

International Development Committee Inquiry on ‘Aid Spent in the UK’ – Evidence from Save the Children

Save the Children was founded 100 years ago in London. It is now a global movement operating in over 100 countries, fighting to ensure that all children survive, learn, and are protected.

Introduction and Summary of Key Points

In 2021, the single largest item in the aid budget was spent on domestic refugee¹ hosting costs in the UK (£1,052m²). This has caused significant disruption to other international programming and activity and is contributing to the reduction in funding for children living in some of the poorest places in the world.

The Government’s recognition at the Autumn Statement that it would need to stop treating 0.5% as a cap and spend ‘around 0.5% of GNI’ was a step in ensuring the financial flexibility needed to respond to the various ongoing crises affecting children across the world. However, even with the additional £2.5 billion allocated over two years to cover some of the refugee hosting costs, Save the Children estimates that there will still need to be a further cut of £4 billion to the revised ODA budget³.

The impact of the costs associated with hosting refugees in the UK are compounding the cuts associated with the reduced 0.5% budget. Together these factors are causing a dramatic reduction in the support provided for children in low-income countries, many of whom are facing devastating humanitarian crises. This can be seen clearly in relation to Somalia, where 8 million (56%) children under 5 are acutely malnourished, and yet UK aid has been reduced from £280 million (2017), to £233 million (2020), to around £100 million this financial year. At a time when climate and conflict induced disasters are destroying the lives of millions of children across the world, the UK must step up.

The Government is right to be supporting refugees here in the UK, but the Government should either stop counting domestic refugee costs as part of the ODA budget – a position which is consistent with the OECD DAC rules - or should count the refugee total costs as ODA in addition to 0.5%. We should not fund our response to one crisis at the expense of others. This action should also be taken alongside an immediate return to spending 0.7% of GNI on ODA to provide children in the toughest parts of the world with the support they need today, and to help protect their futures.

What proportion and sum of the overall aid budget (a) has been since 2015, (b) is and (c) is planned to be expended on supporting refugees in the UK

Over the last 10 years there has been a significant shift in the UK Government’s approach to spending its ODA budget on supporting refugees in the UK. The Government has previously been strongly opposed to doing. However, in a clear reflection of a change in attitude, the amount of UK ODA detailed under “supporting refugees in donor countries” has grown from 2% to 8% of total ODA between 2015 and 2021 (Figure 1). As more money has been spent on domestic refugee costs, there has been less money for aid programmes operating in low-income countries.

This financial year (2022-2023), ODA spending recorded under “supporting refugees in donor countries” is set to grow significantly once again. Taken as a whole, it is highly likely that ODA recorded under “supporting refugees in donor countries” could be around £4.25-£4.5 billion, covering

¹ Although we use the term domestic refugee hosting costs throughout this submission, we are referring to domestic hosting costs for refugees and asylum seekers

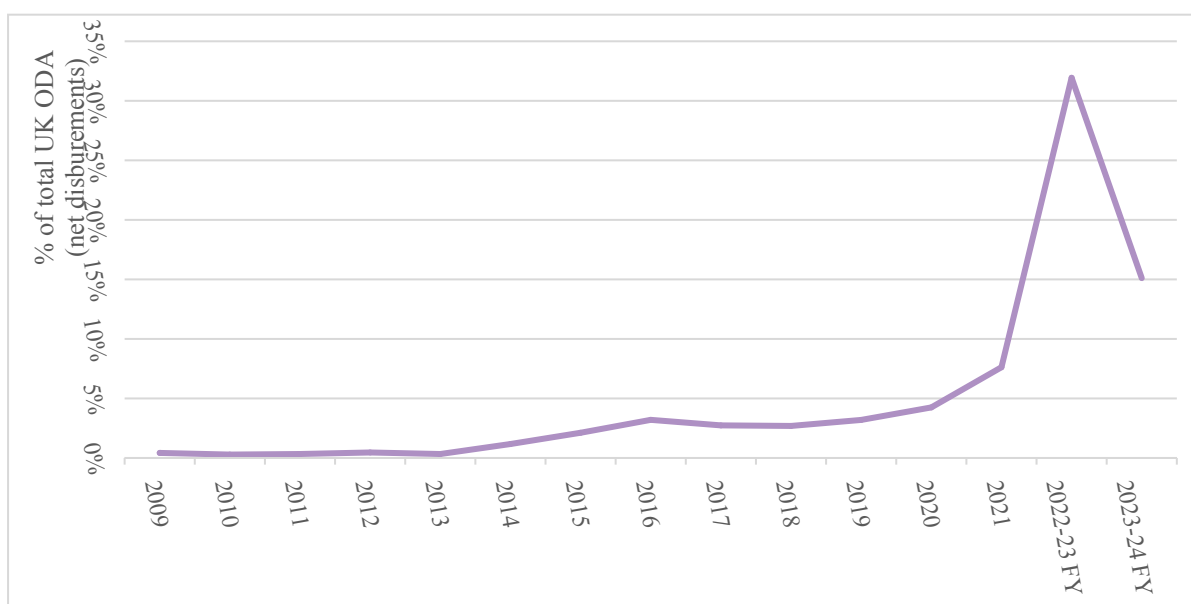
² https://www.gov.uk/government/statistics/statistics-on-international-development-final-uk-aid-spend-2021?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=5dfcc95b-f054-4604-a3e2-9de419fda56b&utm_content=immediately

