



National Audit Office

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## Report

by the Comptroller  
and Auditor General

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## Home Office

# Asylum accommodation and support

## Key facts

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**£4.0bn**

estimated total value of the new asylum accommodation contracts and the AIRE support service, 2019 to 2029

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**48,000**

asylum seekers in accommodation under new contracts, March 2020

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**96%**

increase in asylum seekers in initial (short-term) accommodation, July to October 2019

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**£560**

estimated cost per month for each accommodated asylum seeker compared with £437 under previous COMPASS service – a 28% increase

**5%**

the number of accommodated asylum seekers who had to relocate during the transition to new providers, compared with 10% when contracts transitioned to COMPASS in 2012

**26 days**

the average time that accommodated asylum seekers spent in initial accommodation before being rehoused in longer-term accommodation, between September 2019 and February 2020. The Home Office (the Department) expects most people to be rehoused within 35 days

**more than 1,000**

accommodated asylum seekers in hotels each night, October 2019 to March 2020

**2%**

of calls to the Advice, Issue Reporting and Eligibility (AIRE) service answered within 60 seconds, against performance standard of 90%, September to December 2019. The service answered 94% of calls within 60 seconds in February and March 2020

**47%**

of local authorities (180 of 382) have agreed to house asylum seekers in their area, March 2020

# Summary

**1** The Home Office (the Department) provides accommodation and support for asylum seekers and their families while their cases are processed, under the UK government's international obligation to support asylum seekers who would otherwise be destitute. The number of accommodated asylum seekers has more than doubled since 2012, to around 48,000 in March 2020, but has been relatively stable since the beginning of 2019.

**2** From 2012 to September 2019 the Department provided these services through six regional contracts, known as COMPASS. We, as well as Parliament's Committee of Public Accounts and its Home Affairs Select Committee, have examined COMPASS previously.<sup>1</sup> We found that providers had struggled to establish their supply chains, resulting in poor performance, delays and additional costs for the Department. We summarise our and others' previous recommendations in Appendix Three.

**3** In 2019 the Department replaced COMPASS with seven similar regional contracts for accommodation and transport (the accommodation contracts), plus a national contract for a new helpline and support service (AIRE – Advice, Issue Reporting and Eligibility). The Department awarded the accommodation contracts to three providers – Clearsprings Ready Homes (Clearsprings), Mears Group (Mears) and Serco – who each took on two or three UK regions. Migrant Help won the AIRE contract. Following a transition period from COMPASS, the new contracts became fully operational from September 2019, as the Department had planned. The new contracts have a total estimated value of £4.0 billion over 10 years, from 2019 to 2029.

<sup>1</sup> Comptroller and Auditor General, *COMPASS contracts for the provision of accommodation for asylum seekers*, Session 2013-14, HC 880, National Audit Office, January 2014. HC Home Affairs Committee, *Asylum accommodation*, Twelfth Report of Session 2016-17, HC 637, January 2017. HC Home Affairs Committee, *Asylum accommodation: replacing COMPASS*, Thirteenth Report of Session 2017-2019, HC 1758, December 2018. HC Committee of Public Accounts, *COMPASS: Provision of asylum accommodation*, Fifty-fourth Report of Session 2013-14, HC 1000, April 2014.

**4** This report assesses the Department's early progress towards achieving value for money from the new contracts, measured against its key objectives and taking into account lessons learned from the COMPASS contracts. We assess whether the Department:

- ran a competitive contracting process with a fair balance of risk and reward for providers, leading to sustainable services at a reasonable price (Part Two);
- is providing appropriate housing and support for all accommodated asylum seekers including vulnerable people, with robust contract management (Part Three); and
- has set up a flexible service which can be varied according to demand (Part Four).

**5** We carried out our audit work from December 2019 to February 2020, before the COVID-19 pandemic began to significantly affect the UK. We therefore have not assessed the impact on the service of the measures taken by the Department and providers to protect their workforces and supported asylum seekers. Performance data in this report are for September 2019 to March 2020.

## **Key findings**

### Sustainable services

**6 The Department did not have enough time before COMPASS expired to consider all options for redesigning the service.** COMPASS was due to end in 2017, but the Department only started to consider how to replace it in 2016. As such, the Department extended the COMPASS contracts to September 2019 and began to consider a range of options for their replacement. It concluded that there was insufficient time and market appetite to design and implement more radical options, while maintaining the services (paragraph 2.2 and Figure 3).

**7 The Department is paying an estimated 28% more to providers after finding that COMPASS was under-priced and negotiating service improvements.**

The Department estimated that on a like-for-like basis, the new contract should cost at least 20% more than COMPASS. The 'reverse auction' process used to award the COMPASS contracts had produced unsustainably low bids. Accommodation providers in two of the six COMPASS regions made losses in 2014 and two subsequently made 'onerous contract' provisions in their accounts totalling around £216 million. In its first full year, the new service costs some £560 per month for each accommodated asylum seeker, compared with £437 under the last full year of COMPASS – a 28% increase, although this estimate is sensitive to the assumptions used. The Department negotiated improvements to the service in return for paying providers more, such as additional household goods and more information for those using the service (paragraphs 2.3, 2.4, and 2.8, and Figure 4).

