Future Governance Forum

UCL Policy Lab



RETHINKING MIGRATION 02

Working while waiting: A quicker, fairer way to close asylum hotels

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About The Future Governance Forum

The Future Governance Forum (FGF) is a progressive, non-partisan think tank focused on transforming the state with the ultimate goal of renewing the nation. We make politically credible recommendations for reforms that can be delivered nationally and locally, build strong networks to test new ideas, and collaborate and use our relationships with public, private and social sector leaders to innovate.

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About UCL Policy Lab

The UCL Policy Lab brings together ideas, individuals and institutions in a collaborative method to understand and tackle the challenges facing communities in the UK and around the world. With diverse networks in politics, research, and communities, the Policy Lab facilitates dialogue between those addressing complex societal challenges.

If you have an idea or a challenge you're seeking to explore, get in touch with the team at policylab@ucl.ac.uk
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All UCL Policy Lab contributors to this report are members of the Migration Cluster at UCL's Department of Political Science and School of Public Policy.

The Cluster brings together staff and PhD students working on a wide range of migration-related topics.

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Executive summary

Asylum hotels have become symbolic of the state's failure to deliver an orderly and fair asylum system: they are expensive, perceived by the public as unfair, and are unfit for people seeking asylum to live in for extended periods. The government has promised to end the use of asylum hotels by 2029, but that is still three years away on an issue which the public see as urgent and politically high stakes. **There is a way to dramatically reduce that timeline, closing all remaining asylum hotels in months, not years. Our proposal to achieve this is to grant asylum seekers permission to work if they have waited at least six months for a decision on their claim.** This would allow asylum seekers to start to pay their own way and move out of Home Office accommodation into private rented housing.

Our modelling suggests that this approach could clear hotels in as quickly as four months. Beyond ending hotel use earlier than planned, this new policy could reduce spending on asylum accommodation and support, and raise tax receipts from asylum seekers working. **Our modelling indicates that this approach could deliver a total fiscal gain of up to £729m in the first year and £1,421m after two years.**[1]

Granting people seeking asylum the permission to work would enable them to start supporting themselves through earned wages, reducing their dependence on the state. Once in PAYE work, they could move out of asylum hotels or other Home Office accommodation and into private rental housing. To make this move affordable and attractive, and to reduce the risk of homelessness, we propose that asylum seekers who find work and move out should become eligible for a means-tested payment, which would replace asylum accommodation and Home Office cash support. To make sure this is fair to British residents, the payment would never be higher than a comparable UK household would receive under Universal Credit.

To maximise employment opportunities, asylum seekers would need to be able to move for work, rather than necessarily remaining in the area they were allocated to under the UK's dispersal scheme. To help receiving councils meet any additional costs, we propose that local authorities be awarded a one-off payment of £3,300 per person, benchmarked to the council tariff provided under the Homes for Ukraine scheme.

In short, allowing asylum seekers to work in the UK after six months would be a win-win-win policy: a win for public finances, a win for local communities, and a win for those seeking asylum.

1 These numbers reflect the model's favourable scenario, which estimates the largest fiscal gains. Under the central scenario, the total fiscal gain is £652m after 12 months and £1,339m after 24 months. Under the cautious scenario, the corresponding gains are £426m and £709m, respectively.

Fairness works: a better approach

The damaging impact of asylum hotels on public trust makes this an urgent issue for the government to tackle. Hotels have come to represent a deep unfairness: local communities see newcomers put up at the taxpayer's expense, while they face housing shortages and the high cost of living. This system is also hugely expensive for British taxpayers, generating significant profits for private providers. The founder of one such contractor, Clearsprings, joined the Sunday Times Rich List after being awarded the Home Office contracts.[2]

Despite the perception of hotel accommodation, the reality for those seeking asylum is difficult. Hotels make poor homes for those living there, and have become the target of local protests and violent riots. By barring asylum seekers from working, except in the most limited of circumstances, the Home Office makes them dependent on public support if they are to have a roof over their head and be able to meet their most basic living needs. And it only exacerbates community tensions when locals see asylum seekers hanging around outside hotels or in town centres.

Permitting people to work while they wait for a decision would be a fairer approach. Rather than being dependent on state support for long periods, people could start to pay their own way and contribute.

The principle of contribution is central to this government's approach to fixing our asylum system. The Home Secretary Shabana Mahmood has set out an expectation that asylum seekers should contribute towards the cost of accommodation. At present, the Home Office intends to recover costs from eligible refugees who have received asylum support by requiring them to pay a flat-rate charge of up to £10,000.[3] While it is fair to ask all those who are able to contribute to our society to do so, preventing asylum seekers from working and then saddling them with debt is the wrong approach. Instead, allowing asylum seekers to contribute to British society through work while they wait for a decision on their claim would be a better, fairer approach.

Polling shows that the public backs this approach, with support carrying across the political spectrum. 71% of the public support the principle that people who have applied for asylum in the UK should be allowed to work to support themselves after waiting six months for a decision on their claim.[4] This approach is particularly attractive to Labour voters (79% support it) and to those voters Labour has lost to parties on its left and right but who remain open to returning. 84% of these 'gettable' voters to Labour's left are supportive, as are 73% of 'gettable' voters to its right. Looking more widely across the political spectrum, 89% of Green voters and 65% of Reform UK voters backed

2 Tarah Welsh, Tara Mewawalla and Tom Beal, 'Asylum hotel provider makes £180m profit despite claims of inedible food and rationed loo paper', BBC News, 17 October 2025.
Liberty Investigates, 'The Asylum King', 11 July 2024.

3 Home Office news story, 'Asylum seekers will pay towards costs of accommodation', 30 June 2026.

4 Polling was conducted online between the 11th and 12th of May 2026 by Convergent Opinion. Convergent interviewed 2,369 adults and weighted the sample to be both demographically and politically representative of all Britons.
For further details of methodology, please see Appendix C.
Convergent Opinion is a member of the British Polling Council and can be contacted at: info@convergent-opinion.com.

the principle of asylum seekers working and supporting themselves, rather than relying on government housing and support.

Some claim that it is necessary to prohibit asylum seekers working to prevent others being attracted to the UK by economic opportunity. However, there is little credible evidence to support this 'pull factor'.[5] Our European neighbours grant permission to work after six months[6] – and some even earlier. Doing the same would bring Britain in line with the wider region.

Concerns that allowing asylum seekers to work and move into private rented accommodation would create problems for local housing and labour markets are also not well-founded. Our research suggests that risks would be low – despite having an outsized place in the public imagination, asylum seekers represent a relatively small number of people compared to the overall size of both our labour and housing markets. We would not expect, for example, that our proposed approach would increase rents or make it more difficult for young people who are not in education, employment or training to find work.

5 Lucy Mayblin, 'Complexity reduction and policy consensus: Asylum seekers, the right to work, and the 'pull factor' thesis in the UK context', The British Journal of Politics and International Relations, 11 July 2016.

