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TOGETHER WITH REFUGEES
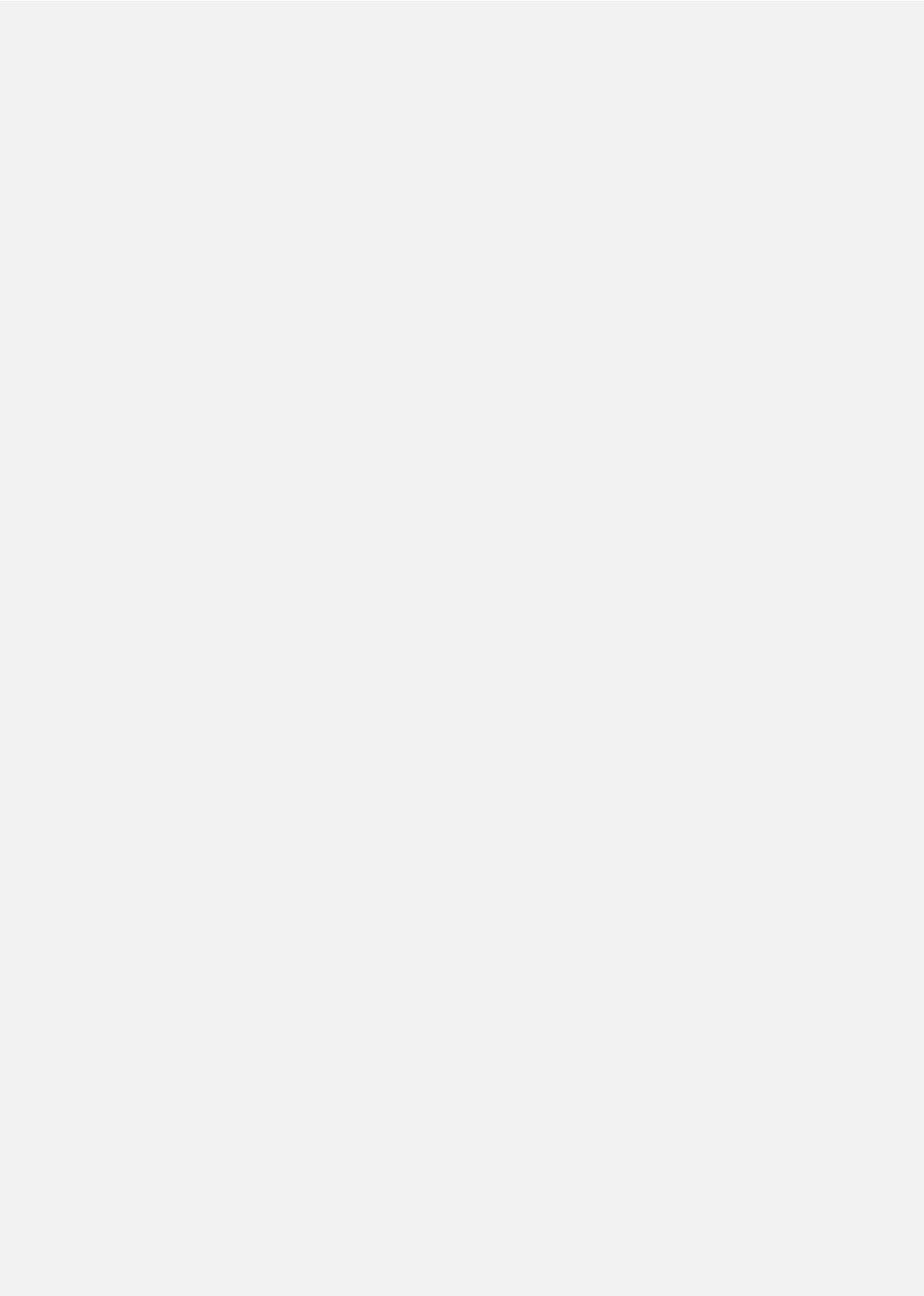
pcs | Public and Commercial Services Union

Welcoming Growth:

The economic case for a fair and humane asylum system

ACKNOWLEDGEMENTS:

BACKGROUND

The settlement and integration of refugees are among the major global challenges of the twenty-first century. The United Nations High Commissioner for Refugees reported that by mid-2024, 122.6 million people around the world had been forcibly displaced from their homes (UNHCR, 2025). This level of displacement places huge pressure on countries that receive refugees to create policies that protect people's well-being, support social cohesion, and remain financially sustainable.

