



Cost of housing asylum seekers in hotels

Asylum: MW 509

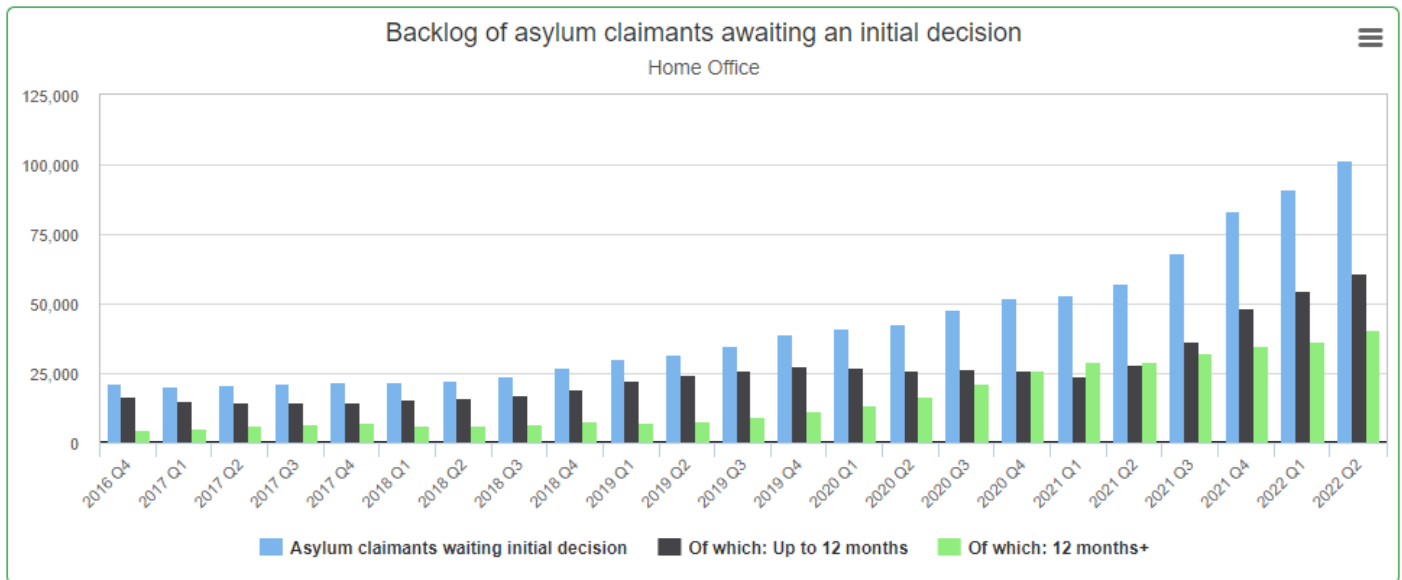
Summary

1. Tens of thousands of asylum claimants are staying in approximately 200 hotels, alongside an unknown number in hostels. With asylum-related hotel provision rising amidst a mounting case backlog and record dinghy crossings, **the cost of such hotel accommodation to taxpayers is nearly £1.3 billion per year** – over a billion more than the forecast of up to £70 million that was issued by the government in March 2021. The result is that private sector providers are now being handed ever-ballooning amounts of taxpayer money - over and above even their substantial 2019 contracted amounts - to place asylum seekers into hotels, at an estimated cost of nearly **£4,300 per asylum seeker per month**. That is **1.5 times** the average monthly pay for an NHS nurse (£2,782).