³ https://twitter.com/Richard_Watts/status/1595448827473018881

over a third of total ODA⁴ (Figure 1). This further rise can be put down to the sponsorship and family schemes for Ukrainians⁵, the increase asylum application on arrival⁶ and the ARAP and ACRS schemes which support Afghans⁷.

It is hard to accurately estimate the likely scale of ODA reported as supporting refugees in the UK in 2023-24. This is because of the fluidity of crises globally, rising inflation and the Government’s work to lower refugee hosting costs, including the announcements made by the Prime Minister on the 13 December 2022⁸ (this announcement is discussed in more detail in section five). However, it currently seems that while spending will come down, these costs could continue to account for around 15% of the total ODA budget⁹. This is based on a scenario where asylum applicable on arrival do not reduce and arrivals through other official schemes reduce but do not stop.

Figure 1 - Percentage of UK ODA on refugee hosting over time (actual and estimated future spend)



Source: 2009 to 2021 data from OECD Stat Total flows by donor table. 2023-24 estimated based on Ukrainian refugees method outlined [here](#) and increasing numbers of asylum seekers compared to 2021. 2023-24 is half the estimate figure in 2022-23, based on the reduction in Ukrainian refugee arrivals that is assumed will continue.

What goods and services to support refugees in the UK have been purchased using the aid budget?

The UK Government has outlined¹⁰ a range of goods and services purchased to support refugees that it will count as ODA spending for a maximum of 12 months:

⁴ Assumed at 0.5% GNI, plus the additional announced £1bn in the 2022 Autumn statement.

⁵We have estimated that the UK Government could count up to £3 billion of Government spending as ODA this financial year - [Is UK aid facing another round of major cuts? - Save the Children UK](#)

⁶ Home Office statistics show a 90% growth (45 to 86 thousand) comparing application between Q4 (2020) – Q3 (2021) with Q4 (2021) – Q3 (2022)

⁷ The UK has resettled almost 23 thousand people from Afghanistan as part of ARAP and ACRS as of the end of November 2022

⁸ <https://www.gov.uk/government/speeches/pm-statement-on-illegal-migration-13-december-2022>

⁹ Assumed at 0.5% GNI, plus the additional announced £1.5bn in the 2022 Autumn statement.

¹⁰ <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/oda-in-donor-refugee-costs-united-kingdom.pdf>

Accommodation (including general subsistence) – Depending on the UK Government’s categorising of people either applying for asylum or under certain schemes, accommodation will either be purchased by local authorities using grants provided by the Home Office¹¹ or by the Home Office directly¹². Local authority accommodation will either be provided by more general foster care services for unaccompanied children under 16 or specific accommodation for those over 16¹³ and those under certain resettlement schemes¹⁴. One of the major contractors used by the Home Office is Ready Homes¹⁵, which has a £662 million contract for the provision of asylum accommodation and support services in the South of England¹⁶.

According to Government statistics, the Home Office accounted for 95% of total refugee hosting costs in 2021, of which accommodation made up over two thirds (Figure 2).

Figure 2 - Home Office ODA spending to support refugees has risen significantly over time

£ millions, current prices	2017	2018	2019	2020	2021
Home Office ODA to support refugees in donor countries	305.0	304.0	403.5	567.3	996.4
Initial Accommodation (first 12 months)	19.2	23.4	41.1	223.8	582.5
Refugee Support - Adults & Families (accommodation and support for first 12 weeks)	73.1	73.9	119.0	117.3	78.0
Refugee Support - Unaccompanied Asylum-Seeking Children (UASCs), 12 months of assistance	75.3	71.2	101.4	103.2	95.4
Modern Slavery Victim Care Contract		5.9	6.7	10.2	11.0
Other	137.4	129.6	135.3	112.8	229.4

Source: Statistics on International Development: final UK aid spend 2021, Data underlying the SID publication
Notes: It is not possible to get an exact figure for just accommodation costs, as grants to local authorities for some categories of people cover accommodation and broader support.

