



## HOME OFFICE

# National Asylum Support Service: The provision of accommodation for asylum seekers

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# National Asylum Support Service: The provision of accommodation for asylum seekers

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**19 May 2005**

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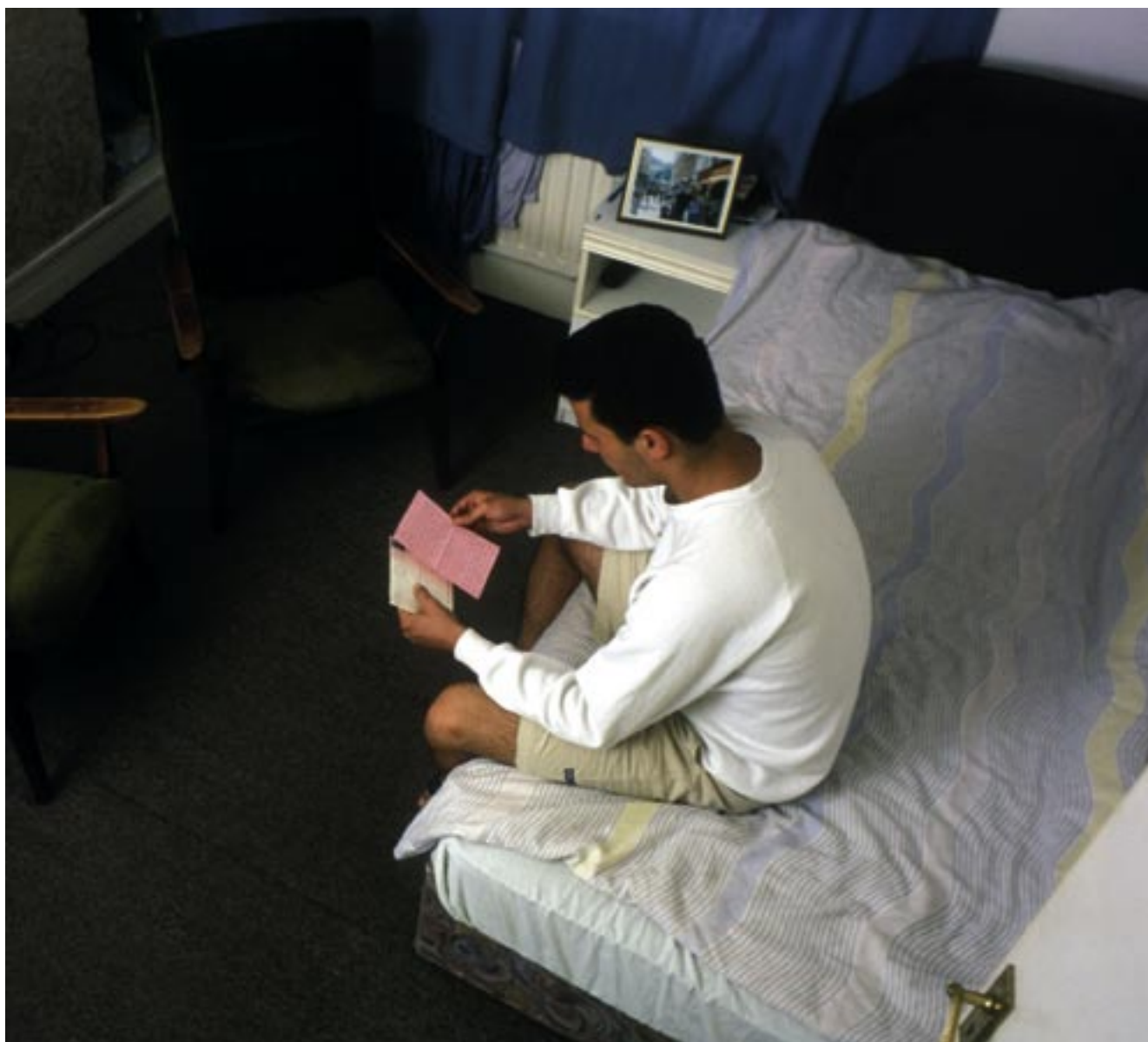
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## SUMMARY AND CONCLUSIONS



**1** Providing suitable accommodation for asylum seekers is one of the most complex and difficult tasks Government has to do. Nearly 34,000 people applied for asylum in the United Kingdom in 2004, along with 7,000 dependants.<sup>1</sup> The National Asylum Support Service (the Service) within the Home Office provides accommodation for those asylum seekers who are destitute (or likely to become destitute), plus money for day to day expenses whilst their application is considered by the Home Office. According to Home Office statistics, the Service received 33,790 applications for support from the Service in 2004, of which over half were for accommodation.

**2** The Service has limited influence over the number of people who declare that they are asylum seekers and require accommodation and, as a consequence, its work is demand led. According to records held by the Service, the number of destitute asylum seekers and dependants in accommodation provided by the Service increased from 27,800 people in March 2001 to nearly 67,200 by March 2003.<sup>2</sup> This substantial increase led to significant pressures on the Service to find suitable accommodation so that individuals did not end up sleeping in the streets. Although the Service managed to deal with this pressure, a subsequent Ministerial review concluded that the organisation had under-performed.<sup>3</sup>

Whilst there is a limit to the degree of sophistication and fine tuning possible in any system which is demand driven, improvements were required.

**3** The number of asylum seekers requiring accommodation and financial support has begun to decline since March 2003. According to Home Office records, the number of asylum seekers and dependants in accommodation has since reduced to 46,000 by December 2004 (a reduction of 32 per cent). The reduction has enabled the Service to start re-negotiating its existing contracts, and the National Audit Office carried out an examination to determine whether the Service had learnt lessons from its early experiences and modified its approach to provide a better quality of service at a more economical cost. Accommodation costs remain considerable: the Service paid out £439 million for short term and longer term accommodation across the country in 2003-04. This report focuses on the progress made by the Service in improving the way it provides suitable accommodation for asylum seekers.

<sup>1</sup> Home Office, Asylum Statistics: 4th Quarter of 2004.

<sup>2</sup> The numbers in accommodation provided by the Service include those in emergency accommodation and induction centres plus those in dispersal accommodation.

<sup>3</sup> A Review of the Operation of the National Asylum Support Service, May 2003.

## Main conclusions of our report

4 The Service had to deal with an unprecedented increase in its workload during its first few years and, because it did not have sufficient, experienced staff, it was stretched to the limit in order to provide sufficient accommodation to keep asylum seekers off the streets. The number of asylum seekers and their dependants requiring accommodation each night has now begun to settle into a more consistent pattern and the Service has recruited additional staff to get its business into better shape.<sup>4</sup> Drawing on past experience, the Service needs to change the way it works with the organisations that provide it with accommodation. Improvements will involve transferring more of the risks and responsibilities onto the other organisations, reducing the prices it pays for accommodation, putting in place more effective performance monitoring arrangements and taking action when performance is below standard. The Service also needs to co-ordinate its work better with other parts of the Immigration and Nationality Directorate.

## Our findings in more detail

### The balance of risks between the Service and its accommodation providers needs to change

5 The Service relies on charitable organisations and local authorities to provide short-term accommodation to house destitute asylum seekers when they arrive in the United Kingdom. Once their paper work is processed and they are considered fit to travel, the Service will then disperse the asylum seekers to accommodation around the country supplied by its dispersal accommodation providers. Matching the requirements of asylum seekers to the accommodation has proved difficult, however, and only a minority of asylum seekers are moved out of short term accommodation within two weeks of arrival. The time spent in short term accommodation can be detrimental to the asylum seekers and the local authority, and expensive to the Service.

6 Our analysis of the main risks in trying to transfer asylum seekers from short term accommodation into dispersal accommodation indicate that any costs arising are likely to fall on the Service rather than its contractors. Under existing contracts, many dispersal accommodation providers are paid irrespective of whether the properties they make available to the Service are occupied or not. The outcome of the negotiations and subsequent operation of these interim contracts is an opportunity for the Service to assess the willingness of the accommodation providers to take on additional risks. If the revised contracts prove successful, a more effective solution for the next phase of contracts might involve transferring responsibility for matching people to places onto the accommodation providers instead.

### The Service has achieved significant savings by re-negotiating its contracts

7 The Service acknowledges that because of the changes in the number of asylum seekers, the contracts it let originally with accommodation providers in 2000-01 have not always proved to be value for money. In October 2004, the Service managed to remove over 16,000 empty 'bed-spaces' from its list, which it estimates will save it over £37 million in payments in 2004-05. Most of the savings have come from terminating its contracts with Roselodge Ltd and Accommodata Ltd. The Service has also re-negotiated existing contracts with eight contractors and expects to make savings of around £37 million in 2005-06.

8 We commissioned Atkins Management Consultants to examine the prices paid by the Service and compare them to the typical market rates in areas throughout England, Scotland and Wales. Their analysis suggests further savings can be achieved – in particular the prices paid for accommodation required to house families. Our analysis of the data provided by Atkins Management Consultants' identified a difference of at least £25 million between the prices paid by the Service and the market rates. In practice, the difference in prices does not take account of the fact that many landlords and property agents are unlikely to accept asylum seekers and it is unlikely there would be sufficient properties available at the market rate. Their work does suggest, however, that there is considerable scope for the Service to make savings when it lets new contracts with providers by 2006, although the extent of the savings will depend on market conditions at that time.

4 Whilst the number of people in accommodation has reduced from 67,200 in March 2003 to 46,000 in December 2004, the number of staff increased from around 900 in March 2002 to 1,100 by December 2004.



## The Service must actively monitor the performance of its contractors and take action where appropriate

**9** The existing contracts with short term and dispersal accommodation providers do not enable the Service to monitor their performance adequately. The existing performance measures do not set targets for the proportion of asylum seekers referred to accommodation providers that should be housed and there is no requirement to provide regular standardised management information on progress. The Service does inspect properties to confirm they comply with its contract conditions, and terminated its contract with Landmark because of concerns over performance. The Service has not imposed any direct financial penalties on other providers, however, for supplying sub-standard or inappropriate accommodation.

**10** The introduction of induction centres has demonstrated that a more pro-active approach can help to speed people through the process more quickly. Forty-nine per cent of asylum seekers in induction centres are transferred to dispersal accommodation within two weeks; asylum seekers in emergency accommodation at the end of December 2004 had typically stayed there for around six months. The Service has put in place measures to reduce the average time spent in emergency accommodation significantly in 2005, in particular by putting in place a dedicated 'longstayers review team' to resolve cases where asylum seekers had been in such accommodation for more than six months.

**11** Better co-ordination of the actions required before an asylum seeker can be transferred out of short term accommodation and into dispersal accommodation would reduce costs and provide a better service. For example, 29 per cent of asylum seekers and their dependants remain in short term accommodation because their paperwork has not been completed. Working with the voluntary partners to get asylum application forms completed promptly and working with the Immigration Service to screen applicants promptly could reduce this delay. If the Service could limit the length of stay in emergency accommodation to two weeks before transferring the asylum seeker to dispersal accommodation, the Service would save £3.6 million a year.<sup>5</sup>

## The Service must co-ordinate its work more effectively with other parts of the Immigration and Nationality Directorate

**12** One of the key reasons behind the establishment of the Service was to make sure the provision of accommodation and support was more closely linked to the asylum application process to improve efficiency. Difficulties remain in practice, however, and any delays in completing the paperwork required for each new asylum seeker means the Service has to keep the applicant and their dependents in short term accommodation longer: this can be expensive and impacts on the efficiency of the Service's work. Dispersal accommodation providers have also raised concerns that delays in being notified when an applicant has failed to be granted asylum makes it more difficult for them to evict the individual from their property.