Details

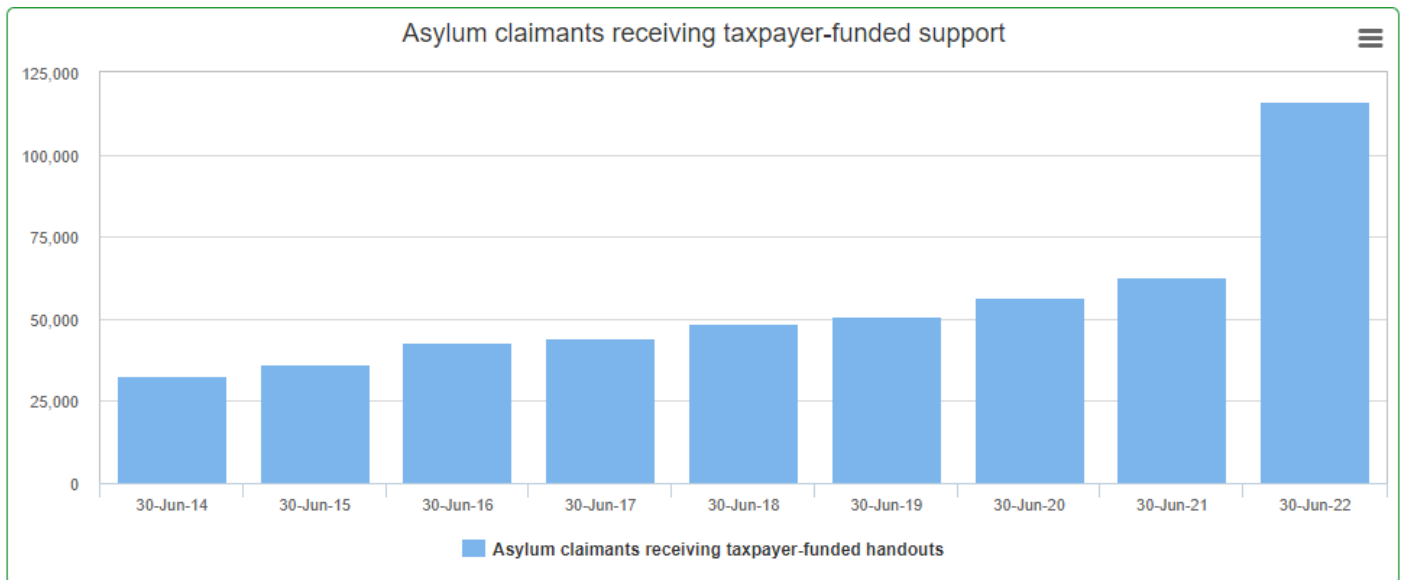
2. As the arrival of cross-Channel dinghies has hit new record levels during the summer of 2022 (29,900 people had been reported crossing so far in 2022, as of 21st September) the UK's asylum system faces unprecedented strain with a case backlog of 138,000, including nearly 40,000 failed claimants subject to removal¹. 94% of boat arrivals claim asylum². Conversely, six in ten asylum applicants enter the UK illegally³. Meanwhile the number of people awaiting an initial decision on their claim has now climbed to more than 100,000 (101,426) – five times the number in the first quarter of 2017 - and more than 40,500 applicants have been waiting a year or more for their case to be heard.

Figure 1: Backlog of asylum claimants awaiting an initial decision – Home Office.



3. This soaring asylum backlog – amidst rising boat crossings after which 94% of those arriving lodge an asylum claim⁴ – means an ever-expanding burden on the taxpayer both for processing cases and for cash payments / accommodation for asylum seekers while their applications are dealt with. Statistics released by the Home Office in August 2022 showed there to be a record of more than 116,000 people, including an estimated tens of thousands of failed asylum claimants⁵, who are receiving taxpayer-funded handouts. Of these, nearly 80,000 are understood to be housed in longer-term dispersal accommodation⁶ (with an estimated cost of more than £550 million per year), usually in flats around the country⁷. This portion of accommodation provision is separate from and in addition to asylum hotel costs.

Figure 2: Asylum claimants receiving all taxpayer-funded support under Ss. 4, 95 and 98 of the Immigration and Asylum Act 1999.