Health and education – The UK Government claims back the cost of providing basic public health and education for people applying for asylum and those within the various resettlement schemes for the first 12 months after arriving. Health and education support to asylum seekers is estimated on unit costs based around age profile and amounted to £52 million in 2021, a 25% nominal increase since 2017 (Figure 3). Local authorities bill the Home Office for costs associated with people arriving under specific resettlement schemes.

Figure 3 - ODA spending on health and education to support asylum seekers in the UK (2017-21)

¹¹ Such as the Vulnerable Persons Resettlement Scheme (VPRS) and Vulnerable Children Resettlement Scheme (VCRC), Unaccompanied Asylum-Seeking Children (UASC) and country specific like Afghan Relocation and Assistance Policy (ARAP) and Afghan Citizens Resettlement Scheme (ACRS)

¹² Such as under the Homes for Ukraine Scheme or applicants applying on arrival that are not unaccompanied children.

¹³ <https://www.contractsfinder.service.gov.uk/notice/34ce0118-20b5-4232-955e-85eb5faaf8c8?origin=SearchResults&p=1>

¹⁴ [P0980 - Afghan Refugee Resettlement Schemes: Provision of orientation, accommodation and support services for Year 1 - AWARD - Contracts Finder](#)

¹⁵ [Ready-Homes](#)

¹⁶ [AASC - Asylum Accommodation & Support Services Contract South - Contracts Finder](#)

£ millions, current prices	2017	2018	2019	2020	2021
Health and education support to asylum seekers	39.3	39.5	44.2	46.2	51.5
Department for Education	24	20	21	18	21
Department for Health and Social Care	15	14	17	21	26
Devolved Administrations	0	5	6	7	4

Source: Statistics on International Development: final UK aid spend 2021, Data underlying the SID publication

Administration and advisory service costs – The last major purchase of goods and services related to administration costs in relation to the Home Office’s management of asylum applications, ensuring advisory support through the process and travel in relation to the application process or accommodation transfer. These costs have risen significantly since 2019 and made up around 7% of the total in 2021 (Figure 4). Local authorities also pay for advisory services using grant funding from the Home Office in relation to specific resettlement schemes.

Figure 4 – Home ODA spending on administration costs to support refugee hosting in the UK (2017-21)

£ millions, current prices	2017	2018	2019	2020	2021
Home office administration, management, and contracted services costs	50.6	39.2	50.2	61.6	74.8
Administration costs	43.6	30.9	40.2	57.4	67.6
Asylum-Seeker Travel	2.5	2.5	3.6	2.6	5.6
Children's Panel	0.8	1.4	1.6	1.6	1.6
Consolidated Advisory Service	3.7	4.6	4.8	0.0	0.0

Source: Statistics on International Development: final UK aid spend 2021, Data underlying the SID publication

How the use of the aid budget to support refugees in the UK relates to OECD guidance on development spending

The last 30 years has seen significant debate amongst OECD Development Assistance Committee (DAC) member country governments about the appropriateness of recording spending in relation to refugee hosting as ODA. Whilst 30 years ago reporting ODA in this way was low and only recorded by a few countries¹⁷, the growth up to 2016 and the divergent recording practises led to five clarifications to the reporting directives¹⁸, which are still in use today.

Whilst these directives were supposed to support aligned reporting, there continues to be divergence as outlined by the OECD recent report on their implementation¹⁹. There are several areas that warrant further scrutiny:

- i) *Costs attached to administration costs* – clarification 4 outlines that overhead costs should only be applied to direct provision of temporary sustenance to refugees. Whilst the UK does not include costs related to processing asylum applications, we feel the significant scale of these costs (see Figure 4) warrant further investigation about their nature and compliance with the OECD directives.
- ii) *Temporary sustenance versus integration* - clarification 4 also details a clear distinction between temporary sustenance of refugees as eligible to be counted as ODA versus integration that cannot. The UK is among a few other countries that include overall resettlement programs as ODA, but there is no clarity about the specific nature of that spending and whether it relates to temporary sustenance or integration.