Refugee integration involves many connected factors and can be affected by both personal and structural barriers. Common challenges include difficulties with language, experiences of discrimination, and limited access to education and employment. Many refugees also experience the lasting psychological effects of forced displacement (Bloch, 2008; Phillimore, 2012). Host communities often face their own pressures, such as stretched public services, housing shortages, and local tensions. These realities show the importance of policies that balance humanitarian commitments with social and economic needs.

In the United Kingdom, asylum and refugee policy has become a central and sometimes divisive public issue. It is often linked to wider debates about immigration control, government spending, and pressure on health, housing, and welfare systems. Recent work by the Institute for Fiscal Studies found that government spending on refugee support has been uneven and sometimes driven more by short-term politics than by long-term planning based on evidence (Warner & Zaranko, 2024). This situation has been influenced by new legislation, including the Nationality and Borders Act 2022 and the Illegal Migration Act 2023, which together have changed who can claim asylum and what support they receive (National Audit Office, 2024; Gower et al., 2024; Walsh & Jorgensen, 2024).

These policy shifts have occurred at a time of growing financial and operational strain. Government spending on the asylum system reached about £5.4 billion in 2023/24 (McNeil, 2025). A large share of this went on housing people in hotels and other temporary accommodation. Long delays in processing applications and fragmented service provision add further cost, while prolonging uncertainty for people seeking asylum and reducing chances for early integration.

Against this background, our study explores the potential economic and social benefits of building a more compassionate and effective asylum system in the UK. We examine how targeted actions in areas such as employment, health care, and housing could improve outcomes for refugees while also benefiting the public sector. Drawing on international examples, we consider how fair and inclusive approaches can create not only financial value but also wider benefits for communities, social cohesion, and shared well-being.

METHODS

Background to the model

The interventions explored in this study have not yet been implemented in the United Kingdom, meaning there is no real-world data to evaluate their impact. To understand what might happen under different approaches, we used a simulation model to explore potential policy options and estimate possible economic gains for the public sector and society.

We built an individual-level simulation model that follows people through the main stages of the asylum and refugee journey in the UK. It tracks changes in employment, education, health, and housing, and shows how these translate into costs and benefits over time.

To inform the model, we reviewed more than 30 asylum and refugee integration schemes from the UK and other countries, identifying successful or innovative interventions that could be relevant to the UK context.

Examples from the UK include the Refugee Employability Programme in England, which combines English language classes with one-to-one job support for people with Refugee Permission to Stay (Home Office, 2024b; Refugee Employment Network, 2025). In Scotland, the New Scots Integration Strategy promotes early and holistic support from day one of arrival (Scottish Government, 2018; Scottish Refugee Council, 2025; The Good Faith Partnership, 2024).

At national level, the Commission on the Integration of Refugees highlighted the value of early, joined-up measures such as language and employment support, mental healthcare, and shorter decision times, estimating potential public savings of around £1.2 billion over five years (Knapp et al., 2024). Additional insights came from schemes such as the Afghan Resettlement Scheme and the Welsh Nation of Sanctuary, which emphasise legal routes, job access, and mental health assessment on arrival (Welsh Government, 2019; The Good Faith Partnership, 2024).

European initiatives, such as the European Reception Centre Model, show how structured medical, legal, and reception processes can improve asylum management (Beirens, 2020; European Asylum Support Office, 2022), while the Gateway Protection Programme illustrates the risks of providing too little post-arrival support.