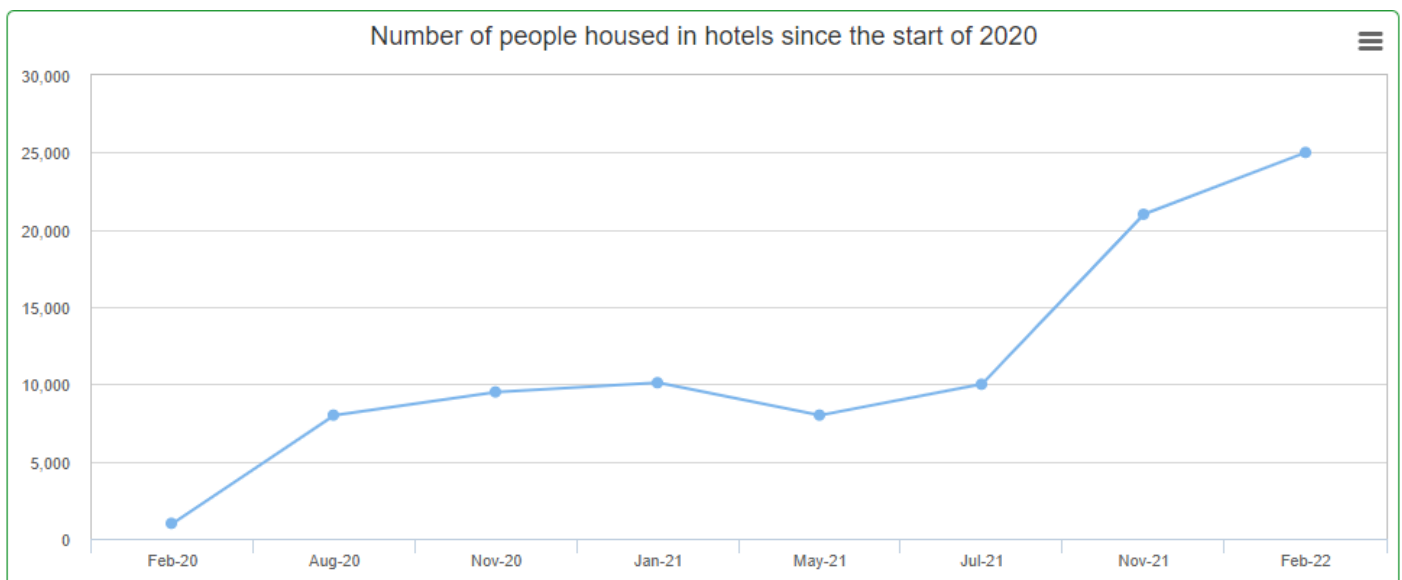
4. In 2019 (coincidentally the year that boat crossings started to reach significant numbers for the first time ever) the government signed seven regional contracts with private sector companies for asylum

accommodation and transport. **These contracts have a combined value of more than £4.5 billion over 10 years.** However, the cost of providing hotel accommodation to asylum seekers goes well over and above these contracted costs.

5. A rapidly rising number of outstanding cases are still awaiting an initial decision – something that was initially linked to the Covid pandemic but which is increasingly connected with the rising number of illegal dinghy arrivals. In the midst of this (with the former Home Secretary stating last year that **'we don't have the infrastructure and accommodation'**) an increasing number of people are being placed in hotels as a stop-gap until longer-term accommodation can be found.

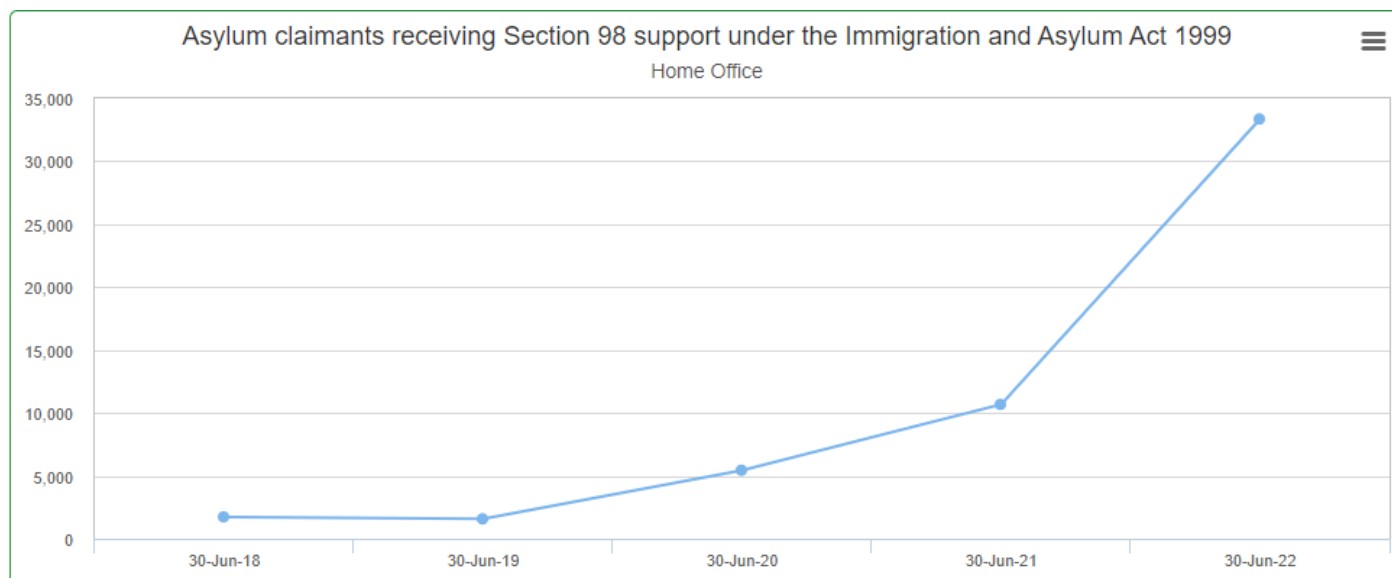
6. Figure 3 shows that the number of asylum seekers in hotels has increased by 25-fold in the space of just two years, from 1,000 in late 2019/early 2020 to 25,000 in February 2022. According to a July 2022 report, 378 people had been in hotel rooms for a year and 2,826 for more than six months. In the last three months of 2021 the Home Office was using 207 hotels to house asylum seekers. In the last quarter of 2019 just 24 hotels were being used⁸.

