can be influenced by several factors (Lessard-Phillips et al., 2020). We reviewed and analysed some of these factors and incorporated them into a model to estimate the economic consequences of changing current processes. Our model showed the benefits of expediting asylum application processing, and providing employment, language and specialised mental health support. The model does not attempt to define integration as an end point or suggest that integration can be a final achievement after a fixed number of years. It is noted and recognised that integration is a two-way process and not one-way assimilation. Integration includes the ability to feel safe, respected, a sense of belonging and having identities accepted. By improving health, employment opportunities, English language proficiency and living conditions, refugees can more easily integrate into the UK. The ability to speak the host community's majority language is significant for securing employment and for the quantity and quality of social connections. Employment captures how involved someone is able to be in the wider society and provides a means to becoming independent. Good health ensures that someone is physically and mentally able to develop and create meaningful connections with other people.

Whilst the effects of social integration cannot be fully valued in economic terms, there is value in exploring the economic consequences of different approaches to asylum application processing given the high costs of maintaining the current system and the perennial search by governments for ways to make more efficient use of public finances. We therefore sought to estimate the costs of the current and potential alternative systems in the UK as well as the economic consequences in terms of savings to public expenditure (through reduced spending in areas such as healthcare, welfare benefits and housing), boosts to national productivity and higher tax yields.

In the current scenario (in this study, referred to as the 'baseline' scenario), the costs at the end of the 5 years per person were estimated at £105,790 and total benefits at £53,345. Over time, as refugees integrate into the UK, costs to the Government decrease and benefits increase. In the first year, whilst the cohort (those who are seeking asylum in one month, on average) is still waiting for the asylum application process to begin, the total costs for that cohort were estimated at £1,635 million. This aligns with the literature which identified that the majority of costs when asylum seekers begin the asylum application process are associated with accommodation and with processing the applications, such as staff costs. There are no economic benefits measured in the first year, since the current asylum process takes on average around 18 months to complete and, during that time, people seeking asylum do not have the right to work and so do not contribute tax revenues or contribute to national productivity. The figure for the economic benefits in Year 1 is an under-estimate, since it does not capture wider economic benefits associated with the asylum process, such as any spending by people seeking asylum or jobs created to support the asylum process, whether by the Home Office or charities.

With this model, the first year's annual cost in the current system of the asylum application process is estimated to be £1,635 million. This figure compares to the UK Government's figure of £2,116 million for the costs of the asylum process in the year 2021/22 (UK Visas and Immigration, 2023). Our model takes a conservative approach to calculating the cost of the asylum system and recognises that there may be other costs not captured. One such example is the additional cost of staff, since this model assumes that all staff are on the same grade and same salary. There are other costs, including but not limited to, wider public services, public transport and the cost of patrolling borders, which have not been included in the model but which are included in the Government figure noted above. Additionally, the Home Office's 2022/23 annual accounts showed a recently rising hotel accommodation cost, up to £8 million a day (Home Office, 2023), which is a cost which may change over time.

When expediting the asylum application process (Scenario 1), the estimated costs were higher, but comparable to the current arrangements. Scenario 1 increases the initial costs for Year 1 to £1,960 million, whilst providing economic benefits of £46 million, compared to a total economic cost of £1,635 million in the first year in the baseline state and zero economic benefits. By Year 3, the economic benefits of expediting the asylum process (£652 million) exceed the costs (£478 million). However, the composition of these costs has changed. By expediting the asylum application process, asylum seekers gain their refugee status more quickly, with the right to work associated with that, but are not eligible to receive the asylum support package or asylum accommodation. If not supported to find a job, people may be unable to earn enough to pay their living costs, consequently potentially increasing rates of homelessness and rough sleeping, crime and use of A&E services related to homelessness.

Other factors associated with expediting the asylum application process which this model has not considered, but which could be considered in future research, include the associated costs and benefits of improving the productivity of the asylum application process itself. Also, we did not consider the backlog of asylum applications. In June 2023, there were 134,046 outstanding asylum cases (Home Office, 2023). Evidence from neighbouring countries, for example France, shows that, even with an increased volume of asylum applications and substantial backlog, hiring more staff and improving the productivity of the process reduces the backlog (Griffiths et al., 2022).

By providing employment and language support, such as CV or interview support, matching refugees to jobs where they are qualified to work, and providing information on the job market, employment outcomes

support, employment outcomes increased to a greater extent (Foged et al., 2022). Therefore, this model explored provision of both interventions as a package assuming that, when implemented, the interventions would reduce the employment rate gap between the British population and refugees.