Using this evidence, we developed scenarios that model different combinations of support and compared their likely fiscal, economic, and social effects. For full technical details on model design, structure, and parameters, please refer to the academic paper submitted for publication.

Study design

We used an individual-level microsimulation Markov model (Siebert et al., 2012) to represent the journey of asylum seekers and refugees in the UK. This approach follows each person through the key stages of the asylum and integration process and simulates how they move between stages over time, for example from applying for asylum, to being granted permission to stay, to finding work and settling in the UK.

The model draws on secondary data from national statistics, government reports, programme evaluations, and studies by charities and international organisations. It captures both short and long-term changes in costs and outcomes.

To ensure realism, the model was developed and refined in consultation with an informal advisory group of experts in economic modelling, migration, and refugee advocacy. This process helped to ensure that the assumptions were grounded in evidence and that results reflected the realities of the asylum and integration system.

Full methodological details, including model validation, parameter estimation, and sensitivity testing, are available in the academic paper submitted for publication.

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Model structure

The model includes five main stages reflecting the UK asylum and refugee journey (See Figure 1).

1. **Arrival and Waiting (and Appeal):** when asylum seekers apply for protection and wait for a decision, including any appeals.
2. **Grant of Leave to Remain:** when individuals are recognised as refugees and gain the legal right to live and work in the UK.
3. **Employment:** when refugees find work and begin to contribute to the economy.
4. **Settlement:** after five years, refugees may apply for Indefinite Leave to Remain, marking long-term stability.
5. **Deportation:** when asylum applications are refused and individuals are removed from the UK.

The model runs in monthly cycles and uses evidence from research and official statistics to estimate transitions between stages. It covers a period of around 12 years, from arrival to five years after settlement, allowing for a full view of short and long-term outcomes.

Assumptions

The model is built on careful, realistic assumptions. It assumes that asylum seekers intend to remain in the UK, though some may later return voluntarily. People can only access the welfare system after receiving refugee status, and only adults aged 18 or over are eligible to work. From arrival, all are assumed to receive at least basic access to employment, language, and healthcare support.

In the baseline version, the asylum process takes about 18 months, matching current averages. In Scenario 1, this is shortened to six months, showing the potential impact of additional staff and faster decision-making. Once granted Leave to Remain, the model assumes it takes around 18 months to secure employment, reflecting research showing that about half of refugees in the UK are working after eight months (Cebulla et al., 2010; European Commission, 2016).

Legal support is assumed to be available to everyone during the asylum process, improving success rates (Asylum Justice, 2020). After five years of Leave to Remain, people can apply for Indefinite Leave to Remain.

Employment outcomes depend on language skills, mental health, and access to job support. With personalised help such as mentoring and interview preparation, refugees are assumed to find suitable employment more quickly (Breaking Barriers, 2023b). English language training is also key. Before intervention, about 85 per cent of refugees lack sufficient English (Greater London Authority, 2023). After targeted lessons, everyone in the model is assumed to reach a level adequate for employment (Cambridge English, 2013).

Health outcomes are divided into physical and mental health. Physical health costs remain constant across scenarios, but because refugees are more likely to have multiple long-term conditions, healthcare costs are set at one and a half times the national average (Yun et al., 2012; Soley-Bori et al., 2021). Mental health outcomes vary by scenario and improve when support is introduced. In the most comprehensive model, where language, employment, and mental health support are all available, employment and health outcomes approach national averages.

Model inputs

Model inputs were drawn from official and academic sources, including the Home Office, Office for National Statistics, NHS data, and research literature.

In the baseline, people live in government-funded accommodation while awaiting a decision. Applications may be accepted, appealed, or refused. Accommodation costs vary widely, so we used national averages adjusted to 2025 prices (Bank of England, 2025).

