



National Audit Office

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The cancellation of Bicester Accommodation Centre

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SUMMARY

1 In October 2001, the Government announced a major overhaul of the asylum system to speed up the processing of applications from those seeking asylum in the United Kingdom. This included, on a trial basis, the provision of 3,000 places in purpose-built accommodation centres. The White Paper *Secure Borders, Safe Haven* outlined how these centres would operate alongside induction, reporting and removal centres to form part of an end-to-end asylum process. The accommodation centres would house a proportion of first time asylum seekers from the time of their initial arrival in the United Kingdom through to the point where the outcome of their application was decided, with all services including the administration of their application

and any appeals done on site. These people (referred to as ‘non-detained applicants’) would otherwise have been housed in dispersed accommodation across the UK provided by the National Asylum Support Service.¹

2 In May 2002, the Home Office announced that Bicester was one of the first sites for an accommodation centre and would act as a pilot for a planned network of up to ten accommodation centres. From the outset, there was strong opposition to siting the centre at Bicester from the local authority, local residents and national asylum and refugee support groups. The project began in May 2002 but outline planning permission was not secured until November 2004.

¹ The National Asylum Support Service (now part of the Border and Immigration Agency) provides accommodation for destitute asylum seekers plus day to day expenses while their applications are being considered. The Report by the Comptroller and Auditor General *National Asylum Support Service – The provision of accommodation for asylum seekers* (HC 130, 2005-06), also refers.

3 By April 2005, the number of applicants seeking asylum in the UK had fallen and initiatives to speed up the processing of asylum claims had reduced the time taken to reach an initial decision. In April 2005, the Senior Responsible Officer for the Bicester project advised the Home Office Accounting Officer that it was no longer economically viable. Capital costs had risen following lengthy delays related to the planning process and the anticipated benefits had reduced considerably because the number of applications to the UK for asylum had fallen. The number of applications halved between October 2002 and September 2003 due to a range of statutory and non-statutory measures and to wider trends in asylum flows. Also from September 2004, another initiative, the new asylum model, was being developed. Announced in February 2005, the new asylum model is designed to speed up the processing of asylum claims, reducing the need for dedicated accommodation. The project's cancellation was announced in June 2005.

4 Home Office figures indicate that by the end of March 2007, it had spent some £33.7 million on the accommodation project, of which some £28 million related to Bicester. Of the £33.7 million, the Home Office noted £29.1 million in its financial statements as a loss (£11 million in 2004-05, £16.6 million in 2005-06 and £1.5 million in 2006-07). The remaining £4.6 million is shown as an asset in the Department's financial statements, reflecting the value of the site as a removals centre.²

NAO main findings

5 We reviewed the decision to cancel the Bicester accommodation centre against the terms of reference below which are described more fully in Appendix 1. Our main findings are as follows.

- i **Whether the decision to pilot accommodation centres was taken after due consideration of the need for the centres, their expected cost and benefits, and the cost and benefits of other available options to speed up the processing of asylum applications and remove unsuccessful applicants.**
 - ii **Whether the Bicester business case and the benefit realisation exercises were soundly based and reasonable.**
 - iii **Whether key decisions with cost implications were taken at the right time and took full account of the risks to value for money; and**
 - iv **Whether the Home Office acted soon enough to reduce costs and terminate the project when it became clear that asylum numbers were falling and that the Bicester centre would not be needed.**
- 6 The primary driver for the accommodation centres, as set out in *Secure Borders, Safe Haven*, was the need to improve the handling of an unprecedented level of asylum applications. The original plans and cost estimates for Bicester did not anticipate the degree of opposition and consequent elongation of the planning process and delay to the centre's inception. Costs increased due to the delay. The Home Office had already experienced delay and increased costs in the face of strong public opposition on other controversial projects, for instance the aborted Silverlands residential sex offender treatment centre and the location of new probation and drug treatment hostels. By the time the scheme was cancelled, the start of work on site had slipped by some 14 months. A more prudent approach would have been for the Home Office to model costs under a wider range of scenarios, to get a clearer appreciation of risk. It is not clear whether this would have led to the earlier cessation of the project, particularly given the wider policy context, the changing level of asylum applications and the rapidly evolving policy response.
- 7 The quantification of benefits was based on best estimates by the Home Office and other government departments and agencies using data drawn from current models, such as the asylum intake reduction model. The method of calculation was reasonable, as modelling using such forecasts is recognised to be difficult. It is considered, however, that the nature and timing of the anticipated benefits was probably unrealistic given other measures in hand to speed up the 'end to end' asylum process and a steady decline in the number of applicants seeking asylum. The realisable benefits expected from the Bicester accommodation centre did not equal or exceed its expected cost and this was acknowledged in the business case from the outset.