These benefits extend across a wider range of factors. For example, there are also lower costs associated with homelessness and criminal justice, as well as the increased ability of refugees to afford accommodation and achieve better mental health associated with the independence, agency and social connections that having more suitable employment brings. Also, with employment and English language support, higher paid and more stable employment can be found, thus leading to higher income tax and NICs, as well as higher economic expenditure. In Year 5, it is notable that the economic benefits associated with expediting the asylum application process and providing the employment support and English language package reach £1,310 million, compared to £838 million in the baseline and £879 million in Scenario 1.

In Scenario 3, as well as expediting the asylum application process, the costs and benefits were estimated for providing a triple integration package with English language support, employment support, and specialised mental health care. The evidence shows that the healthcare required by refugees is more extensive than the national average healthcare provision, particularly for mental health problems. Challenges include the higher prevalence of serious PTSD, depression and anxiety disorders. When providing specialised mental health care to refugees, there is a decrease in the costs of healthcare use and thus a cost saving for the Government, as shown in the results section (Table 12, Year 5). Also, we have considered the increase in employment rate for those

## **Expediting the asylum application process, together with providing English language support, employment support and specialised mental health care, provides the greatest benefits and cost savings to individuals and the Government.**

could be improved. The figures used in this model align with evidence to reflect the gap between the national average employment rate and the refugee employment rate. Available evidence also showed that, given that a lack of English language knowledge is a common barrier to finding employment, when employment support is provided with language

refugees that receive mental health interventions (from 62.7% to 76%). Importantly, there are greater health-related benefits that we could not monetise, such as an improved quality of life and better quality social connections from treating mental health problems sooner, before they become more serious.

## Strengths and limitations

Our study has several strengths and limitations. Models are a simplified representation of reality: in this case, it was not possible to consider all the complexities and dynamics of the real-world refugee and asylum seeker journey. However, through consulting with experts in migration and with members of the Commission, the model has been developed and adapted to be as close to the actual refugee experience as it is possible to simulate with the data that are available. When it was necessary to make assumptions, the model took a conservative approach. The time horizon for the model is currently, and provisionally, 5 years. This means that we miss any longer-term benefits of the modelled integration options, which could be important, for example, if people are able to settle into employment and remain productive and contribute through taxation for many years, or remain integrated in other ways that generate benefits for others. In principle, the model could be run for longer than 5 years to show the (likely) increasing benefits and reducing costs for the Government. However, the longer the model is run, the more that it will need to rely on assumptions that are not based on available observational evidence.

There are likely to be differential outcomes for those who arrive by irregular means compared to those by regular means. The Afghan Citizens Resettlement Scheme (ACRS) and the Homes for Ukraine sponsorship schemes are two examples of ways that asylum seekers can arrive in the UK via regular means, and which have different outcomes for resettlement. However, there is very little evidence on the outcomes of those who arrive by irregular means. Also, figures on undocumented asylum seekers could not be included in this model because there is little information on them since individuals are unable to access the welfare state without formal refugee status. There is a more general limitation around

the heterogeneity of individual experiences: we have modelled the ‘average’ journey, and of course there will be differences between individuals at every stage. Another limitation stems from the likelihood that a proportion of people seeking asylum may be forced into informal employment, and their salaries and employment-related information (including productivity) will be undocumented. In this as in other respects, the model uses available data, and so any analysis will be limited by the extent to which employment and salaries have been recorded and data are available.

In attaching costs to some of the services that people use, such as healthcare, we have usually had to rely on population-wide averages rather than figures specifically for refugees. For healthcare, and particularly for mental health service utilisation, this will underestimate the true costs and hence also underestimate the savings that will accrue when mental health needs are met, as they should be in some of the alternative integration approaches that have been included in the modelling.

**This estimated model found that there are significant cost savings and potential economic benefits from investing in well-focused integration programmes including English language support, employment support and specialised mental health care.**

There are some costs that we have not been able to include because of lack of evidence to generate parameters for the model. These include costs for the refugees themselves - such as debt to traffickers, travel costs, remittances, phones and internet - and costs which fall on local communities and charities, such as for food banks, provision of suitable clothing, language classes and (non-NHS) mental health support. We were able to include some of these costs (estimates for English language classes and mental health support using third sector data, for example), although we suspect that the included figures underestimate the true costs associated with support for refugees.

# Conclusion and recommendations

The research question was to estimate the economic case for policies that expedite and improve the integration of refugees. In this report we have described the economic costs and benefits associated with the baseline (current) state of the asylum application process, as well as three alternative scenarios. Scenario 1 focused on solely expediting the asylum application process, whilst Scenarios 2 and 3 proposed two integration packages designed to improve the integration of refugees, based on the evidence which showed that the components of integration are interdependent and cannot be tackled in isolation.