¹⁷ OECD report DCD/DAC(2000)22

¹⁸ OECD report DCD/DAC(2017)35/FINAL

¹⁹ OECD report DAC/STAT(2022)1/FINAL

- iii) *Imputation of health and education costs* – The UK is one of the only countries to estimate costs for basic health and education using unit costs based on several assumptions²⁰. Many countries either do not include these costs²¹ or have more advanced measurements about the estimated or actual cost²².

What effect the use of the aid budget to support refugees in the UK has had on the delivery and maintenance of UK-funded programmes in low-income countries

There are two ways in which the support for refugees in the UK is impacting the delivery of UK aid funded programmes in low-income countries. Firstly, the increase in aid spent in the UK, combined with pre-existing budget cuts, has resulted in a dramatic reduction in the funding available for the ‘former DFID portfolio’. Secondly, the Home Office is consistently spending more than it’s agreed budget envelope and, as the FCDO is the spender of last report, it is the FCDO budget that is having to absorb further uncertainty.

These factors were first observed in 2020 in the context of the recession and the upcoming move to spending 0.5% of GNI on aid required there to be a significant “reprioritisation process” of the ODA budget across Government departments. As part of this process, the Home Office committed to reducing their budget by £39 million to £495 million²³. However, their total spending eventually came to £567 million, representing a 15% increase. This, and the wider cuts, put additional pressure on the Department of International Development (DFID) to cut its budget by £2.3 billion, with many of these cuts being made to UK-funded programmes in low-income countries²⁴.

Save the Children’s own international programmes and partnerships have been impacted by the reduction in available ODA funding because of the move to 0.5% and the impact of domestic refugee costs creating uncertainty about final FCDO budgets. It is increasingly common that decisions on funding extensions and bids are being delayed because of uncertainty around the FCDO’s final budget, and we are now even starting to see cuts to budgets in active overseas aid programmes for this financial year.

Lessons need to be learnt and the structures and processes that led to the uncertainty this year need to be changed to ensure this does not happen again. For example, the £2.5 billion in additional ODA through Treasury reserves is welcome, but there should be mechanisms in place (like those relating to defence spending for Ukraine) to ensure this funding is initiated sooner to prevent uncertainty.

Whether spending from the aid budget to support refugees in the UK is an (a) efficient, (b) effective and (c) ethical use of public money

Save the Children is not delivering ODA funded programming to support refugees in the UK, therefore others will be better placed to provide evidence on the practical reality of spending from the aid budget to support refugees in the UK. Whilst FCDO and HMT monitor ODA spending, the current structure provides no oversight over the quality of spending surrounding its efficient and effective use. We welcome the recent statements by Andrew Mitchell²⁵ that he and the Chancellor are looking to establish a committee on this given the soaring costs associated with refugee hosting in overall and per person terms. However, establishing this new committee requires careful planning, to

²⁰ Detailed in full here - <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/oda-in-donor-refugee-costs-united-kingdom.pdf>

²¹ Austria, Belgium, the Czech Republic, Greece, Iceland, Italy, Poland, Portugal, Slovenia and Spain

²² Canada, Finland, and Slovenia

²³ <https://icai.independent.gov.uk/wp-content/uploads/ICAI-spending-targets-2020-rapid-review.pdf>

²⁴ https://twitter.com/Richard_Watts/status/1595448827473018881

²⁵ <https://committees.parliament.uk/oralevidence/11988/pdf/>

ensure it is inclusive of a range of stakeholders and complements the functions of, among others, the IDC and ICAI.

While we are not best placed to comment further on the efficiency and effectiveness of spending the aid budget to support refugees in the UK, we do have serious concerns about the ethicality of this issue. As we have stressed throughout this submission, the way in which the aid budget is currently being used to fund domestic refugee costs is resulting in less funding available to be spent on projects supporting vulnerable children in low-income countries, which compound the significant cuts made in the move to 0.5%.

There are also serious ethical questions around the aid budget being used to house asylum seekers in substandard conditions. During the Autumn, the Manston detention centre, which was accommodating children at the time, was unacceptably overcrowded leading to squalid conditions and outbreaks of disease. Save the Children, alongside several other NGOs, have called for an independent inquiry into what happened at Manston and the wider handling of this issue²⁶. We have further concerns about the use of inappropriate accommodation following the Prime Minister's Statement in the House of Commons on 13th December, which announced that the Government was seeking to secure disused holiday parks and former military facilities to house asylum seekers to reduce spending on hotel accommodation.

Unsuitable accommodation puts children at risk: they miss out on vital services such as education and access to healthcare as well as opportunities to develop and integrate. It is also unclear whether such accommodation will be effectively integrated with local authorities' statutory safeguarding responsibilities. The Government has an ethical responsibility to ensure safe, salubrious, and appropriate accommodation for those seeking asylum here.

