



National Audit Office

Home Office

The Syrian Vulnerable Persons Resettlement programme

Appendix Three

SEPTEMBER 2016

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The cost of the programme – Methodology

1 We analysed financial data from the central programme team within the Home Office and data from other government departments and local authorities to estimate the total cost of the programme to government.

Funding for refugees' first year in the UK: The costs attributable to support and services provided to refugees during their first year in the UK were based on data and underlying assumptions provided by government departments to the Home Office as part of the budgeting process for the programme in autumn 2015, with the addition by the NAO of some costs to other government departments where these were excluded from the budgeting process. This included the following assumptions:

- **Local Authority tariff (covered by Official Development Assistance (ODA) funding):** The cost of the local authority tariff during refugees' first year in the UK has been calculated based on the amount per refugee that was agreed by HM Treasury in the 2015 Spending Review (£8,520 per person) multiplied by the expected intake of refugees per quarter. The local authority tariff was calculated using costing information from six local authorities and delivery organisations involved in either the Gateway Protection Programme or the previous version of the Syrian Vulnerable Persons Resettlement programme (the programme). The average unit cost, £7,849, was rounded up to £8,000 and £520 added for social care costs to reflect the amount paid for social care to local authorities involved in the Gateway programme.
- **Other ODA costs:** In addition to the local authority tariff during refugees' first year in the UK, ODA funding has been provided to cover the costs of: education and special educational needs; primary and secondary medical care; exceptional costs; some administration costs within other government departments (namely the cost to HM Revenue & Customs (HMRC) of processing Child Benefit and Child Tax Credit claims); Biometric Residence Permits and other similar administrative costs; staff costs, and travel and subsistence costs for the Security Team, Operational Delivery Team and Finance Team within the Home Office; and funding provided to the United Nations High Commissioner for Refugees (UNHCR) and the International Organization for Migration (IOM).

Healthcare (covered by ODA):

- Primary healthcare: Primary care is local healthcare provided by GPs, NHS walk-in centres, dentists, pharmacists, and so on. The cost of primary healthcare was calculated based on the tariff paid by the Home Office to the Department of Health to cover the cost of registering refugees with GP practices as part of the Gateway Protection Programme, multiplied by the expected intake of refugees per quarter.
- Secondary healthcare: Secondary care is health care provided by medical specialists and other health professionals who typically do not have first contact with patients. The programme team and the Department of Health agreed a £2,000 per person tariff to cover secondary healthcare based on a review of medical costs within existing resettlement programmes, multiplied by the expected intake of refugees per quarter.

Exceptional costs (covered by ODA): The Exceptional Costs Fund was set up in recognition that, due to the nature of the programme, some refugees would have significant medical needs and associated costs. The budget for the fund was calculated based on the expectation that up to one-third of refugees would need additional medical treatment, multiplied by an estimated average cost of £10,000 per patient based on a review of costing data from other resettlement programmes.

Education (covered by ODA): The costs of education and special educational needs were provided by the Department for Education and were calculated based on the profile of those who had been referred to the programme by 2 November 2015, and unit cost data held by the Department for Education. It was assumed that 10% of children would be based (and need school places in) London and the South East and that 20% of all children entering the UK as part of the programme would have, and therefore require funding for, special educational needs.

Home Office costs: Non-ODA eligible costs expected to be incurred by the Home Office were provided by the Home Office. These include: staff costs, and travel and subsistence for the Skills Assessment Team; additional interviewing resources; qualification checks; funding for additional English language course (£500 per adult) and associated childcare (£115.45 per child); Strategic Migration Partnerships (£60,000 per SMP for 2016-17); IT systems; and communications.