When asylum is granted, people become refugees and move to the "Leave to Remain" stage. They

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stop receiving asylum support and can work and access the welfare system (Home Office, 2024a). Employment transitions were based on refugee employment rates, adjusted for language ability and mental health. Poor mental health lowers employment from 56 to 52 per cent (Fernández-Reino and Brindle, 2024; Gibb, 2018; Kone et al., 2019), and limited English reduces it by a further 22 points (Dustmann and Fabbri, 2003).
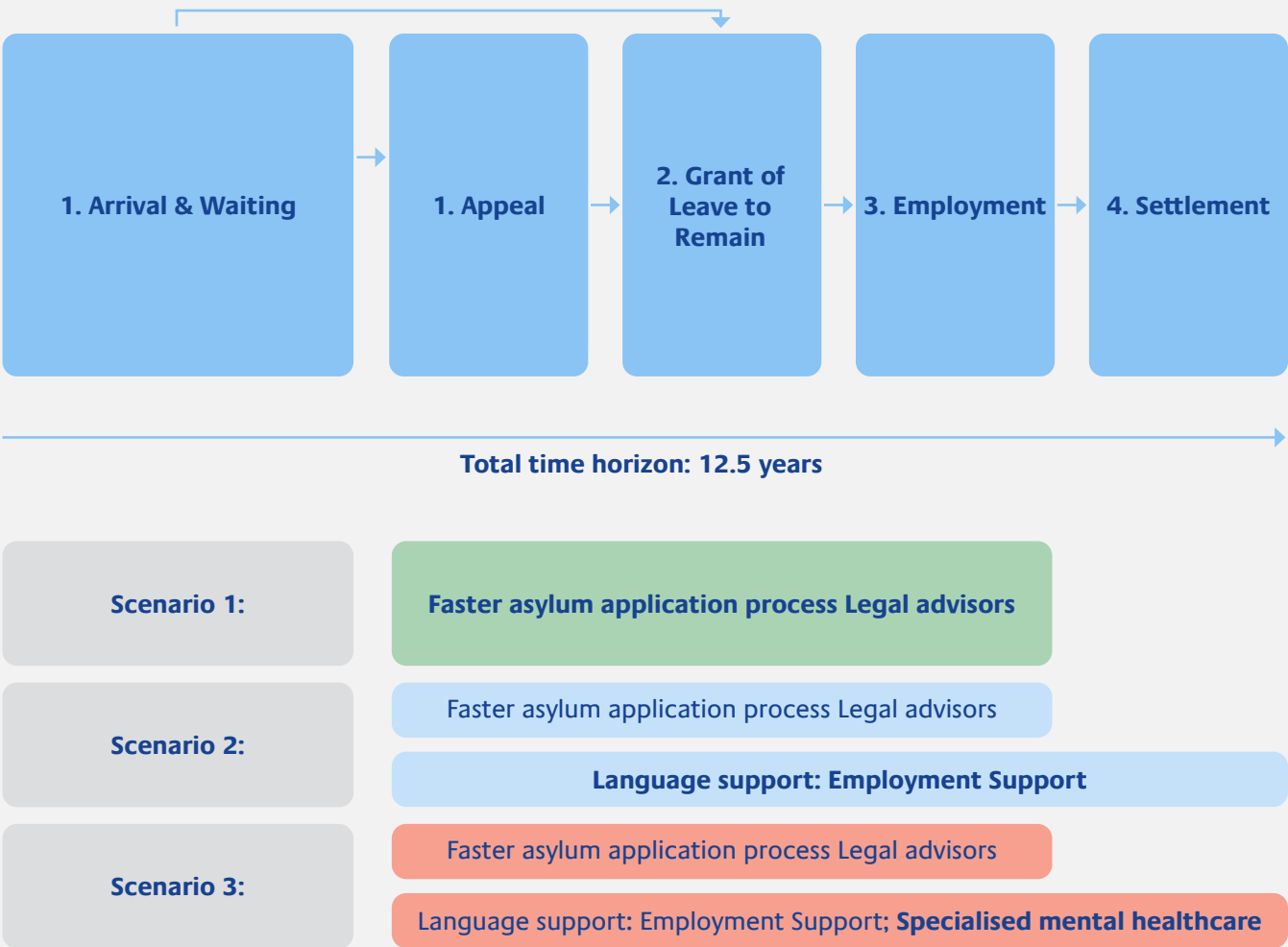
During unemployment, refugees receive Job Seeker's Allowance and access healthcare. Mental health support is assumed for 76 per cent, reflecting high prevalence in detention-experienced groups (Graf et al., 2013). About 30

per cent experience homelessness, adding extra housing and justice-related costs (Migration and Borders Group, 2022).