The Government is right to be supporting refugees here in the UK. But the Government should either stop counting refugee hosting costs as ODA – a position which is consistent with the OECD DAC rules - or should count the total costs as ODA in addition to the ODA target of around 0.5% of GNI this year. This action should also be taken in conjunction with an immediate return to spending 0.7% of GNI on ODA to ensure we can support children living in the toughest parts of the world.

Whether the use of the aid budget to support refugees in the UK is sufficiently transparent to facilitate scrutiny by Parliament, taxpayers and civil society.

There are several ways the Government provides publicly available information that can facilitate scrutiny on how it uses the ODA budget to support refugees. This information can also be used to assess how domestic refugee costs are impacting funding available for aid projects in low-income countries. In all areas of publicly available information there is a lack of transparency of quality information that inhibits understanding:

- i) *Autumn statement* – Currently this document only provides a general overview about departmental budgets and top-level ODA information, which provides an indicative picture of spending over the next three-year period. We would like to see changes to the structure, so that clarity is provided on ODA spending in the medium term, including departmental allocations.
- ii) *Departmental annual reports* – these offer the opportunity to detail spending plans emerging from the framework provided through the Autumn Statement. For example, the FCDO's report provides detailed forward spending plans (see annex 3 in its 2021-22 report). However, other departments, like the Home Office, do not provide this. In

²⁶ <https://www.theguardian.com/uk-news/2022/nov/29/failings-at-manston-asylum-centre-mean-a-public-inquiry-is-needed>

addition, the FCDO's report provides no detailed information specifically on ODA budget. Overall, we want to see greater consistency in reporting of annual reports, and for the inclusion of planned departmental spend which includes the ODA budget plans.

- iii) *Written/oral parliamentary statements* – we have witnessed over the last year a significant number of questions from parliamentarians seeking clarification from the Government over current costs related to refugee hosting and the impact of the ODA budget. However, responses have often been vague and of insufficient detail to enable scrutiny. Whilst there is a certain element of unknown in relation to accurately understanding costs, this should not be used as an excuse to not provide details, including data and assumptions the Government is using to plan.
- iv) *Departmental statistics* – The Home Office and other departments provide regular statistical updates on immigration and associated support. In addition, this year there has been further detailed information in relation to Ukrainian arrivals and those in small boats. Whilst we welcome these as they provide important information to understand the potential impact in relation to the ODA budget, there are limitations in several areas. Firstly, whilst the data provides total numbers of people being provided with support, it is not possible to ascertain which are within the first 12 months and ODA eligible. Given the Government uses daily figures in its calculation of ODA attributable refugee hosting costs, we recommend that this information is published in the public domain at least on a quarterly basis.
- v) *Reporting to the International Aid Transparency Initiative (IATI)* – FCDO's reporting to IATI has been a critical resource for Save the Children in understanding its ODA budget and spending, particularly over the last three years of cuts. However, whilst DFID's former portfolio continues to be a world leader on quality reporting to IATI, as evidenced by Publish What You Fund's Aid Transparency Index, wider Government reporting lags a long way behind. Taking the Home Office as an example, the last time they reported information to IATI in relation to asylum support was 18 months ago²⁷, and even then, the budget and spend data does not match with subsequent reporting to the OECD or the Government's Statistics in International Development (SIDs) publication. We echo calls of other CSOs for reporting to IATI to be substantially improved across government, based on expertise gained from DFID's approach.

Following the end of the reporting year, Government reporting to OECD and its Statistics on International Development (SIDs) publication provide detailed final disaggregated data on ODA to support refugee hosting within the UK. However, we have several concerns about the quality and timely reporting of these:

- i) *Quality* – As noted by the DAC working party on statistics, a substantial proportion of the UK's reporting of refugee hosting costs is top line details of resettlement programmes, rather than the components of support within this. There is a need to disaggregate this to ensure all costs related to this are for temporary sustenance, and not for integration. In addition, the recent 2021 SIDs publication outlines the Home Office has spent £125 million on refugee hosting which has been categorised under the title "temporarily removed". The lack of detail in the way spending is categorised inhibits scrutiny.
- ii) *Timeliness* – Over recent years we have witnessed the late publication of OECD and SID data, which is a worrying trend. Whilst we appreciate there may be certain challenges in

²⁷ <https://devtracker.fcdo.gov.uk/projects/GB-GOV-6-02/summary>

relation to staff capacity, these need to be investigated and resolved. Data arriving late delays effective scrutiny.