Welfare benefits: The costs of welfare benefits were based on data and underlying assumptions provided by the Department for Work & Pensions to the Home Office and the NAO and discussions with the programme team, including:

- Family units were assumed to consist, on average, of two adults and two children – resulting in a total of 5,000 benefit units (10,000 adults claiming benefits) across the 20,000 person refugee group.
- Geographical location: It has been assumed that 10% of refugees will be resettled in London and the South East, with the remaining 90% being resettled elsewhere in the UK. The unit costs in London were assumed to be considerably higher, for example, the Universal Credit (UC) rate for the main applicant after the first year is 27% higher in London compared to the rest of the UK.
- Benefit take-up: Every adult entering the UK through the programme has been assumed to take-up a working-age benefit, child-related benefits and Housing Benefit, where they are eligible to do so. Based on the evaluation of the Gateway Protection Programme, 80% of adults were assumed to be on Jobseeker's Allowance during their first year in the UK, and 20% in the Employment Support Allowance Support Group. No refugees were expected to cease receiving a working-age benefit during their first year in the UK.
- Housing Benefit: All family units were assumed to move into accommodation within the private-rented sector, and would be subject to Local Housing Allowance rules. The bedroom size entitlement for a family of four is typically three bedrooms. The cost of Housing Benefit was therefore calculated based on the average award for those out of work and entitled to three bedrooms in May 2015, multiplied by the expected intake of refugees per quarter. The amount of Housing Benefit paid will be dependent on the location of refugees.
- It should be noted that larger families may be more likely to be subject to the benefit cap; currently £26,000 per year reducing to £20,000 in Great Britain, except London where it will be £23,000 after 7 November 2016.
- Universal Credit: It has been assumed that from quarter one 2018-19, all new claims will be UC. Existing claims have not been assumed to be UC or migrated across.

Tax credits and Child Benefit:

- Administration: Administration costs were provided by HMRC. Costs are expected to be incurred for the initial claim, but to be a one-off cost. The cost to HMRC of renewing claims in subsequent years is expected to be negligible.
- Child Benefit: The costs of Child Benefit were calculated based on HMRC's assumption that one-third of family units would be eligible for the eldest or only child payment, plus the numerical equivalent of two-thirds of family units would be eligible for the additional children payment. Annual rates for Child Benefit are fixed until April 2017 and are available at: www.gov.uk/child-benefit-rates. Calculations were based on the assumption that each family unit would have on average two adults and two children. Eligibility for Child Benefit is the same as for British nationals.

- **Child Tax Credit (CTC):** The cost of CTC was calculated based on HMRC's assumption that all refugee families will have little or no income to begin with and will therefore be entitled to the full amount of CTC. Annual CTC rates for 2016-17 are available at: www.gov.uk/child-tax-credit/what-youll-get. Calculations were based on the assumption that each family unit would have on average two adults and two children. Eligibility for CTC is the same as for British nationals.
- In line with estimates for welfare and benefits, it has been assumed that from quarter one 2018-19, all new claims will be Universal Credit. Therefore, the equivalent CTC costs from this period have been included in the estimate of welfare and benefit costs. Child Benefit has been assumed to continue in and after 2018-19.

Funding for refugees' second to fifth years in the UK: The costs attributable to support and services provided to refugees during their second to fifth years in the UK were calculated by the NAO by extrapolating the above data and adding in the following assumptions:

- **Local authority tariff:** The cost of the local authority tariff during refugees' second to fifth years in the UK has been calculated based on the amount per refugee that was agreed by HM Treasury in the 2015 Spending Review for each subsequent year of support (year two: £5,000 per refugee; year three: £3,700 per refugee; year four: £2,300 per refugee; and year five: £1,000 per refugee) multiplied by the expected intake of refugees per quarter. These rates were determined following a consultation with local authorities led by the Department for Communities and Local Government.
- **Other ODA costs:** The costs of refugee support are not eligible for ODA funding after their first year in the UK, so no costs are attributable to ODA funding for this period.
- **Home Office costs:** Costs expected to be incurred by the Home Office were calculated using the same methodology as that used for refugees' first year in the UK, with the removal of costs which were not expected to be incurred during this period. The costs attributable to the Home Office as part of refugees' second to fifth years in the UK include: staff costs, and travel and subsistence for the Operational Delivery Team and the Finance Team; and communications.
- **Healthcare:** The cost of healthcare during refugees' second to fifth years in the UK was calculated in line with existing standard formulas for funding healthcare in England using Clinical Commissioning Group (CCG), primary care and specialised commissioning allocations for the next five years. These are published by NHS England and are available at: www.england.nhs.uk/resources/resources-for-ccgs/#finance.