**8 There are indications that the Department could have secured better prices for the new contracts.** The size of the contracts and the market perception of COMPASS limited competition. In our view, if there had been more suppliers taking part in the competition, the Department may have been able to secure better prices. The Department awarded three regions to the sole bidder and had to restart the competition in two regions as there were no initial bids. It is possible that the Department's negotiating position could have been stronger if it had a better understanding of what the service should cost. The Department compared bids to average rent prices and concluded the price was reasonable. Providers new to the service or taking over new regions told us that while preparing their bids, they would have preferred more data on the properties used under COMPASS and on expected future demand, and so included this uncertainty, along with other factors, in the risk modelling which underpinned their prices. The Department estimated that providers could make profits of between 5% and 13%, which the Department compared with 3%–6% profit in the general market for outsourced services (paragraphs 2.4, 2.5, 2.9 and 2.10, and Figure 5).

#### Appropriate accommodation and support

**9 The Department made improvements to accommodation and support services with the intention of better supporting asylum seekers.** It introduced a new national AIRE service, run by Migrant Help, so that asylum seekers could raise issues and access support independently from the Department and the accommodation providers. The Department also made some improvements to the accommodation contracts, including introducing contractual requirements to focus on vulnerable people and to provide single-gendered washing facilities in the initial (short-term) accommodation. Voluntary sector organisations who work with asylum seekers supported these changes (paragraphs 2.3, 2.12 and Figure 4).

**10 The majority of accommodated asylum seekers did not have to relocate during the transition to new providers, although in one region there was a serious risk of disruption to around 3,600 people.** The majority of the 48,000 people who were in accommodation during the contract transition stayed in their housing. Only 5% of people (around 2,500) had to move, compared with 10% when contracts transitioned to COMPASS in 2012. In the North East, Yorkshire and the Humber region the new accommodation contractor, Mears, did not reach agreement with a major COMPASS subcontractor, Jomast Accommodation Ltd (Jomast), to continue under the new service. As a result, those housed in Jomast-managed properties were at risk of having to move to temporary accommodation at short notice. Mears ultimately moved around 2,500 people into other properties by early 2020. This issue required intensive management input from the providers, the Department and local authorities (paragraphs 3.7 to 3.9).

**11 Accommodation providers are now broadly meeting performance standards set by the Department, but providers new to their contract regions struggled in the early months.** The Department monitors accommodation standards and providers' responsiveness through its performance framework. Since September 2019, providers have typically failed to meet targets on finding suitable dispersed accommodation and moving people into it quickly enough, and targets to address maintenance issues which were not emergencies on time. However, providers have on average improved their performance on addressing emergency maintenance issues and on resolving people's complaints. Both Serco and Mears told us that some houses they took over from the outgoing provider were below the standards required by the new contract, which has different standards from COMPASS. This increased the volume of maintenance work required and made it harder to move people into longer-term housing on time (paragraphs 3.10 and 3.11, Figure 7, Figure 8 and Figure 9).

**12 The new advice and support service, AIRE, failed to meet supported asylum seekers' needs in its first few months.** Between September and December 2019, Migrant Help answered only one-fifth of calls as call volumes were higher and calls took longer than it planned. Migrant Help answered just 2% of calls within 60 seconds, against an expected 90%, with one-fifth of those calling the service waiting for more than an hour. Call waiting times have improved as Migrant Help has recruited more staff and in February and March 2020 Migrant Help answered 94% of calls within 60 seconds. However, callers are still facing long delays in being transferred to a specialist adviser when required, and several other AIRE services are not meeting expected standards (paragraphs 3.19 to 3.24, Figure 12 and Figure 13).

**13 The AIRE service is not yet sufficiently integrated with the accommodation providers to provide an efficient service for asylum seekers.** The accommodation and AIRE contracts required providers to have systems in place to share data efficiently by the time the contracts were operational. The accommodation providers and Migrant Help told us that their systems are not automatically linked together, or to the Department's information on asylum applicants. This means that AIRE calls are lengthened while call handlers gather basic information on the caller, such as who they are and where they live, rather than having this available in a database. It also results in inefficient email traffic between the different organisations, increasing the risk of errors. It is not clear when these issues will be resolved (paragraph 3.6).

**14 The Department could make better use of information, to assure itself and others that providers are delivering services that meet people's needs.**

The Department primarily relies on providers to submit their own performance data, as it can only carry out some checks against the Department's own data. We have seen instances where providers reported incomplete or late data. The Department does not yet monitor all other contractual requirements. The Department is not yet using the AIRE service to its full potential, for example by using aggregate and trend data to resolve issues raised by stakeholder organisations or monitoring how vulnerable people are safeguarded. Stakeholders, including voluntary sector organisations and local authorities, told us that they would like information on the performance of the service to help them better support people. However, the Department does not currently publish data on the contracts' performance, contrary to the government's current policy (paragraphs 3.26 to 3.29).