**13** The Home Office's five year strategy for asylum and immigration published in February 2005, sets out plans for a new asylum model which would introduce faster and more tightly managed processes for all new asylum applicants.<sup>6</sup> Key features include a new screening process for asylum applicants to identify those that should be sent directly to a fast track detention centre, the use of specialist case managers, and a clear strategy for maintaining contact with each applicant until a decision is made.

**14** The introduction of the new asylum model is an opportunity for the Service to improve its performance. A re-organisation of existing arrangements and processes could reduce the time asylum seekers spend in short term accommodation. Basing immigration officers at each induction centre, for example, would mean the Service no longer has to pay for applicants to travel to immigration offices in Croydon and Liverpool and would reduce the risk of delay if the asylum seekers claimed they were unable to travel. Better information on the whereabouts and status of each asylum seeker should also mean the Service receives more timely data on failed applicants which could immediately be passed on to the relevant accommodation providers.

**15** In the absence of any service level agreement between the Service and the rest of the Immigration and Nationality Directorate, any changes in performance of the Immigration Service impact on the financial costs and performance of the National Asylum and Support Service.

<sup>5</sup> The calculation assumes that instead of an average of six months in emergency accommodation, the asylum seekers would spend two weeks in emergency accommodation and 5.5 months in dispersal accommodation.

<sup>6</sup> Home Office: 'Controlling our borders: Making migration work for Britain'. February 2005.



## RECOMMENDATIONS

**16** The Home Office and National Asylum Support Service should:

- i** Use the re-negotiation of existing contracts to assess whether accommodation providers are willing to take on the responsibility for identifying suitable accommodation for asylum seekers.
- ii** Develop a database of properties and asylum seekers that temporary accommodation and dispersal accommodation providers can update directly themselves. More timely information would help the Service to improve its matching of asylum seekers to vacant properties.
- iii** Set a clear target for how long an asylum seeker and dependants should spend in short term accommodation and monitor performance regularly. The Service needs to identify each case that exceeds this target and the reasons why, so that action can be taken to resolve problems before a backlog of cases build up.
- iv** Re-negotiate the terms and prices of the Service's contracts with dispersal and emergency accommodation providers. The Service will need to build up an awareness of typical regional prices so that it can negotiate competitive rates.
- v** Revised contracts with accommodation providers need to include specific, measurable, and relevant performance measures that can be used to assess performance and include a structured penalty point system so that action can be taken if performance is below standard. The performance measures should include outcome measures, such as what proportion of asylum seekers referred to them have been placed in suitable accommodation, as well as operational measures, such as the nature and frequency of management information required from each contractor.
- vi** Encourage the Service's inspectors to work more closely with local authority housing inspectors to clarify basic standards required and to minimise the administrative burden on dispersal accommodation providers.
- vii** Consider the potential benefits of having immigration officers based at each of its induction centres so that cases can be processed more quickly and without the need to pay for asylum seekers to travel to offices in Liverpool or Croydon.



## PART ONE

### Background



## The National Asylum Support Service provides accommodation and support for destitute asylum seekers

**1.1** Asylum seekers will often arrive in the United Kingdom without money or anywhere to stay. Nearly 34,000 people applied for asylum in the United Kingdom in 2004, along with 7,000 dependants.<sup>7</sup> According to Home Office statistics, there were 33,790 applications for accommodation or financial support. Some applicants have suffered ill treatment or neglect; **Figure 1** illustrates one example.

**1.2** The National Asylum Support Service (the Service) within the Home Office provides accommodation for those asylum seekers who are destitute (or likely to become destitute), plus money for day to day expenses whilst their application is considered by the Home Office. The Service seeks to provide somewhere to sleep for each new applicant and their dependants that first night and, if the asylum seeker can demonstrate they are destitute, will arrange accommodation and weekly cash payments to cover basic day to day expenses whilst their application for asylum is considered.<sup>8</sup>

### 1 An example of one asylum seeker's experience

Selima's family belonged to a minority ethnic group which was being persecuted by a dominant tribe in Somalia's civil war.

*"My father was taken away and murdered. I have two very young children. I lived in fear of being raped. My mum told me I had to escape because I was a young woman. She said it was better for her to die than for me."*

*"When I arrived here, it was like being dropped in the ocean. I couldn't bear to live without my children. I got very depressed and tried to kill myself."*

Selima found support from a network of Somali friends, and the Home Office arranged for her to be re-housed near them. She has since managed to contact her mother through a family tracing service and learned that her children, now aged six and three, are safe and well.

Source: *Refugee Action*

**1.3** At the end of December 2004, the Service provided accommodation and support for 46,000 asylum seekers and dependants.<sup>9</sup> The Service was set up from April 2000 to provide a centrally funded service so that destitute asylum seekers were provided with accommodation and basic benefits outside the mainstream social security system. Before the Service took over responsibility, local authorities and the Benefits Agency had provided most of the support services to asylum seekers and there was a risk that the system was open to abuse. A key aim in setting up the Service was to link more closely the provision of accommodation and support with the processing of each asylum application in order to improve efficiency.

**1.4** Expenditure by the Service represents a large proportion of the total cost of the asylum system. The Service cost £1.07 billion in 2003-04, some 57 per cent of the total cost of the Immigration and Nationality Directorate. Out of this total, expenditure on accommodation was £439 million.

## Since the Service began operations in April 2000, it has had to deal with considerable variations in the number of destitute asylum seekers

**1.5** The Service has little control over the number of people who declare they are asylum seekers and apply for accommodation or subsistence support and, as a consequence, its work is demand led. According to records held by the Service, the number of destitute asylum seekers (including dependants) in their accommodation increased from 27,800 people in March 2001 to nearly 67,200 in March 2003; a 142 per cent increase (see **Figure 2 overleaf**). Additional accommodation was required at short notice to avert what could otherwise have become a humanitarian crisis in South East England. Numbers subsequently declined to 46,000 people by the end of December 2004. The trend broadly follows the changes in the number of asylum applications received over the same period. Further analysis of the factors that led to a reduction in the number of asylum applications can be found in the National Audit Office report on the Home Office's asylum statistics.<sup>10</sup>

7 Home Office, Asylum Statistics: 4th Quarter of 2004.

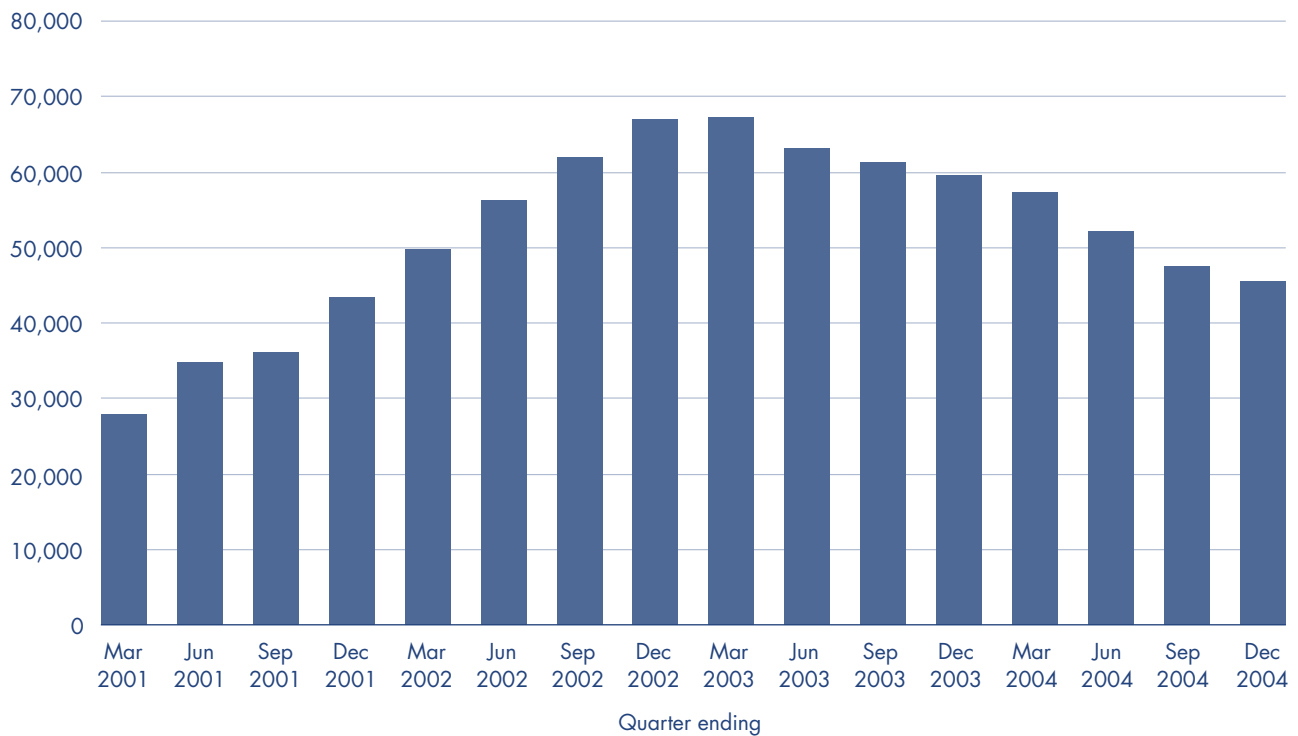
8 An asylum seeker is not allowed to obtain employment whilst their application is considered and the weekly payment of around £38 for a single person is intended to be sufficient to pay for meals and other expenses. The costs of accommodation, including heating, lighting and council tax, are paid directly by the Service to the accommodation provider.

9 The numbers in accommodation provided by the Service include those in emergency accommodation and induction centres plus those in dispersal accommodation.

10 Asylum and migration: a review of Home Office statistics, HC 625 Session 2003-04.

**2** The number of asylum seekers and dependants in accommodation provided by the Service<sup>1</sup>

Number of asylum seekers and dependants in accommodation



Source: National Audit Office analysis of NASS data

**NOTE**

<sup>1</sup> The number includes those in emergency accommodation and induction centres as well as those in dispersal accommodation.

**1.6** The large increase in asylum seekers and their dependants needing accommodation between March 2001 and March 2003 stretched the capability of the Service to deal with this workload. Staff had to respond quickly to the situation and worked hard to find suitable accommodation at short notice. A subsequent review of the Service concluded that the organisation had under-performed and although the report acknowledged that there is a limit to the degree of sophistication and fine tuning possible in any system which is demand driven, improvements were required.<sup>11</sup> The review, which was requested by the Minister of State responsible for immigration, established that the client group had proved more demanding than envisaged; its operations were very visible to the media and the expectations of what it could achieve were unrealistic. The report identified a number of areas where action was required to improve performance:

- **Introduce new governance arrangements.** The organisation needs to take stock of the opportunities it now has to get on top of the business, make it less crisis driven and to improve its quality of service. Such a change requires a management team with the skills and information to improve performance, clear targets and budgets, and a reporting mechanism so that key stakeholders can monitor progress made.
- **Develop an IT strategy to address business needs.** The existing IT system needs to be developed to support the Service better by reducing the amount of manual input and checking of data and providing relevant management information for operational staff.
- **Set up a regional structure.** Regional managers would enable the Service to improve its communication with local authorities and to be more 'hands on' in resolving local issues.

<sup>11</sup> A Review of the Operation of the National Asylum Support Service, Home Office May 2003.

