

# Submission of Written Evidence to the International Development Committee’s Inquiry on “Aid spending in the UK”

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Note: This evidence relates to the following components of the inquiry [emphasis added]:

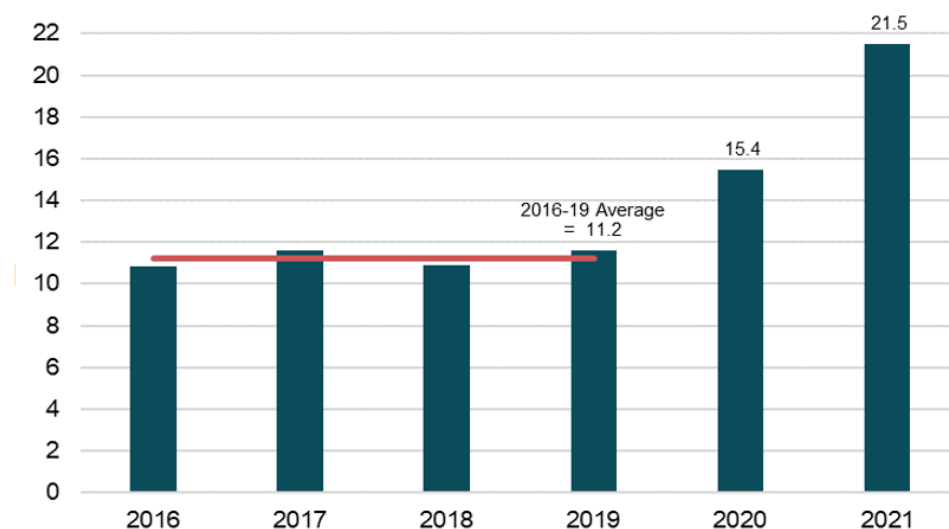
- “What proportion and *sum of the overall aid budget* (a) has been since 2015, (b) is and (c) is *planned to be expended on supporting refugees in the UK*”
- “*What goods and services to support refugees in the UK have been purchased using the aid budget*”
- “*Whether spending from the aid budget to support refugees in the UK is an (a) efficient, (b) effective and (c) ethical use of public money*”

## 1) UK IDRC ODA Spend Projections

A spike in the number of refugees and asylum seekers arriving in the UK in 2022 will significantly increase the amount of government support provided to these recipients, which is eligible to be charged to the Official Development Assistance (ODA) budget as in-donor refugee costs (IDRC). With additional arrivals under the Ukraine Scheme, Afghan Citizens Resettlement Scheme (ACRS), and via small boat channel crossings, we estimated in September that the UK’s total IDRC ODA could reach over £3bn in [2022](#), up from £1,052m in [2021](#). And since the first year of support provided to these recipients is ODA-eligible, and they have been and are arriving part-way through 2022, much of the IDRC ODA costs will be pushed to 2023: we estimate £2.7bn of total IDRC ODA in 2023, even if arrivals fall back to previous levels.

The obvious driver of this is the dramatic spike in arrivals of refugees and asylum seekers. But another underappreciated aspect of this is the rise in IDRC ODA spend per recipient. We estimated that by 2021 this spend had [doubled](#) compared to its pre-pandemic level. This could be understandable as a result of covid-related cost increases, notably for accommodation. But whereas other DAC donors which saw a 2020 spike in their IDRC ODA spend per recipient [subsequently saw their costs decrease](#) in 2021, the UK’s continued to rise.

**Figure 1: UK IDRC ODA Spend per recipient (constant 2020 GBP thousands)**



Source: [Figure 4](#) of Sam Hughes & Ian Mitchell (September 2022) *Projections of UK-Hosted Refugees, and the Implications for the UK’s Aid Budget and Spend*

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At the time of our analysis, we left this this phenomenon largely unexplained. But the latest [Statistics on International Development](#) (SID) allow us to look at the breakdown of the UK's IDRC ODA costs up to 2021. Using this data, in section 3 and Annex II we provide a more detailed disaggregation of UK IDRC ODA spend per person-year of support provided by extending agency, recipient, and sector, which confirms a rise in accommodation costs, particularly for asylum seekers.

## 2) Disaggregation of UK IDRC ODA: Where is it Spent?

The latest [Statistics on International Development](#) (SID) allow us to look at the breakdown of the UK's IDRC ODA costs up to 2021. The data underlying the SID records IDRC ODA by extending agency and sector (e.g. administrative costs, food and shelter, health, training etc.), and it is also possible to manually disaggregate this spend by the category of recipient (e.g. whether an asylum seeker or refugee).