As refugees find employment, public spending falls and tax revenues rise. After five years, they can apply for Indefinite Leave to Remain, marking long-term settlement. By this point, more than ten years after arrival, most are assumed to have good English and stable employment.

Interventions and scenarios

Figure 1: Refugee journey and interventions proposed

| 1. Arrival & Waiting | 1. Appeal | 2. Grant of Leave to Remain | 3. Employment | 4. Settlement |

Total time horizon: 12.5 years

| Scenario 1: | **Faster asylum application process Legal advisors** |

| Scenario 2: | Faster asylum application process Legal advisors |
| | **Language support: Employment Support** |

| Scenario 3: | Faster asylum application process Legal advisors |
| | Language support: Employment Support; **Specialised mental healthcare** |

METHODS CONTINUED

The scenarios are cumulative:

• **Baseline:** Current arrangements.

• **Scenario 1:** System improvements with faster asylum processing and universal legal support.

• **Scenario 2:** Integration support, adding English language and employment help to Scenario 1.

• **Scenario 3:** Health support, adding specialised mental health care to the previous interventions.

These scenarios reflect recommendations from Together With Refugees and the Public and Commercial Services Union (PCS) and are supported by international evidence.

Scenario 1 tested the effects of reducing the average waiting time for asylum decisions from 18 to six months and providing free legal advice for all applicants. While this requires additional staff costs, it reduces accommodation spending and improves mental wellbeing by shortening the stressful waiting period.

Scenario 2 added English language and employment support. Around 300 hours of language training per year were assumed to be needed to reach the level required for most jobs. Employment programmes, including mentoring and interview preparation, help people find work faster, typically within four months (Breaking Barriers, 2023b). This raises employment rates and salaries while lowering welfare dependency, though mental health challenges remain.

Scenario 3 added specialist mental health care, recognising that about three quarters of refugees have experienced trauma or severe stress. Early access to tailored support reduces this to about half. As psychological wellbeing improves, employment and earnings rise and healthcare costs fall.

Across all scenarios, better health, language, and employment outcomes bring refugees' economic and social results closer to national averages, while reducing long-term public costs.

For further methodological details, including sensitivity analyses, parameter tables, and model validation, please refer to the academic manuscript submitted for publication.

RESULTS

The results of the model show that each new set of interventions brings greater benefits for both refugees and the public sector.

In the first scenario, making the asylum process faster and providing legal help costs more at the start because extra staff are needed. However, these higher administrative costs are quickly outweighed by large savings on asylum support and accommodation. Because people move through the system more quickly, they start contributing to the economy sooner. Overall, this scenario adds around £106,000 in extra value per person compared to the current system.

The second scenario, which adds English language and job support, has the biggest impact overall. People are more likely to find work, earn higher salaries, and pay more in taxes. They also rely less on public services like welfare and healthcare. The total net benefit from these integration measures is about £266,000 per person.

The third scenario includes specialist mental health care, which helps refugees recover from trauma and adapt better to their new lives. Although this requires extra funding at the start, it leads to better long-term outcomes: people stay healthier, work more, and need fewer health services. This scenario increases the total net benefit by another £4,000 per person.

Across the whole system, combining all interventions (Scenario 3) reduces total asylum-related costs by about 40 percent, mainly due to lower spending on accommodation. Housing costs alone fall by around £42,000 per person. Mental health costs drop too, from an average of £75 per month in the current system to £17.