- **Revise the way it procures accommodation for asylum seekers.** Existing contracts should be revised to resolve difficulties in dispersing asylum seekers around the country and to achieve cost savings. Lessons should be learned from that first tranche of contracts in order to improve future contracts.

The Service is taking forward the actions highlighted in the plan, and further details can be found at Appendix 1.

**1.7** The Service has undergone a number of re-organisations in response to its increased workload and the subsequent Ministerial review. The Home Office strengthened the Service's Senior Management Team by increasing its numbers between 2003 and 2004, and the overall number of staff increased from around 900 in March 2002 to some 1,100 by December 2004.<sup>12</sup> The increased staffing and reduction in workload has enabled the Service to begin to put in place the strategies, performance monitoring systems and the budgeting and planning tools it needs for its day to day work.

**1.8** The Home Office expects the introduction of a new asylum model in 2005 should also improve performance further. The Home Office's five year strategy for asylum and immigration, published in February 2005, sets out plans for a new asylum model which would introduce faster and more tightly managed processes for all new applicants.<sup>13</sup> Key features include a new screening process for asylum applicants to identify those that should be sent directly to a fast track detention centre, the use of specialist case managers, and a clear strategy for maintaining contact with each applicant until a decision is made.

## What we examined in this study

**1.9** The establishment of the Service and the difficulties it encountered in its first few years of operation have already been documented in the review requested by the Minister of State in 2003. Now that the number of asylum seekers in accommodation has fallen from 67,200 people in March 2003 to 46,000 by December 2004, the pressures on the Service have reduced and it has the opportunity to re-think its current operations and to improve its value for money. This report examines what progress the Service has made in improving how it provides accommodation for asylum seekers. In particular:

- **Part 2** examines how the process can be speeded up. Dealing with each new asylum seeker promptly minimises distress and confusion for the applicant and should reduce costs. Speeding up the process involves identifying why some cases take a long time and what can be done to overcome the problem.
- **Part 3** of the report examines the cost of accommodation and how savings could be achieved. The Service recognises that the prices it has paid for accommodation are too high and it is negotiating reductions. A more radical method of procuring accommodation could improve its cost effectiveness further.

**1.10** The examination involved interviews with key personnel in the Service and the organisations responsible for providing accommodation. We also examined contract files and analysed data kept by the Service. **Figure 3** (and Appendix 2) provides further details of our methodology.

### 3 Our sources of evidence in carrying out this examination

#### Method

- Interviews with key staff in the Service.
- A survey of accommodation providers.
- Benchmarking of accommodation costs.
- A review of the accommodation inspection programme.
- Interviews with key stakeholders.

#### Purpose

- To examine the performance of the organisation and the progress made with various initiatives.
- To seek the views of how properties are provided and the scope for improvements in performance.
- To compare prices paid by the Service against market rates.
- To examine the quality of accommodation provided by the Service.
- To seek the views of other organisations on the performance of the Service.

<sup>12</sup> Based on the full time equivalent number of permanent staff and a headcount of agency staff.

<sup>13</sup> Home Office, 'Controlling our borders: Making migration work for Britain.' February 2005.

## PART TWO

### Speeding up the process





### 2.1 Our key findings include:

- Prolonged stays in short term accommodation are both expensive and disruptive to asylum seekers and local communities.
- The Service has managed to reduce the time spent by asylum seekers in short term accommodation.
- The management approach used for induction centres to reduce time spent in short term accommodation could be applied to emergency accommodation.
- Difficulties in keeping track of who is in dispersal accommodation contribute to the delays in moving people out of short term accommodation.

## Prolonged stays in short term accommodation are disruptive to asylum seekers and local communities, and expensive

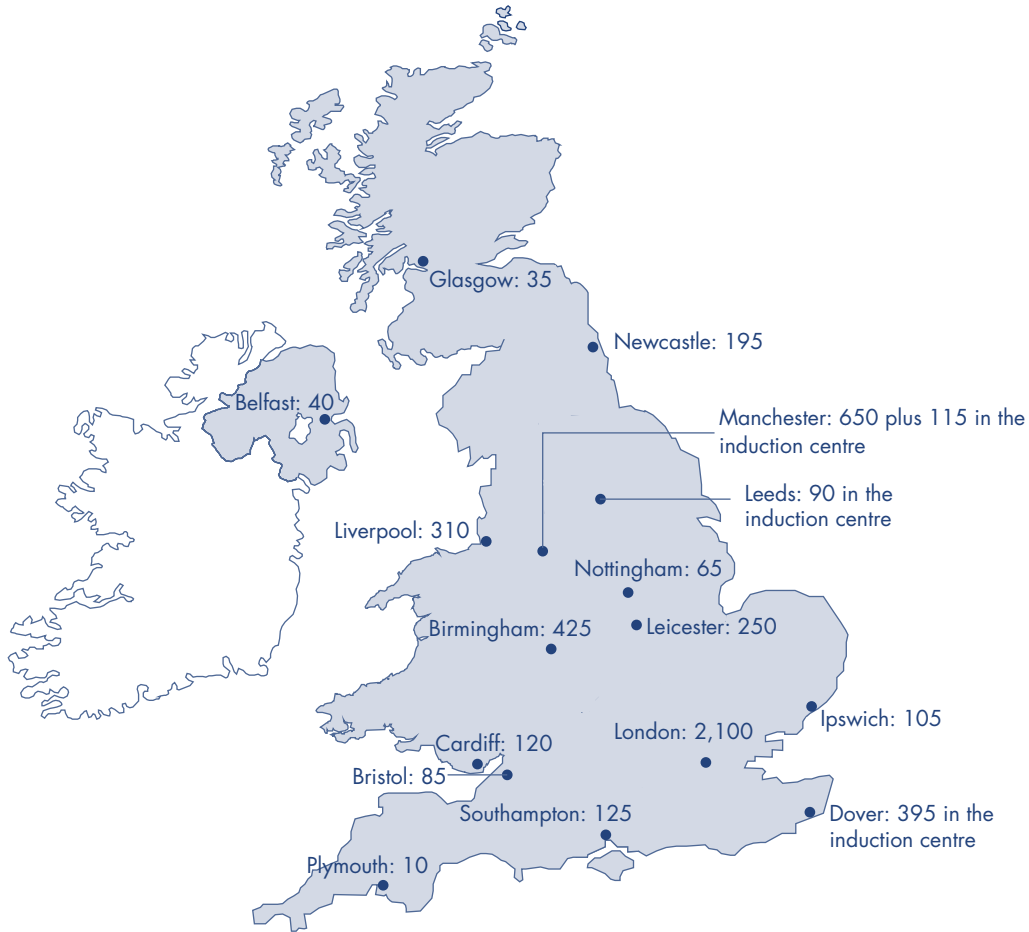
**2.2** The Service provides short term accommodation for destitute asylum seekers so initial checks can be undertaken to confirm each person is destitute and is a genuine asylum applicant, and also to undertake health screening and medical treatment where necessary. The accommodation is an interim measure, intended for short term use, and typically comprises: full-board former and operating hotels; houses in multiple occupation; hostels; or self-contained, self-catering properties. The great majority of accommodation in 2004 was acquired and managed by voluntary sector partners with funding from the Service.

**2.3** The short term accommodation is only an interim measure until applicants who require support can be dispersed elsewhere across the United Kingdom. The concentration of destitute asylum seekers around the main entry points to the United Kingdom can be potentially disruptive to local communities. Numbers were particularly acute when the influx of asylum seekers peaked in 2002 and, during that time, some local communities, such as Folkestone and Dover, struggled to deal with the volume of people. Since then, the Service has sought to provide short term accommodation in larger towns and cities around the United Kingdom. **Figure 4 overleaf** shows the main locations of short term accommodation used and the numbers of asylum seekers and their dependants held at the end of December 2004.

**2.4** The Service has relied mainly on six voluntary sector partners and two consortia to provide its short term accommodation in 2004.<sup>14</sup> Short term accommodation cost £96 million in 2003-04, equivalent to £27.80 per person per day. The Refugee Council chose to withdraw from providing short-term accommodation in London in early 2004 as the commitment involved had outweighed its other activities and responsibilities. When the Refugee Council terminated its contract in October 2004, the responsibility for most of the remaining asylum seekers in its properties transferred to other voluntary partners or the asylum seekers became tenants of the Angel Group Limited.

<sup>14</sup> The voluntary partners were the Refugee Council, Migrant Helpline, Refugee Arrivals Project, Refugee Action, Scottish Refugee Council, Welsh Refugee Council. The two consortia (North West Consortium and the Yorkshire and Humberside Consortium) comprised local authorities around Manchester and Leeds.

**4** The location and number of asylum seekers (including dependants) in induction centres and emergency accommodation at the end of December 2004



Source: National Audit Office analysis of Home Office data

**NOTE**

Numbers have been rounded to the nearest five.

**2.5** There are two main types of short term accommodation available:

- **Emergency accommodation.** The accommodation can be spread over a wide area of the town or city, partly dependent on how many places are required each night. The accommodation is typically basic and the asylum seekers are unlikely to be provided much advice or help, such as health screening, when they first arrive.

- **Induction centre accommodation.** The three induction centres in Leeds, Dover and Manchester aim to provide a more co-ordinated approach to dealing with new asylum seekers than can otherwise be provided through emergency accommodation. Although the accommodation is similar, staff in the reception area will take details straightaway so that the paperwork can begin to get processed, specialists will offer advice and medical staff will provide health screening (such as checking whether applicants have tuberculosis).

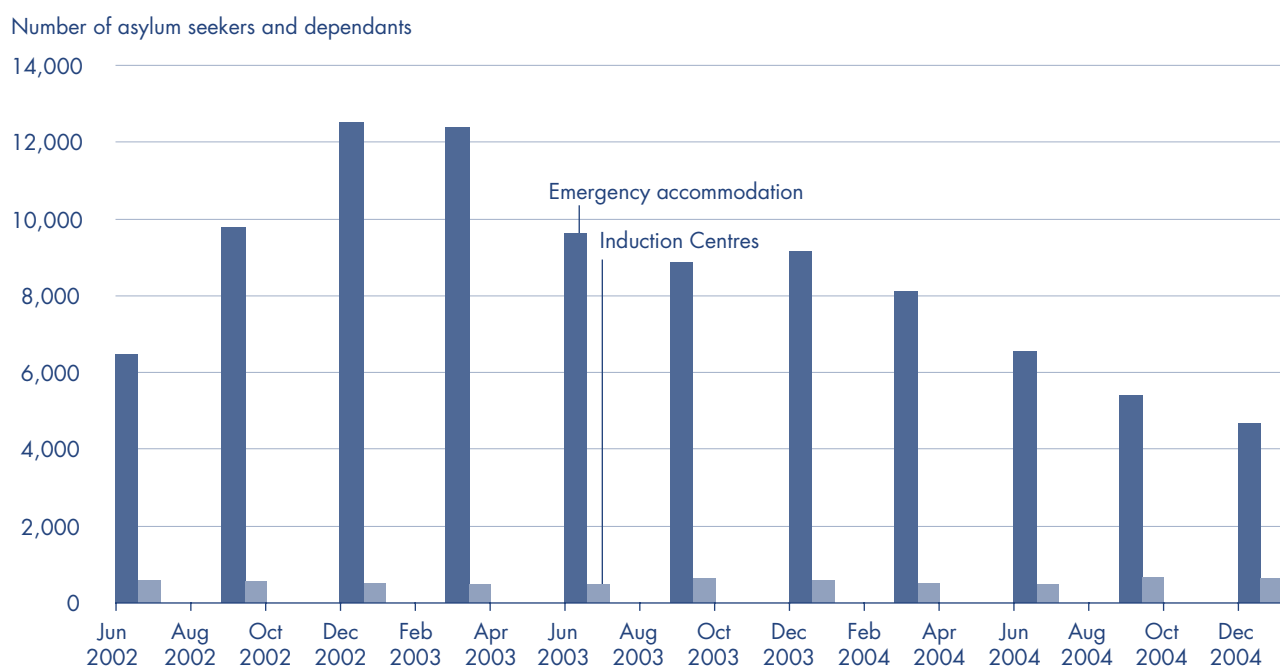
**2.6** The number of asylum seekers and dependants in short term accommodation has fallen sharply as a result of the Service's programme to reduce numbers – see **Figure 5**. Numbers in emergency accommodation peaked at 12,520 in December 2002, and subsequently decreased to 4,650 by December 2004. The number in induction centres increased from 518 in December 2002 (when Dover was the only centre open) to 615 by December 2004 (when Leeds and Manchester centres were also open). The Immigration and Nationality Directorate also provides accommodation elsewhere at detention centres and at the fast track processing centre at Harmondsworth; but these centres are not operated by the National Asylum Support Service and include non-asylum cases and failed asylum seekers due to be removed from the country.