6 EU Reception Conditions Directive 2024/1346.

The case for change

Asylum hotels are rarely out of the headlines. The opening and closure of asylum hotels, alongside legal challenges, protests and unrest surrounding their use, have made them among the most visible and politically charged features of the asylum system in recent years. For local communities, a hotel opening can bring a national debate to their doorstep, often with little notice or opportunity to understand or ask questions. For asylum seekers, living in a hotel is marked by isolation and uncertainty, with people often feeling targeted and unsafe.

In 2025, the government pledged to end hotel use by the end of this Parliament; the then Chancellor Rachel Reeves made the commitment aiming to save £1bn a year.[7] While government has made progress since then, there is further to go. In summer 2023, asylum hotel use was at its peak: 400 hotels accommodated over 56,000 people.[8] Currently, 140 hotels remain open, housing 16,000 people.[9] But these numbers are still too high. As long as asylum hotels are open, they will be a focal point for public anger and mistrust, and undermine community cohesion, so it's imperative for government to move faster and close hotels ahead of the 2029 deadline.[10] Unlike most areas of migration policy, the levers to exit hotels are within the government's control, if it is prepared to confront the trade-offs and make the bold decisions necessary to deliver that reform.

To date, the government has made most progress clearing hotels by processing more asylum cases and reaching an initial decision on claims more quickly. Clearing the first-instance decision backlog is no easy feat, considering the scale of the challenge that Labour inherited from the previous government. Rishi Sunak's government stopped processing asylum claims with the intention of removing people from the UK via the failed Rwanda scheme, creating a backlog of more than 175,000 people waiting on an asylum decision who were reliant on Home Office accommodation and support in the meantime. Since Labour took office, the government has successfully reduced the backlog by approximately 77% to just over 40,000 people.[11]

Clearing the first-instance decision backlog is not enough in itself, however, as many of those refused asylum at first, appeal that decision and will remain reliant on Home Office support. Appeals are processed via the court system, where capacity depends on the availability of judges and lawyers. Most people being housed and supported by the Home Office are now waiting for

7 Sam Francis and Jack Fenwick, 'UK will end use of asylum hotels by 2029, Reeves says', BBC News, 11 June 2025.

8 Home Office, 'How many people are in the UK asylum system', 27 August 2026.

9 Home Office Facebook post, 19 November 2026

10 The end goal for government should not be to remove all asylum seekers from Home Office accommodation, but to reduce the overall number of people needing to be housed by the Home Office while they wait for their asylum claim. This would allow government to accommodate asylum seekers in usual dispersal accommodation (i.e. houses and flats), rather than requiring contingency accommodation (i.e. hotels).

11 Home Office, 'How many people are granted asylum in the UK?', 27 August 2026.

the outcome of their appeal.[12] At the end of June 2026, the Ministry of Justice reported that 90,000 asylum cases were in the queue waiting for a resolution on their appeal. This presents a significant obstacle for the Home Office in clearing hotels, with asylum appeal proceedings now taking an average of 72 weeks to clear.[13]

The Home Office is currently reforming the asylum appeals process, hoping for a quicker, 'one and done' system with the establishment of the new Independent Immigration Appeals Authority (IIAA). But this is unlikely to be a silver bullet and will take time to get off the ground. In the near term, the Home Secretary's reforms are unlikely to reduce the number of people needing accommodation and support, including in hotels.

Alongside dealing with the backlogs of people waiting for an asylum decision, the Home Office plans to close hotels by shifting people into large sites, such as Wethersfield or the proposed MOD site at Bicester. It is unlikely, however, that large sites will be able to accommodate enough people to end the use of hotels. There are also concerns about how suitable large sites are for accommodating people seeking asylum based on prior examples, including Napier Barracks. For people who have experience of torture and abuse, being accommodated in prison-style buildings or military barracks can be re-traumatising. And as with hotels, large sites will also prove costly and controversial, becoming focal points in their own right for local opposition and public protests.

There is a real imperative - and we would argue, an opportunity - to clear hotels as quickly as possible and to build a new system based on fairness and contribution. Faster decisions are, of course, essential, but we must also allow people to support themselves and contribute while they wait, if we are to create a fair system that restores public trust and avoids future incidents like the recent riots in Portsmouth.

Barriers to work and self-sufficiency

Asylum seekers have been barred from working in most circumstances since 2002. Before then, those who had waited for more than six months for a decision on their claim were allowed to work. Now, asylum seekers can only apply for permission to work after waiting more than 12 months for an initial decision, where the delay is through no fault of their own. If someone is initially refused asylum within 12 months, they do not become eligible for work while they wait for their appeal. Any adult family members who claim asylum via a principal claimant are also prevented from working.

For those asylum seekers who are allowed to work, eligibility is restricted to certain jobs. This includes only occupations on government shortage lists, such as roles in engineering, healthcare and education, or jobs at degree level or above. For those without relevant qualifications or experience, this concession means little. Policies that prevent people from earning a living for extended periods reinforce poverty and dependence.

12 Home Office, 'Immigration and Asylum Bill: Independent Immigration Appeals Authority', 8 October 2026.

13 Ministry of Justice, 'Tribunal Statistics Quarterly: April to June 2026', 20 October 2026.

By contrast, many of our closest European neighbours view access to work as a way to reduce reliance on state support and the risk of asylum seekers joining the shadow economy. EU members grant permission to work no later than six months after an asylum application is registered under EU law.[14] Some, including Germany and Austria, permit access in certain circumstances as early as three months. Allowing asylum seekers to work after six months would bring the UK in line with our European neighbours, rather than see us offer more generous access to employment.

Successive governments have defended restrictions on employment as a deterrent, which they believe will put people off from coming to the UK and seeking asylum here. Yet the evidence does not back this up – there is little credible evidence that employment restrictions act as a deterrent.[15] Instead, asylum seekers' destinations are mostly shaped by historical, political or social networks, with few knowing the asylum rules or labour market conditions of a country before they arrive.[16]

The consequences of preventing people from working can last well beyond the employment ban itself. It increases poverty and dependence on the state, raising costs to taxpayers while reducing economic output. Across several European countries, employment restrictions affecting refugees who arrived in 2015-2016 are estimated to have cost €37.6bn in lost output over eight years.[17]

The cost of reliance on hotels

The financial case for changing the current system extends to the over-reliance on costly hotels too. Despite poor value for money for taxpayers, hotel reliance generates higher profits for private contractors than other types of asylum accommodation.[18]

Hotels accommodated just over a third of people in Home Office accommodation but accounted for around three quarters of accommodation spending in the first seven months of 2024-25.[19] This disproportionate outlay reflects the much higher average cost of hotel places per person per night: £199 in hotels, compared to £25 in dispersal accommodation (typically houses or flats used as longer-term temporary accommodation).[20] The original running costs for the current accommodation contracts were forecast to be just over £4.5bn between 2019-2029, but are now estimated to be at least £15.3bn.[21]

14 EU Reception Conditions Directive 2024/1346.

15 Sarchin Savur and Joe Owen, 'How the government can design better asylum policy', Institute for Government, December 2024.