- **Exceptional costs (medical):** The costs of exceptional medical costs were calculated using the same methodology as that used for refugees' first year in the UK, with the following amendments:
 - Year two: Original cost calculation multiplied by 0.63 to reflect the percentage of refugees who were resettled as part of the programme because they were survivors of torture (55%) or because they had medical needs (8%) as an estimate of the percentage of those who could reasonably be expected to have additional medical needs in the medium term.
 - Year three: Original cost calculation multiplied by 0.08 to reflect the percentage of refugees who were resettled as part of the programme because they had medical needs (8%). This was used as an estimate of the percentage of those who could reasonably be expected to have additional medical needs in the longer term. Those who were accepted because they were survivors of torture were assumed to now be part of the secondary medical care system.
 - Years four to five: Exceptional medical conditions (and, therefore, costs) are expected to have been addressed by this point and so no costs are attributable during this period.

Exceptional costs (social care): A fund equivalent to 15% of the local authority tariff has been put aside to cover exceptional additional social care costs incurred by local authorities during refugees' second to fifth years in the UK. The potential cost of the fund was calculated by taking 15% of the total cost when multiplying the local authority tariff for each year of support by the expected quarterly intake of refugees.

Education: The costs of education and special educational needs were calculated using the same methodology as that used for refugees' first year in the UK. No amendments were made to adjust for those children who would leave full-time education while in the programme given the relatively small numbers involved and that a comparable number of children entering the UK as part of the programme were expected to be below school-age but would enter the education system while in the programme.

Welfare benefits: The costs of welfare benefits were calculated using the same methodology as that used for refugees' first year in the UK, with the following additions:

- **Benefit off-flows:** It has been assumed that refugees will, on average, claim Jobseeker's Allowance during their first year, but will either move into paid employment or on to the Department for Work & Pensions' Work Programme. Of the original cohort, 2.5% are assumed to flow from Jobseeker's Allowance to paid employment each quarter after their first year in the UK.

- From the second year of the programme, an estimate of those entering work as part of the Work Programme or similar has also been included based on recent Work Programme statistics, which found that in total 522,000 individuals have found sustained employment of at least three or six months while on the scheme – equivalent to 28% of all claimants who have had enough time to achieve it, available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/537180/work-programme-statistics-to-mar-2016.pdf.
- Benefit take-up: It has been assumed that none of those claiming Employment Support Allowance will enter paid work or cease receiving the benefit, but that 100% of these claimants will claim for Personal Independence Payments from their third year in the UK (disability-related benefits can only be taken up after two years, so from year three for each refugee, due to the eligibility criteria).
- Housing Benefit: All refugees, regardless of future outcomes, have been assumed to continue claiming Housing Benefit (although at a slightly lower rate if they move into employment).
- Universal Credit: As per the calculation for the cost of welfare and benefits during refugees' first year in the UK, it has been assumed that from quarter one 2018-19, all new claims will be Universal Credit.

Tax credits and Child Benefit: Child Benefit and Child Tax Credit (CTC) costs were calculated using the same methodology as that used for refugees' first year in the UK, with the following additions given the vulnerable status of those under the programme: 10% of claimants would be entitled to the disabled child element on top of the family element once they were eligible in year three; and 8% of claimants would be eligible for the severely disabled child element of CTC (to reflect the proportion of refugee intake accepted onto the programme due to medical needs or disability).

2 Unless otherwise stated, all cost estimates use the same assumptions regarding the number of refugees who will be resettled in the UK each quarter. The characteristics, and subsequent costs, of those being resettled in the UK as part of the programme have been estimated based on programme participants to date. Actual costs will be dependent on the characteristics of those who are resettled in the UK in future as part of the programme. The model has not attempted to predict the behaviours of those being resettled in the UK as part of the programme, which could affect the costs of the programme to government, for example the costs attributable to relocation within the UK, or the additional costs of childcare or in work support.

3 Figures are provided in cash terms and have not been adjusted for inflation. All assumptions have been discussed and agreed with the relevant department(s).

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