**2.7** A long time spent in emergency accommodation can be difficult for asylum seekers. Asylum seekers are entitled to health care and education, but in practice access can be difficult. The Refugee Council has noted that asylum seekers in emergency accommodation usually only obtain temporary registration with a General Practitioner and the British Medical Association has expressed concerns about asylum seekers' access to health care facilities. It can also be difficult to find schooling for children when they arrive mid-term and might be moved again shortly if the family is dispersed elsewhere in the United Kingdom. Induction

centres overcome some of these problems; our interviews with voluntary partners suggest the centres can provide better health care. However, the short term nature of the accommodation still means it is difficult for families to organise schooling.

**2.8** Prolonged stays in short term accommodation are also expensive. Short term accommodation cost £96.2 million in 2003-04 which, when divided by the average of 9,480 asylum seekers in such accommodation over the year, is equivalent to £10,150 a year, or £846 a month. By comparison, dispersal accommodation cost £342.8 million over the period and subsistence payments to those in such accommodation a further £85.6 million.<sup>15</sup> Dividing the total of £428.4 million by the average of 50,810 in dispersal accommodation equates to £8,430 a year, or £703 a month. As a consequence, each person kept in short term accommodation for an additional month costs an extra £143. In practice, the difference in cost is likely to be even greater as existing contracts with dispersal accommodation providers generally require the Service to pay whether or not the property is occupied. As a consequence, transferring more asylum seekers from short term to dispersal accommodation would reduce short term costs and make little difference to the cost of dispersal accommodation.

## 5 The number of asylum seekers and their dependants in short term accommodation has decreased



Source: National Audit Office analysis of Home Office data

<sup>15</sup> The Service spent £142.6 million on subsistence in 2003-04. Out of the 84,464 average number of recipients of subsistence, 50,810 (60 per cent) were in dispersal accommodation.

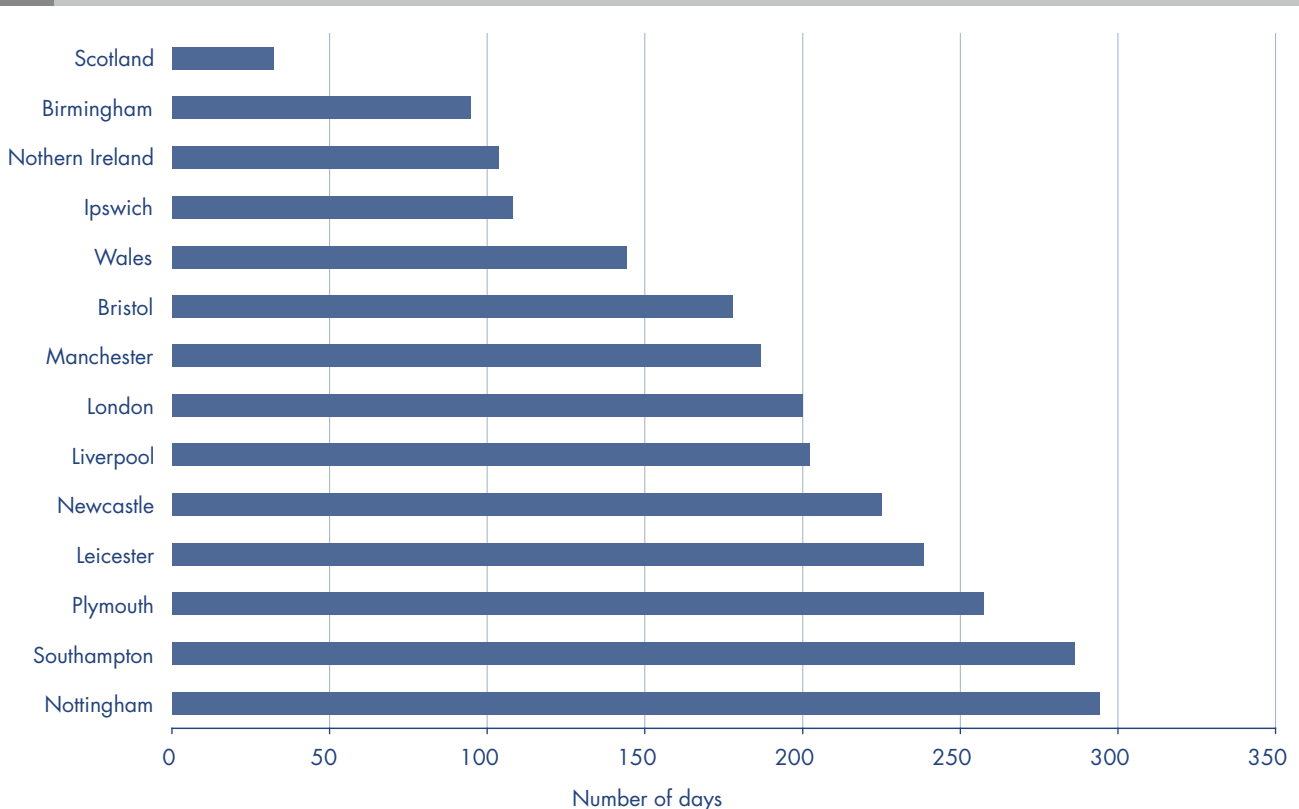
## The Service has sought to reduce the time spent by asylum seekers in short term accommodation, but further progress is required

**2.9** Asylum seekers can spend a long time in short term accommodation awaiting dispersal. Whilst the Service does not have a specific target for how long asylum seekers will spend in short term accommodation before being dispersed, the induction centres aim to disperse applicants within two weeks of their arrival.

**2.10** Our analysis of data held by the Service found that, in December 2004, the average waiting time in emergency accommodation was six months. The average length of time an asylum seeker spends in emergency accommodation also varies across the United Kingdom – see Figure 6. Asylum seekers in Scotland spent just 32 days, on average, in emergency accommodation, whereas

the average in Southampton was 286 days and 294 days in Nottingham. One reason for the variation is that asylum seekers with a larger number of dependants can be more difficult to place in dispersal accommodation. Whilst the 1,998 single asylum seekers in emergency accommodation at the end of December had been there for an average of 140 days, 336 asylum seekers with three or more dependants had been in emergency accommodation for an average of 356 days. The Service closed the emergency accommodation to new applicants in Southampton in December 2004; new asylum seekers are now transferred elsewhere instead. Using the costs calculated in paragraph 2.8, if the 4,650 people in emergency accommodation at the end of December 2004 spent one month less in such facilities, the Service could reduce its costs by £0.7 million. In theory, if the Service could limit the length of stay in emergency accommodation to two weeks before transferring the asylum seekers to dispersal accommodation instead, the Service would save £3.6 million a year.<sup>16</sup>

**6** The average length of time spent in emergency accommodation at the end of December 2004 varies across the United Kingdom



Source: National Audit Office analysis of the Service's data

<sup>16</sup> The calculation assumes that instead of an average of six months in emergency accommodation, the asylum seekers would spend two weeks in such accommodation and 5.5 months in dispersal accommodation.

**2.11** Induction centres appear to be more efficient in processing asylum seekers and dispersing them promptly than emergency accommodation, although difficulties in differentiating the cost of operating these centres from the project costs in setting them up means that without accurate cost data, comparisons should be interpreted with caution. The Service confirmed that the actual operating costs of these centres would be separately identifiable from April 2005. In 2004, 49 per cent of asylum seekers were received, their paper work resolved and then dispersed within the target of 14 days. However, comparison with emergency accommodation performance also needs to be treated with some caution. The induction centres in Leeds and Manchester are more selective in the asylum seekers they will accept and others have to go to emergency accommodation instead. For example, the centre in Manchester will not accept new asylum seekers after 4pm each day. Nevertheless, the more pro-active approach used by the centres in co-ordinating application forms and organising the paper work does appear to have achieved a quicker turnaround than emergency accommodation.

## A more pro-active approach to managing the system could improve performance and reduce the extent of variation

**2.12** Asylum seekers and their dependants can stay in short term accommodation longer than anticipated for a range of reasons. Until recently, for example, asylum seekers with children in nursery or at school did not have to be transferred into dispersal accommodation until their children had left school. This policy was changed in Summer 2004 to restrict such cases to those asylum seekers with children in the last year of GCSE or A level courses. Individuals may have disabilities or disease (such as tuberculosis) which prevent travel, or may be undergoing treatment which is not available elsewhere. The Service explained that, following a Ministerial concession in 1999, torture survivors would be accommodated in London in order to receive ongoing treatment at the Medical Foundation for the Care of Victims of Torture.<sup>17</sup> The Medical Foundation (notwithstanding its new and small regional offices in the North West of England and in Glasgow) is a unique service in the United Kingdom. The specialist services are provided free of charge to the patient and are funded

through charitable donations. The main reasons why asylum seekers were still in short term accommodation at the end of December 2004 were:

- **1,618 asylum seekers and dependants could not move as their paperwork had not yet been completed** (29 per cent of those in short term accommodation at December 2004). Some 155 asylum applicants and dependants in induction centres and 1,463 in emergency accommodation were awaiting completion of their paperwork at the end of December 2004. The Service confirmed that in most of these cases they were awaiting confirmation that the individual had applied for asylum on arrival in the country and was eligible for support. Our report on the speed of asylum decisions found that 80 per cent of new substantive applications typically took two months for the initial decision and despatch to be completed.<sup>18</sup> The immigration service does not provide immigration officers on site at any of the induction centres to process the applications and instead the Service has to pay for asylum seekers to travel to immigration offices in Liverpool and Croydon.
- **1,441 asylum seekers could not move as there was no appropriate dispersal accommodation available** (28 per cent of those in short term accommodation at December 2004). The Service confirmed that it was more difficult to find suitable accommodation for asylum seekers with large families or a disability. Resolving the problem is dependent on dispersal accommodation providers having the flexibility to change their portfolio of properties to match demand. This issue is examined further in Part 3 of this report.

**2.13** The Service has monitored progress in reducing numbers closely and set a target to reduce numbers in emergency accommodation to 3,000 by the end of March 2004. The target was not achieved, partly because the introduction of section 55 of the Immigration, Nationality and Asylum Act (2002) required the Service to interview asylum seekers to determine whether they had applied for support within three days of arrival. The time involved in arranging and conducting the interviews resulted in a backlog of people having to stay in short term accommodation.<sup>19</sup> This requirement was subsequently suspended in May 2004 as a result of a Court of Appeal judgement. The Service expects to achieve the target by

<sup>17</sup> The accommodation and support concession was granted to the Medical Foundation's patients during the course of the Asylum and Immigration Act 1999 in the House of Lords (Committee stage) in July 1999.