16 Home Office, 'Sovereign borders: international asylum comparisons report', September 2020.

17 Francesco Fasani, Tommaso Frattini and Luigi Minale, 'Lift the Ban? Initial Employment Restrictions and Refugee Labour Market Outcomes', Journal of the European Economic Association, 29 May 2021.

18 National Audit Office, 'The Home Office's asylum accommodation contracts. A briefing by the National Audit Office', 7 May 2025.

19 National Audit Office, 'The Home Office's asylum accommodation contracts. A briefing by the National Audit Office', 7 May 2025.

20 Anna Turley MP, 'Letter to Rt Hon Dame Karen Bradley', 26 August 2026.

21 National Audit Office, 'The Home Office's asylum accommodation contracts', 28 April 2025.

The consequences for asylum seekers and host communities

At the end of June 2026, 93,293 people were relying on asylum support from the Home Office.[22] Behind these numbers are people who need somewhere to live while their asylum claims are considered.

For asylum seekers placed in hotels, this is no luxury experience. People have reported rats, overcrowding, malnutrition, and a lack of support for those with serious physical and mental health conditions or disabilities.[23] Even where conditions are adequate, hotels are not designed to provide the stability, privacy and independence people need from a home: there is nowhere to prepare a home-cooked meal, for example, nor the space to raise a family. Those in full-board accommodation receive a weekly subsistence payment of just £9.95 per person to cover clothing, toiletries, transportation, and any other expenses.[24]

For local communities, the use of a hotel for asylum accommodation can become a highly visible focus for wider concerns about immigration and government control over the country's borders. The opening of an asylum hotel can bring a national debate to people's doorsteps. When hotels are repurposed, often with little notice, locals also lose one of their community assets, with weddings cancelled, gyms closed and staff let go. These disruptions can reinforce perceptions that the system is unfair and unaccountable, fuelling frustration and creating fertile ground for misinformation. This is particularly important to recognise as research has found that the public's concerns about asylum accommodation are driven less by opposition to people seeking asylum, and more by a sense that the system is failing to look after those struggling locally.[25]

In some instances, local authorities have received less than 48 hours' notice of hotels being used to accommodate asylum seekers,[26] leaving little opportunity to prepare services or engage residents. Poor communication from the Home Office has left communities feeling ignored and local authorities unable to respond effectively, undermining trust and community cohesion.[27]

Hotels have also been targets of violence, putting residents and staff at risk.[28] Protests have escalated into intimidation and disorder - as has been seen this year in Thetford and Portsmouth - endangering residents and police, and

22 Home Office, 'How many people are in the UK asylum system', 27 August 2026.

23 Refugee and Migrant Forum of Essex and London, 'Profiting from people. Inside the UK's asylum hotels', November 2025.

24 Home Office, 'Asylum seekers will pay towards costs of accommodation', 30 June 2026.

25 Lucy Mort and Marley Morris, 'Community cohesion and asylum accommodation: Understanding local perspectives', The Institute for Public Policy Research, 4 May 2026.

26 London Councils, 'Written evidence submitted by London Councils (AAC0104)', Home Affairs Committee, February 2025.

27 Blaenau Gwent County Borough Council and Torfaen County Borough Council, 'Written evidence submitted by Blaenau Gwent County Borough Council, Torfaen County Borough Council (AAC0030)', Home Affairs Committee, February 2025.

28 Home Affairs Committee, 'The Home Office's management of asylum accommodation Fourth Report of Session 2024-26', 27 October 2025.

disrupting local communities.[29] Poor living conditions and the threat of violence have serious consequences for the physical and mental health of people seeking asylum, many of whom have already suffered traumatic experiences prior to arriving in the UK.

29 Sky News, 'Police injured and vehicles damaged during anti-migrant protest in Portsmouth', 7 September 2026; Matt Precey and Zoie O'Brien, 'How asylum protests brought disorder to another town', BBC News, 8 August 2026.

What we propose

To end hotel use early, generate significant savings and help asylum seekers become self-reliant, we propose allowing adult asylum seekers, including adult dependents, to work as employees six months after applying for asylum. Households with at least one working adult could choose to move from asylum accommodation into private rented housing and, where eligible, receive a means-tested payment towards rent and living costs, calculated using Universal Credit rules. A one-off payment to receiving councils of £3,300 per person would help them meet housing, integration and administrative costs.

We propose these measures as an integrated policy package, which is mutually reinforcing. While individual measures could be introduced separately, this would weaken the overall approach, slow the rate of clearing hotels, and reduce the savings. The means-tested transfer, for example, is a necessary component of the package, in addition to the permission to work, if people are to be able to move into private rented housing.

1. Permission to work after six months

Under our proposals, adult asylum seekers, including adult dependents, would receive the permission to work as employees in any occupation six months after submission of their asylum claim. There would be no restrictions limiting asylum seekers to certain occupations or industries. This permission to work would be granted automatically, and people would not be expected to have to apply for it. Eligibility would end once the claim had been determined and any appeal rights are exhausted. Those who continue to receive support after their asylum claim has been refused (i.e. Section 4 recipients) would be excluded from the proposed work permissions and the means-tested transfer because it is expected that they will be removed from the UK.

2. Private accommodation and the means-tested cash transfer

Households in which at least one adult finds PAYE work could then choose to move from asylum accommodation into suitable private rented housing.[30] Our proposal would support and incentivise this move by providing the necessary permission to rent and a means-tested monthly payment towards rent and living costs, conditional on moving out of asylum accommodation and into private rented housing.[31] Support would be available until the claim is finally decided, including any appeal.

This means-tested payment is necessary as not everyone who would get a job would earn enough to be able to afford to move into a private rental. It is designed to make sure that asylum seekers would have a sufficient minimum level of income to live without Home Office accommodation.

30 The transfer is conditional on having earnings in the PAYE system so it incentivises work in the regular labour market.

31 Eligibility for the scheme requires earnings recorded through PAYE (Pay As You Earn), with no minimum earnings or working-hours requirement.

The transfer would be a separate asylum-support payment based on household earnings.[32] It is calculated using Universal Credit (UC) rules on household definitions, means testing and housing costs, including the earnings taper, the benefit cap and its earnings-based exemption, and Local Housing Allowance limits.[33]

To keep the system fair for British residents, the transfer would not exceed the amount an eligible UK household with the same income and circumstances would receive under UC.

3. Local authority payment

Local authorities would receive a one-off payment of £3,300 for each person, including dependants, who move from asylum accommodation into private housing in their area.[34] The amount is based on the standard Homes for Ukraine council tariff for new arrivals from 1 January 2027.[35]

Following the example of the Homes for Ukraine scheme, the purpose of this funding would be to help councils meet housing, integration and administrative costs, including move-in costs and tenancy guarantees, safeguarding and referrals to local services, English language support, and community activities.[36]

4. Taking employment prospects into account in asylum dispersal decisions

Beyond the core recommendations above, the government may also wish to consider a further option: factoring in employment prospects when initially deciding where to house newly-arrived asylum seekers across the country, alongside geographic quotas and accommodation needs. Matching individuals to locations where they would stand a better chance of finding work locally could further increase the benefits of the proposed policy package, while reducing the need to relocate in search of work.