Figure 3. Number of people housed in hotels since the start of 2020 (Source: Home Office releases as well as information from the National Audit Office and Independent Chief Inspector of Borders and Immigration or ICIBI)



7. We stress that this is likely to have increased further since then, as more than 28,000 people have arrived in boats since just the end of February 2022. One sign of a potential rise is the number of people who the Home Office says were receiving Section 98 support as of June 2022. Provision of temporary support and accommodation to asylum seekers (that is before they are placed into longer-term dispersed accommodation) is stipulated in Section 98 of the Immigration Act 1999. The latest data, depicted in Figure 4, show there were 33,300 recipients in June 2022, although an unknown portion of these were in hotels⁹. We call on the government to release clear and comprehensive data regarding asylum hotel costs.

Figure 4: Asylum claimants receiving Section 98 support under the Immigration and Asylum Act 1999 – Home Office data, August 2022. Data for each year is as at end of June.



Asylum hotel costs are ‘eye-watering’, say border watchdog and government officials

8. The government forecast in March 2021 that the cost of hotel provision in the year 2021-22 would be between £40 million and £70 million¹⁰.

9. Yet the costs seem to have exploded since then as reported illegal immigration by boat rose from 1,850 in 2019 to 8,500 in 2020 to 28,500 in 2021 and now 30,000 in 2022 so far. Just under 70,000 people have arrived illegally by small boat since the start of 2018¹¹. The Independent Borders Watchdog (also known as the Independent Chief Inspector of Borders and Immigration or ICIBI) has said that the cost of putting up asylum-seekers in hotels is ‘*eye-wateringly expensive*’. He quoted a government official who noted that “*hotels are costing £70,000 an hour 24 hours a day, over and above contract – well over budget*”¹².

10. If applied to 365 days in a year, this suggests a cost of hotel provision in late 2021 of **£613 million per annum**. Dividing the total by 21,000 people in hotels at the time, this leads to a calculation of the cost of hotel provision of **£2,433 per asylum seeker per month**.

11. However, more recently the government stated that hotel accommodation for asylum claimants was costing £3.5 million per day¹³. This would total nearly £1.3 billion per year. As noted above, given the arrival of tens of thousands in boats since then, the costs are likely to have increased since then unless the government has improved its performance at moving people out of hotels and into dispersed accommodation – something we are not optimistic about given damning observations made on this topic by the ICIBI in a report issued earlier this year¹⁴.

12. This £1.3 billion annual cost is over £1 billion more than the £70 million per year maximum that the government forecast in March 2021.

13. We can also calculate the most recent cost of hotel provision per asylum seeker per month¹⁵. To derive this figure, we take the £1.3 billion total cost released by the government in February 2022 and divide it by 25,000 people receiving the provision at that time. The total is £51,100 per year. We then divided it by 12 months. This gives a total of **£4,258** per asylum seeker per month, *£1,825 more than in late 2021*.

Limitations of the data

14. There are a number of limitations in the available statistics. The numbers in hotels are only released in inconsistent fashion by the government sporadically when they are faced with intermittent pressure from parliamentarians or the media. This is not an optimal situation. Indeed, the public have not been provided an official total for the number of asylum claimants housed in hotels for eight months. Thus, we are forced to rely on incomplete and unclear figures relating to section 98 provision. Such figures do not isolate the number in hotels, nor do they provide any indication of the current cost to taxpayers. We would welcome much more complete statistics on the number of asylum-seekers in hotels. Additionally, given the costs involved, such data - including numbers which transparently outline the cost impact - should be published by the government on a regular basis.