<sup>18</sup> Improving the speed and quality of asylum decisions, HC 535, Session 2003-04.

<sup>19</sup> Under section 55 of the Nationality, Immigration and Asylum Act 2002, asylum seekers had to apply for asylum as soon as reasonably practicable in order to be eligible for support from the Service. The interviews and assessments of eligibility were suspended in May 2004 following the Court of Appeal's judgement in the cases of *Limbuela*, *Tesema* and *Adam*.

Spring 2005 by closing its emergency accommodation in Nottingham, Plymouth and Southampton to new entrants and working closely with each accommodation provider to monitor performance and streamline procedures. The Service plans to introduce new Induction Centres in Hounslow, Croydon and Glasgow later in 2005 so that it can reduce further the numbers in emergency accommodation to less than 1,000 people by December 2005.

**2.14** Since Autumn 2004, the Service has also set up a 'longstayers review team' to examine what can be done to resolve those cases where asylum seekers have spent a very long time in emergency accommodation. The team interview the asylum seeker, review the existing paperwork and liaise with accommodation providers to resolve the reasons for the delay. The team had examined 87 cases by the end of December 2004 in Wales, Scotland, North East England, Leicestershire, Nottinghamshire, Ipswich, Bristol, Plymouth, Birmingham and Liverpool. The team identified 29 cases where the applicant could be evicted because they had been refused asylum, one case where the applicant proved not to be living at the emergency accommodation address and three cases where the applicants could be moved out because they had already been granted asylum. The Service confirmed that 13 of the 32 applicants required to get out of emergency accommodation were evicted in January 2005. These 13 applicants had, on average, spent 50 weeks in emergency accommodation. The Service confirmed that the team would focus its work on cases in Manchester, Birmingham and Leicester between January and March 2005.

## Difficulties in matching asylum seekers to vacant properties with dispersal accommodation providers contribute to the delays in moving people out of short term accommodation

**2.15** Maintaining up to date information on asylum seekers and the accommodation available is difficult. The Ministerial review in 2003 noted that the Service's existing computer system (ASYS) did not fully support its front end processes, contract management or dispersal function. There were no computerised links with other Immigration and Nationality Directorate computer systems. All incoming information arrived by e-mail, fax,

or paper and had to be manually input into the computer. Matching asylum seekers in short term accommodation with spaces available in dispersal accommodation involves manual checks and the review highlighted that approximately 50 per cent of records on spaces available proved inaccurate.<sup>20</sup>

**2.16** The National Audit Office examined the accuracy of the data recorded on the ASYS computer system as part of its validation work for the report on asylum and migration statistics.<sup>21</sup> Our report found that changes in asylum seekers' circumstances and cessations of support were generally recorded on a timely basis. However, the report identified 2,611 people who, according to records were no longer supported by the Service and yet remained in their accommodation. Although the Service had correctly terminated their entitlement to support and no longer paid the accommodation provider, the people continued to stay in the accommodation.

**2.17** We interviewed staff and dispersal accommodation providers to seek their views on whether the data used to match asylum seekers with empty properties in the dispersal accommodation was now more accurate. Whilst greater sharing of information would need to comply with data protection and human rights requirements, the existing contracts do not facilitate regular sharing of information between the Service, short term accommodation providers and dispersal accommodation providers. The North West Consortium (East) explained that they submitted daily updates on their properties to the Service. They questioned whether the Service regularly updated records to reflect this data, however, as they noted that the Service regularly sent queries regarding information already submitted. Most of the accommodation providers expressed some frustration with existing procedures. Their concerns were generally about insufficient information on the asylum seekers or their dependants due to be transferred to them, such as whether they had special needs (for example if women were pregnant). One accommodation provider explained that they often did not know exact numbers until the coach arrived with the asylum seekers on board. Our interviews with staff in the Service confirmed that it remains difficult to match people to properties and that allocations were often based on local knowledge of people and empty spaces rather than through the centralised system. Several accommodation providers suggested that the system would work better if asylum seekers were dispersed regionally rather than the Service using a centralised, national system.

20 A Review of the Operation of the National Asylum Support Service, Home Office May 2003.

21 Asylum and migration: a review of Home Office statistics, HC 625 Session 2003-04.

**2.18** Our discussions with Service staff identified four main risks in allocating asylum seekers to dispersal accommodation. These include the risk that the accommodation provider does not have suitable accommodation available, the accommodation turns out to be inappropriate (either because it does not meet the special needs of the asylum seeker or dependants, or because it turns out to be still occupied), and the risk that a

change in circumstances means that the asylum seeker or dependants cannot move to the dispersal accommodation – see **Figure 7**. Our analysis of the current contracts used by the Service to obtain dispersal accommodation shows that in most of these circumstances, the likely costs associated with each risk would fall on the Service rather than the accommodation providers.

## 7 The contracts the Service negotiated with accommodation providers have meant that most of the risks and associated costs were borne by the Service

### The main risks in allocating asylum seekers to dispersal accommodation

- There is no suitable accommodation available. Although the dispersal accommodation provider might have empty properties, they might not be large enough for a family or do not have disabled facilities.
- When the asylum seeker is ready to move it turns out the accommodation does not meet their special needs.
- On occasion, when the asylum seeker is ready to move it turns out the accommodation is already occupied.
- A change in circumstances, such as a deterioration of health or legal injunction to delay movement means the asylum seeker cannot be moved.

### Potential costs arising from the risks identified:

#### Service

The Service continues to pay the costs of emergency accommodation. Until contracts have been re-negotiated in 2005, the Service would pay a large proportion of the cost of a dispersal property even if it was empty. There may also be additional costs in liaising with accommodation providers to find somewhere suitable.

If the accommodation provider declines to house the asylum seeker, the Service continues to pay the costs of short term accommodation.

The Service only pays for available dispersal accommodation. Until alternative accommodation can be found, the Service continues to pay the costs of short-term accommodation.

The Service continues to pay the costs of emergency accommodation.

#### Accommodation Provider

Under the existing contracts, most providers are paid for their vacant as well as their occupied properties and there is no penalty for being unable to find suitable accommodation. The main risk to the accommodation provider is that empty properties are more vulnerable to vandalism.

The re-negotiation of contracts in 2005 will mean that accommodation providers will not be paid for empty properties. The accommodation provider will also incur costs in sourcing new properties.

Under the existing contracts, most providers are paid for their vacant as well as their occupied properties. The main cost is the nugatory administrative work in meeting the asylum seeker, trying to find an alternative property and then having to arrange their return to short term accommodation.

The re-negotiation of contracts in 2005 will mean that accommodation providers could potentially lose rental income.

The accommodation providers have experienced difficulties in evicting people from their properties once their application for asylum has been resolved. The provider is likely to incur some legal costs and there is an increased risk of damage to its property.

Under the existing contracts, most providers are paid for their vacant as well as their occupied properties. If the person can be moved, the accommodation provider might incur increased costs for its 'wrap around' services, such as providing special transport or having to make modifications to the property.

The re-negotiation of contracts in 2005 will mean that accommodation providers could potentially lose rental income.

Source: National Audit Office

## PART THREE

The Service needs to reduce the costs of suitable accommodation required for destitute asylum seekers





### 3.1 Our key findings are:

- The Service recognises its existing contracts with dispersal accommodation providers have not always represented value for money and is seeking to reduce costs.
- A more radical method of procuring dispersal accommodation could improve efficiency.
- Greater use of longer term agreements could reduce the cost of short term accommodation.
- The introduction of induction centres is an opportunity to reduce the cost of short term accommodation.
- The Service inspects properties to monitor compliance with its contract terms.

## The Service recognises that its existing contracts with dispersal accommodation providers have not always represented value for money and is seeking to reduce costs

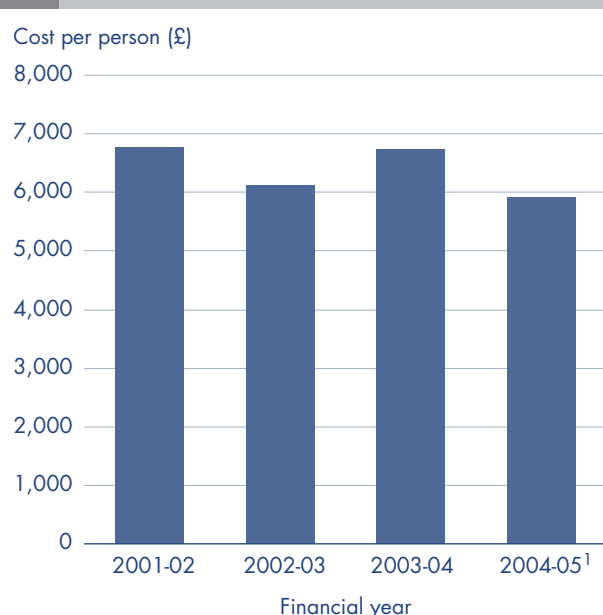
**3.2** The Service had contracts with 23 dispersal accommodation providers in the financial year 2003-04, costing £342.7 million. The Service recognises, however, that the prices it has paid for accommodation in the past have not been cost effective. The unprecedented increase in the number of asylum seekers requiring dispersal accommodation between March 2001 and March 2003 (when numbers increased from 19,500 to 54,300) required the Service to procure additional accommodation at very short notice. The Ministerial review in 2003 noted that: *“The original contracts were the best that could be negotiated in the circumstances at the time. However, experience of working within the system created by the contracts has exposed a number of weaknesses in their design, not least because they were based on a view of the business which has turned out to be over-simplistic.”*

**3.3** A decline in the number of asylum seekers requiring accommodation in 2003-04 has resulted in an increase in the number of unoccupied properties. Eighty four per cent of beds in dispersal accommodation were occupied in March 2004, but by July 2004 this proportion had fallen to 57 per cent.

**3.4** The existing contracts commit each accommodation provider to maintain a specified number of properties available for asylum seekers. We found that the Service paid six contractors the full amount for each property, irrespective of whether it was occupied; eleven contractors received between 70 per cent and 90 per cent of costs, whereas the remaining contractors received nothing for unoccupied premises. The increased number of unoccupied properties contributed to the increase in the cost per person of dispersal accommodation between 2002-03 and 2003-04 see **Figure 8**. Data for the first nine months of 2004-05 indicate costs are likely to fall significantly, mainly as a result of the Service removing 16,000 bed-spaces from its list in October 2004.

**3.5** There are large variations in the prices paid for rental accommodation in each region. Our analysis of prices paid in 2004 indicate that the rental costs varied more for accommodation required for a family of four than it did for a single asylum seeker. **Figure 9 overleaf** shows that the variations were particularly wide in Wales, Yorkshire and Humberside, the West Midlands and North East England. The large variation in prices paid probably reflect the difficulties in finding suitable family accommodation in some areas.