GeoMatch, for example, is an algorithm that uses personal characteristics and previous refugees' employment outcomes to predict the locations in which a newly arrived asylum seeker would have the best employment prospects.

32 The payment is reassessed monthly using PAYE earnings and changes in household circumstances.

33 Gov.uk, 'Universal Credit: What you'll get', October 2026; Gov.uk, 'Universal Credit: How your wages affect your payments', October 2026.

34 The full payment is made regardless of whether the household receives the monthly transfer described above or when during the year the move takes place. A subsequent move to another authority does not generate a second payment. Councils can agree to transfer existing funding between them when someone moves, in line with the Homes for Ukraine arrangements for transfers between councils.

35 Ministry of Housing, Communities and Local Government, 'Funding for councils: Homes for Ukraine', 15 September 2026.

36 Under our proposal, employment-related activities are excluded for individuals who have already found a job.
Ministry of Housing, Communities and Local Government, 'Funding for councils: Homes for Ukraine', 15 September 2026; Ministry of Housing, Communities and Local Government, 'Homes for Ukraine Scheme (2025-26) local authority tariff payment grant determination No. 31/8285 (England)', 28 April 2026; Ministry of Housing, Communities and Local Government, 'Role of sponsors/hosts, voluntary and community sector, councils, and where to focus tariff funding: Homes for Ukraine', 15 September 2026.

It recommends placements within geographic quotas, with caseworkers retaining the final decision.[37]

In a double-blind randomised trial of 2,000 Swiss cases (individuals or family groups), GeoMatch increased the proportion of months spent in work during the first three years by 2.2 percentage points - about 10% relative to the comparison group.[38] At the end of three years, the share of cases with at least one adult in work was 5.2 percentage points higher.

Such an approach could also increase the fiscal gains from the proposed policy package by helping more households move out of asylum accommodation and generating additional tax receipts as asylum seekers enter work. As the government would still allocate asylum seekers according to geographic quotas, the overall number of asylum seekers being dispersed to a locality would not change - just the composition. As described below, the numbers of asylum seekers who would enter work are relatively low in relation to local labour markets, so we would not expect any significant negative impacts.

5. Implementation and evaluation

Government could consider piloting this approach, which would allow for an evaluation of its effects before national rollout. See Appendix D.

The evaluation could use survey and administrative data to assess employment and earnings, housing stability, public spending and revenues, and costs for receiving councils. The evaluation should be designed before rollout, with a credible comparison to distinguish the effects of the (phased) rollout from changes that would have occurred anyway.

In the sections that follow, we consider the impact of this proposal, and its expected benefits and potential risks. In the final section, we discuss the model we use, which underpins all of our analysis.

37 Kirk Bansak, Jeremy Ferwerda, Jens Hainmueller, Andrea Dillon, Dominik Hangartner, Duncan Lawrence and Jeremy Weinstein, 'Improving refugee integration through data-driven algorithmic assignment', Science, 19 January 2018.

38 Kirk Bansak, Jens Hainmueller, Dominik Hangartner, Jeremy Ferwerda, Elisabeth Paulson, Angie Delevoye, Nicholas Adams-Cohen, Ashwin Ramaswami, Selina Kurer, Joelle Pianzola and Michael Hotard, 'AI-based matching improves refugee employment in a double-blind randomized trial', 28 September 2026.

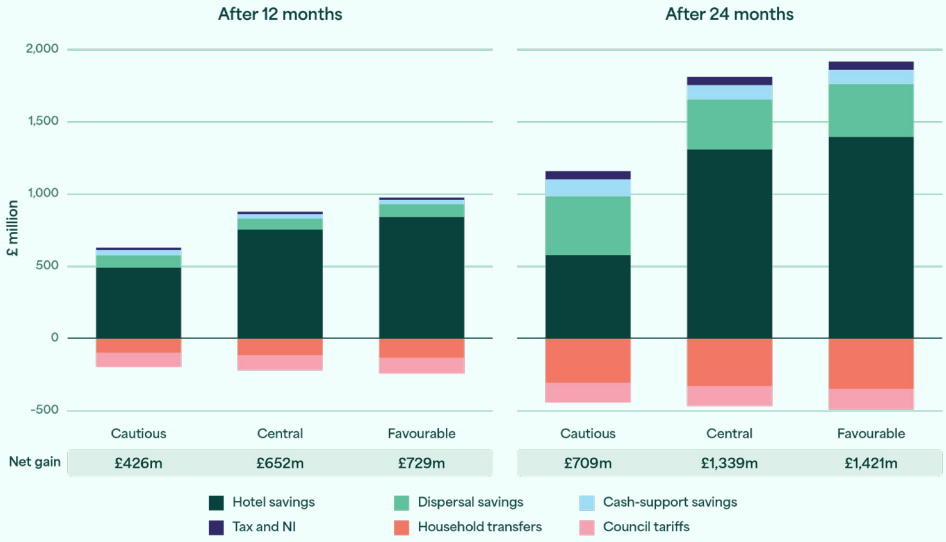
Expected policy benefits

To better consider the impact of the proposals, we use a model, described in more detail later in the report, to compare two hypothetical scenarios: one in which current policy continues, and another in which the proposed policy package is introduced. We look at how many people are in work, how many households move into private housing, how quickly hotels empty, and what these changes mean for public spending and tax receipts.

Fiscal gains and hotel exit

Under the central assumptions of our model, the proposed policy would reduce public spending by £636m over the first 12 months and £1,282m over 24 months. Additional income tax and employee and employer National Insurance (NI) contributions would bring the combined fiscal gain to £652m and £1,339m respectively. Across the cautious and favourable scenarios, the combined fiscal gain ranges from £426m to £729m in the first year and from £709m to £1,421m over the first two years.

Figure 1 - Contributions to cumulative fiscal gains after 12 and 24 months, relative to the current policy and under three sets of assumptions. Net gains are shown below the bars.



In this central scenario, government spending under the proposed policy is about 64% of the modelled spending for the current policy over the first 12 months. The spending estimate includes hotels, dispersal accommodation, asylum support cash payments, council tariffs and transfers to eligible households in private accommodation. Separate scheme administration costs are not estimated. Because the UK counts some asylum support costs as aid spending, lower accommodation costs could also reduce pressure on the aid budget.

Savings continue after hotels empty under the proposed policy because more households move into private housing, supported by earnings and, where needed, the means-tested transfer.