This breakdown of the UK's total IDRC ODA spend by extending agency, recipient, and sector is provided in Annex I – and informs the inquiry's question: *What goods and services to support refugees in the UK have been purchased using the aid budget?* Our evidence highlights the following points:

- Of the UK's total 2021 IDRC ODA spend (£1,052m), **the largest single component of spend was the Home Office's provision of food and shelter to asylum seekers** (when total spend is disaggregated by extending agency, recipient, and sector).
  - A third of the total (63 percent, £661m) was spent by the Home Office to provide asylum seekers with food and shelter.
  - This component of spend also almost doubled in a single year between 2020 and 2021: from £341m to £661m (up 94 percent).
- **The second largest individual component was Home Office spend of £126m on the Afghan Citizens Resettlement Scheme (ACRS)** (when broken down by extending agency, recipient, and sector).
  - This was allocated to no particular sector; but the Home Office's spend under other resettlement schemes (cf. the Vulnerable Persons Resettlement Scheme (VPRS) and the Vulnerable Children's Resettlement Scheme (VCRS)) suggests this would likely be allocated to food and shelter. Note that another £10m was spent on the ACRS by the three other Departments for Education, Health and Social Care, and Work and Pensions, covering areas beyond food and shelter.
  - The ACRS was a new area of spend in 2021, so also partly accounts for the rise in total IDRC ODA in that year. However, it is also true that spend on other resettlement programmes fell. We see that the UK Resettlement Scheme (UKRS) reported a much lower level of spend in 2021 (£29m) than the two schemes it replaced did in 2020 (£65m under the VPRS and VCRS). But considering all spend on resettlement schemes (ACRS, UKRS, VPRS, and VCRS) across all extending agencies, we can confirm that this did rise significantly: from £65m in 2020 to £166m in 2021 (up 153 percent).
- **The third largest individual component was Home Office spend of £95m providing food and shelter to Unaccompanied Asylum-Seeking Children (UASCs) granted refugee status** (by extending agency, recipient, and sector).
  - This component does not contribute to the rise in total IDRC ODA, however. It actually fell from £103m in 2020 to £95m in 2021.
- At a higher level of aggregation by recipient, we see that **three-quarters of the UK's IDRC ODA spend was provided to asylum seekers in 2021, up from roughly half pre-pandemic**. 74 percent (£780m) of the UK's total IDRC ODA was provided to asylum seekers in 2021, versus 25 percent to refugees (£261m). The remaining 1 percent – £11m – was provided to victims of modern slavery.
  - The share of total IDRC ODA spend allocated to asylum seekers has also risen dramatically. Between 2017-19 the spend was more even between asylum seekers and refugees (48 vs 52 percent in 2017; 48 vs 51 percent in 2018; and 53 vs 45 percent in 2019). However, in 2020 the share allocated to asylum seekers shot up to

72 percent (and the share to refugees declined to 27 percent) and has remained close to this level into 2021.

- Aggregating by sector, we see that **the majority of spend was allocated to food and shelter – amongst both asylum seekers and refugees. And this share has risen significantly.**
  - In 2021, 85 percent (£661m) of total support for asylum seekers (£780m) was allocated to food and shelter.<sup>4</sup> This share has also continuously risen over the past five years, with a jump during the covid-19 pandemic: from 51 percent in 2017, to 55 percent in 2018, to 63 percent in 2019, to 76 percent in 2020.
  - In 2021, 37 percent (£95m) of total support for refugees (£261m) was allocated to food and shelter. The majority was unallocated by sector (61 percent, £159m), but we have already noted that most of this unallocated spend by the Home Office on resettlement schemes (£155m) can likely be attributed to food and shelter, given this was how the Home Office reported its spend under previous resettlement schemes (cf. the VPRS and VCRS). Making this assumption implies 96 percent (£250m) of total support for refugees was allocated to food and shelter. This is higher than previous years, but continues its rising trend: 83 percent in 2017, 85 percent in 2018, 86 percent in 2019, and 92 percent in 2020.