**8** The total cost of dispersal accommodation each financial year divided by the average number of asylum seekers and their dependants



Source: National Audit Office analysis of the Service's data

#### NOTE

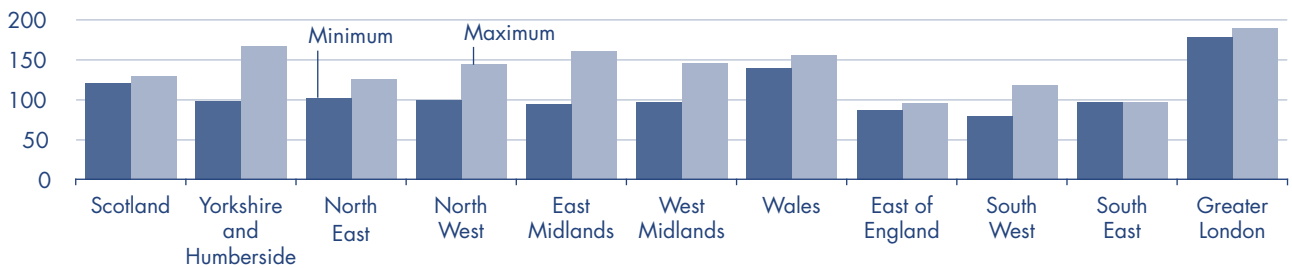
<sup>1</sup> The average cost for 2004-05 is based on data from the first nine months of the financial year.

**3.6** The Service commissioned a report on the housing market from GVA Grimley. Their report, dated September 2004, established that the average rent for a property was £170 per week, although once the figures for London (where the average is £378 a week) are excluded, the average is £124 a week with a 10 per cent variation across the country. Rental levels in the Registered Social Landlord housing sector are considerably less than the open market, averaging £54 per week. These estimated costs do not, however, include other expenses the Service must pay, such as council tax, heating and lighting.

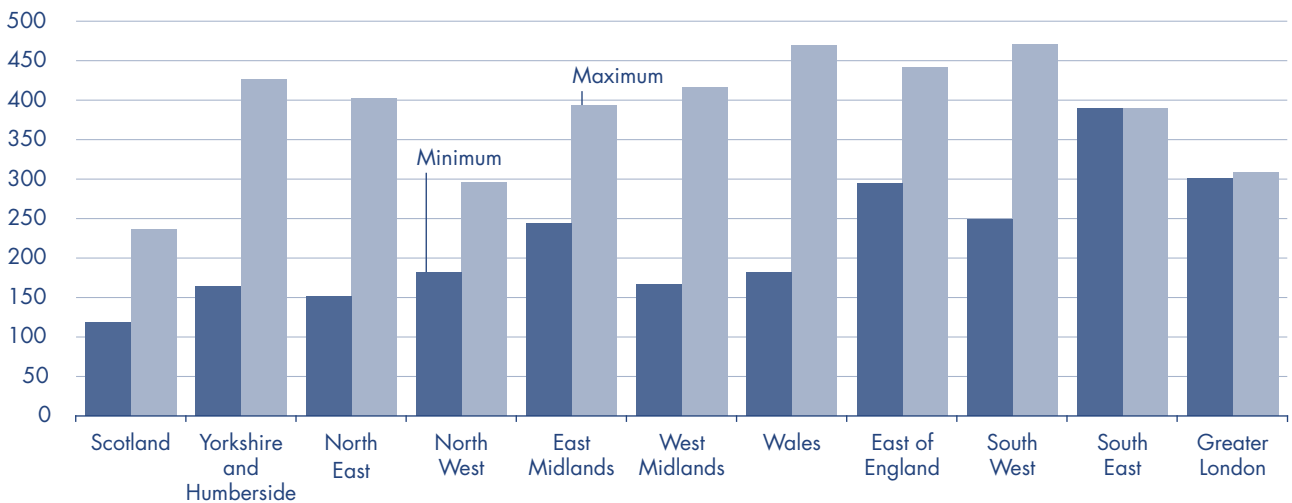
**3.7** We commissioned Atkins Management Consultants to examine the estimated market rental price for each region in England, and for Scotland and Wales. Their analysis indicates that the Service typically pays below market rates for single bedroom properties from the private sector and above market rates for similar properties from local authorities – see **Figure 10**. By comparison, the Service appears to pay above market rates for accommodation suitable for a family of four from its private sector and local authority accommodation providers – see **Figure 11 overleaf**.

**9** The variation in rental prices paid by the Service in 2004 for each region of England plus Scotland and Wales

The range in prices paid for accommodation for a single person  
Cost per week (£ excl VAT)



The range in prices paid for accommodation for a family of four  
Cost per week (£ excl VAT)



Source: National Audit Office analysis of data from the National Asylum Support Service

**10** A comparison of prices charged each week by private and public sector accommodation providers with the respective market rates for a single bedroom property

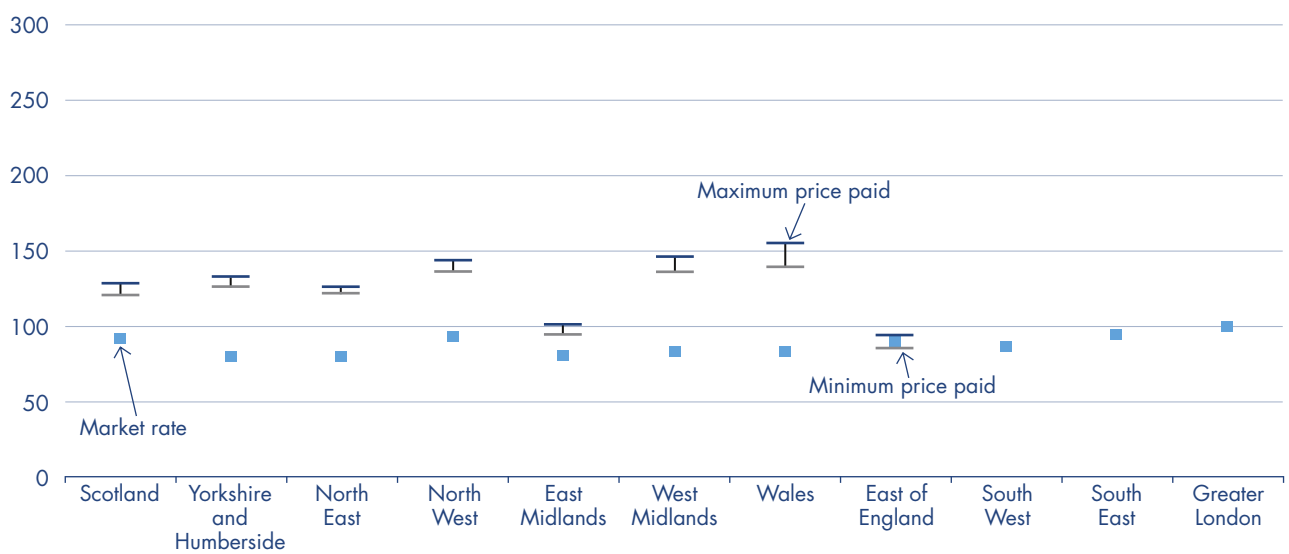
Comparison of private sector prices paid by the Service with market rates

£ per week



Comparison of public sector prices paid by the Service with market rates

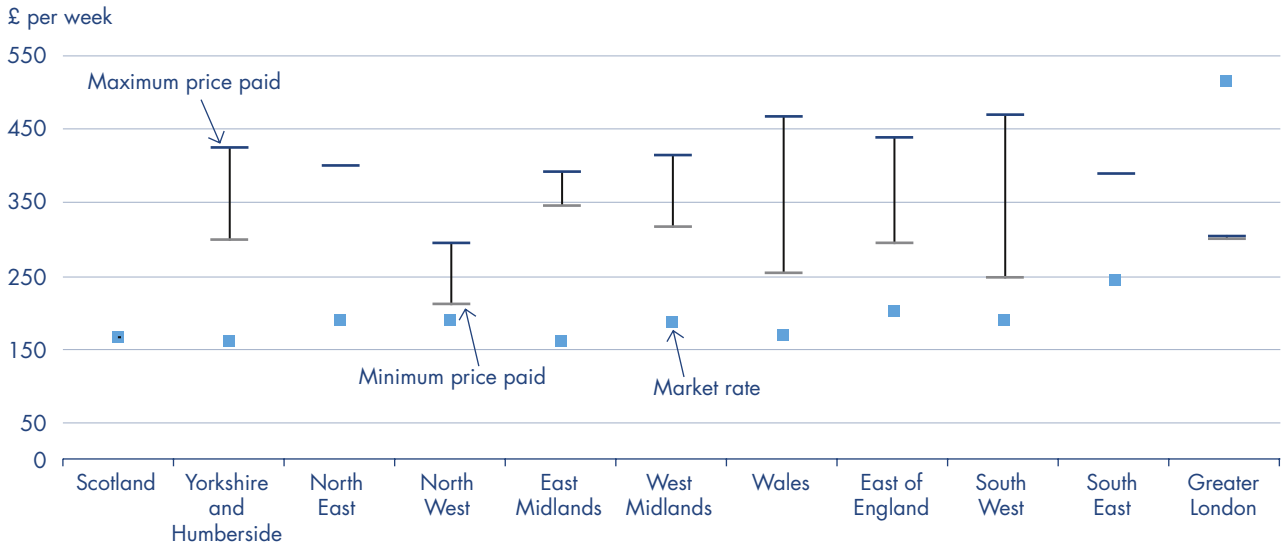
£ per week



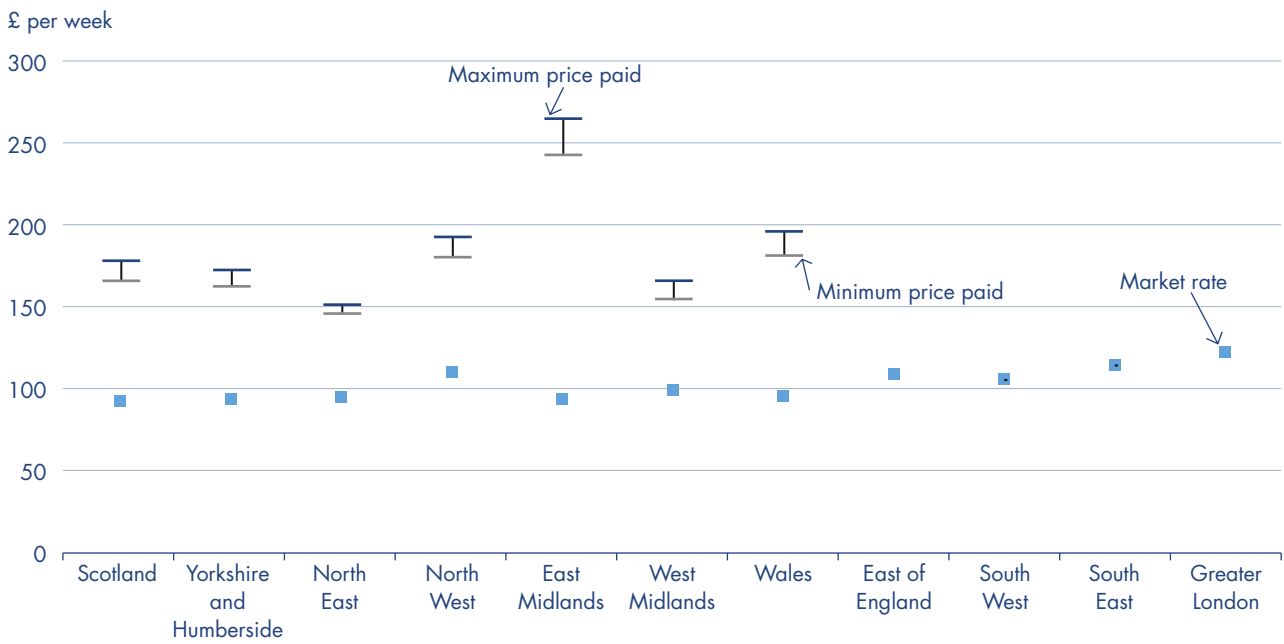
Source: Atkins Management Consultants

**11** A comparison of prices charged each week by private and public sector accommodation providers with the respective market rates for a property suitable for a family of four

Comparison of private sector prices paid by the Service with market rates



Comparison of public sector prices paid by the Service with market rates



Source: Atkins Management Consultants

**3.8** The basic difference between the prices paid by the Service for accommodation and the average market rate for a region suggest that, in theory, considerable savings could be made. Our analysis of the data provided by Atkins Management Consultants found that the difference in prices paid and the market rates amounted to at least £25 million. The average difference in the weekly price between the market rates and the Service's contract rates were between nil and £42 for a single bedroom property, and between £60 and £133 for a property suitable for a family of four.<sup>22</sup> In practice, however, the savings are dependent on there being sufficient accommodation of the right type available and for the right length of time. Atkins Management Consultants examined the market prices in seven cities in order to determine what prices were likely to be charged locally.<sup>23</sup> It proved difficult to collect a wide range of price estimates: 11 out of 25 rental agencies contacted confirmed they would not rent properties to asylum seekers. The Service also noted that its re-negotiation of existing contracts would mean it would require shorter term leases, which tend to be more expensive.