In terms of public finances, the current system roughly breaks even. Scenario 1 produces a net gain of around £7,000 per person, Scenario 2 rises to £53,000, and Scenario 3 reaches about £55,000. Employment income also increases sharply, by 76 percent compared to the baseline. Every £1 invested in language and job support produces about £9 in extra earnings.

DISCUSSION

This study explored what would happen if the United Kingdom adopted a fairer, more supportive, and financially sustainable asylum system. Using lessons from UK and international programmes, the analysis found that providing proper support from the day of arrival brings major economic and social benefits.

Each scenario in the model showed higher financial returns than the last. In the final scenario, tax revenues almost doubled compared to the baseline, while public spending fell by about 10 percent. This demonstrates that early, joined-up support can improve lives while also saving public money.

In the current system, accommodation and staffing costs are the biggest expenses. As asylum seekers cannot work until they receive Leave to Remain, there is a long period of lost economic potential. The first scenario addresses this by speeding up case processing and ensuring legal advice is available for everyone. Similar reforms in France have been shown to reduce backlogs and costs.

By allowing people to work sooner, public spending on housing and asylum support falls sharply. System costs drop by about 40 percent, and accommodation costs fall by one third. The earlier people can support themselves, the more the savings grow.

However, early work access alone is not enough. Scenario 2 adds English language and job support, which helps refugees find stable, fairly paid work. These interventions increase tax contributions, lower welfare dependency, and strengthen communities. Every £1 invested in these programmes generates about £9 in additional salary income.

Scenario 3 introduces specialist mental health care, recognising that refugees often face trauma, depression, and anxiety. Early access to psychological support helps people recover, stay healthy, and work more consistently. Employment rates rise from 52 percent to 75 percent, while health costs fall over time.

The study shows that employment, health, language, and housing are closely connected. Good work improves confidence and mental health, while language skills open more job opportunities. Stable housing reduces stress and helps people integrate faster. Coordinated support in these areas helps both refugees and local communities.

This is the first study to simulate the full asylum journey and show how different types of support affect long-term costs and outcomes in the UK. It highlights how early investment continues to bring financial and social returns for many years. The findings are conservative but robust, drawing on expert advice and reliable data.

There are still limitations. The model simplifies real-life situations and cannot fully reflect every individual's experience. Some costs may be underestimated, and data on informal work or remittances are limited. The study focuses on the UK, so results may differ elsewhere. It also does not measure wider social gains, such as improved wellbeing, safety, and community relationships, though these are likely significant.

Overall, the findings suggest that a compassionate asylum system is not only fairer but also more efficient, helping people rebuild their lives while reducing long-term costs for society.

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APPENDIX

Table 1: Demographic characteristics of simulated profiles

Characteristic	Description	Value	Source
Gender	Male Female	71% 29%	(Home Office, 2025a)
Age	Proportion of age by category	<17 = 20% 18-29 = 48% 30-49 = 31%	(Home Office, 2025a)
English	Proportion with B1 level in English	15%	(Greater London Authority, 2023)
Mental Health	Proportion of mental health conditions	50%	(Hendrickx et al., 2020)
Physical Health	Proportion with a physical health condition	51%	(Yun et al., 2012)
Asylum Accommodation	Proportion of people using asylum accommodation	85%	(Home Office, 2023a)
Asylum Support	Proportion receiving asylum support payments	41%	(Aleynikova & Mosley, 2023)
Homelessness	Proportion experiencing short-term homelessness	30%	(Migration and Borders Group, 2022)
Mental Health Baseline	Proportion with mental health conditions if in detention centres	76%	(Graf et al., 2013; von Werthern et al., 2018; Young & Gordon, 2016)
Mental Health National Average	Percentage with mental health conditions with interventions	17%	(NHS England, 2016)
Self Employed	Proportion self-employed	21%	(Kone et al., 2019)
Self Employed National Average	Proportion self-employed (with intervention)	14%	(Kone et al., 2019)
Health Average	Percentage using healthcare services (national average)	90%	(ONS, 2024)