### 3) Cost-Efficiency: Disaggregation of UK IDRC ODA Spend per Person-Year of Support Provided

This disaggregated spend, presented in Annex I, can also be related to estimates of the number of person-years of ODA-eligible support provided to asylum seekers and refugees. These second estimates are based on the Home Office [asylum and resettlement datasets](#), and provided in Annex III. The combination of the two yields some indicative figures for the IDRC ODA spend per person-year of support provided, disaggregated by extending agency, recipient, and sector, which are provided in Annex II. These estimates inform the inquiry's question regarding: *Whether spending from the aid budget to support refugees in the UK is an efficient use of public money?* Our evidence highlights the following points:

- **The IDRC ODA spent per person-year of support provided to asylum seekers has tripled between 2019 and 2021, due to increasing food and shelter costs.**
  - Asylum seekers received about £21.7 thousand of support over the year in 2021 (an extra £2.1 thousand was provided for each asylum-seeking child's education). This has risen from £16.2 thousand in 2020, and £6.7 thousand in 2019.
  - From a breakdown of these costs, it is clear that this rise is driven by an increase in the spend on food and shelter, which almost quadrupled between 2019-21 (up 296 percent). Whereas £4.8 thousand was spent in 2019 on food and shelter per person-year of support provided to asylum seekers, this rose to £13.1 thousand in 2020, and £19.0 thousand in 2021.
- **IDRC ODA spend per person-year of support provided to refugees on resettlement programmes remain above pre-pandemic levels.**
  - The UKRS replaced the VPRS and VCRS in 2021. In this year, the UKRS spent £27.1 thousand per person-year of support provided. This is exactly in line with the VPRS in 2020, which also spent £27.1 thousand. However, since the VPRS spend per person-year of support provided rose by over a fifth between 2019 to 2020 (up from £24.3 thousand, a rise of 21 percent), it does show that costs on resettlement programmes are still above pre-pandemic levels.

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<sup>4</sup> Assuming accommodation costs still comprise 85 percent of total support to asylum seekers in 2022, the current level of total support to asylum seekers can be estimated. On 26/10/2022, Abi Tierney told the Home Affairs Committee that the UK was spending [£5.6m a day](#) on hotels for asylum seekers (plus an additional £1.2m for Afghan refugees). Not all of this will represent ODA-eligible first year costs, and we know that [42 percent](#) of asylum cases have exceeded a year in duration in 2022. These figures yield an estimate of £1,395m for the current annual IDRC ODA spend for asylum seekers ( $=£5.6m \times 365 \times (1 - 0.42) \times (1/0.85)$ ), assuming they are sustained for a year. This compares to £780m in 2021: i.e. 79 percent higher. (Note both figures exclude the cost of hosting refugees, including under the Ukraine Scheme and ACRS).

- As with asylum seekers, the VPRS shows that it is increased food and shelter costs which explain the rise: these rose from £17.4 thousand in 2019 to £21.1 thousand in 2020.
- It is noteworthy that per person-year of support provided, resettlement programmes for refugees like the VPRS and UKRS are more generous than support for asylum seekers.
- **The highest level of spend per person-year of support provided was from the Home Office provision of food and shelter to UASCs granted refugee status.** This came to £62.4 thousand in 2021 – far above all other recipient groups. However, this spend also declined from £73.9 thousand in 2020, back towards its 2019 level (£59.5 thousand). Hence its spend per person-year of support provided did not contribute to the rise in total IDRC ODA spend in 2021.

#### 4) Further Questions on Counting ODA under the Ukraine Sponsorship Scheme

Some of these findings are highly relevant as benchmarks against which to assess how UK government support for those arriving under the Ukraine Sponsorship Scheme will be recorded as ODA.

We should expect that accommodation costs for those [arriving](#) under the [Ukraine Sponsorship Scheme](#) will be much lower than for other asylum seekers and refugees: about £4,200 a year (i.e. £350 a month to host families). This is far below the £19.0 thousand for asylum seekers in 2021, or £21.1 thousand for refugees resettled under the VPRS in 2020.

We've also seen that food and shelter comprise the majority of IDRC ODA spend for both asylum seekers (85 percent in 2021) and refugees (92 percent in 2020); and that this component has driven the rise in IDRC ODA spend per person-year of support provided (quadrupling between 2019-21 for asylum seekers; and rising by over a fifth from pre-pandemic levels for resettlement schemes). Hence lower accommodation costs for those arriving under the Ukraine Sponsorship Scheme should mean a much lower amount of ODA is recorded per person-year of support provided to this group of recipients.