**3.9** The cost comparisons undertaken by Atkins Management Consultants take account of basic utilities and the cost of 'wrap around' services provided by accommodation providers. One accommodation provider explained their 'wrap around' services included an induction meeting on the day of arrival plus a 30 page pack of useful local information, and 24 hour telephone support to deal with any queries or problems with the property. Our interviews with accommodation providers suggest the extent of such 'wrap around' services varies between the contractors, although they are not likely to make significant impact on the costs charged.

**3.10** The Service is taking action to improve the value for money of its dispersal accommodation contracts. In January 2004 the Service established a 'Single Void Reduction Project' to tackle the cost of paying for empty properties. By September 2004 the Service had terminated its contracts with two private contractors (Roselodge and Accommodata) in order to remove 12,800 beds from its portfolio of available properties. The Service estimates this action will reduce dispersal accommodation costs in 2004-05 by over £20 million.

**3.11** With the appointment of a new commercial director in November 2004, the Service began discussions with the eight providers whose contracts were due to expire in Spring 2005. Negotiations have yet to be finalised, but the savings are likely to be considerable. The accommodation providers offered savings of £37 million in 2005-06, partly through lower rates and by cutting the cost of empty properties.

## A more radical method of procuring dispersal accommodation could improve efficiency

**3.12** Lessons learned from the first dispersal accommodation contracts let by the Service and changes in the numbers of asylum seekers applying for accommodation from the Service has necessitated a different contractual approach. Our discussions with the Service identified three key problems with the existing contracts:

- **Existing arrangements are not sufficiently responsive to changes in the number of asylum seekers.** Accommodation providers agreed to provide a specific number of properties. Any increases in demand require the Service to negotiate new rates for the additional accommodation. Any declines in demand are unlikely to lead to much of a reduction in cost as some accommodation providers are paid whether their properties are occupied or empty.
- **It is difficult to match the requirements of asylum seekers to the properties available.** There is little incentive for the accommodation providers to change their mix of properties to reflect the needs of the Service. The data from accommodation providers is not typically sufficiently up to date for the Service to match the needs of asylum seekers in emergency accommodation with the vacant properties available.

22 The lower figure for a single bedroom property and a property for four people represents the difference in price for private sector properties. The higher figures refer to the difference in price for a property from a local authority.

23 Birmingham, Cardiff, Glasgow, Leeds, Greater Manchester, Newcastle Upon Tyne and Nottingham.

- **The performance measures specified in the contract are not sufficiently robust.** The performance measures do not specify any standards or targets for the percentage of asylum seekers referred to them which they should provide accommodation for, and the measures do not specify the mix of types and locations of properties required to comply with the Service’s operational needs. In addition, the measures do not specify the nature or frequency of management information required and there are no penalties in the contract for poor performance. Appendix 3 outlines the performance measures used.

**3.13** The accommodation providers also expressed some frustration with the current contractual arrangements. In general, relations between the contractors and the Service have improved, but the providers would welcome the opportunity to work in partnership with the Service to resolve problems. The providers thought such an approach would help to build better trust between the organisations and resolve their key concerns:

- The contractor can incur extra expense if they are not promptly informed that an asylum seeker’s application to stay in the United Kingdom has been rejected. Contractors explained that the Service does not always inform the accommodation provider directly and they often find out from their contacts with the Immigration and Nationality Directorate case workers instead.
- The performance indicators specified in the contract are not easy to measure and are not necessarily core to the business.
- The Service does not always provide enough information on whether users have special needs, such as being disabled or pregnant. Whilst this information would need to comply with data protection and human rights requirements, the providers believe it would enable them to improve efficiency and quality of service to asylum seekers transferred from short term accommodation.

- The organisational structure and front-line staff of the Service have frequently changed and accommodation providers are often unclear about who they should contact on a particular issue.

**3.14** The Service is not alone in encountering difficulties in procuring sufficient accommodation to meet its operational needs. Audit Scotland examined low demand properties managed by local authorities and Registered Social Landlords. Its report, in July 2004, suggested that management information on numbers and locations of low demand property should be improved. The report concluded that the key to avoiding vacant properties was through effective property management, which is based on good information on the demand for properties.

**3.15** Whilst the Service is seeking to re-negotiate and extend its existing dispersal accommodation contracts with accommodation providers until 2006, it is also exploring more radical methods of procuring the properties it requires. The Ministerial review identified four possible options the Service could adopt – see **Figure 12**.

**12** The Ministerial review of the Service identified four possible options for procuring dispersal accommodation in future

- Option 1:** Maintain the existing approach and negotiate centrally for new accommodation contracts.
- Option 2:** The Service would let contracts regionally instead of nationally. Regional contracts would enable the Service and provider to co-ordinate activities better with local authorities.
- Option 3:** Establish regional consortia with representatives from local authorities in order to contract with local suppliers, such as private landlords and housing associations to maintain a suitable portfolio of properties. The Service would then allocate asylum seekers to each consortia to disperse accordingly.
- Option 4:** The Service could contract for an agreed number of individuals rather than on the amount of accommodation required. This would transfer responsibility for allocating asylum seekers to suitable properties onto the accommodation provider.

**3.16** The Service is developing a strategy for the accommodation contracts it plans to let in 2006 and each of the options in figure 12 are being considered. However, the re-negotiations of current contracts are likely to include changes to improve the performance measures and to transfer more of the risks and responsibilities onto accommodation providers to provide the right combination of properties to meet the Service's operational needs.

## Greater use of longer term agreements could reduce the cost of short term accommodation

**3.17** The Service paid £96.2 million for short term accommodation in 2003-04. The Service's financial system does not enable us to readily differentiate between amounts spent on induction centres and amounts on emergency accommodation. Nevertheless, the bulk of the money is likely to have been spent on emergency accommodation due to the much larger number of beds provided compared to induction centres. Voluntary providers purchase emergency accommodation either by using a 'spot' rate (which refers to a day by day agreement) or a 'reserve' rate, which refers to an agreement over a longer period of time. Our examination of prices paid by voluntary partners to local hoteliers and bed and breakfast establishments found that the 'spot' rates they used were typically the same as the 'reserve' rate, despite the fact that the assurance of a longer term deal ought to make 'reserved' prices lower – see **Figure 13**. Voluntary partners confirmed the rates were agreed with the Service and tended to be similar because their 'reserved rate' contracts had enabled them to negotiate lower 'spot' rates.

**13** The average price paid by voluntary partners for short term accommodation for a single person in 2004<sup>24</sup>

Voluntary Partner	Spot rate	Reserved rate
■ Refugee Council	£30	£20
■ Migrant Helpline	£20	£20
■ Refugee Arrivals Project	£25	£25
■ Refugee Action	£21	not applicable
■ Scottish Refugee Council	£31	not applicable
■ Welsh Refugee Council	£20	not applicable

Source: National Audit Office analysis of the Service's data

**3.18** At the end of December 2004, 3,220 asylum seekers and dependants were in accommodation purchased through 'spot' bookings, equivalent to 69 per cent of those in emergency accommodation. The remainder were in block booked accommodation at a 'reserved' rate. The Service explained that the low proportion in block booked accommodation was because it had proved difficult for the voluntary partners to find suitable accommodation to lease on a fixed-term. However, spot booked accommodation does avoid the problem of paying for accommodation when it is empty.

**3.19** The introduction in 2005 of further induction centres in order to replace emergency accommodation is an opportunity for the Service to encourage voluntary partners to negotiate lower 'reserved' rates and to make greater use of such longer term bookings. Most short term accommodation continues to be purchased using 'spot rates'. According to Home Office forecasts, the demand for short term accommodation will stabilise at around 1,900 new people needing places a month. Whilst a balance needs to be struck between maintaining sufficient flexibility in case forecasts prove wrong and committing to longer term agreements to reduce costs, greater use of 'reserved rates' could be achieved.

24 Including provision of food.

## The Service inspects properties to monitor compliance with its contract terms

Accommodation providers expressed some concern that the Service’s inspections are not always consistent with those undertaken by local authority housing inspectors

**3.20** The accommodation available to asylum seekers should meet minimum acceptable quality standards. Although the rooms provided are unlikely to offer many modern comforts for the price paid, the accommodation ought to be safe, secure, clean and provide the basic essentials. The Housing Health and Safety Rating System, introduced in the Housing Act (2004), enables an inspector to assess the potential risks to health and safety from any deficiencies identified in a property in England and Wales. Each deficiency is assessed to determine its potential impact and likelihood of occurrence. The Rating System replaces the housing fitness standard set out in the Housing Act 1985.

**3.21** The properties provided by dispersal accommodation providers are also subject to inspection by the Service. The Service employs 49 inspectors to check its dispersal accommodation and to ensure the providers comply with their contract conditions. The inspectors spend three days a week checking properties (the other two days are spent writing up their reports) and the aim is that they will check all properties every two years. During 2004 the inspection team examined 12,460 properties, some 57 per cent of the stock available to the Service at the end of December 2004.

**3.22** The inspections undertaken by the Service cover some of the same areas as the Housing Health and Safety Rating System. The Rating System identifies a range of hazards, grouped into four main headings – see **Figure 14**. By comparison, the Service’s inspection checklist involves interviewing the occupants and confirming the property is used or available for use by the Service as well as an inspection of the property. The property inspection checklist requires inspectors to confirm whether there are any defects in the external structure, internal structure and fittings. The checklist covers, for example, the electrical system, kitchen fittings, toilets and general health and safety, as well as whether smoke alarms are working and if safety glazing has been fitted.

**3.23** Most of the accommodation providers explained there are inconsistencies between the requirements of local authority housing inspectors and the standards set by the Service’s inspectors. The accommodation providers noted that the Service’s inspectors have insisted on safety glass being fitted throughout a property, for example, which the providers explain was not in their original contract and that it would be expensive to rectify. The guidance on the Housing Health and Safety Rating System notes that safety glazing should be provided in doors and windows in ‘vulnerable’ locations.

