

## Written evidence from the Refugee Council [UCW0019]

### About the Refugee Council

The Refugee Council is the largest organisation devoted to supporting refugees and people seeking asylum in the UK.

We provide a broad range of services for both children and adults, including an advice service that supports new refugees to access welfare benefits as part of their integration into the UK, and integration support for refugees who arrive in the UK through resettlement schemes.

Amongst our clients, we regularly see refugees who struggle to access Universal Credit in a timely manner, facing income gaps that lead to homelessness, destitution, or increased debt.

### Executive summary and recommendations

Almost all new refugees in the UK will be making a claim for Universal Credit from a position of destitution; that is, without savings or assets, and having lived on an asylum support allowance of £37.75 per week.<sup>1</sup>

This support is automatically terminated 28 days after a refugee is notified of their status; during this period an individual will have to understand and navigate opening a bank account, applying for housing and welfare benefits, having no prior awareness of what this entails and with minimal support to do so..

Notwithstanding the public policy disconnect between that 28-day period and the five-week wait, Government mitigation by way of advance payments of Universal Credit is not a sustainable or suitable solution to support new refugees in this time.

An unwillingness to take on debt, particularly when they may be taking on other loans for certain costs, means many will not apply for advance payments. Furthermore, for those that do, repayments mean that they will likely live below the poverty line for at least the first year of their new life in the UK.

A newly-recognised refugee should not be put in the position of living below the poverty line as a result of a mismatch of government policies. Not only does this undermine the UK's commitments to international protection, and harms our ability to support often-vulnerable individuals, it also comes with a cost of poor integration outcomes, and connected knock-on costs to other parts of the state. It is imperative that asylum support does not cease until a new source of income has been received. Resrach shows that a more reasonable length of time would be 56 days, although in some cases it takes longer, for example when accessing the private rented sector.

**Recommendation 1: Government should provide an Advance Payment as a grant, ensuring there is no gap in support between the end of asylum support and the first payment through Universal Credit.**

**Recommendation 2: Government should not cease asylum support until a welfare benefit payment has been received and housing secured.**

### The experience of new refugees claiming Universal Credit

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<sup>1</sup> See <https://www.gov.uk/asylum-support/what-youll-get>.

Evidence from organisations working with refugees has shown that the five-week wait for Universal Credit has caused many to be destitute or homeless after acquiring refugee status.<sup>2</sup>

This is because they have no existing savings, and are less likely to have support networks on which to rely. Almost all people in the asylum system are not allowed to work,<sup>3</sup> meaning their income comes solely from asylum support.

New refugees will also have little knowledge of the UK's social security system, and need support to understand how it functions and how it differs from asylum support.

Universal Credit is designed to match people leaving monthly salaried employment, but asylum support is paid for basic needs on a weekly basis. Therefore people in the asylum system are unable to build up savings, or use their final month's salary to last until the date on which they would have got paid.

The interaction between Universal Credit and housing can also be problematic. Some private sector landlords are unwilling to let a tenancy until they can see proof of the first payment of Universal Credit, that is, at the end of the five-week wait.

New refugees who aren't in priority need for the purposes of homelessness, and so are looking independently for accommodation in the private rented sector, are often unable to secure new housing before they are evicted from asylum accommodation.

### **Advance payments**

Refugee Council provides an integration service for newly-recognised refugees, supporting them on a range of issues including making a claim for welfare benefits.

Our experience working with new refugees has found that many feel uncomfortable accessing advance payments because they do not want to take on debt when they remain in an insecure financial position.

The majority of refugees will have a low income for some time after they have been granted status, either because they are unavoidably on welfare benefits (due to the language barrier, a lack of work experience, and other factors), or because they can only access low-paid work. They are very keen to avoid a monthly repayment in these circumstances; when they see their repayment schedule, they often recognise it would put them in an impossible financial position in the future.

New refugees are entitled to apply for a Refugee Integration Loan,<sup>4</sup> a Home Office programme that would usually be used for a rental deposit, household items, or education and training, though it is the first of these categories that our clients have overwhelmingly used these loans for in the past.

For those using this scheme, which then requires monthly repayments, any further debt through an advance payment will only serve to entrench the low income on which they will live, at the very time they are looking to fully start their lives in the UK.

For those who do take on advance payments, they then struggle with daily living costs, and providing for their families.

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<sup>2</sup> Most recently, see <https://www.redcross.org.uk/about-us/what-we-do/we-speak-up-for-change/improving-the-lives-of-refugees/refugee-move-on-period>.

<sup>3</sup> For further detail, see <https://www.refugee-action.org.uk/wp-content/uploads/2018/10/Lift-the-Ban-report.pdf>.

<sup>4</sup> See <https://www.gov.uk/refugee-integration-loan>.

Refugee Council also knows that advance payments do not support clients in certain housing situations. This is because some of the homeless hostels to which clients are referred only consider placing them in a room following evidence that their full Universal Credit claim is in payment, rather than them having proof of an advance payment.

This proof of income issue can also be problematic for refugees trying to enter the private rented sector, where some landlords (as in the previous section) may also want to see details of a full claim, rather than just an advance payment.

Advance payments therefore put very vulnerable individuals and families into debt, but are also not a solution for many trying to access secure housing.

### **Alternatives**

The simplest change to better support new claimants would be to provide an early, up-front payment of Universal Credit, in effect making advance payments grants rather than loans.

Such a system would guarantee that whoever makes a claim will be supported in a timely manner, but in doing so it still maintains the principle of a monthly payment: a claimant has this income to last them a month, until the next Universal Credit payment.

Government policy already recognises that grants are needed to support people transitioning onto Universal Credit. Those moving from legacy benefits through the Managed Migration Scheme can access various run-on benefits, directly to support them during the five-week wait.

Refugees who arrive in the UK through a resettlement scheme are already provided with a £300 grant to cover living costs during this time, recognising they will not have savings or recent income.

Ending advance payments and the five-week wait in this way would therefore bring consistency both between all claimants and new refugees in the UK, and would bolster Government efforts to end homelessness and support integration.

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