² There are currently ten immigration removal centres operating across the UK which operate under Detention Centre Rules 2001. These secure establishments house individuals detained by the Immigration Service as overstayers, illegal entrants or failed asylum seekers prior to their removal from the country.

8 The number of asylum applications rose sharply from 1999 but had begun to decline by 2002 (Figure 1 refers). The business case and benefits realisation exercise completed in May 2004, just before the contract for Bicester was signed, did not fully reflect asylum policy developments and an improvement in processing asylum applications in the existing system. The Home Office Gateway 3 Review³ in December 2003 clearly identified the need for the Bicester business case to be updated for policy developments and performance improvement measures introduced since the accommodation centre project was first announced, so that decisions about Bicester could be informed by the effect that it would have on the rest of the asylum system.

9 The business case referred to the need for ‘successful operational handshakes’ with the key elements of the end-to-end asylum process but did not refer to the steadily falling number of asylum applications or to the progress being made on processing asylum applications more quickly. The sensitivity of the value for money of the project to changes elsewhere and benefits could have been forecast over a number of possible scenarios, ranging from the full system of ten centres to none, which would have highlighted the interrelationships. The decision not to proceed with Bicester was taken shortly after the wider policy decision not to proceed with the rest of the accommodation centre programme.

10 In summary, there were two main risks to this project which needed to have been managed well. Firstly, a policy risk in that the accommodation centre concept could be overtaken by events in other parts of the asylum system (as pointed out by the Gateway Reviews³) and therefore undermined. Secondly, project management risks lay in delay, rising costs (both actual and forecast) and falling potential benefits. In the event, both of these risks emerged and combined. Falling asylum numbers, rising costs and reducing benefits made Bicester as a whole not good value for money. Some of this could have potentially been foreseen and costs reduced had the Home Office worked in a more coordinated and joined up way. There was, however, clearly a very dynamic external and policy context.

Recommendations for improvement

11 Departments should:

- i** Identify in the business case the impact of a range of planning delays on cost and delivery for schemes that require planning permission using a range of scenarios. This should include ongoing consideration of whether a scheme continues to offer value for money.
- ii** Ensure that those elements of the business process (whether asylum related or not) which need to be coordinated properly are recognised as such and that the necessary coordination takes place at a sufficiently senior level to effect proper control.
- iii** Revisit the business need and justification for ongoing high profile programmes when other related policy developments and performance improvements are proposed, so that the impact of these changes on business need and value for money can be considered.
- iv** Include only realisable benefits in cost benefit analyses, and use sensitivity analysis to estimate the most likely realisable benefits over a range of scenarios.
- v** Clearly articulate from the outset the scope and purpose of a pilot or trial in a trial plan, which sets out what the pilot aims to achieve, how it is to be run, the period of operation, the number of participants or other factors, how it will be evaluated and how lessons can be drawn from it to inform wider policy and programme issues and subsequent projects.
- vi** Embed risk identification and management procedures further into the management of every project, manage risk proactively at all stages of the project from conception to delivery; calculate the likely cost associated with a risk maturing; and report to their Board if the likelihood of a risk maturing changes.

³ Gateway Reviews are carried out on major IT-enabled construction and procurement programmes and projects. These can be reviewed at six stages of the procurement lifecycle. In the case of the Bicester project, Gateway Reviews took place at Gateways 2 and 2a (Procurement Strategy) and Gateway 3 (Investment Decision).

Development of Home Office and Border and Immigration Agency Investment Approvals Processes

Wider policy and external issues clearly played a significant part in the termination of the Bicester project, and the Home Office and the Border and Immigration Agency have advised us that they have developed their investment approvals processes considerably over the period since the Bicester Accommodation Centre project began. We acknowledge the progress made in system and process improvements; their effectiveness will be audited fully in future examinations.

Bicester Accommodation Centre project was one of the first projects considered by the Home Office Group Investment Board, which was set-up to scrutinise significant investments of £40 million and over. Whilst the Group Investment Board, and the Gateway process were involved in this project and provided challenge, the following improvements have since been made:

- The Group Investment Board is now firmly embedded as part of the Home Office operating model and has developed alongside the wider project management capability within the Department.
- The Border and Immigration Agency has set up a Joint Approvals Committee which acts as an initial scrutiny chamber, approving all Border and Immigration Agency projects over £1 million. Costs and benefits are challenged as part of this process.
- The Home Office and the Border and Immigration Agency identified the need for a comprehensive approach to managing the overall portfolio of programmes and projects across the Department. New processes have been introduced to ensure that business cases are assessed for their strategic fit with existing operations and future business change programmes.
- The Border and Immigration Agency now routinely identifies and monitors dependencies, risks and issues, both at individual project and programme level and across business change programmes, and flags concerns as necessary in the monthly reporting pack to its Board and Ministers.