### 14 The Housing Health and Safety Rating System identifies a range of hazards, grouped under four main headings

- **Physiological requirements** There are 10 hazards, covering: damp and mould growth; excess cold; excess heat; asbestos; biocides (such as chemicals used to treat timber and mould growth); carbon monoxide and fuel combustion products; lead; radiation; uncombusted fuel gas; and volatile organic compounds.
- **Psychological requirements** There are four hazards, covering: crowding and space; entry by intruders; lighting; and noise.
- **Protection against infection** There are four hazards, covering domestic hygiene, pests and refuse; food safety; personal hygiene sanitation and drainage; and the water supply for domestic use.
- **Protection against accidents** There are 10 hazards, covering: falls associated with baths; falls on the level (such as the risk of tripping on a floor or path); falls associated with stairs and steps; falls between levels (such as from a window or balcony); electrical hazards; fire; hot surfaces and materials; collision and entrapment; explosions; ergonomics (such as the risk of injury from the position and location of windows, doors and fittings) and structural collapse or falling elements.

*Source: National Audit Office summary of the Guidance on the Housing Health and Safety Rating System from the Office of the Deputy Prime Minister*



**3.24** Eliminating the risk of inconsistencies and hence confusion between the standards required by the Service and the risk assessment set out in the Housing Health and Safety Rating System requires local authority housing inspectors and the Service's inspectors to work together effectively. We commissioned Atkins Management Consultants to explore whether local authority housing inspectors could check dispersal accommodation on behalf of the Service. Atkins Management Consultants concluded that local authority housing inspectors would not readily have the resources to undertake this work and would not have the experience to comment on other aspects of contract compliance. For example, the Service's inspectors are required to report all incidents affecting the safety and security of asylum seekers to the Police through the Regional Intelligence Officer within 24 hours and log their occurrence. The inspectors also provide briefing to the Contract Manager on issues which may impact on social cohesion or could generate press interest.

**3.25** Our interviews with dispersal accommodation providers did indicate, however, that a more co-ordinated inspection programme would be of benefit. The existing checklist and training manual used by the Service is generally based on the approach used in the housing fitness standard set out in the Housing Act 1985. The approach has not been updated to reflect the introduction of the risk assessment approach introduced in the Housing Act 2004. In addition, most of the Service's inspectors were recruited as civil service Executive Officers and do not have relevant professional qualifications. Whilst developing a revised approach might take time to implement, some accommodation providers have worked with the Service to improve co-ordination between the Service's inspectors and local authority housing inspectors. Cardiff City Council confirmed that local authority housing inspectors accompanied the Service's inspectors on visits to their properties.

Although the results of inspections are followed up, no direct financial penalties have been imposed on accommodation providers where properties have been found to be unsafe

**3.26** The result of each inspection by the Service is presented in one of five categories ranging from 'No Defects' to 'Unsafe'. The categories have been defined to measure contract compliance and in particular compliance with the regulatory requirements that govern 'fitness for human habitation'. Accommodation providers are notified of the results of each inspection and are given notice of any repairs or modifications required. Details are also logged on a local inspection database maintained by each region of the Service so that progress can be monitored. Our analysis of data for the last four months of 2004 indicate that out of the 4,535 properties inspected, 1,519 (33 per cent) had 'minor' defects, 1,488 (33 per cent) had 'significant' defects, 330 (7 per cent) required immediate action and only one property was deemed unsafe. Our interviews with contract managers confirmed that action was taken to follow up the results of inspections and properties deemed unsafe were removed from the available list of properties. The Service terminated its contract with Landmark because of concerns about performance. However, none of the other accommodation providers incurred any direct financial penalties for providing unsuitable housing stock.

## APPENDIX 1

# A summary of the Ministerial Review of the National Asylum Support Service and the consequent action plan

### The purpose of the review

1 The review sought to examine the *'organisation, management and staffing and expertise within the National Asylum Support Service to identify changes necessary in the short to medium term to enable it consistently to achieve the appropriate standards of operational and administrative performance'*. The review team were invited to submit a report with recommendations to the Minister of State responsible for immigration matters through the Director General of the Immigration and Nationality Directorate by the end of May 2003.

### Key findings

2 The Home Office summarised the key findings of the review on the internet ([www.ind.homeoffice.gov.uk/ind/en/home/applying/national\\_asylum\\_support](http://www.ind.homeoffice.gov.uk/ind/en/home/applying/national_asylum_support)). The review found that in order for the Service to perform well, it needs to:

- **Be clear what is expected of itself and how its success will be judged.** The Service needs to have its purpose, aims and role clarified and reaffirmed by Ministers. It needs to be given a realistic remit and the necessary resources and political support to do that job.
- **Have the financial and managerial resources to do the job.** The Service needs a realistic three-year budget and flexibility in the way it can be used to respond quickly to changing circumstances and opportunities without going through over elaborate

bureaucratic processes. The Service needs to strengthen its management capacity at all levels. Two new senior posts have already been created, but more needs to be done in the middle tier of the organisation which is under-resourced and hence weak.

- **Have a thorough understanding of its own strengths and weaknesses.** The Service needs support to develop and implement a medium term strategy. This must be produced in the context of an overall strategy for the Immigration and Nationality Directorate which clarifies and strengthens the links between the Service and the other parts of the asylum system.
- **The Service needs urgently to improve its operational performance and standards of customer care.** It needs to get better at working with its partners and stakeholders, and much slicker at sorting out basic processing errors especially when these affect individual asylum seekers and damage the reputation of the organisation.
- **Sort out some of its key business processes and procedures.** The Service needs a period of stability to enable it to get on top of the job. It also needs confidence that it will not have to cope with any new initiatives and reviews without adequate time and resources to handle and implement them safely. The Service needs to be allowed to use the breathing space provided by the drop in intake numbers to get on top of the job, not to take on new tasks.

## Progress in implementing the recommendations

3 The Director General of the Immigration and Nationality Directorate confirmed that the Service is implementing the recommendations of the review and that progress had focused on three main areas:

- **Reducing the cost of asylum support.** The Service expects to reduce its costs by around £250 million in 2004-05. Much of the reduction stems from the fall in the number of asylum seekers arriving in the United Kingdom and efforts by the Directorate to clear the backlog of older cases. The reductions have also come from removing 16,000 bed spaces from existing contracts with accommodation providers.
- **Greater regionalisation.** The Service has established regional centres in order to develop closer links with local authorities, accommodation providers and community organisations. Almost 400 staff are in post across the 12 regions.
- **Partnership working.** The Service has sought to work more closely with accommodation providers and the voluntary sector. The introduction of the National Asylum Support Forum has enabled key stakeholders (such as charities, the Police, other government departments, Citizens Advice Bureau and the Local Government association) to meet once a quarter to discuss emerging issues. Notes of their discussions are published on the internet ([www.ind.homeoffice.gov.uk](http://www.ind.homeoffice.gov.uk)).

## APPENDIX 2

### Our audit approach

**1** This appendix summarises how we collected the evidence for this report.

#### Review of contracts and performance data

**2** We interviewed key staff in the Service and examined relevant files. This work included an examination of existing contracts and procedures and a review of the Service's strategies and plans to improve performance.

#### Benchmarking of prices

**3** We commissioned Atkins Management Consultants to compare the rental prices paid by the Service with potential accommodation providers across the United Kingdom. The work included drawing on data from existing sources of information plus a telephone survey. Existing sources of information included data from the Housing Corporation, the Office of the Deputy Prime Minister, the Royal Institute of Chartered Surveyors and the University of York, plus advice from the Valuation Office and Local Authority Housing Departments. The telephone survey sought to examine whether local accommodation providers would be able to supply properties at the estimated market rates. Atkins Management Consultants conducted 25 telephone interviews with private letting agents, student accommodation providers and housing associations.

**4** Atkins Management Consultants compared the typical prices paid by the Service with an estimated Market Inclusion Rate for each region. The Market Inclusion Rate comprises the rental cost of the accommodation, council tax, utility costs, property service costs (such as communal lighting or the cost of a caretaker for a block of flats) and support services (which include the typical additional services required to deal with asylum seekers, such as meeting them off the coach when they first arrive).

#### Survey of accommodation providers

**5** We commissioned Atkins Management Consultants to survey the Service's accommodation providers. The first interviews were face to face and subsequent interviews conducted by telephone. Those accommodation providers unable to participate in the telephone survey were invited to complete a questionnaire e-mailed to them. We received 12 responses from the 23 accommodation providers we surveyed. The questions were mostly open-ended and covered the following areas:

- **Asylum accommodation.** Details of the accommodation managed by the organisation and the properties available for asylum seekers.
- **Management of asylum accommodation.** How the accommodation provider monitors usage and minimises the number of empty properties.
- **Availability of accommodation.** Details of market rates and the availability of property, and the difficulties faced by accommodation providers in changing their property mix to meet the Service's requirements.
- **The reliability of information.** The accuracy and completeness of information held by the Service.
- **Relationships with the Service.** Details of the working relations between the contractor and the Service.
- **The allocation of asylum seekers to properties.** The main difficulties in matching the requirements of asylum seekers with the properties available.
- **Areas for improvement.** What could be done to improve performance.

## Review of the quality inspection process

**6** We commissioned Atkins Management Consultants to determine how the Service evaluates the quality of the accommodation provided by agents and whether any action was taken in response to inspection findings. The consultants compared the quality standards specified by the Service with those used for social housing and interviewed key staff in the Service and in local authorities and Housing Associations.

## Seeking the views of third parties

**7** We sought the views of the four voluntary sector agencies responsible for procuring emergency accommodation in England. We visited an accommodation provider in Dover responsible for accommodating new asylum seekers, and spoke to the National Association of Citizens' Advice Bureaux about their casework with asylum seekers.

## APPENDIX 3

### Accommodation performance standards

#### Accommodation availability

The provider must:

- 1 Provide details to the Service of available accommodation during the next payment period.
- 2 Make an accommodation proposal within a prescribed timescale when the Service makes an accommodation request.
- 3 Make available accommodation as selected by the Service from their database, failing which a suitable alternative address is to be provided.
- 4 When accommodation becomes unavailable, provide alternative accommodation within five days.

#### Asylum seeker reception

The provider must:

- 5 Meet Asylum Seekers on time at the location notified by the Service.
- 6 Make interpreters available at the point of arrival where deemed necessary.
- 7 Notify the Service within one day of the asylum seeker being met and taking up occupation, or notify the Service if the asylum seeker fails to arrive at specified date and time.
- 8 Provide induction to premises on arrival and provide an induction pack containing specified items such as:
  - occupancy agreement
  - local map
  - details of GP surgeries, schools and solicitors
- 9 Where applicable, facilitate registration of asylum seeker with a local GP, dentist and with the health visiting service.

#### Premises performance

The provider must:

- 10 Comply with the standards set out in the contract including contract specifications concerning facilities, furniture and fittings repairs, maintenance and security.
- 11 Check the premises once a month.
- 12 Clean the premises at appropriate regular intervals where it is not the responsibility of asylum seeker.
- 13 Provide defined facilities communally when not provided individually.
- 14 In the case of multi-occupancy accommodation, ensure arrangements are in place for asylum seekers to receive mail.

#### General performance

The provider must:

- 15 Notify the Service of absent asylum seekers or asylum seekers spending more than 7 nights away from the relevant premises.
- 16 Visit premises when instructed by the Service to check whether asylum seekers are resident and to notify the Service immediately if asylum seekers do not appear to be resident.
- 17 Submit a weekly report, within two days, identifying any asylum seekers who have not signed the daily registration sheet on one or more days during that week.
- 18 Comply with specified provisions when providing full or part board service e.g. ensuring laundry facilities are available at least once a week.
- 19 Make immediate arrangements for asylum seekers' health care needs where required.
- 20 Put in place a complaints procedure specified in the contract, including the maintenance of a log book of all complaints.