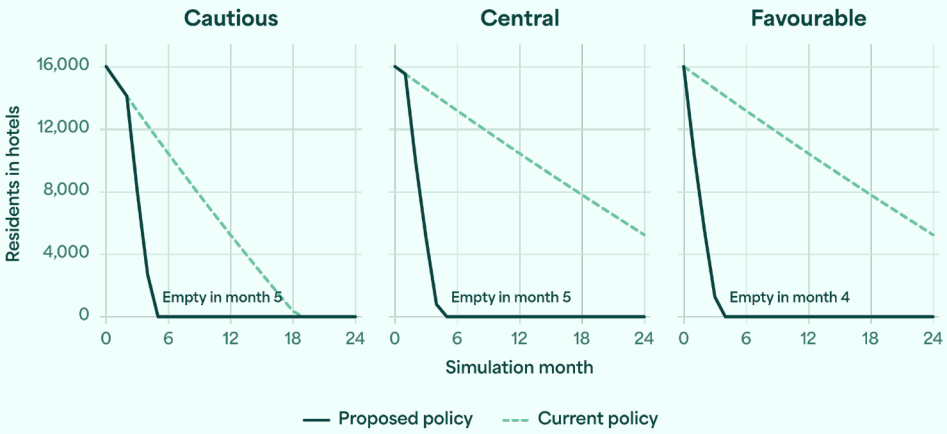
Table 1 - Fiscal gains and hotel occupancy under three sets of assumptions. Gains are cumulative, in £ millions, relative to current policy.

Scenario	Assumptions		Combined fiscal gain		Hotels empty under the proposed policy
	Hotels empty under current policy	Move delay	12 months	24 months	
Cautious	Month 19	Two months	£426m	£709m	Month 5
Central	Month 37	One month	£652m	£1,339m	Month 5
Favourable	Month 37	Same month	£729m	£1,421m	Month 4

Under the central assumptions, 31,556 people in 20,945 households move into private accommodation within the first year.[39] Hotels empty under the proposal in month 5 under the cautious and central assumptions, and month 4 under the favourable assumptions.[40]

The three scenarios vary the planned hotel-reduction rate and the time asylum seekers take to move into private accommodation. While we think it is reasonable to view them as more or less conservative regarding the proposed policy's potential benefits, the results do not represent logical or statistical lower and upper bounds on those benefits.

Figure 2 - Hotel occupancy for different sets of assumptions (cautious, central, favourable) in the policy model. Solid lines show the occupancy under the proposed policy and dashed lines under the current policy.



39 A working adult can enable the whole family to move, including children and a non-working partner. Most households still receive a transfer after moving.

40 In addition to the assumptions that distinguish the three scenarios, the exact month depends on other assumptions, including employment, household budgets and the immediate reuse of vacated dispersal accommodation.

Economic contribution

Earlier access to work could also support asylum seekers' longer-term economic contributions, as suggested by much research.[41] The Migration Advisory Committee (MAC) also highlighted this in its findings, noting that there was little evidence that restrictions on permission to work provided significant benefits, but that they damaged economic integration.[42]

While we do not model these longer-term benefits, our results show that the proposed policy would put substantially more people into work compared to the current policy. Under the central assumptions, 24,003 adults are in work after 12 months and 29,976 after 24 months, among an assumed 65,749 eligible adults. The current policy model gives 3,790 and 6,408 adults in work respectively, so the modelled differences are 20,214 and 23,567. Moreover, we also do not model the macroeconomic benefits from the proposed policy, which could be large.[43]

41 Achim Ahrens, Andreas Beerli, Dominik Hangartner, Selina Kurer and Michael Siegenthaler, 'The Labor Market Effects of Restricting Refugees' Employment Opportunities', IZA Discussion Paper, January 2023; Courtney Brell, Christian Dustmann and Ian Preston, 'The Labor Market Integration of Refugee Migrants in High-Income Countries', Journal of Economic Perspectives, Winter 2020; Francesco Fasani, Tommaso Frattini and Luigi Minale, 'Lift the Ban? Initial Employment Restrictions and Refugee Labour Market Outcomes', Journal of the European Economic Association, 29 May 2021; Michaela Slotwinski, Alois Stutzer and Roman Uhlig, 'Are asylum seekers more likely to work with more inclusive labor market access regulations?', Swiss Journal of Economics and Statistics, 16 December 2019; Moritz Marbach, Jens Hainmueller and Dominik Hangartner, 'The long-term impact of employment bans on the economic integration of refugees', Science Advances, 19 September 2018.

42 Migration Advisory Committee, 'Migration Advisory Committee (MAC) annual report, 2021', 15 December 2021.

43 Ekaterina Aleynikova and Max Mosley, 'The Economic and Social Impacts of Lifting Work Restrictions on People Seeking Asylum', National Institute of Economic and Social Research Discussion Paper, 25 June 2023.

Risk analysis

In this section we describe possible risks of adopting the policy approach and what additional data analysis can tell us about the magnitude and importance of such risks. First, we look at the impact on future asylum seeker arrivals, the labour market, and local housing markets. In a final section we briefly address the question of geographic concentration - that is the possibility that this policy might reshape the distribution of asylum seekers across local authorities. The populations covered by these comparisons differ due to data availability and as explained in more detail in Appendix B.

Limited evidence for 'pull factor'

A key justification for limiting asylum seekers from working is that regular access to the labour market might create a 'pull factor', i.e. attract asylum seekers to the UK. However, research in Europe and neighbouring states provides little evidence that employment restrictions are a strong deterrent to asylum applications. The claim that allowing asylum seekers to work earlier would create a strong pull factor and meaningfully increase asylum applications in the UK is not well supported. For example, recent research examining employment restrictions across European countries over the last decades finds little evidence that bans deter applications.[44] Another more recent study finds a modest association between restrictions and asylum applications, but suggests that existing social networks play a larger role.[45] Overall, research suggests there are three factors that most influence an asylum seeker's journey to the UK: having social networks here, speaking English, and diaspora communities.[46]

We would not expect that the proposed policy approach would have a significant effect on asylum arrivals, based on the existing evidence. It is also worth noting that the UK remains an outlier in its restrictive policy compared with other countries. For example, in France, employers can apply for work authorisation after an asylum claim has remained undecided for six months, and in Greece, applicants can work 60 days after lodging their application, provided they hold a valid International Protection Applicant Card. All in all, the available research suggests that allowing asylum seekers to work earlier is unlikely to create a strong pull factor.

44 Francesco Fasani, Tommaso Frattini and Luigi Minale, 'Lift the Ban? Initial Employment Restrictions and Refugee Labour Market Outcomes', Journal of the European Economic Association, 29 May 2021.

45 Valentina Di Iasio and Jackline Wahba, 'The Determinants of Refugees' Destinations: Where do refugees locate within the EU?', World Development, May 2024.