APPENDIX CONTINUED

Table 2: Baseline Scenario Variables, Stage 1 & 2: Arrival & Waiting and Appeal

Variable	Description	Value	Source
Accommodation	Average monthly cost of asylum accommodation. Includes 40% hotels and contingency accommodation and 60% dispersal accommodation.	£1,992	(IPPR, 2024; Jorgensen, 2025)
Asylum support	Monthly cost of asylum support payments per individual, for the 41% who are eligible.	£213.0	(Aleynikova & Mosley, 2023; GOV.UK, 2025a)
Staff costs	Average monthly staff cost for processing asylum applications, proportional per individual. Calculated from total annual staff costs inflated to 2025 prices.	£553.8	(Cuibus et al., 2025; Home Office, 2023b)
Asylum acceptances	Three-year average from 2022-2024 of successful asylum applications that resulted in protection at initial decision.	51%	(Home Office, 2025a)
Deportations	Proportion of applications denied or people who are returned from the UK. Calculated from the average refusals plus withdrawn applications of 2022-2024 in asylum applications.	42%	(Home Office, 2025a)
Asylum application	Average time to process asylum applications.	18 months	(Cuibus et al., 2025)
Appeal duration	Average time to process appealed applications (53 weeks for first-tier tribunal appeals for asylum applications).	12 months	(Andonian, 2025)
Removal cost	Cost of removing one person from the asylum system following deportation.	£173,974	(Home Office, 2023a)
Appeal success rate	Average acceptances after an appeal.	42%	(Home Office, 2025a)

APPENDIX CONTINUED

Table 3: Baseline Scenario Variables, Stage 3: Grant of Leave to Remain

Variable	Description	Value	Source
Unemployment duration	Time taken to find employment as a refugee.	18 months	(Cebulla et al., 2010; European Commission, 2016)
Refugee employment rate	Refugee employment rate	56%	(Fernández-Reino & Brindle, 2024; Gibb, 2018; Kone et al., 2019)
Employment rate MH	Employment rate with mental health conditions for the general population	52%	(Nuffield Trust, 2023)
English employment rate	The impact of not having English language ability on employment	22%	(Dustmann & Fabbri, 2003)
Criminal justice costs	Homelessness-related criminal justice costs per person per month, inflated to 2025 prices.	£1,071.3	(Migration and Borders Group, 2022)
Homelessness cost	Monthly cost for homelessness and rough sleeping per person.	£876.7	(Migration and Borders Group, 2022)
ER costs	Monthly cost for A&E use when homeless.	£184.5	(Migration and Borders Group, 2022)
Other welfare costs	Monthly individual welfare costs (disability and injury benefits, income support, family benefits), excluding JSA.	£358.2	(Home Office, 2023a)
JSA cost	Monthly cost of JSA per individual	£398.9	(GOV.UK, 2025b)
Healthcare cost	Monthly cost of physical healthcare.	£227.5	(Home Office, 2023a)
Healthcare multiplier	Comorbidity healthcare usage, used to account for potential higher healthcare use for refugees.	1.5	(Soley-Bori et al., 2021)
Mental health in detention centres	Mental health conditions rate in detention centres.	76%	(Graf et al., 2013; von Werthern et al., 2018; Young & Gordon, 2016)
Mental health cost	Monthly cost of mental healthcare per individual for 2 hours. Calculated with Home Office total healthcare costs with the proportion spent on mental health (14%).	£66.0	(Home Office, 2023a; NHS England, 2022; NHS Mental Health Dashboard, 2025)