This estimated model found that there are significant cost savings and potential economic benefits to the country from investing in well-focused integration programmes for refugees including English language support, employment support and specialised mental health care. The analysis covered a period of 5 years, but there are likely to be considerable benefits accruing over the longer term, as well as reduced costs to the Government.

## Recommendations

- › Providing the integration package of English language support, employment support and specialised mental health care, alongside expediting the asylum application process provide the greatest additional benefits and savings, as seen in Scenarios 2 and 3.
- › To expedite the asylum application process in Stage 1, asylum applicants should receive a decision within 6 months of submitting an application, which would be aligned with the processing target of the Home Office. Our model assumed and modelled an increase in 50% of the current workforce, but it might also be possible to improve productivity as another way to tackle the backlog for greater impact.
- › Employment support could be extended by lifting the work restrictions on those seeking asylum; this would need to be done through legislation. Currently, those seeking asylum can only work on the jobs in the Shortage Occupation List. Our analysis considered the economic benefits of providing employment support once people have been granted leave to remain by Stage 2.
- › Employment support should also be tailored so that an individual's training and experience match the job that they are able to secure in the UK.
- › English language support should be provided at the earliest opportunity. In this model, this support was provided after arrival to the UK.
- › English language support should consider the existing ability of refugees and be thorough in supporting refugees to learn English to a minimum level of B1, the requirement to gain a work visa.

## Abbreviations

- › ACRS - Afghan Citizens Resettlement Scheme
- › CEFR - Common European Framework of Reference for Languages
- › CSS - Community Sponsorship Scheme
- › EIP - Enhanced Integration Package
- › ESOL - English for Speakers of Other Languages
- › JSA - Job Seekers' Allowance
- › MSW - Medical Support Worker
- › NAO - National Audit Office
- › NHS - National Health Service
- › NIC - National Insurance Contributions
- › ONS - Office for National Statistics
- › PTSD - Post Traumatic Stress Disorder
- › REP - Refugee Employability Programme
- › UNHCR - United Nations High Commissioner for Refugees
- › VCRS - Vulnerable Children's Resettlement Scheme
- › VPRS - Syrian Vulnerable Persons Resettlement Scheme

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## Appendix

Full tables of costs and benefits (with 95% confidence intervals in parentheses) (£ million).

### Baseline

	Year 1	Year 2	Year 3	Year 4	Year 5
Costs	<b>£1,635</b> (£1,614 - £1,654)	<b>£1,756</b> (1,739 - 1,773)	<b>£686</b> (679 - 693)	<b>£295</b> (292 - 298)	<b>£141</b> (140 - 143)
Benefits	<b>£0</b> (£0 - £0)	<b>£182</b> (£180 - £183)	<b>£516</b> (£512 - £521)	<b>£733</b> (£726 - £739)	<b>£838</b> (£830 - £846)

\*All costs and benefits are discounted at 3.5%.

### Expediting visa processing

	Year 1	Year 2	Year 3	Year 4	Year 5
Costs	<b>£1,961</b> (1,918 - 1,982)	<b>£1,131</b> (1,113 - 1,143)	<b>£478</b> (472 - 484)	<b>£231</b> (228 - 233)	<b>£129</b> (128 - 131)
Benefits	<b>£46</b> (£46 - £47)	<b>£365</b> (£362 - £368)	<b>£652</b> (£646 - £658)	<b>£810</b> (£803 - £818)	<b>£879</b> (£870 - £887)

\*All costs and benefits are discounted at 3.5%.

### Expediting visa processing + language and employment support

	Year 1	Year 2	Year 3	Year 4	Year 5
Costs	<b>£2,027</b> (2,005 - 2,049)	<b>£1,166</b> (1,154 - 1,178)	<b>£446</b> (441 - 451)	<b>£172</b> (170 - 174)	<b>£69</b> (68 - 70)
Benefits	<b>£59</b> (£59 - £60)	<b>£557</b> (550 - 561)	<b>£1,016</b> (1,004 - 1,024)	<b>£1,234</b> (1,221 - 1,246)	<b>£1,307</b> (1,293 - 1,320)

\*All costs and benefits are discounted at 3.5%.

### Expediting visa processing + language and employment support + specialised mental health support

	Year 1	Year 2	Year 3	Year 4	Year 5
Costs	<b>£2,092</b> (£1,568 - £1,607)	<b>£1,162</b> (£772 - £790)	<b>£425</b> (£317 - £324)	<b>£168</b> (£137 - £140)	<b>£82</b> (£73 - £75)
Benefits	<b>£67</b> (£66 - £67)	<b>£634</b> (627 - 639)	<b>£1,110</b> (1,098 - 1,121)	<b>£1,300</b> (1,287 - 1,313)	<b>£1,342</b> (1,329 - 1,356)

\*All costs and benefits are discounted at 3.5%.