46 Home Office Sovereign Borders: International Asylum Comparisons Report, September 2020.

Limited evidence of impact on returns

Another concern some may raise is that allowing asylum seekers to work and rent privately could make their removal from the UK more difficult if their claims are finally refused.[47] The argument is that employment and housing could strengthen personal and community ties, making people less willing to leave. Importantly, however, having a job does not itself give someone a right to remain, and UK law generally gives little weight to private life established while immigration status is precarious.[48]

The practical effects could also cut the other way. Legal employment creates employer and address records that could help authorities maintain contact, while informal work is harder to trace.[49] This could make returns easier to administer.

While the overall effect on voluntary departures and enforced returns remains uncertain, the proposed policy approach does not raise major concerns about the government's ability to return people who have no right to remain in the UK.

Limited overall effects on the labour market

Given that local asylum seeker populations are relatively small, this policy package is unlikely to impact the UK labour market significantly. While some may worry that asylum seekers entering the labour market could affect local wages or make it harder for residents to find work, including young people who are not in education, employment or training (NEETs), we would expect any effects on wages and employment to be small overall, given the numbers involved.

We explore the impact that the proposed policy could have on local markets in two ways. First, we briefly review the existing evidence on the impact of asylum seekers on labour markets. Second, we use our model to compare the potentially eligible adult population with working-age residents and estimated vacancies. Together, this evidence suggests that large average effects on the labour market are unlikely, although our comparisons do not estimate effects on wages or employment in particular local markets.

The 2021 Migration Advisory Committee (MAC) report acknowledges that there is "some evidence that suggests lower-skilled workers face a negative wage impact from migration", while also noting that the estimated effects are generally small.[50] This statement concerns migrants in general - a much bigger population than the current asylum-seeking population in the UK.

Research on refugee employment restrictions suggests that work bans did not help comparable local workers, who would be looking for the same type of

47 See, for example, Matt Vickers, 'Border Security, Asylum and Immigration Bill (Tenth sitting)', House of Commons Public Bill Committee, 13 March 2025, column 305.

48 Nationality, Immigration and Asylum Act 2002, section 117B(4)-(5).

49 Helen Dempster, Lee Crawfurd and Ian Mitchell, 'Asking UK Asylum Seekers to Work Would Net 3.5 Times More Than New £10,000 Charge',Center for Global Development, 16 July 2026.

50 Migration Advisory Committee, 'Migration Advisory Committee (MAC) annual report', 15 December 2021.

work as refugees.[51] Other evidence finds that an inflow of less expensive labour can actually benefit existing workers and productivity.[52] Examining the impact of immigration more generally, evidence suggests that immigration has had a very small impact on wage inequality in Great Britain over 1994-2016.[53] The effect on mean hourly wages was insignificant and very close to zero, with small negative effects at the bottom of the wage distribution and positive effects at the top.

Second, we can use our model, as well as data about vacancies and the size of the labour force, to assess the possible impact. Our central scenario of the proposed policy contains about 65,749 potentially eligible adults, which is equivalent to 0.15% of the UK's 42.8m residents aged 16-64.[54] ONS data from the Vacancy Survey suggests that there are 705,000 vacancies in the UK, or about 10.7 per eligible adult.[55] This comparison already shows that the number of potentially eligible adults is small relative to the overall labour force and the labour demand.

Whether asylum seekers can fill vacancies depends on their skills and job requirements, for which there is no data. However, existing data suggests that sectors with higher shares of non-UK-born workers tend to have higher vacancy rates (Figure 9 in Appendix B.1).

We can extend the national analysis to explore variation in local labour markets and, based on where asylum seekers are currently located, what the local labour market situation might be should asylum seekers take up the permission to work in the area where they are currently located. Local vacancies are estimated using a common unemployment-to-vacancy ratio across authorities because the ONS Vacancy Survey does not provide local-authority counts. The comparison assumes all eligible adults seek work in their current local authority without commuting or relocation. We provide more details about this analysis in Appendix B.1.

Figure 3 shows the number of eligible job seekers relative to working-age residents and estimated vacancies. The local authority with the highest number of eligible job seekers per estimated vacancy and working-age resident is Braintree. However, even in this local authority there are only 0.67 additional eligible job seekers per 100 working-age residents from the proposed policy and about 47 per 100 estimated vacancies. This suggests that the number of potentially eligible adults is small relative to the local labour force and local labour demand.

51 Achim Ahrens, Andreas Beerli, Dominik Hangartner, Selina Kurer and Michael Siegenthaler, 'The Labor Market Effects of Restricting Refugees' Employment Opportunities', IZA Discussion Paper, January 2023. Similarly, research on restrictions on Mexican farm workers entering the US finds no clear improvement in domestic agricultural wages or employment: Michael A. Clemens, Ethan G. Lewis, and Hannah M. Postel, 'Immigration restrictions as active labor market policy: Evidence from the Mexican Bracero Exclusion', American Economic Review, June 2018.

52 Sascha O. Becker and Andreas Ferrara, 'Consequences of forced migration: A survey of recent findings', Labour Economics, August 2019.

53 Christian Dustmann, Yannis Kastis and Ian Preston, 'Inequality and immigration', Oxford Open Economics, 17 July 2024.

54 Office for National Statistics, 'LI01 Regional labour market: local indicators for counties, local and unitary authorities', 21 April 2026.

55 Office for National Statistics, 'Vacancies and jobs in the UK: May 2026', 19 May 2026.

Figure 3 - Potential eligible job seekers per 100 working-age residents (horizontal axis) and per 100 estimated vacancies (vertical axis). Each dot is one local authority. The analysis is limited to 337 local authorities in Great Britain for which data is available.



Limited overall effects on the housing market

Our analysis suggests that the proposed policy would have limited overall effects on England's housing market, given the small number of potential renting asylum households relative to the size of the private rental sector. We are not concerned, for example, that this policy would have a significant impact on rents for local families.