APPENDIX CONTINUED

Table 4: Baseline Scenario variables, Stage 4: Employment

Variable	Description	Value	Source
Tax revenue self-employment	Tax revenue and NICs4 when self-employed.	£189.4	(GOV.UK, 2024)
Tax revenue baseline	Monthly income tax and NICs for refugee salary.	£248.1	(European Commission, 2016; Kone et al., 2019; ONS, 2025a)
Housing cost	Monthly UK housing cost.	£1332.0	(ONS, 2025c)
Council tax	Average monthly council tax.	£139.0	(Department for Levelling Up, 2024)
Self-employed salary	Net monthly self-employed income.	£1,535.0	(GOV.UK, 2024)
Monthly salary baseline	Net monthly salary without employment support, based on the percentage of UK median salaries that refugees earn (66.62%).	£1,340.0	(Kone et al., 2019; ONS, 2025a)
Self-employed refugees	Proportion of refugees who are self-employed (no interventions).	21%	(Kone et al., 2019)

Table 5: Scenario 1 Variables

Variable	Description	Value	Source
Expedite asylum process	Monthly staff cost to expedite the asylum process, assuming baseline staff costs multiplied by 1.5.	£830.8	(Cuibus et al., 2025; Home Office, 2023b); Assumption
Legal assistance	Monthly cost of legal services per person. Asylum Aid spent £1,156,816 on legal aid services in 2023 for 1013 individuals.	£95.2	(Asylum Aid, 2023)
Asylum acceptance with lawyer	Success rate with legal assistance. According to Asylum Justice, 77% of applications resulted in a grant with legal aid in 2019.	77%	(Asylum Justice, 2020)
Asylum application months	Time to process applications when expedited.	6 months	Assumption
Mental health refugee rate*	Proportion of refugees with serious mental health conditions.	50%	(Hendrickx et al., 2020)

*Due to shorter time spent in detention centers, there is a lower proportion of people developing serious mental health conditions.

APPENDIX CONTINUED

Table 6: Scenario 2 Variables

Variable	Description	Value	Source
English	Proportion of refugees with a baseline level of English upon arrival.	15%	(Greater London Authority, 2023)
Language support cost	Language support cost Monthly cost of English language support per refugee. The Refugee Council determined that a government funded English language class costs £30/h. 300 hours annually is 25 hours per month.	£750.0	(Cambridge English, 2013; GOV.UK, 2023; Refugee Council, 2024)
Employment support cost	Monthly cost of employment support per individual.	£147.6	(Breaking Barriers, 2023a)
Unemployment duration with intervention	Duration of unemployment with employment support.	4 months	(Breaking Barriers, 2023b)
Self-employed national average	Proportion of refugees self-employed with employment intervention.	14%	(Kone et al., 2019)
Tax revenue grant of leave	Income tax and NICs for the average migrant.	£475.3	(Centre for Migration Control, 2024)
Salaries grant of leave	Initial net average monthly salaries after Grant of Leave to Remain. Uses average monthly salary for skilled migrants.	£2,270.2	(Centre for Migration Control, 2024)
Tax revenue new	UK average tax revenue and NICs	£519.5	(ONS, 2025a)
Monthly salary new	Net monthly salary per individual	£2,383.8	(ONS, 2025a)
Employment rate migrant	Average employment rate of non-EU born migrants, since the majority of refugees are non-EU born.	64.9%	(ONS, 2023)

Table 7: Scenario 3 Variables

Variable	Description	Value	Source
Specialised mental health costs	Monthly cost of providing specialised refugee-specific healthcare per individual	£348.9	(Refugee Support Group, 2022)
Employment rate migrant	Employment rate of non-EU born migrants	64.9%	(ONS, 2023)(ONS, 2023)
Mental health refugee rate	Proportion of refugees with serious mental health conditions, replacing Mental health detention.	50%	(Hendrickx et al., 2020)
Mental health national average	Percentage of people with mental health conditions with interventions.	17%	(NHS England, 2016)
Mental health cost	Monthly cost of mental healthcare per individual.	£66.0	(Home Office, 2023a; NHS England, 2022)
Tax revenue new	UK average tax revenue and NICs (income tax of £371.02 and NICs £148.47).	£519.5	(ONS, 2025a)
Monthly salary new	Net monthly salary per individual with employment support.	£2,383.8	(ONS, 2025a)
Employment rate national average	Employment rate of settled refugees.	75%	(ONS, 2025b)

NOTES