Flexible services to meet changing demand

**15 Most accommodated asylum seekers have been moved from initial accommodation into longer-term housing within a few weeks, although some have stayed much longer.** Within an overall increase in the number of people entering the asylum support system, between July and October 2019, the number of people in initial accommodation increased by 96% from 1,678 to 3,289. Since then, the number has averaged 2,800, of which more than 1,000 people have been in hotels each night, rather than in dedicated housing for asylum seekers. Despite this increase, the number of people in longer-term housing has fallen. Between September 2019 and February 2020, on average people spent 26 days in initial accommodation before leaving, in line with the Department's expectation of up to 35 days for people with straightforward needs. Some people have stayed much longer. For example, 981 people who had arrived by the end of December 2019 were still in initial accommodation on 24 March 2020, a stay of at least 86 days. While in initial accommodation and hotels, asylum seekers cannot register with a GP or send their children to school. The performance framework may encourage providers to prioritise new arrivals over those who have already been in initial accommodation for a long time (paragraphs 1.5, 3.14 to 3.18, Figure 10 and Figure 11).

**16 The Department does not regularly indicate to providers the potential demand for services, limiting providers' ability to plan their services.** Unpredictable events such as conflicts overseas or the spread of COVID-19 means it is difficult to accurately forecast the number of people that will claim asylum and therefore need support. The Department does not have a single, integrated process to forecast demand. It has not updated its accommodation forecast since 2019. Accommodation providers told us that a lack of information on future demand made their planning harder. It is likely that the providers built this uncertainty into their bids, increasing their pricing. The Department has started work to improve the way it models accommodation demand. It does not have a model for predicting the demand for support from the AIRE service (paragraphs 4.2 to 4.4).

**17 The Department may have to negotiate changes to the contracts and pay more to achieve its aspiration to redistribute supported asylum seekers more evenly across the country.** In July 2019 the Department and local authorities agreed a plan for the proportion of supported asylum seekers housed in each government region to reflect each region's share of the UK population, by 2029. At current volumes, this would mean more than doubling the number of people in the South region. The Department has not calculated what this might cost. Given higher prices in the South, we estimate this would cost an additional £80 million. As the provider in the South is already very close to accommodating the maximum number of asylum seekers in its contract, the Department would need to renegotiate prices should numbers increase. Meanwhile, the Department wants to increase the number of local authorities (180 of 382 authorities or 47%, in March 2020) agreeing to house asylum seekers in their areas. This will be challenging as local authorities face increasing financial pressures and the Department will need to consider a range of factors, such as whether more rural locations are suitable for people's needs (paragraphs 4.7 to 4.11, Figure 14 and Figure 15).

### **Conclusion on value for money**

**18** It is too early in the life of these contracts for us to reach a definitive value-for-money assessment of the Department's current asylum accommodation and support service. We can, however, judge the actions taken to date, as well as the foundations laid for the future of the service. The Department aimed to deliver an improved service that would be sustainable at a reasonable price, meet people's needs and can be flexed to respond to changing demand.

**19** Against these objectives, the Department is paying more to providers after finding that COMPASS was under-priced and negotiating improvements to the service. Accommodation providers are now beginning to meet service standards, but the AIRE service failed to meet asylum seekers' needs in its initial months and, despite some improvements, has not yet delivered consistently acceptable performance. Also, the Department faces challenges in adapting services to changing demand and in delivering its plan to redistribute people across the country. To date, the Department has shown that it has learned from the COMPASS contract and has laid the foundations for a better service. The Department now needs to address the challenges we identify, to deliver value for money over the life of these contracts.



## Recommendations

- 20 The Department should:
- a **build on its existing work with Migrant Help, to improve the performance of the AIRE helpline.** Now that Migrant Help is answering calls more quickly, the Department should focus on other aspects of the AIRE contract such as inductions for those using the service, to ensure that Migrant Help delivers all its responsibilities to the required standards;
  - b **review providers' approach to reducing the time that people are spending in initial accommodation.** It should review whether people who have been in residence for some time are being offered dispersed accommodation at the same rate as recent arrivals, and whether its performance framework incentivises the right behaviour;
  - c **encourage the AIRE and accommodation providers to automate links between their systems, to more efficiently resolve supported asylum seekers' issues,** and evaluate the potential of the information collected by AIRE as a resource to improve the service over the longer term, including using aggregate and trend data to resolve issues raised by stakeholder organisations;
  - d **publish more information about the service's performance, cost and service improvement plans,** in line with Cabinet Office guidance on public contracts. Greater transparency will help the public and other stakeholders to better understand the service and its performance;
  - e **update demand forecasts and share these with providers,** particularly in the light of the COVID-19 pandemic and related changes to demand patterns;
  - f **prepare for the likelihood that the Department will need to renegotiate some accommodation contracts,** particularly for the South, to achieve its redistribution aims, by reviewing its understanding of what this service should cost; and
  - g **start planning sufficiently early for the next procurement of asylum accommodation contracts,** to allow time for ministers to consider substantial changes to the current model if needed.