Conclusions

15. The government's continued failure to stop the flow of illegal boats across the English Channel means that more and more taxpayer money is being handed to private accommodation providers that are being paid over and above contract to place migrants in hotels throughout the country, including in luxury, four-star resorts. **The cost to taxpayers of providing such hotel accommodation is now around £1.3 billion per year**, an astounding increase of more than £1 billion since a forecast made by the government in March 2021. It has likely increased by a substantial margin since then, although we await statistical confirmation of the cost from the government.

16. With the public facing a worsening cost of living crisis and exploding energy bills, it is unacceptable for such significant amounts of public funds to be diverted to providing hotel accommodation on this scale, especially given that this money is being diverted to deal with pressures resulting from a crisis of illegal immigration that was completely avoidable and, which the ICIBI has noted, would not have reached such a scale with more decisive action from the authorities earlier on. Both to save taxpayer money and to cut criminality, it is well past time for the borders to be secured and for the boats to be stopped.

23 September 2022

Notes

1. Immigration protection data, Home Office, Q2, 2022, published August 2022, URL: <https://www.gov.uk/government/publications/immigration-and-protection-data-q2-2022>
2. Home Office statistics on irregular migration published in August 2022, URL: <https://www.gov.uk/government/statistics/irregular-migration-to-the-uk-year-ending-june-2022/irregular-migration-to-the-uk-year-ending-june-2022>
3. In the year to September 2019, 62% of asylum claims were made by those entering the UK illegally. Home Office, 'New Plan for Immigration', March 2021, p. 8, URL: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/972517/CCS207_CCS0820091708-001_Sovereign_Borders_Web_Accessible.pdf
4. Ibid.
5. Migration Watch UK analysis, 'Estimated Cost Of Housing And Payments For Failed Asylum Claimants', October 2020, URL: <https://www.migrationwatchuk.org/news/2020/10/03/cost-of-housing-and-payments-for-failed-asylum-claimants-estimated-at-130-million-per-year>
6. The Home Office has a statutory obligation to provide eligible asylum seekers with accommodation and subsistence support whilst their application is being considered. This is in accordance with the immigration and Asylum Act 1999, the Asylum Support Regulations 2000, the Asylum Seekers (Reception Conditions) Regulations 2005, the Nationality, Immigration and Asylum Act 2002 and the Immigration Act 2016.
7. This figure included, as at June 2022, 72,564 people housed under s.95 and 5,386 people housed under s.4 of the Immigration and Asylum Act 1999. Home Office statistics published, August 2022.
8. Refugee Council, 'Lives on Hold: The Experiences of People in Hotel Asylum Accommodation'. 2022. See media report. URL: <https://www.theguardian.com/politics/2022/jul/21/use-of-uk-hotels-for-asylum-seekers-trebles-despite-home-office-promise>
9. The Home Office has not provided an update on the number of asylum seekers in hotels since stating it was 25,000 in February 2022. However, when it stated this there were about the same number of people on section 98 support, which is the legislative provision under which people who are housed in hotels are provided support. This suggests that the Section 98 figure tallies quite closely with the number of people in hotels.
10. See letter from Home Secretary to Chair of House of Commons Home Affairs Committee, March 2021, URL: <https://committees.parliament.uk/publications/5348/documents/53233/default/>
11. For more detail on the numbers who have come illegally by boat, see our innovative and highly-popular Boat Tracking Station which has been counting the daily numbers for more than two years. URL: <https://www.migrationwatchuk.org/news/2020/05/11/arrivals-via-deadly-and-illegal-channel-crossing-from-safe-countries>
12. Independent Chief Inspector of Borders, 'Inspection of Contingency Accommodation', May 2022, URL: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1074799/An_inspection_of_contingency_asylum_accommodation.pdf
13. See BBC News, February 2022, URL: <https://www.bbc.co.uk/news/uk-60249130> NB This is separate from hotel provision for resettled refugees from Afghanistan. We do not deal with cohort of hotel provision this paper. As of early August 2022, 9,667 Afghan refugees, around half of whom were children, were living in hotel accommodation – a fall from 12,000 in February 2022. The Home Office said that it had reduced the number of hotels in use from 84 in October 2021 to 66 in August 2022. See Home Office, 'Afghan Resettlement Programme: operational data', August 2022, URL: <https://www.gov.uk/government/publications/afghan-resettlement-programme-operational-data/afghan-resettlement-programme-operational-data>
14. Independent Chief Inspector of Borders, 'Inspection of Contingency Accommodation', May 2022, URL: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1074799/An_inspection_of_contingency_asylum_accommodation.pdf
15. See BBC News, February 2022, URL: <https://www.bbc.co.uk/news/uk-60249130>