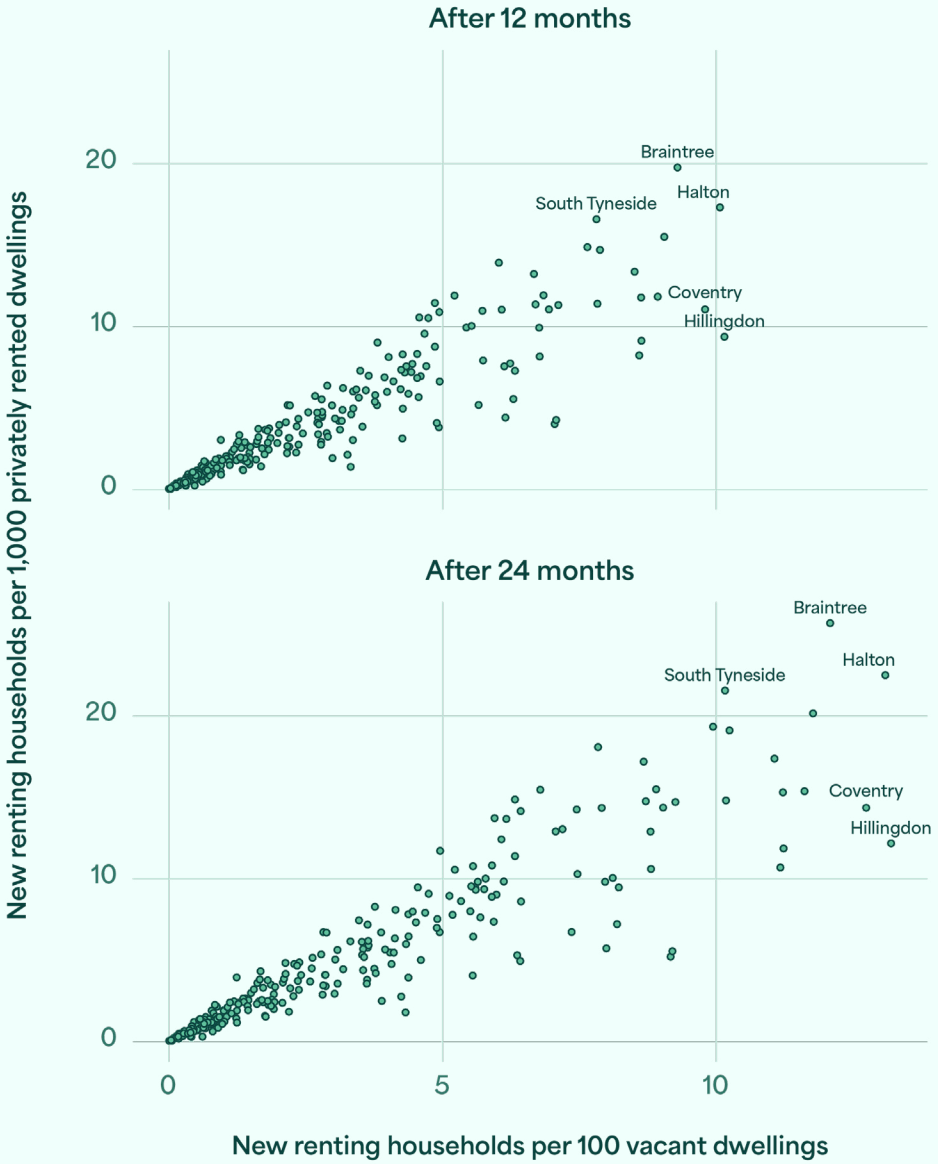
To gauge the scale of potential local housing demand generated by the policy and the risk of local rent increases, we compare the number of potentially renting households from our model with the number of privately rented dwellings and with the number of vacant dwellings. While the former measures the size of the local private rental market, the latter counts vacant homes, which we use as a proxy for housing supply. We apply the household composition and move rates after 12 and 24 months from the model's central scenario to eligible accommodation residents in each authority, assuming again that asylum seekers do not move to a different authority. We focus on England as we lack similar data from Scotland, Wales or Northern Ireland. The analysis is described in more detail in Appendix B.2.

Figure 4 compares the two measures. Local authorities towards the top right have more potential renting households relative to both vacant dwellings and

the privately rented dwelling stock. Across England, our analysis suggests that there are about 19,099 additional renting households after 12 months and 24,829 after 24 months: 3.6 and 4.7 per 1,000 privately rented dwellings respectively. The local authorities with the highest number of additional potential eligible households per (vacant) dwelling are Braintree, Halton, Hillingdon, and Coventry. In Hillingdon, for example, there are about 13 additional households per 100 vacant dwellings, and 12 additional households per 1,000 privately rented dwellings after 24 months.

As in the analysis of the labour market impact, the size of England's private rental market compared with the housing demand modelled under the proposed policy suggests that the overall impact on housing market dynamics is likely to be limited and rents are unlikely to increase substantially. Even in places with less housing supply, the number of households seeking accommodation under the proposal is expected to be small.

Figure 4 - Potential renting households after 12 months (top) and 24 months (bottom), per 100 vacant dwellings (horizontal axis) and per 1,000 privately rented dwellings (vertical axis). Each dot is one local authority. The analysis is limited to 273 local authorities in England for which data is available.



Limited overall effect on the geographic concentration of asylum seekers

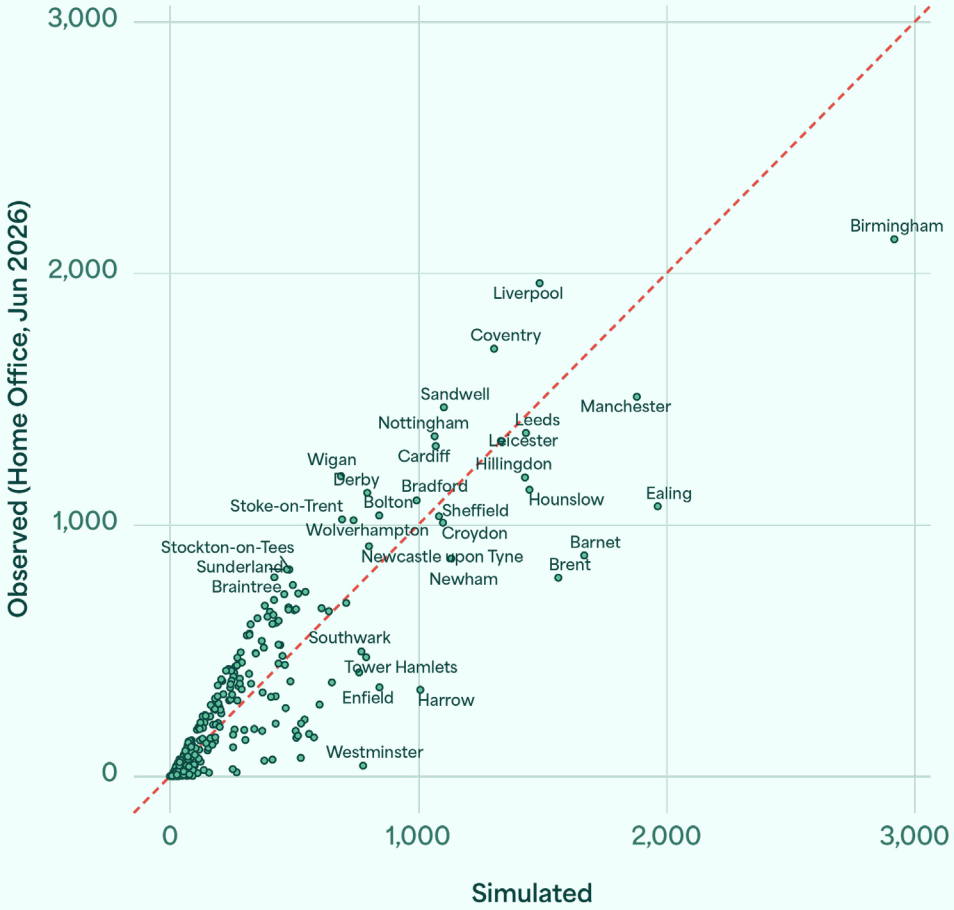
Currently, Home Office accommodation placements shape where asylum seekers live. It seems plausible that once asylum seekers are able to move out of their allocated accommodations under the proposed policy, they might not stay in the local authority but move to another. One related risk might be that all asylum seekers choose to move to a handful of local authorities with particularly cheap rent, high ethnic-ingroup concentration or job vacancies. However, our analysis suggests that the impact on local authorities would be limited.

