EXPLANATORY MEMORANDUM TO

THE INTEGRATION LOANS FOR REFUGEES AND OTHERS REGULATIONS 2007

2007 No. [XXXX]

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1.1 This explanatory memorandum has been prepared by the Home Office and is laid before Parliament by Command of Her Majesty.

1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Description

2.1 These regulations make provision for integration loans to be made to those granted refugee or humanitarian protection status and their respective dependants. They cover, amongst other things, eligibility criteria, the way in which applications must be made, and matters concerning repayment.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None

4. Legislative Background

4.1 Under section 13 of the Asylum and Immigration (Treatment of Claimants, etc.) Act 2004 ('the 2004 Act') (as amended by section 45 of the Immigration, Asylum and Nationality Act 2006) the Secretary of State may make regulations enabling him to make integration loans to refugees and other classes of person as prescribed. These regulations, therefore, provide for loans to be made to those granted refugee and humanitarian protection status (the latter under the Immigration Rules[1]) and their respective dependants.

4.2 The integration loans are to be funded by savings made from the abolition of back-dating of income related benefits. Currently those granted refugee status may claim a backdated payment of income related benefits (less any asylum support) calculated from the date on which their asylum application was made until the date a final decision is made on their claim. Once these regulations are made, section 12 of the 2004 Act will be commenced thereby repealing section 123 of the Immigration and Asylum Act 1999 and associated secondary legislation such that back payments will no longer be payable.

4.3 To enable the deduction of loan repayments at source from those on income related benefits, once these regulations have been made the Social Security (Claims and Payments) Regulations 1987[2] and the Social Security (Claims and Payments) Regulations (Northern Ireland) 1987[3] will be amended.

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[1] HC 395
[2] SI 1987/1968
[3] SR 1987/465

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

6.1 The Parliamentary Under Secretary of State for Nationality, Citizenship and Immigration at the Home Office, Joan Ryan MP has made the following statement regarding Human Rights:

"In my view the provisions of The Integration Loans for Refugees and Others Regulations 2007 are compatible with the Convention rights."

7. Policy background

7.1 When first given leave to enter or remain in the United Kingdom many of those granted refugee or humanitarian protection status will need access to funds to enable them to find and secure accommodation, undertake training or re qualification or seek employment. Some of them will not however be able to access quickly more traditional sources of funds, such as bank loans. It is believed that the ability to access an interest free loan, with favourable repayment conditions, will make a considerable impact on their ability to become established in the UK.

7.2 As indicated above, currently those recognised as refugees (there is no provision for those given humanitarian status) may claim a back payment of income related benefits. These provisions will be repealed and in future applications may be made for an integration loan. It is believed that a system of integration loans is a fairer and more cost effective one, in the sense that whereas a loan will be based on an individual's integration needs back payments are based only on the time taken to determine an asylum claim.

7.3 Integration loans were included in "Integration Matters: A National Strategy for Refugee Integration" which was published in March 2005. A further informal public consultation, which considered in more detail the proposed scheme, was carried out with key stakeholders in March-April 2006. This indicated broad support for the premise of the scheme, along with constructive guidance on how it may best be implemented which has been considered as the scheme has been worked up in more detail.

7.4 The loan is intended to supplement, rather than replace, the existing income related benefits to which refugees and other may be eligible.

7.5 Application forms and guidance will be sent out to those who may qualify for a loan. The information will also be available on the Home Office website and distributed to community organisations that work with refugees and those granted humanitarian protection.

7.6 Decisions on whether a loan should be made will be taken by the Home Office whilst arrangements for the payment and recovery of loans will be handled by the

Department for Work and Pensions. The Secretary of State's present intention is to specify the minimum and maximum loan amount as £100 and £1000 respectively.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on businesses, charities and voluntary bodies.

8.2 The impact on the public sector is minimal. The scheme will be jointly administered by the Home Office and the Department for Work and Pensions.

9. Contact

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