Note, however, that Local Authorities will also be receiving an additional grant of £10,500 per arrival under the Ukraine Sponsorship Scheme. It is of concern to this inquiry how much of this grant will be drawn from the ODA budget. Since it will not be used to cover the major IDRC ODA cost item – namely, food and accommodation – the question is: what will it fund, and is this both ODA-eligible and within the spirit of the rules?

## Annex I: Breakdown of UK IDRC ODA Spend (Nominal GBP thousands)

Broad Recipient Category	Extending Agency	Detailed Recipient Category	Recipient Code	Sector	2017	2018	2019	2020	2021		
Asylum seekers	Department for Education	Asylum seeking children	(D)	Training	24,123	20,400	20,810	17,934	18,370		
	Department for Health and Social Care	Asylum seekers	(A)	Health	15,174	13,823	16,986	21,350	22,139		
	Home Office	Asylum seekers	(A)	Administrative costs	43,580	30,850	40,220	57,406	67,640		
				Food and shelter	92,334	97,300	160,090	341,110	660,540		
				Other temporary sustenance	3,667	4,560	4,800				
				Transport	2,506	2,450	3,600	2,638	5,613		
				Other temporary sustenance	825	1,370	1,600	1,560	1,560		
	Other IDRC	Asylum Seekers (not in England)	(B)	Health & Training		5,251	6,391	6,950	4,377		
	Refugees	Department for Education	ACRS	(G)	Training					2,800	
		Department for Health and Social Care	ACRS	(G)	Health					3,781	
Department for Work and Pensions		ACRS	(G)	Non-sector allocable					3,700		
		VPRS	(J)	Non-sector allocable	22,410	17,461	19,590	9,370	710		
HMRC		VPRS	(J)	Non-sector allocable	10,731	8,743	10,103	4,883			
Home Office		Asylum seekers & refugees	(A),(E),(G),(H),(I),(J)	ACRS	(G)	Non-sector allocable				125,680	
				UKRS	(H),(I),(J)*	Non-sector allocable				28,930	
				VCRS	(I)	Food and shelter	6,191	10,990	10,290	1,720	
				VPRS	(J)	Food and shelter	80,510	77,590	74,830	49,500	
				Refugees	(E),(G),(H),(I),(J)	Training		1,800			
				UASCs (refugee status)	(F)	Food and shelter	75,302	71,210	101,420	103,164	95,370
Ministry of Defence		British Forces Cyprus Refugee Camp		Non-sector allocable	632						
Asylum seekers & refugees		Home Office	Asylum seekers & refugees	(A),(E),(G),(H),(I),(J)	Administrative costs	77					
Victims of modern slavery	Home Office	Victims of modern slavery		Food and shelter		5,878					
				Health			6,660	10,230			
				Non-sector allocable					11,030		
<b>Total:</b>					<b>378,063</b>	<b>369,676</b>	<b>477,390</b>	<b>627,815</b>	<b>1,052,240</b>		

\* The VPRS and VCRS were replaced by the UKRS in 2021, but the timing of grants of protection under the VPRS and VCRS had still committed the UK to provide 505 ODA-eligible person-years of support in 2021. Hence these have been assigned to the UKRS in 2021.

Source: CGD analysis of the UK Statistics on International Development

Note: Recipient categories were manually coded based on project titles and descriptions in the data underlying the UK Statistics on International Development. Some projects had this information “temporarily removed”, but it was possible to determine these were spent under the ACRS based on their activity identifiers. A small number of projects reported as non-sector allocable in a given year were reassigned a specific sector based on their titles, descriptions, and how the same project was reported in other years.