In our analysis, we simulate a distribution of location choices under the proposed policy that gives equal weight to current locations and the distribution of people from the same country of birth or broader origin group in the 2021 Census. The rationale is that the factors influencing these residents' location choices may also influence asylum seekers' location choices under the proposed policy.[56] We provide more details on the simulation in Appendix B.3.

The simulation results are shown in Figure 5. The relocation simulation produces increases and decreases in the asylum-seeking population across both smaller and larger authorities. Local authorities below the dashed line gain asylum seekers, while those above it lose asylum seekers. The results suggest that Birmingham gains about 782 asylum seekers while Liverpool loses 472. We observe the largest increases in London. Across all London boroughs there are about 11,677 additional asylum seekers, which is sizable in absolute numbers but equivalent to only 0.13% of London's resident population. While we do not know if the location choices of those moving out of accommodation under the proposed policy mimic the location choices of those we observe in the 2021 Census, the simulation broadly suggests that the magnitude across the local authorities is limited.

56 Local markets may have changed since the Census, and some Census figures include asylum seekers in dispersal and contingency accommodation at the time. This overlap may reduce the contrast between observed and simulated locations.

Figure 5 - Observed vs. simulated number of asylum seekers across 318 local authorities in England and Wales for which data is available. Each dot is one local authority. The simulation gives equal weight to current locations and the distribution of the corresponding country-of-birth or broader origin group in Census 2021. The red dashed line is the 45° line.



Modelling the impact of the proposal

In this section, we describe the modelling that underpins the policy proposal in this report. This model provides evidence for our evaluation of the benefits and risks described in the previous sections.

To gauge the impact of the proposed policy change on asylum hotel usage and public finances, we need to compare two hypothetical worlds: one in which we retain the current policy regime and one in which we introduce our proposed policy package. More specifically, we need to model what would happen to asylum seeker employment, earnings, support, housing, etc, under the current as well as the proposed policy, and use these outcomes to estimate public spending and tax receipts, in order to compare the costs and benefits under the proposed and the current policy. Any hypothetical comparison based on a policy model relies on a range of assumptions, which we will describe below and in Appendix A. One consequence of this is that the results can only be understood as helpful illustrations of potential consequences, and not as forecasts or predictions of what will happen.

We compare hotel use and public finances under the current and proposed policies under three sets of assumptions: cautious, central and favourable. Unless otherwise noted, benefits refer to the difference between the two policies (current versus proposed) under the central assumptions.

Our policy model starts with 85,059 people in hotels or dispersal accommodation across the UK on 30 June 2026. For the purposes of illustration, July 2026 is month 1. We follow this starting population for 24 months.

To keep the model simple, we represent the starting population as single adult households and families, using the proportions recorded among people receiving asylum support in March 2026.[57] We model the starting population as having waited for six or more months after their asylum claim at the beginning of the model period. We use separate employment estimates for men and women and a shared earnings distribution, estimated from published refugee earnings data for men and women combined.[58] Under the proposed policy, we assume that asylum seekers' employment and earnings develop in line with the patterns observed in these refugee data. Once someone finds work, we assume they remain employed for the rest of the period modelled and that they are eligible to work during their appeal process.

A key difference between our proposed policy and the current policy is the timing of work eligibility for asylum seekers. In the model, access to work under current policy begins six months later than under the proposed policy. We further assume that the employment rate under current policy is only 23%

57 In our analysis we exclude 4,961 Section 4 recipients from work and the proposed transfer, while retaining their accommodation and subsistence costs.

58 Home Office, 'Refugee Integration Outcomes (RIO): Employment from 2015 to 2023', 27 November 2025; Home Office, 'How much do refugees earn from employment?', 27 November 2025.

of the proposed policy employment rate six months earlier, to account for the occupational restrictions. We base this assumption on the occupations reported by employed refugees granted asylum in the UK, using broad occupational groups to approximate the jobs permitted under current policy,[59] as we do not have data on employment among asylum seekers with permission to work. Under the current policy, earnings progression is also delayed by six months. A second difference between the current and the proposed policy is that the proposed transfer and council tariff apply only under the proposed policy.

We also need to make assumptions about people moving out of asylum accommodation. Under the central assumptions, hotels will be empty by July 2029 under the current policy, reflecting the government's existing commitment and establishing a benchmark in our model. Under the cautious assumptions, the monthly hotel reduction rate is doubled, bringing hotel closure under current policy forward to January 2028. Further, in our model, reductions in hotel use that do not result from employment-related private moves are treated as moves into dispersal accommodation, which continue to incur government costs (albeit much lower).

To keep the model tractable, we follow the fixed starting population throughout 24 months, which means that our model excludes new arrivals and does not capture the departure of asylum seekers from the asylum support system after they have received their final asylum decision.

Under the modelled proposed policy, households can afford to move once their take-home earnings plus the transfer cover their estimated rent, living costs and council tax. Under the modelled current policy, earnings alone must cover these costs. Under both policies, we assume that every household able to afford a move can find suitable private housing and chooses to move.

Under the central assumptions, we allow one month between a household first being able to afford to move and moving out. This delay is two months under the cautious assumptions and zero under the favourable assumptions. Across the three sets of assumptions, we keep household composition, employment and earnings assumptions, transfer rules and accommodation prices unchanged.

Limitations of the policy model

While we focus on the most plausible assumptions and sensible simplifications, the dependence on assumptions remains a significant limitation of any policy modelling. To account for this, we present three scenarios to show how different combinations of assumptions affect the estimated gains in the main analysis. In Appendix A.5, we further examine how the results change when we vary selected assumptions one at a time. These scenarios cover only some of the uncertainties, however.

59 Home Office, Office for National Statistics and Ministry of Housing, Communities and Local Government, 'Refugee Integration Outcomes (RIO) Insights', 26 September 2025; Home Office, 'Permission to work and volunteering for asylum seekers', updated 26 March 2026.

For example, our models assume that suitable homes are available at the England Local Housing Allowance (LHA)-based rent benchmarks, that places freed in dispersal accommodation can immediately be used by people currently in hotels, and that the UC-based living budgets are sufficient to cover households' living costs. Further, we do not model new arrivals, job loss or departures from the asylum support system after the final asylum decision. These choices affect how many households could move and how quickly savings could be realised. If suitable housing is harder to find, rents or living costs are higher than assumed, or dispersal places take longer to reuse, moves could be delayed and fiscal savings over the periods modelled could be smaller. New arrivals, job loss and final asylum decisions would also affect spending and tax receipts under both policies, so their net effect on the estimated gains is uncertain.

Appendix

For full details of our methodology, please see this Appendix.

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