## Annex II: Breakdown of UK IDRC ODA Spend per Person-Year of Support Provided (Nominal GBP)

Broad Recipient Category	Extending Agency	Detailed Recipient Category	Recipient Code	Sector	2017	2018	2019	2020	2021		
Asylum seekers	Department for Education	Asylum seeking children	(D)	Training	2,675	2,213	1,914	1,886	2,143		
	Department for Health and Social Care	Asylum seekers	(A)	Health	560	435	508	817	636		
	Home Office	Asylum seekers	(A)	Administrative costs	1,609	972	1,202	2,197	1,943		
				Food and shelter	3,410	3,065	4,786	13,057	18,973		
				Other temporary sustenance	135	144	143	0	0		
				Transport	93	77	108	101	161		
				Other temporary sustenance	287	503	444	489	467		
	Other IDRC	Asylum seekers (not in England)	(B)	Health & Training		973	1,176	1,836	1,113		
	Refugees	Department for Education	ACRS	(G)	Training					**	
		Department for Health and Social Care	ACRS	(G)	Health					**	
Department for Work and Pensions		ACRS	(G)	Non-sector allocable					**		
		VPRS	(J)	Non-sector allocable	4,289	3,961	4,549	3,986	1,499		
HMRC		VPRS	(J)	Non-sector allocable	2,054	1,984	2,346	2,077			
Home Office		Asylum seekers & refugees	(G)	Non-sector allocable					**		
				UKRS	(H),(I),(J)*	Non-sector allocable				27,082	
				VCRS	(I)	Food and shelter	18,732	16,999	16,110	8,494	
				VPRS	(J)	Food and shelter	15,407	17,602	17,375	21,057	
				Refugees	(E),(G),(H),(I),(J)	Training			149		
				UASCs (refugee status)	(F)	Food and shelter	86,554	63,453	59,484	73,939	62,435
Ministry of Defence		British Forces Cyprus Refugee Camp		Non-sector allocable	***						
Asylum seekers & refugees		Home Office	Asylum seekers & refugees	(A),(E),(G),(H),(I),(J)	Administrative costs	2					
Victims of modern slavery	Home Office	Victims of modern slavery		Food and shelter		****					
				Health			****	****			
				Non-sector allocable					****		

\* The VPRS and VCRS were replaced by the UKRS in 2021 but the timing of grants of protection under the VPRS and VCRS had still committed the UK to provide 505 ODA-eligible person-years of support in 2021. Hence these have been assigned to the UKRS in 2021.

\*\* No grants of protection under the ACRS are recorded in the Home Office's asylum initial decisions and resettlement dataset. Note however, that operational data as of 24/11/2022 shows 6,314 people were granted leave to remain under ACRS Pathway 1, though the timing of their arrival in the UK is unclear.

\*\*\* Unknown number of recipients / person-years of ODA-eligible support provided at the British Forces Cyprus Refugee Camp

\*\*\*\* Unknown number of recipients / person-years of ODA-eligible support provided to victims of modern slavery

Source: CGD analysis of the UK Statistics on International Development and the Home Office's asylum and resettlement datasets

Note: Annex II is calculated by dividing the IDRC ODA spend for a given year, extending agency, sector and recipient category (see Annex I) by the number of person-years of ODA-eligible support provided to the relevant recipient category (see Annex III). Relevant recipient categories are recorded by recipient code in Annexes I and II.

### Annex III: Breakdown of Person-Years of ODA-eligible Support Provided by the UK to Asylum Seekers and Refugees

Recipient Code	Detailed Recipient Category	Based on Data for:	Person-Years of ODA-eligible Support Provided*				
			2017	2018	2019	2020	2021
(A)	Asylum Seekers	Asylum Seekers in receipt of Section 95 or 98 support**	27,079	31,741	33,453	26,124	34,815
(B)	Asylum Seekers (not in England)		4,709	5,397	5,436	3,785	3,932
(C)	UASCs (seeking asylum)	Asylum Applicants	2,875	2,723	3,602	3,191	3,344
(D)	Asylum Seeking Children		9,018	9,218	10,875	9,507	8,573
(E)	Refugees	UK grants of protection for asylum cases	8,031	6,998	10,974	10,079	9,566
(F)	UASCs (refugee status)		870	1,122	1,705	1,395	1,528
(G)	ACRS	UK grants of protection for resettlement cases	0	0	0	0	0
(H)	UKRS		0	0	0	0	563
(I)	VCRS		331	647	639	203	32
(J)	VPRS		5,226	4,408	4,307	2,351	474

\* Assumes each recipient is provided with at least a year of support (only first year costs are ODA-eligible, though), and adjusts for the within-year date of application / grant of protection. (For instance, if an application is made in Q4 of 2020, only three person-months of ODA-eligible support are attributed to 2020, and the remaining nine person-months are attributed to 2021)

\*\* The person-years of section 95 & 98 support provided has been adjusted downwards based on the share of asylum cases exceeding a year in duration, whose support is not ODA-eligible: 34% in 2017, 30% in 2018, 29% in 2019, 51% in 2020, 45% in 2021 (calculated from Home Office FOI responses).

Source: CGD analysis of the Home Office's asylum and resettlement datasets